

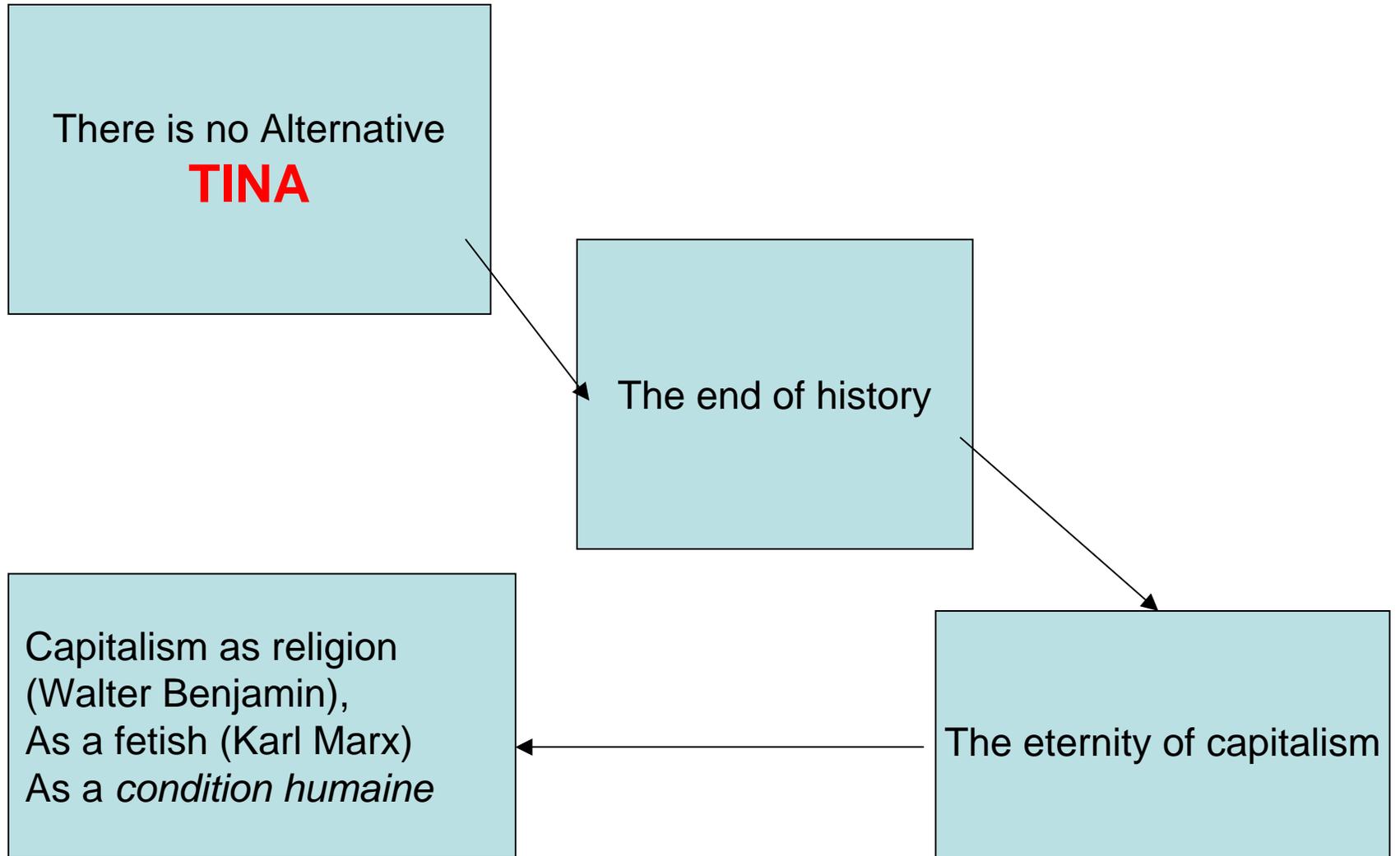
# Alternatives: A Solidary and Solar Society based on renewable energies

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UNAM, Facultad de Economía, 11-11-05

- There is no Alternative - or Another World is Possible?
- Logics of Action
- The Growth of the Informal Economy
- Neoliberalism from Above and from Below
- Solidary Self-Organisation
- Macroeconomic Alternatives
- Regulation of Global Markets
- The Role of Renewable Energies
- The Decisive Role of Social Movements

# The neoliberal/ neoconservative discourse



TINA: There is no alternative.

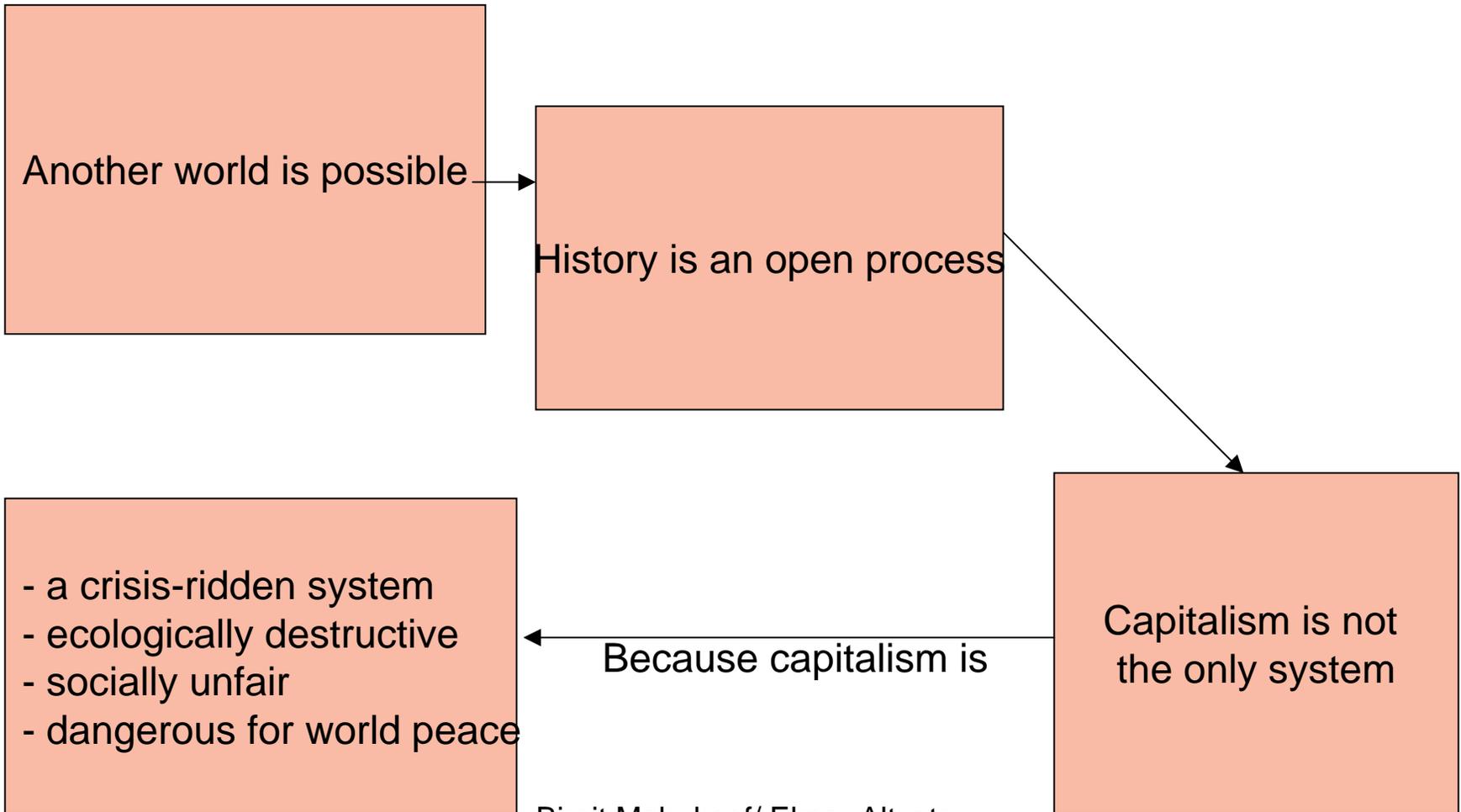
## The message of neoliberal governments

Speech of the US-american representative Terry Miller

On the PrepCom for „Financing For Development, october 2001

- „First, there must be peace...“. But why has the „peace dividend“ after the end of the cold war been used to finance a new arms race
- „Second, there must be freedom and rule of law...“ Terry Miller explains: „It helps no one to talk about so-called ‚right to development‘. Such a right is an illusion...“. Is therefore „human development“ also an illusion?
- „Third, countries must commit to capitalism.., for it is the only model that we know works...“. This seems to be a new variant of the “TINA-discourse”: „There is no alternative“ to the „pensée unique“ and a single development model: „Governments that make these commitments have a chance to develop. Governments that do not have no chance at all...“

# However: The discourse of alternative movements, World Social Forum, Attac etc.



# Globalization and the failing inclusion of peoples into the formal economy

- The global tendency of informalization of labour, money and politics and the creation of precarious existences
  - The numbers of CEPAL: In Latin America 70% of the work force is engaged in the informal sector; at the beginning of the 1990 it was ca. 50-55%
- The dominance of market relations and of the principle of equivalence
  - Neoliberalism from above: financial repression and government policies
  - **Neoliberalism from below**: Individual responses to the crisis
    - The role of property rights (de Soto)
    - Competition and the undermining of solidarity and of cooperative solutions to the crisis

# Informalisation and political stability: The Governamentality-Concept of Foucault

- Hegemony by negative integration of the popular classes
- Governing from above and the mentality of the governed
- The dominance of markets and of the principle of equivalence and the disappearance of alternative modes of social action

# Alternatives are possible

In history, several modes of production and regulation,

several “logics of action” prevailed in different societies at different times

- The principle of equivalency
- The principle of reciprocity
- The principle of hierarchical (re)distribution
- The principle of solidarity and fairness

# Equivalence

- It results from abstraction from social contents of social relations
  - Insofar it is an expression of the historical disembedding, described by Polanyi
  - It reduces social complexity to a simple formula of  
 $X \text{ commodity A} = Y \text{ commodity B on the market}$
- Equivalence only becomes the dominant principle of action insofar markets exist
  - The exaggeration of equivalence in F.A.von Hayek's prevalence of "catallactics" over economics and markets
- Equivalence in capitalism is the basis of exploitation of labour
- Just wages for the reproduction of labour power in the sphere of **circulation**
- However, surplus labour time in the **production** process
- Equivalence only refers to exchange value, not to use values; the latter necessarily are unequal
  - The problem of positional goods comes in: some goods lose their exchange value because the use value is deteriorating with economic development
  - Equal exchange and unequal exchange

# Reciprocity

- Socially embedded equivalence
- Equivalence without exact quantitative, qualitative and timely equivalence
- Other criteria come in: friendship, tradition, customs, respect, actual mood of exchange partners, spontaneity
- Reciprocity and its importance for non-market relations in the formation of productive clusters, i.e. for local competitiveness (the “strength of loose relations”)
- The openness to corruption: reciprocity and unequal exchange as a precondition of equal exchange

# Hierarchical Distribution and Economic Planning

- The decisive role of a distributing center and of its legitimation
- The experience of planning systems in the formerly actual existing socialist camp
- Distribution and the information problem: the neoliberal critique
- Planning and democracy: the critique of the new left
- “Soft planning” by the Keynesian “intervention state” and under “desarrollismo” of the Latin American “development state”
- Central planning and globalization: Is a democratic global plan possible and desirable? – the controversy on Alex Callinicos’ approach

# Solidarity and Fairness

- The basis is not individual exchange, but **collective and decentralised** decisions
- Social action is a common endeavour, embedded into culture, class, ethnicity etc.
- Therefore it emerges beyond markets, as a “moral economy” (E.P. Thompson)
  - Which always existed besides the formal exchange economy, as an economy of the poor
  - The long tradition of cooperation and cooperatives in capitalism
- **The fallacies of international solidarity of the labour movement**

Which principle is prevalent?

In Reality:

An articulation of the principles of action

# The solidary economy as an outcome of economic emergency

- **Chile** and the social response to the military neoliberalism
- **Venezuela** and the constitutional populism against neoliberalism
- **Argentina** and the disappearance of formal money
- **Brasil** and the campaign „zero fome“ and the cooperative tradition
- **Ecuador** and the drop-outs of dollarisation
- **Mexico** and the Zapatista revolt of intellectual indigeneous people
- **Africa**, survival strategies and the tontine
- **Europe** and the luxury of small exchange circuits
- **Global** fair trade: An alternative to the money of the market and the power of economic actors, like TNCs

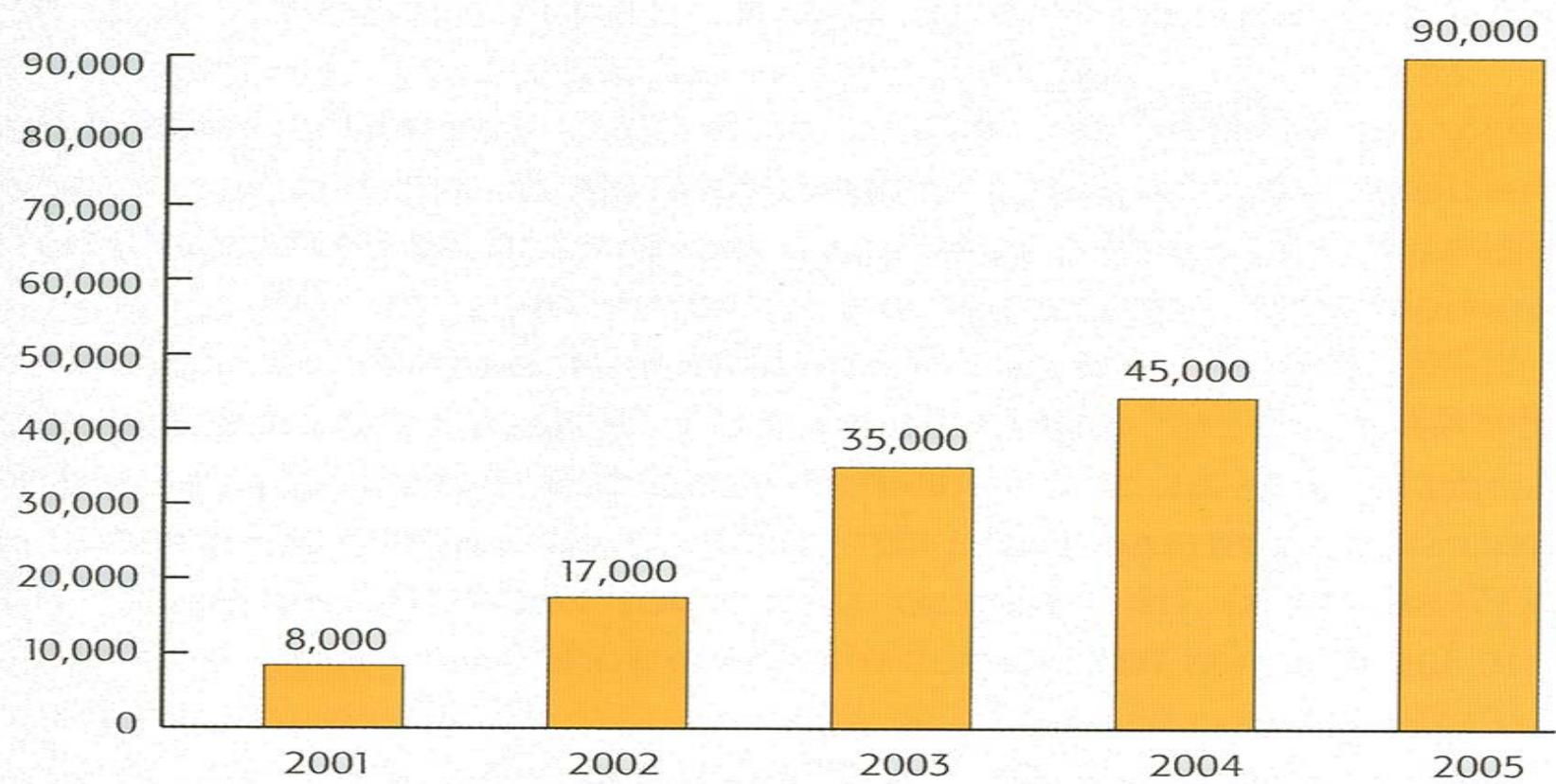
# The new cooperativism

- The long tradition of cooperatives and their failure
  - Cooperatives of production and consumption
  - Housing cooperatives
  - Credit cooperatives
  - The preference of collective solutions to individual and private solutions
  - The growth of cooperatives and their creeping transformation into share capital
- The logics of equivalence comes in and undermines collectivity and solidarity...
- However: Cooperatives always come up again

# Fair Trade

- The organisation of commercial chains
  - From producers
  - Export trade
  - Import trade
  - To consumers
- The importance of quality standards over prices and profits with regard to
  - Social and working standards
  - Environmental conditions
  - Democratic decision making and transparency
- The limits of fair trade in the current global economy and their rising potential

# Coffee-export of Mexico in fair trade relations (sacks à 60 kg)



Source: Comercio Justo México 2005.

# Socio-territorial movements

- The crisis and the expropriation of public spaces:
  - Public goods,
  - Working places
  - Land
  - Resources
- The reappropriation of public spaces
  - The occupation of public spaces by citizen (theatres, empty buildings etc.
  - The occupation of factories (fabricas recuperadas)
  - The occupation of land (MST)
  - The defence of national resources (indigenous movement in Bolivia)
- The broad support by civil society movements on an international level

## The Third Sector: Employees in the Non-Profit-Economy of OECD-countries

Country	Number of Employees (full-time-equivalent)	Percent of total civil workforce
Austria	233.662	6.91
Belgium	206.127	5.85
Danmark	289.482	12.56
Finland	138.580	6.92
France	1.214.827	5.93
Germany	1.860.861	12.56
Greece	68.770	1.81
Ireland	151.682	12.57
Italy	1.146.968	5.88
Luxemburg	6.740	4.16
Netherlands	769.000	14.69
Portugal	110.684	2.51
Spain	878.408	7.45
Sweden	180.793	5.15
United Kingdom	1.622.962	7.32

# The role of the nation state: There are Spaces for macro-economic policy-alternatives

- **Labour-market policies**
  - Active job creation; the role of the public sector
  - Organising and protecting the informals
- **Fiscal policies**
  - The protection of the tax basis against tax competition and tax evasion
  - The protection and reform of the welfare state
- **Environmental policies**
  - Promotion of renewable energies
  - Reduction of pollution into the air, the soils, the waters
  - Environmental education
- **Participatory budgets**

# The international regulation of markets: The proposal of „deglobalisation“

- Delegation of global institutions (IMF, WB, WTO)
  - Question remains: reform or dismantling („derail the WTO“)?
- Decentralisation and deconcentration of institutional power
  - Question remains: regionalisation or dismantling of institutions?
- Support of local circuits and regional entities
- Fostering diversity and varieties instead of global standards
- „More space, more flexibility, more compromise“ (Walden Bello)
- Recourse to Polanyi: „re-embedding the economy in society“
  - Question remains: To what extent and by which institutional setting can global markets be regulated and embedded into a globalised society?

# Requirements of a new type of „world trade organization“ (1)

- It must be **part of the UN system**
- It should follow the goal that the prices of goods and services represent the real costs of international traffic,
  - including „social costs“ which have been externalised to the societies by passing them to the environment
- It should be committed to irrevocable human rights, internationally and nationally existing labor rights, environmental standards and consumer rights
- For, these rights are superior to the principles of liberalization, deregulation, and privatization
- ❖ **The main goal of a „new world trade organization:**  
**protection of regional economies which help to secure the living conditions of people**

# Requirements of a new type of „world trade organization“ (2)

- international freight traffic and transport of persons have to tell the „truth“ about „social costs“
- restrictions on superfluous and unnecessary trade
- subsistence with food should be higher weighted than the liberalization of trade in agricultural products
- TNCs should be accountable with regard to the working conditions and the consumption of resources throughout their supply chain
- predominance of national standards of protection (referring to the environment, workers, consumers) over “soft” international standards
- transparency of the quality of all goods (in order to make sure that food security and safety etc. are guaranteed)
- duty to publish the decisions and results of trade negotiations
- public access to the dispute settlement mechanism
- integration of civil society into the decision-making processes
- exclusion of water and all forms of life from trade regimes

**In sum:**

**The world economy should be oriented at the basic needs of the world population** - with the aims to guarantee human security:

- ❖ food security
- ❖ access to clean water
- ❖ access to health services
- ❖ access to education for all people

# Alternatives for financial markets: a „new financial architecture“

The guidelines:

- more transparency

- better risk-management and prudential behaviour

  - on the debtor-side

  - on the creditor-side

- Improvement of surveillance

- better international coordination in a crisis situation

- more prevention than reaction: „pro-active“ policy

In case of a financial crisis:

- Involvement of the private sector (creditors)

- The importance of an **international insolvency-law**

- Integration of social and political dimension into the concept of crisis resolution

- New role of the IMF: „Post-Washington-Consensus“

# Elements of a new financial architecture I: currency and financial markets

Reduction of volatility and short term speculation

**through integration:** formation of a currency union

multilateral monetary union

unilateral „official“ dollarization

unilateral unofficial (not negotiated) dollarization,  
currency board

**through segmentation** of markets

a „Tobin-tax“

capital controls at the borders of nation states

**target zones** for exchange rates

Transparency and surveillance on financial markets (FSF)

Short-term capital movements

High leverage institutions

Off Shore Financial Centres

# Elements of a new financial architecture II: formal and informal institutions

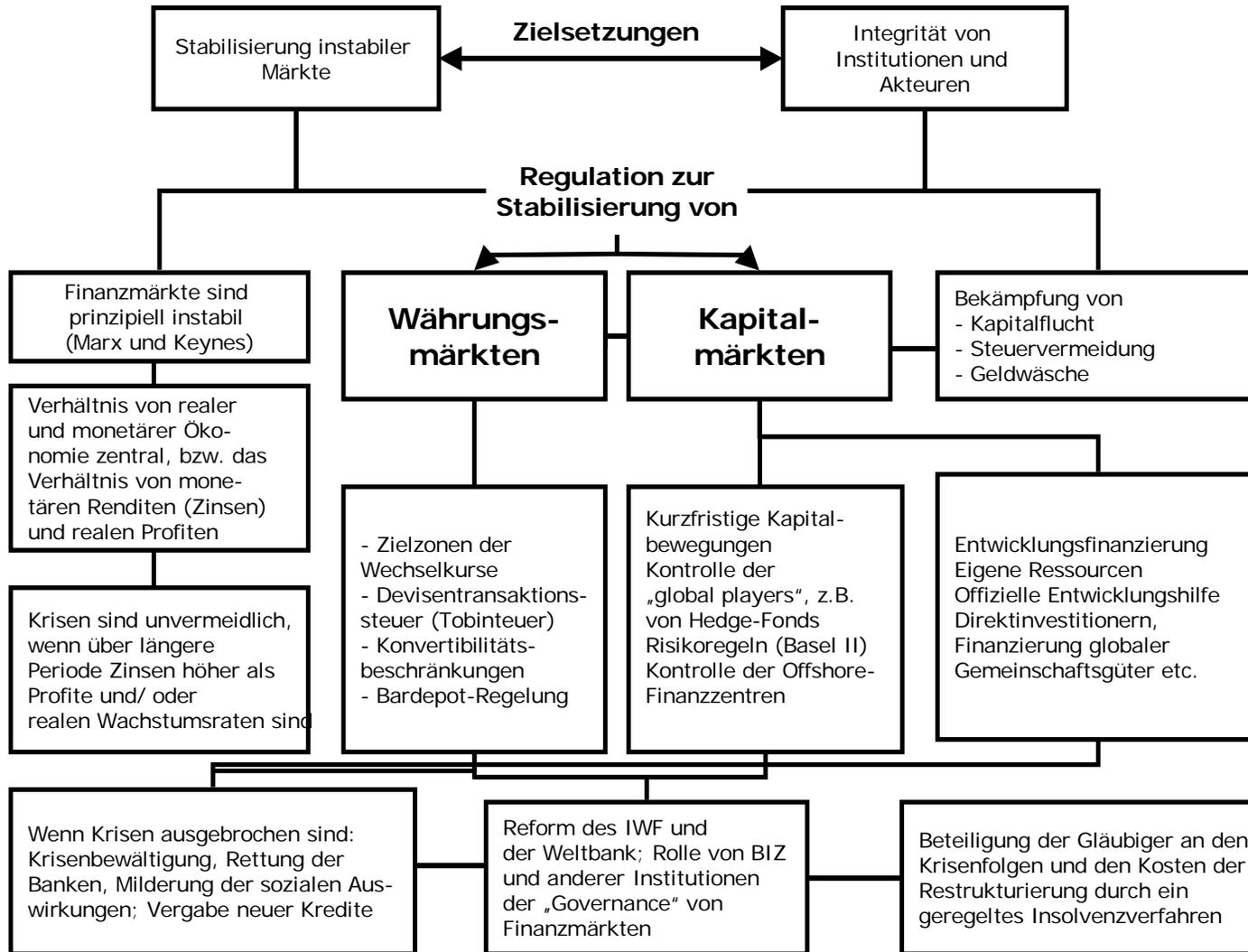
- The protection of financial integrity
  - The role of the FATF of the OECD
  - The fight against tax havens
  - The Basel Committee on Banking Surveillance und the Basel II-standard
- The reforms of International Financial Institutions
  - The IMF between Meltzer-report and the Köhler-reforms
  - The World Bank: between bank and development institutions
- The BIS: Increasing tasks of coordination
  - The FSF and ist codes and standards

# Elements of a new financial architecture III: development finance

## The holistic approach of the Zedillo-Report

- Internal resources of developing countries,
- External public resources (Official Development Assistance, ODA), 0,7%-rule
- External private resources, FDI
- Export-revenues, supported by dismantling of trade barriers in developed countries
- Debt reduction and cancellation, HIPC-Initiative, Public Private Partnership (PPP),
- Insolvency-rules
- Improvement of revenues through resolving „systemic issues“, such as rules for Offshore-Financial centres, the establishment of an „international tax-organization“ or of a „Global Council“
- Fight against corruption and realization of „good governance“-structures

# Die neue internationale Finanzarchitektur



# Sustainability based on renewable energies: the necessary completion of a solidary economy

- The basic decision to gradually move away from fossil energy
- The necessary ban on nuclear energy
- The promotion of renewable energies:
  - Biomass
  - Photovoltaic
  - Eolic energy
  - Water
  - Geo- and solarthermic
  - The dimension of technical progress to be politically organised
    - E.g. by the institutionalisation of IRENA
  - The dimension of social reorganisation of infrastructure, social life, housing etc.

# Alternatives are a societal endeavour

- They need of a strategy
- They need of scientific analysis
- They need of concrete utopias
- The openness of history
- The different logics of action in time and space

