

Dokumentation

Jenseits aller Grenzen. Ökonomie gegen Ökologie?

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Martina Neuwirth

Good evening ladies and gentlemen!

I'm really glad to see so many people here, especially young people! The issues that we want to talk about tonight are important ones and will define our future.

My name is Martina Neuwirth, I'm working at the VIDC (Vienna Institute for International Dialogue and Cooperation) on international finance and economy. I will moderate the discussion tonight.

As you can see, Ashish Kothari is unfortunately not with us tonight. He had to go back to India yesterday, because his father passed away. But even if we don't have Ashish here in person, he will be with us in a video that he has sent me, to enable us to hear his main visions and ideas.

We will start the lecture with Özlem Onaran, who came from London. Özlem will present her ideas of how to tackle the multiple crises that we are facing today. After Özlem's lecture, we'll show you parts of a video lecture that Ashish Kothari gave in 2013 at the Indian Institute for Human Settlement. Finally, there will be room for discussion, where you can comment on what has been said and can also ask questions.

A few words on the background of tonight's discussion:

I think we are living in very challenging times. The globalised economy of the 21st century, and the conditions that states have created for it, created increased inequalities. According to Oxfam, the 80 richest people in the world hold more wealth than the poorest half of the world's population - 3.5 billion people. These are the dimensions of inequality we are facing today! We will explore the role that states have played in that matter later today.

We are also living in times of an ecological crisis: Scientists warn us of irreversible climate changes and biodiversity losses. The negative consequences, of course, will affect poor people in so called development countries more than people in countries like Austria.

The main polluters are still Western industrialised countries, but the ecological footprint of emerging countries gets bigger and bigger – we will hear Ashish talk about this later on.

We are also facing a global economic and financial crisis. This crisis has been exacerbating inequalities and imbalances, as I said before, and has weakened the political will to serve the ecological crisis – so it's actually a trap that we are in at the moment.

In European countries, the financial basis of the middle classes, which are a traditional backbone of the state, is systematically eroded – not only by budget cuts, but also by job losses. According to recent studies, jobs will be created at the very top level of high qualified jobs and at the bottom level of low qualified jobs in the future. There will be less and less

jobs in the middle. At the same time, we are told that we have to face international competition, we have to compete with the Indians and the Chinese, and that if we don't do so, Europe is going to lack behind.

We will talk about all these crises today, but before we get depressive, we will talk about alternatives as well. And as you know, there exist already a wide range of ideas and concepts, like the concept of "buen vivir" ("the good life" – a concept that has been developed in Latin America), like the idea of a solidarity or a common based economy, the de-growth initiatives, the happiness indices etc. So there is a growing interest in alternatives and I think this is one of the reasons why you are all here, too.

Let me introduce Özlem shortly:

Özlem Onaran is a professor of workforce and economic development policy at the University of Greenwich since 2012. Before, she worked at the University of Westminster Middlesex University, the Vienna University of Economics and Business (WU), the University of applied sciences in Berlin, the Istanbul Technical University, the University of Massachusetts, and at the beginning of her career she also worked at the Yapi Kredi Bank in Istanbul. Her research focuses on the interaction of income distribution, demand, growth, the financial crisis, the effects of the financial crisis on distribution, the effects of international trade, the gender effects of international trade and economic crisis and the effects of globalization on the welfare states. She has published numerous articles in books and journals, just recently in the "Cambridge Journal of Economics", in "The World Development", "Public Choice", "The Economic Inquiry" and lots of others.

I also want to introduce Ashish Kothari, as he will do a presentation on video:

Ashish Kothari is a founder member of the environmental group "Kalpavriksh ". He has taught at the Indian Institute of Public Administration and he has coordinated India's National Biodiversity Strategy and Action Plan Process. He served on Greenpeace International and Greenpeace India boards, but he has also been an activist and has been very active with various people's movements. Apart from being an activist he is also an author. He has written over 30 books and articles. A recently published book that he has written with Aseem Shrivastava is "Churning the Earth: The making of global India ". A lot of the content of this book will be presented today, so I mention it. Currently he focuses on the concept of Radical Ecological Democracy, and he insists that radical doesn't mean radical in a, I don't know, "Kalifat" sense, but radical as transformation beginning at the roots. So he focuses on Radical Ecological Democracy as an alternative to economic globalisation.

Özlem Onaran

Thanks for the invitation. It's always a pleasure to be back in Vienna. And to be with so many young people interested in alternative policies is always very exciting for an economist, whose day to day job is very much confined by trying to communicate to very mainstream fellow economists. This talk



was actually prepared as a conversation with Ashish. I was seeing my role to put his perspective from the South into the global context. I'll try now to broaden that and involve a bit more of the Southern perspective, but hopefully Ashish's video will further enrich that part of the discussion.

Martina has already simplified my life by talking about multiple crises. This is where we have to think twice, in these days. Before the economic crisis, before the great recession, we were a lot more aware of the limits to our very fragile planet. The financial crisis and the great recession that followed, then the soaring debt crisis and the Euro crisis sort of postponed our thinking in that direction. But I want to start by emphasising that we don't JUST have an economic crisis.

We DO have an economic crisis – and this is a multiple crises in its own right: We still have the financial sector with all its fragility (a ticking time bomb), we have the debt dimensions and certainly we have a problem of both public and private debt, here in the Euro zone but also in the global economy.

But when we talk about the different crises, we ignore inequality: that's another ticking bomb, both socially and politically. For some parts of our very rich, affluent societies we are talking about increasing poverty. And we have a problem of unemployment – particularly affecting young people.

But beyond all these dimensions of the economic crisis, in the medium and longer term we are living within the boundaries of another ticking time bomb: the ecological crisis and the deepening problem of climate change. Obviously we have an energy crisis: Back in the early 2000s, we were thinking we have a peak oil crisis. But now we have actually a crisis related to energy, so we shouldn't be using up all those fossil fuel reserves. We have to find means of leaving them in the soil. Although we could probably find solutions to the energy crisis in terms of shifting towards renewable energy with the technological capabilities we have today, we are nowhere close to that. And we notice that we are hitting the boundaries of another crisis, and that's related to the limited boundaries of our world and the food crisis.

One thing that is not that much discussed, neither among the people who admit the issues of inequality and the dimension of the economic crisis, nor the people who are very aware of the ecological dimensions of our multiple crises, is the “care crisis”. A feminist economist, Ipek Ilkkaracan, was saying that, actually, our problem with ecology in the world is very similar to the care deficit that we have. She was saying that “we simply don't care anymore”. We don't care anymore about ecology, we don't care about the long term, but we also don't care about the elderly and we don't have enough time to give care to children. So there is a care deficit, and this is very much, of course, intermingled with the deterioration in working conditions and the lack of decent jobs that facilitate a balance between work and life.

So I want to bring in these different dimensions, looking at it from the economic perspective, an inequality perspective, an ecological perspective, but also from a gender inequality

perspective. Of course all this is, I think, very much capped with another major crisis, which is the political crisis: A lot of us have the feeling that we don't have enough representation, we don't have outlets. So even if we know that there are solutions to these problems, which are the agencies to carry those alternatives forward? How are we going to do that? So there is an issue of a political crisis, and that's of course a crisis for the established political movements and political parties. The way we knew how politics was made isn't any more appealing to a very large part of the younger generation.

Is there a way out of that? Well, I think there is, and it's not rocket science. I often like to start by saying: Well, it's a matter of pessimism of the mind, but optimism of the will (I really like this quotation from Gramsci). Pessimism means to be aware of that we are at a very critical junction, in terms of where our world is going, while running out of time to move forward. Optimism means that we know the alternatives, that we can do that and that it's a matter of political will!

Now, if you look at the long-term history of human development, crises have always been important for change. Even within the realms of the capitalist system: Capitalism has always evolved crises and they have been important turning points for restructuring. But the way that our societies have so far restructured themselves in the last 200 years, the solution of one crisis has been the seed of another crisis. We have moved through these long-term phases of crises followed by some stabilisation, and then followed by another crisis. So my point is that we are running out of time, particularly because of some very physical limits of our biosphere, and in that sense we don't have much time left to restructure – we need to move quicker than that.

Now, there are at least three possible future scenarios:

The first scenario is the “business as usual” scenario. The second scenario is sort of a wishful alternative of a “new green deal”, doing a bit of business as usual, but in a good sense trying to move towards a new golden age, giving a big push to the role of the state. I will talk about the political and ecological limits to that alternative. The third scenario is what I call a globally coordinated “equality-led and sustainable development strategy”.

Now, the third and the second alternatives have a lot in common. But the third is bringing in even more the ecological limits to growth, or at least considers how we grow and what kind of growth is happening.

Let me start with the business as usual scenario: The business as usual responds to the great recession in particular. But to all these different dimensions of the crisis I have mentioned, it responds in a way that is basically making people pay for the crisis. So what Europe, in particular, is doing to get out of the economic dimensions of the crisis, is to cut the spending in public goods and to make public spending (whatever is remaining) increasingly financed by even higher taxes on wages, on labour income. In many countries, the crisis has been used as a pretext to marketise certain public services or even try to privatise them, and it has

been a period where real incomes of many working people have been falling or have been stagnant in nominal terms, even with low inflation rates. So we are talking about significant losses in real incomes in quite a few countries in Europe, the US and some Southern countries. The situation is just stagnant in Austria, it's not as bad as in Great Britain. But from your perspective, the situation in Austria isn't good enough to have a bit of "Schadenfreude", I guess.

Obviously, austerity is the norm economic policy that we have now written into our constitutions in Europe, and this is, from my point of view, actually making all the causes of the crisis even worse. It's feeding into chronically low demand, not only because of cuts in public spending, but through the lack of decent jobs, through stagnant wages and through stagnant incomes. It is exacerbating the lack of domestic demand, the lack of domestic spending out of wage incomes.

You can see the crisis, in its roots, as one that has been fuelled by inequality in its various origins. Inequality leads to chronic deficiency of demand and to a chronic problem of realizing high profitability, as nobody is able to buy the goods that are being produced. You might see that in the various solutions that our governments are trying to push forward.

In the part of the world where I'm working now, in Britain, the so called recovery is completely fuelled by higher and higher debt accumulation by the households. In this part of the world, in Austria, in Germany, you are exporting your way out of that lack of demand. But of course there are not so many Germanys and Austrias. Not everyone can export his or her way out of that, because not everyone can export. For someone to export, India has to import, Greece has to import ... so Greece's crisis is actually Austria's or Germany's crisis as well. Sadly we are now aware of that.

So the way we are dealing with this crisis is, of course, further fuelling the global imbalances that were there before. In this part of the world, in the US but also in the developing world, we have been relying on some last resort consumers. We were relying on China to grow at a higher speed, so that we can export our capital goods to China. We were relying on high growth rates in Brazil, in emerging economies. But these countries cannot be the consumers of last resort when we push our wages and our demand down. We are also actually dragging their growth rates down, too.

Now, in terms of the ecological dimensions of the crisis, this business as usual scenario is offering some apparent alternatives. Obviously, renewable energies are seen as a very serious new profitable investment opportunity from firms' perspectives – even some traditional fossil fuel investors are trying to diversify towards these. But what I see there is that all these profit ideas are not generating sufficient private investment in renewable energy, not sufficient enough to really reverse the path of climate change and to reverse catastrophic dynamic reactions on our very fragile planet. On the other hand, nuclear power (where I come from, in Britain) is receiving subsidies, although we all know about the risks of that. And the US (of course) has been the leader of another so called alternative: the shale gas production. Britain is also trying to push in that direction very aggressively. Shale gas production is marketed to be an alternative to the ecological crisis. However, we know that

shale gas production itself is actually increasing greenhouse gas emissions, because of the release of methane in the process of shale gas extraction. Additionally, there are important issues related to earthquakes and issues related to the contamination of drinking water.

So I think that this business as usual scenario, both in terms of the economics of austerity and inequality, but also in terms of the ecological crisis, is just deepening the crises we have.

But there is a second voice, which is not the dominant voice (that's the heterodoxy in the policy field). This voice is advocating a new green deal, led by state interventions. It has aims that are targeted towards tackling some other dimensions of the crisis I mentioned: certainly talking about public investments or incentives to private investors, to generate jobs, but also invest in green energy. So basically the green jobs agenda is coming from that thinking. They are certainly quite aware of the need to tackle the decent jobs agenda and equality agenda in terms of, at least, income equality and decent wages.

But obviously, what these groups of people don't sufficiently address is the issue of political conflict and balance of power relations. Certainly, if you want to go for a green new deal with a strong state intervention, you need policies to finance those investments – so you will need high taxes. You'll need a redistributive state. And the state will have to be picking winners and losers, particularly when it's not only about public investments but about giving incentives to private investors. But this can only happen if the transnational capital has no other choice but to let it happen. This happened in the past, say, when the Keynesian policies became the mainstream policies after the Second World War. But it happened only after a prolonged crisis, social revolts in the past and, well, two big world wars.

At this point in time where we are standing now, for the transnational capital to give way to redistributive policies and big state interventions for a new green deal, we would maybe need an ecological disaster or resource wars, food wars ... Then at some point, they would be happy to let a Bonaparte save capitalism from itself (reference to Keynes here). Or it could happen after a major change in the balance of power relations, when social actors become powerful enough to de-power these very strong transnational capital lobbies.

Leaving out now the issue of agency and policy, as this is not my strength, I want to come back to one other problem of this new green deal agenda: The new green deal agenda is trying to manage decent jobs, decent wages, full employment, green investments and renewable energy through a growth agenda. And they are very clear that we need growth, but growth fuelled by green investments in physical infrastructure. There is very little talk there about the limits to growth. Now, what I read from the ecological economics is that there exists at least one very important limit, the so-called "rebound effect". For those of you who have taken basic economic courses - it's sort of an income effect: when your income increases – let's say through increased efficiency in renewable energy – and this decreases energy costs that would work as if you have more real income. But when that happens, you may wish to consume more on some other stuff, so the expenditure in non-energy consumption can go up. But this other stuff (for example more food, more clothes, more trips) doesn't come free of carbon emissions, so there would finally be an increase of



greenhouse gas emissions after all! As long as we don't fundamentally change the way we live and the way we consume, there will be a certain backlash, and we may not decrease carbon emissions or greenhouse gas emissions to the extent we thought we could, through technological change.

This second scenario, this new green deal agenda, has too much wishful thinking concerning technological change and efficiency. But what I'm trying to say is, there may be limits to how much we can achieve. We have to be aware of that. Some of the changes that are happening in the ecosystems and in the biosphere are irreversible, and they have dynamisation effects. So we have to give long ranges of error margins concerning the plans for the future, taking into account large allowances for potential rebound effects.

This is one thing. The other thing that is discussed very little (also in the ecological policy circles, particularly in the North) is the issue of global climate justice. Now, if we are to converge globally in terms of our decent living and decent working standards that we think to be humane, we still need a lot of growth in the South. The standards can change from region to region – by no means am I trying to impose one sort of ideal living. But that growth doesn't have to be based on a high carbon brand. In this part of the world, we know how to produce green technology, so if we could transfer the technology to the South, that would make it a lot easier for them to grow on a much lower ecological footprint. But nevertheless, we need some good quality growth in the South. If that would happen, then, we need to redistribute our rights to carbon emissions. In this part of the world, this may imply that we need to manage with a lot lower growth than we thought was the norm. We usually think in economics that growth has to be something like 2%, but maybe we don't have the chance to grow at a 2% level. I'm using the word "low growth" not to impose anything - that could be de-growth, it could be zero-growth, it could be just anything lower than 2%. We have to think, we have to do our maths, but we haven't really done that. So we need to leave space for development, and that may mean for us managing with low growth.

Well, if this is the case, a lot of these green new deal people then say "how are we going to tackle inequality and unemployment, if we are not able to grow at our past historical trend?" Here comes the point where we have to think about redistribution in a much more radical way. We have to reconsult sustainable development. And here I'm using development not just as a concept that is relevant for the South, I'm using that as a concept that is relevant for Austria or Britain as well. Development as opposed to growth includes creating life standards with dignity for the whole population. And in this part of the world, I have the feeling it's not about creating more wealth, it's about restructuring the stock of our wealth – maybe moving towards different sorts of technologies, like renewable energies, moving towards public transport, as opposed to producing more private cars. And it's also about redistributing from the top: 80 people own more than 50% of the world! Well, this means that we can really redistribute, without hurting anyone.

I'll try to put that into context now, in my last 10 minutes. What do I understand when I talk about an equality-led, sustainable development strategy for both, the South and the North? I'm talking about policies of wages and public investment in particular, which we will have to coordinate at a global level. What do I mean by coordinated wage policies? What I mean is, let's stop wage moderation in this part of the world! Is that a problem? Martina was saying we are told that we have to compete with India and China. We are told: "No we can't, how can we export then?" This is scientifically wrong. I'm not going to bore you, and I'm running out of time anyway, but we definitely have the econometric statistical analyses on that.

I've written a small policy simulation paper, using some econometrics (this is my daily job) for the Labour20, for this year's G20-meeting. Labour20 means that international trade unions and trade union related think tanks, like the Trade Union Advisory Committee to the OECD, were coming together during the G20 meetings and tried to feed in alternative policies to the labour ministers' meeting - before the finance ministers' meeting, before the final G20 summit.

Am I having wishful thinking just because the labour unions are giving some attention to that sort of alternative thinking? – Yes I do, because I think they are still important political agencies to move and change things. Did the labour ministers pay attention to what we produced for them? They didn't even understand, I have to say, because they haven't been trained by proper economists, I assume. But we are trying to change the curriculum, and there is a global movement for that, so we can train our ministers better in the future.

What if we were to stop the sort of pressure we are exerting on wages in the European Union at large, including Austria - pressure exerted through our labour market policies, through our wage policies, through our European Commission directives? What, if we could let wages in Austria, in Germany, in Britain grow in line with the rate of increase in the historical productivity of our countries since the 1980s, by increasing the share of wage income and labour income in national income? Our evidence proves (and this is a very robust evidence) that we would actually increase our growth rates. Now, the question might be "what do we do with higher growth"? But what is certain is that increasing wages in this part of the world would NOT be an obstacle to creating more jobs in Europe.

In Europe and the US, we are the leaders of wage moderation. Our wages grow at rates less than the rate of growth of productivity for more than three decades now in each and every single European Union Member state. Indeed, China is increasing its wage rates a lot faster than Europe is doing. If we were to reverse that, our evidence shows that Europe would grow and at the same time leave space for export-led smaller emerging economies, like South Africa, China, India, Mexico, Turkey, and G20 countries in the South. They then would have a lot more space to increase their wages as well. If we want to have this sort of labour standards at global level, no wage dumping, we need to start at home. The numbers, if anybody wants to know, are in a project report we have prepared for the International Labour Office, including the full details of the model I'm talking about.

Now, this means if we are to gain the most from such a coordinated, wage-led recovery policy, we should be the policy leaders. We should go to G20 meetings and say, unilaterally we are having policies that could increase the bargaining power of labour, that would give a stimulus to wages, that would create decent jobs with decent wages, that would leave space for the rest of the world. So we should try to avoid beggar-thy-neighbour policies first here at home and then, the rest of the world would actually follow, it would be in their interest to do so.

However, wage-led-recovery, as good as it sounds, has its limits. It's not a magic bullet to solve all the ills of our multiple crises, it might not create sufficient numbers of jobs. The good news is that higher wages are NOT an obstacle to job creation, but the bad news is that the number of jobs we need to tackle, for example, youth-unemployment is a lot higher than what we can create by just good wage policies. So we need another strong policy tool.

And here the role of public investments comes into play.

Public investments not just in physical infrastructure, like in these green new deal policies, but public investments also in what we call social infrastructure to tackle the care crisis. I'm calling this infrastructure because it's not just current expenditure when we spend in education, health, child care, nursery, elderly care or nursing homes. This is long-term infrastructure, not the same physical infrastructure like investing in public transport, housing or renewable energy, but it is infrastructure that is very valuable.

So that brings me to a set of policies that all have to be mobilized, we can't just rely on one or two of them. We have to think about policies that would tackle the multiple nature of the crisis, that would target full employment, equality, ecological sustainability and decent care. Decent care for children and decent care for the elderly. We need to think of redistributing policies to tackle the inequality crisis on the one hand, and on the other hand create more and good quality jobs – but do all that with low growth.

So I am talking about three dimensions: public investments in social infrastructure, public investments in green infrastructure and shorter working hours. How can we manage with low growth but still achieve higher equality, full employment and a decent life?

I'll start with something that is less discussed in these audiences: the public investment in social infrastructure. Why is that so important? It's not just an agenda to deal with the care deficit. It is also an agenda to deal with the ecological crisis or the ecological deficit. Jobs that may be generated by higher public spending in social infrastructure, in care, health and education, will be jobs that are very labour intensive. You can create a lot of jobs per one euro spent in care. You need a lot of people to work very slowly, right? You don't want to have your caring person to be extremely efficient, moving from one house to the other in five minutes, you want this person to have lots of time: You actually want low productivity and very labour intensive jobs, with good quality and well-educated people working in these jobs.

Now, these are the jobs the feminist economist Ipek Ilkkaracan has called “purple jobs”. Purple jobs, in the sense of dealing with the care deficit, in the sense of taking care of something, which is otherwise done without pay - via the invisible labour of women in the domestic sphere. So they are purple jobs in the sense of dealing with our gender inequality. However they are not purple jobs in the sense of being jobs for women only, they are jobs for both men and women, with of course decent pay. And Ipek Ilkkaracan says that purple actually is at the same time green. Green, because it's creating labour intensive jobs, and therefore creating more jobs per low growth. Now, in terms of the inequality dimension, what I never understood is why these jobs are undervalued jobs with such bad payment. I'll never understand why a nursery teacher, or care staff with whom you will leave your mother, is paid less than a banker. I obviously want bankers to be paid decent wages as well, but to me, my money is less valuable than my mother. So if I think about it like that, I would actually suggest higher wages for nursery teachers or care staff in nursing homes. This is just an issue of discussion.



The second dimension of managing with low growth but still achieving decent jobs in this part of the world, as well as in the South, would be an increased investment in green physical infrastructure. I'd suggest public investment here. Because when I look at the history of capitalism, I never see private investors taking the risks in cutting edge technologies in new sectors to the extent it was needed. They always need the public sector to create the ground for them, and once it became an established technology, private entrepreneurs would come in. So if we want to reverse climate change here and now, we would need to act now. And whatever profit incentives you give to the private investors, that won't happen. It's still an uncharted territory. The risks are high. Physical investments are irreversible and uncertain, so you need the public sector to step in. Here I'm talking about housing, transport, renewable energy, both ecological repair and maintenance. And of course, if we want the South to catch up immediately, here and now, we need technology transfer. We need that along with dealing with, of course, debt relief and other things.

Third dimension: shorter working hours. If we want to have more jobs per lower growth, well, we know how to do that, because we have been doing that throughout the history of the labour movement. Compared to the 19th century, we are all working part-time now. Shorter working hours would also decrease inequality, if you manage that by wage compensation, particularly for the people who are working below the median income. But of course the way you shorten the working hours needs to consider the other dimensions of our crisis. So it's of course important to address the work-life balance and the daily care responsibilities. You don't want to give people one more extra day so that they can go fishing, we want to give them maybe one more hour every day, so that they can spend more time with the people who need care.

So we should start caring for the ecology as well as for each other. And I want to make one point very clear (and that's a conversation that I would very much like to have with Ashish): Public investment, for me, is not just something that we need to do to speed up the intervention and then leave things to the private sector. If we need public investment to begin with, we may well keep ownership of that. So for me, there are some industries where leaving things to profit motives, leaving things to marketization, is not delivering the quality and quantity of the goods and services we want to produce. There are some key sectors that need public ownership, I think.

This does not just mean having good regulation. This is about the de-commodification of basic needs as well as ecological services. So for me, one of these key sectors is certainly housing. It's not very controversial to talk about public housing in Vienna, but it's very controversial in Britain. And certainly also in energy, in infrastructure, in transport we need public hands. In pensions we need public ownership, we need our pay-as-you-go public pension systems. We need our public schools, our public universities. We need our public hospitals and we need, actually, our banking and finance to be in public hands.

I don't think the state alone is something to praise. And when I say public ownership, I do not mean just state ownership. We know that state enterprises can go corrupt as well or can invest in ways that we don't consider to be socially and ecologically relevant. When I say "public ownership" I mean transparent democratic and participatory decision mechanisms within these institutions, embedded in a broader participatory and democratic plan. When I talk about participation, I think of the people working in these public enterprises, I am thinking of consumers using these services and goods. They need regional representatives. We will always have some conflicting needs about priorities, so we need to get together, compete (compare?) these priorities and come up with some consensus. And we need all that to be transparent.

And I think we know how to do that with the technology we have achieved today.

But, all these things about public investments, how are we going to finance that? Obviously through redistributive taxes. I'll just say one or two things about that: When I say redistributive progressive taxes, I don't just mean taxes on income, but also taxes on wealth, higher taxes (than today) on profits and of course taxes on financial transactions. One suggestion could be to have taxation rates linked to the median income. So basically you could think of a rate of 70% for income that is 10 times or more the median income. I don't have the Austrian numbers in my mind, but we would be talking of about 1% percent on the top of the people who earn income and wages. You can think this is crazy but, well, Piketty is making similar points and I'll just remind you of the tax rates we had once. In Britain (the US also had similar tax rates back in the late 70s) the tax rate was, in today's prices, 83% on income above 90.000 pounds a year! Back then this was an income of 24.000. If you inflate that with the inflation between '79 then today it corresponds to 90.000. Only 1% of the people are earning more than 90.000 pounds a year in Britain. So it's actually not hurting anyone, and it is something we had before. I could extend to wealth tax or inheritance tax but I will skip that discussion.

Obviously in this part of the world, in the Euro-zone and particularly in the southern Euro-zone, the question how to finance public investment immediately hits the barriers of our "holy cow" of public debt. Well, we have to seriously think about unchaining our public spending from this debt. We have to think about how this debt has been created, in Greece, in Spain, and maybe also in Austria. There are people who are suggesting that a lot of this debt is odious, illegitimate or even illegal, and they are suggesting a debt audit to open the books and look at the sources of debt. The whole election campaign in Greece was played around a similar debate. Of course there is the household debt dimension as well, not so important in Austria, but certainly important in southern Europe and also in Britain. We need to think about restructuring public debt as well as private debt. You can't pay a disproportionate amount to of your GDP as a state or of your income as a household.

I haven't said much about the equality dimension yet. Of course wage-led recovery requires policies about redistribution as well as predistribution. I mean wages in the markets. So we have to think about how we can reverse the decline in the bargaining power of labour by re-regulating the labour market, improving the union legislation, increasing the coverage of collective bargaining and thinking of minimum wage policies to level the playing field.

Now, the principle again is trying to link real wage growth with historical rates of productivity growth. The last point may be something for discussion, as it's not my strength. Who is going to do that, what is the political agency to do that? I certainly see a multiplicity of social powers for change: trade unions, civil society organisations and social movements proved to be very important. And of course I don't throw away the baby with the bath water, I don't exclude political parties. We need to transform these institutions into actors of change, in the direction we desire - and I do think that's feasible. Thank you very much for your patience and I look forward to hearing your points about that. Thank you!

Martina Neuwirth

Thank you very much! I don't want to go too much into the debate now, I'd rather like to start with the short video of Ashish. But because Özlem said that there has to be a strong role of the state, that we have to increase taxes and that all this of course touches power structures, I just want to mention an interview of Warren Buffet that was published in the New York Times in 2006. It was exactly about the unfair tax system in the US, where the wealthy people pay much less, according to their income, than poor or middle class people. Warren Buffet said in that interview that he would like to pay more taxes, contrary to other rich people in the US. Then the interviewer said: "But it's also about power relations" and Warren Buffet answered – and I think it was rather remarkable saying something like that in 2006, long before the financial crisis: "Well, there is a class war, all right? But it's my class, the rich class, that's making war, and we are winning".

I think there is a grain of truth in that, but maybe we leave that topic of power relations and how to change them to the discussion, and now start with Ashish's video.



Ashish Kothari (on video)

I find analysing advertisements a very good way of understanding today's reality. So this first one on the left is actually an advertisement from about 25 years back, but could well be from today. It is made by an Indian multinational corporation. And see the language that is used – I'll quickly read it out to you – it says: "All over the world Nature's mighty barriers separate oil, gas, minerals and water from their destinations." Ok, so first of all nature is a "barrier", not something that we live on. "Only a handful of international giants can bridge these gaps. One of them is Indian: Dodsal. Ripping through rainforests in Indonesia ... Moving the earth in India ... Laying pipelines." Now, for many of us, this is a ridiculous imagery, but actually this is currently the model of development that is predominant.

Maybe this kind of advertisement will not be repeated, because advertisement agencies are getting cleverer. I think the only thing missing in this image is that there should have also been a bunch of Adivasis falling off from this forest. Anyway, so that's from 25 years back.

The next one is from this year, from the 26th of January. The ministry of rural development issued this advertisement on Republic Day. They may or may not have meant it, I don't know, but essentially, the dominant image here is of an army "Jawan". Actually, in many parts of India development – rural or urban – does happen at the barrel of a gun. Literally or figuratively, it does actually happen through force, violence and so on. And we see that with the kind of land conflicts that are taking place all across the country.

So, development essentially has come to mean violence, whether it is against nature or it is against people or cultures. And India's development now is doing to some parts of the rest of the world what Britain's development did to us. Which shows that we are actually becoming a colonising nation. We can see this happening in Ethiopia where about half a million hectares of land have been taken up by Indian companies to produce things which are mostly used for export to Europe. And these are lands that are not just lying empty. These are actually lands where pastoralists or farmers or others are actually dependent on. They get kicked out. And Ethiopia is extremely brutal, so anybody protesting actually disappears, gets imprisoned or actually gets killed. So, this is us as a colonial country – more and more. China, of course, is still ahead of us, but we are also getting there.

So, finally, to end this part of the talk, I think it's something that Gandhiji said 6 or 7 decades back, that is really coming true. Europe and the US already did strip part of the world bare. We are following in the same footsteps and with several times more population. That model of development will simply not sustain the Earth. So it's something we have to seriously, fundamentally question. It's not about doing some amount of tweaking here and there, and saying "Ok, we'll do green economic growth" and stuff like that. Or do CSR-activities in corporations etc. (I'm sorry if anybody here is from a corporation). But those things are basically trying to create facades of green which don't really help us with dealing with the system. We need fundamentally different pathways.

Martina Neuwirth

Ashish then he went on to present alternatives. But before going on listening to his speech, I just want to give you a few facts, because Ashish said, very truly, that in India development often means violence. It's a violent form of development. India's growth has lifted millions out of poverty, but still 75% of the Indian population live below the poverty line. Only a maximum of 25% of the Indian population forms the so-called middle class. 75% of the Indians are completely left out. Only 6% of the Indian labour force is working in the so-called formal, in the organised sector. The rest works informally, often under extremely exploitative conditions. Many are still dependent on agriculture, and agriculture of course depends on the climate. So if the climate changes, also the living conditions of the population change. India has the third largest ecological footprint in the world after the US and China. Not because the Indians are so rich, but because of the sheer size of the country. And due to inequality, the ecological footprint of the wealthiest Indians (the top 0.01 %,) is 330 times bigger than the poorest 40% of the Indian people. And speaking about ourselves – a European middle class person like many of us, who owns a car and a laptop, consumes more than what 17 poor Indians consume.

Moreover, India has severe ecological problems. Half of the Indian energy comes from coal, there are chronic water shortages, droughts, rapid deforestation, many very bad hydropower projects where people are forcibly removed from their land etc. And apart from these home-made problems, there are also imported problems. India imports several kinds of toxic and metal wastes, including remnants of wars in Africa and West Asia. Amongst them there are also unexploded devices.

This is the kind of scenario that Ashish was talking about when he says “development is the same as violence nowadays for many Indians”. And now he goes on in his speech, talking about alternatives.

Ashish Kothari (on video)

So let's put this together into some sort of broad framework, a very very broad framework. Ok, so this is not a blueprint for an alternative India, but it's a very broad framework of what we could think of, the lessons from all these initiatives [that have been presented earlier in this speech]. If you look at these initiatives, one of the most crucial things here is that they're expressing the fact that they are not satisfied with democracy in the form of voting once in five years. They want democracy in the form of them being part of decision making for things that are affecting their lives. Direct democracy, or you can call it radical democracy, there are many different terms that are used. That's a very crucial part of it. And it's a very dramatic shift if you look at it. The village Mendha Lekha has a slogan which says "In Bombay and Delhi is our government. In our village we are the government." See the difference here. The representative concept is there, but direct democracy is where we're living. And the same could apply to cities. If you look at it, the spirit of the 73rd and 74th constitutional amendment was precisely this. In actual practice, very little has happened. But the people are beginning to mobilise themselves. But this form of direct democracy also needs to be

sensitive to issues of social-economic equity and ecological sustainability. So let's put all that together and call it Radical Ecological Democracy (don't worry about the name, any name will do, essentially it is the principles that count). By the way, this came out first and the acronym ("RED") came later, but nobody believes me, so I've stopped saying it.

I think the most important thing is not the physical aspect of what these initiatives have done, but it's the principles underlying them, the values underlying these initiatives. So here's an initial set of what's come up. This is not created in my mind, this is basically what people have been saying when you talk to them about "what's underlying what you're doing?" Not just the water structure or the waste picking or whatever, but what are the values underlying it? And this is an initial list, and I think it's a very interesting list because in many ways it actually challenges our current dominant world views.

Let's take this point: "Cooperation, collectivity and 'commons'". Now, if you look at the current dominant world view, everything is about the individual, the selfish individual. I, me, mine. Whereas these initiatives are saying that it cannot work like that. It has to be in collectives and commons. Everything needs to be in commons, including ideas. Intellectual property rights don't make sense. Ideas and knowledge have to be part of the commons. So even, for instance, the whole open software movement and things like that, are part of that. Or take something else: happiness. What is happiness? Advertising would make us believe that happiness is having a 50 inch television. If you only have a 40 inch one, that's not happiness enough. Ok, but maybe happiness is actually about better social relationships, more opportunities for learning, opportunities to grow as a human being, satisfaction with what one has ...There's lots of different things that come into play here. I could talk on and on about each of these values, but I just wanted to put up an initial list for discussion and for people to start adding more, challenging them, etc.

Now, all of this has been developed much further in the form of four aspects of Radical Ecological Democracy, but I'm not going to go into that now because of lack of time.

We need a different form of politics. I've already talked about radical or direct democracy, but of course direct democracy can only happen on a small scale. If the scale gets larger, you will need some form of delegation or representativeness. How do you then ensure that those representatives are accountable to their grass-roots democracy? These are issues that have to be dealt with and there are some interesting examples of where that is happening, both within India and outside.

For instance what's happening in Venezuela right now is really fascinating (at least some of it). This is a potentially very subversive idea, which again is happening in some parts of the world, where you start saying that political boundaries as they are right now don't make sense. If you want to do planning or decision making which is ecologically sensitive and socially and culturally sensitive, then the boundaries need to be determined on the basis of ecological boundaries and cultural boundaries, and not political ones as they are right now. Which means even national state boundaries, as they are right now, have to be challenged. It makes no sense whatsoever to have a boundary in the middle of the Sundarbans forest between Bangladesh and India. Or in the middle of the Himalayan slopes between India and

Pakistan, or Tibet and India. Seriously, we have to also start questioning those nation state boundaries. But it's a very controversial topic, so I'll leave it at that.

We need new economics. Well, if you know anybody who's done economics, you'll actually find that one of the basics of economics is that there are no ecological limits.

And if you start putting ecological limits, the whole economic theory has to be upturned. And there are people now, who are actually trying to evolve a new theoretical economics based on ecological limits and other aspects. It also means that, for instance, the indicators of wellbeing are no longer about gross domestic product and per-capita income, but actually about much more meaningful things, like "Do people really have clean water?", "Do they have adequate nutritious food?", "Are they happy?", "Do they have satisfactory relationships?", etc.

The third pillar of this then, of course, is "justice", social justice. I don't think I need to talk about this, but we need of course far more work on issues of justice amongst genders, castes, classes, etc.

Fourth and finally is culture and knowledge, where it's about being able to relink or reconnect with the rest of nature, to think of knowledge not just in the domain of the formal universities and so on but in a much broader sense, and of course then to talk about personal and community spiritual opportunities ... So there's a whole bunch of this here. And I should say very clearly that I'm not talking about falling into the trap of dogmatic religious fundamentalism.

Basically I have to say that there are lots of false solutions out there. Ecology as a fashion is a false solution, for example. If you look at all the property adds today, it's all about waking up to the sounds of nature, while they're of course busy destroying nature. There are lots of market-based solutions or techno-fixes that are being talked about. We have to be aware of them. There are strange bed fellows coming up between communal forces and environmentalists. It's happened in my own experience, and we have to be careful about them.

So, what are the pathways to getting to something like Radical Ecological Democracy? Lots of stuff. People's resistance, for instance. At any given time in India, there is resistance to at least a hundred different projects going on. In Jharkhand, for example, there are hundreds of Mols (Memorandum of Interest) that have been signed, but almost none of them have actually got off the ground, partly also because of community resistance. So that is one of the crucial things because it also provides us space to develop proactive alternative answers. Of course all sorts of other things are happening which are kind of pathways to getting towards that alternative future.

I wrote a paper on this whole Millennium Development Goals review taking place right now. It's just looking at how you reframe those goals and indicators and all that to bring all these issues in, rather than the conventional goals that have been there. But I'll skip that now.

Ok, I'll end with a series of questions which can be part of ongoing discussions.

In that ideal future, will big industry be needed? I don't know. People tell me that steel cannot be produced without big industry. Others say, why not? We can do technological R & D and actually have small-scale steel production. So it's a question, but I don't have the answers right now. Is profit going to remain a motivation? I personally don't think it needs to, but people can have different views on this. Will the private sector remain alive? Should it remain alive? Will the state eventually wither away? Will all things and functions be happening through communities and collectives, and therefore we don't need a state? I think for a very long time we do need a state, but it has to be a very different form of government than what we have right now. More a sort of facilitative guarantor of rights and things like that, rather than the top-down controlling nature it has right now.

India's got 250 million people who are in the middle classes. What's our role? Facilitators, challenging ourselves and our own lifestyles, facilitating what's happening in the grass-roots? You know, there are lots of possibilities but it's a question mark right now. And then of course we will need political forces. I don't mean political parties necessarily, but political agents to take this kind of thing forward. We need that larger transformation also, we can't do only with these small-scale local initiatives. So what is that agency, who's playing that kind of role? Despite my nation state scepticism, this is slightly nationalistic here. It's hard to get it out of my genes. But essentially I think the Indian sub-continent, let us say, is in a really great position to be able to develop these alternative pathways. Because of the long history, the civil society activism, the great amount of thinking and churning and the refusal to bow down to army or state power, at least in India. I think there's a lot of stuff here, which are elements of what could be these alternative pathways. So let me end there. Here are a couple of websites which have more information, and my email.

Martina Neuwirth

Just one final comment on that. Ashish talked a lot about political change, about who could be the political actors and he talked about the role of democratic India (India as being the biggest democracy of the world as I understood him), so what strikes me is – and maybe this is also a question to you – when you read reports about the problems that China has at the moment, they are quite the same as in India - although China has really a very different political system. So is it really something that has to do with the political system of a country, or is it the global dynamics that are going on and are driving those countries into the mess we have today? I will now give the floor to you.

Audience

First of all I want to thank you very much for your talk, which was very interesting. I noticed that you talked a lot about growth, about growth in any way, especially in an economic way

and Mister Kothari did not mention it at all in his presentation. My thoughts on that were that, for growth, you need something to grow on, basic natural resources for example, or working force, or whatever it is. That's why I see kind of a contradiction between constant growth and ecological thinking and an ecological way of life. So, what I want to ask is, why do we need growth (especially here in Austria or in Europe)? What is your position on that? Well, I personally don't see any need for growth because it is good here as it is, in contrast to other countries, especially the South. I would like to know your position on that.

Audience

Could you perhaps elaborate a little bit on the global dimension of your ideas, because it is one thing to have high taxes on property, but the other one is that capital will flee. And who can start this process? As economists we know that it's all circular in economics, so if your advantages leak out into other countries, there is a problem.

Audience

First of all thank you for the very enlightening presentation. I'm studying here at the Diplomatic Academy, I am originally from India and I have a question related to Mr. Kothari's presentation. As a person who has been born and brought up in India, I do agree with some of his points, but lots of his points lack coherence, in the sense that he didn't consider the fact of India being a culturally very diverse country, so it's really difficult. He mentioned decentralization of power, which is really easy to say, but in action it's so difficult. Because every province in India (there are 28 provinces) has a different culture, so it's very difficult to unite and form a single environmental policy. And he mentioned different projects, especially the South Korean project for Posco. It's a 12 billion dollar project and it has been stagnating for ten years. There has been no development because people have been protesting because of environment, but at the same time, they have been living in poverty because there has been no investment in that province. So don't you think there is a contradiction? Because if there is social stagnation, and at the same time you have economic stagnation, so the social economic development of the masses will be stagnated.



Audience

My question is whether the economists require more information from the ecologists in order to make their decisions. Or do you have sufficient information about the effects of the economy on the environment?

Audience

You don't really cut to the core, to the essence, which is that the labour market is changing. Industrialisation has decreased jobs as computers are doing them now. That is what happens, machines move people out of the labour market. Where we see a great growth

now is in China and you tried to put it in a certain perspective, but the growth there is happening because there is no infrastructure, there are no machines. You criticised the competition with labour in terms of the price of labour (how poor countries are competing by driving the labour prices down and down and down) but this is actually the only way they can compete with machines. What I am saying is that you tried to avoid the main problem, which means that the way the people will work in 50 years is going to be significantly different from what is happening right now.

What you mentioned about the purple jobs is of course very right. People will move into this sector where they work with other people, a kind of work that machines can't do. But then again there is the fact that the huge majority of the labour force is part of sectors that are going to be taken over by machines. If you look at recent developments – such as artificial neural networks – these machines are better than people at recognizing written words. So the whole world is going to change and economists of these days try to neglect this. They have no solutions, no ideas how to solve this problem.

Audience

You left the topic of state sponsored jobs open for discussion, and maybe one of the problems with your very interesting ideas could be the following: When you shorten working hours, at the same time look to increase wages or stop wage moderation and also move lots of people into the state sector (which is your caring part), are you really sure that taxation would be enough to finance those projects globally? It's certainly a good start in my opinion (with wealth taxation and so on) but are you really sure that would work? It seems to require a lot of money to really increase wages overall and decrease working hours at the same time. Thank you.

Özlem Onaran

Thank you very much! These are all very important points. Let me start by repeating myself, just to avoid misunderstandings. I am not talking about growth, but about development and about full employment or decent jobs, that's my agenda. Equality and decent jobs.

In this part of the world, we have to, and we can, manage with low growth. I'm saying low growth, but it's an open question how low growth should be. Is it zero? Or should it be de-growth? Or maybe 0.5 % growth? This is something we have to figure out.

Obviously, if we restructure our economy, something will grow. If you invest in housing, public transport, renewable energy, in care ... all that generates growth. But we also want to restructure our consumption, we want to change our behaviours and consumption cultures and hopefully this will change the rate of growth as well as the composition of growth.

And it may well lead to managing no growth here, I totally agree. I totally agree that our problem here is not generating more wealth, but changing the composition of this wealth, our capital stock – out of fossil fuels towards renewable energy, out of cars towards public transport, towards zero energy houses or even active houses, and public ownership, collective ownership...So this is all very consistent with what you said, I can only agree with you.

I want to emphasise, that in my talk growth as a word is repeated a lot, but not to endorse it! As an alternative I'm trying to carefully use sustainable development, for Austria, for Europe, as much as for India, for the Global South. And it's not the same thing as sustainable growth, this is where I'm disagreeing with the new green deal agenda, which doesn't recognize the limits to growth and it also doesn't recognize the redistributive aspects I am talking about.



Now, where I am a little bit in disagreement with Ashish is where it comes to the role of the state:

I want an active state. This doesn't mean a monstrous, dictatorial machine, it should be democratic and participatory, but not minimalistic. So I don't see the state as "facilitator".

When I was hearing Ashish, I thought of neoliberalism as a project, which talks about state as just something that guarantees private property rights, that's the only role neoliberalism envisages for the state. For us, state has to be more than just a facilitator, it has to be an investor. But investor or active state doesn't mean top-down state. You can have a bottom-up state, you can think of the participatory budget experiences in the world like in Brazil (managing large cities like Porto Alegre and federal states like Rio Grande with participatory budgets), we can think about that at the national level and at the global level as well. So the bottom-up, active investors, where should they invest into? That has to be a democratic discussion.

Do we have enough information? We have some information of course, but we have a lot of uncertainty around that information, so we have to go with the most pessimistic forecasts of scientists in environmental sciences, about the risks and the limits to our planet, when we make economic decisions. Because, if we are making a little mistake there, the implications on ecology are irreversible and the risks are too big. So we can't just go with simple expected probability calculations. We have to take the most pessimistic estimates very seriously. The implications of that are not very good news for the very large fossil fuels industry or other vested interests.

Where I really agree with Ashish was his point of that we need an ecoregional approach, an ecoregional planning. I was listening to a Chinese economist two weeks ago – Zhun Xu - who has published on food crises and malnutrition crises in China, and when you asked the question on China that immediately came to my mind: In the "Journal of Agrarian Change", he was saying that the process of marketisation in China has caused massive malnutrition, inequality that manifests itself in terms of malnutrition. However, he says, if we are to reverse that, if we have to feed these people at decent levels, the amount of additional food supply we need is equivalent to the current food supply in the world. So this doesn't mean that we can't do that, but the question "who is going to feed China" is a question that requires serious ecoregional planning on who is going to produce what for whom. And Zhun Xu is going even further to the extent that we also need to think about consumption

standards: not everyone can consume like an American citizen, so obviously we can't just leave this to the liberal choice idea. There is nothing particularly un-democratic here, but we have to be aware of the limits of our planet, the issues of equality in the consumption of food. With all the innovation we have, even if we are able to think of massive technological progress, we have a limited planet with limited supply of soil. I was referring to the other issue of dealing with the energy crisis, and how that leads to a food crisis the more we use agricultural land for the production of grains for bio-fuels - all these issues remain.

But coming back to the information issue, there is research that shows that with renewable energy investments in countries like Korea, Indonesia and South Africa, there is so much that can be done in terms of job creation. This information is coming from the University of Massachusetts, where Pollin and colleagues have prepared a study for UNIDO headquarters in Vienna. The study's forecasts are showing that there is so much that can be done, even with the existing stock of technology we have. The information is out there, the technology is out there, but we are not making full use of it.

Speaking of technology, let me take up your point that we are ignoring technology. I'm a friend of technology and, among others, I have looked very carefully at the effects of technological change in terms of rising inequality (which is a point that has not been picked up at all, say, in Piketty's discussions). A lot of the mainstream discussion about rising inequality, and particularly about the falling share of labour and the rising share of capital in national income, inequality being an unavoidable outcome of technological change. If we are not against technology, labour's share will fall against capital's share and that is what we have to live with. But all of this is wrong! Some econometric evidence: A Viennese colleague of mine whom you might have met before, Engelbert Stockhammer, has very diligently estimated the effect of technological change on increasing inequality and compared that to the effect of welfare-state-retrenchment, financialisation, globalization, change in labour's bargaining power, including change in union-legislation, that manifests itself in the form of falling union density. And guess what, the effect of technological change is statistically insignificant, it's not robust.

So our point is that technological change has been happening since industrial revolution in a revolutionary way. In the three decades after the second world war, technological change and innovation wasn't any slower than now, but back then we had falling inequality, rising labour share and falling capital share, along with low unemployment rates, stable economies and a low frequency of crises. In the 1980s, all this changed due to welfare state retrenchment, financialisation, deregulation in all the markets including labour markets. Neoliberal policies took place in one package with technological change. We have the same sort of technological change, but here it comes with the highest levels of inequality – a big reversal, considering the trends of the three decades after the second world war in terms of equalisation. We are back to the levels of inequality rates of the years of the great depression in the 1930s. This is, I think, remarkable.

Technology in principle is our friend, because we don't want to do repetitive boring tasks for God's sake, who wants to do that? I would very much like cyborgs doing part of that work – nothing against cyborgs – on equal grounds with human beings. I am a fan of science fiction by the way. So there will be a time when we will have cyborgs of course, and hopefully we will give them a life with dignity as well. I don't want to do too much repetitive work, I'm happy to share, to have my share of repetitive work and do creative work in the rest of my time. The beauty of technological changes is that, thanks to them, we are working part time now compared to the 19th century. Plus thanks to the labour and union-movement of course, otherwise it wouldn't have happened.

But I still want to work half of the time I'm working now and I want to have then time for all the things Ashish is talking about. Who wants to go to a discussion in the neighbourhood or at the workplace after work to decide what to produce or how to organize? Honestly, I feel completely flat after work. I'd like to work half of the time I am working now (although I love my job, I know I'm very privileged, but it is exhausting), because I would like to do other things, that are not directly related to my work as well. I would like to have more time for care, because now I don't have time for care, so I don't care, right? Basically, we need technology for that, it's our friend, it all depends on how we are making use of it. And at the moment, we are making very bad use of technology.

Now to the question concerning the global dimension: we certainly need global governance to have an orchestrated change in the rules of the game. Again, you and I both belong to a generation that probably could barely remember a time when capital movement was controlled. Some of you here, younger than me, you woke up in two worlds where capital is free to move in one second from one country to another. Well, this wasn't the case back in the 1970s. So capital control is an important part of anything we're talking about. We are controlling labour mobility. Britain wants to control the mobility of the European Union's citizens who are wishing to move to Britain. So we are very aggressive when it comes to controlling labour mobility (all over the world, even within Europe this is the direction) but nobody is talking about capital mobility. Well this is the asymmetry. So labour's bargaining power vis à vis capital is not just about the unions, it's about the rise of the power of finance and about the rise in the area of manoeuvre of capital vis à vis labour. Now, if we can't coordinate that globally, what can we do? Europe is a large area. European companies are doing a lot of business across the European Union member states. We could use Europe as leverage, opposed to seeing it as a threat, as most of the British people both on the left and the right of the spectrum are saying. We could see Europe as a chance to impose rules to level the playing field such that we have space to implement the policies that the planet and the majority of the people need. So yes, capital flight is a threat, but European firms don't have anywhere else to go. European firms have to have their headquarters in Europe. They can't all just relocate to some tax haven. They have to have their bases. We have to make use of this presence to also tax them where they are really located, as opposed to some islands in the channels.

Martina Neuwirth

There was just one question about finance, maybe you could answer that quickly...

Özlem Onaran

Ah yes. Well, I just have one quotation, again it's not mine. It says: "Look after employment, the budget will look after itself." This originally belongs to Keynes in a radio programme in the 1930s: "Look after full employment, the budget will look after itself". I have extended that when I recently commented on the autumn statement of George Osborne, the conservative finance minister or Chancellor of the Exchequer, as it's called in Britain. I said: "look after full employment, equality, care and ecology; the budget will look after itself". Basically what I'm saying is: Tax and spend in social and physical infrastructure, they will generate the good outcomes, and the budget will look after itself.

Audience

I want to follow up on the first question, concerning growth. Do you see any chance that economies can skip this paradigm that economy needs growth in the future? To my understanding, as long as this is still in place, we will not be able to live in an ecological way. Why? Because economic growth is always linked to growth in resource use and an increase in emission, that's a fact. We may postpone it into the future, by introducing green technology, by maybe shifting a bit here and there. But as long as we are not skipping the wish for economic growth, and trying to express it in monetary value, and make all of the politics and direct politicians or the decision making process to that, there will be no chance. The point is, the problems of the ecology cannot be solved by ecologists, they need to be solved by economists, I believe. Well it's not my belief, it's a statement which is quite old already. Thank you.

Audience

My issue now is a reaction to the answer you gave to the speaker before me about technology instead of labour. Yes, there has been a technological increase since the industrial revolution, but there hasn't been software. We have software only since the 1980s, the time you say the other policy started. And now we have programmes working in law firms instead of lawyers, and we have a self-driving industry which is going to substitute the transport industry, at least in the US, in probably the next 20 years. So there is certainly a development towards a society where we might not have to work anymore, where not everybody has to work, and if we do, then only a few hours a day. And if we do then work in the care sector, which was your suggestion, which maybe is the least susceptible to the technological change, then maybe there should be another system without the classical conventions of payment. Because as soon as almost everybody is working in care sectors, there is no need for structural payment anymore. The state can just subsidise living conditions and in return everybody works in care for the state. But there is no need for this really structural economic system we have right now.

So I think labour being replaced by technology is a new problem, because of software which causes amazing and really fast changes, I would like to hear your thoughts on that.”

Martina Neuwirth

Maybe we wake up sometimes in a society where no one has to work anymore. But, on the other hand, I read the book of Ashish Kothari, where he described in great detail how hard 75% of the Indian population work, how they can survive only on very meagre ground, based on subsistence farming etc. Is this a luxury debate, considering the very poor people we still have on the planet? Or would you say that this is also a viable solution for the South?

Özlem Onaran

Now, let me start with the economists' obsession with growth. First of all, of course you're overestimating the power of economists. Economists are just responding to a political environment that needs growth. Why? Growth is required as a means to make inequality more palatable for people. Because when I talk about inequality (and my main point about inequality is not just the rising top percent but the falling share of labour vis à vis capital), I don't mean that workers are necessarily worse off compared to their grandparents. In the next 10 years we may well be worse off compared to where we are now. But still we are better off in terms of our living standards, if I look at where we were in 2007 compared to 1950. Our share has declined dramatically though, as working people, in national income. Now, growth has made this fall in labour share and rising inequality palatable for us, because our standards of living have improved as well. The standards of living of the top have improved a lot more, so this is the inequality bit. So if you take away growth, then you need redistribution, otherwise inequality will become a very bare truth for everyone, including the middle classes. In that sense the politicians need growth, the politicians who are delivering the policies of the likes of Warren Buffet, who says "we have been leading a class warfare and we won that." This class warfare maybe was less visible to us in years of good growth. It becomes more visible if you're not growing, then people will need redistribution, will ask for redistribution. In that sense, I think managing without growth and making that politically desirable, an acceptable solution which requires redistribution.



So if you're an ecologist, if you want to convince people that we don't need growth but to make things different, you need to give them security, too. Security about the future, security about housing, education, health, pension, old age care.

If I think that these are secure public goods, I would have less desire for growth, because I will know that my old age care is secure. I don't have to rely on ever increasing pay rates. At the lower half of the distribution, if people are struggling to make ends meet you will have to think about redistribution, such that they can be convinced that what they have is enough for a life in dignity that includes living standards but also voice, participation in social life, political life, cultural life – the realisation of basic human needs. So in the whole debate about how can we manage with no growth or how we can politically push for an ecological agenda that cares for the limits to

growth, we need to talk about redistribution very seriously, otherwise it won't happen. And we need to talk about redistribution at home, but also globally.

Coming to the next question, I appreciate cultural differences and obviously the desirable standard for a life with dignity may be different from one region, from one country, from one community to another. But when I look at rural India, I do think there is so much to achieve there, in terms of housing standards, health, education, transport, mobility. So basically, and in that sense, yes, we need a complete big developmental push there as well and this is where I see a role for large international global interventions that build on our political powers and mobilize states internationally. Now, their working conditions have to change, but our working conditions have to change, too.

Technology, and particularly software, is a new problem, as you said. But I don't see software or technological change as a problem, I see it as an opportunity. However, I really can't imagine that there will be no manual work anymore - there will be some very repetitive, boring and exhausting manual work, and we have to think about how we share that work. There will be more intellectual work the more technology advances, and there is emotional work, like in care. You know, I'm an education worker, which is an industry where technological innovation is pushing for mass production of education in the form of distance learning. But I can't learn through distance, I need human contact, I need small classrooms when I learn myself (I still take courses, not necessarily in economics but in other subjects). I need human contact, so there is a lot of space for work, some is very creative work, some is exhausting manual work. We have to be able to value all this work that is socially relevant. I don't think speculation in currency markets is a socially very relevant work - we might have to rehabilitate some of these people and deploy them in socially relevant sectors. Just think, we'd have to retrain them - I am sure we will be all very happy to retrain financial sector workers.

Now, how many hours should we be working? Of course, from here to tomorrow or maybe the next decades, this won't be a decrease to twenty hours. I indeed see twenty hours of a work week as an unrealistic option in the future. But going from thirty-seven to thirty-five and thirty seem to me like medium term gradual changes and quite interesting realistic steps.

It's about sharing work, distributing it more equally, distributing payment more equally, making the best use of technology and see where it takes us, but I don't see that there will be no need for work. And when I say full employment, I'm not praising some sort of waged life as there is a lot of space for self-employment, independence and other ways of produce of course. And there is a lot of space for agrarian production. I don't also see everyone living in an urban context, working in services industries. There is of course food production and if Xu(?) is right, we need to think about food production a lot more seriously - who is going to feed China, I repeat this question coming from a Chinese progressive economist.

And we need to think about working conditions. I recently watched a movie about Finland and agricultural workers, well actually self-employed producers in rural Finland, who at the same time had a piano at home, the lady was singing tango and the man was playing the

piano, but these were rural workers – so I would think of similar living standards for the rural Indian communities of self-employed peasants.

And there are issues like land reform (probably if you are thinking of Latin America, I don't know the Indian context well enough). Let people have the resources that they are working and making the best use of it. Let's think of work differently, let's talk to people and ask what would be their aspirations, and let's think of some convergence to it, to a decent standard for all.