Economics for Human Rights

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ABSTRACT

The Subprime Crash that started capitalism’s latest crisis was mainly a proxy for an nonexistent housing policy which would benefit many impoverished middle class families. Housing being clearly recognized as a human right, the behaviour of markets and its critical consequences could lead us to say that the Subprime Crash is above all the dramatic and global expression of the incapacity of markets to meet human rights. More than that, it could also be the demonstration of the counterproductive effects of the neglect of human rights by the market and by economics itself, the crisis being a result of this neglect.

Human rights are assuredly one of the most influential and fruitful concepts of modern times in the human quest for dignity. Economics has developed a considerable amount of tools especially designed to overcome, or at least mitigate, scarcity, probably the most tormenting spectre that haunts the deprived. Human rights and economics, thus, have contributed immensely to free human kind, human rights from fear and economics from want. Despite this convergence it seems that economics regards human rights as competing rather than as completing.

I have argued that mainstream economics discourse is often contradictory with promoting human rights. What are the changes economics must undergo in order to promote human rights? These changes will be examined in four aspects concerning specific economic, social and cultural human rights. First, on the right to work, second on the right to social security, third on cultural freedom, and finally on substantive democracy.

Key words: Economics; Human Rights, Work, Cultural Freedom, Democracy
JEL classification: A13; H42; H55; I00; J00; K00; P16
1 - Introduction

The Universal Declaration of Human Rights, adopted by the General Assembly of the United Nations on the 10th of December 1948, proclaimed a set of rights that to a certain extent intended to set the course of human progress; a course directed at the search for extensive freedom and material well-being and security. It seems that, in the aftermath of the Second World War, the victorious nations wanted to protect themselves not only against fascism but also against economic depression that was thought by many to be right at the heart of the seductive power fascism exerted on people within the nations that would eventually be defeated. Why then, since 1948, is there such a gap between the promises of human rights and the reality. In other words, why does it seem that human rights violations, and particularly those concerning economic, social and cultural rights, have largely outnumbered their achievements in the last half century of our history?

In an interview to the French monthly Le Monde Diplomatique, Noam Chomsky, a patently dissonant voice, declared that there is a growing democratic deficit within the Western world today. According to him, this deficit is not imposed through any violent totalitarian subjection but through a much more subtle mechanism that he calls brainwashing in freedom (Chomsky 2007). This mechanism would instil in people the directing line they are supposed to follow as imperceptibly as the air they breathe through the production of a justificatory ideology. In Branco (2009) I have argued that, nowadays, economics discourse is clearly one of the most substantial contributors to the production of the above mentioned justificatory ideology; that economics discourse regards human rights as competing rather than completing, and that in doing so this discourse is also one of the major obstacles standing before the promotion of human rights.

First of all, what are we talking about when we talk about economics? A rapid overview can identify at least twenty schools of economic thought, from neoclassic to evolutionary, from Marxist to post-Keynesian. The sort of economics that will be referred to in this essay results from a considerably narrower point of view, though. Economics will be, here, mainstream economics, the dominant school of thought, not only within academia, but also within offices of government and the media. What characterizes mainstream economics, in other words economics, then?

Mainstream economics, as in the case of any other school of thought, is characterized by its particular methodology, its particular rationality and its particular analytical weaponry. Mainstream economics is therefore individualistic, utilitarian and equilibrium driven and, ultimately, obsessed with mathematical formalisation. Being individualistic, mainstream economics defines its goals in terms of the pursuit of isolated individual’s personal interest, social welfare, for instance, being the arithmetic sum of each individual’s welfare. Being utilitarian and equilibrium driven, mainstream economics is oriented towards the maximisation of the individual’s utility, that is to say monetary income, and the social equilibrium of supply and demand; the market, with its automatic paraphernalia, being the right institution called upon to regulate this process. Being obsessed with mathematical formalisation, mainstream economics privileges quantitative cause and effect analysis, and unrealistically reduces society’s complexity in order to discover scientific laws similar to those governing the realm of nature.
The purpose of this essay is to identify the characteristics an alternative economic discourse must have in order to contribute to the promotion of human rights. It will not examine the impacts of mainstream and alternative economics on all human rights, though. It will concern essentially economic, social and cultural rights as expressed in the International Covenant on Economic, Social and Cultural Rights adopted by the General Assembly of the United Nations in December 1966.

Although many human rights, civil and political as much as economic, social and cultural, had already been registered in several national constitutions, their universal character, in other words their tacit acceptance as international consuetudinary legislation, only emerged from the debate on the construction of the United Nations Organisation (UN), with the signature of the United Nations Charter in San Francisco on the 26th of June 1945. This charter was later complemented by the Universal Declaration of Human Rights (UDHR), proclaimed at the general assembly of the United Nations on the 10th of December 1948.

In each of these moments human rights were taken in their entirety, in other words their civil, political, economic, social and cultural dimensions were one, without distinction, or more precisely, without any hierarchy of importance between those rights. The distinctions that gave birth to the approval of two different documents, the International Covenant on Civil and Political Rights (ICCPR) and the International Covenant on Economic, Social and Cultural Rights (ICESCR) by the General Assembly of the United Nations in 16 December 1966, arose from the vicissitudes of the low-intensity conflict between the two great political and economic blocks of the 20th century, popularized as the “cold-war”.

The ICESCR throughout its thirty one articles establishes a set of rights based on the peremptory obligation of guaranteeing all individuals the satisfaction of the needs without which their life (a dignifying life one should add) would not be possible. The first economic right recorded in the covenant concerns the right to self-determination of all peoples along with the right to freely dispose of their natural wealth and resources (art. 1). Next, a set of rights concerning work is formulated. Firstly the right to work strictu sensu (art. 6), and secondly the so-called rights at work, which include the right to a wage sufficient enough to provide a decent life to the worker and his/her family; safe and healthy working conditions; and paid vacations (art. 7). Finally, the right to form trade unions and to go on strike is added to this set of rights (art.8).

The ICESCR also recognizes the right of everyone, regardless of their having a job or not, to an adequate standard of living for themselves and their family, including adequate food, clothing and housing, and to the continuous improvement of living conditions (art. 11). This covenant also proclaims the right to social security, by means of protection schemes in illness and old age, for instance. Within the rights covering social protection, special reference must be made to rights concerning the protection of mothers for a reasonable period before and after childbirth and those protecting children and young persons from economic and social exploitation, namely by proposing that signatory countries should institute age limits below which the paid employment of child labour are to be prohibited and punishable by law (art. 10). The last set of rights recognizes the right of everyone to the enjoyment of the highest attainable standard of physical and mental health, to progressively free education, and to cultural, artistic and scientific freedom (arts. 12, 13, 14, 15 respectively). Finally it should be stressed that
the ICESCR proclaims that all rights should be enjoyed by everyone without discrimination whatsoever, be it ethnic, religious or political, or based on gender or economic status (art. 2).

2 – Economics and Human Rights: reconciling logics

In his seminal work, Taking Rights Seriously, Ronald Dworkin (1978) considered human rights as being essentially a mechanism protecting minorities from decisions taken by majorities for their own profit, but resulting in a loss for the former. This definition is very important because it means that the enrichment of one part of the world, for example, cannot be rightfully pursued at the expense of the material, cultural and spiritual impoverishment of another part, especially if this constitutes its weakest link. Asserting economic rights should not, therefore, be taken as an equivalent to maximising utility, or rather, social utility should not be mistaken for aggregate utility. This clearly tells us that economic goals must be redefined. Take production, for example. Indeed, producing one particular commodity having in mind the satisfaction of a consumer’s demand or a citizen’s request, in other words the assertion of a human right, are two different concepts, even if the products themselves might be perfectly similar and the actual production also undertaken in a similar fashion.

Within economic mainstream thought, meeting effective and viable demand is satisfying enough as a social role for the producer, and that part of the population which in consequence is deprived of access to one particular commodity on account of budget constraints should not be of concern. On the contrary, in the case of human rights assertion through the supply of this same commodity, no one should be left out, regardless of budget constraints. On the one hand, private demand is being met, because its nature is mainly individual, and on the other hand, a public demand is being met because, in contrast, its nature is now mainly social or collective. Therefore, according to corporate logic, meeting private demand is a normal procedure, whereas meeting public demand is not. When aiming at the integration of human rights, the methodology used by economics needs to shift away from the concept of satisfying the specific demand created by an individual to the more inclusive concept of satisfying the overall needs of the community, which means taking into consideration the demand created by all individuals as a whole, regardless of whether or not this same demand is strictly viable.

The second side to this conflicting interpretation of the relationship between economics and human rights concerns the idea that promoting human rights – economic, social and cultural as much as civil and political – depends on sound economic performance. This interpretation is particularly fallacious for two main reasons. First of all, throughout history human rights have essentially been fought for, not received, and therefore it is simply a delusion to take human rights as some sort of trickle-down effect of economic performance. Indeed, women’s right to vote, the right to form trade unions or the right to paid holidays, for instance, resulted, as we have pointed out, from collective movements staking their claim to these rights, frequently violently disputed as a matter of fact, and not from simple economic growth. Secondly, accepting the dependence of human rights on economic performance would inevitably lead us to a cynical dead end. Indeed, if on the one hand promoting human rights as the principal goal may constitute an obstacle to good economic performance according to the cost argument, and if on the
other hand human rights result from sound economic performance, then the best way to promote human rights should logically be to violate them.

The essence of the conflict between economics and human rights also resides in the ways the political and the social are apprehended. As Henri Bartoli (1996), for instance, argues the social and the political should be taken as the territories where major social choices are made, rather than those where the conflicting natures of economy and society are expressed. It is important to stress that a cohesive and sympathetic society is as important for both the economy and human rights as are courts and the market. Because of mainstream’s twisted vision social and political choices such as those concerning human rights may be considered an unbearable cost for the economy. This is a most convenient although patently biased approach, as most of the time mainstream economics only considers part of all the costs related to human rights. Indeed, if many economists, with a certain cynical intemperance even, devote themselves to calculating the costs of social security, for instance, with the confessed goal of demonstrating society’s inability to pay the price of what some may consider utopian policies, very few are those who, according to the same principles, are coherent enough to also calculate the overall costs for society of the inexistence of social security, thus revealing the ideological bias which, hiding under the mask of analytical rigour, dictates an alleged frivolity of economic, social and cultural rights.

Human rights also generate benefits, though these are harder to monetize, and consequently harder to handle within the typical cost-benefit confrontation dear to mainstream economics. However, even if this confrontation could produce tangible results, cost and benefit could never be taken as the fundamental criteria for the integration of human rights and economics. Human rights did not altogether stem from any evidence revealed to individuals through some form of positive reasoning, thereby unequivocally demonstrating the social utility maximisation that would be obtained, should those rights be adopted. On the contrary, human rights resulted from a normative reasoning, according to which individuals considered a dignified existence impossible to reach without them. Thus, the choice individuals are called to make is not a matter of whether human rights should be adopted or not, given the economic system; but which is the most favourable economic system, given the adoption of human rights. In a democratic society, if the human rights option collides with a definite system of economic rules, it is then necessary to enrich this system and modify its rules.

The reason why human rights, despite the intrinsic contradiction between human rights and mainstream economics discourses, were allowed to prosper in the Western world at the same time as mainstream economics was becoming mainstream lies in the fact that, for a long time, economics was subjected to politics, in other words economics was taken as an instrument at the service of a political design rather than an end of politics in itself. With the end of the cold war, however, it seems that economics was able to get rid of its social spectres and unleash its own logic. In this process, it is not so much economics that has become more dangerous to human rights than it had ever been before; it is that economics has taken the space left vacant by the withdrawal of politics from the public space; in other words economics has filled the void produced by the depoliticisation of politics. The essential issue concerns the fact that economics, little by little, is becoming the one and only source of global power. If there ever was a human rights-based political power system in the developed world after the Second World War,
it is clearly being substituted by an economics-based power system, aimed at efficiency rather than at ethical goals and, at best, ignoring human rights.

One should not be fooled, however. Promoting human rights on a global scale will not be possible nowadays, whether done against or without economic logic. Economic logic has become such a powerful political paradigm that one simply cannot ignore or jump over it. It is, indeed, useless to disregard economics in the same way as it is useless to disregard globalisation in general. Indeed, denying basic economic principles and preaching economic cocooning will most probably lead to both misery and isolation, which have historically proven to be very fertile grounds for growing oppression. The crucial issue in promoting human rights (especially economic, social and cultural rights) in a globalized world, therefore, is not for human rights to defeat economics but for economics to be reconciled with human rights.

There are two main paths for achieving this goal that can be taken either as alternatives or as complements. On the one hand, one needs to bring back economics to its basic purpose, which is being at the service of the people instead of demanding people to be at its service, or as Robert Hamrin (1989) puts it, to be commanded instead of commanding; and, on the other hand, the dominant economics paradigm must undergo a deep process of change, or at least be significantly improved, and human rights introduced into its equation.

For economics, ignoring human rights, in other words simply unfolding its logic regardless of any other, is equivalent to denying them. However, in a democratic society economics should not ignore human rights; not only would it be senseless, but it would also be harmful to its own purposes. The main question concerns its ability to integrate them. When dealing with rights in general, economics can basically take one of two approaches. The first option consists in taking rights as a constraint within which choice is made, and the second option in assuming rights as an integral part of normative economics. In this latter view, exercising rights becomes just another manifestation of making a choice (see Weikard 2004: 267). Here, the classical question of the right incentives is crucial, in other words one needs to determine which are the most appropriate incentives to lead economics into favouring human rights.

This is the reason why all the research done on finding new indicators of good economic performance is probably the most important issue in the construction of a human rights-based political economy. There are already alternatives available to economic growth at the macro level, such as the Human Development Index produced by the Human Development Reports of the United Nations Development Programme, which aggregates real income, education and life expectancy, or the Genuine Progress Indicator which, amongst other elements, combines real income, social inequality and environmental sustainability, but there is still a lack of practical alternatives to profit at the micro level. Lately Joseph Stiglitz, Amartya Sen and Jean Paul Fitoussi (2009) have also produced a report on new indicators of well being.

3 – Economics for the Right to Work

It is in the French Constitution of 1793 that the existence of such a thing as a human right to work, namely the right of an individual to a job that is freely chosen and
allowing a dignified existence, is explicitly recognized (Harvey 2002; Tanghe 1989). Half a century later the discussions that accompanied the drafting of the French Constitution of 1848 are probably amongst the best documented debates on this matter, displaying passionate speeches of both the defenders and the detractors of the existence of a constitutional right to work (see Garnier 1848; Proudhon 1938).

Although there are several references to the right to work from 1848 onwards (see Harvey 2002), such as the US Employment Act of 1946, for example, which established full employment as being a right guaranteed to the American people and gave the federal government a mandate to do everything in its authority to achieve it, it was not until 1948, when the discussion about universal human rights arose in the recently created United Nations Organisation (UN), that the right to work achieved explicit general recognition as a human right. In article 23 of the Universal Declaration of Human Rights (UDHR) it is proclaimed that:

1. Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.

   (…)  

3. Everyone who works has the right to just and favourable remuneration ensuring himself and his family an existence worthy of human dignity, and supplemented if necessary by other means of social protection.

This proclamation clearly states not only that people have the right to a job but also to a decent job, and therefore ensuring the right to work and favouring any kind of job are not synonymous. Furthermore, people have the right to protection against unemployment, which should be understood as a set of mechanisms protecting an individual from becoming unemployed and not simply from the consequences of being unemployed. In other words, not only should one have the right to financial compensation for being out of a job, for example, but one should also be entitled to some kind of job security.

Concerning the right to work, the ICESCR proclaims the following:

**Article 6**

1. The States Parties to the present Covenant recognize the right to work, which includes the right of everyone to the opportunity to gain his living by work which he freely chooses or accepts, and will take appropriate steps to safeguard this right.

2. The steps to be taken by a State Party to the present Covenant to achieve the full realization of this right shall include technical and vocational guidance and training programmes, policies and techniques to achieve steady economic, social and cultural development and full and productive employment under conditions safeguarding fundamental political and economic freedoms to the individual.

**Article 7**

The State Parties to the present Covenant recognize the right of everyone to the enjoyment of just and favourable conditions of work which ensure, in particular:

(a) Remuneration which provides all workers, as a minimum, with:

   (…)
(ii) A decent living for themselves and their families in accordance with the provisions of the present Covenant.

There are two main dimensions to the right to work in both the UDHR and the ICESCR. The first one is quantitative and sustains that the right to work means the existence of sufficient jobs for everyone, not only the right to compete on terms of equality for scarce employment opportunities (Harvey 2005: 9; Canotilho 1984: 35). The second dimension of the right to work is qualitative and regards those criteria that determine whether a particular job qualifies as decent work. These criteria sum up what could also be called the rights of an individual at work, and concern wages, working hours, working conditions, the right to join and form unions to protect one’s interests, and so on. Different policies are usually demanded to secure each of these dimensions, and although trade-offs between them could be expected, ensuring the right to work should not tolerate them. That is why some public action aimed at just creating jobs may not qualify as a right-to-work securing policy if, for instance, it disregards rights at work.

It is about providing work for everybody who is fit and willing that the conflict between economics and human rights languages reaches its paroxysm. In the traditional economic system, labour is both a productive factor and an end. It is a productive factor in that, along with capital, it participates in the production of value, and it is an end in the sense that, in compliance with the moral code of economics, one has an obligation to work. On the one hand, in order to maximize social utility through consumption, society should aim to supply the largest number of jobs possible. On the other hand, in order to maximize their profits, firms have to focus on minimising the use of productive factors, and therefore should aim at supplying the smallest number of jobs possible.

There is, therefore, a conflict between utility from the workers’ perspective and utility as seen by firms. In this same traditional economic system unemployment has been called upon to play a role in order to regulate microeconomic and macroeconomic variables. The microeconomic aspect of this conflict concerns the fact that, for firms, unemployment is useful in attaining certain objectives. For a long time, unemployment and the spectrum of hunger have been seen as an explicit threat to workers in order to make them work harder and stay in line (see Linhart 2006; Méda 1995; Kalecki 1971). At the macro level, in turn, unemployment has become a variable of inflation control. The famous Philips curve, for instance, contended that there was a long term trade-off between inflation and unemployment. Some economists like Milton Friedman and Edmund Phelps contested the nature of that relationship, but not its principle, and considered that in the long run there seems to be an equilibrium unemployment rate, called Natural Rate of Unemployment (NUR), which persists regardless of the rate of inflation (Borjas 2005). The more modern version of the NRU takes a slightly different stand, considering the NRU an economic equilibrium that, if reached by the economy, allows inflation to remain constant (Devine 2004), or in other words a rate of unemployment where inflation does not accelerate, this being called the Non-Accelerating Inflation Rate of Unemployment (NAIRU). In either version the principle is the same. Unemployment appears to be an instrument in controlling inflation and full employment is no longer a goal.

Creating jobs according to the rules of mainstream economics unveils yet another source of conflict between economics and human rights. Not only creating jobs is not
really an objective of the economy within mainstream economics but also not all jobs that are nonetheless created conform with right-to-work specifications; in other words some jobs do not confer to people’s lives the dignity that is demanded by human rights proclamations. Policies based on the deregulation of the labour market, like introducing wage flexibility and reducing job protection, are an example of such a conflict because it may produce poverty (European Commission 1994: 153) and job precariousness (see Lefresne 2006; Boltanski and Chiapello 1999). Several misstatements can be identified in economics discourse about employment, or the right to work.

First of all, promoting the right to work is not a synonym for fighting against the unemployment rate. Many countries have substantially reduced their unemployment rate, but very often they have done so by violating some of the qualitative aspects of the right to work. Indeed, the reduction of the working classes’ standard of living, the dissolution of job security schemes, the erosion of unemployment benefits, the fostering of involuntary part-time jobs and the promotion of trade union irrelevancy, all of which characterize mainstream employment creation schemes, should not constitute the core of policies intended to promote human rights in general and the right to work in particular. Secondly, promoting the right to work is not about work as much as it is about people. By taking humans as a resource like any other, economics, as seen above, inevitably tends to look for saving work. Now, in rights language, individuals are not mere resources holding productive specifications, but citizens holding rights. Therefore, policies that take people as disposable assets and sometimes plain liabilities, once again should not be considered instruments for effectively promoting human rights.

What kind of policy can reconcile the quantitative and qualitative dimensions of the right to work, then? From an historical point of view, Marcel Maréchal, for instance, sustains in the case of France that, in time, the expansion in employment has been essentially due to the reduction of the working day (Maréchal, 1999). Despite the many criticisms raised every time it occurred, this reduction of the working day happened to be favourable to everybody in the long run. Capital owners have benefited from a steady increase in labour productivity, and workers have obtained not only better income but also more leisure. In the beginning of a new millennium, this win-win strategy appears to be clearly bounded, however. Not only actual growth rates seem insufficient to allow this process to continue, but also the prospects of a growth-based development, most especially in the developed countries, are not very engaging to say the least. It is in this sense that distribution – reducing the working without growth day supposes a distribution of income - emerges as the key word to characterize future policies aimed at promoting the right to work; policies that concern distributing work load as much as income. This is precisely where it itches; mainstream economics abhors redistribution, seen not only as inefficient but also as an attack on individual freedom.

As a matter of fact, mainstream economics’ obsession with economic growth as the one solution for human welfare is not just a matter of faith. It comes from the very foundation of this school of thought. It is one of its most important constituent parts. In 1751, going on equality, David Hume stated in his Enquiry Concerning the Principles of Morals that:

It must also be confessed, that, wherever we depart from this equality, we rob the poor of more satisfaction than we add to the rich, and that the slight gratification of a frivolous vanity, in one individual, frequently costs more than bread to many families, and even provinces (…). Render possessions ever so equal, men's different degrees of
It was in order to solve this dilemma, in other words to reach a more harmonious society without having to cope with the alleged drawbacks of extensive wealth redistribution, that Adam Smith ultimately wrote his *Wealth of Nations*. In it, economic growth was clearly put forward as the only effective instrument to alleviate poverty free of the risk of social conflict. In David Ricardo’s model, only perpetual growth, that is to say steady growing factor productivity could also stop both capital holders and workers from seeing their share of the national income inevitably decrease when compared to that of land owners, and therefore avoid social conflict and hopeless deprivation. In the marginalist model, in turn, factor remunerations grew with factor productivity, which is another way of saying economic growth. In conclusion, economic growth, in other words expansion of global wealth, has been for a long time the miraculous instrument put forward by mainstream economics in order to simultaneously pacify the lower classes and avoid an extensive redistribution of the wealth historically accumulated by the upper classes.

Classical economists were genuinely concerned with the well-being of the lower classes, the weak link of society, however; but they were not too keen on changing society in order to reach that goal. Despite the fact that universal human rights share with classical economics both its liberal genealogy and its concern for the weakest links of society, ensuring the right to work supposes, on the other hand, substantive societal change. Indeed, today guaranteeing the right to work demands global wealth redistribution consubstantiated in extensively sharing the work load, which not only profoundly questions the dominant economic paradigm, but also demands a new and global social contract.

### 4 – Producing Goods and Services as Human Rights

Another aspect of mainstream economics’ distaste for redistribution is at the origin of new obstacles to human rights. Ensuring many human rights, most especially economic, social and cultural rights, demands the production of both tangible goods, such as houses or water, and intangible services such as justice or social security. As for every human right this provision of goods and services raises the questions of how, and by whom, these goods and services should be produced, and ultimately, how they should be distributed within the community.

In this respect, mainstream economics seems unable to adequately address this issue. First of all, economic rationality and human rights seem lost in translation, which means that economics postulates are intrinsically contradictory to human rights, as the best possible result according to economic logic may easily constitute a violation according to human rights principles. Jean Paul Fitoussi, in a seminar on Social Europe that took place in Lisbon in 1997, declared for instance that if its economic model was to be maintained, Europe could only become richer, in other words increase social utility based on the aggregation of individual incomes if a non-negligible part of its population would agree to become poorer. Secondly, by making the market an absolute value and...
an infallible means of rationally allocating resources, mainstream economics reduces all
categories of goods, and thus of rights, to only one, the commodity.

In a human rights society, accountability and universality are key concepts. In human
rights language accountability means that the rights of individuals correspond to the
duties of other individuals. Consequently if the rights of some individuals are not
ensured this is due to the fact that other individuals or institutions have failed in
carrying out their duties. In turn, universality means that rights are either guaranteed for
all or they are not guaranteed for anyone.

By transforming some rights into commodities and by assigning to the market the
mission of allocating these same commodities, mainstream economics overrides both
concepts. For instance, with markets it is perfectly normal for individuals to be excluded
from consumption if they do not have the capability to pay. On the contrary with rights,
such as water or social security, exclusion based on capability to pay is unacceptable.
Only the public provision of rights adequately responds to the demands of
accountability and universality, therefore. This public provision does not have to be
ensured by the State, however. The democratic principle of subsidiarity sustains that
decisions concerning rights must be decentralized to a point as close to the people
concerned as possible. As regards water distribution, for instance, local governments
have indeed frequently obtained the best results in reconciling accountability and
universality with economic and environmental efficiency, the city of Porto Alegre in
Brasil being the perfect illustration of such an advantage.

In relation to social security, worries concerning the intergenerational sustainability of
current public social security schemes are perfectly legitimate, but privatisation does not
constitute a valuable alternative whatsoever, since this is intrinsically contradictory to
providing social security as a human right. Indeed, privatising social security regarding
retirement for example, happens to transform a right into an investment, and even if one
may end up concluding a posteriori that a particular private investment can produce
more utility for the individual than public social security, such investment, hazardous by
nature, lacks that element which constitutes the essence of a right, that is to say the a
priori guarantee of the benefit.

Providing human rights such as water, homes or social security has several implications
that prevent markets from playing the role of a supplier. In the first place, one must
stress the normative character of this particular sort of production. Indeed, to produce
goods and services in order to satisfy a consumer’s viable demand is one thing; to
produce these exact same goods and services in order to satisfy a citizen’s request is
quite another. The tension lies precisely along the line that separates these two different
manifestations of an individual need; the former of an economic and therefore private
nature, and the latter of a political and therefore public nature.

5 – Economics for Cultural Freedom

In 2001 UNESCO approved a document entitled Universal Declaration on Cultural
Diversity in which it is stated that cultural diversity is an ethical imperative inseparable
from respect for the dignity of the individual, as necessary for humankind as
biodiversity is for nature. In the following year the United Nations Committee on
Human Rights approved the first-ever resolution on cultural rights entitled ‘Promotion of the enjoyment of the cultural rights of everyone and respect for different cultural identities’, henceforth widening human rights language to cultural identity. In order to avoid misunderstandings, culture shall be taken here as the shared knowledge, values, beliefs and attitudes transmitted from generation to generation, which are at the foundation of order and sense, and which allow the members of a community to behave in a convenient and acceptable manner, or at least an understandable one (De Kadt 1999).

Cultural liberty is, then, about allowing people the freedom to choose their identities and to lead the lives they value, without being excluded from other choices important to them, such as those for education, health or job opportunities (UNDP 2004: 6). In other words, cultural freedom is about preventing exclusion based on culture and therefore about striving for cultural diversity. It should be stressed that cultural diversity in itself is not a necessary condition for cultural freedom, in the same way as freedom of political choice does not necessarily demand the participation in elections of a myriad political formations. Nevertheless, it seems to be common sense that without cultural diversity some personal choices may become impracticable.

Now, by taking culture as a constraint and by considering some cultures unfit to promote human well being mainstream economics fetters cultural diversity and thus constitutes an obstacle to cultural freedom (see Branco 2009). Indeed, in the dominant development model culture is introduced as an informal institution constraining human nature, in other words as an institution limiting the maximisation of utility in the case of consumers, and of profits in the case of producers (Lal 1999). In this sense culture is taken as an obstacle to development, underdevelopment being the result of the difficulty in expressing rational economic behaviour under some cultural constraints.

Furthermore, for mainstream economics, not only are people all the same and share the same objectives but there is also only one valid set of economic principles available to reach the good life. This assumption results in an explicit classification of cultures according to their ability to promote development, usually taken as mere economic growth (see for example Harrison 1985, Harrison and Huntington 2000, North (2004 [1990]), Landes 1999, Fukuyama 1995). According to this view, development, or the good life, can only be reached by cultural change which usually means cultural renunciation. Cultural idiosyncrasies seem to be compatible only with economic stagnation. That is why mainstream economics is unfavourable to cultural diversity and, thus, to cultural freedom.

An economics favourable to cultural freedom should, in contrast, avoid the definition of superior and inferior cultures, and propose a renewed dialogue between culture and economics by internalizing the cultural plurality necessary to give sense to cultural freedom. The first step of this renewed dialogue is to insist on the chances of finding an original development path rather than on identifying and sweeping away the obstacles to the traditional mode of development; the second step is to construct an alternative set of premises to the dominant system of knowledge production.

In this alternative set of premises, pluralism is advanced in opposition to monism. In a monist approach our separate individual ways of understanding complex systems merge into a coherent whole, whereas in pluralism, complex systems such as development
processes can only be known through alternate patterns of thinking which are necessarily simplifications of reality, states Richard Norgaard (1994). Monism is the belief that for all propositions there are true answers and that therefore there is only one best way for knowing any particular system. In this sense, global development, seen as the inevitable spread of the capitalist economic and ethical system to all parts of the world, constitutes a clear derivation of the monist approach. Within the mainstream globalisation ideology there is, indeed, the belief that there is one best way to reach the good life and that, therefore, there is also one best culture to facilitate the process. On the other hand, a pluralist approach accepts different views to the problem. This attitude of pluralism when describing complex systems and interactions such as culture and development should not imply that one must mistake pluralism for relativism or subjectivism, however.

Indeed, relativism and subjectivism challenge the monist insistence on one right answer, in other words on one right development model, by treating all values simply as matters of belief and culture, one culture therefore being unable to understand another culture. Pluralism is distinct from philosophical relativism or subjectivism in at least three key aspects. First, it advances an objective claim about values; they are not simply matters of belief. Second, pluralism accepts that there is at least a minimal core of human values that are both ultimate, in other words they have the highest importance for many people, and universal. Finally, pluralism’s emphasis on the objective diversity of values relies on the possibility of understanding one dominant value or set of values from the perspective of another (Plaw 2005: xiii). Contrary to relativists and subjectivists, pluralists are therefore optimistic about the possibility of communication and understanding.

We would, then, have as many ways of studying and promoting development as ways for people to envision it. It is probably possible to build some sort of vague universal theory of good (Clark 2002), but it is also enriching to let oneself explore the full spectrum of possibilities, be it unram (blooming), as with Ibn Khaldun, the author of the Muqaddimah, a treatise that amongst other features stresses the importance of the division of labour exactly four centuries before Adam Smith, swadeshi-sarvodaya (bettering the social conditions of all) as with Gandhi, or bamtaare (being well together) as amongst the Toucouleur people of northern Senegal (Latouche 2001). Monist development theories are aesthetically beautiful because they display a very strong explicatory power, if only they could explain anything; pluralism in contrast allows a deeper knowledge of a social phenomenon, but may experience difficulties in designing feasible policies, nevertheless.

Leaving behind their culture, in order to enjoy the delights of development should not even be an option though as many studies show that the only non western countries that have succeeded in development since the second half of the 20th century are those that kept intact the spine of their culture, e.g. Japan, South Korea or Taiwan (Dockès and Rosier 1988; Latouche 1992; Lê Thân Khôi 1992). If there were any secret in the success of the once called New Industrializing Countries of the Far East, it was the combination of openness to the external winds of progress, namely technical progress, and the cultivation of tradition. As Marie Dominique Perrot (1994) argues societies always search to change and to last, this combination appeared to be mutually beneficial in these countries, as change ensured continuity and tradition worked as a technique to incorporate change.
A pluralist economics, then, would accept difference without taking it as dissent. Not only might this constitute a form of progress for economics in general, but it might also lead to the exhaustion of the clash of civilisations rhetoric and contribute to a better understanding between peoples, progress needing not to be associated with Western thought and Western domination. This identification of development with the West is particularly harmful as many social scientists sustain that, in the process of incorporating progress, the way it is presented to one is at least as decisive as its nature. Indeed, according to Gilbert Rist (1994: 62) Europeans adopted foreign technology on a voluntary and individual basis; they could have ignored these discoveries, but they chose to incorporate them, whereas in the developing countries modernity was largely imposed, sometimes violently even (Amin 1989: 160). That is also why, despite the undisputable beneficence of the Western idea of spreading democracy across the world, imposing it through military intervention, as is supposed to be happening today in the Middle-East and Central Asia, might end up by being counterproductive.

6 – Economics for Democracy

Economics’ methodology, rationality and formalization also conflicts with deepening democracy in modern society. In order to avoid misunderstandings one should probably start this heading by stating what will be taken here as democracy. One must agree that the definition of democracy is in itself a broad and ambitious project that throughout history has led to many studies and thereby a wide variety of proposals. A minimalist, and almost formal version, adopted by such unavoidable political scientists as Samuel Huntington or Adam Przeworski, for instance, presents democracy as being the regular performance of competitive elections (see Mazo 2005). Although competitive elections undoubtedly constitute a key element of democracy, this definition seems disappointingly plain.

A richer discussion of the relationship between economics and democracy calls, therefore, for a more elaborate definition of democracy, one which, besides elections, demands wide civil liberties, including freedom of association and expression, and freedom of the press, to be guaranteed; citizens to be deeply involved in the decisions on matters that affect them; and institutions to be strongly committed with responsibility and accountability in the running of public affairs. This is the essence of substantive democracy, a democracy that not only aims at the interest of the governed but also at their meaningful participation in the process of decision making.

In the economy, the way we participate or not in the making of decisions that affects us, is decisive in the process of conferring legitimacy to these decisions, and thereby in making them acceptable to the people. That is why democratisation of economic decisions is a crucial issue in the construction of a human rights-based political economy. One of the first steps of a democratic economics consists in submitting economics to politics, or rather in submitting major economic decisions to collective preferences. In this sense economics should be taken as a political science rather than as a neo-naturalistic science.

Now, economics conflicts with democracy in two main ways. First through the naturalization process of economics that characterizes mainstream thought. In this
process putative economic laws have been made equivalent to natural laws and economic decisions transformed into plain technical issues supposedly free from democratic debate. If natural phenomena such as rainfall are not politically debated why should economic laws? Second the ideology of market hegemony imposed by mainstream economics has crowded out democracy from many decision processes because economic decisions that affect society as a whole are transferred from public space to private and, consequently, responsibility and accountability end up being dissolved (Branco, 2010).

Because economic decisions have become major political issues, promoting substantive democracy implies a radical change in the way economics regards politics. Indeed, mainstream economics’ approach takes politics essentially as an obstacle to the expression of the agent’s rationality, and therefore considers it an annoyance. Some twenty years ago, at the peak of the liberal uprising in development economics, Guy Sorman (1987) sustained what could be considered a paradigm of this line of thought, namely that the so called third-world was essentially characterized by the subordination of economics to politics, meaning that this submission constituted an obstacle to development. According to this approach, development is essentially a question of getting the incentives right, and underdevelopment the outcome of politics restraining agents from making the correct choices.

In contrast, by stating in his *Democracy in America* that, when searching for what is best for business, entrepreneurs may disregard the essential, which is to remain their own masters, Alexis de Tocqueville pointed out the pernicious role economics could play in the process of deepening democracy (Tocqueville 1986). Despite being an inveterate liberal, Tocqueville understood the necessary submission of economics to politics in democracy, in that he questions many of his fellow liberals who believe in the natural character of economics, in other words in the fact that the economic and the political belong to different realms, and are therefore subjected to different rules.

The main purpose of a natural economics consists in depoliticising economics, or rather in rescuing it, not only from the obvious links binding it to society, but also through a baptism of nature in imposing its analytical schemes and its conceptions of the right behaviour. In depoliticising and dehumanising economics, mainstream thought is thereby asserting the idea that humans have neither the ability nor the power to change it, in other words to construct a different economics, placing it above political debate. As René Passet puts it, the justification for human action would rest from now on technology transformed into ideology (Passet 1979: 126).

The main threat hanging over democracy does not concern the rise of a totalitarian, or *globalitarian*, economic ideology, therefore. Indeed, it is not political freedom in the sense that the only limit to an individual’s liberty is another individual’s liberty that is in question; it is political freedom in the sense that individuals are supposed to participate in the decisions that affect them and that affect the course of the City. Markets have developed mechanisms that can overrule collective preferences legitimized by democracy. Decisions taken democratically within member states of the WTO can be contested on the grounds of an alleged incompatibility of these decisions with the rules of freedom of circulation of goods and services, for example. This means that any government that attempts to implement measures that contradict the “will” of world
markets or of the majority of world governments is threatened by the practical neutralization of its policy.

Thwarting the hegemony of market ideology does not suppose the elimination of the market, however. As Jean-Paul Fitoussi puts it well, relations between the market and democracy are more complementary than conflicting since, by preventing exclusion by the market, democracy would reinforce the economic system’s legitimacy, and by restricting political control over people’s lives, the market would favour a deeper adhesion to democracy (Fitoussi 2004: 49). If the market shows a tendency to disregard democracy, making democracy an absolute goal could, paradoxically, lead to the same outcome. A world where every single choice would result from democratic deliberation would not only be unviable but also insupportable, and more than anything, very undemocratic. Thwarting the hegemony of market ideology is not about replacing the market by democracy, therefore, but about preserving the political character of public space.

Beyond the recognition of the eminently moral and political character of economics, another conception of science could also provide a more propitious relationship between scientific and democratic rationalities. First of all, mainstream economics, as seen above, suffers from an acute form of monism, in other words from the belief that there is only one best way for knowing any particular system, and therefore that there is only one solution to each problem. According to this view, democratic debate and decision-making are not only useless but also counterproductive, because they could lead people to opt for the wrong solutions. A pluralist approach, on the other hand, would be more favourable to democracy. Indeed, a pluralist approach not only accepts different views to a problem, but also does not fear the contradictory unravelling that might occur as a result of the use of opposed standpoints. As Richard Norgaard argues:

> To accept conceptual pluralism is to accept multiple insights and the inherent inability of science to describe complex systems, to predict how they may behave, or to prescribe how to make them behave in another way’ (Norgaard 1994: 97)

In contrast with the maximising logic of mainstream economics, a pluralist approach does not consider the existence of alternative views to a problem as fatally downgrading the result of a decision-making process and, therefore, has no reason to fear democratic debate.

One other approach aimed at reconciling economics’ alleged scientific rationality with democratic rationality, and which is just taking its first steps, is entitled post-normal science. According to this approach, conventional science is characterized by its search for eliminating existing uncertainties and sweeping away elements of subjectivity. Post-normal science, by contrast, stands for a strategy of problem resolution that accepts uncertainty and the various valuations and perspectives on the problems in question (see Funtowicz 2004). Knowledge produced exclusively by specialists is therefore replaced by a co-production of knowledge resulting from the participation of the community at large, in other words this type of science reclaims democracy instead of excluding it.

A new interpretation of the way individuals and firms take decisions in real life can also favour democracy. In Peter Söderbaum’s alternative proposition to mainstream
economics, the economic man is substituted by what he calls the Political Economic Person and the profit-maximising firm by, in turn, what he calls a Political Economic Organisation (Söderbaum 2007). Contrary to what some may suggest, this new approach does not concern the production of some sort of New Man or New Firm, but simply the assumption that, in reality, individuals and firms do not necessarily behave according to what the mainstream paradigm postulates. This proposition is not about building something new and perhaps artificial from scratch, therefore, but about reinterpreting the motivations that govern economic decisions by real individuals and real firms.

In the approach proposed by Söderbaum, therefore, instead of just optimising utility, individuals also incorporate in their decision-making processes rule-following, conscious choice and appropriateness, meaning that individuals not only search for what is good for them but also what is right in general; firms, in their turn, instead of just maximising profits and satisfying shareholders’ objectives, also introduce into their respective process of decision-making multidimensional impacts, rule-following, mission statements and a complex of common and conflicting interests between stakeholder categories, which means that firms also express social responsibility (Söderbaum 2007: 31-32). Regarding the process of decision-making, Söderbaum likewise makes a stand for Positional Analysis. According to him positional thinking consists in thinking in two or more steps where decision trees can be used, and aspects such as inertia and irreversibility illuminated. In this approach a decision is normally regarded as a first step leading to new positions, with new options, which differ qualitatively from previous positions, much like the way a game of chess develops (Söderbaum 2007: 42-43). Contrary to the traditional process based solely on expert advice, this kind of decision-making process demands consultation and debate, and therefore democracy.

7 - Conclusion

In mainstream thought, economic phenomena seem to be brooding over our heads like the great mysteries of nature. Economic bulletins strangely resemble weather forecasts, commodity prices float as temperatures, and unemployment suffers from seasonality. Within this framework people are put in the position of a powerless spectator attending the dazzling show nature is performing. This sort of economics is not at the service of the people; on the contrary, it seems to subjugate them.

Indeed, mainstream economics does not aim at full employment. On the contrary a certain level of unemployment happens to be quite useful to achieve objectives that are ranked higher in its vade mecum such as stable prices. Economics aims at producing goods and services in order to satisfy viable demand regardless of excluding people who do not have the capability to pay from access to those human rights that are secured through the consumption of these same goods and services. Economics does not promote cultural freedom because it takes some cultures as inferior and as obstacles to the expression of economic rationality. Economics considers itself above political debate and, thus, contributes to the erosion of the democratic idea.

An approach to economics favourable to human rights must therefore incorporate into its rationale many of what until now have been considered unwelcome constraints by
mainstream thought. Indeed, economics, besides being an instrument of efficiently allocating scarce resources to alternative uses, must also confer dignity to all individuals through a meaningful and socially useful activity and a decent income as counterpart to this, promote security *lato sensu* in a cohesive society, foster cultural freedom while respecting individual autonomy, place democracy at the heart of the process of major economic decision-making, and encourage fraternity amongst peoples, free of hegemonic designs and committed to respecting difference. This purpose is costly and many worry about the possibility of this cost being an unsupportable burden for the economy, of securing human rights ending up being detrimental to more important goals such as gaining competitiveness within the global economy.

If it is impossible to respect human rights principles in a given set of economic rules, one should not necessarily give up on human rights, but rather enrich the system and change its rules. The construction of a new human rights-based political economy is only at the foundation stage and, therefore, many of the suggestions included in this essay constitute an agenda for further research rather than some sort of ready-made operating instructions for a better world. Let us conclude this essay with a citation that expresses the essence of a human rights-based political economics.

In his extraordinary work, *Essay on the Gift*, the renowned French anthropologist Marcel Mauss, makes use of King Arthur’s legend to propose an interesting metaphor sustaining the need for society to encompass social solidarity. This legend tells us how, out of envy, in stupid skirmishes, duels and murders, the finest feasts of King Arthur's court were stained in blood. Then the King, with the help of a Cornish carpenter, invented that miracle of his court, the Round Table, around which sixteen hundred and more knights could be seated and from which none would be excluded. From that day on, knights did not fight any more and joyful and invincible became King Arthur’s noble company. Mauss concludes his metaphorical narration by declaring that:

> That is how nations are still made today, strong and rich, happy and good. Peoples, classes, families, individuals, can grow rich, but they will only be happy when they know how to sit, like knights, around their commonwealth (Mauss 1983: 279).
References


