Environmental Politics and Actual Degrowth. The issue of a sustainable financing of care activities, public goods and commons.

RUZZENE Maurizio

Corresponding author: Maurizio Ruzzene, Università di Modena e di Reggio Emilia, (Riviera Pasquali 22, Venezia)
E-Mail: ruzzene@gmail.com

Abstract

This paper considers some of the many problems involved in the financing of a sustainable economy of care activities and services, for person and commons, briefly: Sustainable Care Economy (SCE). In the notion of SCE we should include not only the well known Commons and Public Goods, such as our cultural and natural heritage, but also all the activities aimed at taking care of nature and persons, such as organic agriculture and shiatsu (shiatsu is a type of Japanese massage that heals certain bodily and existential pain; by preventing illness it can curb the high cost of traditional medicine and thus become meaningful for a degrowth approach).

Namely, the SCE should include all activities that cannot achieve their goals according to the principles of a dissipative growth economy, based on intensification of time and linked to the inflationary devaluation of money, because they take place slowly and gently (as plants grow, as shiatsu heals).

The paper has three main sections. The first concerns the new failure of markets and the state to manage care activities and commons. In section two, I briefly consider some issues associated with financing a SCE by green tax and by giving an alternative economic value to care activities. In section three, I will move on to the matter of financing a SCE by means of a time-based local currency. I consider some of the many advantages of natural time-based value, after introductory comments on the problems linked to a sustainable implementation of the main alternative currency models: demurrage, energy and time based currencies.

Keywords: financing public goods, care activities, green tax, local currencies.

1. Introduction.

The environmental politics and the degrowth movements can improve their collaboration if they tackle the question of the actual degrowth of advanced capitalist societies: i.e. deterioration of the daily life conditions, devaluation of economic values and degradation of social, cultural and institutional fabric. Attention should not be restricted to the “external” limits that economic growth encounters in natural physical dimensions. “Internal” limits must also be considered, namely the inner contradictions shown by growth economies and their financial ramifications.

This means to focus on the increasing difficulties that market and state are facing in their effort to impose the principles of productive growth and intensification of time: on public goods and services activities, on personal and environmental care and relationship, which demand more stationary and shared economic condition, to avoid degradation of natural and cultural resources, overcharge of cost and inflation, increasing of inequality and new forms of servitude (Gorz, 1988).

Environmental politics can better take care of earth if they can foster social equity and balanced taxation on commons and economic production of wealth. The policy of degrowth can become an attractive and enduring political project if it is aimed at reconstituting the main economic dimension and instruments. New monetary forms and new systems of financing the public goods and care activities must be experienced by local, political, communities, according to the principle of a sustainable and sharable degrowth: based on responsibility, participation, cooperative solidarity and “re-localization” (Latouche 2007), out of cash flows and beyond the failure of capitalistic markets and nation states.

2. The new failures of Market and State.

Here I only focus on some new failures of the market and state or recent public policies, those arising from the attempt to commercialize public services and commons, according to the principles of the dissipative growth economy.

I am not concerned with generic market relations but with capitalist market systems, as they are constituted nowadays, shaped by the economic institution of continuous monetary growth: i.e. rents, interest paid on debt and the many types of profit. When applied to most care activities and commons, rents, money interest and profits increase costs, increasing the inflationary devaluation of monetary wealth, and eventually reducing the quality of goods, scarce natural resources and human relations.

Most care activities cannot be mechanized and they cannot offer continuous and systematic growth in productivity (Laville, 1994), as most scarce natural resources cannot be re-produced in a growing way. Capitalist monetisation of care activities and commons lead to a prevailing unsustainable increase in prices, money stocks and supply, which grow more and faster than current increases in production of goods and services (Ruzzene 2005).

In developed countries, declining production of traditional goods is related to the massive growth of financial speculative motives and shares. Financial speculation is directed at any scarce resources, land, buildings and commons, and market relations and attribution of value does not allow scarce resources to be saved, but aggravates inequality of access to them (Bardhan et al., 1998). It increases many types of exploitation, of labour, cultural heritage and natural resources, for the simple reason that the traditional goal of increasing productivity cannot be achieved by mechanization and standardisation of individual care activities, or by growing reproducibility of commons.
With regard to new failures of the State and the Public Economy it should suffice to focus on a couple of issues. The high debt of the Public Economy also fuels financial power and speculative activities into a steady, dissipative and wasting type of growth. Because of low competitiveness and the lack of individual and community involvement in all the areas of the public services, reinforcement of their hierarchical, centralized, “economic” management does not imply a reduction in wastefulness but increase corruption and collusion among politicians and economic interests. Moreover, because the public sector pays large amounts of interest for money obtained from financial funds, it is forced to progressively cut public services (Fitoussi, 2000).

The productivity of care activities and services cannot be increased continuously or systematically through management. If debt is to be kept within certain limits despite the increasing amount of compound interest paid on debt, this leads to a reduction in the volume of services rendered. Finally, the growth of the monetary, financial, global economy means actual degrowth of finance for the public economy through issue of public debt titles (Ruzzene 2007).

Just a few more words on new forms of inflationary devaluation of money (Boyer and Mistral, 1985). We really do not pay much attention to it anymore, but it is still important for at least four reasons:

- inflationary devaluation of money is much higher than the levels recorded by official statistics;
- inflationary devaluation of money completely uproots national economies from their territorial environment (and resources) because it makes production of social wealth vulnerable to daily global fluctuations in exchange rates, i.e. to speculative attacks against any form of stable store of value;
- together with the system of variable interest rates and currency exchange rates, inflation is now the main consequence and one of the main instruments for governing the dissipative growth economy, a weapon held over the heads of local and general populations;
- inflationary devaluation of money makes everyone (individuals, public institutions, trade unions and so on) agents of speculative financial growth of the monetary economy, all attempting to maintain monetary wealth deposited in superannuation and pension funds.

I do not think more considerations are necessary about the new failures of the capitalist market and the state. It seems clear that we first have to find new ways of financing public services and the SCE, more economically balanced and compatible with the social and natural environments.

3. The Issue of sustainable financing of a Care Economy by green tax.

The choice of the most appropriate sources for financing a SCE depend on the principles on which the SCE is based. Like any ecological approach, the SCE needs to find a balance and environmental sustainability and extend them to the social sphere. It should favour solidarity, cooperation, participation, equality and responsibility (Bonaiuti 2004). Only a sufficient level of responsible, sustainable autonomy can favour the development of solidarity, cooperation and long-term economic stability and equilibrium. A sufficient level of responsible, sustainable autonomy should be felt not only in individuals’ capacity for judgement and choice but also in the economic self-sufficiency of social systems.

The existence of sufficient levels of self-sufficiency of a SCE is necessary because dependence on wealth produced by the growth economy means depending on the underlying exploitation and environmental devastation, and thus sustaining them. This is one reason for shifting from income tax to green tax, but there are many others. Green tax can reduce pollution and the consumption of natural resources to some extent (Barg 1995). It can reduce tax evasion and the uncertainty caused by fluctuations of monetary wealth in the liberalised global economy. Finally green taxes certainly change the relationship between the community and the taxpayer.

Under a green tax system, taxpayers depend on the community for the concession of something that is not theirs (like income), but that belongs to the community (such as commons). This could be an important change, but the financing of a SCE by green tax is much more difficult. Just two examples:

- pollution has to be reduced to a minimum in the long term, possibly to zero; this means that finance for the SCE from green taxes must also tend to zero, and is therefore not sustainable in the long term;
- tax on the use of natural resources, such as land, may be less problematic (Hartzok 1999), but since local government tends to exceed in the concession of the private use of commons (such as permits for new buildings) in order to finance itself, this does not sufficiently promote care of the environment in the long term.

To tackle these problems new access to the scarcer resources, such as building land, should be rendered uneconomical by much higher taxes for building. The main sources of finance should depend mainly on taxes on sustainable and reproducible uses of natural resources. Environmental taxes should also be reduced to a minimum because they too depend on capitalist production of wealth, lead to increasing costs of living (Parry and Oates 2000) and remain linked to the inflationary devaluation of money.

The main means of obtaining sufficient levels of self-sufficiency in a SCE therefore seems to be attribution of alternative economic value to care activities. This may be pursued by paying persons employed in care-giving and making users pay for services and benefits derived from care, while also setting up alternative economic means for activating exchange of care services (Warmoth, 2003).

Attributing economic value to care services may offer many advantages. It can develop much needed activities useful for environmental conservation, for which money is currently not available, and it can also make the social and individual costs and benefits derived from care more transparent. Balanced development of environmental and personal care services do not generally have high environmental costs, but cost mainly in terms of available
First international conference on Economic De-growth for Ecological Sustainability and Social Equity, Paris, April 18-19th 2008

The development of care activities should also curb dissipation and growth because the labour resources used in SCE cannot then be used in other sectors of production. Hence the attribution of economic value to care activities should not only reduce GDP (Daly, 1996) but take a positive value, developing a SCE and diminishing the dissipative growth economy.

The project of attributing economic value to care activities does, however, present many problems, especially economic and ethical ones (Ribault, 2007), that cannot be considered in detail here. The most difficult problems are nevertheless economic.

The first order of problems is well known. For a large proportion of environmental care services, individuals cannot be asked to pay because access to certain environmental goods (commons) is free, even if much labour must be invested to conserve them. Moreover, there are often no economic resources to start socially useful care services for which exchanges would be possible, because all the main resources are absorbed in the production and consumption of commercial goods that create profits (Galbraith 1958). A third order of problems regards the fact that goods and services embodying the principles of care are often not competitive with goods and services supplied according to the logic of economic growth (as occurs for organic farming compared to intensive and extensive agriculture).

For the first order of problems, public intervention is needed through taxation and contributions that should be obtained principally with the sustainable green taxes. This could also help finance sectors of the care economy at particular disadvantage with respect to capitalist economic sectors (such as organic farming). However, this type of solution raises further problems.

It may seem unsustainable from the point of view of social consensus to shift financial resources from one economic sector to another. It should be recalled that the financing of care activities by taxation inevitably maintains close links with the dynamics of inflationary devaluation of money typical of the dissipative growth economy. Finally, subordination to inflationary dynamics considerably limits autonomy of decision of a community and its capacity to plan alternative paths and economic constraints.

For all these reasons, it seems advisable to rely on another new form of finance for care activities, persons and commons: interest and inflation-free local alternative currencies, that do not promote socially detrimental competitiveness (Lieteaer and Warmoth, 1999).

4. The issue of alternative currencies for financing a sustainable Care Economy

The question of Alternative Currencies (AC) arose more than 150 years ago, fostered by anarchist and socialist utopians, such as P.J. Proudhon and F. Lassalle, who proposed linking money or credit coupons with hours of work. In the first decades of 20th century the question was revived by Silvio Gesell and F. Soddy, who conceived two different, and divergent, types of money: the demurrage and energy-based currency models, aimed at solving problems associated with capitalist economic crises. Then, for about 50 years, the question lapsed as State intervention in the economy increased, welfare schemes developed and consumer goods abounded. It re-emerged in the 1980s, mainly in the Americas, as an answer to new generalized economic and environmental crises. There are now hundreds of examples of AC in developed countries. They have different aims, that can be condensed as follows (Kennedy, 1995):

− to create interest- and inflation-free money;
− to centre production and consumption in the local economy;
− to provide more new quality job possibilities for people;
− to stimulate cooperative relationships among individuals, toward better care of the environments and commons.

These goals could be shared by a SCE, but it is not easy to create an appropriate alternative monetary and pricing system to support full environmental sustainability in the natural and social dimensions. Many difficulties are involved in building, socially rooting and spreading AC. They depend on cultural, technical, legal, economic and political factors (Lieteaer 2001). Let us focus here only on the main problems associated with the design and implementation of the principal AC models, those currently considered useful for financing sustainable care of public goods and commons: demurrage, energy and time-based currencies.

The demurrage system, well described by Silvio Gesell in Die Natürliche Wirtschaftsordnung durch Freiland un Freigeld (Gesell 1916), involves planned depreciation of AC to avoid hoarding of money and to promote circulation. Since money with demurrage does not have its own intrinsic value, it must be linked to official money, that of the dissipative growth economy. This causes many problems, first of all legal problems (the creation of a second, parallel money system is prohibited by law in most countries); moreover, it links the local currency to the inflationary devaluation of official, national currencies. Inflationary and dissipative effects are not avoided, but seem to be increased by demurrage. If nothing else, it increases the stress of alternative currency holders, who have to vigilantly avoid the effects of planned depreciation by spending, as noted by Fredrick Soddy in The Role of Money (Soddy, 1934).

As a solution to the virtual growth of debt-money issued by banks, and according to a supposed loss of weight of the labour force in developed societies, Soddy proposed a new currency and social wealth system based on energy. In line with Marx, Soddy wrongly supposed that machines would soon do all work, exploiting many kinds of natural energy. He considered that energy accountability would link the measurement of social wealth to something steady and more balanced, but energy in not really steady at all (and adopting a stable unit of measure does not ensure any balancing of an economic system). The role of energy and its economic value or influence in the long term varies in relation to technological advances. It is not easy to develop

http://events.it-sudparis.eu/degrowthconference/ 255
steady energy accountability for economic value (Martinez-Alier et al., 1998) and, more important, energy-based economic value is not sufficiently sustainable from a social point of view.

In a SCE, we not only need a stable basis of economic value that can limit exploitation of resources, but also adequate constitution of social wealth to develop solidarity and cooperation. Energy-based accountability would be good for green tax accounting and for abatement of pollution. It is less appropriate for a SCE based mainly on human activities (and on commons, the value of which is more qualitative than quantitative or energy-based). Nowadays labour time is the most important economic factor in advanced societies and service economies (Atkinson 2005), and it would also be the most important factor in a SCE.

This suggests that an appropriate model of alternative currency would be time-based. A particularly interesting example is the Japanese Fureai Kippu, a Health Care currency system that promotes exchange of hours of care offered by relatives of elderly persons who live far from each other (Lietaer and Warmoth, 1999). Shortly, it is a type of Time Bank system that records care services and enables persons to obtain care credits that they can spend at any time or pass on to others.

There are many other time currencies or Time Banks, but their main limit is usually that they have only been applied in small social groups, almost privately. The recording of time credits usually only concerns work pertaining to a single kind of activity (or to bartered work). Time Banks are very marginal with respect to the mainstream economy, and to become emancipated and stronger, they probably need to be taken up by large political communities, i.e. by local or preferably regional government.

The larger and more cooperative an exchange system of care services and goods is, the better a time-based currency can work and develop. Time-based currencies are substantially the opposite of demurrage currencies, which require only a small user-ship. Time-based money can and ought to become part of a large project aimed at activating and sustaining all care activities, for all members of the community who are orientated towards better and meaningful care of their life environment and of their natural and human resources (such as public services, health care and teaching, but also sustainable agriculture, alternative medicine and small-scale hospitality for sustainable tourism, like farm stay, and so on).

Local care activities have real potential for development in the near future; they already account for more than 30% of Gross National Product, soon exceed 50% (Gadrey, 1992). To realise this we only have to look at the amount of income tax that goes to pay for care activities and services; then add all the private care activities and services unable to function under the principles of mass production and the growth economy.

Finally, it is important to note that the growth of a SCE sector, based on time-credits, has its own limits - like any natural growth process, it can continue only as long as there are hours of labour available for care activities in a community. This also implies that any growth of a SCE (and of time-based money) cannot lead to inflation of money, but necessarily places limits on the wasting dissipative economy and possibly also on use of its currency. Most resources employed by the care economy (mainly hours of labour) are limited. Thus, if someone’s hours of labour (and time-based money) are used in a SCE, they cannot be used by the wasting economy.

Reliance on time-based money (or quasi-money) offers many advantages for financing a SCE (Lietaer and Warmoth, 1999). Some examples are:

1) Money or quasi-money based on available hours of labour provides a steady and equal foundation for social wealth (linking it to the real reproducible resources of a community).

2) A stable value base can relieve us of the need for currency convertibility and of the many problems involved in the convertibility system, such as inflationary effects and legal problems associated with complementary currencies.

3) Natural time-based value is not proper money but quasi-money; it is more properly a credit instrument or title (that communities provide, free of interest and costs, to members who render hours of their labour to the community or to single members of the community for individual care services).

4) Time-based money may be the best type of “credit money” because the credit titles can be personalized (issued and recorded as a nominative title). This can be done without losing any function of traditional money, such as the medium of exchange function. Anyone is absolutely free to pass it on to another member or to buy other labour services or goods.

5) As credit titles concern hours of care activities aimed not at producing or increasing monetary wealth, but at taking care of commons, health, natural and cultural resources, normal taxation can be abolished or substantially modified (as is customary with non-profit activities).

6) A major advantage is that time-based credit money can develop egalitarian, cooperative and supportive attitudes among members of a community. It can help to demonstrate that in an advanced society an hour of time has more or less the same cost for any human and its economic value may change only in relation to the fatigue, nuisance or gratification associated with the work (in the Fureai Kippu system, hours dedicated to bodily care have twice the value of hours spent shopping for the elderly, for example).

7) The principle of time-credits can also develop solidarity and cooperation between different, even distant, local and regional communities, according to their different needs and situations. The exchange of time credits could be a universal and steady value and would not create inequality with exchange rates and trade deficits.

5. Conclusion.

Further explanations and demonstrations of the above statements will be the subject of a future paper. To conclude, a major limit of SCE and of quasi-money based on hours of care is that they do not lead to increased consumption of goods or more free time. They would
probably reduce the quantity of goods produced and modify the existential value of time: they could engender conviviality and alternative (emancipated) economic attitudes. The economics of care activities could become the art of taking care of the household, or rather our common house, as in ancient Greece, going beyond chromatistic, or artifice to make new money an instrument of the social domain.

This would only be a benefit, not a cost, if people can orientate themselves towards the cultivation and enjoyment of human relations, the natural and social environments, and the many beauties of our cultural resources. This would of course involve many changes in our cultural, political and economic institutions, first of all true democratization of all spheres of our societies and communities, as this International Degrowth conference has pointed out so well.

References


Gadrey, J. (1992), L’économie des services, La Decouverte, Paris.


Soddy, Fredrick (1934), The Role of Money. What it should be, contrasted with what it has become, Routledge and Sons, London.

Warmoth, A. (2003), Governing the Commons. in www.sonoma.edu/users/w/warmotha.