



## WHEN WORLD RECESSION KNOCKS AT THE DOOR

**IT'S TIME TO CHANGE!!!**

**Basel III does not go to the  
roots of the crisis**

**Marcos Arruda**

**T**he “free market” (*capital market*) system is giving signs of urgently needing replacement by a better one. That replacement I call the *social market*.

Without continuous economic growth at all cost – including social and environmental costs, and until the goods of Nature are exhausted – capitalism cannot subsist. The article “*Basiléia III*” (Basel III), published by *O Globo Online*<sup>1</sup> shows that economic growth is probably going to be choked off in the wealthy countries, which happen to be the largest markets; accordingly, a second and more protracted *world* recession is being forecast.

If you look at economic growth rationally, you see that the human, social and environmental costs it generates have been so huge that they can no longer be treated as mere “externalities”: neither society nor government is *able* to continue paying for them! Therefore, the “free market” system, based on increasing production and consumption without limit and on the unbridled use of non-renewable energy sources and natural goods is *itself unsustainable!* That is even more true if you project the costs over coming decades and include factors such as the exponential increase in global warming with its devastating – not just social and human, but financial – consequences.

The fact is that, with or without a global recession, if we pursue this orgy of limitless consumption and production of material goods, in a few decades or even years we *will be forced* to stop growing! The reasons are many: the Earth will no longer be able to bear the accumulation of waste; essential natural resources will be exhausted faster than they can be replaced by industrial innovation; energy scarcity; or social upheaval and the destruction of biomes will have taken humanity to the brink of self-destruction.

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<sup>1</sup> “*Basileia III: bancos terão que aumentar capital de proteção contra crises*”, at:  
<http://oglobo.globo.com/economia/mat/2010/09/12/basileia-iii-bancos-terao-que-aumentar-capital-de-protecao-contra-criSES-917610577.asp>

The incidence of social conflict, now concentrated in the rich countries (due to the trillion-dollar bailouts for precisely those whose speculation caused the crisis, but to be paid for by *high consumption societies* through harsh fiscal adjustment measures only ever seen before in the impoverished hemisphere), the militarization of the Planet, and the mounting probability of armed conflicts for control of natural resources all increase the possibility of nuclear wars with devastating social and ecological consequences for human society and Nature.

These threats amplify still more Mother Earth's cry for help.

Conclusion: we need to devise a new way of organizing production, consumption and how we use the goods of the Earth. We can no longer depend on economic growth to provide work, employment and income. We need a new culture and a new mode of relationship among people, among nations and between both and Nature. How? Here are some clues:

\* Human needs, human rights and social and gender equity should become the yardstick for a *non-profit economy* in which *profit, savings and investment are only means* to promote the higher goal, which is Life and full development of its potentials.

\* To that end, economic and technological development must be subordinated to their higher purpose, which is the well-being and self-managed development of each human and society as a whole; this *non-profit economy directed to serving Life* should replace the profit-oriented economy that prevails today and that is leading civilization, and perhaps the human species, to extinction.

\* Present-day consumerism must be replaced by *conscious*

*consumption* that respects the limits of our ecosystems, of the Earth and of future generations.

\* Possession and management of productive goods, land and natural resources should originate from work, not from the capital owned by rent seekers. The patrimonial system of private property and the exclusionary management of the means to produce material and immaterial wealth should be abolished, because they are responsible for the vast social inequalities that fragment societies and generate violence the world over. Some native peoples who have not yet been totally absorbed by the dominant culture of mercantilism, along with a large number of cooperatives, associations and solidarity networks, bear witness that the possession and management of material goods production and distribution can be shared.

\* Emancipated work<sup>2</sup> should replace wage-earning work and the subordination of life to returns earned on the capital market. Emancipated work allows the responsibility for production to be shared in ways that reduce everyone's necessary labor time, freeing up time to develop human potentials that go beyond mere physical survival!

\* The *social market* must replace the capital market. That will foster exchanges based on a *win-win* equation, rather than on competition and extortion for maximum profit.

\* Transparent, democratic management of public finances that are directed to production and circulation of *sufficient goods to promote everyone's well-being* must replace irrational over-

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<sup>2</sup> Ver Marcos Arruda, 2003, "**Trabalho Emancipado**", Verbete no livro *A Outra Economia*, em co-autoria com vários autores, Veraz Editores e Unitrabalho, Porto Alegre, janeiro.

indebtedness<sup>3</sup> and the socially and environmentally irresponsible management of public budgets that serves the interests of large banks and the wealthiest social classes.

\* Money must be conceived as the *lifeblood of the social organism* and, as such, must be decentralized through complementary currencies, and must circulate continuously. Only that way can it fulfill its nature as energy irrigating each cell of the social organism with purchasing power, thus replacing capital-money, which has been made the ultimate goal of economic activity and is at the origin of the financial crises that have afflicted the Planet for decades now! For this purpose, the banking system must be established as a two-tier (public tier and community tier), non-profit, public service.

\* Endogenous, solidarity-based, self-managed development of the territory where families and communities actually live, planned and implemented in a participatory manner so as to produce and distribute *sufficient material goods to provide a sustainable, decent life for everyone in harmony with the ecosystems*, must replace the addiction to growth led by global corporations, which have amassed so much power, money and political influence that they annul the authenticity of democracy with the monopolistic reality of *corporatocracy*.

\* Comprehensive agrarian reform and agro-ecology must deconcentrate and cure the land, seeds, technology and knowledge, and must guarantee

peoples' food sovereignty and healthy nutrition, replacing the concentrated landholding structure responsible for the dispossession of peasants and small farmers and for the priority given to monoculture-based production for export.

\* Democratic urban planning aiming at a transition towards convivial, sustainable urban communities must replace the chaotic irrationality of present-day megacities.

\* Methods to set development targets *based on an index of overall well-being and happiness* must replace the reductionist GDP (gross domestic product).

\* Direct, participatory democracy must replace "democracy" reduced to elections dominated by corporate financiers and the big media.

\* Political power and communications must be legislated as public services to eradicate the generalized corruption, where governments, politicians and the media are captive to the interests of big capital.

\* Democratic planning, bottom-up and top-down, must replace the chaotic capital market in which each individual, each enterprise and each country plans its own development in isolation, seeking to maximize individual benefits *in opposition* to one another.

\* The systemic, holistic vision of Mother Earth as a living organism, and we humans as a modest, but conscious, reflexive part of this organism, must replace the atomized view that underpins the prevailing egocentrism, corporate-centrism, anthropocentrism and androcentrism of our decaying patriarchal culture. Cooperation, democratized communication, the celebration of life, the primacy of feminine values – care, plurality,

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<sup>3</sup> In July 2010 Brazil's domestic public debt reached more than 2 trillion *reais* (US\$ 1.3 trillion), and the total external debt was over US\$ 300 billion. Almost 60% of Brazilian households are in debt to private and public banks.

reciprocity, solidarity, peace, harmony with the natural milieu, love (the continuous construction of *unities respecting diversity*) – must replace the culture of war between people, enterprises, countries and races, and the brutal war of societies against Mother Earth.

What I am saying is that we must read current realities in Brazil and the world with new spectacles, different from those we are used to wearing. We should focus the interconnection between all beings and forms of life, and promote solidarity, sustainability and love towards the Planet that gives us life and sustenance. If we want to be a healthy, united and happy species evolving towards higher realms of complexity and well-being, we must build a democratized, socialized, cooperative, solidarity economy. And we must practice it as the evolutionary path towards the higher goal of human and social development in the sense of enhanced well-being and happiness – without delay!

This thinking is particularly timely in Brazil today, where the national elections going on now are only formally democratic. It breaks with the dominant productivist-consumerist paradigms of both left and right –both of which are prey to the growth paradigm that divorces the economy from society and ecology. \*\*\*



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