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BETWEEN DREAM AND REALITY - OUTLINES FOR AN ALTERNATIVE ECONOMY[1]

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There is a great need of alternatives to the governing neoliberal economics. In this text, a possible alternative is outlined; an order that is both ecologically and socially sustainable. The necessary political-economical reformation of the Netherlands and the European Union will be highlighted, including the change of Dutch and European policy in the world.

An alternative economy can be outlined on three general levels. First, there is the 'eventual ideal', that of freedom in the broadest sense – to be free of poverty and oppression, and to be free to develop oneself (see 1). Second is a transitional phase to achieve that ideal, an economic order that is primarily aimed at the fulfilment of basic needs of man and environment and that can be classified as a 'solidary economy' (see 2). Third is a 'structural transformation policy' that is aimed at the creation of a solidary economy from the current neo-liberal and capitalist order (see 3).

1 THE EVENTUAL IDEAL OF FREEDOM

1a Dream and reality

People have always dreamt of an ideal society. Obviously, the exact nature of what we have envisaged has changed continually, depending as it does on the conditions we live in and the perspectives this allows us. But there has been one consistency in these dreams; the idea that people should be free, free in two senses - free of material restrictions and oppression, and free to develop. This would be a society in which the good sides of being human flourish; being open and solidary to others, dealing responsibly with the environment, and being creative in the development of talents in a broad field, including the artistic. This is what is meant by talk of an 'ideal society' below.

From the historical development of various systems of society, we can see that utopias of the so-called realm of freedom have gradually acquired a more realistic meaning. Without a doubt, human intellect and the results of its use have caused a lot of damage in the course of time. At the same time however, the possibilities – in a material sense - are now more real than ever to organise our society in such a way that the ideal of freedom can come true. On top of this, people have started to develop – however painstakingly - the necessary institutions to do justice to both man and environment. Treaties such as the Declaration of Human Rights and the Rio Declaration are examples of this. Mechanisms of democratic decision-making and law enforcement have continued to develop. Furthermore, more and more people are

[1] Translation of chapter 3 of *Vóór de Verandering – Alternatieven voor het Neoliberalisme*. Amsterdam, XminY, 2001. Translated by Peter Jamin

beginning to see that the current ways of treating the environment and each other are fundamentally flawed, as these clearly are in conflict with what we consider to be just, fair and beautiful. The new way of living together is still distant. Many fights will have to be fought to make these ideals more realistic. But dreams of the alternative - a better life – can be filled in ever more. These dreams can be used as a guiding principle for those that are already willing and able to devote themselves to this alternative order. The time of neo-liberal rule can now ever more rightfully be seen as one of the many periods of setback that have always marked the path towards true development.

1b The end of shortage

From a technological, material and economic point of view, it is possible to produce enough goods and services to fulfil the basic needs of everyone in the world, and then some. Providing we avoid fundamental damage of man and environment, there are hardly any boundaries to the development of either. In a country like the Netherlands, there are basically enough possibilities for development in every sense, physical (e.g. sports, health) as well as social (e.g. care, co-operation) as well as cultural (leisure, art, spirituality).

1c A free society

Not only is it possible to solve the problem of the availability of essential products and services, it is even possible to achieve the organisation of a society that enables political, legal and cultural freedom (to be 'free of' and to be 'free to'). The past centuries, systems of democracy have evolved that basically enable everyone to participate in the development of their society. In the legal system, instruments have been developed that should guarantee the drafting and enforcement of laws on a global scale (from the Declaration of Human Rights to the international tribunals). Supranational institutions have been founded that are indispensable with regard to the necessary forms of global regulation. And finally, the past decades, ideas about cultural and political identity and human rights have evolved that enable a large cultural multiformity.

1d Transitional order

The fact that this ideal of freedom has not been fulfilled as yet – though conditions have strongly improved - has little to do with the limited capacities of people. The main problem to achieve this new kind of society is the way our current society is organised, in particular the neo-liberal economic order and the concerns of specific groups of people that go with it. To realise the ideal society that is possible, the economic order that is currently prevailing will have to give way to a different order, an order that will incorporate the transition of an 'economy of shortage' to an 'economy of freedom'. This transitional order is what we call a 'solidary economy'.

2 SOLIDARY ECONOMY

2a A different culture

The most fundamental characteristic of the alternative economic order that we advocate is already implied in the term 'solidary economy'. The main characteristic of this economy is that it is primarily aimed at the realisation of the necessary care for all, with due respect for nature and the environment. It is based on the conviction that co-operation, mutual support, and a responsible way of dealing with the environment, will yield more in terms of durability than competition and the boundless pursuit of profit. The search for co-operation and the bonding of strengths, with respect to individuality, is a necessary condition to improve our mutual living conditions.

These are different values than those of neo-liberal cynicism; austerity and ‘enough’, equality and tolerance, care and hospitality. At the moment, these values are being systematically repressed. This repression however also leads to a reaction, a reaction in the form of various initiatives to achieve a different organisation of our society. In the Netherlands, there are a number of examples of these kinds of initiatives: organic farming, shelters for abused women, LETS systems, initiatives for the support of illegal immigrants, Emmaus stores, and responsible banking, to name but a few. The solidary economy presupposes a different kind of culture. It presupposes that people are willing and able to participate in various forms of basic democracy, and that people respect different lifestyles.

2b The necessity of social and political control

Within the new order, the guiding principle is politics. First and foremost human endeavour is concerned, not some kind of ‘higher’ force or biological determination. Through the organised expression of the needs and the wants of the people, it will be determined what needs will be satisfied in what way and by use of what means. Politics and the economy will no longer be dominated by certain specific forces, such as the generation of money and the principle of profit. Political processes will be decisive once again, as was the case during and after the Second World War. That is not to say that the model of the war economy, the social-democrat welfare state, or ‘actually existing socialism’ have yielded univocally positive results. The various forms of state socialism for example have led to majorities oppressing minorities. Neither did this always lead to a responsible way of dealing with nature and the environment. The various forms of the welfare state that have evolved in the past century, have in turn led to the foundation of states that were closed for outsiders – emphasising the so-called nation states - and to human relationships becoming ever more bureaucratic. These experiences hold a warning for ideas about the dominance of politics that are too ‘narrow’. This notwithstanding, some experience has been gained with an order of society in which politics play a governing or guiding role with regard to the economy. The question that remains is, what kind of politics would be characteristic for a solidary economy.

Democratic: The economy will have to be organised on the basis of democratic decision-making in which everyone can participate. Parliamentary democracy and its many variations are an example of this but by no means the only possible manifestation. The system of political parties as we now know it is quite possibly outdated and inadequate against the backdrop of the challenges of the 21st century. As far as alternatives are concerned, we can think of more fluctuating forms of close associative relationships, as well as looser ones. An example could be the election of temporary representatives from society that can be recalled. These representatives could be charged with mandates and tasks that concern matters that elude individual people and their autonomous social relationships. They could be elected for a limited term on the basis of their views on a number of connected issues. These are forms of democracy that would do justice to the pluralism of constitutions between and within nations (multicultural societies) and that could be linked to the Declaration of Human Rights.

Decentralisation and self-sufficiency: The principle of the dominance of politics doesn't mean there should be a government that decides on all aspects of people's lives. Although the role of the government should be strengthened at the beginning of the solidary economy in an effort to get a grip on the economic realm, the development of a government that creates new unfreedoms should be avoided. The new government should be one that creates the conditions that will optimise people's abilities to develop themselves and that will eventually render itself superfluous. The alternative society is about politics from the bottom up, about what people can decide for themselves in their own reality, and about what problems they can solve themselves.

Both global and local: The alternative society is about politics at both the smallest possible scale (locally) and the largest (globally). Where the latter is concerned, globally working political institutes and institutions should be founded, with connected authorities for the formulation and enforcement of laws. To a certain degree, these are already present, particularly through the various organs and institutes of the United Nations. It is however necessary to make these fundamentally more democratic and less bureaucratic. Within the current relations, these international institutes are operating too much as extensions of the politics of the economically most powerful countries, companies and individuals. Furthermore, there is the question whether national states will continue to exist. The relevance of national states has decreased considerably under the influence of neo-liberal globalisation. After all, a lot of things are already arranged on a global scale, partly by transnational corporations, partly by superpowers like the United States, and partly by supranational organs which include neo-liberal institutions such as the World Bank, the IMF, and the WTO. From the point of view of the solidary economy, there is no point in going back to a national concept of state that has expired long ago. Co-operation and solidarity should also prevail at regional and global levels. This does not mean however that national forms of constitution cannot be relevant anymore from the perspective of decentralisation. Furthermore, it is not to be expected that systems of solidary economy will evolve simultaneously all over the world. As a consequence, existing manifestations of nationality can very well provide the conditions that will enable the development of the alternative economy.

Both aspect and total: At stake is the formation of political structures that will shape a solidary economy. These should relate to a multitude of aspects of human existence. The realm of economy should be added to the realms that already are subject to political authorities, such as the generation of money, investment plans, production plans, and insurance. Apart from the politics of the aspect, the alternative society is about the politics of the total to achieve co-ordination - mutual gearing - of the many different sub-areas. The main concern is the general interest of the large majority of the population. This is not to say there should be one central power that is all-governing; as said before it should be about decentralisation as well as self-containment.

Both decentralising and co-ordinating: The principle of decentralisation – of political authority and of the economy - is essential. Individuals and collectives have the responsibility and authority to organise their own direct environment as well as possible and to shape the solidary economy. At the same time, mechanisms of co-ordination are indispensable, not only to regulate conflicting interests between local and national units, but also to shape the shared responsibility for the care of man and his natural environment.

Transparency and accountability: The process of political decision-making will have to be as transparent as possible from various points of view – democratic, efficiency. This should for instance be explicit in freedom of press and expression and the right to (access of) information. Institutes and politicians should be obliged to account for their actions at all times.

2c Yields as goal of economic action

A solidary economy should primarily be aimed at the satisfaction of the basic needs of all and the maintenance of the natural habitat. This means that the value of products - goods and services - needs to be redefined. Product yields will have to be characterised by the value they produce from the perspective of the satisfaction of needs (end use approach). This implies the use of different methods of calculation in setting prices and national income. In this, a broad definition of economy should be used; also those forms of satisfaction of needs that up until now were part the informal economy – such as domestic tasks and voluntary work - should be 'recognised' as forms of economic action.

2d Economic costs

In a solidary economy, all costs of economic action are charged. This means a profound extension of the term costs. This also includes costs for issues for which producers are currently not directly responsible, such as environmental costs and the consequences of economic action for employees and consumers. To this end, a basic system of calculation will have to be devised in which the costs for human energy (human value) and for natural energy (natural value) will be visible. Basically, such a system should encompass the costs of reproduction of man and environment. For this, the principle should be maintained that no human or natural energy may be employed that cannot be reproduced (e.g. child labour, irreparable soil degradation) or that is harmful for either man or environment (e.g. human exhaustion, CFC emission). The new calculation units should be used in the setting of prices and in the calculation of the national product.

2e The economy of enough: an economy of shrinkage

In terms of neo-classical theory, the new economy will not be an economy of growth. The continuous increase of production and consumption of goods and services will have to be stopped. As far as the world as a whole is concerned, there should be an 'economy of enough'. The basic assumption that it is no longer responsible to tax man and environment even further than is currently happening, is essential. Furthermore, from the perspective of the fulfilment of basic needs, a large part of current consumption, mainly by the more prosperous layers of the global population, is unnecessary.

The assumption of 'enough' will for instance lead to the introduction of the term economy of shrinkage. The level of the total production and distribution of goods and services will have to be lowered in the richer countries of the O.E.C.D. as well as in certain other areas – for example such metropolitan regions as Singapore, Sao Paolo and Hong Kong. This notwithstanding, the production of certain services in these countries/areas will have to be increased, most notably in 'welfare sectors' such as care, health, shelters for the needy, and nature and environment, as well as in 'development sectors' such as education and the arts.

As far as the limit on material production is concerned, an exception will have to be made for the production of wind turbines, solar collectors, biogastanks, public transport, organic agriculture, and material activities related to welfare and development. In countries and areas that currently have the biggest problems in fulfilling people's basic needs, an economy of growth will have to be allowed for the sake of satisfying physical needs. However, the necessity of increasing production in these areas shouldn't be overestimated. In the regions concerned, very often food is being produced as it is. The problem is that a large majority of the population does not share in this. Generally, in these countries and the richer O.E.C.D. countries, only a small middle and upper layer profit most from this export-oriented ness. In this case, what is needed is a reorientation of production.

2f Money

Within the new solidary economy, money will be assigned a different role. As indicated before, within the current economic order, money has turned into a means of self-enrichment for a minority. Money is used to make more money and to create more wealth. In the new economy however, the meaning of money will return to its original and most important function, that as a means of exchange. In addition, money could still play a role as a means of calculation. And finally, money could play a part in the granting of credit, a service that, from an economical perspective, fulfils an important function in creating conditions. Within the solidary economy, it is out of the question that the system of interest will be preserved. Only real costs related to the granting of credit, such as administrative costs, will be charged.

There is by the way no need for one monetary system that will be all-encompassing. It is quite possible that local communities will have their own monetary system, comparable to the already existing LETS networks.

2g Trade

A similar way of thinking can be applied to the function of trade. This is yet another activity that in the dominant neo-liberal system has turned into means of making individuals even richer. Trade currently only takes place from the principle of maximising profits. It has turned into an autonomous force that stimulates unnecessary forms of production, consumption, and transportation. Within the solidary economy, there will still be trade, but only from its essential function - to optimise the exchange of goods and services. It should be noted that in the solidary economy, there will be less long-distance trade than is currently taking place, partly as a result of concepts such as decentralisation, self-sufficiency, and the 'economy of enough'.

2h Basic income

A truly classic dilemma of transitional economies is the question of granting personal income. Central to this idea should be the satisfaction of basic needs. To achieve this, a basic income will have to be guaranteed. This leaves the question whether such an income should necessarily be financial. It is after all quite possible that part of a basic income will be granted by way of – free – accessibility to various services like health care, education, recreation, artistic development, information, and transportation. In addition, a basic income can be partly financial. The question that remains concerns the granting of income for that part of (possible) needs that exceed the level of basic needs. It is conceivable that this part would also be granted on the basis of needs. There are various disadvantages to such a system though. For instance, it is not easy to generally determine what needs are basic. Another disadvantage is that income based on needs may prevent people from performing and developing initiatives. It will not be easy to work out concrete propositions for policy in this area. It may be advisable to work out multiple models that combine work and income.

2i Division of labour; corporations

Another essential aspect of the solidary economy concerns the role of private corporations and the significance of wage labour, including the – possibly hierarchical - relations that go with it.

Division of labour: Within the solidary economy, a significant part of the production and distribution of goods and services will be local if not regional. This will certainly be the case for many essential services (in the field of care, health, education, transport, aid, environment), as well as for an important part of material products (such as food and foods). People will perform a large part of the 'production' of these things themselves, either individually or in larger congregations. Another part of the generation of goods and services will take place outside local and regional levels. After all, it would be counterproductive to implement the principle of self-sufficiency to such an extent as to neglect important gains of the industrial and information society. Large-scale production will remain significant and exchange, trade, and communication will simply remain indispensable.

Public corporations: Governmental or semi-governmental corporations (institutes) will get a more central role than is the case now. It is unavoidable that the generation of goods and services such as energy, transport, money, insurance, health care, education, and the conservation of nature and the environment, will take place on a public basis. Obviously, this will lead to problems that we are already 'experienced' with, such as the danger of bureaucratisation, corruption, and waste. This requires the continuation or extension of supervising institutes such as the audit office.

Private corporations: Particularly for processes that exceed local level, and for a part of local production as well, private corporations will still be able to fulfil a useful function. This will have to take place however within a framework set by 'politics'. Experience that has been gained already, for example with licence systems, may be useful in this. Also, these corporations do not necessarily have to be based on typically capitalist grounds such as ownership of capital (as is the case with PLC's). In the solidary economy, there should be plenty of room for corporations that are based on mutual co-operation between its members, such as new kinds of co-operations and self-management.

3 STRUCTURAL TRANSFORMATION POLICY

Finally, we will discuss the structural transformation policy that is needed to build a solidary economy out of the current neo-liberal and capitalist order, starting in the Netherlands and the European Union. To this end, the following elements can be distinguished.

3a Political reformations

The political realm: First of all, it is absolutely necessary to extend the public political realm. Political institutions should particularly concern themselves once more with questions of economic organisation. This means an expansion of the system of regulations and licences and an expansion of government services. This will imply a strong limitation of the autonomy of corporations. The current policy of liberalisation and privatisation will have to be stopped, and a number of decisions relating to this that were recently taken – such as the process of privatising transportation and health care - should be annulled.

Supervising institutions: Supervising institutions such as the audit office and the departments for inspection of health, education, environment, security, commodities, and labour conditions, will have to be expanded. Legally binding codes of behaviour will have to be devised for corporations, including their operations abroad. In this, attention will be paid to aspects such as the conditions of labour, the effects of corporate policy on nature and the environment, the setting of prices, the transfer of profits, the charging of interest, and the span of patents. There will be a separate supervising institution to guarantee that public organs and institutions will be transparent and accountable. Gradually, the mandate of this institution will be extended to include corporations.

Annual economic decision: There will be an annual process of decision on several levels about the organisation of the economy, similar to the annual discussion of the budget. Central to this will be the (care) needs of man and the environment on the one hand (end use policy), and the available values of man and nature on the other (following the principles of eco-efficiency and humankind-efficiency).
In combination with this, there is a desperate need for the development of a system of calculating units that will cover all true costs – in the sense of human and natural values - and that will enable measurement of the needs that are – or have to be - satisfied on the side of yields or end use.
Plans will be developed to reduce important parts of production and consumption that are harmful from the perspective of durability, or that can be considered wasteful. The production of arms will be reduced to an absolute minimum, and will be based on grounds of law enforcement and security. Conflicts should preferably be solved in a non-violent manner. Breeding, housing and fattening of animals in a way that is degrading should be prohibited. A similar prohibition will be applied to the production of foods that contain harmful ingredients. Also, plans will be developed for the expansion of the production and consumption of services – including related material investments - and goods concerned with health care, education, aid, public transport, organic agriculture, and conservation and development of nature and the environment. In principle, the use of many of these services will be free. Furthermore, initiatives will have to be prepared in order to de-privatise ownership of knowledge regarding areas that are essential from the perspective of basic needs, such as health care, food, and information. This will mean a fundamental reformation of existing laws and regulations in the area of patents.

Premature writing off (of goods and equipment) is discouraged if not prohibited. And the principle of optimum self-sufficiency will be advocated, meaning that, whenever possible, production will take place near consumers (regionalisation of the economy).

Development of global governing institutes: Legislative, executive and juridical institutions will have to be built on a global scale. The authority and tasks of organs and institutions such as the General Assembly of the United Nations, regional UN assemblies, the various UN secretariats and institutions – whether 'affiliated' or not -, from the ILO to the Commission on Human Rights, will have to be expanded. Furthermore, law enforcing institutions such as the tribunals should be expanded, under the obvious condition that those organs should become more democratic and less bureaucratic.
International organs that already are concerned with minimum living standards, such as ILO, WHO, UNESCO, UNHCR, UNICEF, and World Food Programme, will be restructured into global institutions for social security. They will develop programs to guarantee minimum living standards for all. UNEP will get extensive tasks and authority concerning the conservation, repair and development of nature and the environment.
As far as the international financial institutions are concerned; the IMF will be abolished, and at the same time a new organ promoting financial stability in the world will be founded. The World Bank will be fundamentally reformed; more democratic and primarily aimed at financing solidary economies in the South and, as far as the granting of credit is concerned, at granting credit that is free of interest. Through the World Bank, an arrangement will be made to completely relieve developing countries of their debts. Structural adjustment programs (SAPs) and the like will be stopped, including related policies for liberalisation and privatisation. The WTO will be abolished.
There will be no more conditions on foreign aid regarding liberalisation, privatisation, and internationalisation of national economies. Societies should have the opportunity to determine their own development trajectory. In doing this, they have the right to choose certain forms of economic autarky, within the framework of the Universal Human Rights, and with due respect to nature and the environment.

3b Monetary reforms

Reducing the creation of money: Gradually, the possibilities for private corporations of creating money should be limited. In principle, no more money may be loaned than fits within the set framework of monetary policy. The system of granting interest-bearing credit will be phased out, and the granting of interest-free credit by the government will be expanded, aimed at turning the economy into a solidary economy. International trade in money will be prohibited. International transfer of money will be limited to those payments that are needed for the import and export of goods and services, for solidary granting of credit, or for payments enabling global minimum living conditions and other international obligations.

Money tax: As long as the private creation of money is not reduced completely, all international corporate money transactions will be taxed, similar to the Tobin tax.

Monetary system: A central monetary system will be developed in which the core functions of money – that of means of exchange and unit of calculation - are evident. In addition, collectives of people may develop or maintain their own monetary systems.

Annulment of debts: Developing countries are relieved from their debts to authorities or semi-governmental institutions, both national and transnational. In addition, an arrangement is devised to help relieve developing countries of debts to private corporations.

3c Income policy

Basic income: A kind of basic income is developed, enabling everyone to provide in their basic needs. Initially, such a system will be developed within a national context, although it may be expanded gradually to include other regions and continents – as long as local and national conditions are taken into account. This basic income partly consists of free accessibility to services concerning health, education, care, leisure, and transport, to name but a few. In addition, it is possible to earn additional income through labour.

Maximum income: On top of this basic income, people can receive a surplus income on basis of performed labour or benefit claims that have been earned. A maximum personal income is set.

3d Tax policy

Evidently, a progressive system of taxing income and capital will be developed. In addition, a system of eco and humankind tax will be developed as a preliminary to efficiency policy. This should charge the real environmental and social costs. Obviously, this system will also be used to discourage the premature writing off of goods and equipment. Furthermore, a system will be developed that taxes over-consumption and overproduction additionally, and is aimed at taxing production and consumption of goods that have a low priority from the perspective of care needs.

3e Trade policy

As far as international trade is concerned, a system of fair prices will be established based on the new calculation units. In addition, dumping – such as certain forms of 'food aid' for instance - will be prohibited. Private trading of arms will also be prohibited, and the sale of arms will only be allowed when it may be considered absolutely necessary from the perspective of law enforcement.
Countries will also work towards internal trade based on fair prices. Trade for trade's sake will be prohibited. Advertising will be prohibited, starting with advertisements for surplus and/or harmful products. Public information on the other hand will be extended.

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