

Wanted: a new economy and a new social contract



The multiple crises facing the United States and the world are rooted in the prioritization of economic growth over human well-being. The consensus that current economic priorities and unsustainable consumption patterns are deeply flawed, unjust and *compromise the human rights and well-being of future generations in the United States and globally is growing*. The Occupy Wall Street movement has given voice to the growing number of Americans demanding a new social contract and a completely different approach to the economy.

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From the Arab Spring to the Occupy Wall Street movement, millions of the world's citizens are raising their voices to demand human rights, real democracy, dignity and a just economic order. Together they are finding ways to harness the forces of technology and globalization to communicate and advance the demands of the rapidly growing numbers of citizens marginalized by an economic model that has not and cannot prioritize their interests.

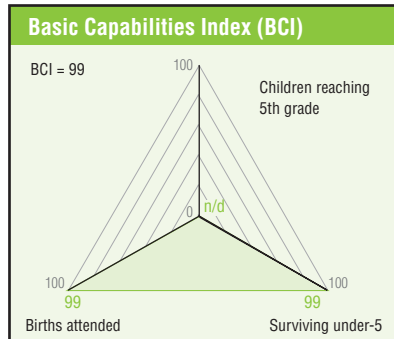
The human and community impacts of the 2008 crisis and its predicated economic policies are intensifying as access to the basic necessities of life exceed the grasp of more and more Americans. Deep poverty, the share of the population with incomes below half the poverty line, is on the rise in the United States. The number of people in deep poverty rose to 20.4 percent in 2010, up 25 percent or 4 million since 2007.¹

In what some are calling the "Lost Decade" in America², the 2010 U.S. Census portrays a chilling picture of the deteriorating fortunes of working families, children, youth, women, and minorities in the last ten years. In 2009, over one-third of black children (35.7%) and nearly one-third of Hispanic children (33.1%) were living in poverty. Families (with children) headed by single mothers hit 38.5% in 2009. Of the 6.6 million families living in poverty, 3.8 million of them were headed by a single mother. During that same period African American incomes dropped by 4.4% and an additional 3.7 million Americans slipped below the poverty line, as the poverty rate increased from 13.2% to 14.3%, the highest rate since 1994.³

1 See: <www.offthechartsblog.org/deep-poverty-on-the-rise>

2 Elise Gould and Heidi Shierholz, (Economic Policy Institute Economic Indicators Report, September 16, 2010).

3 U.S. Census Data, as reported by the Economic Policy Institute.

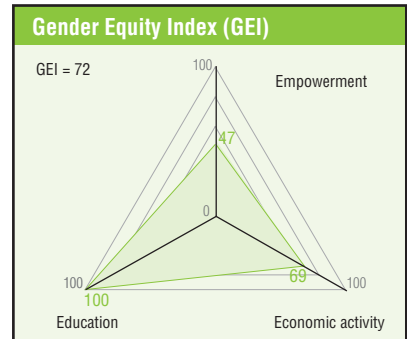


Access to Healthy Food at Home and Abroad in Focus

Access to nutritionally adequate food has emerged as a serious and growing problem in the United States. Agriculture and food policies have created what physicians call an "obesogenic" environment, in which much of the food available to consumers is simultaneously high in fat and calories and low in nutrition. Processed foods, meat, and dairy have become relatively cheaper than more nutritious fruits and vegetables, contributing to rising obesity rates and declining health among children and adults. The United States currently has the highest rate of obesity in the world, at 33%, closely followed by its NAFTA partner Mexico.

The overwhelming majority of farm supports encourage production of grain for processed foods, meat and biofuels, limiting consumers' choices. Prices for farmers have been volatile, and the number of small, but commercially viable farms has dropped by 40%, from half of total farms in 1982 to less than a third in 2007. Expenses have risen to offset higher sales revenues, and government payments have declined because some are triggered by lower prices. With the recession, off-farm income has declined dramatically, leaving family farm households worse off than they were earlier when crop prices were low.

There is a growing movement of food activists in the United States committed to sustainable local production and healthier foods. The 2008 Farm Bill expanded programs to encourage purchases of sustainably grown fruits and vegetables in school lunch programs. First Lady, Michelle Obama's focus on bringing awareness to the need for healthy foods and lifestyles has been a significant contribution.



At the international level, the Obama administration has continued its support programs to bolster food production, with special emphasis on women and smallholder farmers. Funding for the Feed the Future initiative as well as the Global Agriculture and Food Security Program (a trust fund administered by the World Bank) has continued to flow even with current budget constraints. The potential gains for small scale farmers and healthy food production in the US and around the world can only be maintained if the Administration's push to double U.S. exports breaks with the trade policies of the past.

The Debt Ceiling Debacle Ignored the Real Issues

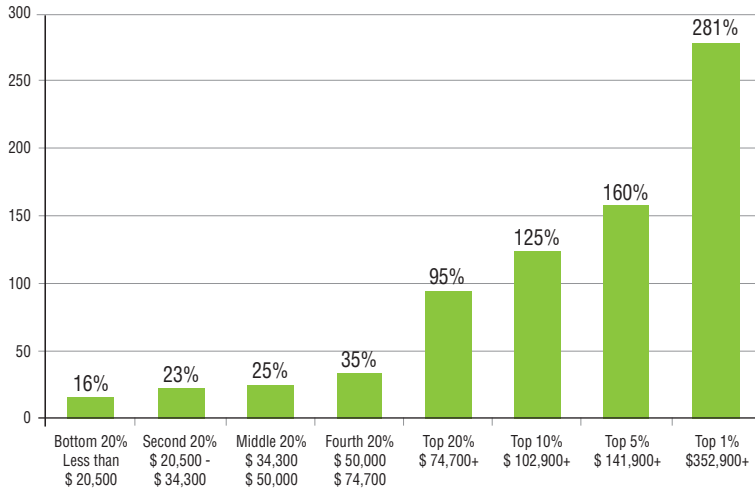
Until now, raising the debt ceiling has been a largely administrative policy matter. This year, congressional Republicans threats to push the country into default kicked off a protracted, partisan debate that kept America's Congressional gridlock on the global stage for months.

It should come as no surprise that with poverty and income inequality at historic levels and a debt debate that largely revolved around preserving the Bush-era tax cuts and dramatically cutting social spending that an unprecedented 84% of Americans disapprove of Congress' handling of the economy.

There is little doubt that without the American Recovery and Reinvestment Act of 2009 the recession would be even worse. Now, as states and communities reel from the most recent round of federal funding cuts to vital programs, a so-called Congressional "Super Committee" has been tasked with developing legislation that will recommend additional cuts in discretionary funding and direct spending by USD 1.5 trillion through 2021.

FIGURE 1

Increase in after-tax income by income group, 1979-2007 (in 2007 dollars)



Source: Congressional Budget Office, Average After-Tax Household Income, June, 2010 as compiled by www.inequality.org.

Getting Real About Social Protection and the Social Contract

A recent report found that 65.7 million Americans provide unpaid care to a family member; the majority of these care-givers are women (66.6%). Additionally, three-quarters of caregivers are employed in addition to their care-giving responsibilities. The value of these services is estimated at USD 375 billion a year. Despite these numbers, 47% of working caregivers report that they have had to use their savings to cover the high costs of care-giving.

The United States can and must move beyond the current shortsighted debate about so-called entitlement spending to embrace the reality that investing in children, communities, eldercare and healthcare are fundamental features of a modern democracy and strong, resilient economy. A recent International Labor Organization's (ILO) report, noted that ensuring basic social protections can be a powerful tool for ensuring sustainable growth, addressing poverty and mitigating the impact of the economic crisis. The report goes on to frame social

protection as both a human right and a human need. These rights' based approaches to economic development are likely to find resonance in the current environment.

Getting Serious About Sustainability

The primary goal of domestic and international economic and development policy must be to ensure must place human and community. Redesigning the economic model through this lens is an undertaking that has global, national and community dimensions. It requires, for example, rethinking the increased reliance by US-based companies on global supply chains that have profit maximization as their sole objective.

The inherent risk and potential for abuses of human rights and global ecosystems in global production chains has reignited interest in relocalization and other more sustainable business practices. The recent tragedy in Japan and the spike in oil prices of 2007-08 have prompted some reexamination of these trends among the business community. The time has long since passed for questioning whether the United States

and the world can afford the continuation of approaches that have profit maximization as their prime directive.

Interest in solidarity economy and responsible business movements, worker owned companies and cooperatives that bring high quality economically and ecologically sustainable living wage jobs to their communities is increasing. Cities like Cleveland and Detroit, hard hit by past, short-sighted trade policy and the recession are reinventing their economies by focusing on the express goal of building wealth, decent jobs and anchoring capital in the community. Others still, are exploring the benefits of community food security initiatives, community-owned banks and participatory budgeting. Fiscal and monetary policy measures that encourage these trends are needed in order to bring these efforts to scale.

Changing American consumption patterns is key to achieving sustainable development and addressing the devastating impacts of climate change domestically and globally. The United States is home to 5% of the world's population, yet it consumes 25% of the world's energy and is responsible for 22 % of the world's industrial carbon dioxide emissions, a leading cause of global warming. The daily consumption of 19,150,000 barrels of oil per day is more than all of Europe and twice that of China.

The United States has a unique responsibility and opportunity to make aggressive and affirmative efforts to pursue domestic and international policies that are geared toward the well-being of Americans and the rest of the human race.

Citizens Must Take Center Stage

The consensus that the current economic models are deeply flawed and act to deepen and reproduce harmful inequalities is growing. The Occupy Wall Street, domestic human rights and other citizens' movements have given voice to the growing number of Americans demanding a completely different approach to the economy and a new social contract.

The task of building and re-imagining a new economy is urgent and will not be achieved by mere tinkering around the edges of the failed model which created the current crisis. As long as citizens continue to demand and take their rightful place in the democratic and policy processes, America's best years can still be ahead of her. ■