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Proposals Paper  
for the 21st century

# **ECONOMIC POLICIES, IDEOLOGIES, AND THE GEOCULTURAL DIMENSION**

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Site: <http://ecopol.socioeco.org/>

This proposal is a synthesis of the work by the Economic Policies, Ideologies, and Geocultural Dimension Workshop and the meeting that took place in Rio de Janeiro from May 11 to 13, 2001. The proposal incorporates the debates from the Assembly of the Solidarity Socio-Economy Workshop, which took place at Findhorn from June 9 to 16, 2001. The Economic Policies, Ideologies, and Geocultural Dimension Workshop resulted from participation by 25 individuals, convened through the Electronic Forum [ecopol.socioeco.org](http://ecopol.socioeco.org).

This document was edited by Jaerson Lucas Bezerra.<sup>1</sup>

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### **1. Observations and Diagnosis**

Without a doubt we are reaching a new phase in questioning the principles that have directed economic policy and systems of government in recent years. The neo-liberal doctrine of the last two decades has nearly run its course, even if the direction of official economic policy remains unchanged. The neo-liberal box of tricks has nothing left to offer.

The harmful results are obvious, but still deserve some analysis. The consequences have been disastrous and the mistakes can no longer be justified as either transitory or inevitable. Social and economic indicators, in different degrees for rich and poor countries, have shown an increase in unemployment, exclusion, and impoverishment and a reduction in productivity. The distance between the economies of the peripheral nations and those in the center also continues to grow.

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<sup>1</sup> This document uses excerpts from the following works: the Preliminary text for Comments and Proposals, Initial Text, and the Summary of Communications and Debate from the meeting in Rio de Janeiro; Synthesis Projects from the individual workshops within the Socio-Economy of Solidarity Workshop; a Socio-Economy of Solidarity and the Nation State; Economy of Solidarity and Peace in Colombia; Ideology, Domination, and Economic Policy; Economic Growth and Social Politics; About the Single Thought; Evangelical Churches in the Battle against Poverty; Latin American Dynamism in the Economy of Solidarity; Local Public Policies as Forms of Promotion for the Development of Popular Organizations, a Concrete Alternative to Exclusive Globalization; Social Economy of Solidarity; Post-Modern Economic Policy and the Void in Economy.

Years of neo-liberalism have left problems that simply cannot be solved in the short term, even by appealing to classical formulas such as inflation and reduced growth. These have already been put into practice as recessive measures. If these measures are maintained there is a real risk of depression and economic crisis.

We do not know for certain if this is a new period in history, but it is clear that humanity is going through a period of great uncertainty. The brave new post-modern world has been postponed, with some uncertainty, until the future. One thing is certain, however: new solutions have to be found enabling us to emerge from this crisis. Such solutions should include human rights measures as well as values and experiences that until now have only been viewed as alternative.

Given the way in which economic policy is presently developing as an integral part of economic science, it is important to ask with what certainty we can state that we are on the threshold of a new model. Neo-liberal policies cause recessions from the moment they are applied, and can be disastrous when they are maintained. The models incorporate new ideas, but despite appearances, there is little evidence that, with the current disintegration, governments and economic systems are in the process of redirecting their policies or reformulating their commitments, based on their practices. The tangible evidence of the crisis exists, but no practical changes are being made at the government level to counteract the present situation.

Economic policies applied in the neo-liberal paradigm by national governments are maintained despite their negative results. These policies have abandoned their objectives of stimulating productivity and generating employment opportunities. Rather, they reduce internal demand under the banner of fighting inflation and reducing the trade deficit.

Such policies, described as inevitable in official dispatches and applied as a result of external demands, have been deliberately repressive, especially when attempting to reduce salaries, the amount of currency in circulation, and the fiscal and budgetary balance. Large corporations are abandoning the teachings of the Ford doctrine, which states that increasing the volume of production leads to an increase in profits, and attempt to increase profits by taking over competitive companies and markets.

In the current crisis situation, the state's role as the impetus behind the economy, in other words, the profile of a government's economic policy, returns to the center of the debate. After all, these policies are best suited to synthesize the main traits of the neo-liberal system. Liberal principles were salvaged and updated through the implementation of policies, again for the purpose of producing a new cycle of capitalist accumulation.

The relationship between the state and the economy, more precisely between the public and private sectors, is achieved through state economic policies. It is important to remember that the state has instruments at its disposal to achieve its economic, social, and political goals. In any case, these instruments depend directly or indirectly on economic policy, whether it is budgetary, monetary, fiscal, or related to foreign trade, exchange, economic sectors, salaries, and regulation.

From a reductionist point of view, the economic policy debate pits liberals, who favor minimal state intervention, against Keynesians, who favor more direct and permanent state intervention.

According to the latter, economic policy should take the form of a number of government measures aimed at acting on and influencing the mechanisms of production, distribution, and consumption. Though they are aimed at the economy, the measures conform to political and social criteria, in that they determine, for example, which sectors of society will benefit from the different economic measures taken by the state. Economic policy also depends on the level of pressure by interest groups such as political parties, social movements, unions, class associations, and public opinion movements. The relationship between the state and society at large has a direct bearing on the fate of economic policy.

According to the liberals, or neo-liberals (the more current term), economic policies are merely instruments for rebuilding the economic base of financial capital, which considers the strength of paid workers and their unions, the level of Welfare State expenditure, and taxation on revenue and capital circulation as intolerable. The so-called Anglo-Saxon model, using the terminology of neo-liberal times, coincided with the rise of Margaret Thatcher and Ronald Reagan in the United Kingdom and the United States, respectively. According to this ideology, the order of the day has always been to ensure that the state draws back from the economic sphere, allowing markets to operate freely.

The neo-liberal model has been exported throughout the world, breaking down cultural, institutional, and economic barriers and undermining the limits of national sovereignty. Globalization, particularly financial globalization, has been driven by the availability of money in a world that grows very little and distributes even less, generating unemployment and creating increasingly more sophisticated forms of social exclusion and technological inequality.

However, it is important to remember that the effects of neo-liberal policies, implemented through economic policies, are not the same everywhere. Ideas such as the “end of the state” and of national economies, which many support, lack a basis in reality. The control of the world economy is strongly linked to dominant national economies, where the state exists and functions. These states are the ones that determine the fate of the capitalist economy and dictate the rules that affect the economies of peripheral nations.

In practical terms, especially if we only analyze the results of the last two decades, neo-liberal policy has established a kind of neo-colonial economy, strengthening a system of relations and increasing the interdependence between peripheries and the metropolis. The way in which the economy and society have been affected by these policies in peripheral nations has no equivalent in central nations.

The basis for the symbiotic relationship between rich countries, multinational corporations, and international financial institutions is the association and the representation of common interests, but the phenomenon is not the same when the relationship with poor countries is concerned. For the rich countries, the relationship usually yields benefits, but for the poor countries it almost inevitably leads to

damage and loss. In any case, this observation does not rule out discussion about mechanisms responsible for the submission of (and absence of negotiating power in) emerging nations during decisions and agreements signed with these institutions.

Economic policies have played a fundamental role in establishing the neo-liberal model. For poor nations – suffering from debt and high inflation, while lacking new foreign investment – the neo-liberal textbook recommends, or rather, demands, measures such as increasing interest rates, reducing public spending, and as a result, creating economic recession. The results could not be worse: transferring strategic sectors (tied together through the sacrifice of society as a whole at considerable debt) to the market, along with the breakdown of public policies before they have even reached the status of what we know as the Welfare State.

The shocks imposed on national economies have had clear objectives: the possibility of new investments and guarantee payment or maintenance of the foreign debt. These formulas have yielded results: while the foreign debt has not been paid, an enormous volume of resources has been transferred to rich nations disguised as interest payments and other debt services, while public policies have been dismantled and productivity reduced.

Ideological domination results from the persuasive force and efficiency with which neo-liberal guidelines are practiced by multilateral development agencies. Integrated into the economic policies of rich and poor nations, neo-liberal proposals (actually more conservative than liberal) strive for the supremacy of the market over the state, and of the individual over society as a whole. The modern, flexible, and efficient side that characterizes the whole system of liberal thinking claims to be above the political mechanisms of the democratic system, pejoratively identified with nationalists, corporatists, and technocrats. Theses such as “small government” or “the minimum state”, the dismantling of the Welfare State, and the defense of unrestricted privatization stem from this line of thought.

Having observed the disastrous results of neo-liberal policies, coupled with the resistance shown by governments to any change and the constant dependence on foreign capital and investments, proposals that attempt to redirect economic policy must deal with the additional challenge of transforming economic policy into public policy.

These results stem from the lack of direct or representative public participation in economic policy, which dates further back than the recent period of neo-liberal policy. Keynesian policy itself, whose results are translated into social profits, was never considered to be in keeping with society’s aspirations.

State intervention in the economy based on Keynesian principles was not conducted democratically. Against a background of devastation caused by global conflict, particularly the two World Wars and the Great Depression of 1929, the central nations bore the onus of proving that capitalism could be saved. This had to be achieved under the condition that governments utilize their resources in the best possible fashion to maintain full employment, mediate loans, and fund public works.

Fluctuations in economic activity caused by inherent cycles in the functioning of the capitalist system were restrained by central governments’ ability to determine the level of economic activity through fiscal

and monetary policies. Policies guaranteeing full employment and the funding of public works should be seen only as a “social façade” of state intervention.

As far as the central nations are concerned, distribution of the fruits of productivity among wage earners and support for Welfare State expenditures date from this period. Meanwhile, such policies were never consolidated in the peripheral economies, even though public policies (especially those favoring a capital-labor partnership) had been pursued by both populist governments and nationalist ideologies.

The doctrine of a national economy implies the nationalization of decisions relating to economic policy. Therefore, economic nationalism integrates the idea and the decision to create a national capitalism. Public policies aim to reinforce national capital and benefit only the more developed social classes in large urban centers. Social rights have not been universal, but linked to political expediency under different governments. Social exclusion and the absence of citizenship are not recent phenomena: neo-liberal policy has only aggravated these problems and created mechanisms that make solutions to them increasingly difficult.

Economic and public policies have been linked to the interests of capital development and state intervention from their beginning. Social policies have been directed at the excluded masses.

Social policies have not even been developed within this logic of interests. They were initially conceived as essentially reformist and pragmatic policies, with no attempt to broaden the understanding of the relationship between the economy and social sectors, and have always been based on focused and inconsistent interventions.

Even if the definition of government is normally associated with the notion of the state, it does not mean that the interests of the former cannot be aligned with ideas contrary to the principle of representation. A system in which the people delegate their power to the government through the vote so that their representatives attempt to satisfy society’s needs becomes a critical point in the functioning of Western democracies.

As if the economic crisis were not enough, there is also a current crisis of political representation. The neo-liberal system affects not only the economy. As the social situation worsens and the ruling classes lose credit, we must ask ourselves how democratic regimes can become consolidated when large segments of the population are not considered full citizens. The main question becomes: to what extent can a genuine democracy grow and consolidate within a neo-liberal economy?

The consolidation of democracy faces a political crisis – the widespread lack of credibility and corruption among representatives of the executive, legislative, and judiciary branches of government – characterized by the absence of collective initiatives capable of motivating and mobilizing the people. The number of

blank and spoiled ballots in countries where voting is obligatory is a clear systematic sign of this political crisis.

Mistrust towards representative democracy and the legal order guaranteed by the constitutional state is not limited to peripheral nations. New social strata, resulting from unequal access to consumer goods and services based on class, race, and gender, are the outward expressions of a new classification system which has established different categories of people, occupying their respective places in society. Traditional political institutions have also failed to develop projects capable of integrating and expressing society's needs and demands.

Finally, the very limits and discrepancies inherent in the functioning of representative democracy are at stake. The only solution consists of guaranteeing for the public a culture of direct and permanent democratic participation, and for the governing political representatives a non-centralized and non-authoritarian democratic culture which would lead to a strengthening of the system of representation.

The scope and influence of economic policies are the ideal forum for constructing a new reality, because they represent the interests of state and society and the realization of state actions that attempt to change the economic situation. It is necessary to widen the scope of the debate, which still restricts economic policies to the economic system – whether it be neo-liberal or interventionist, depending on the current trend – and recover its characteristic of social action and responsibility. This is the only method capable of changing economic policies into truly public policies.

## **2. New Visions and Models.**

Though it is difficult to pinpoint in what era we are living, the transition from modernity to post-modernity has been extremely favorable for challenging and examining possible paradigms needed for crisis situations.

As a European phenomenon, modernity has been responsible for modern human beings conquering their autonomy and expressing their will for technological domination of the world. The ideal of an illuminist Western humanism is the culmination of modernity, based on the progress achieved by the optimism surrounding technological domination and advancements.

However, the concept of Western modernity includes other interpretations. “The fact that Western modernization preceded all others and, for three centuries, predominated in Europe, and then the United States, leads thinkers in these countries to identify their modernization with modernity in general, as if the break with the past and the establishment of the capitalist elite were essential and necessary conditions for the formation of a modern society” (Touraine, 1994: 35).

The expression “single thought,” which so precisely defines neo-liberal ideology, has precedents in illuminist thinking. “For a long time, modernity has been defined by what it destroyed, such as the constant questioning of ideas and forms of social organization, and the role of the avant-garde in art. To be sure, the longer the modernity movement grew the more it crept into cultures and societies incapable of adapting, putting up with them instead of using them.” (Touraine, 1994: 334). The necessary premises for the development of a new system, the Modern State, are contemporary with European Modernity and have the same foundations. The authority figure – its own territoriality, its actions mediated by a qualified body of technical assistance – demands security and efficiency for its formation. The state/economy relationship dates back to the early 19th century, with the development of financial capital. Politics and market mechanisms have not been separated since.

The new paradigm involved direct state intervention, not only through protectionist measures relating to monopolistic capital, but also through monetary maneuvers by Central Banks and the creation of structural conditions favoring the valorization of industrial capital. From a theoretical point-of-view, this implied a transition from economic policy to the analysis and criticism of state economic policy. In other words, this transition implied the foundation of organized capitalist expression.

Since its beginning, the goal of economic policies has been to define the directions that governments should follow and the interventions conducted to increase the wealth of their respective nations. Structural adjustment policies dictated by international financial institutions have attempted for several years to redirect economic policy objectives by replacing national interests and forcing indebted nations to take recessive measures. During the neo-liberal reign, the wrong questions have dominated the official political arena, including the need for state reform, under the pretext of purportedly excessive government functions, centralized bureaucratic authority, and irrational spending.

Decentralization is sold as synonymous with modernization and rationality, while it almost always remains a part of the neo-liberal prescription imposed on the indebted nations. It has been proposed as the impetus for reducing bureaucracy, increasing flexibility, and “strengthening” public participation. This point of view has been absorbed by peripheral nations without debate, while currently undermining or reversing workers’ gains and reducing funds for public policy implementation.

The stated objectives are enticing: community and local organizations are granted powers as providers of dignified services with much more acceptable costs and efficiency levels than those the government is able to offer. When conceived in this manner, decentralization is imbued with an instrumentalist vision, where civil society and municipal organizations are seen as something “outside” or “beneath the state,” thus enabling them to include activities previously under the responsibility of central government, which by this point has completely abandoned them. Manipulating community participation and the potential of Municipalities in a utilitarian way is part and parcel of neo-liberal ideology.

Community participation and “municipalization” in public policy-making are phenomena that create possibilities for democratic relations between the state and society. However, the condition is that there be other conditions, such as equitable distribution of budgetary resources between government spheres, the ability of local sectors to absorb these functions, and, above all, active community participation in the decision-making and administrative processes.

Another type of decentralization, with the same principles, relates to the transfer of state-owned companies to the market economy, or in the limited sense, privatization. This form of decentralization is always advocated on the basis of gross simplifications or comparative advantages, by attributing rationality to the private sector and inefficiency to the public sector. These policies have been targeted by



critics that denounce the precarious organizational methods, excessive spending, and imbalance between the use of funds and the benefits resulting from them.

The push for denationalization of state enterprises and other sectors formerly under state control, dictated by the demands of structural adjustments, is based on such simplifications to promote privatization programs.

Arguments about rationality and efficiency are always coupled with the concept of decentralization, attempting to avoid the inherent purges and conflicts in the privatization process. Privatization is thus seen as a form of conservative modernization, with technocratic and administrative factors attempting to undermine the political sphere. In the end, privatization transforms essential goods and services into merchandise, with a price assigned to their value, denying access to those who cannot afford to pay. The privatization of essential goods and services also undermines the public sector, reducing the possibilities for participation in the relations between the state and society.

State reform is an urgent task, yet the reform suggested here is of a different kind, involving democratization. Faced with a context shaped by skepticism towards the methods of direct democracy, republican powers distanced from the aspirations of society, and the preponderant reductionism of a single dominant thinking, civil society is taking a different route. By assuming forms of representation other than traditional political representation, the public sector has grown, creating a richer society and developing different forms of conflict management.

If such conflicts have not found room to express themselves at the heart of the state, it is because the latter has never been so distant from society as it is today, insisting on invalidating differences, ignoring conflict situations, and finally undermining the nation. Our proposal of salvaging the role of the state must not be confused with the neo-liberal idea of state reform, loaded with ambiguity and vested interests.

Truly participatory actions of a democratic nature are those that represent and include society's demands, in whatever form, with the intent of changing governmental agendas. In this sense, the goal of participation includes the democratization of public administration and the division of political decision-making.

Participation is, above all else, the exercise of citizenship; it is an important step in breaking with authoritarian states (even if such states are recognized as formal democracies) and with the traditional ways of conducting politics and administering public resources. The goal of democratic participation is to build alternative forms of power, which, by acting outside of constitutional boundaries, have the tendency to change them.

The inclusion of proposals from civil society in the definition of economic policy and public policy management through the creation of councils and other forms of participation, whether or not they are legally incorporated, represents an important step towards the democratization of the state in the attempt to go beyond the traditional ways and interests with which states have implemented their policies. This form of participation would reinstate the truly public nature of these policies.

Experiments in democratic administration, which are now being implemented locally in several countries, reflect the efforts by progressive administrations and organized civil society and benefit from the broader governing conditions they afford, occupying a vacuum left by the inefficiency of central governments.

New models and visions can thus be understood as a search for a new system, the will to change by taking action and giving dignity to the meaning of life. With these objectives, we do not wish to merely replace neo-liberal policies or salvage the Keynesian principles of state intervention and direction. We wish to re-invent, through public and economic policies, both state and citizenship in the full meaning of the words, where the rights of citizens dictate the duties of the state, remembering that the struggle for citizenship, for the establishment and protection of rights, is an indispensable condition for building a democratic society.

### **3. Initiatives and Innovations**

Economic policy initiatives and innovations relate to new control mechanisms and transparency, in the area of the established relations between the state and society. It is already possible to see and even display some of these actions. The first is the participatory budget issue, already in operation, particularly at the local and regional levels. This practice requires the presence of progressive governments, community structures within the population, and finally, a legislature that is aware of its functions, in charge of approving the budgetary proposals in debate, with the authority of the executive branch and society at large.

The Municipality, as the administrative sector closest to the population, is best suited to answer social demands with the most appropriate solutions, allowing the mobilization and involvement of communities in the development of policies that directly affect their everyday lives. The local sphere has shown the potential, not only in the formation of public policy councils for specific sectors, but also in a whole range of alternative production systems and experiments, motivated by the idea of an economy of solidarity. One of the current challenges is to disseminate these practices to other local and political spheres.

To further extend such exemplary initiatives to other areas requires a renewal of political leaders in the executive and legislative branches. This renewal is already a reality at the local level. Mayors and other municipal authorities that recognize society's needs and demands and are willing to share their power with the population are gaining ground in local elections.

The most successful local initiatives have taken place in areas where communities are organized by municipal regions to discuss the demands they see as priorities and which will be implemented with the municipal budget. This political instrument of direct participation not only entails community organization, but also the consolidation of citizenship. The success of these experiments generally coincides with the election of progressive administrations and political parties that identify with democratic ideals. An economy of solidarity strengthens workers' organization by fostering closer ties for social coexistence with solidarity in the production and consumption cycles.

However, participatory budget practices, which consist mainly of participation in the decisions affecting resource allocation, must extend to other situations and objectives. Society's participation must not stop with coherent selection and allocation of the percentage of resources in distinct public areas and policy. Other administrative and fiscal mechanisms must be established so that the budgetary proposals voted on are implemented according to the decisions made during debate. We are referring to the budget implementation phase.

Still, even resources approved and earmarked in the budget for specific purposes are often diverted to other ends. Executive branch representatives, through centralized and authoritarian practices, often try to redirect resources already committed during the budget approval period. In order to avoid such abuses of power, it is necessary for society to play an active role throughout the fiscal process.

Budgetary resources come largely from the transfer and collection of taxes; they are practically all managed through fees and taxes. In this sense, participation by civil society must extend to influence the fiscal policy that creates the resources. The fundamental issue is participation in decisions relating to the origin, total sum, method of collection, and origin of the resources. Therefore, the democratization of fiscal policy must be conducted on both the revenue and expenditure sides. This is the fundamental step for other economic policies to assume their truly public nature, since fiscal policy is nearly always linked to all other policies.

The reformulation of tax policy at all levels of government, not only in local authorities, is an urgent task, since fiscal policy has a direct influence on economic and public policy, linked directly to the population's well-being. We add to this work the Observations of the Synthesis Project from the Fiscal Policy Workshop, which highlights the need for a wide-ranging and diversified tax base, essentially targeting remuneration on capital, wealth, and speculative financial transactions. The proposed new system must be progressive and treat capital and wealth differently than the goods and services destined for the poorest classes.

Lack of voter interest is the consequence of a lack of credibility on the part of political parties and a lack of proposals in keeping with reality. The rebuilding of political representation, with parties and candidates that identify with human and citizens' rights, is the necessary condition for renewed relations between state and society. Such rebuilding requires prioritization of electoral legislation and campaign finance reforms, as well as a change in candidate profiles and their political platforms.

Let us not forget that democratic practices by government, where they exist, result from the strength of social movements and participation by society through movements and community councils in the areas of health, education, environment, town planning, and childhood, as well as other forms of associations that have already been tested to replace traditional relations of dependency and seek transparency and the provision of basic goods and services for the population. Society's participation in political and electoral processes becomes a condition that enables change in the makeup of executive and legislative power, and consequently, public policy.

Participation by NGOs in this process cannot be overlooked: during recent decades, they have done their best to support social movements by increasing their visibility and range of action. Such organizations are confused today with other organizations that claim to complement or replace the function of the state, with strong campaigns such as voluntary and corporate philanthropy, creating a homogenization that simplifies both the meaning of the different movements and the elimination of conflicts.

These new trends end up stressing localized and fragmented solutions, reproducing the same pragmatic logic with which government manipulates social policy. There was an attempt, mainly by official policies, to clump within the so-called Third Sector various agents and actions involving distinct types of work. There is a need to strengthen the identity of the NGOs and other institutions guided by democratic principles by differentiating them from other trends that insist on characterizing social policy by voluntary and isolated acts, as if social goods and services were outside state responsibility and did not belong in the realm of public policy.

Policies designed to combat poverty and social exclusion, and even the development of unemployment programs, cannot be separated from public policies. Targeted social policies currently aimed at the poorest groups, when seen as emergency measures and divorced from public policies, end up producing paternalism and philanthropy, while calling on society to take action.

Such policies, which are both useless due to the lack of any relationship to the causes of the problem and inconsequential because of their cyclical nature, always lead to both a waste of resources and the shirking of responsibility by the state in relation to social problems caused by economic policies. Meanwhile, they bolster both dependency and the maintenance of antiquated power structures. Finally, they become divorced from the reality that one of the clearest demonstrations of social crisis comes from economic decisions which have attempted to divert large amounts of money from production to financial speculation.

Participation by society's institutions in new relations with the state must depend on the organization of groups that already have experience with the struggle, including struggles in specific areas. This proposal includes ideas proposed in discussions about new trade union functions during the Labor, Employment, and Activity Workshop, which, while being aware of the traditional function of the union movement in society, focused on social protection for people in formal employment, highlighting the need for a Citizens' Union, or new unionism, going above and beyond business and labor relations by including the struggle for citizenship.

We recognize that foreign policy has a direct relationship with the economy, and that decisions are made without consulting either society or the legislature; we point out the urgency of establishing democratic mechanisms to achieve such policies. These mechanisms include both legislative power, presently limited to ratifying international treaties, and participation by society. Given that economic liberalization has led to fragmentation of interests and increased competition, national interests consequently include a greater diversity of demands.

The positions taken and the agreements signed by foreign policy representatives must include the expression and possible satisfaction of different interests. The idea is thus to include transparency and political control mechanisms in the decisions that affect society as a whole.

Added here are the suggestions by the Foreign Debt Workshop, more precisely those regarding the establishment of forums for negotiation where decision-making power is not controlled by creditors and the decisions take into account the basic needs of indebted nations. For example, such forums would deal with practices involving consultation with civil society throughout the world, like those already in place in Spain and Brazil, responsible for creating awareness-raising mechanisms that ultimately confirmed the need to cancel the foreign debt.

Several workshops have identified the need to publish information publicizing the disastrous results of neo-liberal policies. Paradoxical as it may appear, this is because official economic statistics like GNP (Gross National Product) and GDP (Gross Domestic Product) point to economic growth in countries where social exclusion is increasing. This need becomes more acute to the extent that official statistics published in the media are divorced from foreign policy decisions and domestic economic policy.

Society's participation in economic policy orientation must not be limited to the budget, fiscal issues, and foreign trade; it must also include monetary, exchange, sectoral, and income and wage policies as well as regulation.

#### **4. Proposals**

##### **1. Democratization of the state to guarantee citizens' rights.**

The state should be consolidated as the democratic forum for resolving conflict, by allowing a diversity of actors and issues such as the economy of solidarity, environment, peace, human rights, gender, race, etc., to be expressed politically, by participating in all decision-making levels of state institutions. If such initiatives do not find room for expression and promotion within the state, it is because the latter, currently removed from democratic principles, persists in ignoring differences, failing to recognize citizens' rights and undermining the public sector.

Faced with a situation shaped by skepticism towards the methods of direct democracy, republican powers distanced from the aspirations of society, and the preponderant reductionism of a single dominant thinking, civil society must embrace forms of representation that reach above and beyond traditional political representation and guarantee the maintenance of the state as a public forum where various interests of society are represented. The key issue we face if we wish to solve the current crisis is to consolidate the role of the state by creating a new dynamic for relations between state and society.

##### **2. Political participation to guarantee a democratic state.**

Political participation expands the traditional act of voting, or activism within a political party, or any other authority within society; building the basis of democratic ideals, which assumes that citizens are concerned about the nation and strongly interested in direct or indirect forms of participation in the decision-making process. Real methods of democratic participation are those that represent and incorporate the wishes of society, under various forms, in initiatives aimed at modifying government agendas. In this sense, participation can be seen as the democratization of administrative branches and the division of political decision-making power. The goal of democratic participation is to build alternative forms of power, which act outside of constitutional limits and thus tend to push these limits.

### **3. Promoting participation in the administration of public spaces at the local level.**

Experiments in democratic administration currently under way in several countries reflect the efforts by progressive government administrations and organized civil society. These experiments have benefited from their broader governing conditions by occupying the void left by the often ineffective performance of central governments.

The Municipality, the sphere of government closest to citizens, is the most likely to provide appropriate solutions for social demands, allowing the mobilization and involvement of communities to introduce policies that directly effect their everyday life. The local sphere has shown the potential not only for the formation of community councils related to specific public policies, but also a whole range of alternative production systems and experiments, motivated by the idea of an economy of solidarity. One of the current challenges is to disseminate these practices to other local areas and other political spheres.

### **4. Promoting participation in the electoral process at both the local and national levels.**

The most successful local initiatives have taken place in areas where communities are organized in municipal regions, in order to demand what they define as community priorities to be addressed with the municipal budget. Direct participation not only requires greater organization within the community, but also contributes to strengthening citizenship. The success of these experiments has generally coincided with the arrival in power of progressive administrations and political parties that identify with democratic ideals.

### **5. Promoting participation in fiscal and budgetary policy.**

The participatory budget process, consisting mainly of public participation in decision-making and delegation of resources, should also be extended to other situations and objectives. Participation by society should not be limited to the coherent selection and delegation of a percentage of resources in distinct areas and public policies for specific sectors. Other administrative and inspection mechanisms should be implemented so that approved budgetary proposals are applied in accordance with the deliberations and discussions from the debate. This refers to the budget implementation phase. In this sense, participation by civil society must expand to influence fiscal policy-making, which manages these resources.

### **6. Working towards the creation and adoption of new indicators.**

Several workshops have identified the need to publish information on the disastrous results of neo-liberal policies. Paradoxical as it may seem, this is because official economic statistics like GNP (Gross National Product) and GDP (Gross Domestic Product) point to economic growth in countries where social exclusion is increasing. The transparency and range of statistics for these new indicators would be obtained through the work of public institutions, managed and controlled by civil society. Circulation of the new indicators would incorporate economic, social, and environmental aspects and raise awareness of the social and environmental costs of economic policy and investment.

### **7. Creating economic policies based on the new facts.**

Community education and cooperative values and solidarity should be promoted, particularly in the cultural sphere, as the basis for building a new economic policy proposal that is both deeply humane and translated into policy that is consistent with society's goals. Economic policies should be defined as a means for providing the material basis for the welfare and fulfillment of peoples, races, and nations, while respecting biological, human, and cultural diversity in dynamic and sustainable

collaboration with nature. The functions of economic policies should be expanded in the areas of production, currency, trade, and finance, while above all attempting to meet human needs, socially sustainable development, and citizen rights.

## 5. Strategies and Actors

The necessary strategies to move forward on these proposals demand, first and foremost, a preoccupation with the new definition and the objectives of the economic policies: a new economy for a new world, based on something beyond market logic, by establishing a state for society and an economy for life.

The harmony between the new economy and social values is obtained through mechanisms for participation. The intended participation enlarges the traditional activities of voting and militancy within political parties, building the basis of democratic ideals, which assumes that citizens are concerned about the nation and strongly interested in direct or indirect forms of participation in the decision-making process. Here we highlight education as a means to obtain more meaningful participation.

It is interesting to observe that the inspiration for democratic principles and the exercise of rights, which are the basis of these new strategies, question the organization of states where only representative democracy is predominant. The strategy for transformation is realized through electoral processes and choosing candidates committed to social causes, but always with a watchful eye and citizens' control over their political actions.

The local arena as the prime area for democratic experiments is strengthened by the disclosure and enlargement of participatory budget practices, which democratize the decision-making process and strengthen community methods for the reproduction of life and the satisfaction of needs.

Safeguarding a diversity of interests begins with a pluralist administration. This guarantee is established when national institutions are created – in all areas of government – and global institutions are democratically constituted and administered, composed not only from within the state but also from organizations representing civil society.

The transparency and reach of statistics are obtained through the work of public institutions whose administration is controlled by civil society. New indicators, used to study the social costs of neo-liberal economic policy, will provide information on the results and benefits of new experiments in progress.

The actors engaged in implementing these strategies in practice are social movements, NGOs, unions, community councils, and other associations. Within the state, key representatives of the executive and legislative branches are those that conduct progressive administrations with transparent and visible mandates and management and are prepared to share power with the community.

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