

Beyond Economics: Responding to the interlocked financial, climate and care crises?

On 29-31 October 2009 academics, development practitioners and activists met in New York for the launch of *Development* 52.3 'Beyond Economics' and the policy seminar 'Responding to the interlocked financial, climate and care crises'. The discussion delved into these concerns by building on the journal issue *Development* 52.3 'Beyond Economics'. The seminar focused on the critique of mainstream neo-classical economic thinking, visions for alternative forms of economies, as well as the new frameworks for sustainable human development. The meeting was organized by the Society for International Development (SID) and Humanist Institute for Cooperation with Developing Countries (Hivos), in partnership with UNDESA.



Stephen Marglin and Lourdes Arizpe

The choice of New York as a venue to hold the meeting was symbolic. It was in New York that the global financial crisis erupted in August 2007, with enormous effects spreading to the whole world. It was timely to raise concerns within the development community about the economic principles driving the interlocked crises of food, climate and finance, as well as global crisis of care. The seminar put on the table the need for those engaged in international development to take a serious look at some of the basic assumptions in development thinking and practice which have aided and abetted the crises.

It was symbolic also because the US is where, with the election of Barack Obama, new hope in systematic changes are now emerging. The seminar's plea was therefore to go beyond rhetoric and quick fixes and grasp the opportunity of the financial crisis in order to work jointly towards a more equitable and sustainable world.

'The mainstream version is that institutions have failed, not the neo-liberal policies',
Lourdes Arizpe, National University of Mexico

In putting together this report, SID and HIVOS have aimed to highlight some of the key themes debated in the launch and seminar. The report sketches out the main issues: the problems with the current economic system, existing alternative models and the importance of gender and care all with a sense of hope that we can go forward beyond the gloom and doom. The report is designed not only as a record of what was discussed in New York but also as an invitation to continue the conversations in two future meetings held around the journal the first to be held in The Hague on 11 December 2009 on 'Beyond Economics: building collective responsibility for sustainable livelihoods' and the second planned for the first weeks of 2010 in Dar es Salaam Tanzania.

'There is another economics waiting to be borne. It would take efficiency off the pedestal and stress the importance of alternative measures',
Stephen Marglin, Harvard University

A global crisis?

The crisis can be called global and systemic because it affects both the developed and the developing world. It is on the one hand ideological and on the other institutional and is being felt on individual, national, regional and global levels. But as the seminar pointed out it is not a 'new' crisis. Cracks in the neo-liberal model have surfaced well before. Countries in the South have been experiencing crisis after crisis since the 1980s due to neo-liberal measures and an effective policy response has yet to be found.

Financial or systemic crisis?

The world is facing more than a financial and economic crisis, rather we are experiencing a systemic crisis that involves the whole system of values and norms on which our societies have been built. The pervasiveness of the financial crisis has made it clear that not only the concept of markets needs to be revisited but also economics itself. Our worldviews are being seriously challenged affecting the whole social fabric of the world we live in.

An international economic system that fails to take into account people and the environment can only lead to increasing inequalities, poverty and devastation of the environment. Hence, the financial crisis is integrally linked to the climate, food and care crises with consequences for both people in the North and South of the world. Countries in the South are particularly affected, burdened by increased levels of poverty and inequality due to neo-liberal policies in the 80s and 90s and under pressure from international financial institutions. As a result they are more vulnerable to climate change even if they have contributed far less to global emissions, and are the victims of a food system that favors agribusiness instead of small farmers. The challenge is to shift development institutions in order to put people and environment at the centre of economic policy rather than at the margins. Civil society has to do all it can to propose and help shape such changes.

**'Feminist economists underline the importance of social reproduction in development: they speak not of economics for profit but of the economics of nurturing others, providing and caring for communities, environments, livelihoods and cultures'.
Wendy Harcourt, Editor Development**

The end of neo-liberalism?

At the same time, there was consensus among participants that this crisis is not simply the end of neo-liberal capitalism 'as we know it'. Today western socio-economic system no doubt has to change in order to survive, but these changes will be slow in coming and will need to be shaped by many actors.

To start with, the market as the organizing principle of life needs to be revisited. It is here that the culture of economics was critiqued. Economics is a science that has detached itself more and more from other realms of society, trying to explain the world through its own rules and paradigms. With its focus on efficiency and profitability, it has put to one side culture, environment, people and power relations. It is important to recognize that the market is not able to solve everything. The crises have forced mainstream economics to be reconsidered taking into account cultural, political and ecological concerns. We now need to speak about the economics of life where people, culture, power and nature are put into the economic policy debate.

**'We need to reinvent a different kind of economics. There are different currencies that people are already using, different economies',
Mariama Williams,
Integrated Policy
Research Institute**

The crisis has exposed the cracks of the system, which can be used to challenge the status quo. What is important is to rethink the 'culture of economics' and to decentre neo-liberal ideology underlying the current economic system as well as to point out its structural limits. This process of rethinking needs to embrace not only economics but all disciplines, including sociology, anthropology among others, and needs to engage as many actors as possible. It should be directed at long term policy interventions rather than quick fixes or just pumping new money into the economy.

Alternative economic models

A critique of the current economic model does not necessarily imply inventing a whole new system from scratch.

Recognizing and learning from other *cosmovisions* can show us that alternative economic models already exist. Although these models have been rendered invisible by mainstream thinking (sometimes because they are informal markets), they can provide fundamental lessons for those who want to create a new vision for the future.

What all these systems have in common is the centrality of the community. For too long we have placed our energy in first creating and then trying to change structures at ever higher levels which were to guarantee regulation and a more just and sustainable distribution of the world's resources and development opportunities. What the financial and ecological crisis, but also the crisis of multilateral institutions show us is that it is time to refocus our energy and place our trust in the power and creativity of people.

That is why, instead of having the market as a principle of life, it is necessary to situate both the market and the state in the context of the community.

Communities all over the world, both in the North and South, are experimenting with different forms of local economies, such as social and solidarity economies that have values and human relations at their core, as well as



Mariama Williams and Nicola Bullard, Focus on the Global South

different currencies to exchange goods. These economic models can inspire our responses to the crises. Rather than being dismissed as romanticized visions, we should thoroughly investigate the value of these models.

In this respect, the participants welcomed the Nobel Peace Prize for Economic Sciences going to Elinor Ostrom for her demonstration of how common property can be successfully managed by groups. She also emphasizes how humans can interact with ecosystems to maintain long-term sustainable resource yields.



Arturo Escobar, University of North Carolina at Chapel Hill

Participant Arturo Escobar introduced the concept of *buen vivir* from South America, which is inspired by indigenous worldviews and entails the well-being of people living in harmony with both their communities and the environment. Both the recent Bolivian and Ecuadorian constitutions include the concept of *buen vivir*, with its biocentric focus and the idea of a polycentric world.

A similar concept, *Bamtaare*, also exists in West Africa as Thierno Kane reminded participants. Like *buen vivir*, it means a harmonious development which considers the lives of all people and the environment for a collective, sustainable and lasting development. Africa as a whole is full of different systems where people organize their lives and economies according to different rules, yet these systems have been obscured by the dominant view.

In Asia the Penang Initiative in Malaysia, initiated by Anwar

**'Who's human? Whose bodies are grievable?',
Marisa Belausteguigoitia, National Autonomous
University of Mexico**

Fazal of the Right Livelihood College, is another example of how people on the ground are putting in place alternative models where the role of the community and its well-being are fundamental.

David Korten brought to the seminar examples of communities in the US where a new economy agenda is flourishing, and he set out the principles for how people can achieve it.

Participants concluded that alternative worldviews are there and need to be given visibility.

The importance of gender and care

The global systemic crisis is also having a strong impact on women and gender relations. Women both in the North and South have suffered from the interrelated crises. They have found themselves in a position where they had to work more in order to survive in a more precarious and difficult environment. Recession has forced women in many countries into exploitative labour. Many have had to migrate in order to find better opportunities abroad to support their families in their countries of origin.

**'Violence against women is a barrier against development',
Jacqueline Pitanguy, Citizenship,
Studies, Information and Action (CEPIA)**

This has given rise to an unprecedented care crisis, whereby women, who are traditionally the primary care givers, are leaving behind entire communities and countries facing a serious care drain. At the same time, in an economic system where value is attached only to remunerative activities, the reproductive and care roles of women are left in the shadow.

The invisible work of women is a fundamental component of our societies, yet it is not considered as such as it does not appear in statistics or



Jonathan Glennie and Jacqueline Pitanguy

brings in a measurable economic benefit. Gender inequality and violence against women remain serious obstacles to a fair and participative development.

However, we also need to be careful not to romanticize the past or try to bring back a situation where women were entirely responsible for the well-being of the family and the community. Similarly, we should be wary of romanticizing communities where there is also a high level of gender discrimination.

That is why feminist economics needs to be brought into the picture and contribute to the critique of the dominant model, as well as to the creation of a new vision. In order to address the crisis, it is necessary that both care work and the care drain are given the visibility that they are currently lacking.

**'We need to resituate the state and the market in the community',
Manisha Desai, University
of Connecticut**

Human development beyond economics

The chance to discuss human development with staff member working on the UNDP Human Development report gave a welcome opportunity for participations to rethink human development as a concept that could be useful when looking for new ways forward. participants welcomed the current rethinking of human development by UNDP. Human Development needs to be about much more than the rise or fall of national incomes. It should be about creating an environment in which people can develop their full potential and lead productive, creative lives in accord with their needs and interests. Human development has been in many ways co-opted by the dominant mainstream focus on economic growth, although it came into being exactly to challenge the idea that development was purely economic growth. Nonetheless, the discussion about human development has been whittled down to competitive indexes and measurements of nations in the HDI and ultimately in the measurable goals of the Millennium Development Goals.

'We need humility, sovereignty, democracy and respect for other forms of thinking', Jonathan Glennie, Christian Aid

'We don't need much more than a system that allows us to live in a finite world', Tariq Banuri, Division for Sustainable Development, UNDESA

UNDP is currently carrying out a revision process of both the concept of human development and its indicators on the occasion of its 20th anniversary. Twenty years after its foundation, the concept of human development seems too elusive and hollow. It has also become corrupted by a minimalistic approach and a focus on service delivery, especially in the fields of health and education. The UNDP is looking at how to expand the concepts to include much more firmly citizens' agency and political empowerment.



Thierno Kane, UNDP and Stefano Prato, SID

Ways forward

This crisis is not the end of neo-liberalism, but our economic system will have to change in order to survive. That is why rethinking of the culture of economics underlying the system and its structural limits needs to take place. It is important to revisit the

market as the organizing principle of life. People, culture, power and nature need to be put back into the economic debate. There are alternative economic models that can be investigated and built upon, many being designed and led by communities, and within them women. In the spirit of change it is important to craft an economics of life through alliances with civil society groups, academia, NGOs and UN agencies - and invite others - to work together towards a more equitable and sustainable system. It is important to listen and give visibility to citizens and communities in South and North about their vision of the crisis.



Shobha Raghuram, Development Policies Analyst

As the seminar showed we need to use our imagination and creativity to create ways forward that do not hinge on new development blueprints, changes in World Bank policy, new MDGs after 2015, more and better human development, endless reports and hollow statements of intent. What we need is new types of conversations that multiply and merge Eurocentric, capitalist, modern and non-western indigenous cosmologies into different kinds of conversations, languages and practices. We need to take up the challenge to blend the different knowledges of science, economics, politics, ecologies and humanities in ways that shape different connections than ones that are binary and oppositional.

Spaces for creation and contestation are abundant worldwide, but they are disconnected and incapable of challenging the dominant discourse. So how can we come into action and guide the change we aspire? Can we imagine a new future? Can we envisage a more inclusive development model in which citizens all over the world feel empowered to design their own lives? Can we have a more convincing theory of change to guide our thinking and working? Most importantly, can we start building this new future together?



The discussion continues on the SID Forum with debates, interviews and articles from the journal issue on www.sidint.net For more on Hivos programmes see www.hivos.net