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Crises and opportunities in changing times: The African dimension

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We all have our favorite crises. There are crises of values, pandemics, population growth, economic chaos, energy paradigm change, financial speculation, gaps in education, cultural pasteurization, poverty prevalent in the world, hunger, and lack of access to such prosaic a luxury as clean water. The issue is not to choose which crisis seems to be more threatening. The real threat comes from an impressive convergence of critical tendencies, the synergy of behaviors that may be understandable, but are certainly irresponsible, and frequently criminal, and which are destroying our fragile spaceship.

In recent decades we have closed the statistical horizon of the planet. Despite never-ending interpretations in detail, we know overall what is happening. And the image that emerges is simply tragic. Initially it was seen in fragments. In Rio de Janeiro, in 1992, we realized what was happening with the environment; in Vienna, with human rights; in Cairo, with population growth; in Beijing, with families; in Istanbul, with urbanization; in Copenhagen 1996, the social situation of the planet, and now we have seen, again in

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Copenhagen, the challenges of global warming. Today, even without planetary gatherings, we realize, from reports that cover areas from extinction of species to acidification of the oceans and the disappearance of rare metals, which we now face systemic challenges, where simple arrangements in the way we organize what we can call the overall management of society are not up to the task. Another world is possible, but most of all another management is necessary. The challenges are simply vital, in the most direct meaning of the word.

Africa with the world's highest extreme poverty rate (around 50%) despite its rich natural resources reflects these global trends. A growing interdependence brought about by globalization makes every crisis intertwined. Africa has become one of regions with the greatest potential for economic growth. It has a high rate of growth and is projected to have the youngest population1. In 2008, Africa's GDP growth rate reached its highest peak — 5.8% — since 1974. Sub-Saharan Africa's exports registered a 29.7 percent rise, from \$319.0 billion in 2007 to \$413.7 billion in 2008; imports rose by 21.8 %, from \$305.3 billion to \$372.1 billion over the same period. However, the fact that in two thirds of SSA countries, one or two products are responsible for at least 75 percent of the country's total exports is revealing of the commodities driven character of this growth[2].

A number of analysts3 point to a new scramble for African resources — oil, mineral and biological — and African markets. A scramble that threatens local livelihoods and provokes major environmental impact. Against this impressive growth, the data available for the period between 2001 and 2005 indicates that Gini index for most SSA countries was above 38%, with Lesotho, Liberia and Zambia registering figures above 50%4. Human Development Index shows that 26 SSA countries belong to the low human development group, 19 SSA countries to medium group, and only two — Seychelles and Mauritius — to the higher group5. What is happening in Africa is sending us a signal. And we should all assume our share of responsibility for that.

We are all adverse to catastrophism. We do not want to look like prophets of doom who only paint a bleak future. The Club of Rome went some way toward turning us against alerts that seemed premature. Today we are starting to evaluate the realism of these predictions in a more rational way.

We do also worry about keeping our feet on the ground, maybe not in our social dreams which may be infinite, but at least in our proposals. This realism has to be qualified. Today, with the intensity of the threats to the planet, this view tends to change. Our task, in this sense, is to define the horizons of systemic results we have to achieve, not any longer as a dream for the "possible world," but as an imperative for what is absolutely necessary. Armed with these systemic results, we will contribute to define strategies, proposals and agendas.

There is no doubt that we are all tired of seeing proposals rejected or postponed, analyses being diluted due to supposed (and often well founded) scientific doubts, and the planet rocked in the cover-up so well qualified as business as usual. What is taking us away from business as usual, and transforming the crises into opportunities, is the fact that the crises affect a multitude of people and are becoming clearly evident. As the good human race we are, we are reacting in a realistic way; in other words, we are reacting, not when the water was around our ankles, but now that it is reaching our necks.

The intended exercise in this text is to pinpoint the main areas of change and possible convergence of action plans. What we have ahead of us is an immense planetary task of drawing our efforts together, improving our knowledge of the challenges, and organizing an effective wide ranging scientific communication network, with the aim of generating a critical mass of knowledge for a variety of stakeholders. Paulo Freire defined our task well: we are peddlers of the obvious. He used to say this in a humorous way, because good humor is part of the process. We want to stop killing ourselves from overwork in building useless things and destroying the planet.

We made use of varied documents, contributions from numerous researchers, because our effort consists essentially in systematizing key points, to make joining forces easier.

The size of the challenges

Here we shall focus on what seem to be four main trends that threaten us. We have to save the planet, to reduce inequalities, to ensure access to decent jobs and to correct production priorities. Too big a challenge? We are not concerned in reducing our fall from the 20th to the 15th floor. We are concerned with not destroying ourselves.

The sum of macro-tendencies during the historic period from 1750 until the present day shows the coming together of areas traditionally studied separately, such as demography, climate, automobile production, paper consumption, water contamination, extinction of ocean life and others. The synergy of the process becomes obvious, as does the size of the environmental challenges. 1 The New Scientist comment regarding macro-tendencies focuses directly on our own concept of economic growth: “Science tells us that if we are serious about saving the Earth, we must reshape our economy. This, of course, is economic heresy. Growth to most economists is as essential as the air we breathe: it is, they claim, the only force capable of lifting the poor out of poverty, feeding the world’s growing population, meeting the costs of rising public spending and stimulating technological development — not to mention funding increasingly expensive lifestyles. They see no limits to growth, ever. In recent weeks it has become clear just how terrified governments are of anything that threatens growth, as they pour billions of public money into a failing financial system. Amid the confusion, any challenge to the growth dogma needs to be looked at very carefully. This one is built on a long standing question: how do we square Earth’s finite resources with the fact that as the economy grows, the amount of natural resources needed to sustain that activity must grow too? It has taken all of human history for the economy to reach its current size. On current form, it will take just two decades to double.”[6]

The convergence of tensions generated for the planet becomes evident. We cannot congratulate ourselves anymore for the increased fishing catches when we are extinguishing life in the oceans or when the increase in crop production is eliminating the aquifers and contaminating the planet's fresh water resources. Not to speak of automobile production and the expansion of other production chains which generate climate change. The solutions have to be systemic. This broader view can — and it is only a possibility — trigger profound changes as we raise the overall level of awareness of the challenges.

The dilemma is clear: what development do we want? And for this development, what kind of State and regulatory mechanisms will be necessary? There is no way to minimize the size of the challenges. With 7 billion inhabitants — and 75 million extra per year — who adopt a steadily expanding level of consumption and utilize more and more powerful technology, our planet shows all its vulnerability. And we, our irresponsibility or helplessness.

The current scramble for Africa's raw materials between the Western countries and emerging economies demonstrates how dominant models of unsustainable development promote the depletion of the planets' natural resources for the sake of an abstract notion of GDP growth and to sustain the rich lifestyles of the foreign and local elites. The present mode of production puts energy resources at the center of productive activities and makes them a crucial element in the dominant models of exponential growth.

Africa is rich in natural resources. It holds 18% of the world's recoverable uranium resources (15), 30% of the planet's known mineral reserves, including gold (40%), cobalt (60%), and platinum (90%) as well as diamonds, manganese, chromium, copper, nickel, bauxite and other minerals. Oil industries are at the heart of the "scramble" attracting foreign companies from the United States, EU, and increasingly from China and other emerging economies. It is estimated that Africa holds 7% of the world's proven oil resources and produces 11% of current supply7. The fast growing Chinese presence on the continent has therefore provoked concerns by many. China operating through its state-owned or publicly listed corporations such as CNPC, CNOOC and Sinopec in Sudan, Angola, Nigeria, Algeria and Gabon (with growing interest in Central African Republic, Chad and Libya) is now importing one third of its crude oil from Africa. It became the 2nd trading partner of the continent. China accounts for 50-60% of oil exports from Sudan and 25% — from Angola[8].

The story with the minerals extraction follows similar pattern. A dramatic increase in minerals prices over the period between 2002 and 2006 was accompanied with a four-fold increase in minerals investments exploration, with China making significant investments in copper mining in Zambia, and copper and cobalt in DRC[9]. Forests are another type of African natural resource that has come under stress. The growth of industrial fishing by foreign companies, sometimes illegal or under- regulated, creates further threats to local communities[10]. While large scale industrial agribusiness expansion has constantly been brought to the public attention as threatening the interests of local farmers in terms of access to land, probably a less known aspect of the story is the danger to genetic resources stemming from bio-piracy. FAO noted that perhaps the main danger to genetic diversity was represented by "the marginalization of traditional production systems and the associated local breeds, driven mainly by the rapid spread of intensive livestock production, often large- scale and utilizing a narrow range of breeds."[11]

The scandal of inequality

The economic expansion of recent decades has been fed on the earnings from productivity that new technologies have brought about. The distribution has been radically unbalanced. It is not the place here to study this process, but it is important to remember that the concentration of income on the planet is reaching absolutely obscene limits[12].

The image of the champaign glass is extremely expressive in representing the distribution of income because it shows who gets what of the overall content, and in general people are not aware of how critical the drama is. The richest 20% get 82.7% of the income. The poorest two thirds have access to only 6%. In 1960, the income earned by the richest 20% was 70 times the equivalent of the poorest 20%; in 1989 it was 140 times more. The top one per cent of the world's adults, according to the United Nations University, own 40 per cent of the world's wealth[13].

The concentration of income is absolutely scandalous and forces us to face the ethical question of justice, and social and economic drama of billions of people who could not only be living better, but also contributing to sustainable development. There will be no stability on this planet while the economy is organized around the interests of one third of the world's population.

This unjust concentration is not due only to financial speculation, but its contribution is significant and, above all, it is absurd to divert the capital from obvious planetary priorities. The Economist brings strong figures concerning economic growth, generated essentially by technological progress in the production area, but appropriated by the so called "financial services industry": "The financial-services industry is condemned to suffer a horrible contraction. In America the industry's share of total corporate profits climbed from 10% in the early 1980s to 40% at its peak in 2007."[14]

A clear gap is generated between those who generate technological innovations with the potential of producing socially useful goods and services — the engineers of the process, so to speak — and the financial intermediaries who take over the surplus and limit the options to short term profit maximization. The engineers of the process create important technological advances, but their use and commercialization are handled by financial, marketing and legal departments which dominate companies and take over their final destination. It is a system which has generated a deep divide between those who contribute to new potentials and those who take over the surplus.

When putting both trends together, the one from New Scientist concerning historic megatrends and the "champaign glass" from the Human Development Report, we reach a very obvious conclusion: we are destroying the planet for the benefit of one third of the world's population. This is the basic reference which guides our future actions: revert the march of the destruction of the planet and reduce accumulated inequality.

It is important to remember that our main instrument to measure progress, Gross Domestic Product (GDP), measures neither one nor the other. It does not take into account the planet's natural capital reduction, and in reality only shows us the national average intensity of the use of the production machine, not what is produced, for whom and at what costs. And the main motivator of private investments, profit, acts against both: it has everything to gain from the maximum extraction of natural resources and externalizing pollution costs, and has nothing to gain from producing for those who do not have money to spend. The fantastic possibilities that new technologies open to us are simply wasted.

The challenge of access to decent jobs

Inequality and sustainability are directly linked to the imbalances. Manpower, our immense unused production capacity, looks more like a problem than an opportunity. In the present form of use of production factors and technologies, the productive inclusion is an exception. As a whole, a huge mass of people in Sub-Saharan Africa's non-agricultural labour force are classified under the vague concept of "informal sector," measured at 78% of the economically active population. The figures range from 48% in North Africa to 51% in Latin America and the Caribbean and to 65% in Asia."[15]

The essential fact for us is that the present model under-utilizes a huge share of the continent's production capacity. And to imagine that the growth centered in multinational companies, huge plantations of agribusiness or even in a hypothetical increase of public jobs, will allow it to absorb this manpower is not realistic. As a matter of fact, current expansion of investments in minerals extracting industries often failed to create enough jobs. Guinea, for example, was unable to persuade foreign companies to process bauxite into aluminum on its territory[16]. At the same time, cheap goods imported from China created a major competition for African textile producers.

Another example is agricultural policies excluding small farmers from the decision process and affecting their lives, ownership of land, and employment situation. According to the FAO estimates, out of the four billion of the classified poor and hungry, 50 per cent are small holder farmers, 20 per cent are rural landless, 10 per cent depend on herding, fishing and forestry, and only the remaining 20 per cent are urban. The size of the African agricultural sector is huge with 70% of Africans working in agriculture and providing from 50% to 70% of Africa's GDP[17].

To evolve to alternatives becomes absolutely necessary. In this way, the inequality drama seen above does not only constitute a problem of fair distribution of income and wealth: it also involves the productive inclusion of the majority of the population that is unemployed, under-employed or trapped in different types of informal activities. The ILO proposals concerning decent jobs, the World Bank concerns about the 4 billion that are excluded from the "benefits of globalization," and the numerous initiatives centered on local development belong to the same drama: economic growth that leaves a huge part of the population out of the process is not sustainable. We are talking about almost two thirds of the world's population to whom we block the access to finance, technologies, and the right of each individual to provide for his family.

Deforming Priorities

A trend, outlined in the Human Development Report 1998, represents the deformation of priorities of the use of our production capacity. The reading is simple: we cannot obtain the supplementary 6 billion to universalize basic education, but we can obtain 8 billion for cosmetics in the USA, and so on. The values are low because they are in dollars which were worth more at the time, but the contrast is evident. The 780 billion dollars spent on the military already added up to 1.5 trillion in 2008. And if we think about the trillions of dollars of public resources transferred during the 2008 financial crisis, we will have a real idea of the absurd disregard for human and environmental priorities.

In reality, what needs to be expanded in the world today are basic services for the billions who barely survive, much more than diversified and fancy consumer goods. Some things should be accessible to everyone.

The World Bank data shows that in Central African Republic there are 91 children per primary school teacher. In 2004-2006, Democratic Republic of Congo had 75% of population below the minimum dietary energy consumption. In Burundi, 38.9 percent of children under the age of five are underweight. In Sierra Leone 155 out of 1,000 children die before the age of one; the figure is 272 for the children before the age of five. In Somalia, only 29 percent of the population has access to a safe source of water[18].

The planet produces almost a kilo of grain per day per inhabitant and still we have more than one billion people going hungry. The ten million children who die of hunger, no access to clean water and other absurd causes constitutes an unbearable scandal. But from the private investment point of view, solving essential problems generates no profits, and the orientation of our production capacity is radically deformed.

In terms of economic, social and environmental megatrends, we are drifting.

Restoring public management capacity

In the discussion of another world which we hope is possible, we have to evolve more towards the "how to" questions, the corresponding management mechanisms, the discovery of breaches that exist in the system, the opportunities for transformation. The world will not stop at a given time to start working in another way. It is up to us to introduce or reinforce the trends of change. Analysis of the decision making process and the search for instruments of change have become vital.

What emerges as the central line of thought, therefore, is the inadequacy of the decision making processes in various critical situations we have to face. Confronting the planetary environmental challenge demands collaborative processes and the building of negotiated agreements for the common good, or at least to avoid the common disaster. Interrupting the inequality cycle implies the displacement of the traditional vision that attracts investments to where the purchasing power is located, and therefore involves a radical change of the so called corporate governance, far beyond the present social responsibility cosmetics. Organizing productive inclusion of almost two thirds of the excluded population involves another logic for jobs, multiple and differentiated forms of insertion in the production of goods and services. Rescuing real priorities of the planet and humanity involves a more significant participation from the State, which with all its weaknesses, still constitutes the best instrument to coordinate the social efforts we make. But we need a State acting more as a regulator of society's collective efforts. We have to rescue the systemic and long term vision, and the corresponding planning mechanisms. We are, in reality, talking about the creation of another political culture19. Naturally, we all feel small when faced with changing processes of this magnitude. And we might think that setting such high challenges is not realistic. The fact is that no one is asking us if we want or not to face up to such tasks. Other forms of management are inevitable; the only realistic question is if we want to pay the small price now or a much higher one in the future.

A stronger and more democratic State

Criticisms concerning the size of the public sector usually result from ideological bias and little knowledge of reality. In the words of a director from ENA, improving the productivity of the public sector constitutes the best way to improve the systemic productivity of the society as a whole. The 2005 United Nations World Report on the Public Sector, shows the evolution that occurred from the traditional vision of "public administration" based on obedience, strict controls and concept of "authorities," transiting through a phase where we appeared to have a more entrepreneurial form of administration, in the line of "public management" which, for example, gave us the concept of "city manager" in place of the mayor; and now the emerging modern viewpoint the report calls "responsive governance."

This last form of organization implies that in public realms good management is obtained through intelligent and balanced articulation of the group of players interested in development, the so called "stakeholders." It is a type of management looking to "respond" to the different interests in society. It is centered on widely participatory systems, and in any case, more democratic, in the line of "participatory governance."

The evolution from traditional Public Administration to New Public Management was based on a private management view, supposing it would be more efficient. The more recent evolution towards Responsive Governance is based on a more public proposal, where the managers listen more to citizens, and where the citizens' participation, through more democratic processes, is what ensures that administrators will be more efficient since they are more tuned in to what is expected of them. It is the difference between the authoritarian efficiency coming from above and the democratic efficiency of bottom-up decision making. The efficiency is measured not only by the results, but also by the process.

The new emerging model is essentially centered on a more democratic vision, with direct participation of the stakeholders, more transparency, with a clear opening for new information and communication technologies, and organized solutions to ensure interactivity between government and citizens. The vision involves “more sophisticated knowledge of management systems,” with an important role for the use of new information and communication technologies.

Authoritarian visions, and also the pseudo-modernization that places a manager where we had a politician, resulting in a superficial cosmetic change is no longer acceptable change. The failures to introduce the latter are quite obvious in Africa. As pointed out by Obi, “the other less obvious dimension of the securitization of the West Africa’s oil lies in the hegemonic project of promoting efficient managerial states — under the rubric of democracy and good governance — supportive of US capital and geopolitical interests in the region.”[20]

The newly suggested responsive governance model, on the other hand, is a positive evolution, pointing at a real problem solving capacity through the necessary pacts with civil society. This systematization of world trends gives more credibility to those who fight for the re-appropriation of policies by citizens at the base end of society, instead of the substitution of one authoritarian solution for another. The Rational Allocation of Resources

The allocation of resources

is made through intermediaries, whether government, banks, insurance companies, pension funds, health plans or the planetary giants we call institutional investors. All of these institutions capture funds under varied justifications. But they are intermediaries, which mean they should allocate the resources to end activities.

The government, a key intermediary, allocates resources according to a budget discussed in parliament and approved by law. Important fact: the government has to guarantee the funding it will spend. The fiscal policy (treasury) and the expenditures (planning) have to be aligned to the budget. In the planet as a whole, the governments are the largest resource managers, and the richer the country, the stronger the government’s participation in this arbitration.

There is a strict correlation between the level of development and the participation of the public sector. In countries with low income, the portion of the GDP that falls under central government control is 17.7% increasing progressively as we reach the high income countries[21].

It should be noted that in the table above, only central government expenditures are included; total public expenditures are much greater. Whereas the public spending of Sub-Saharan Africa stood at an average of 24.8% in 2008 (projected to rise to 27.4% in 2009)22, in Sweden, which no one accuses of being poorly managed, it is 66%. At the same time, UNCTAD points out that the public sector remains the main source of financing for infrastructure projects in developing countries, reaching up to 70% of infrastructure finance compared to 20-25 % of finance from the private sector and 5-10% — from ODA[23].

Therefore, no matter which policy will be adopted, it is essential to ensure the quality of allocation of resources by the largest stakeholder, the government. This correlation between the country's prosperity level and the participation of the public sector is not a mystery; in simple terms, the world is changing. In the past, we were made up of dispersed rural populations, and the families solved most of their problems individually, with water available from the well and the trash dumped in the bush.

The social policies are becoming a powerful factor of social restructuring, through its capillary characteristic (health has to reach every person) and its labor intensity. They are areas in which, with the exception of the high income niches, the public sector simply is more performant, frequently associated with civil society organizations. These are usually linked to social policy sectors, and are building a new nongovernmental public sector. The social economy and its variations occupy a growing place in the whole of economic activities, and contribute strongly to the expansion of the public sector.

A third line of social transformation is the growing knowledge intensity of all activities. Today almost all activities involve a high input of technology, of the most varied types of knowledge, and of the so-called "intangibles." The natural tendency is for knowledge to become a public domain (creative commons) because of the dissemination conveniences that modern technology allows and because of the understanding, which gradually penetrates society that knowledge multiplies better when shared. Knowledge is a product whose consumption does not reduce how much we have of it, on the contrary.

These are megatrends that transform society and that demand more diversified, decentralized and flexible management systems from us. We are evolving towards a network society, with densely interactive and collaborative systems. Alliances and partnerships between various levels of territorial organizations are becoming generalized. Urbanization leads to an accelerated expansion of the local management capacity, where communities are taking control over their own development. Social policies generate participatory management. Knowledge society leads us to networking and collaborative processes, however strong the resistance (copyrights, patents etc.) may be.

What is happening in reality is a generalized future shock, and the fall of the Berlin wall as well as the irresponsible swindling on Wall Street only managed to arouse, and not only on the left, the understanding that changes need to be systemic.

The role of the State appears to be central, inclusively in the face of the global critical trends. Given the extreme fragility of planetary governance instruments, the strategic instrument to build new regulatory systems will pass through national policies much more than global ones. The State will thus have a stronger role both in national regulation and in the redefinition of the rules of the game between nations. One significant example of how governments of developing countries can become the main advocate for their interests is the agreement reached by African countries that there should be no patents on life. It was first communicated to WTO ministerial meeting in Seattle in 1999 and was integrated into the Model Law on Rights of Local Communities, Farmers, Breeders, and Access of the African Union (2000), a working model for the African governments to adapt into legislation[24].

The potential of local management

Humanity has become predominantly urban with the passing of the millennium. This implies a different rationality in the decision making processes and in the institutions which govern us, for today any region has an urban center that can manage many of the development issues, and this includes the articulation with the rural surroundings. Cities have thus become a key actor in the integrated regional development and planning issues. Initially the sectoral view tended to dominate, with initiatives such as Healthy Cities, Educational Cities, City Agenda XXI and so on, but we are gradually evolving towards integrated initiatives. This is a key issue, for local authorities are the basic blocs with which we can build deeply embedded change. It is certainly not sufficient, but essential.

Local development allows for an effective empowerment of communities, and mobilization of these capacities is vital for a participatory development. With simple information systems on local quality of life, communities are redefining priorities. The time has long gone when we believed in “parachute” projects: development works when it is participatory, with a reasonable balance between the external fostering and the endogenous dimension of the process.

Rational allocation of resources demands an efficient evaluation of the end use of investments, which is more detailed and difficult a job than speculating on hedge funds. The credit agent at the local level, who knows his neighborhood, and also knows the needs and potentials of the region, in a way becomes a key factor of project efficiency. It is hard work, demands knowing the reality and the persons involved, with permanent follow up, but it is the only way to transform the savings of some into better production systems for all, through the so-called systemic productivity of the territory.

Experience in this area is enormous; take the example of the Grameen Bank in Bangladesh whose experience was successfully replicated elsewhere. In Africa, as the 2009 UNCTAD handbook on resource mobilization in this region notes, the provision of formal financial services outside main cities was considered very expensive due to the poor infrastructure coverage and low population densities[25].

The requirement of local investment of the population’s savings, with wider ranging compensation rules between rich and poor regions through public networks, should allow for finance both to micro and to small companies, such as civil society organizations committed socially and environmentally, and also local and regional public investments in sanitation, urban maintenance and similar.

The government's various social programs, from cash transfer to social infrastructure development converge in their impact to boost local access to resources even in the poorest regions of the country. This vision, of supporting local development, simultaneously supports the anti-cyclical policy as well as the reduction of inequality, while promoting a more democratic decision process.

What is gradually showing on the political horizon — as a result in part of the 2008 financial crisis, but above all, due to the accumulation of critical unbalances — is a more decentralized State, more responsive to people's demands, more democratic in the decision making processes, more transparent in the information area, and one that plays the role of balancing interests of the varied agents of social transformation.

Lines of action

It is fashionable to say that state rule came down with the Berlin Wall and neo-liberalism with Wall Street. In reality, what we are seeing is the demise of the simplified visions of the social decision making process. The proposals or lines of action suggested below, have a common denominator: they have all been tried and are being applied in various regions of the world, sectors or different activity levels. They are initiatives that have been tested, and can become widespread policies, with the evident flexibility due to the diversity of situations in the world. We have no illusions as to the distance between our political realities and the ambition of the measures we advocate. But it seemed essential, in every way, to set the necessary measures down in an organized way, because having a clearer north helps to create new planetary governance. They are not listed in any particular order, for most of them have simultaneous implications for several others[26].

— Rescue the public dimension of the State. How can we have regulatory mechanisms that work if our politicians are elected with the money of the corporations they are supposed to regulate? The agencies that evaluate risks are paid by those who create the risk? If those responsible for a central bank come from the companies that need to be regulated and then return to get their jobs back? One of the clearest proposals of the current crisis and one that we find mentioned in almost the entire political spectrum is the need to reduce the capacity of the corporations to dictate the rules of the game. The number of laws approved to reduce taxes on financial transactions, to reduce the regulations of Central Banks, to authorize banks to make all and any operations, added to the power of financial lobbies make the need to restore the regulatory power of the state evident and for that reason, the politicians should be elected by real people, and not by corporate entities that are a fiction in terms of human rights.

— Redesign our national accounting system. The national (and local) accounting system has to be centered on the objectives we are aiming for. The GDP indicates the intensity of the use of the productive apparatus, but does not indicate what is produced, for whom and at what cost to the stock of natural resources the planet has at its disposal. It counts as an increase to GDP: a natural disaster, the increase of disease, the restriction of access to free goods. The HDI was already a great progress, but we have to evolve to an integrated accounting of the effective results of our efforts, and particularly to the allocation of financial resources, ensuring a development that is not only economically viable, but also socially fair and environmentally sustainable. The methodologies exist, partially applied in several countries, sectors or researches. The expansion of the international indicators like the HDI, the generalization of national indicators like Calvert-Hendersen Quality of Life in the United States, the proposal of the Stiglitz/Sen/Fitoussi Commission, the GDH — Gross Domestic Happiness — all champion a reformulation of accounts. Recent meetings between the IMF Director General and African Finance Ministers revealed a will of the latter to not accept certain orthodoxy about calculating deficits and public spending.

— Guarantee basic income. Some things have to be accessible to everyone, it is that simple. Critical poverty is the biggest drama, as much because of the suffering it causes as for the links with the environmental drama, lack of access to information and knowledge, as well as the deformation of the production profile: business is not interested in the needs of those who do not have purchasing power.

The UN calculates it would cost 300 billion dollars (in 2000 value) to take 1 billion people who live on less than one dollar per day, out of the worst state of poverty. A ridiculously low cost when you consider the trillions transferred to financial groups during the financial crisis. The ethical benefit is immense, because it is a planetary scandal that 10 million children die every year of ridiculous causes; these children have nothing to do with our political and corporate infamy. In terms of political stability and general security, the impacts are obvious. It is the best financial investment we can imagine, and the experiences have already given us all the necessary know-how. The theory that the poor will sit back if they receive subsidies is simply denied by the facts: the poor do not lack initiative, they lack opportunities.

— Guarantee the right to make a living. Every person who wants to make a living to provide for his family has the right to work. In a planet where there is a world of things to be done, including rescuing the environment, it is absurd to keep so many people out of organized forms of production and income generation. We have the resources and the technical and organizational knowledge to ensure, in each village or city, access to a decent and socially useful job.

These are options where everyone wins: the municipality improves basic sanitation, housing, urban maintenance and food production in the “green belts.” The families can live in a decent way; and society becomes better structured and less tense. The costs of unemployment benefit are reduced. In the economic activity, besides the productive result, it is essential to think about the social restructuring involved, the creation of social capital. The industrial fishing in the oceans can be more productive in volume of catch, but the outcome is disastrous, both because of the diminishing stocks of life in the oceans, and of the hundreds of millions of people who lived from traditional fishing practice and are losing their means of subsistence. The dimension of the jobs creating impact of all economic initiatives has to become a central concern.

— Reduction of working hours. The under-utilization of the work force is a planetary problem, even if unequal in its scale. Regarding top jobs, people do not live well because of the excessive workloads. It is not a luxury demand: the number of suicides in companies where the race for efficiency has become inhuman is impressive. Professional stress is becoming a planetary illness and the issue regarding quality of life in the workspace is becoming central. The social redistribution of the workload has become a necessity. Resistance is understandable, but reality shows that with technological advances, the productive processes become less labor intensive, and reducing the working day is a question of time. We cannot have a minority in possession of extremely modern equipment and technology that carries out mass production for a mass of spectators, especially because it's about balancing salaries and consequently, demand, as well as ensuring a place for everyone. The reduction of the working day will not reduce the well-being or the wealth of the population, but will shift it to new sectors more centered on the use of free time, with more cultural and leisure activities. We do not necessarily need more cars or plastic; we need more quality of life.

— Promoting lifestyle change. On this planet of 7 billion inhabitants, with an annual increase in the order of 75 million, every policy also involves a change in individual behavior and consumption culture. Respecting environment regulations, moderating consumption, debt awareness, intelligent use of means of transportation, generalization of recycling processes, waste reduction — there is a wide range of initiatives in our daily life that involves a change in values and attitude when faced with economic, social and environmental challenges. As consumerism in rich countries as well as among the elites in developing countries has an impact on the livelihoods of the African poor, the role of the global media cannot be underestimated. This aspect of problem solving is essential and involves not only appropriate legislation, but above all effective participation from the media. In the face of the necessary efforts, it is not enough just to reduce the marketing assault which stimulates consumerism, it is necessary to rescue the informative dimensions of the means of communication. The scientific media has practically disappeared, the news follows the attraction and sensation of crime news, when what we fundamentally need is a population well informed about the real challenges we face. A big part of the change in individual behavior depends on public actions: people will not leave the car at home (or decide not to have one) if there is no public transportation; they will not recycle if there are no adequate collection systems. We need a public policy for changes in individual behavior.

— Rationalize the financial intermediation systems. The final allocation of financial resources is no longer organized according to end use and social needs, it has been reorganized according to the interests of the financial intermediaries themselves. Credit activity is always a public activity, it can be in the sphere of public institutions or the sphere of private banks, but they work with public money. This is why they are formally under control of a central bank, and they need an authorization since they make money with other people's money. The recent 2008 financial crisis clearly demonstrated the chaos generated by the lack of trustworthy regulatory mechanisms in the sector. In recent decades, we have jumped from one bubble to the next, from crisis to crisis, and governments have not had the will or the strength to update the regulatory system in order to ensure improved systemic productivity of our savings.

Africa has neither produced the crisis nor being affected by it in regulatory terms; yet it paid a high price for others' mistakes, because it does not have a say. While a more favorable balance of power is not generated at the global level, we need to promote improved national financial regulatory systems. Money allocation is not most productive where the intermediaries earn the most. It is a public resource, and we must generate regulations where the outcome for society is optimized. An example from Sierra Leone shows how a National Social Security and Investment Trust created in 2002 to serve both as a pension fund and as a source of funding for priority projects such as housing development is already providing financial security to over 100,000 people27. Resources must be made more accessible according to the greater social, economic and environmental results. Financial intermediation is a means, not an end.

— Taxation of speculative transactions. One of the suggestions most frequently made, is the taxation of speculative transactions. An old fashioned suggestion, proposed by James Tobin, was to tax for example every transaction at 0.20%, which would dramatically reduce profits for those who work with speculation. Speculation has been said to increase the fluidity in the market, when in reality it generates a herd movement that throws the prices of financial papers and commodities up and down and disorganizes any planning of production and investment. Besides reducing speculation, a second important effect of this type of tax is that all transactions will be registered, which would drastically reduce the huge numbers of illegal movements, in particular tax evasion, corporate and political corruption and the use of tax havens. It is a necessary measure; even if not sufficient, to reduce intermediation in transactions and the various types of activities (carry trade, etc.) that generate profits for middle men and costs for everyone else.

Special attention needs to be given to the pyramid of intermediaries which organize other intermediaries — with papers that represent rights over other papers — and have everything to gain from the maximization of flows, since their commissions and bonuses are linked to volatility and pro-cyclicality, with monumental volumes that take us, for example, to values in derivatives in the order of 863 trillion dollars in June 2008, 15 times the world's GDP. The speculative intermediation only generates speculative gains and insecurity, and also disorganizes the markets and economic policies[28].

— Reconsidering the logic of the tax systems. Tax policy is clearly one of the mains instruments we have to balance the whole system, above all because it can be promoted by democratic mechanisms. The key issue is not the reduction of taxes (the eternal "big government" scarecrow) but in the socially fair form of taxation and the productive allocation in social and environmental terms. The taxation of speculative transactions (national or international) should generate funds to finance a series of essential policies for social and environmental equilibrium. However, most African countries collect only a small share of available taxes with many of them demonstrating a tax ratio at the level of 5% of GDP (The exceptions are Botswana and the Congo with high tax revenue to GDP ratios — 39% and 31% in 2004 respectively)[29].

Taxation of the rich is currently essential to reduce the political power of economic dynasties (10% of the planet's families own 90% of the accumulated household assets on the planet)[30]. Inheritance tax is fundamental for more balanced opportunities between generations. Income tax should obtain more weight relative to indirect taxes, with progressivity which allow efficient income redistribution. The tax system needs to be reformulated in the anti-cyclical sense, privileging productive activities and penalizing speculations; in the social aspect by being highly progressive; and in the sense of environmental protection by taxing toxic or climate changing emissions, as well as the use of non-renewable natural resources[31]. At the same time, governance reform and greater trust in the government would contribute to collecting taxes from the middle class. On the other hand, recent research from Tanzania showed that a large majority of taxpayers were willing to pay more if the resources were efficiently used and clearly going towards improving basic public service provision in their area[32].

— Rethinking the budget logic. The redistribution power of the State is big, both through the policies it carries out — for example, health policies, leisure, sanitation and other social infrastructure which improve the level of collective consumption — and through those it can foster, like energy options, digital access and so on. The redistribution policy which involves policies relating to salaries, welfare, credit, prices and jobs is also fundamental.

The strong presence of corporations with political power constitutes one of the main obstacles to a more balanced allocation of resources. It is essential to ensure that all resource allocation proposals are analyzed with the triple economic, social and environmental focuses in mind. Relatively limited volumes of resources, when they are distributed to the bottom of the pyramid, are incomparably more productive, both in terms of reduction of critical situations and consequent increase in quality of life, and in boosting economic activities induced by the local demand.

The application of taxes over emissions — already ongoing in Sweden, Norway, Italy and other countries — is technically simple, and its generalized use forces private or industrial users to incorporate the real costs into their economic decisions, which are indirectly generated for the whole society, including future generations. Many attempts were rejected in the 1990s, but during a phase when awareness of the threats to the planet was not so widespread. Opportunistic politicians attack such attempts under the pretext of defending the consumers from the voracity of the State. In general, it is about protesting against public voracity to guarantee more private voracity. A progressive tax over emissions would more than likely have an impact on consumer behavior, the automobile industry, research on renewable energy and so forth, by making it economically interesting to search for alternatives and cost reductions.

— Access to knowledge and sustainable technologies. Effective participation of populations in the sustainable development processes involves keeping a wide ranging and free public access system for required information. The planetary online connectivity that new technologies allow can be made a highway for democracy, social balance and sustainability. The cost/benefit of generalized digital inclusion is simply unbeatable.

Communities with access to information are much more empowered, become responsible for their own development. The speed of expansion of this type of technology (ICT) even in the poorest regions has been noticed with the widespread use of mobile phones, of popular internet cafes. The African cellphone market is today the fastest growing in the world. The African telecommunications sector is one of few where indigenous capitalist participation has become significant, but it has also recently attracted attention of Indian telecommunication giants recognizing this dynamic.

The productive impact is immense for the small producers who begin to have direct access to various markets, both in terms of inputs and for their own products, escaping from the varied financial and commercial intermediation systems. Generalized digital inclusion is a powerful opening in the changing process which has today become indispensable. The world frequently forgets that 2 billion people still cook with firewood, in areas where there are significant innovations in the heating systems with the use of improved stoves.

— Democratize communication. Communication is one of the most dynamic areas in terms of its impact on social transformation. We are permanently surrounded by messages. Our children spend hours watching marketing campaigns. The communication industry, with its impressive national and international concentration of control, generated a global way of life industry, obsessive consumerism which in turn reinforces elitism, inequality, the waste of resources as a symbol of success. The integrated system permits the costs of media and marketing campaigns to be thrown in with the production costs of the products we are called upon to purchase, and we end up bombarded by a permanent idiotic chatter paid out of our pocket. More recently, corporations use this road to generate a positive image of themselves, as if they were green, nice and concerned persons. The electromagnetic spectrum these messages use is a natural, public asset, and access to public, free and intelligent information for the whole planet is simply on our doorstep. By gradually expanding the numerous alternative forms of communication that are popping up in so many ways, we can introduce a new culture, another vision of the world, a more diversified and less pasteurized culture, pluralism in place of religious, political or commercial fundamentalism.

The list of proposals and suggestions could of course grow and grow. The fact that most gives us hope, is the impressive multiplication of initiatives in the technological area, of the local management systems, of internet use to democratize knowledge, discovery of new less aggressive forms of production, and a more balanced access to resources. In this area Brazil has shown that to start building a more dignified life for the people below, for the forgotten two thirds of humanity, does not create a tragedy for the rich. In fact, in a balanced society, everyone will live better.

Further reading associated with this paper:

Africa Human Development Report 2009, UNDP

A New Scramble for Africa? Imperialism, Investment and Development, University of KwaZulu-Natal, 2009. Ed. by Roger Southall and Henning Melber

“A Special Report on the Future of Finance” in The Economist, January 24th, 2009

BIS Quarterly Review, December 2008, Naohiko Baba et al.

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Enhancing the Role of Domestic Financial Resources in Africa’s Development. A Policy Handbook, UNCTAD, 2009

Jackson, Tim, Suyuki, David, Marchant, Jo, Daly, Herman, Speth, Gus, Else, Liz, Simms, Andrew, George, Suzan, and Soper, Kate, “Special Report: Why our economy is killing the planet” in New Scientist, October 18, 2008

Held, David, and Nervey, Angus F., Democracy, climate change and global governance

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Regional Economic Outlook. Sub-Saharan Africa, IMF, October 2009

Schieber, George, Fleischer, Lisa, and Gottret, Pablo, Getting Real on Health Financing, Finance and Development, a International Monetary Fund publication, December 2006

Tandon, Nithi, “Land investments are wholesale sell-outs for women farmers” in Pambazuka News, 2010-06-03, Issue 484

The Inequality Predicament, United Nations, New York, 2005

The next 4 Billion, IFC, Washington, 2007

United Nations 1992 Human Development Report

United Nations 2005 Human Development Report.

Notes

[1] See, for example, the article by one of the portfolio managers of the JP Morgan Asset Management, Sonal Pandit (Le Temps, 31 May 2010).

[2] Data from the World Bank database.

[3] See a recent collective edition A New Scramble for Africa. Imperialism, Investment and Development, University of KwaZulu-Natal, 2009. Ed. by Roger Southall and Henning Melber.

[4] In case of some Sub-Saharan African countries the data is not available for the period 2001-2005. Data for the previous periods, however, available for a number of these countries points to even higher level of inequalities. See Africa Human Development Report 2009, UNDP.

[5] See Africa Human Development Report 2009, UNDP. HDI is a composite index that is believed to better reflect the well-being of the population in a specific country than the widely used GDP per capita. Sub-Saharan Africa's GDP per capita growth was 15 percent ($1,158.9 to $1,327.8) over the 1990s; in between 2000 and 2008 it was 54 percent ($1,372.9 to $2,113.9).

[6] New Scientist, October 18, 2008, p. 40; to access the chart on-line go to http://dowbor.org/ar/ns.doc; the complete dossier can be consulted at www.newscientist.com/opinion ; the support tables and primary sources can be seen at http://dowbor.org/ar/08_ns_overconsumption.pdf; contributed with the dossier: Tim Jackson, David Suzuki, Jo Marchant, Herman Daly, Gus Speth, Liz Else, Andrew Simms, Suzan George and Kate Soper.

[7] Roger Southall "Scrambling for Africa? Continuities and Discontinuities with Formal Imperialism" in A New Scramble for Africa? Imperialism, Investment and Development, University of KwaZulu-Natal, 2009, Ed. by R. Southall and H. Melber, p. 14-15. The publication further explains that analysts believe that the continent is poorly surveyed and might reveal further significant oil fields.

[8] Ibid., p. 14.

[9] Wilson Prichard, "The Mining Boom in Sub-Saharan Africa: Continuity, Change and Policy Implications" in A New Scramble for Africa? Imperialism, Investment and Development, University of KwaZulu-Natal, 2009, Ed. by R. Southall and H. Melber, p. 250.

[10] Roger Southall "Scrambling for Africa? Continuities and Discontinuities with Formal Imperialism" in A New Scramble for Africa? Imperialism, Investment and Development, University of KwaZulu-Natal, 2009, Ed. by R. Southall and H. Melber, p. 17.

[11] Cited in Carol Thompson, "The Scramble for Genetic Resources" in A New Scramble for Africa? Imperialism, Investment and Development, University of KwaZulu-Natal, 2009. Ed. by R. Southall and H. Melber, p. 308-309.

[12] There is immense literature on the subject. The chart attached, known as the "Champaign glass" is from the United Nations 1992 Human Development Report; for an update in 2005, see Human Development Report 2005, p.37. The Champaign glass only narrowed the bottleneck, there were no significant changes. An excellent analysis of the recent aggravation of these numbers can be found in the Report on the World Social Situation 2005, The Inequality Predicament, United Nations, New York 2005; The World Bank document, The Next 4 Billion, estimates that 4 billion people do not have access to what is qualifies as "the benefits of globalization" — IFC. The next 4 Billion, Washington, 2007; we are talking about two thirds of the world population.

[13] James Davies, Susanna Sandstrom, Anthony Shorrocks, and Edward Wolff, The World Distribution of Household Wealth, UNU-WIDER, 2007.

[14] "A Special Report on the Future of Finance" in The Economist, January 24th 2009, p. 20.

[15] UN — The Inequality Predicament, New York, 2005, p. 30.

[16] Wilson Prichard, "The Mining Boom in Sub-Saharan Africa: Continuity, Change and Policy Implications" in A New Scramble for Africa? Imperialism, Investment and Development, University of KwaZulu-Natal, 2009, Ed. by R. Southall and H. Melber, p. 261.

[17] Nithi Tandon, "Land investments are wholesale sell-outs for women farmers" in Pambazuka News, 2010-06-03, Issue 484.

[18] The World Bank Statistics on Africa.

[19] An important contribution to this discussion can be found in the paper by David Held and Angus F. Nervey, Democracy, climate change and global governance — November 2009, www.policy-network.net

[20] Cyril I. Obi, "Scrambling for Oil in West Africa" in A New Scramble for Africa? Imperialism, Investment and Development, University of KwaZulu-Natal, 2009, Ed. by R. Southall and H. Melber, p. 195-205.

[21] Schieber,George; Lisa Fleisher and Pablo Gottret — Getting Real on Health Financing, Finance and Development, a International Monetary Fund publication, December 2006, quoting Gupta, Sanjeev http://www.imf.org/ external/ pubs/ ft/ fandd/ 2006/ 12/ schieber.htm

[22] Regional Economic Outlook. Sub-Saharan Africa, IMF, October 2009.

[23] Enhancing the Role of Domestic Financial Resources in Africa's Development. A Policy Handbook, UNCTAD, 2009, p. 49.

[24] Carol Thompson, "The Scramble for Genetic Resources" in A New Scramble for Africa? Imperialism, Investment and Development, University of KwaZulu-Natal, 2009. Ed. by R. Southall and H. Melber, p. 318-319.

[25] Enhancing the Role of Domestic Financial Resources in Africa's Development. A Policy Handbook, UNCTAD, 2009, p. 18-19.

[26] Lester Brown, in his Plan B 4.0, studies measures "based not on what is conventionally believed to be politically feasible but on what we think is needed." — Norton and Cy., New York, 2009, p. 111.

[27] Enhancing the Role of Domestic Financial Resources in Africa's Development. A Policy Handbook, UNCTAD, 2009, p. 25.

[28] BIS Quarterly Review, December 2008, Naohiko Baba et al., www.bis.org/publ/qtrpdf/r_qt0812b.pdf p. 26: "In November, the BIS released the latest statistics based on positions as of end-june 2008 in the global over-the-counter (OTC) derivatives markets. The notional amounts outstanding of OTC derivatives continued to expand in the first half of 2008. Notional amounts of all types of OTC contracts stood at $863 trillion at the end of June, 21% higher than six months before." 863 trillion dollars worth of derivatives are emitted, compared to a global GDP of 60 trillion.

[29] Enhancing the Role of Domestic Financial Resources in Africa's Development. A Policy Handbook, UNCTAD, 2009, p. 10.

[30]WIDER — World Institute for Development Economic Research — http://www.policyinnovations.org/innovators/organizations/data/00620

[31] Susan George has a convincing illustration: a billionaire invests his money at a conservative return of 5% per year, thereby increasing his fortune by 137 thousand dollars each day, without contributing anything. Taxing this kind of return is not "increasing taxes"; it is correcting what is absurd.

[32] Enhancing the Role of Domestic Financial Resources in Africa's Development. A Policy Handbook, UNCTAD, 2009, p. 40, 56.