

## GHFP BRIEF ON LIVELIHOOD

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### A. AIM

The aim of this report is to review very briefly some of the collective thinking done by the GHFP to date on livelihood in order to help us determine the next steps that need to be taken in this area. Garrett will include some recommendations regarding some possible areas of focus and next steps in the general report.

### B. GENERAL PRINCIPLES

At the outset, we agreed some initial guiding principles for our research:

- a) Try to focus on the positive (i.e. the opportunities for development) rather than the negative (i.e. the problems of poverty)
- b) Try to distinguish between the true picture of the situation and views that are distorted by ideology and self-interest
- c) Try to be clear and explicit to ourselves when we are making value judgments (e.g. regarding the ideals of development)
- d) Try to discover areas where new concepts or approaches might be needed, and where stakeholders and players (i.e. aid agencies and governments) make important unstated assumptions.

#### 1) WHAT IS DEVELOPMENT?

The standard economic view of development contains several pernicious assumptions. It views humans as no more than producers and consumers, and thus has a radically inadequate idea of human wellbeing. It defines development in terms of economic growth, and thus puts measurement figures as a goal rather than the improvement of human lives. Often when countries “develop,” they westernize and people become less friendly and caring, and more materialistic and anxious. We need definitions of development and poverty that reflect a more complete understanding of human life, and which help define new paths of development more fitting for human beings. There are different kinds of poverty and development. Development is not just the alleviation of poverty. Furthermore, development processes tend to be viewed in purely monetary terms in terms of both means and ends.

#### 2) AID AND DEVELOPMENT PROCESSES

Development agencies typically speak of three fronts of change: aid, debt relief and fair trade. These are purely financial. Government to government bilateral aid typically is not effective in helping the very poor, even when it is not squandered. However, suppose that we restrict the word ‘aid’ to mean only true development aid that is channeled through a local NGO in a participatory community development program. Suppose further that this aid does not create dependency. Even given these suppositions, and assuming a best scenario with regard to aid, aid is still subject to the criticism that it is a palliative that does not attack the root causes of poverty. There are other actions apart from the three financial fronts. For instance, one could think of development in terms of education (see below). Alternatively, one could adopt a more institutional approach to development: what institutions need to be in place and how should they

function? This would require rethinking the roles of banks, businesses and governments. We might try to list other actions apart from the financial threesome, and evaluate them.

### 3) CAPITALISM AND GLOBAL MONEY FLOWS

What is capitalism? The idea has different strands that need to be separated because some aspects are beneficial, while others are harmful and unjust. How can capitalist ideas best contribute to human development?

In one sense, capitalist money flows appear to cause poverty by marginalizing the very poor and concentrating much wealth in a few hands. Some economic transactions keep people poor. Markets involve factors of power and lack of information that disadvantage the poor. We want to understand better the kind of transactions that lead to the poor being poor. To do this in a systematic way, we probably need to have a map of the world economy divided into sectors. Also we need some definition of fair price or fair process. (PS Fair-trading does not get to the real issue because it is a disguised form of charity.)

In another sense, capitalism can be part of the solution. Capitalism *per se* does not exist in many developing nations because of the way political power is exercised: the law does not allow people to capitalize their physical assets, and so legally, they have no capital to use profitably. Furthermore, global capital investment in developing countries may be constricted or blocked unnecessarily because of the way risk is measured. Country risk assessment criteria are standardized and conservative. Additionally, there are artificial barriers to the natural flow of money, such as the way that international financial institutions are not set-up to make and service small loans. Local currencies have an important role in regional development. Money flows more easily where there are clear laws of contract and property, and where clear market information is available. What new institutions are needed to do this?

### 4) RECASTING POLITICS AND DEMOCRACY

An important key to the long-term development is good governance because if people have opportunity to make their own livelihood and grow capital, then they will do so. In many developing countries, it is taken for granted that politicians will be corrupt and act self-interestedly. In many western countries, the ideals of democracy have been commercialized. Democratic debate is reduced to how parties should sell themselves most efficiently to undecided voters in marginal seats and this denies democracy as a human value. Democracy needs to be rethought in theoretical and practical terms. We discussed ideas such as code of ethics for political leaders; handbooks for democracy; and the need to identify nonpolitical discussions of politics relevant to development.

We need to transcend the dichotomy between socialism and capitalism in order to better understand how humans can use the material world rather than be used by it. The whole dichotomy of right and left wing is too simplistic and neatly packaged. There are at least 5 independent dimensions:

- Positive versus negative rights
- State versus private ownership
- Local versus centralized governance
- Nationalistic versus international (global)

- Church versus secular (morality-enforcing versus liberal)

One of the main points of this recasting would be to help identify new actions that governments could take that, at the moment, are not on the political map because of the existing restricting ideologies.

#### 5) CORPORATE CULTURE

Corporations can be a major force for development. However, they often exploit people and contribute to underdevelopment, as well as to ecological damage. There are two important keys here: the way that corporations view their goals, and the standard conception of profit-maximization. Corporations tend to regard their work purely instrumentally, as a means to maximum profit. Furthermore, 'profit' is understood in purely monetary terms, which ignores all other kinds of goals. Additionally, 'maximization' might not be an element in a reasonable definition of rational choice. However, the idea of multiple bottom lines may not be an entirely adequate human antidote. These ideas also have implications for the concept of investment, and for social policies regarding investment.

With the idea of social entrepreneurship and the emergence of ethical companies, the borderline between corporations and NGOs has become fuzzier, especially given that many NGOs no longer view themselves as charitable organizations. Nevertheless, although multinational companies and international aid agencies often work with the same communities and countries, their language, interests, perceptions and assumptions are often very different. To what extent are these differences real or imaginary? What do they really amount to? Is there a way to construct common ground and dialogue between them? How could they cooperate for the development of these communities?

#### 6) EDUCATION AND UNIVERSITIES

Education is the main enabling condition of development, once both are reconceived in human terms. This points towards a radical redefinition of development because, usually, money is seen as the main enabler. This alternative conception permits new questions, such as the following. What are the educational processes that people in a specific context need to go through in order that their lives may become more human? In their particular context, what does 'becoming more human' mean? In some contexts, we might stress hope, empowerment and a sense of new possibilities; in other contexts, entrepreneurial qualities and skills; and in others, friendship and generosity.

Higher education institutions can have a special role in such development processes. Investigating this would require looking at alternative conceptions of the university, such as the peasant universities for entrepreneurial education in Costa Rica and Rwanda. Such innovative institutions can have a very fruitful and powerful role. On the other hand, academic research tends to get undermined by an economically motivated view of higher education. In professions such as medicine and engineering, practical needs and academic values need to be in a symbiotic relationship that needs to be better understood. How can universities reconceive themselves in a contextually more appropriate way so that they can contribute better to human development?

#### 7) WORK AND ENTREPRENEURSHIP

The standard conception of work is generally economic and this instrumentalizes work. In articulating a new human conception of work, there are at least three elements to be considered.

First, the nature of the work has to benefit the dignity of the person, as well as the needs of a community. This is a rich idea that needs exploring. Second, it is better that work fits the talents and the flourishing of the individual. Third, 'work' has part of its value structure the idea of entrepreneurial qualities. How can a human conception of work be maintained and best function within a capitalist economic system? Perhaps this requires a reinvention of the corporation and a restructuring of investment decision-making.

Development thinking itself tends to have a purely monetary and financial view of work. Some kinds of work become more monotonous and less social as industries become more capital-intensive and productive. Appropriate technology may be part of the answer, but the question still remains 'How can development processes better reflect the human importance of work?'

#### 8) JUSTICE, IDENTITY AND HUMANITY

In some sense, humanity is one. This says much more than 'we humans are interdependent.' We explored what this means for the conception of identity, and how this requires that (inner) identity be distinguished from (external) identifications. An idea of humanity being one transforms the conception of national and community borders. It dissolves their edge.

The idea of humanity being one gives a new meaning to the need for justice and, in so doing, changes the idea that poverty alleviation is a merely question of helping the other. It renders the need for aid into the problem of how global institutions can be established in a way that makes endemic poverty impossible. Such a set-up would be just.