

## SEVEN CHALLENGES (draft)

## Demand a Platform for a Responsible, Plural and United World Economy

At the meeting of Oct. 23, 2006 Pierre Calame asked the EGA what were the SSE themes that emerged as the main challenges to investigate and to think about. Marcos thought he could summarize some key issues that were part of the texts produced by the workgroup on Vision in 2005, with an update on the more global theme, "Another Development". He said that the three main axes proposed by the FPH – governance, ethics and another development - were present in the mode of approach adopted by the workgroup on Vision. And outlined seven challenges that can make up an agenda for a new Platform for a Responsible, Plural and United World.

## 1. Another Development.

The globalization of capital, informed by the neoliberal ideology, not only is proving incapable of offering solutions to the existing problems of societies around the globe, but also is at the root of serious threats to the present and the future of the planet. Four possible crises can be foreseen:

- 1) a social crisis, related to the deepening of inequalities and increased socioeconomic distance between nations and hemispheres, and between social classes within the nations;
- 2) a war crisis, related to increasing expenditures in militarization and war, growing violence in urban centers and regionally contained wars in the Middle East and West Asia. These wars are related to the geopolitical and geoeconomic interests of the US-led empire, but they are carriers of the probability that they evolve into multi-regional conflicts, that they grow in intensity and, with the use of nuclear weapons, that they may foster a 3<sup>rd</sup> World War, certainly the most destructive even experienced;
- 3) a speculative crisis of global proportions, caused by the irresponsible overindebtedness of the USA, who owns the global exchange currency, and by the massive speculation with paper monies, which account for more than 95% of all financial transactions in the capital markets of the Planet. Such a crisis can have a devastating impact on financial systems, but also on the economy, on jobs, on political stability and on human welfare.

4) an ecological crisis, manifested in the exponential acceleration of global warming, not foreseen by scientists; the beginning of the end of fossil fuel as the primary source of energy, with the consequent collapse of the prevailing modes of consumption and production in the world; the anticipated shortage of drinking water for a growing number of world citizens; in the increasing destruction of biodiversity in land and ocean; and accelerated deforestation and desertification.

The consequences of each of these crises are fearful, but two or more may break out simultaneously, with unforeseeable effects on human and other forms of life in the planet. They all have a common ground, which is commonly known as the Western mode of production and consumption, also called the development model that characterizes the Western Civilization and that has acquired a global scale with the globalization of market-based relations of production. The crisis of this development model is the crisis of the civilization of profit, of the illusion of unlimited growth, of the civilization of excess and waste. It is the crisis of vulgar materialism. It has a material dimension, manifested in the hunger and the social exclusion of more than one sixth of the world populations, in extreme inequality of income, wealth and life conditions, in armed violence and the irrationality of increasing investments in weapons of individual and mass destruction, in the accelerated destruction of ecosystems that are the means of sustenance of life in the planet. It also has a strongly subjective dimension. We can call it a spiritual crisis: what is at stake is the very meaning of the earthly existence of humans, both as individuals and as *homo sapiens sapiens*... It is also a cultural crisis, the shock between the reality of cultural diversity, on the one hand, and the fundamentalism of a few, who consider themselves superior and seek to subordinate or eradicate others by cooptation or by force.

There is no way to evade the fact that the main responsibility for acting upon the factors that nurture these critical trends belongs to those who have most benefited from the existing order of things, who happen to be the politically, economically and technically most powerful individuals, countries and regions. An intensive work of information and consciousness rising with those is already being attempted (the Charter of Human Responsibilities, the Platform and the Alliance of the Responsible, Plural and United World, and the Earth Charter are examples), but needs to become more intense and urgent. There is no time to lose. Policy measures can reduce the size and depth of disaster, even if it cannot deter it. Ironically, one or more of these crises may be the missing factor for the emergence of a sense of interconnectedness and solidarity that is the crucial basis for a shift in the

development paradigm and a mutation of human awareness as the steward of the evolution of life and conscience on Earth.

What can be done on the side of households, of businesses, of States to avert these risks or minimize its consequences? How much time is still available? What principles for economic activity should be adopted and what means of enforcing them on economic agents on the local to global scales?

## 2. How to generate zero waste in production and consumption.

Waste is the most pervasive by-product of overproduction and overconsumption with no regard for the earth's limits. It expresses a failure of our processes and products, and a loss of money and resources. It also involves acceleration of entropy. A bright economist, Georgescu-Roegen, explained how profit and material accumulation regardless of the cycles of nature as the principal goals of economic activity lead to an entropic economy. The understanding that nature is cyclical and has no room for waste is the motive force that fosters creative and sustainable uses of energy sources, industrial redesign and technical innovations of all sorts in consonance with the ways of nature, ecological economies and urban-rural ecocommunities.

There is a variety of approaches to the Zero Waste as a sustainable approach to production and consumption of material goods. Profit-geared businesses that are ecologically conscious talk about improved profitability, competitiveness and environmental performance as if they were compatible with one another. Solidarity-based approaches to the economy argue that a profound change in the definition of needs, in the form of conceiving wealth, abundance and well being is needed, and this change implies sharing and solidarity above competition, social regulations and controls above individual greed for profit making and material wealth accumulation. The development and implementation of practices that lead to the reduction and elimination of waste and toxics, in their view, can only be sustainable in a climate of mutual concern, respect for bio and human diversity, reutilization and recycling, and emphasizing quality of livelihood above quantity of material wealth. It implies creating compatibility between the natural cycle and the cycle of human life in society. Different approaches to Zero Waste agree that it provides significant cost savings, improved environmental performance of economic agents and stronger, healthier and happier local economies.

### 3. Property and possession

Every economic order has a basic constituent element, and that is the social institution of property and the possession. In the system of capital, access to land and productive resources, raw materials, the use of technology and even access to credit is reserved to those who possess titles of ownership of these resources. What determines the right of ownership is the nature of the title of ownership: the law gives the title-holder the exclusive possession of that resource. This means depriving anyone else – non-proprietors – from the access to the resource. In other words, property is not a universal right in the system of capital. This prevents democracy from being fully practiced. Without economic power over their own resources, citizens, communities and territories lack the basis for having and exerting political power.

Property laws in the system of capital ensure the right to property to only a few, at the expense of a majority that is objectified and must conform to the condition of non-owners and simply sellers of their work force and capacity. Owners are sovereign over their property, but this is an exclusive right that, ultimately, hinders others, especially those who work for the owner, from being owners too.

Land, natural resources, money, other forms of capital, are all means to produce and reproduce life. Economic activity is based on the use of those means. In the system of capital, the exclusive nature of property of those means betrays the legitimate end of economic activity: to supply for the material and non material needs for citizens and society to maintain and reproduce life and develop their social and personal potentials as humans, in balance of the environment. Structural disparity and social inequality stem from the competition, confrontation and violence between individuals, enterprises and countries for exclusive property and for the private control of resources. Non-proprietors are forced by law to respect the right of ownership and possession of proprietors and transgressors are subject to sanctions. Their work becomes a commodity and, in order to survive with their families they have no choice other than to sell their work, knowledge and creativity in the labor market. The ultimate division and fragmentation of society into classes is perpetrated by the exclusive property system and the exploitative and alienating social relations stemming from it.

The vision of a RPSE must confront this as a key issue, both because it relates to the universal rights of human beings (ethics) and because shared possession of common goods and property

rights of productive resources based on need, use, and work are the best institutional arrangement for achieving social and human development. However, the concrete forms of entitlement are diverse and each culture must define them with respect to their own peculiarities and traditions. This means that a plurality of forms of ownership should be admitted, as long as they fulfill the conditions mentioned above. For property and possession to be accessible to all as a means to guarantee their right materially to survive and, more, to live in dignity, what rules and social contracts should be promoted, in the context of the different cultural traditions? How should national and international law be reshaped in this perspective? In the context of the system of global capital, the discussion about property and possession among those who work for economic transformation in the lines of democratic governance, ethics and development, is just beginning.

#### 4. Complexity of relations between the State and Socioeconomic Organizations

Local economies are the territorial spaces in which people can best exert the power of self-government. However, complex societies demand a governmental body to establish and survey the implementation of social contracts that bind society together. In a truly democratic perspective, related to a responsible, plural, sustainable and solidarity-based economy, the State should play a supportive role and working people organized to manage their territory and their own development, and interconnected with one another by ties of reciprocity, complementarity and solidarity, should be the main subjects of their own development. A process of empowerment and education takes time and demands learning by practicing. This means that a transition strategy is crucial and that only through praxis (theory and practice, reflection and action) can new subjects of political power be constituted. In countries like France (during Jospin) and Brazil, the government has shown its commitment with the solidarity-based economy movement, creating a governmental agency to promote an interaction with the EcoSol-related forums and networks and a common endeavor to design and implement EcoSol-related public policies. In Brazil the government invited members of the movement to make up the National Secretariat on a Solidarity-based Economy (SENAES). Along four years in government, Senaes promoted and supported EcoSol on the basis of its own agenda of targets to be accomplished in the four-year mandate. The movement, however, has a different rhythm of work and the actual development of EcoSol involved subjective, and not only objective innovations. Democracy takes time to build and it is an open-ended process. What qualities should politicians and political parties have to promote truly democratic governments? How to overcome the conflict between short-term targets of public administrations with the longer-

term strategies of EcoSol movements? What kinds of participatory instances should be developed that serve as spaces for the education and the empowerment of people to share, through its representatives, decision-making and management power with government and to become active citizens of the nation's development?

#### 5. Just price formation in equitable trade and sustainable economies

For capital, prices have become a means of exploitation of the buyer or the consumer, inasmuch as it has often become dissociated from production costs. Price related to cost. Price that includes full cost accounting. Cooperative chains of production and solidarity-based markets are the proper environments for the introduction of prices related to cost and not aimed at extracting the most profit out of the buyer. This is solidarity price. They are also the adequate milieu for the introduction of prices that include full cost accounting. There is a need to develop a Fair Price theory out of the variety of existing practices. How to cope with the contradiction between being an innovative, responsible initiative and having to abide by the rules of the capitalist market – competition and profit maximization at any cost?

#### 6. Innovative forms of work and remuneration

The neoliberal approach dismantles and commodifies social remunerations. How to de-link work and the survival of the person? How to emancipate work (understood as intentional human action, based on his-her capacity to do, to know and to create, and aimed at transforming the world of nature into the world of culture, the human world) from the two chains imposed by the system of capital: the sale of one's labor in exchange for a wage, and work merely to survive physically? Sharing the surplus in the cooperative framework stresses the value of work as creator of wealth. Sharing the surplus does away with the exploitation of work and puts human work at the center of the economy. The State has the power to use the social surplus to benefic private agents, as it does when capital is the center of the economy. But when human work, knowledge and creativity is at the center, the State can share the social surplus with the whole of society, serving as promoter of abundance (having enough material goods to satisfy one's needs and enough time to invest in human and social development) for all.

How can enterprises move towards shared and creative forms of work remuneration, that promote workers' creativity and sense of community? What lessons can be drawn from the various practices

of monetary and non-monetary social remunerations by the State: progressive tax structure, social services funded by the taxes, a citizen's remuneration to guarantee the right to life for all? How to combine innovative regulation of property and possession of productive resources with a fair and democratic remuneration policy?

#### 7. Education and consciousness raising

The word capital comes from the Latin *caput, capitis*, which means *head* and has the connotation of referring to the upper part of the body. In the real economy, nothing exists that is not created by human beings. They *are* the capital of capital. Or, rather, they are the soul of capital. A person- and people-centered economy is one that serves not capital, but the capital of capital. The subjective dimension of the economy is as important as the objective. A spiritual economy stems from the understanding that the invisible senses of the human being – which are the specifically our human dimension - are all committed when performing economic activity. The economy must serve as an enabling environment for the development of the potentials of the human being to become subject of her-his own life and relationships. Each citizen should learn to act and to relate to others as a Subject among Subjects. What kind of education can accomplish the mission of creating the enabling environments and processes for people to empower themselves in order to become subjects of their own development, as individuals and as parts of territories and social economies? How to shape education in ways that people are continually learning from their own experiences and sharing that learning with others, so that their communities and society as a whole can continually develop beyond themselves? How to shape education in ways that generate the consistent leadership that will be chosen to represent society in the realm of the State?