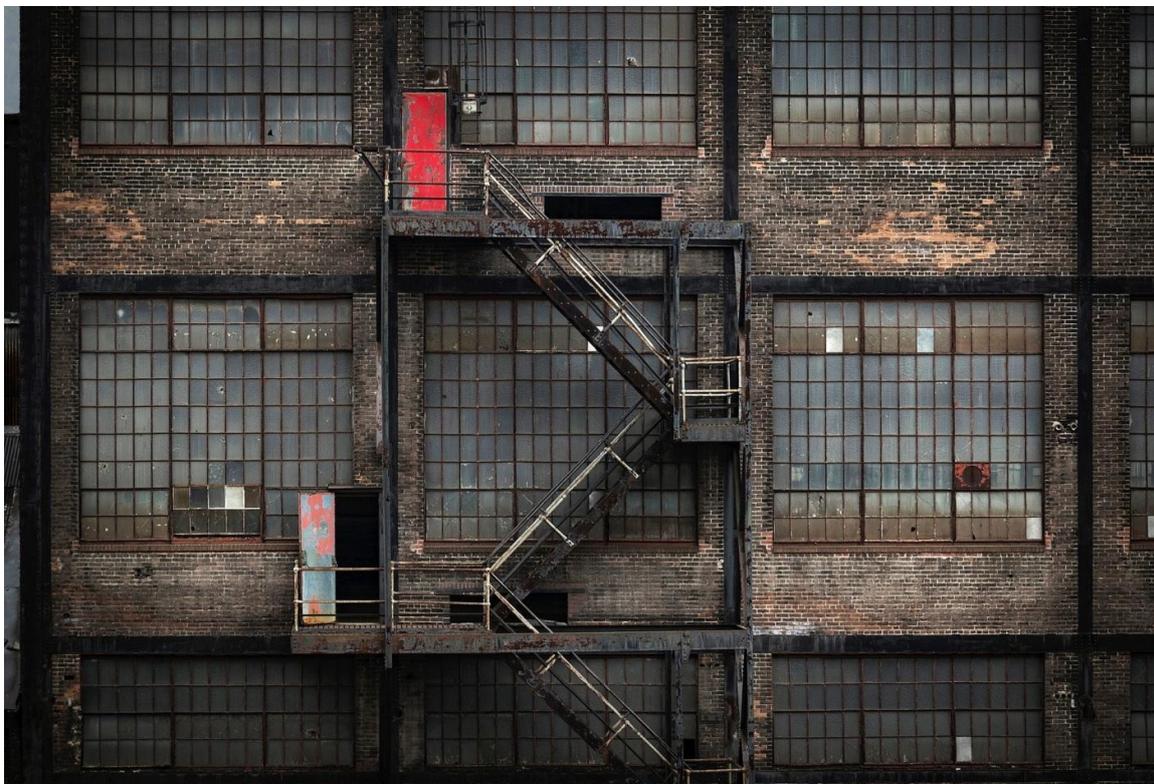


# The World's Wealth

## Manifesto for a new economic order that cares for people and the planet

**This manifesto highlights some truths revealed during the COVID-19 lockdown that show that the old patterns of economic thinking no longer match the world in which we now live. It advocates for leaving the old patterns of economic thinking behind, and for constructing a new human rights-based and inclusive economic model that cares for people and the planet.**

One of the deeper insights from the COVID-19 lockdown is that the paradigms and suppositions of current economic thinking are outdated. The basic foundations of our neoliberal economic model were set down in Western Europe between the 17<sup>th</sup> and 19<sup>th</sup> centuries, a period of early industrialization and the building of nation states. It was an economy dominated by a patriarchal elite and globalized through colonialization and the transatlantic slave trade. Universal human rights were not an issue at that time. In that context the patterns of economic thinking designed by the founding fathers of economic theory to overcome the feudal society in Western Europe were revolutionary for their times, but now they are out of date. These obsolete patterns of economic thinking are harmful for humanity and the planet when used as the basis of economic policies. The esoteric econometric models nowadays used by economists consist apparently of value-free and neutral formulas about production, consumption, investment, prices, interest, economic growth etc. However, the centuries-old paradigms, assumptions and patterns of thinking behind these mathematical equations are no longer questioned. In fact, they are repeated unconsciously.



Are the economic assumptions of the early industrialisation still valid?

The economic lockdown is the perfect opportunity for a change in economic thinking, and for leaving the old patterns behind. This manifesto lists some of these insights and outlines first steps towards a strategy for change.

### **The paradigm of the *homo economicus***

Our current society has been modelled and consolidated according to a selective market-centred point of view of neoliberal economics. This approach reduces human relations mainly to transactional exchanges, which in turn are justified by the paradigm of the *homo economicus* – a theoretical construction of a one-dimensional, rational economic man in search of maximum satisfaction of his needs at minimum cost, devoid of human emotions. This image of human beings is the cornerstone of the theoretical foundation of neoliberal economics, the starting point of neoclassic market theory and one of the implicit principles of all neoclassic economic thinking and its corresponding neoliberal policies. Epistemologically the paradigm of the *homo economicus* is derived from utilitarianism – an ethical theory stemming from the late 18th and 19th centuries. The question is: How realistic is this paradigm of human nature?

The behaviour and attitude of the majority of the population that became visible during the COVID-19 economic lockdown is the complete opposite of the image of *homo economicus*. Instead of rational, calculating behaviour, we see people concerned for one another, who take responsibility to save lives, who are committed and attentive, and express their feelings of love, affection, warm-heartedness, friendship, esteem and tenderness to overcome this crisis together. The lockdown released deeply rooted intrinsic human values of care, mutual support and solidarity to face the situation and keep society going. Thousands of examples are shared on social media, including maintaining physical distance to protect the health of all, singing from balconies, food distribution, volunteering in the care sector, and collective applause for health care workers.



Caring human being: My happy neighbour and his baby. Wetten, Germany, Summer 2019.

**It is high time that the ‘caring human being’ receives a place in the economic model and is rewarded accordingly. The new economic model must ensure that every man, woman and transgender person on Earth has the right to provide and receive care. All forms of care, whether paid or unpaid, must be recognized and valued in terms of human wealth, which reflects physical and mental health. Investing time and money in people, such as through education and health care, must no longer be conceived as a public cost, but as growth in human wealth.**

### **The assumption of ‘consumption units’**

Households are considered ‘consumption units’ – mainly relevant for creating demand in the economic model. The biggest blind spot in this economic theory is the total invisibility of the magnitude of all unpaid life-supporting care and domestic work, although the number of working hours in the unpaid sector is higher than those in all paid sectors combined.

Since the late 19th century, economists have focused on explaining economic values of services and products that are sold on the market against a certain price in terms of money. With the advancement of industrialization, artisans and people making handicrafts from home became industrial workers in factories, leading to a separation of home and workplace, and a division of work between women and men. A system of gender apartheid was created in which women were supposed to stay at home doing unpaid work for the daily and generational reproduction of workers, whereas men worked outside the home for a wage.

Globally, women still perform 76.2% of the total hours of unpaid care work – more than three times as much as men. The idea of the household as a consumption unit, based on a traditional breadwinner model, is still hidden in the assumptions of mainstream econometric models, and used as a basis for economic policies, although a minority of the population lives in such a situation.

With the economic lockdown, almost the entire economic system has had to fall back on households, showing that they are more than ‘consumption units’; they represent society’s basic life-sustaining, home-based care system. Thanks to the adaptability and resilience of the home-based economy, people can stay indoors and take over a huge amount of work from the monetary economy.

Thanks to social media, the unpaid care economy has become more visible, showing clear evidence that it is the biggest and most resilient sector for life-sustaining work in the economy. This is the place where new generations are born, where children grow up receiving pedagogic support from their parents, and where women assume more than two-thirds of the domestic work, including cleaning, cooking, dishwashing, shopping and organizing social and community activities. Since the closure of schools and nurseries, parents have taken on care 24/7 and helped their children with their homework. More people at home means an increase in household chores. Due to overburdened hospitals and medical care centres, more unpaid care work is being done for sick people at home.

The home-based economy is, however, more than domestic and unpaid care work for generational and daily reproduction of human life. It is also a production unit. In rural areas and in less industrialized countries we see home-based farms and micro-enterprises producing and

selling at local markets. Globally, the digital revolution enables decentralization of working processes, and has created new opportunities for home-based production and service delivery in a great variety of jobs, including online shops, training and coaching, administrative work, translation of documents, customer services, helpdesks, desktop research and journalism. Many of these jobs are created by self-employed women and men.

Centralized companies and governmental institutions have now been challenged by the COVID-19 crisis to transform their rigid structures by allowing their employees to work from home, and by conducting their meetings through video-conferencing. As a result, the home-based economy has absorbed a tremendous additional number of employees, who have to stay indoors and work from home during the lockdown. The old pattern of separation of home and workplace initiated during early industrialization has disappeared during the lockdown of COVID-19.

Extra advantages of the lockdown are that people with jobs in urban areas are spending less time travelling to and from work, traffic jams have disappeared during rush hours, air pollution has fallen in urban areas, stillness in the cities is calming people down, there is more time for private life, society is becoming more relaxed, and nature is returning in cities.

Additionally, the home-based economy is becoming creative and innovative in many ways, such as inventing new products and performing do-it-yourself repairs around the house, making music at home, singing and making music together, sharing poems online, painting, writing and creating video entertainment on the Internet.

This reality contrasts sharply with the one-dimensional vision of neoliberal market theory that assumes that households are only relevant as consumption units. The neoliberal economic model does not count the procreation of new generations or unpaid life-supporting care and domestic work. It is all taken for granted. It has no value in the economic system. It is not taken into consideration in economic policies.

Nevertheless, the entire economic system relies on this life-sustaining economic care system, which has been revitalized since the lockdown, whereas the formal, recognized economy was pulverized in just a couple of weeks and could not stay alive without receiving billions of dollars/euros in bailouts.

**The economic shutdown imposed by governments to reduce the spread of COVID-19 has disclosed unexpected new perspectives on the future of households. Instead of ignoring the multifunctional life-sustaining, home-based economic system, and reducing it to a one-dimensional consumption unit, the new economic order must recognize, revalue and include the home-based economy as the basis for the market economy in a new comprehensive economic model. Investments in social infrastructure to support the home-based economy contribute to human health and wealth; therefore, they are not a cost in the future economic model, but a benefit that contributes to the quality of life. One of the new indicators of the future economy should be the paid-unpaid-work quote (PUW-Quote) as a tool for the fair distribution of paid and unpaid work. The future social security system must include universal basic income to strengthen the financial basis of the home-based economy.**

## **The consolidation of inequalities by the current economic model**

The COVID-19 lockdown makes the structural violation of universal human rights by our economic system more visible. First of all, it has aggravated the structural segregation of the labour market: women, migrants, minorities and other marginalized groups in society make up the majority of those employed in precarious low-paid jobs without social security or career prospects. These jobs offer no more than survival, and these workers have no reserves to fall back on in times of crisis. These inequalities and traditional gender roles resulting from old patterns of patriarchy and slavery that lead to discrimination, exclusion and stereotyping have grown sharper during the lockdown.

A second manifestation of a structural human rights violation which has been exacerbated in all countries during the lockdown is the increase in violence against women and children in domestic settings. For centuries, no attention has been paid to the unequal balance of power in the home situation. The traditional breadwinner model, where the man is the boss because he brings in the money, reflects the power relations in the economy, where decision-making power rests with investors and shareholders who have money at their disposal. Violence against women and children is the way in which power relations are maintained in the traditional patriarchal, absolutist home model.

A third group of people disproportionately affected are the precarious and informal workers with less access to health care who have fallen further into poverty during the lockdown. In the USA, African-Americans and Latin Americans have been the worst affected, as they are often poorly insured for health care due to their precarious jobs, or even if they have proper health insurance, they have less access to the overburdened health care system due to entrenched discriminatory prejudices and stigmas. The number of COVID-19 deaths among these ethnic groups is disproportionately high in the USA.

Fourth, the crisis shows that the hardest-hit groups worldwide are people living in slums, shanty towns and in refugee camps with inhumane housing, and homeless people. In poor areas the lockdown increases the risks of the poorest of dying from hunger. The economic system doesn't provide any security to these groups. They are at the mercy of charity and solidarity because they have nothing to fall back on, they are poorly informed about what is going on and what to do, and they have limited options for physical distancing, handwashing and using face masks.

Lastly, due to structural gender discrimination in the health care sector, women are the ones who are most exposed to the virus. They dominate in the lower-paid jobs doing most of the hands-on work in direct contact with the patients, whereas men dominate in the decision-making jobs at greater distance from the patients. In quarantine at home, women are also the ones who are spending the most time taking care of sick family members. Given the high level of exposure of women to the virus due to their gender role, it is a blessing in disguise that they have a lower likelihood of dying from COVID-19 than men, due to their biological strength.

Access to health care is a human right, and a healthy population is a precondition of any economy in any nation state. This might sound obvious, but in our economic system it is taken for granted. Health as such has no economic value in our neoliberal economic model. Absence of health, however, is considered a cost, a negative value, which affects gross domestic product (GDP). Workers who are ill either cannot produce or have low productivity, which may affect the company's profits. In this way of economic thinking, medical treatment and health care are considered costs for society that must remain low. This is reflected in the low salaries of workers in the professional health care sector, in the cuts in public expenditure for health care in times of economic recession, and in the tremendous scope of home- and community-based unpaid health care work, which is completely ignored in the neoliberal economic model.

Since the Universal Declaration of Human Rights (1948), all human beings are considered to be born free and equal in dignity and rights, without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status. The COVID-19 crisis shows that our current economic system doesn't guarantee equal rights for all. The reality shows that inequality, and in particular gender inequality, is deeply ingrained in our economic model, and increases during times of crisis.

The economic model doesn't have checks and balances to promote equal rights. Instead, it consolidates existing inequalities, which have been exacerbated during the COVID-19 crisis. The following points need attention to anchor human rights and gender equality in the future economic model:

- Any future economic system should be organized in a way that guarantees equal rights to public services, including access to quality health care. The availability of health care must be integrated into the economic system as a human right and as a function of human need, and not as a public cost dependent on GDP.
- The right to social security must be incorporated into the economic system to ensure the right to life for every human being in the world. This right is not guaranteed by the current neoliberal economic model.
- The rights to work, to free choice of employment, to just and favourable conditions of work, to equal pay for equal work, and to protection against unemployment are not being realized in the current economic system. The old patterns of stigmatization, discrimination and stereotyping lead to unfair exclusion and to social segregation in work, income and decision-making.
- Our economic system should ensure the rights of working people to just and favourable remuneration, to rest and leisure, including a reasonable limit on working hours, and to a standard of living adequate for their health and well-being. The neoliberal economic model does not put these fundamental human rights into practice; it even ignores the tremendous volume of unpaid work carried out in the life-sustaining home-based economic system.

**The post-COVID-19 economic model must be a human rights-based model and must include human wealth as one of its dimensions. It should pursue growth in human wealth by investing time and money in healthy life expectancy, human rights and quality of life for all. Universal basic income must be a first step to create an equal economic base, to ensure the economic independence of all women and men, enhance equal rights for social security, create an equal starting position for all, facilitate a free choice of employment and work for all people in their rich diversity, and create a more relaxed society. In the future economy, all work should be counted, recognized and supported, whether paid or unpaid. Access to health care is a human right for all and must be engrained in the economic model; time and money spent on health care should be defined as contributions to the growth of human wealth.**

### **The assumptions of the current economic model that destroy natural wealth**

The COVID-19 lockdown has had a greater impact than all climate conferences and all emissions trading of the past years combined. In just a couple of weeks, the economic lockdown has cleared the skies, the air and the rivers all over the world, showing the wealth of nature and its resilience. It has proved that we are able to act for climate change in a short time span, and to create conditions for nature to recover from the devastating impact of our economic system.

Nature, biodiversity and the fragile balance of our ecological system are taken for granted and have no value in our economic model. For example, the air we breathe has no economic value, as

it has no price in the market, because it is not scarce; therefore, it doesn't contribute to the national income. It doesn't matter for the economy that the air or the rivers are contaminated. Only if clean air became scarce and we had to buy fresh air in bottles for our survival would it contribute to the national income. Extinct species are not scarce in economic terms unless they have a potential market value. This perverse conception of natural wealth originated in economic thought at the time of colonization, and it has been submerged in our current neoliberal economic model.



The river, the wood, the air... none of these count for the GDP, only the monetary value of the products coming out of the factory are counted in our current economic model.

For the neoliberal economy, nature is only interesting if it has the potential to create market values, such as the exploitation of raw materials, fields where oil or gas can be extracted, forests that can be cut to make furniture, or fields that can be used for cash crops. This economic assumption considers nature as the sum of resources which only have (potential) value if it can be turned into money. This economic view of nature derives from the centuries-old pattern of colonization when the world was exploited and deprived of raw materials by Western European nations.

The COVID-19 crisis has shown us that the health of people and the health of the planet are intrinsically related; they are the things that really matter, as they constitute the basis of the economy.

Environmental rights should replace the old pattern of economic thinking about nature. This means that a future economic model should protect and promote natural wealth, consisting of the ecological system of the dynamic living planet with its oceans, rivers, forests, deserts, swamps, ponds, grasslands, wetlands, lakes, coasts and mountainous regions; with its rich vegetation that

varies through the seasons and from place to place; and with trillions of living creatures, all kinds of animals, swimming in the waters, flying in the sky or moving on the land of our planet. All economic activity should be aligned and in harmony with natural wealth. This can be achieved in different ways, and many initiatives have already been taken to initiate this process, including circular economy, energy transition, less traffic and more home-based work, putting in practice the donut economy at local level, transition towns, and putting in practice the Sustainable Development Goals.

**Environmental rights can only be ensured if we act locally and think globally. A paradigm shift in economic thinking is required for the incorporation of environmental rights into the economic models that are used by governments to define their macro-economic policies. Respect for environmental rights should become a precondition for economic activity.**

### **The current economic model is hindering international solidarity and a global response**

Current economic models are designed for the country level, each with their GDP, national accounting system and national balance of payments. The economic thinking in national economies repeats an old pattern that started with the early economic thinkers living in Europe in the 16th and 17th centuries. During this period, European states developed an economic policy focused on promoting a positive trade balance and increasing the state's gold reserves. This period is called 'mercantilism' in the history of economic theory. It was characterized by protectionism of the nation's own industries, strengthening of the power of the absolutist monarchist state, and trade wars between nations through naval battles between merchant ships that were increasingly equipped as warships. Political changes have taken place since then, replacing monarchist absolutism with democracy; however, in economics the basic patterns of nation-based economic thinking have been maintained over the centuries, and have led to numerous wars.

The strong nationalistic sentiments in Western European countries during the 18th and 19th centuries remained ingrained in the theories of later economic thinkers that influenced our current economic models, including the classic (1780–1860) and the neoclassic (1870–present) economic schools. Even nowadays, the neoliberal economic model is still focused on strengthening the nation's competitiveness and national economic growth as the main goals of economic activity. This creates an unfavourable environment for international solidarity and mutual cooperation on equal terms among states. There is no economic model that goes beyond national borders and sees the world as a whole. Although free trade is promoted among the nations, the world economy remains the sum of national economies.

The COVID-19 pandemic shows that there are no borders and that we are all connected. In fact, the world has always been globalized. Nature is a globalized ecological system that connects all life on Earth, and that is connected to the universe as a whole. The Earth is one planet – not a globe subdivided into countries. Countries are created by people as a result of struggles for power, wars, colonialization and political deals. In economic terms, borders are mainly created to exercise control over the inhabitants, mostly at the benefit of a minority in power, whereas practically the whole of the rest of the economy is globalized, including supply chains, transnational financial markets and borderless digital communication, information streams and e-commerce. However, we don't have a global economic model. Only multinationals act globally – by playing cleverly with the national economies to obtain the most favourable tax situation, which is not in favour of humanity as a whole.

To address the current global challenges, including climate change, human health and the economic crisis, we need a global economic system that allows countries to work together in solidarity to create an enabling environment for the world's wealth. The future global economic model should find a balance between three dimensions of wealth: natural wealth, human wealth and economic wealth.

The COVID-19 crisis has liberated the world for a while from the patterns of economic thinking that have been in force over the centuries since the early capitalism in Western Europe. We are now in the middle of a worldwide reset of the economy. It's time for a historic break in economic thinking. The economic lockdown has provided some insights into our obsolete economic system, with its hindering structures and out-of-date patterns, and it provides new perspectives for economic approaches that are better for people and for the planet.

Going back to the past and restoring the old, unsustainable economic system, which systematically violates human rights, blocks gender equality and destroys the environment, is no longer an option. Nevertheless, governments are currently providing billions of dollars/euros to restore an old economy that collapsed in just a couple of months. The bill for this operation is being shifted onto future generations, who will have to pay the heavy burden in taxes, which is unfair, particularly because they also have to deal with the consequences of climate change.

The new reality created by COVID-19 is an opportunity to create a new economic model, which means building a sustainable, inclusive economy based on new principles and values, including environmental rights, human rights, gender equality and the right to receive and give care. A cornerstone of the new global economic model is universal basic income. Investing in basic income will boost bottom-up social and economic innovation, and strengthen the life-sustaining home-based economy that has been shown to be vital and resilient even in times of economic lockdown.

**It requires bold decisions to revitalize the world economy in a sustainable and human-rights-based way without restoring dirty industries and without passing debts onto future generations. New paradigms, principles, assumptions, values and goals have to be defined for a new economic model, a global model, in which each country plays its particular role. New indicators have to be defined to measure the world's wealth in terms of natural wealth, human wealth and economic wealth. Global solidarity is now more needed than ever. Alignment of national policies with the sustainable development goals (SDGs) is an important step to create a facilitating environment for promoting a new economic model that cares for people and the planet.**

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