

THE HUMAN ECONOMY

A CITIZEN'S GUIDE

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polity

the modern economic benefits that are taken for granted in the West (and may not last forever). Until then, the drive for development will drown voices urging limitation for the environment's sake.

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Alter-Globalization

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A global movement against the Washington Consensus

Since the mid 1990s, resistance to neoliberal policies in dozens of countries around the world progressively formed a global movement against the Washington Consensus that underpinned these policies. This movement gathered together a wide range of actors: indigenous peoples, Indian and Brazilian small farmers, Korean trade-unionists, South African movements against privatization, progressive intellectuals, green activists, the World March of Women, anarchists and anti-capitalist activists, fair trade networks and hundreds of NGOs. More than a strategic alliance, what unites these people in a global movement is a central claim: their refusal of neoliberal policies and their will to face up to globalization and to take part in the decisions that concern their common future.

The movement was first called *anti-globalization*. But after this movement brought together activists from over one hundred countries in the first World Social Forum, it soon appeared that it was not *against* globalization but for *another* globalization, where the economy could be regulated and where human beings are more important than transnational profits. It thus came to be known as the 'Global Social Justice Movement', 'Alter-Globalization' or the 'Alter-Global Movement'.

This movement reflects the main challenges of our time: to build new institutions, mechanisms and solidarity adequate to the

problems of increasing interdependency at the global level. Global warming, the 2008–9 world economic crisis, migration flows and new communications technologies all illustrate the need for a deep change in global standards, governance and solidarities. Pursuing social justice, wealth redistribution and risk protection within a national framework is no longer sufficient.

Neoliberal policies and international financial institutions (IFIs) have been the main target of these activists. Hegemonic throughout the 1990s, neoliberal ideology managed to control the direction and the meaning of globalization, limiting a progressive transition to world society to the image of a self-regulating global economy, beyond the reach of intervention by policy-makers. Driving these policies is the aim of promoting a purely economic rationality, liberated from obstructions imposed by regulations designed to moderate the economic system. After the fall of the Berlin Wall, neoliberal ideology and free trade were presented as the sole and inevitable path of modernization and of the transition to a global society. *'There is no alternative'*, as Mrs Thatcher stated.

Against this concept of globalization as domination by an economic system without actors, alter-globalization activists have insisted on the importance of social agency at the local, national, regional and global levels. Alter-globalization activists consider the major challenge to be the limitation of an economy that operates at a global level according to social, cultural, environmental and political standards that still largely rely on nation-state policies. Therefore, activists underline the urgent necessity of stronger and more democratic international institutions and of efficient rules for the world economy with the aim of establishing redistribution and participation at a global level. In the last decade, they have taken an active role in undermining the legitimacy of the Washington Consensus, notably by opening debates on trade, finance and economic policies that were hitherto restricted to international experts, and by demanding clear examination of Washington Consensus policies which have had questionable outcomes in terms of poverty reduction and have proven counterproductive when it comes to economic stability.

A brief history of alter-globalization

Three major periods can be distinguished in the short history of the alter-globalization movement. The first was marked by its formation

out of diverse mobilizations against neoliberal policies in all regions of the world, from the Indian farmers' marches against the WTO and the Zapatista rebellion in Mexico to committed intellectuals' networks and civil society counter-summits. The globalism of the movement was readily apparent, particularly during mobilizations organized around global events, the most publicized of which was the Seattle mobilization against the third ministerial of the WTO in 1999. The alter-globalization movement was thus based on international campaigns (such as for the abolition of Third World Debt) and on international networks and meetings of committed intellectuals, but also on local and national mobilizations against neoliberal policies, such as 'water and gas wars' in Bolivia and South Korean workers' movements. During this first phase, intellectuals played an important role in attracting public attention to the issue of globalization and challenging the hegemonic Washington Consensus. They set up numerous international networks which became a feature of the alter-globalization movement, such as ATTAC, Global Trade Watch, the Transnational Institute and Focus on the Global South. Other global coalitions created during this period include the World March of Women, Jubilee South and Via Campesina, which claims to bring together over one hundred million small farmers.

All these actors gathered at the first World Social Forum (WSF), held in Porto Alegre in January 2001. This marked the beginning of the second phase, as the movement became organized around many Social Forums held at the local, national, continental and global level. These meetings were oriented less towards resistance than to bringing together alter-globalization activists from different parts of the world, in some cases with the aim of developing alternative programmes. The 2002 European Social Forum in Florence, the 2004 WSF in Mumbai and the 2005 WSF in Porto Alegre marked three high points of this period of alter-globalization; remarkable for their size (50,000, 120,000 and 170,000 participants respectively), for their openness to a wide range of civil society sectors and political cultures and for the active participation of grassroots activists in their organization and in the discussions that took place in the different thematic spaces they created. Although many columnists proclaimed the movement dead in the aftermath of September 11th 2001, maintaining that the 'war against terror' had replaced economic globalization as the central issue, this period may be considered in many ways to have been a golden age for the alter-globalization movement.

From 2000 to 2005, it grew rapidly on every continent. While alter-globalization activists mobilized massively against war between 2002 and 2004, the struggle against neoliberal ideology remained at the heart of the movement. The alter-globalization movement managed to win over a large part of public opinion in several countries and some tight-wing politicians and representatives of the World Bank even wanted to take part in the WSF in Porto Alegre.

After an impressive ascendant phase from 1995 to 2005 – though not without its setbacks and retreats – the global movement experienced several less than successful events and entered a hesitant phase. Although they strengthened its geographical expansion, the 2006 'Polycentric' WSF held in Bamako, Caracas and Karachi and the 2007 WSF in Nairobi were in many respects less successful than previous events. With a reduced audience (15,000 to 50,000 fewer), these forums were also less horizontal and less able to integrate grassroots activists, giving stronger weight to NGOs and to those activists who were more oriented towards support for formal political actors and regimes. Major alter-globalization organizations had disappeared by now (e.g. the 'Movimiento de Resistencia Global' in Barcelona) or had considerably decreased (e.g. ATTAC, many social centres in Italy and the Wombles in the UK). Paradoxically, the alter-globalization movement appeared to have a difficult time adapting to the new ideological context it had helped to bring about. However, these difficulties do not diminish the fundamental success achieved by the movement at two levels: its geographic expansion and ability to undermine the legitimacy of the Washington Consensus.

The geography of the movement has indeed evolved considerably. New dynamic poles have emerged, while some of the former Western European strongholds were declining. The social forum dynamic has been reinforced in regions that are symbolically or strategically important (North America, the Maghreb, sub-Saharan Africa, South Korea) and infatuation with alter-globalization's ideas and forums has not diminished in Latin America, as is attested by the adoption of anti-neoliberal policies by several heads of state in the region and the participation of 130,000 activists in the WSF held at Belém, Brazil in January 2009. This forum, held in the Amazon region, also provided an illustration of the growing importance of environmental concerns in the global movement, which became even stronger before and during the World Summit on Climate Change in Copenhagen. Moreover, the ever-increasing use of the internet led to a decline in

the importance of civil society organizations for a movement that mostly relies on loose-knit networks of groups, small organizations, media sources and individual activists.

Beyond any doubt, the alter-globalization movement has enjoyed a certain success in delegitimizing the system. Many of the international institutions that supervised trade liberalization and encouraged Southern countries to adopt neoliberal policies are now discredited. The WTO has experienced a series of setbacks in Seattle (1999), Cancun (2003), Hong Kong (2005) and Geneva (2008). South American governments even bailed the Free Trade Area of the Americas project at their 2005 continental summit. The 2008–2009 global financial and economic crisis provided a vivid illustration of the end of 30 years dominated by the Washington Consensus. The crisis vindicated much alter-globalization analysis, proving it to have been correct on many points. All over the world, political leaders have recognized the importance of state intervention in the economy, acknowledging the defects of the self-regulating market and of neoliberal policies. With the coming of the global crisis, some alter-globalization ideas and proposals have gradually been adopted, beyond their traditional constituencies. The right-wing French President Nicolas Sarkozy didn't hesitate to appropriate alter-globalization slogans: 'the ideology of the dictatorship of the market and public powerlessness has died with the financial crisis'. State intervention in the economy, the need to regulate speculation and global capital flows and the problem of tax havens have all become consensual elements in the discourse of G20 leaders. The plans adopted by developed and emergent states to face the crisis, however, were largely restricted to ensuring the perpetuation of the economic and financial system. Major changes have not been made nor have not stricter global regulations been set up. In the meanwhile, global warming, the food crisis and increasing poverty as a result of market failure have undermined the importance of global challenges and the need for more effective global governance.

A call for another economics

Alter-globalization intellectuals often share with their neoliberal adversaries and experts in the international institutions a tendency to reduce complex reality to a few calculable parameters, essentially drawn from economic analysis. From terrorism to cultural

homogenization, they tend to perceive a common source for all evil: growing inequalities created by neoliberal globalization. Hence, attacks on the legitimacy of the neoliberal economic model and calls for another economics represent a major thrust of their struggle. Alter-globalization experts seek to demonstrate that the Washington Consensus policies are not only socially unfair but also economically irrational and invalid according to scientific criteria. Their major criticisms hence rest on two central values: *rationality* and *democracy*.

1. From poverty to inequality

The foundation of alter-globalization economic arguments is a move from a discursive emphasis on poverty and suffering to one on economic inequality, with its focus on the logic of social conflict and social agency. Poverty is thus not fatal, but a consequence of the dominant economic model and its highly unequal wealth distribution that 'impoverishes' a part of the population. Alter-globalization intellectuals argue that, contrary to neoliberal postulates, economic growth does not necessarily lead to the satisfaction of the needs of the greatest number. Thus the *United Nations Development Report* for 2006 showed that, outside China, poverty has increased in the world, in spite of the economic growth of the 1990s. They attribute this evolution to rising inequality during three decades of neoliberal policies.

The possibility of doing something is also underlined by alter-globalization activists who insist on the relatively limited amounts needed to implement alternative policies. They assert for example that poverty reduction and the implementation of the Millennium Development Goals only depend on political will: 'With less than the US budget for the Iraq war, the world could eliminate extreme poverty (cost \$135 billion in the first year, rising to \$195 billion by 2015); achieve universal literacy (cost \$5 billion a year); immunize every child in the world against deadly diseases (cost \$1.3 billion a year); and ensure developing countries have enough money to fight the AIDS epidemic (cost \$15 billion per year).'⁷

Rather than the pursuit of maximal profit or GDP growth, alter-globalization economists define economy as an 'instrument' to reduce poverty and satisfy human needs. Thus the International ATTAC network says: 'Humanity is the final end and there is no other measure of economic progress than the degree to which this end is achieved.' This central idea is expressed in slogans to be

found worldwide, like 'People, not profits'. Activists thus assert 'Economists are very far off in their calculations when they do not take into account that their adjustment variables are human beings!' From this perspective, they consider it irrational to evaluate the economy solely on the basis of its own instrumental rationality. Since the 1990s, they have questioned GDP as a pertinent indicator of a population's wealth and well-being, developing positions echoed by Stiglitz, Sen and Fitoussi's 2009 report of the 'Commission on the Measurement of Economic Performance and Social Progress'.

2. Rationality: a factual evaluation of neoliberal policies

Deconstruction of 'neoliberal rationality' and of the scientific basis for the Washington Consensus became essential to any challenge posed to its hegemony. Alter-globalization activists attempt to demonstrate the irrationality of organizing globalization according to the domination of markets and finance by pointing out how dysfunctional and aberrant contemporary capitalism is.

Alter-globalization activists insist on evaluating neoliberal policies according to the objective test of facts. Thus Susan George once claimed that 'we can't find a single case where structural adjustment plans [imposed by the IMF and World Bank] have succeeded'. Activist experts argue that neoliberal formulas have failed to ensure growth, reduce poverty, decrease inequality or stabilize the economy. They emphasize how successive economic and financial crises afflicted countries that adopted neoliberal policies, such as Mexico, Turkey, Argentina, as well as the Asian crisis of 1997 and the US sub-prime crisis that eventually became a global financial, economic and social disaster. Activists consider that a model of market-oriented individuals seeking to maximize their own utility can never support long-term thinking, take the common good into account or effectively integrate economic, social and ecological constraints. The inevitable consequence therefore is systemic market instability.

Alter-globalization activists consider as false or obsolete some major axioms of neoclassical economics. They challenge Ricardo's theory of comparative advantage, Say's notion of nature as a 'free good' (that is, available in unlimited quantities and without cost), and more generally the economic 'externalities' that are falsely removed from the realm of economic calculations (e.g. the cost of environmental damages caused by a factory; the cost of thousands

of years of radio-active waste treatment by the nuclear industry) (see *Ecological Economics*). By demonstrating the irrationality of neoliberal theories, alter-globalization intellectuals seek to deconstruct its scientific claims and the idea that a free-market economy is inherently rational.

3. Democracy

Alter-globalization activists attempt to re-insert social and political questions into issues and decisions that are usually presented as the domain of experts and limited to the single question of maximizing efficiency. They seek to *create spaces of debate* in areas from economics to new technologies (GMOs, intellectual property, trade etc.) and encourage citizen participation in public discussions and political decisions. Seen from this perspective, more active participation and building a fairer world require citizens to become familiarized with scientific knowledge and debates, especially in public economics (see *Community Participation*).

As an anti-technocratic movement, alter-globalists oppose trusting unelected experts blindly in many international economic and trade matters. Elected officials have handed over a multitude of negotiations and decisions to independent administrative bodies of experts. These in turn were supposed to be able to act from a longer-term perspective than political actors, as F. Kydland, E. Prescott and R. Barro, winners of the Nobel Prize in economics, claimed to have demonstrated. Alter-globalization activists emphasize on the contrary the highly undemocratic character of the dominant influence of unelected and unaccountable experts in international decisions: 'It is a matter of re-conquering the spaces lost by democracy to the financial sector' (ATTAC). They have thus developed alternatives based on stronger regulation of the international economy under the control of citizens through civil society organizations such as Global Trade Watch, the Transnational Institute and ATTAC.

As the major bodies managing the transition to a more global society, the G8, G20, World Bank, IMF and WTO are the core targets of alter-globalization debates on global governance. Activists want structural reform or the replacement of these international financial institutions (IFI), for which they have formed images that are often simplified and homogeneous (see *International Organizations*). To their mind, these institutions have come to embody both *neoliberal ideology*

and the *technocratic aspect* of the new governance. The most telling criticisms relate to the technocratic, opaque and anti-democratic way these bodies function: voting is rare, countries are unequal, and delegates are unaccountable to their populations. Alter-globalization activists support the creation of new institutions and the reinforcement of others that already exist in order to set up global regulations and deal with global concerns, notably social and environmental standards, while making international treaties, such as the Human Right Declaration or ILO conventions, more enforceable.

Three major tendencies

After their successful struggle to delegitimize the Washington Consensus, alter-globalization activists now believe that the time has come to focus on implementing concrete alternatives. But, although the massive demonstrations and social forums provided both media coverage and a united image of the movement, alter-globalization activists are far more varied in how they believe their alternative policies might be implemented. Three major tendencies may be distinguished in this respect.

1. Citizens' and experts' advocacy networks

One tendency believes that concrete outcomes may be achieved through efficient single-issue networks able to direct coherent arguments and advocacy towards citizens, policymakers and international institutions. Issues like food sovereignty, Third World debt and financial transactions are considered to be ways of introducing the imposition of limits on the financial sector and broader questions concerning a new world order. Through the issue of water protection, for instance, activists raise the question of global public goods (see *Global Public Goods*), oppose some activities of global corporations and promote the idea of the long-term efficiency of the public sector. After several years of intense exchanges between citizens and experts focusing on the same issue, the quality of arguments within these thematic networks has increased considerably. In recent years, they have become the dynamic core of discussions at the social forums. Although they receive little media attention, these networks have often proved to be effective. During the autumn of 2008, the European Water Network contributed to the decision by the City

of Paris to re-municipalize its water distribution, which had been managed previously by private corporations. Debt cancellation arguments have been adopted by political commissions in Ecuador and some of the movement's experts have joined national delegations to major international meetings, including the Geneva WTO negotiations in 2008.

2. *A focus on the local level*

(See *Local Development*). A broad cultural trend within the alter-globalization movement considers that social change will occur only by implementing horizontal, participatory, convivial and sustainable values in daily practices, personal life and local spaces. The Zapatistas and other Latin American indigenous movements focus on developing communities' local autonomy by implementing participatory self-government, alternative education systems and improving the quality of life. This aspiration to a world based on local communities that are much more self-reliant also became central for many movements in Western countries. 'Relocalization' movements develop a wide range of local experiments aiming to reduce consumption and increase local production, while building community resilience in response to climate change and seeking to preserve and promote local knowledge and culture. Urban activists appreciate also the convivial aspect of local initiatives and the fact that they allow the implementation of small but concrete alternatives to corporate globalization and mass consumption. Local 'collective purchase groups' and community-supported agriculture networks organize collective purchases from local producers, often of organic food, in Japan, Western Europe and North America. Their goal is to make quality food affordable, to bring an alternative to anonymous supermarkets and to promote local social relations. The movement for convivial *développement* (de-growth) reflects this tendency and aims for a lifestyle that reduces waste and imposes less strain on natural resources. Other 'convivial' urban movements include associations promoting the use of bicycles and local initiatives to strengthen social relations within neighbourhoods.

3. *Supporting progressive regimes*

A third component of the movement believes that broad social change will occur mainly through progressive policies implemented

by national policy-makers, governments and institutions as key actors. Alter-globalization activists have struggled to strengthen state agency in social, environmental and economic matters. Now that state intervention has regained legitimacy, this more 'political' component of the movement believes that the time has come to support progressive political leaders' efforts. These have notably included President Hugo Chavez of Venezuela and President Evo Morales in Bolivia. Alternative programmes and projects are implemented both through national social and economic policies and through international alliances between progressive regimes. New regional projects and institutions have been launched on this basis, like the Bank of the South, which has assumed the main tasks of the IMF in the region. For reasons of history and political culture, Latin American and Indian activists are used to working closely with political parties and leaders. Similar developments have also occurred recently in Western countries. For example, in the United States the impetus produced by the first national social forum in 2007 was largely redirected towards the presidential campaign of Senator Obama.

These three tendencies within the alter-globalization movement are based on distinct conceptions of social change. The different political options they propose have animated countless debates among activists in the last few years. But they may be seen as complementary strategies in many respects. Taken together, they offer concrete guidelines for a global and multi-dimensional approach to social change and poverty reduction that acknowledges simultaneously the key roles to be played by local communities and grassroots social actors, global citizens' activism, international institutions and national political leaders.

By debating rarely discussed issues, in particular in the economic field, promoting citizens' discussion of global issues and policies, working for new global regulations and co-ordinating activists from all over the world, the alter-globalization movement has undoubtedly contributed to defining a global public space, stronger global consciousness, multiplication of activities on a world scale and more active citizenship at local, national, continental and global levels.

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Part II

Economics with a Human Face