



GWP Briefing Paper 5

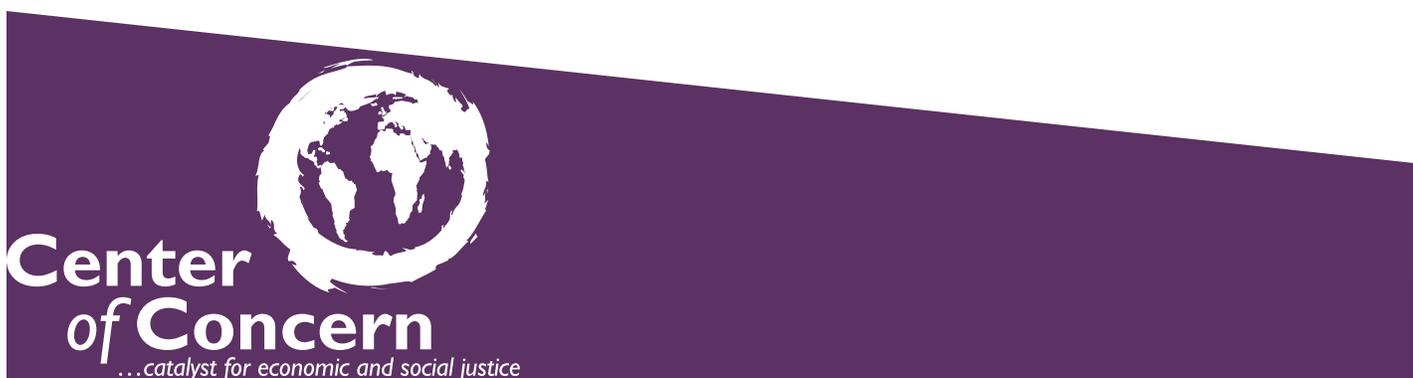
Human Well-Being at the Heart of Economics

A briefing paper from the Global Women's Project

Julia Wartenberg, May 2011

Nearly four years after the economic meltdown of 2007 that affected the United States and countries around the world, few individuals are feeling or seeing any improvements in their daily lives. While it is argued that the recession has ended,¹ the failure of the “too-big-to-fail” financial institutions, which produced the financial collapse, continues to have consequences for all of our lives. We remain in intertwined crises: care, environmental, ecological, economic, food and unemployment. Neo-liberalism and financial globalization, which exalt and place all hopes in the free market, continue to be seen as the way forward and it is assumed that a return to business as usual will allow the economy to return to its previous state. Free market proponents believe that as long as the market improves, so will our jobs, standards of living, environment and lives.

Evidence proves otherwise. Continuing a free-market approach is not an option. In the United States, the past few decades have seen inequality (race, ethnic, gender, income, social) gaps widen. In 1987, 31 million people (13 percent of the population) did not have health insurance in the United States. In 2006, that number had jumped to 46.6 million people (16 percent of the population).² In 1985, the average income of families in the top 5 percent was 13.5 times as much as the average income of the bottom 20 percent. By 2004 that number had crept up to 21 times as much.³ While wages have stagnated and fallen for the middle and lower class, the wealth of the top 10 percent has increased enormously. Today, people are working longer hours, in less secure and stable jobs with fewer social benefits (from their employers and the government) and experiencing rising housing, health care and fuel prices.⁴ Additionally, the Earth's carrying capacity is at its limit and its finite resource base is severely stressed. Our fragile ecology is becoming more frail by the day. Too many individuals have lost their sense of community and no substantive dialogue on the nation's and world's economic, social or environmental crises has taken place. The task of building a new economy and a renewed democracy is urgent, but a new economy cannot be like the current, instead, it must place human



well-being and ecological sustainability at the center of the economic equation.

Human well-being has been defined in various circles by various individuals, academics, economists, sociologist, anthropologists, etc. Several key variables have been identified as central to well-being, which include “security, happiness, freedom, fairness and participation in the social, economic order” (Riley 2010:8).⁵ Two key issues to human well-being are social reproduction and ecological sustainability, neither of which is addressed by our current economic model. Neo-liberalism places no value on the social reproductive work done by families and care-givers in the domestic sphere. Unpaid care work of families and communities is not counted in the Gross Domestic Product (GDP, which is often equated with the well-being of a society) nor do national governments or the private sector recognize the value of social reproduction: that it is the foundation on which the economy and society are built, nurtured and supported. Instead current austerity cuts continue to target social programs. An economics respectful of social reproduction would value the role of women in provisioning social reproduction⁶, the social reproductive work itself, economic and social rights of all and the importance of cohesion and unity of families, communities and societies.

Likewise, neo-liberalism does not account for ecological sustainability. An ecologically sustainable economics would not only incorporate and value ecological principles but would place them at the forefront. The goal would be to meet and sustain the needs of the earth’s current population without endangering the health of the earth for future generations. A vital point here is the recognition that our ecosystem is worth more than material goods and wealth. Our current economic model, neo-liberalism, which underscores growth, efficiency and production at all costs, pays no attention to the fact that our planet cannot survive such a destructive path. The market as it is currently organized, rooted in the idea of individualism and “economic rational man”, is the antithesis of an economy centered of human well-being and aimed at preserving nature and society.

An Economy for the Human Person

The economy is viewed as something external, not controlled by people, but instead functioning of and by its own accord. So long as it is allowed to be free of any political regulation, it will prosper. It is viewed as a machine for growth where individuals who make economic decisions do so as participants *in the market* rather than as participants of a larger society. Human beings as human beings are not calculated by mainstream economists, instead they are calculated as market participants – what they bring and provide to the market. At its core, the economy is a social institution deeply in need of political guidance. In our drive for progress and efficiency we have lost sight of the fact that people, human well-being and the environment matter. The object of the economy can no longer be focused on profit-making but instead must be on the reproduction of quality human life and that which sustains us.

A new economic system must be organized around four principles: social, environmental, economic and democratic. An economy centered on human well-being must address social issues. In particular it must allow for all peoples to prosper and eradicate all inequalities. The notion of equality of opportunity can no longer be used to justify inequality, but instead must allow each person to have the prospect to realize her/his desires. Additionally, social reproductive work must be highlighted as the foundation of economic activity with a recognition of the individual experiences that create differences. Environmental problems must also be part of the economic equation, recognizing that *modus operandi* is not sustainable and will in fact destroy our eco-system. The destructive over-consumption of the Global North must be eliminated and we must restore the balance and harmony between people and the natural environment. Current economic structural problems must also be addressed. We must examine the root causes of the financial crisis, such as major failures in regulation, insufficient and deficient surveillance, over-reliance on market self-regulation and lack of transparency, so that these do not occur again. Most importantly the current economic model which espouses a globalized and financialized world must be reevaluated.

None of the preceding three topics can be addressed independently – our ecological and financial problems are a direct result of a fractured social structure and injured human relations. To address these matters will also require that our democratic framework be restored, ensuring that the individual's voice on the social, political and economic decisions affecting her/his livelihood is heard. That is not to say that each voice shall have the same weight on each issue, but that those affected by a particular issue have an equally strong voice as her/his counterpart. It is only when democracy is restored that debates about a new economy will take place and a cohesive society will be restored. Governments must play a key role, at least initially. Policies must be put into place which protect the individual, rather than the corporation; the environment, rather than the private sector to foster a more just society for people.

A Moral and Ethical Foundation for the Economy

Economic justice emphasizing an economy built for the people has moral, social and religious foundations. Feminist Political Economy places the role of women in the home and market at the heart of its analysis and therefore incorporates women's unpaid work as an economic contribution. It recognizes that gender and racial stratification continue to exist and that these relationships are entrenched in institutions and structure all relationships. Finally, it maintains that ecological sustainability is foundational for human well-being.

Eco-economics places ecological issues at the center of analysis, underscoring the health of the environment rather than profit-making. Eco-economics maintains that a balance between human needs and Earth's capacity can be met and that the health of Earth does not have to be jeopardized for future generations.

Catholic Social Teaching emphasizes the dignity of the human person (in particular authentic human development), the dignity of work (particularly the priority of labor over capital), rights and responsibilities (including human rights, the role of government and the principle of subsidiarity), the option for those in poverty and solidarity. Bearing these values in mind, economic justice would entail an economy which exists to serve the person, not vice versa. Fundamental to this is the right to decent work and the role of government.

Conclusion

The Global Women's Project recognizes that the past several years have been characterized by our society experiencing multiple structural, environmental and social crises. We are witnessing a systemic breakdown of our current economic development model, a model which placed economic growth as primary and social and ecological well-being as subordinate. The underlying structural cause of this breakdown is the cultural assumption that if we focus upon generating economic growth and wealth, the social and ecological needs of our society will be met through these avenues – the trickle-down theory. This process has failed. We maintain that the only sustainable path out of the aforementioned crises is to examine the multiple crises in conjunction with each other.

To move this agenda forward the GWP program is working to place human well-being as the primary focus of economic activity. Currently, we are focused on two issues: the human right to receive care and decent work. We aim to show that the burden and costs of our failing economic and social policies fall unevenly on different members of society, as related to gender, class and region. Through our work on the human right to care and decent jobs, we will highlight the need to restructure our current economic and social policies to ensure human well-being. We will advocate for a new global and domestic social and environmental contract that strikes at the roots of poverty and serves the economically disadvantaged, while redesigning work so that livelihoods are sustainable. Our goal is to make this work a prominent issue on other NGO's, faith-based organizations', and policy makers' agenda by framing the issue and debates, strengthening our alliances through partnership and coalition development, developing policy alternatives, identifying key policy interventions and people, and building a constituency.

If you are interested in learning more or joining GWP's effort, please contact Julia Wartenberg at jwartenberg@coc.org.

Endnotes

1 According to the National Bureau for Economic Research, the 18 month long recession, which began December 2007 ended June 2009 (see <http://www.marketwatch.com/story/us-recession-ended-june-2009-nber-says-2010-09-20>)

2 See www.census.gov/hhes/www/hlthins/historic/hihist1.html

3 See www.census.gov/hhes/www/income/histinc/f03ar.html

4 As of the writing of this briefing paper, gas topped \$4.30/gallon in the Washington, D.C. metropolitan area.

5 For more information on human well-being, please see Maria Riley's "Seeing the World Anew" available for download at www.coc.org/node/6539

6 Women continue to provide the majority of unpaid care and domestic work across societies. See Miranda Veerle's "Cooking, Caring and Volunteering: Unpaid Work Around the World" available for download at http://www.oecd-ilibrary.org/social-issues-migration-health/cooking-caring-and-volunteering-unpaid-work-around-the-world_5kghrjm8s142-en.