

FROM CRISIS TO CARE

‘TOWARDS A CARING ECONOMIC APPROACH’

Annual Progressive Economy Forum

Presentation in Academic session on

‘Rethinking Economic Policy’

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TOWARDS A CARING ECONOMIC APPROACH

Paradigm shift for a Sustainable Future



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TOWARDS A CARING ECONOMIC APPROACH



Objective:

- ❖ Explore impact of a paradigm shift from the '*homo economicus*' to the '*caring human being*' on economic policy
- ❖ How is economic policy if based on the economy of care?
- ❖ How is life in a caring economy?



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(+ 3 examples)**
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NO ECONOMIC VALUE



UNPAID WORK



ECONOMIC GROWTH



PAID WORK

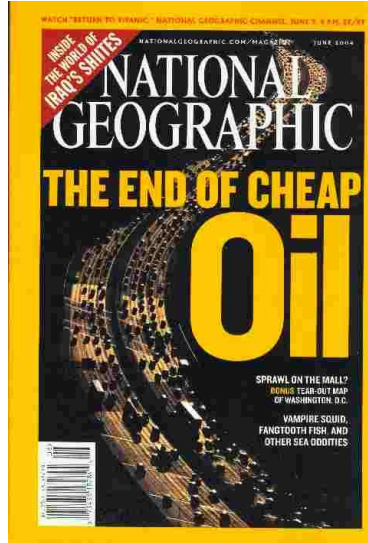


WHAT IS THE DEEPER ECONOMIC REASON?

POVERTY CRISIS/INJUSTICE



PEAK OIL CRISIS



CARE CRISIS



FINANCIAL CRISIS



CLIMATE CHANGE

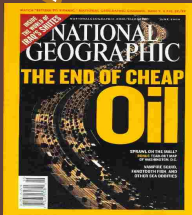


GLOBAL FOOD CRISIS



WHY DO WE HAVE SUCH A CRAZY SYSTEM?

MULTIPLE CRISIS



GOVERNMENTAL **RECIPE**

← **RULES!!!**

← **CONTROL!!!**

← **PENALTIES!!!**

**IS THERE ANOTHER WAY
TO ADDRESS CRISIS?**



YES, THERE IS...

- ❖ It already exist
- ❖ It has always been there
- ❖ It is the economy of care

Work definition of the economy of care:

The science of human behaviour focused on maintaining, continuation, and restauration of the planet to improve quality of life for all in a sustainable way.

Reminder: Definition mainstream economic thinking:

The science of human behaviour focused on making choices for allocating scarce resources to satisfy unlimited wants.



CARE HAS ALWAYS BEEN THERE

- Care is a ***truly universal experience***
- Human life starts with receiving care
- Self-sustaining cultures are founded upon regulations/customs on care
- Each social formation includes
 - care for the newborn
 - care to survive within a given environmental context
 - care among the generations
 - care for sick people
 - care for the flora and fauna
 - care for the conditions of life
 - care for the working and housing circumstances of people.
- Care is crucial for **social sustainability** (becomes visible when nobody cares)
- The economy of care is the **basis for markets** and
- The economy of care **always continues** even after a market crash, or in war-time

If care for ourselves, for our fellow humans and our environment would also be the basis for economic thought and policy, we would live in a much better world.



2. ECONOMY OF CARE: PARADIGM SHIFT

- Humans
- Production
- Consumption
- Labour
- Distribution



PARADIGM 'HUMANS'

'Caring human being':

- philosophy on Ethics of Care
- by caring for oneself, each other and for environment , social formations/cultures continue
- explains survival in relation to social and ecological context (intrinsic value theory)
- holistic; multi-dimensional human relations; mutual care and responsiveness
- Social connectedness

'Rational Economic Man':

- based on Utilitarianism;
- by pursuing self-interest you serve public interest;
- explains efficient allocation of scarce goods through the market (subjective value theory)
- one-dimensional relations among individuals (exchange of goods and services);
- Atomic society



SUPPOSITIONS 'PRODUCTION'

Economy of Care:

- **Production-unit:** Optimal use of production factors in terms of achieving human sustainable development: human rights and environmentally sound
- **Accountability/ transparency** in terms of achieving equality, fair ecological footprint, besides profit (annual report)
- **Broader approach:** Everyone can produce: for the market, for oneself, for the family or the community
- **Production of exchange + use values**
- **Production is part of global circulation system, including nature.**

Neo-liberal:

- **Production-unit:** Optimal use of production assumes perfect market competition, adverse human and environmental costs are not discounted
- **Accountability** in terms of money; profit is condition for economic sustainability (annual report)
- **Production organised in enterprises** which produce for the market and the profits
- **Production of exchange values**
- **Production is globalised through the market**



SUPPOSITIONS 'CONSUMPTION'

Economy for Care

- Households produce, consume, and (re)generate current and future people
- Consumption is also determined by generational and gender relations (power relations)
- Consumers should be encouraged to consume sustainable and contribute to a global social and ecological balance

Neo-liberal

- Households are consumption units and do not contribute to the production
- Consumption is determined by the 'law of the subjective value theory' (marginal utility)
- Consumers should be encouraged to maintain economic growth (creation of needs in order to stimulate effective demand)



SUPPOSITIONS 'LABOUR'

Economy of Care

- The value of labor is determined by its contribution to human sustainable development
- Civil society regulates dialogue on human resources in the process of sustainable social development (participative democracy on micro, meso, and macro level)
- Unpaid work is just as valuable as paid work for the economy

Neo-liberal:

- The value of labour is determined by supply and demand on the labour market
- Trade Unions and governmental regulations disturb the the balance of the labour market
- Unpaid work has no value



CIRCULATION/DISTRIBUTION

Economy of Care

- Distribution: market, government, reciprocity, solidarity, mutual support, gifts, recycling, LETS...
- Regulation also through local exchange systems, gender + generational relations (e.g. family, friendship), virtual global exchange systems, participative (gender) budgeting
- Value linked to ecological footprint and PUW quote
- Scarcity is a relative concept: The perspective of human sustainable development (contributing to quality of life for present and future generations) defines what is scarce/abundant

Neo-liberal economy

- Distribution: market and government
- Regulation through monetary system, banksystem and government
- Value expressed in prices (money units)
- Scarcity: What has no price on the market, has no value and is abundant and free for anyone (such as air, trees, unpaid labour).



3. WHEN IS THE ECONOMY BALANCED?

Economy of Care:

Basic life systems are in balance:

- Ecological system
- System of generation of human life
- Production system

Neo-liberal economy

Market systems are in balance:

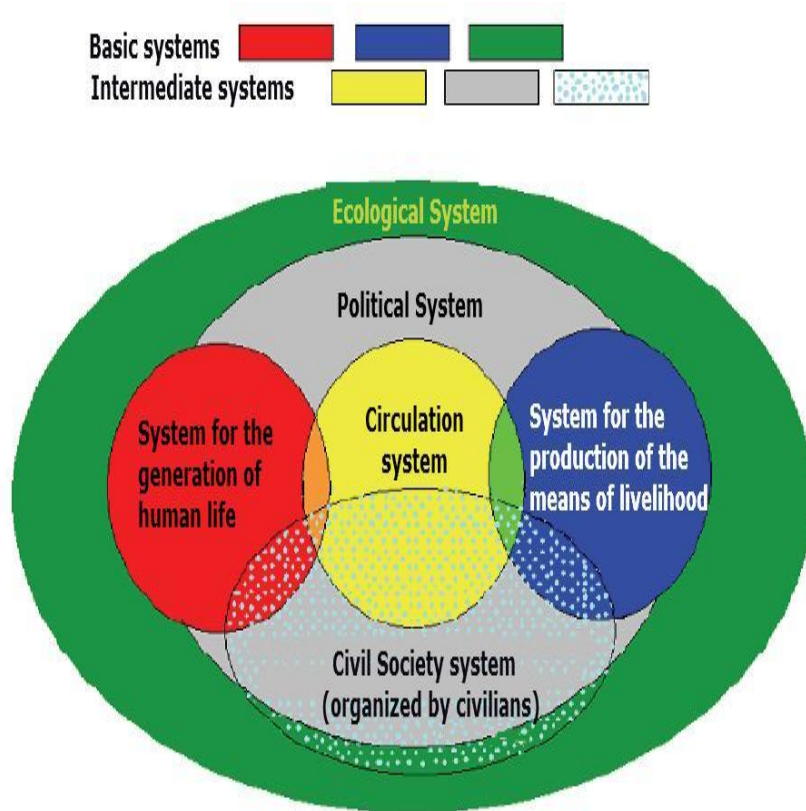
- Balance on Labour Market
- Balance on Financial Market
- Balance on Market for goods and Services



BALANCING BASIC SYSTEMS

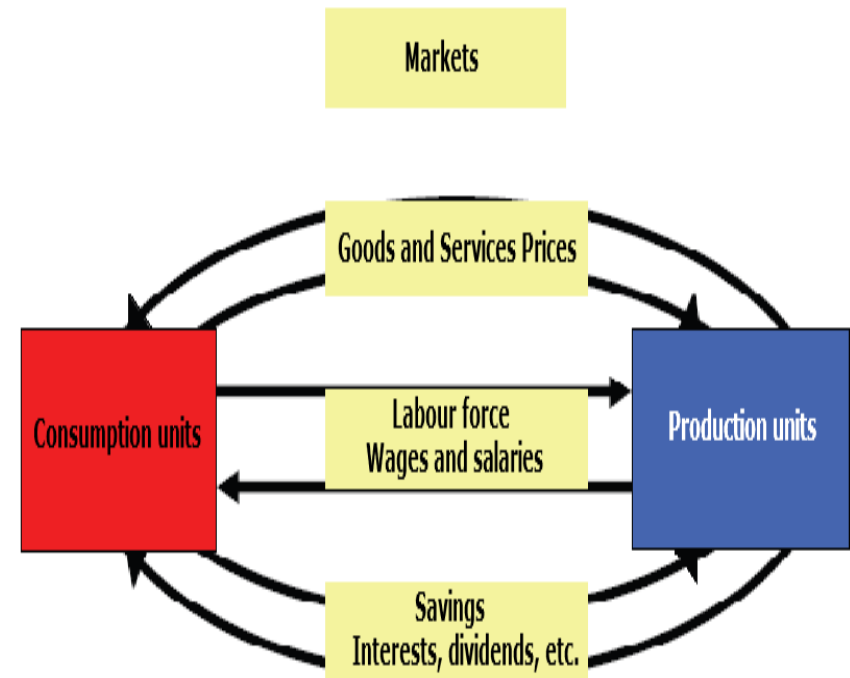
Dimensions	Ecosystem	Generating system	Production system
Time/Rythm	Biological rythm	Socio-biological rythm	Industrial rythm
Relations	Natural; bio-diversity	Kinship, gender, generational	Production, property, social class
Sources	Replacable and non-replacable natural resources	Subsistance means; (Care) labour; Use values;	Raw materials; Labour; Production means; Fin. means
Threaths	Exhaustion of natural resources; Environmental pollution and degradation ; loss of biodiversity, climate change	Lack of means for survival (hunger, poverty); Lack of care (illness); Social disintegration	Lack of raw materials (ind. rhythm > biological rhythm - increasing prices); Surplus/lack of labour forces (production system not balanced with generating system)

ECONOMY OF CARE IN BALANCE WHEN THREE BASIC LIFE SYSTEMS ARE BALANCED



MARKET SYSTEM IN BALANCE WHEN DEMAND AND SUPPLY ARE BALANCED

Fig. 3: Basic model of the neo-classical economy



BALANCED ECONOMY OF CARE \neq BALANCED MARKET ECONOMY



4. ECONOMIC POLICY BASED ON THE ECONOMY OF CARE

- Balanced growth of social, natural and economic wealth (= balance between 3 basic systems)
- New Indicators (measure also Unpaid Work and Ecological Footprint in combination with the GDP)
- The consumption function replaced by the function of the Environmental Space Used (ESU).
Consumptive expenditures expressed in ESUs instead of in money.
- PW-Quote used to enhance a balance between the paid and the unpaid economy
- Include the ecological and social debt to other countries in the balance of payment



EXAMPLE 1: CARING ECONOMIC POLICY

GOAL 1: Balance between generating, production and the ecological system:

Target: Social balance with sustainable ESU per capita (Fair Planet Share of 1,7 ha. per capita)

Policy instruments:

- **Eco Tax in stead of VAT**
- **Link income tax to ESU: The bigger the ecological footprint, the higher the tax**
- **Fiscal allowances for investments that promote social balance, ecological balance and the enjoyment of human rights, quality of life and access to natural wealth for all**
- **Support to Technological Innovations which result in social and ecological sustainability and in balanced (m/w) access to and control over sustainable sources and means.**



EXAMPLE 2: CARING ECONOMIC POLICY

GOAL 2: Promote social sustainability through balanced development of the paid and unpaid economy

Targets:

- Social justice and elimination of gender-based poverty
- Equal distribution of paid and unpaid work

Policy instruments:

- PW-quote: Fiscal allowances for people with a low PW-quote (under social average)
- Pension system linked to paid and unpaid labour (care credits)
- Comprehensive care system which ensures the right for all to receive and to provide care
- Guidelines for accountability of enterprises on social and ecological results (annual reporting)
- Participative gender budgeting at local level



EXAMPLE 3: CARING ECONOMIC POLICY

GOAL 3: Worldwide balance between basic life systems

Target: Structural eradication of poverty by equalising ecological, social and economic debts.

Policy instruments:

- **environmental gender-aware impact assessments**
- **ecological credit/debt in the balance of payments of countries: global equalising through a multilateral clearinghouse body**
- **social credit/debt in the balance of payment of countries: international clearing and to finance social sustainability in poor countries, including social-economic rights, gender equality, children's rights, a balanced PW quote and decent work**
- **Ecological and social debts and credits: driving political force to get the basic systems of life in balance. Additional to development cooperation funds.**



5. ADDRESSING CRISIS BY CARING ECONOMIC POLICY

- mutual support and responsibility is the norm
- no need for hierarchical orders, control or top-down regulations.
- decentralisation and increased self-sufficiency at a high technological level
- new exchange systems based on reciprocity, solidarity, sustainability, local (e.g. LETS-system), and global (e.g. bitcoins)
- new funding systems (e.g. crowd sourcing)



6. LIFE IN A CARING ECONOMY

Sustainable living

- houses/communities produce own clean energy
- diversity and pluralistic life-styles
- multi-functional facilities to combine work and care



Standard Architects (2011): *Co-Op Canyon*, city block for a self-sustaining co-operative community of green spaces, both shared and individual gardens, plants and food crops, and renewable energy systems.

LIVING IN A CARING ECONOMY



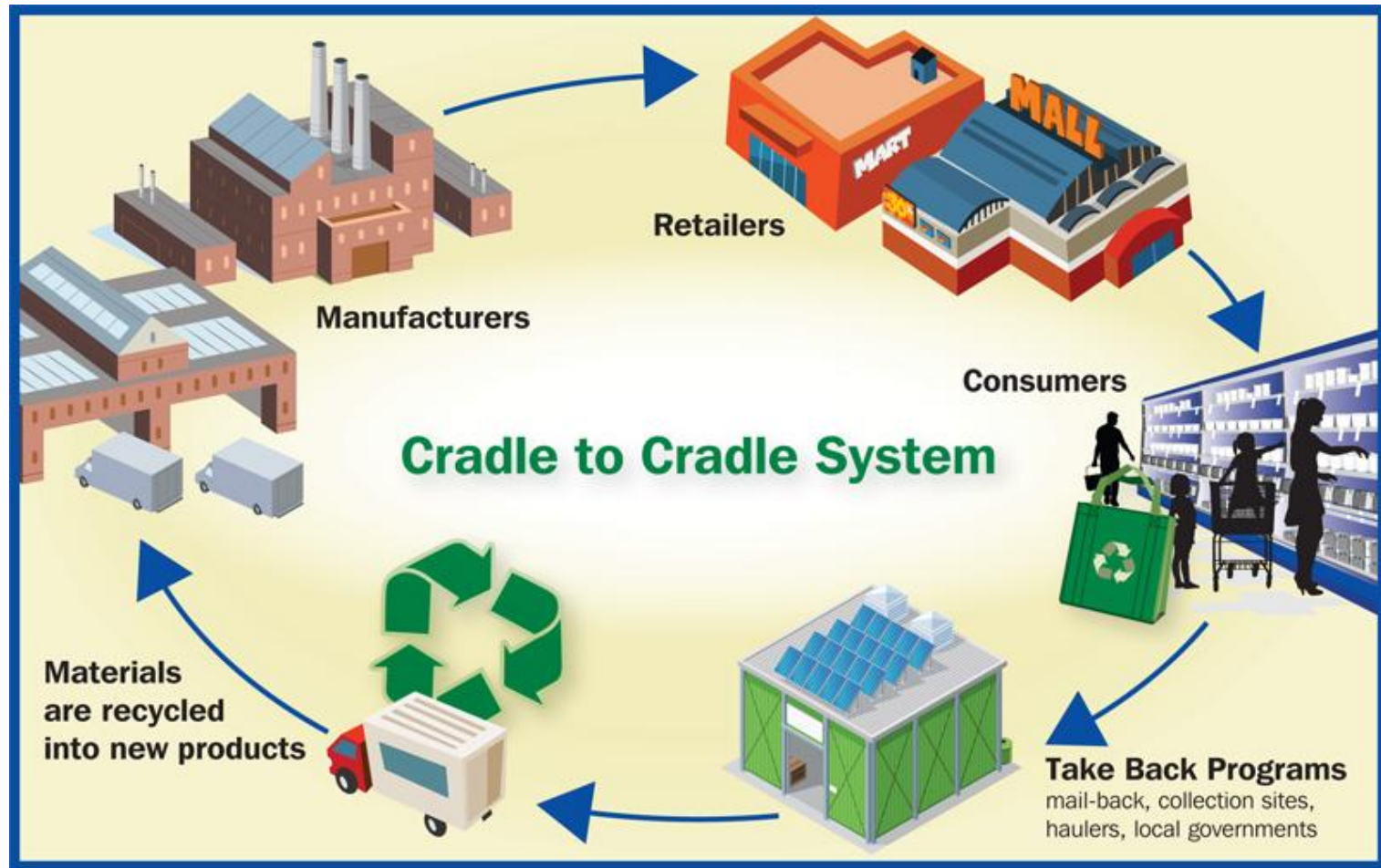
Sustainable, safe and accessible transport facilities

- free public transport
- safe walking paths and bicycles roads throughout the cities and communities
- noiseless non-polluting vehicles with low ecological foot print





LIVING IN A CARING ECONOMY





LIVING IN A CARING ECONOMY



Building sustainable communities

- Care in the centre of communities (kinder, school, park, clinic...)
- Increase self subsistence (urban agriculture, rainwater harvesting, sustainable energy, Lets...)

- Participative gender budgeting (people-centered & transparent budget approach)
- Local government promotes social balance

