

ANOTHER WORLD IS POSSIBLE

Contributions to a methodology of hope

A paradigm of cultural economics

Concepts and questions



- Premise 1: There is no peace without justice.
- Premise 2: There is no justice without an end to poverty.
- Premise 3: There can be no end to poverty without a paradigm shift.

We begin the analysis with Lula da Silva, the new president of Brazil.

- ◆ Lula said: “It is not just that some people eat five times a day while others go five days without eating.”



We begin with Lula, the new president of Brazil. *The Economist* of London called him, “..a recent convert to economic reality.”

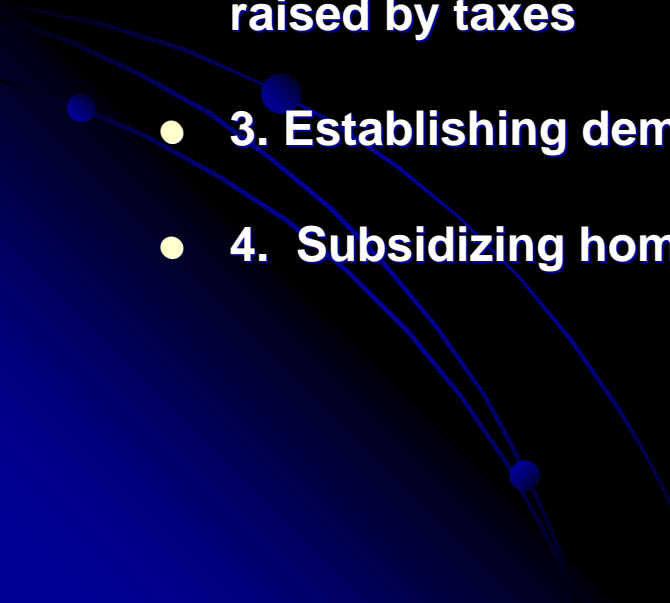
Economic reality implies that investment for profit is the motor that moves the economy. Therefore, governments must encourage investment, or at least not discourage investment.

The Economist pointed out that Lula must convince skeptics that investment in Brazil is safe and profitable..



Economic reality: some people have access to money and other resources, while others do not. The have-nots are the poor.

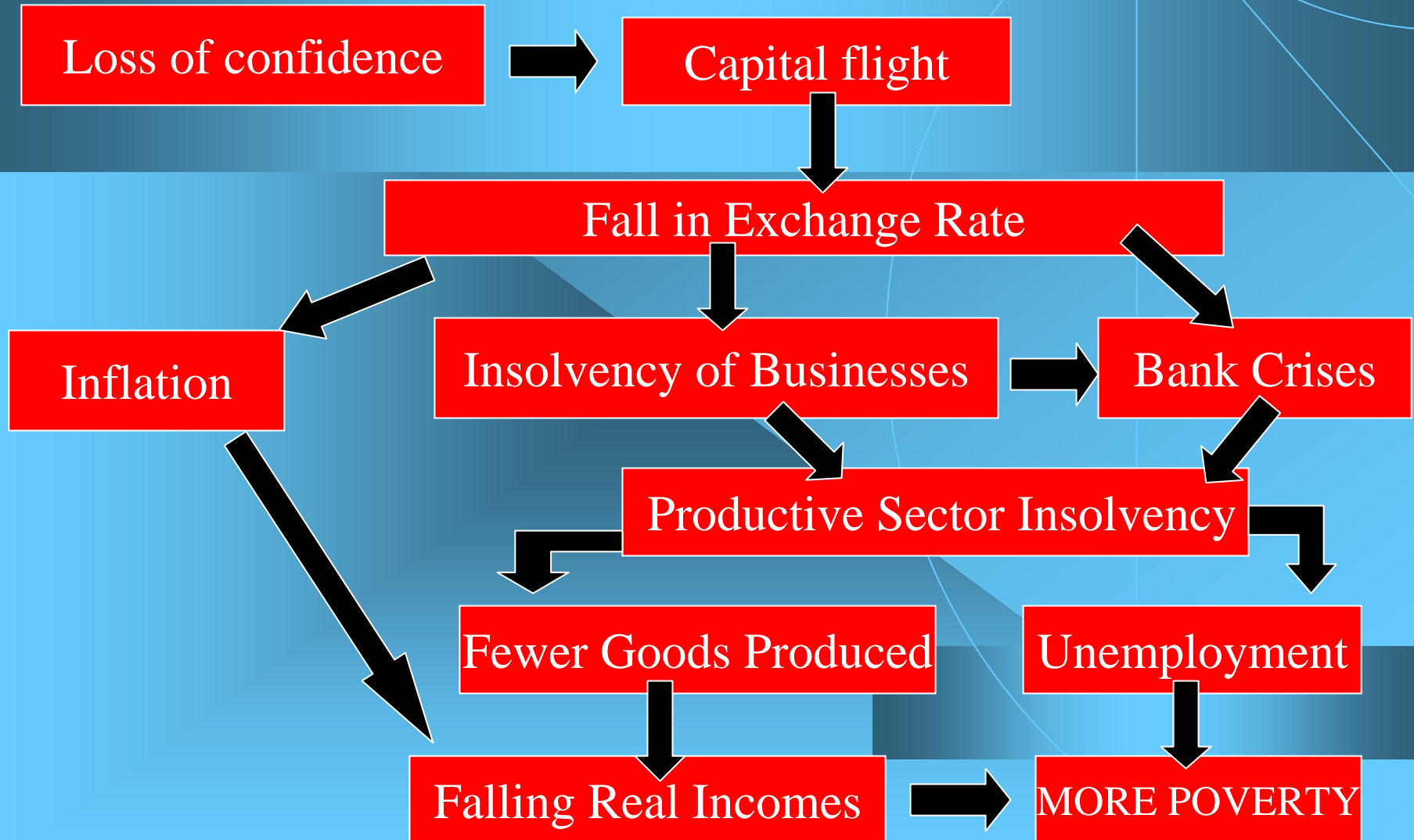
It might seem logical, therefore, to end poverty by increasing the access of the poor to resources.

- **For examples:**
 - **1. Raising wages**
 - **2. Paying for health care, education, and parks with money raised by taxes**
 - **3. Establishing democratic control of natural resources**
 - **4. Subsidizing home ownership and affordable rental units**
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Capital Flight

- Unfortunately investors tend to respond to measures like these by doing what is called “losing confidence.”
- In other words, they find it more profitable to invest somewhere else.
- This is called “the exit power of capital,” or **CAPITAL FLIGHT**.
- Similarly, there is a **CAPITAL STRIKE** when investors decide not to invest at all.

The mechanisms of economic reality that Lula faces (from an economics textbook)



When investment for profit is the motor that moves society, when that motor stops, society stops.



- ◆ CAPITAL FLEES
- ◆ PRODUCTION DECLINES
- ◆ UNEMPLOYMENT INCREASES
- ◆ GOVERNMENTS LOSE ELECTIONS –OR ARE OUSTED BY FORCE
- ◆ THE IMF COMES “TO THE RESCUE”


“Experience
teaches us not
to assume that
the obvious is
clearly
understood.”

--Paulo Freire



A Paradigm:

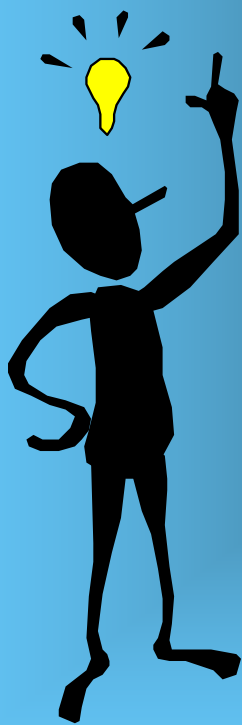
- **Defines normal science**
 - **Defines the context of mathematical calculations**
 - **Determines the “rules of the game.”**
 - **Is a socially legitimated way of seeing.**
- from Thomas Kuhn, *The Structure of Scientific Revolutions* (1962)



“We [The World Bank] must strive to eliminate absolute poverty by the end of this century. This means in practice the elimination of malnutrition and illiteracy, the reduction of infant mortality, and the increase of life expectancy to the levels of the developed countries.”

--Robert McNamara,
President of the World Bank, Nairobi, 1973

The Three Laws of Motion of Sir Isaac Newton:



- ◆ First Law: An object in motion stays in motion, and an object at rest stays at rest, unless an external force acts on the object.
- ◆ Second Law: $\text{Force} = \text{Mass} \times \text{Acceleration}$.
- ◆ Third Law: Every action has an equal and opposite reaction.

Three Basic Principles of the Roman “Law of [all] Nations”

- ◆ **I. Honeste vivere**
 (“Respect Persons”)
- ◆ **II. Suum cuique**
 (“Respect Property”)
- ◆ **III. Pacta sunt servandum**
 (“Respect Contracts”)



The global economy operates in the legal framework of capitalism. Its paradigm defining human relationships is derived from Roman commercial law. It has been updated, but not transformed.

(It offers an illusion of justice for all.)



Immanuel Kant's three examples of strict moral duty to other people:

- ◆ **1. DO NOT INCUR DEBTS THAT YOU DO NOT INTEND TO PAY**
(*pacta sunt servandum*)
- ◆ **2. RESPECT OTHER PEOPLE'S PROPERTY RIGHTS**
(*suum cuique*)
- ◆ **3. RESPECT OTHER PEOPLE'S FREEDOM** (similar to the ethic of autonomy implicit in *honeste vivere*)

The disadvantaged members of democratic societies find that it is clearly to their interest...



- that general laws
- and administrative rules
- and collective bargaining agreements
- **PREVAIL OVER PRIVATE CONTRACTS**

--Gunnar Myrdal

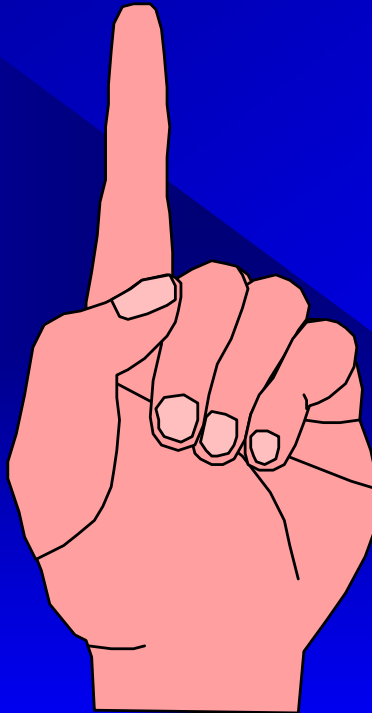
The basic cultural structures of a
commercial society,

freedom, contracts and property,

limit what Lula can do.

When we say another world is possible, we are often told:

- ◆ “That’s just the way things are !”
- ◆ “The world has always been like this !”
- ◆ “It’s human nature !”



**THE WAY
THINGS ARE**

**IS NOT THE
WAY**

**THINGS HAVE
TO BE**

**THE WAY THINGS ARE IS
NOT THE WAY THINGS
HAVE TO BE**



THE WORLD IS NOT

THE WORLD
BECOMES

-- Paulo Freire

The analysis of the dominant paradigm,

- that is to say, of the legal and moral framework of commerce,
- gives us criteria for evaluating...
- concrete steps toward...
- a paradigm shift.



Cultural Economics

- Today many innovative practices and theories tend to converge toward a paradigm of diversity and solidarity.
- Many speak of the “new paradigm.”
- Its most common name in Spanish, Italian and Portuguese is “economía solidaria.” In English we prefer to call the new paradigm “cultural economics.”

A methodology for change is more a set of questions than a set of answers. Some good questions ask whether we are upgrading the minimal morality articulated in the Roman law roots of the dominant paradigm.

- ◆ 1. Are we transforming the rules of the games that specify the rights and duties of property owners ?
- ◆ 2. Are caring human relationships tempering contractual relationships ?
- ◆ 3. Is freedom more about being self-directed and less about being self-centered ?
- ◆ 4. Are people being empowered to participate in the creation of culture ?

In short, three criteria for evaluating work for systemic transformation follow from recognizing three main norms of the paradigm to be transformed:

- ◆ 1. Equity in the distribution and use of resources (transform property)
- ◆ 2. Solidarity (transform contracts)
- ◆ 3. Responsibility (transform freedom)

A fourth criterion follows from the general idea that the dominant paradigm is not nature, but a cultural construction that can be reconstructed.

◆ 4. Participation.

The world is not. It becomes as people join in dialogue and cooperative action to renegotiate and reconstruct social and ecological relationships.



1. The social function of property, equity

- This criterion tracks bringing in the excluded
- And step by step including
- All human beings
- In the benefits that flow from mother earth, from capital investments, and from technologies.

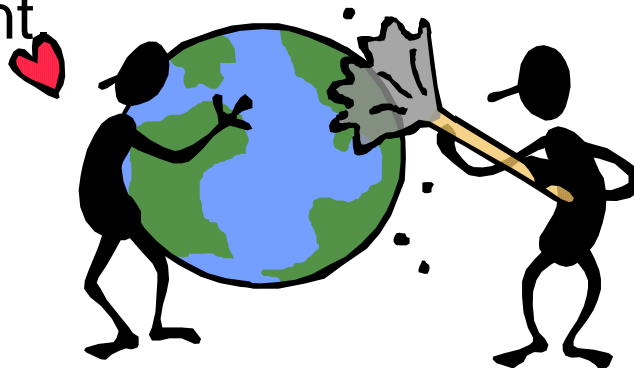


2. Solidarity

- In a world dominated by strictly commercial contracts, the object of production is sale, that is to say, exchange value.
- In a culture of solidarity, the object of production is use, that is to say, the reproduction of life.
- In other words, economic profitability plays a smaller role as a criterion defining and limiting what will be produced and for whom.

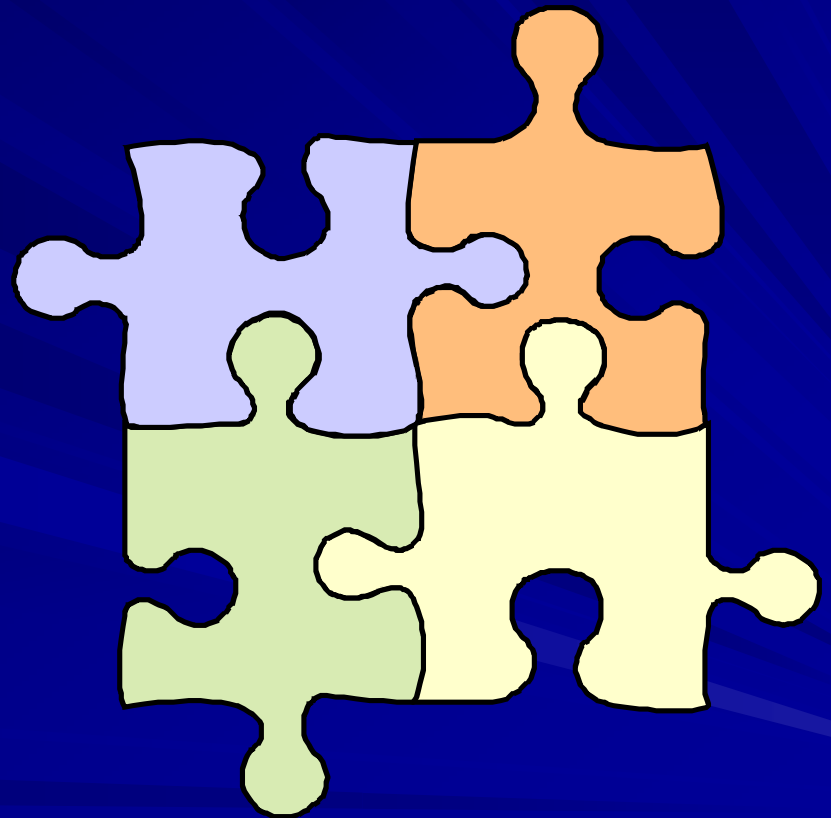
3. Responsibility

- This criterion adopts Martin Luther King's principle that freedom should be defined as being self-directed, not as being self-centered.
- Modern law generally still follows the Roman principle that people should not injure other people (non fit injuria)
- The principle of social responsibility requires more. It seeks the good of others and of the environment.



4. Participation

- This criterion invites people to join with others in talking and in acting.
- It envisions social change as something that must be done with and by the people, not just for the people.



Another Economic Reality is Possible

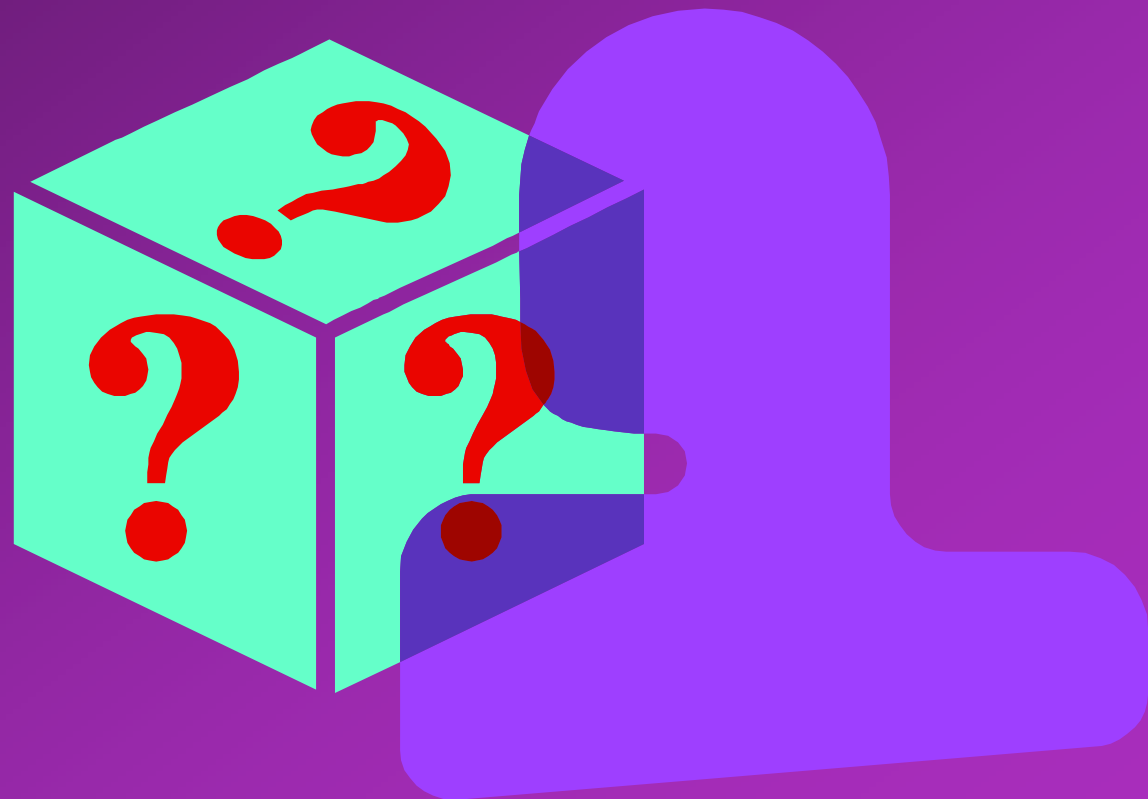
- Cultural economics shows that there are many possible economic realities
- Because there are many possible cultural paradigms
- The normative framework that authorizes capital flight does not have to exist.
- The economy of a group, or a bioregion, or a world, can be constructed to function for the good of 100% of the people without ecological damage.

Lula's Inauguration, January 1, 2003



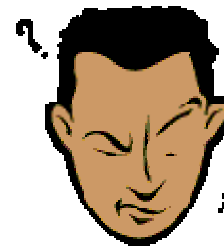
“Yes, we will change. We will change with courage and caution. With humility and bravery. A change with consciousness that change is a gradual and continuous process, not a simple act of will, nor simply a break with the past. A change through dialogue and negotiation ... so that the results will be consistent and long lasting.”.

How can we change economic reality to build a world where peace and justice would be possible, and at the same time comply with the systemic imperatives of economic reality as it is now ?



Another hard question about the paradigm shift that is needed...

- How could it be possible to persuade people to change laws and norms that are dysfunctional and anti-social.....
- ...when they have been brought up to believe, and to feel, that those laws and norms are right and that anything different is wrong ?



“...we make the road by walking...”

