

TOWARDS A CARING ECONOMIC APPROACH



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Towards a Caring Economic Approach¹

By: Thera van Osch

We need to go from an Economy that accumulates money in the banks and in the hands of few, to an Economy that cares for all the people and for the planet. Therefore our new economic approach is called the Economy of Care.

This paper explores a paradigm shift in economic thinking from the '*homo economicus*' to the '*caring human being*'. The aim of this exercise is to reinvent the current economic model that we have, and change it for a human-centered sustainable economic approach. How would economic life be with policies based on the model of the economy of care?

1. Paradigm shift

In the past decades our society has been modeled and consolidated according to a selective market centered point of view of neo-liberal economics. This approach reduces human relations mainly to exchange relations, which in turn are justified by the paradigm of the '*homo economicus*' – a theoretical construction of the one dimensional *rational economic man* in search for maximum satisfaction of needs with a minimum of costs, abstracting from human emotions. This human image is the key stone of the theoretical foundation of neo-liberal economics, the starting point of neo-classical market theory and one of the implicit principles of all neo-classical economic thinking and its corresponding neo-liberal policies.

Epistemologically the paradigm of the '*homo economicus*' is derived from Utilitarianism - an ethical theory stemming from the late 18th and 19th century. Since the late 20th century a new philosophical approach emerged – the Ethics of Care - which challenges the suppositions of utilitarianism by underpinning a human image driven by care. What happens to the theoretical edifice of the economic science if we replace the paradigm of the '*homo economicus*' by the paradigm of the '*caring human being*'?

Inspired by the women's movement the Ethics of Care is a promising new philosophical approach. It represents a gender aware alternative to the dominant approach of utilitarianism in politics, in economics and in social life. The paradigm of the '*caring human being*' is multi-dimensional, recognizes the mutual interdependency among individuals, and values emotions along with the rationality of utilitarianism.

¹ The ideas behind this new economic approach have been developed during discussions and exchange of ideas with many people all over the world. Here I want to thank all of those who have been discussing these issues with me over the past 30 years, especially Wim Boerboom and Lou Keune from the University of Tilburg (Netherlands) for their constructive remarks on this paper. Thanks also to Matt Hornsby for the proofreading and editing.

The concept of 'Care'

The concept of 'care' has several meanings. It refers to values, attitudes, and practices which establish social relations among people and their environment. Without care a human child cannot survive. Human life starts with receiving care. Care is therefore a **truly universal experience**.

All self-sustaining cultures are founded upon ethics of care, consisting of regulations and customs on the way people care for themselves, for each other and for their environment. Each social formation includes care for the newborn, care to survive within a given environmental context, care among the generations, care for sick people, care for the flora and fauna, for the conditions of life, and for the working and housing circumstances of people.

Care is crucial for *social sustainability*. This becomes visible when nobody cares and nobody takes responsibility for those who are in need of care. This may result in social disintegration, including situations as abandoned and neglected children, elderly people languishing apart from friends and family, houses and neighbourhoods decaying, sick people without access to health care, and high incidences of maternal and infant mortality. Analogously, the importance of care for *ecological sustainability* becomes visible when nobody is concerned about the impact of human activity on the environment, including disappearing forests, drying out of lakes and rivers, air pollution, extinction of species, climate change and exhaustion of natural resources.

The concept of care has been further developed in recent literature on the Ethics of Care. It is not only referring to activities in the household or the care-sector, but also to **an attitude or moral orientation**, which expresses specific emotions of inter-relationship among people, such as lovingness, affection, warm-heartedness, friendship, esteem, tenderness, responsibility, concern about someone or something, commitment and attentiveness. From this approach, care work is not only an activity that can be expressed in objective criteria such as time or (equivalent) value, but has an intrinsic value, which refers to the **sense of life**.



The new economy is already there. It has always been there; everyday and everywhere. It is the Economy of Care.

The value of 'Care' is based on a truly universal human experience. If care for ourselves, for our fellow humans and our environment would be the basis for economic thought, we would live in a totally different world.

Work-definition Economy of Care

The *Economy of Care* is a model based on the paradigm of the '**Caring human being**', a human image based on a holistic approach, which recognizes the multiple identities of individuals and groups of persons, their interdependency and mutual bonds.

There are many definitions in the literature on the Ethics of Care. For the Economy of Care we build upon the concept of care as defined by Joan Tronto who sees care as an activity which includes

“everything that we do to maintain, continue, and repair our ‘world’ so that we can live in it as well as possible. That world includes our bodies, ourselves, our environment, all of which we seek to interweave in a complex, life-sustaining web.”²

This brings us to the following *work-definition* for the Economy of Care: *The science of human behaviour focused on maintaining, continuation, and repairing the world in which we live, in order to improve quality of life for all in a sustainable way.*

In fact the “Economy of Care” as defined here, has always been there; everyday and everywhere. The value of ‘Care’ is based on a truly universal human experience. We would be living in a totally different world if care for ourselves, for our fellow humans and our environment would also be the basis for economic thought and policy.

2. Comparing paradigm and suppositions

The economy as a science is the whole of social theories that study and analyse the production, distribution and consumption of goods and services. It is not a value-free science. Implicit suppositions of the applied economic model always influence the result of economic policies based on such a model.

The following boxes show the suppositions on human behaviour, consumption, production, labour and distribution of neo-liberal economic thinking compared to caring economic thinking.

BOX 1: Paradigm on HUMAN BEHAVIOUR	
Neo-liberal Economics	Caring Economic thinking
Rational Economic Man (<i>homo economicus</i>); concept about humans based on Utilitarianism	Caring human being; concept about interrelated persons - acting on the basis of mutual trust and sensitivity - based on the philosophy of Ethics of Care
By pursuing self-interest you serve public interest	By caring for oneself, for each other and for the environment, the social formation will become sustainable
Explains efficient allocation of scarce goods through the market (subjective value theory)	Explains human survival and works in all circumstances, including times of war and crisis (intrinsic value theory/existential values)
One-dimensional relations among individuals (exchange of goods and services)	Holistic; multi-dimensional human relations; mutual care, trust and responsiveness
Atomic society (sum of autonomous acting independent individuals)	Social connectedness; interdependency; (persons embedded in historical, familial, social economic, political, ethnical context)

Human behaviour

Box 1 compares the paradigm on HUMAN BEHAVIOUR which underpins the overall theoretical construction of economic science and economic policies.

² Tronto, J.C.: *Moral Boundaries. A Political Argument for an Ethic of Care*. New York/London, Routledge, 1993.

In *neo-liberal economics* humans are considered to be independent, autonomous, rational economic individuals who pursue maximum satisfaction with a minimum of costs. In a free market this human behaviour is supposed to ensure the efficient allocation of scarce goods and services. Society is the sum of all these rationally acting individuals. Fortunately this one-dimensional concept of human beings is only a theoretical construction. In real life such a person would have an anti-social behaviour disorder: a socially isolated individual, without emotions, without moral conscience and without relations with others, only focused on taking rational decisions to achieve maximum satisfaction of his needs with a minimum of costs and without taking into consideration the needs and interests of others.³ Care is obscured by the neo-liberal ideal of the independent, autonomous, rational economic individual.

The *economy of care* departs from a more integral approach on human behaviour and tries to understand the most basic and comprehensive human values. The caring human being is in the first place an interdependent person, socially connected, affected by and involved in relations to other persons.⁴ Whether we want to be or not, we are all dependent on care during certain periods of our lives, including childhood, periods of illness or in old age. A caring economy requires mutual trust among interrelated citizens. It is the caring human being that keeps society running, in good times and in bad times, in times of crisis and war, in the formal and informal economy, in modern and traditional societies; the economy of care is always there; everyday and everywhere. Care is a key feature of the global human context in which the market economy is embedded. Even if markets collapse, the economy of care continues functioning.

BOX 2: Suppositions on ‘CONSUMPTION’	
Neo-liberal Economics	Caring Economic thinking
Households are consumption units and do not contribute to the production	Households produce, consume, and generate current and future people
Consumption is determined by the ‘law of the subjective value theory’ (marginal utility)	Consumption is also determined by generational and gender relations within different social classes and cultural groups (power relations)
Consumers should be encouraged to maintain economic growth (creation of needs in order to stimulate effective demand)	Consumers should be encouraged to consume sustainably and contribute to a global social and ecological balance

Consumption unit (households)

Box 2 represents the different approaches on CONSUMPTION UNITS (HOUSEHOLDS) between the neo-liberal model and the model of the economy of care.

Neo-liberal economics consider households as consumption units. Only the consumer’s role of the households is considered to be relevant in the neo-liberal model. The large amount of unpaid work

³ For an extensive analysis of the neo-classic paradigm of the ‘homo economicus’ see: Staveren, Irene van, *The Values of Economics. An Aristotelian Perspective*. London: Routledge, 2001

⁴ Held, Virginia: *The Ethics of Care; Personal, Political and Global*. Oxford University Press, 2006.

focused on the daily and generational reproduction and maintenance of human life, is not recognized, although it is part of the household economy. Unpaid domestic work, care labour, and voluntary work at community level are not included in macro-economic accounts and measures for economic growth⁵, despite of the fact that by undersigning the Platform for Action of Beijing (1995) governments are politically committed to include the unpaid sector in macro-economic policies. Indeed there are satellite accounts of the unpaid sectors of economy, as well as many studies which have calculated that in most national economies the total volume of unpaid working hours is more than the total volume of paid work⁶ – however, these satellite statistics are mainly attracting dust in the drawers, as they are not integrated in the mainstream model used for macroeconomic policy.

The *economy of care* considers the paid economy equally important as the unpaid economy, and includes unpaid labour in the model for economic policy. A new indicator has been developed to link the paid and the unpaid economy, the PW-quote (Paid-Work quote) as we will see further on.

Another problem of *neo-liberal economics* related to the category 'consumption unit' is that it contradicts its own paradigm on the 'homo economicus' as a principles of the free market economy. Macro-economic statistics measure consumption of consumption units, instead of measuring consumption of individuals. This is not in line with the supposition of neo-classical economic theory that each individual consumer has his own marginal utility function which expresses the subjective value of the goods and services available in the market. By taking consumption units as category to measure the behaviour of consumers, they suppose that there are no different opinions about the use of resources at consumption unit (household) level. In fact they suppose that the person who represents the other household members when he/she buys goods and services, is supposed to be an altruistic person who knows all preferences of her/his household members and has these preferences integrated in her/his individual marginal utility function. This altruistic image contradicts the paradigm of the rational economic man who pursues maximum satisfaction for minimum costs.⁷

The *economy of care* recognizes different social constructed relations between men and women, and between the generations, which determine the power to decide about the use of family income and resources, including the use of time for paid and unpaid labour.

Consumption is important in *neo-liberal economics* for the upholding of a vast trend of economic growth (GDP). The consumption function is determined by the neo-classical supposition on marginal utility as explained above.

In the *economy of care* consumers are encouraged to consume in a sustainable way and to contribute to a global social and ecological balance. The consumption function in the economic model will be replaced by the function of the Environmental Space Used (ESU), which reflects the

⁵ At micro-economic level however the neoclassical school did a lot of research to explain the unequal distribution of paid and unpaid work among women and men, even in cases of increased labour market opportunities of women. For example Gary Becker developed a theory on time-allocation and economic behaviour at family level. Becker, G: *A theory of the allocation of time*. Economic Journal, 1965

⁶ E.g.: Eurostat (2005): *Comparable time use statistics; National tables from 10 European countries*.

⁷ Gardiner, Jean: *El trabajo doméstico revisitado : Una crítica feminista de las economías neoclásica y marxista*. In : Thera van Osch (ed) : *Nuevos enfoques económicos ; Contribuciones al debate sobre Género y economía*. San José, 1996

Ecological footprint. Consumptive expenditures will be expressed in ESUs instead of in money. The fiscal system will reward sustainable consumer behaviour and charge consumer behaviour which is harmful for people and the planet.

Production unit

Box 3 compares the implicit suppositions on PRODUCTION of the neo-liberal economics with those of the economy of care. Neo-classical theory supposes that the principle of profit maximization will lead to optimal use of production factors (labour, raw materials and capital). Perfect competition is however a precondition to achieve this goal. Price-fixing cartels, monopolistic and oligopolistic enterprises can overprice their products without being outcompeted.

The social consequences and negative repercussions for people and planet which are caused by focusing purely on the aim of profit maximization, are not taken into account. *Neo-liberal* economists argue that they only describe the production process as it is, and it is not their job to become normative in case private utility is conflicting social utility .

The *economy of care* doesn't make this distinction between private and social utility as both utilities are linked, and both are important for achieving human sustainable development. The optimal use of production factors is not only measured in terms of monetary profit, but also in terms of social and ecological sustainability⁸.

Whereas traditional enterprises mainly report annually about their turnover and profits, the enterprises in the economy of care will apply corporate ethics and also report on the social and ecological dimensions of their business.

Production units are well defined in neo-classical economics and the corresponding *neo-liberal model of the economy*. All production of goods and services which are produced for the markets in the formal economy are taken into account in the national accounting system. Many productive activities in society however remain out of sight of this economic accounting system, including production at household level, subsistence farming at community level, exchange of voluntary services and informal production. Mainly goods and services which are sold and bought on the market for a specific price, are considered to be productive. This means for example, that preparing a meal in a restaurant is production, whereas preparing a meal at home is considered to be consumption.

The *economy of care* has a broader approach regarding 'production units'. In fact every one can produce at any place, in enterprises or at home, paid or unpaid, formal or informal, for the market or for own use. Production consists of all activities which contribute to maintaining, continuation, and repairing our world to improve quality of life for all in a sustainable way. Not only the goods and services with exchange value on the market are considered to be part of the production, but also the goods and services which are produced for their use value. For example, producing a meal at home can have a high use value in terms of contribution to the quality of life, whereas it has no exchange value on the market. Conversely, junk-food that causes stomach aches and is sold at the market has exchange value, whereas it does not contribute much to the quality of life.

⁸ Later on in this paper we will come back on how to measure social and ecological sustainability.

The competition among companies requires permanent investments to increase the productivity of capital and labour and to intensify the rhythm of production. As a result the speed in which natural resources are exploited for productive aims has become much higher than time needed for restoring the ecological balance. The biological rhythm of nature is surpassed by the industrial rhythm. As a consequence natural resources are getting exhausted. To stop and repair this process, the *economy of care* promotes investments in technical innovations which contribute to the maintenance, continuation, and reparation of the planet to improve quality of life for all in a sustainable way.

BOX 3: Suppositions on 'PRODUCTION'	
Neo-liberal Economics	Caring Economic thinking
Production-unit: Optimal use of production factors assumes perfect market competition (markets for labour, for capital goods, etc.)	Production-unit: Optimal use of production factors in terms of achieving human sustainable development, including corporate ethics on human rights, gender equality and environmentally sound production methods
Adverse human and environmental costs are not discounted from GDP	GDP is corrected by adverse human and environmental costs
The value of unpaid work is taken for granted and not included in the GDP	The GDP includes the value of all paid and unpaid production
Accountability in terms of money; profit is condition for economic sustainability (annual report)	Accountability and transparency in terms of achieving human rights, equality, and fair ecological footprint, besides monetary gains (annual report could be based on ISO 26000)
Production organised in private enterprises which produce for the market and the profits	Broader approach: Everyone can produce: for the market, for oneself, for the family or community
Production of exchange values (monetary values; prices on the market)	Production of use values, which can also have exchange value on the market, or values in terms of reciprocity, barter, local exchange systems, or solidarity values etc.
Focus on increasing productivity for permanent economic growth	Focus on technical innovation to embed economic activities in the natural circulation systems and the social biological rhythm of people, while maintaining intrinsic values which are important for the quality of life
Production of destructive means for warfare (such as guns, missiles, and other weapons) contribute to economic growth	Production of destructive means for warfare are a cost for society and will reduce social and economic wealth
Production is globalised through the market	Production is part of global circulation system, which includes the market as well as the unpaid economy and the ecological system.

Privatization of care sectors (health, nursing, etc.) has introduced marketing principles and methods to increase productivity in the area of care labour. By becoming a service delivery in the market, care labour can lose non-monetary intrinsic value which is important for the quality of life. Care labour consists of substitutable and not-substitutable labour. The affection of a parent for her/his child is a non-substitutable aspect of care which cannot be bought in the market. As soon as care is expressed in market prices it can lose this intrinsic value, because it must then prove its usefulness in terms of exchange values in the market. Investments to increase productivity of care labour are often ineffective and may even become counter-effective. People who are ill do not recover quicker by connecting them to machines or robots which give them medicines, lift them quicker from their bed, or wash them quicker. They can even become sicker with such impersonal treatment. Similarly, raising and educating children is a process which cannot be accelerated by technical investments. The growth and development of a child is bound to a socio-biological rhythm, which requires years of daily attention, affection, patience, trust, responsibility, commitment and love. Parental love is not for sale in the market. Many care tasks can be outsourced, but not all of them. Part of the care labour should even be protected from being undermined by the market system. A revaluation and redistribution of care labour is needed to prevent that there is no more time and place for non-substitutable care which represent an intrinsic value in people's lives. Together with the non-substitutable natural reserves, the not-substitutable care reserves are an important base for the economy.

In the *neo-liberal* approach the globalization of production is regulated through the free-market system. The *economy of care* departs from a holistic vision of the global system, which includes the social dimension and the ecological system.

Labour

Box 4 reflects the different concepts and suppositions on LABOUR. In most countries the volume of unpaid work is larger than the volume of the formal paid work of all economic sectors together. Still the importance of unpaid labour is completely ignored by neo-classical economics, for the simple reason that unpaid work is considered not to be scarce. Only labour which appears on the labour market is taken into account in the economic system: the economic value of labour is determined by the price of labour (wages, salaries, fees) on the labour market. The scarcer the labour, the higher the wages/salaries/fees. In times of high unemployment and abundant supply of labour, the wages will go down. Unpaid work is considered to be over-abundant, and not even a little bit scarce as it does not even appear at the labour market and has no monetary price (wage, salary, fee). The society can make unlimited use of the unpaid work, as the price is zero and therefore it is supposed to have no influence on the functioning of the economic system. Unpaid work remains invisible in current national accounting systems. As a result of this conceptualization of the value of labour, the costs of economic crisis and cutbacks in public expenditures are often silently passed to the unpaid economy. For example, cutbacks of budgets for health and education may impose strong pressure on unpaid care workers and volunteers – the majority of which are women - due to lack of professional services to address the real needs. The social costs and human repercussions of those working in the unpaid economy remain invisible in the economic statistics.

In the model of the economy of care the value of labour is determined by its contribution to the process of maintaining, continuation, and repairing our world to improve quality of life for all in a sustainable way. The labour market is regulated through democratic participative processes where people can participate in the dialogue on how to improve the quality of life for present and future generations. Unpaid work is considered to be as valuable as paid work, whereas economic policy is focused on establishing a balanced distribution of paid and unpaid work for men and women.

BOX 4: Suppositions on 'LABOUR'	
Neo-liberal Economics	Caring Economic thinking
The value of labour is determined by supply and demand on the labour market	The value of labor is determined by its contribution to both human and ecological sustainable development
Trade Unions and governmental regulations disturb the balance of the labour market	Civil society regulates dialogue on human resources in the process of sustainable social development (participative democracy on micro, meso, and macro level)
Unpaid work has no value	Unpaid work is just as valuable as paid work for the economy
Unpaid work is not taken into account in the economic model which is used for designing macroeconomic policy	Both paid and unpaid work and their inter-relationship are taken into account in the model for the economy of care, and a sound balance is pursued by macroeconomic policy.

Distribution

Box 5 shows the different concepts and suppositions about DISTRIBUTION among the neo-liberal economic approach and the economy of care. The government, the market and the banking system play a crucial role as regulators of the distribution of income, goods and services in society. Additional to these dominant regulation systems, the economy of care has a broader approach by recognizing also the 'invisible' regulation systems, including gender-based and generational-based social regulations which distribute time, money and properties, and the emergent virtual global exchange systems of information and resources.

In *neoliberal economic* thinking, the market and the government play the main role in the distribution of resources, whereas in the *economy of care* distribution is more comprehensive and includes also non-market circuits of exchange, communication, and distribution, such as exchange of values based on the principles of solidarity, reciprocity, or social responsibility and commitment. These principles however do not exist in the neoclassical vocabulary, although they do exist in real economy to a large extent having a huge impact on the quality of life and social livability.

The circulation system of the *economy of care* includes neighbourly help, unpaid care labour for family and friends, volunteer work at community level, recycling and exchange of clothes in the neighbourhood, Local Exchange Trading System (LETS), free online service systems and exchange, voluntary training of youth sports groups, Red Cross volunteering and many more activities which are not included in the formal distribution channels of the market and the government. All these different forms of distribution of goods and services play a crucial role in the real economy. Even in

times of war, crisis, hyperinflation or collapsing of the banking system – when regular markets are not working anymore – these informal distribution systems keep on moving, and may even become stronger. Yet these forms of distribution are outside the focus of the neo-liberal economic model, as they are not part of the formal monetary system. Exchange practices based on solidarity are even considered to be irrational from the point of view of the ‘homo economicus’. Consequently these activities are not taken into account in defining macro-economic policies either.

The *economy of care* promotes new forms of participative democracy, such as participative gender budgeting. Additional to representative (parliamentary) democracy, these new forms influence the distribution of public resources and improve transparency of public budgets.

In *neo-liberal economics* value is expressed in monetary units (prices). In the *economy of care* value is a broader concept, which is linked to the ecological footprint and to people’s paid and unpaid contributions to a sustainable living. This means that the economy of care is embedded in the ecological system and in the real economy.

Scarcity is a key concept for explaining economic value in the neo-classical market theory. Prices express the economic value of goods and services as a result of demand and supply. The scarcer the product (high demand and low supply) the higher the price. Products which have no price in the market may be very useful but they are considered not to be scarce, such as the abundant presence of the air we breathe. As long as it is free it is not scarce in the neo-classical model. Only when clean air becomes scarce and we have to buy oxygen cylinders with fresh air produced in factories in order to survive, air will become an interesting market product which will contribute to economic growth. Nature in itself, healthy air, clean water and fishes swimming in the rivers, a beautiful landscape, or bio-diversity do not appear as products at the market. Therefore they have no price and are considered to be over-abundant. Even species facing extinction are – economically spoken - not scarce, and their extinction has no consequences for economic growth, as long as they are not a (potential) product in the market.

BOX 5: Suppositions on ‘DISTRIBUTION’	
Neo-liberal Economics	Caring Economic thinking
Distribution: market and governmental regulation (redistribution)	Distribution: market, government, reciprocity, solidarity, mutual support, gifts, recycling, LETS
Regulation through monetary system, bank system and government	Regulation also through local exchange systems, gender + generational relations (e.g. family, friendship), virtual global exchange systems, participative (gender) budgeting
Value expressed in prices (money units)	Value linked to comprehensive indicators, which include the ecological footprint and the Paid-Work-quote (PW-quote)
Scarcity: What has no price on the market, has no value and is abundant and free for anyone (such as air, trees, unpaid labour).	Scarcity is a relative concept: The perspective of human sustainable development (contributing to quality of life for present and future generations) defines what is scarce/abundant

As the dominant economic logic is focused on exploitation and not on establishing a sustainable balance among the economical, social and ecological dimensions, there is no way to revert this process of over-exploitation of natural resources and environmental degeneration with the neo-classical economic approach. It's true that in the neo-liberal economic model several measures have been taken to control pollution, including the trading of emission permits, a system which sets limits to the amount of CO₂-emissions of enterprises. These permits are traded in the market among firms: those who produce under the limit of emissions can sell their permits to dirty industries who need a higher level of permits (or carbon credits) for their production. The system works as a corrective measure and is controlled by a central authority. These corrective measures may help to create awareness about the harmful production practices, but they do not change the unsustainable logic which is inherent to the neo-classical economic model.

In the *economy of care* the perspective of human sustainable development defines what is scarce or abundant. The criterion is not the price in the market, but the contribution to quality of life for present and future generations. The model of caring economics is based on a comprehensive approach and focused on a sustainable balance between the human, ecological and economical dimensions of society. The behaviour of the caring human being is made visible and promoted as an explicit basis for socioeconomic policies and practices. A caring society requires less rules, less laws and less repressive control, as it nurtures responsible behaviour and regulates itself towards a human sustainable society.

3. The basic model of the Economy of Care

The model of the Economy of Care is an approach which makes 'Care' the starting point and driving force of the economy. It is not about privatization and marketing of the care sector. The economy of care is a human-centered and environmentally friendly economic approach. It has a holistic approach. The mutual relationships and interdependency between men and women in all their diversity and between people and the natural environment are central to the economy of care.

Care includes all activities that people undertake to make the world a good place to live for current and future generations. This includes care for our own well being and health, care for the people around us (family, friends, neighbourhood, colleagues) and care for the natural and the human-made environment. The intrinsic value of care refers to the deeper sense of human life.

The economy of care pursues a balance between *the 3 basic systems of life*:

- a. Ecological system
- b. Generating system (system to generate human life)
- c. Production system

Throughout history *3 regulation systems* have been crystallized, which are important to achieve the balance between the basic systems:

- a. Circulation system
- b. Political and legal system
- c. System of Civil Society.

Historically self-sustaining human communities integrated the three basic life systems in a comprehensive subsistence economy. Throughout the centuries these systems have grown apart due to the development of production forces, specialization, division of labour, and the rise of exchange relations.

Industrialization brought a separation between home and workplace. The place where children were born and raised, where old and sick people were cared for, where daily food and other use values were produced and consumed, remained small scale organizations (generating system). The production of exchange values for the market was replaced to separate factories and became large scale organizations (production system).

This historical separation between home and workplace in industrialized societies is reflected in Figure 1. In the original self-sustaining communities life and work were integrated in one system. Throughout history we see the development of production units separated from family life, and family units dedicated to production and trade (e.g. home-based shops and workplaces).

In the old industrialized countries the organization of mass production in factories has brought about a separation between private/family life (home) and workplace (factory). This generated the so-called house-wife/breadwinners model, in which the women were supposed to stay at home as unpaid domestic workers, and men were supposed to work in factories/offices to get the family income. Nowadays this model makes reconciliation of work and family life a challenge for women's participation at the labour market. The uncounted social and environmental costs become evident during rush-hours in polluted cities, when everyone moves from home to work, or from work to home.

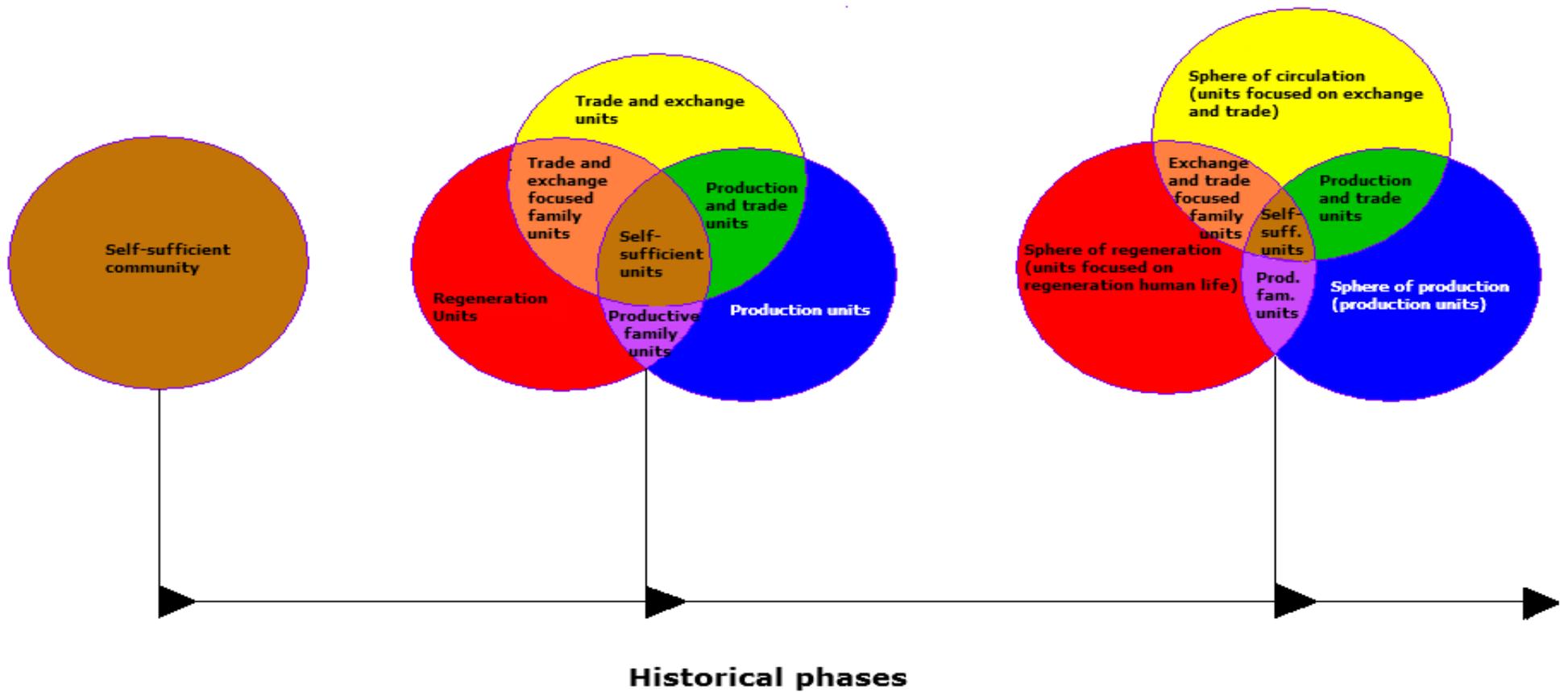
Most developing countries didn't fully pass through a system-wide industrialization process, and the house-wife/breadwinners model is mainly applicable in parts of the upper-class. In most poor countries women have always been working inside as well as outside the home. Many rural communities in developing countries are still organized as self-sufficient social formations⁹, where consumption and production are integrated without a market in between. In urban areas there is a range of informal family-based shops and workplaces where life, work and trade are integrated in one system, with all family members of all ages participating in the survival economy.

Figure 1 reflects these multiple social formations, which have been crystallizing over time.

Currently we see new forms of reintegration of work and family life. The development of information and communication technologies is bringing back new opportunities of working, shopping and banking at home while being connected to the global economy.

⁹ Social formation refers to historically constructed society with all its complexities. It can include different modes of production – self-sufficient community production, pre-capitalistic and capitalistic systems of production and distribution – and describes the dualistic and contradictory relations between these systems, and its corresponding social relations and class structure.

Fig. 1: Historical crystallization of the economic base of society



The historical separation between home and workplace (figure 2) is reflected in the basic model of the market economy (figure 3). In the market economy the system of generation of human life is reduced to a consumption unit, which is represented as the counterpart of the production unit. The circulation system is reduced to the market system. The market has become the regulating mechanism between consumption and production units, between savings and investments, and between employment and income (figure 3).

Figure 2: Historical separation of living and working

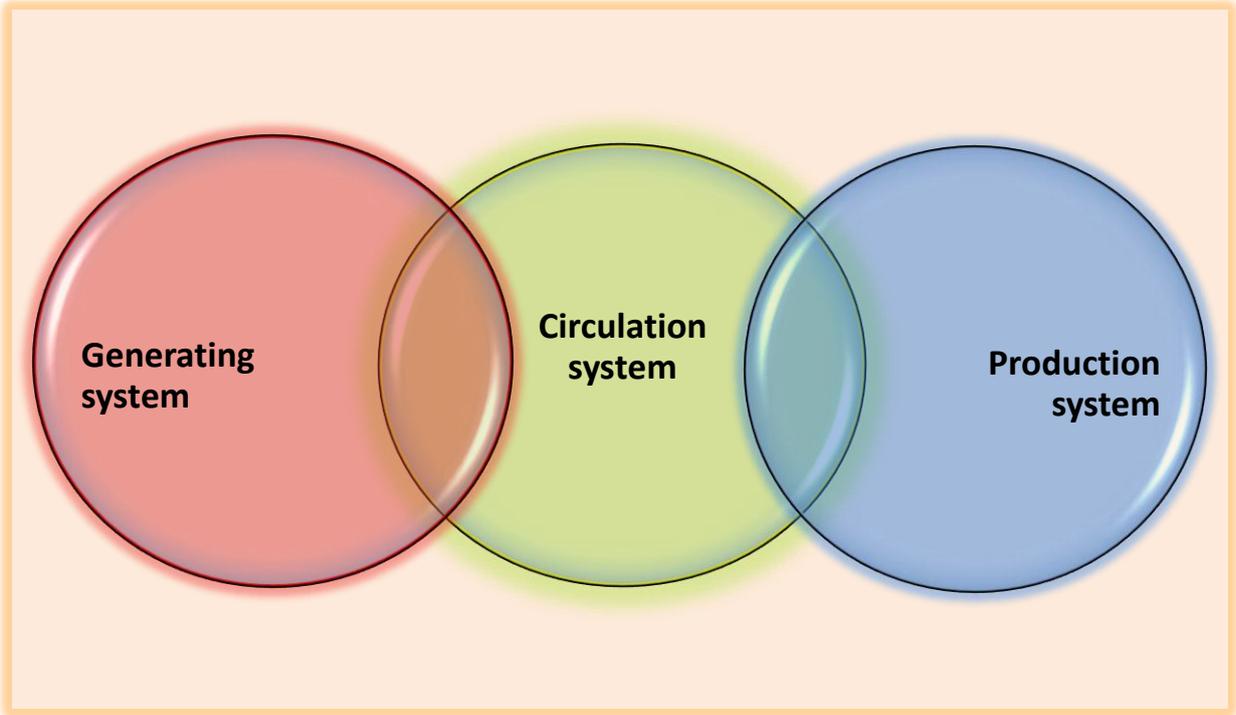
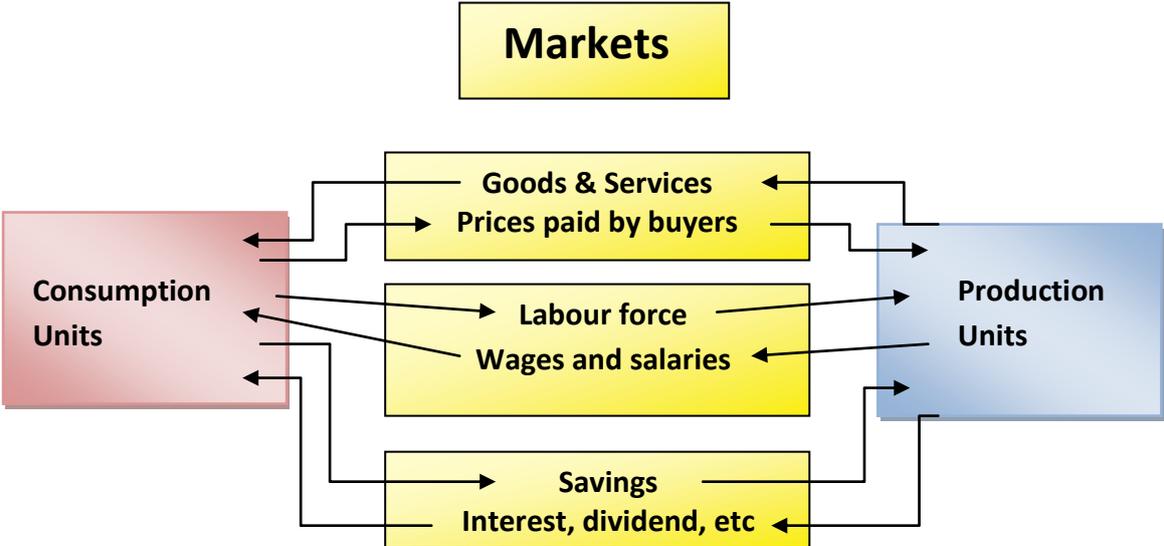
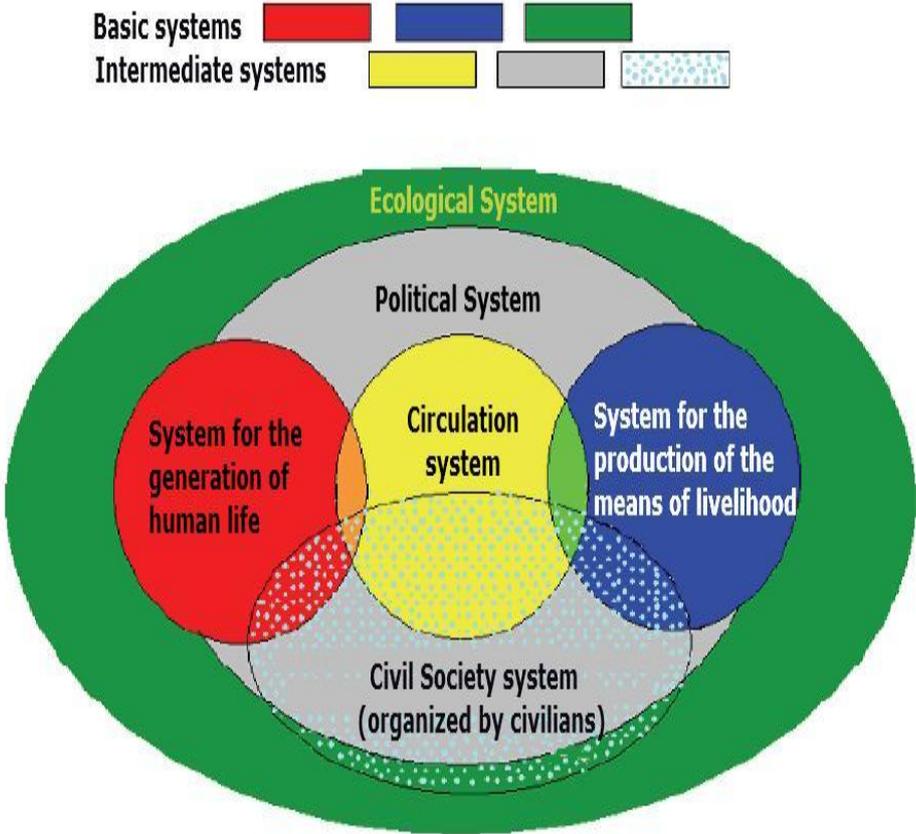


Figure 3: Basic model of market economy



The market system is in balance when demand and supply at the markets are balanced. The economy of care is in balance when the three basic life systems are balanced. This is the case when we have sustainable human development. Such development is not necessarily achieved through the market only, but also through other distribution mechanism as mentioned before.

Fig.4: Ecologic system as base for regeneration of human life and production of means for livelihood



Basic life systems

Each basic life system has its own logic to a certain extent (see Table 1). To achieve a balance between these systems we have to investigate how the logic cyclical development of each system interacts with the others.

An example of interaction between the generating system and the production system is the gender-based relation between income distribution (production system) and unpaid care labour (generating system). There is a gender-specific relationship between care-receiving and care-giving. During their lifecycle, women give more care than they receive, whereas men receive more care than they give. The asymmetrical relations differ between the several age cohorts. Distribution of care labour is

inversely related to distribution of income¹⁰. The individual income is inversely proportional to the individual volume of unpaid care work. When time spent on unpaid care work is above average, income decreases because carers have to get part-time paid work, to quit their paid job or go for early retirement. As a result, over-average delivery of unpaid care work is socially punished with income-poverty.

The Economy of Care however, considers both paid and unpaid work equally important, and it pursues a balance of paid and unpaid work for all. Instead of punishing those who deliver over-average unpaid care work, they are fiscally compensated to prevent income-poverty.

Table 1: Logic of 3 basic life systems

Criterion	Ecological system	Generating system	Production system
Time/ rhythm	Biological rhythm (day/night; water/sun); Season bound; Reproduction cycles of fauna and flora, etc	Socio-biological rhythm; Daily reproduction; Generational reproduction; Emotional/cultural reproduction	Industrial rhythm (technological development); Digital rhythm (ICT development)
Relations	Natural laws; Biodiversity; relations between fauna, flora, and humans	Kinship relations; Gender relations; Generational relations	Production relations; Property relations; Social Class relations
Sources	Sun, water, fire, earth; season bound natural production; Replacable and non-replacable natural resources	Subsistence means; (Care) Labour; Use values (food, clean clothes, clean house, etc.); Use capital (house, car, PC, TV, domestic apparatus, etc); Savings	Raw materials; Labour; Production means; Financing means
Threats	Exhaustion of natural resources (peak oil crisis); Environmental pollution and degradation (pollution of air, water, loss of biodiversity, etc.)	Lack of means for survival (hunger, poverty); Lack of care (illness); Impoverishment; Disintegration of communities and kinship structures	Lack of raw materials (industrial rhythm higher than biological rhythm – increasing prices); Surplus/lack of labour forces (production system not balanced with generating system: Unemployment/ stressed labour market)

¹⁰ Dauvellier, M. , 2008: *Equalising Care in a changing society*. Amsterdam (FNV Vrouwenbond).

Regulation systems

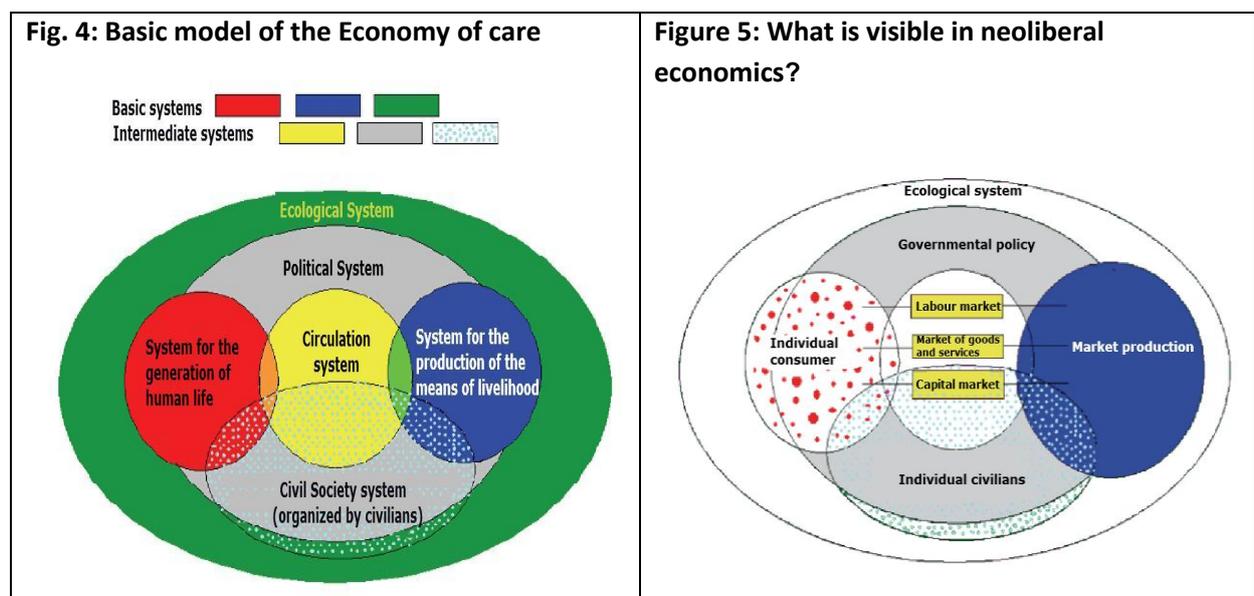
The *circulation system* regulates interaction between the three basic life systems. As explained before, circulation is much more than markets; it also includes exchange based on solidarity, LETs, reciprocity, and other distribution mechanisms.

The *government* has a task to regulate the economy, especially in case of imbalances. Governmental regulation includes income distribution (e.g. through the tax system), labour market policy, wage policy, pricing policy, delivery of public goods and services (e.g. education, health, defence), legislation, regulation and ensuring the rule of law.

So far two main economic approaches have been dominating the industrialised Western market economies:

- a) the approach in favour of governmental regulation (e.g. keynesians, institutionalists)
- b) the laissez-faire approach that trusts on the market (e.g. monetarists, neoliberals)

However, the fundamental imbalances between the 3 basic life systems are not resolved by any of these schools, because these systems are out of the scope of economic thinking. If neither the government (with political or legal measures) nor the market is able to respond to such imbalances, *civil society* takes initiatives to restore the balance between the basic life systems, such as trade unions who defend decent work and decent life of the workers, women's organizations who address gender equality issues in private and public life, environmental organizations who advocate for environmental protection and sustainable use of natural resources, organisations of volunteers which address the needs of specific groups, including community work, support to the poor, and youth sports groups. Civil society has an important regulation function in restoring the balance between the three basic life systems.



4. Macro-economic policy based on Economy of Care

How would a future society be if economic policy would be based on the economy of care?

People live in balance with their natural environment. They are less dependent on money to make a living. Spatial planning and housing take account of diverse lifestyles and are aimed at increasing people's self-sufficiency. Cultural diversity is a source of quality of life. People have more time for each other, for enjoying the natural environment and for their individual development. The right to receive care and provide care is guaranteed for everyone. Paid and unpaid work are equally valued. Society is organized in such a way that work and life are balanced for each person individually and for society as a whole.

In the Economy of Care production is more decentralised and under control of people at local level. The processes of production and consumption, are adapted to both the natural cycles and to the socio-biological rhythm of each person in the different phases of her/his life. Mobility is ecologically friendly and is accessible to everyone. Poverty is eradicated worldwide. There is gender equality around the world, with equal rights and opportunities to prosperity and welfare for present and future generations. There is no useless production, no production of destructive means either. Governmental policy promotes the integral development of people. Worldwide a sustainable balance has been established between the basic life systems.

The current economic model used by the government for macroeconomic policy must be adjusted to achieve an economy of care. Not only economic growth, but also the social and natural wealth should become visible. Negative impact of economic growth on social or environmental sustainability should be deducted as expenses. Economic growth is not sustainable as long as it is realized at the expense of social and environmental assets, or affects the quality of current and/or future generations. On the other hand, negative economic growth - economic contraction – may be compensated by positive growth of the natural resources and/or the social wealth. In that case, economic contraction in the short term may contribute to sustainable long-term growth.

Not the promotion of economic growth, but **sustainable social development** will become the main objective of economic policy. The income per capita becomes less important, and the amount of money consumers spend is less relevant. Instead, the Environmental Space Used (ESU) per capita as well as the distribution of paid and unpaid work will be key factors in the new economic approach.

Box 6: Environmental Space Used per capita

The 'environmental space' indicates our ecological footprint. How many resources do we use? How much farmland is needed to produce our food? How much space do we need to get rid of our trash?

Thus, the environmental space of 1 kg of organic beef is 261 m² and of 1 kg of fresh green beans 9.7 m².

The ecological footprint measures the human demand on ecosystems, and can be calculated for each person, for sectors, for companies, for cities and for countries.

See: <http://www.footprintnetwork.org>

Policy development based on the economy of care requires a new System of National Accounts, which should become three-dimensional and include new indicators¹¹:

- Natural wealth (a measure could be the environmental space per capita - ESU)
- Social wealth (measures should include the relation of paid-unpaid work per capita – PUW-relation)
- Economic wealth (measure: income per capita).

The main *objective of macro-economic policy* based on the model of the economy of care is:

Achieving a balanced development of social, natural and economic wealth on a worldwide scale.

This means that there is a sustainable balance between 3 basic life systems: the ecological, regeneration and production system. The following economic policy, will enable the linking of the basic life systems:

- The consumption function in the current economic model is replaced by an environmental space function. Consumptive expenditures will be expressed in ESUs (Environmental Space Used) instead of dollars, euros, yen or other currencies
- The ESU is a worldwide accounting unit which links the economy of every country to the global environmental system

Box 7: The Paid-Work Quote (PW-Quote)

The PW-quote is a simple indicator showing the % of total labour volume which is paid (financially recognised).

$$\text{PW-quote} = \frac{\text{VPW}}{\text{VPW} + \text{VUW}} \times 100\%$$

VPW = Volume Paid Work (in time units)

VUW = Volume Unpaid Work (in time units)

The PW-quote shows variation *in time*. E.g. in the Netherlands the percentage of women's paid work volume raised from 8% to 25% in a quarter of a century (1975-2000), whereas it remained around 60% for men's work. The **gender gap** representing the relation between the PW-quote of men and women, was 7,6 in 1975 and reduced to 2,4 in 2000. In 2007 this gap was reduced to 1,6 as shown in the table below.

The **PW-quote** can also vary *in place*. This table shows the PW quote in 4 EU member states: All countries have a considerable gender gap regarding the distribution of paid and unpaid work. In case paid and unpaid work would be equally distributed among women and men, the gender equality indicator would be 1. This indicator is only about the volume (working hours) of paid and unpaid work; it doesn't reveal the differences in payment.

PW Quote 4 EU countries (2007)

Countries	Women	Men	Gender gap m/w
Spain	33%	74%	74/33 = 2,2
Poland	33%	64%	64/33= 1,9
UK	37%	65%	65/37 = 1,8
Netherlands	37%	60%	60/37 = 1,6

Source: Dauvellier, M., 2008: *Equalising Care in a changing society*. Amsterdam (FNV Vrouwenbond).

¹¹ Lou Keune et al, describes in '*Beter meten van welvaart en welzijn*' (2012) a range of indicators for a sustainable and solidary economy, including the Sustainable Society Index (SSI), Index for Sustainable Economic Welfare (ISEW), Human Development Index (HDI), Living Planet Index (LPI), Happy Planet Index (HPI), which go beyond the limited concept of GDP, and are useful in the context of a caring economic approach.

- The Paid-Work-Quote (PW-quote: box 7) measures the relation between the paid and the unpaid economy at all levels (individual, community, sector, national, regional, global)
- The cycles and time-rhythms of the ecosystem, the regeneration and production are aligned; industrial rhythm keeps pace with human life rhythm and the biological rhythm of the ecosystem, maintaining human and natural resources. Human life rhythm refers to the social-biological rhythms of daily, generationally, emotional and cultural reproduction. Each person – both men and women – is able to balance care and work.
- There is an accounting system of governments and companies which enables tracing the money-flows and assessing its impact on men and women in all their diversity, and on the environment; the system is transparent and accessible for everyone through the internet.
- Governments (national and local) and companies present a comprehensive annual balance, which not only includes the financial data, but also the social and ecological data. E.g. a country has an ecological debt to the rest of the world if the ecological footprint per capita of the country is higher than the sustainable footprint per capita (= fair-planet-share).
- There is a Global Accounting System that visualises the Natural wealth, Social wealth, and Economic wealth, as well as the transboundary impacts of unbalanced development. Countries with an ecological debt (average ESU per capita above the ‘fair-planet-share’) have to compensate the countries whose ESU per capita is below the fair-planet-share¹². If the PW-quote of children¹³ in a specific sector shows that foreign trade is based on child labour, then this appears as a social debt on the balance sheet of the country which imports these products. The social debt should be paid to improving social sustainability (for example, in education or health) in poor countries. Through multilateral agreements, countries build a system of equalising natural, social and economic wealth.

From crisis to care

The current neo-liberal economic model may have had its advantages for certain groups in certain situations, but nowadays it mainly shows its incompetence to solve the current multiple crisis which affects all groups in society:

- Climate Change crisis: the neo-liberal market model is intrinsically unsustainable for the environment and not fit to solve the climate crisis. In relation to the ecological system it is a kind of plunder economy. For the sake of economic growth, it plunders the planet and its natural resources, leaving future generations with pollution, poisoned waters and dangerous waste. We need an economic model which is embedded in the ecological system in a sustainable way.
- Peak-oil crisis: the availability of oil is coming to its limits, whereas the use of oil is embodied in the technological development of the neo-liberal economic market model. As you cannot cure a crisis with the same system that has caused it, we have to go beyond the neo-liberal model and

¹² The Dutch Platform for a Sustainable and Solidary Economy calculated for the Netherlands, that in 2008 the ecological debt was over 250 billion euro. Biesta, D. et al (2012): *Macro-economische verkenningen 2013 +; rechtvaardige voetafdruk ver overschreden; duurzame oplossingen bekend*. Netherlands (Platform DSE).

¹³ The Paid-Work Quote for children shows the total of paid and unpaid working hours of children, and the percentage of these hours for which they receive a payment.

find new ways out of the peak-oil crisis. Caring for the future means investing in technological development based on safe renewable energy.

- c. Care crisis: Demographic development and aging populations have increased the demand for care. The neo-liberal economic answer to this problem is: privatization of the care-sector. This has led to Taylorism in care sector, i.e. specialization, de-humanization and loss of quality of life. As a result the costs of professional (paid) care has increased, whereas the quality has decreased. Unpaid care labour remains invisible in the neo-liberal economic model. To solve the care crisis, we have to promote and support the caring human being in all aspects of social-economic life, in the paid as well as unpaid economy. The right to provide and to receive care must be ensured for all men and women.
- d. Financial crisis: This is a crisis in the circulation sphere; banks have undermined their own core-function (= facilitating market system) and violated the basic principle of the theory of interest (base for interest is difference in current and future value of the marginal utility of products & services) which links the monetary sphere with the real production sphere. A way-out within the current system is evaporation of money (assets becoming worthless, banks going bankrupt), which may affect common people who have savings or shares in the bank. To prevent the total collapse of the system, governments jump in with money from the tax-payers. *Who will finally pay the bill of this crisis?* The last resort and ultimate buffer of the financial crisis is the unpaid economy. Unpaid work will increase, although this will remain invisible in the financial and economic data. To see a way-out from the financial crisis, the unpaid economy has to be visualised and taken into account in macroeconomic policies.
- e. Poverty crisis: In 2013, projections of the United Nations (UN) indicate that in 2015 almost one billion people will still be living on less than \$1.25 per day. Moreover, still nearly 15 percent of the global population, are estimated to be undernourished, which is about 850 million people. In developing countries nearly one in five children under age five is underweight¹⁴. This means that the Millennium Development Goal which sets targets for eradication of extreme poverty and hunger (MDG-1), will not be achieved in 2015. New approaches are needed to address the poverty crisis. The promotion of social justice and human rights by creating decent work and a decent life for all men and women worldwide should be integrated as a logic mechanism in the model used for macroeconomic policy. In order to achieve a worldwide balance between the basic systems of life, a Global Accounting System is needed to establish mechanism of equalizing social, ecological, and economic wealth in a human sustainable way. Each country should produce its annual comprehensive balance to define the social, ecological and economic credits or debts.

The model of the economy of care is fit to overcome this multiple crisis and to establish a balance between the basic systems of life.

¹⁴ Retrieved 10-05-2013 from: <http://www.un.org/millenniumgoals/poverty.shtml>

Transition towards an Economy of Care

In fact the new economy already exists. Its approach is so evident and common that we just don't see it, although it's there and it has always been there throughout human history. Human care is the key to survival of humanity since humans were born ever. Transition towards an economy of care is mainly a question of aligning economic policy to the paradigm of the caring human being.

How can this be done?

To begin with, the main goal of macro-economic policy should be the creation of a sustainable balance between the three basic systems: the ecologic system, the system of generation of human life, and the production system.

Specific targets can be set to link the basic systems, whereas each target can be achieved by applying certain macroeconomic policy tools. Here are **three examples**:

- Goal 1: Achieve a sustainable ESU per capita
Target: Achieve a fair planet share of 1,7 ha. per capita within 5 years
Policy tools: Here some examples of policy tools which may contribute to achieve this goal:
- Eco Tax instead of VAT;
 - Extra high tax on useless or destructive products, such as weapons, or packages of products which are misleading for consumers. Tax-payers can each year indicate on their tax-sheet which products or services they consider as totally useless and abundant. The government makes a top-1000 of these projects which will be extra charged.
 - Link income tax to ESU: The higher the Ecological Space Used, the higher the income tax. Each person answers a survey which establishes the ecological footprint. By changing consumer's habits (e.g. eating less meat, moving by bicycle instead of car), the ecological footprint can reduce and less tax has to be paid.
 - Fiscal allowances for investments that promote ecological balance; e.g. investments in solar energy, wind energy, urban biological agriculture, etc.
 - Legislation and measures to ensure that annual statements of (local) governments and companies specify their ESU along with their social and financial results. Provide guidelines for accountability on social and ecological results (annual reporting) to enterprises¹⁵.
- Goal 2: Increase social sustainability by balancing the paid and unpaid economy;
Target: Attain an equitable distribution of paid and unpaid work for both men and women within 5 years
Policy tools: A crucial aspect of increasing social sustainability is a life-work balance. To create the conditions for such a balance, the following policy tools can be used:
- Apply a macroeconomic policy framework based on the principles of social-economic justice and human rights, including gender equality, and trace effects of governmental budget with gender budgeting tools

¹⁵ ISO 26000 offers a good framework for such guidelines.

- Create an open source for diaries¹⁶ where men and women can register their own paid and unpaid working hours, and calculate their PW-quote and fiscal implications
- Dialogue between government and civil society (including women's organizations, patient associations, organizations of aged people, trade unions, employer's organisations etc.) about distribution of paid and unpaid work, and equalizing care
- Fiscal compensation for people with a low PW-quote (hours of paid work in relation to total – paid and unpaid - work is under social average), who dedicate an over-average amount of time to socially necessary unpaid work
- Pension system linked to paid and unpaid labour; e.g. care credits to built up pension rights guaranteed by the government, for men and women who have to dedicate a greater amount of time to unpaid care for small children, people with a handicap, ill persons, elder people, etc. during a specific period in their life cycle
- Fiscal allowances for innovations that contribute to social sustainability
- Comprehensive care system built upon the existing complementing paid and unpaid care labour, which ensures the right for all men and women to receive and to provide care

Goal 3: A worldwide balance between the basic life systems

Target: Structural eradication of poverty by equalising ecological, social and economic debts.

Policy tools: This approach could be the basis for the post-2015 Development Agenda

- Applying environmental gender-aware impact assessments to trace the impact of international trade on people's life and the ecological system
- Including the ecological credit/debt in the balance of payments of countries as a basis for global equalising through a multilateral clearinghouse body, e.g. the Worldbank. Countries whose economic growth has been achieved at the expense of global ecological wealth (ESU per capita exceeds fair-planet-share), pay this ecological debt to the clearinghouse body which invest the money in sustainable development of poor countries who built up ecological credits.
- Including also the social credit/debt in the balance of payment of countries as a basis for international clearing. Countries have to pay a social debt if their international trade benefits have been achieved at the cost of social-economic rights of workers. The clearinghouse will invest this money in promoting social sustainability in poor countries, including social-economic rights, gender equality, children's rights, a balanced PW quote and decent work for men and women worldwide.
- Ecological and social debts and credits are part of the working of the global economic model, and the driving political force to get the basic systems of life in

¹⁶ National surveys on time use in several countries have successfully employed the 'DIARY' method for recording of activity descriptions, their starting and ending times, and the attendant contextual dimensions of the activities. See: United Nations, Department of Economic and Social Affairs, Statistics Division (2005): Guide to producing statistics on time use: measuring paid and unpaid work.

balance They have nothing to do with development cooperation and will not replace official development.

How will it be to live in an Economy of Care?

Here some examples of turning policy into practice at local level:

a. Sustainable living

- each house/community produces its own clean energy (wind, sun, geo-thermal, bio-gas, etc.)
- housing and communities are designed for diversity and pluralistic life-styles, including multi-functional facilities to combine work and care, or adapted to people with a handicap or aged people (social sustainability)

b. Sustainable, safe and accessible transport facilities

- free public transport
- network of pleasant and safe walking paths and bicycles roads throughout the cities and communities
- people move around in noiseless non-polluting vehicles with low ecological footprint

c. Sustainable production

- production is embedded in the recycling system at community level; companies apply the cradle to cradle principles
- Each household unit is a link in the local recycling system; houses are connected to a recycling system for paper, plastic, glass, organic waste, etc. (e.g. tubes connected to production units which re-use the household waste)
- the needs and priorities of the diversity of men and women at community level are the starting point of creation of values
- working times allow for reconciliation of work and care.
- the distance between home and workplace is not too far, or reduced by teleworking, and companies respect social biological rhythms and care responsibilities

d. Sustainable community development

- Care is the core value of community development policy; care for our own life, for the community members and for the environment. Interconnectedness is enhanced by planning facilities for care, education and recreation in the centre of the community, including medical clinics, kinder garden, schools, and parks
- promotion of ecological intelligence (understanding interrelationships between humans and nature/cosmos)
- the local government facilitates increased self subsistence at community level, including rainwater harvesting, urban agriculture (eatable gardens, fruit trees, vegetable, herbs, green roofs and balconies), sustainable energy (solar, wind, bio or geothermic energy production at community level), and eventually a local exchange system (LETS)

- promotion of community based social-economic activities, including child care facilities, teleworking, mini-enterprises, consulting companies, medical practice at home, sports facilities, art workshops, etc.
- complementing representative democracy at community level with dialogue and participative gender budgeting, which allows the diversity of men and women (including underrepresented minorities) to influence community planning and budgeting, including community investments, safety, and fair distribution of paid and unpaid work

e. Local governance

- Participative gender budgeting allows people (men and women) to become involved in the budgetary process in their community, and to ensure transparency and accountability
- Local authorities produce each year a social balance which shows the use of time, energy, and ecological space for men and women at community level

Final remarks

The multiple crisis offers new opportunities for the creation of new exchange systems based on reciprocity, solidarity, sustainability and emerging of new social webs (micro-meso-macro), including local exchange systems (e.g. LETS-system), and global exchange systems (e.g. bitcoins).

Economic analysis of the current multiple crisis overlook the role of the unpaid economy in the mechanisms that produce and regulate the crisis. The PW-quote is a simple tool to measure the 'engendered' effects of crisis in the paid and unpaid economy, and to get a more complete picture of the economic crisis and the ways out.

New technologies will further enhance the decentralisation of services and production. Sustainable technological development will allow us to produce our own renewable energy, tailor-made consumption goods, production of information and media at local level (at home, in the neighbourhood, in the region). To organise this ongoing process of decentralisation and increased self-sufficiency at a higher technological level, we do not need hierarchical orders, control or top-down regulations. We need a caring society, where mutual support and responsibility is the norm.

The process of decentralization of production and services will also enhance increased equality in access to and control over sustainable resources. If sustainable energy is produced under the control of individual persons, families, neighbourhoods or local communities, the dependence from money and oligopolistic companies will decrease. This offers the opportunity to increase the gender balance in sustainable management of resources at local level.

Bottom-up implementation of a policy based on the economy of care, requires the organisation of a comprehensive care system which includes the paid as well as unpaid care labour. It may require a local municipality tax based on ESU, a local exchange system (LETS), and the introduction of participative gender budgeting. Accountability and transparency are crucial factors in the process of decentralisation. Local authorities and local companies who implement the Economy of Care need therefore to present annually a social sustainable balance,

The Economy of Care is a model which can help to further sustainable social innovation, and to globalise human and ecological sustainable development. This model not only reflects economic wealth, but also social and natural wealth. It pursues equitable distribution of wealth; a decent life, equal rights and opportunities for all; and a production process inserted in a sustainable recycling system with respect for the human and ecological reproduction capacity.

We need a global model which allows to implement an effective policy for structural eradication of poverty, and for improving the quality of life for all, while maintaining universal human rights and sustainable ecological systems. A model which cares for every person on earth, and makes the planet a home for everyone. The economy of Care is such a model, which is based on universal common values of the 'caring human being'.

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