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HOW MONEY CREATES POVERTY

Money has become a measure of how wealthy and how poor people are. It has become the measure of human well being. To live on less than a dollar a day is the definition of poverty. To increase incomes to more than a dollar a day is interpreted as an end of poverty. This equating of money with wealth and wealth with well being is misplaced on multiple counts. Money does not reflect nature's wealth or people's wealth. And it definitely fails to measure the well being of society.

Both ecology and economics have emerged from the same roots -- "oikos" -- the Greek word for household.

As long as economics was focussed on the household, it recognized and respected its basis in natural resources, the limits of ecological renewal. It was focussed on providing for basic human needs within these limits. Economics as based on the household was women centered.

Today, economics is separated from, and opposed to both ecological processes and basic needs. While the destruction of nature has been justified on grounds of improving human welfare, for the majority of people poverty and dispossession has increased. While being non-sustainable it is also economically unjust. While being promoted as "economic development", it is leading to underdevelopment, while projecting growth, it is causing life threatening destruction.

The dominant model of "economic development" has in fact become anti-life.

The resource demands of the current model of the economy are leading to resource wars – oil wars, water wars, food wars. There are three levels of violence involved in non-sustainable development. The first is the violence against the earth, which is expressed as the ecological crisis. The second is the violence against people, which is expressed as poverty, destitution and displacement. The third is the violence of war and conflict, as the powerful reach for the resources that lie in other communities and countries for their limitless appetites.

I have often talked to three economies – nature’s economy, people’s sustenance economy, and the market economy. Nature’s economy is the foundation of all economies because it supports all life on earth. In nature’s economy the currency is life and processes that maintain life. Money cannot measure nature’s health and well being. Money and life have a one-way relationship. Nature can be exploited, mined and raped for commerce to generate money. However, money cannot regenerate nature. As an African saying puts it, you cannot turn a calf into a cow by plastering it with mud. The money economy and global financial system is parasitic. It predated on economies that support it – the economy of nature and the economy of people.

The health of people’s sustenance economy is not measurable by money. People can have more money but experience more poverty because food, clothing, shelter, health, energy, education are all more costly because of privatization. More money can go hand in hand with increased material poverty, with people having less access to basic needs such as food and water. The fact that in spite of economies growing, one billion people are without food and another billion are without water are indicators that money does not measure well being. India now has 8% growth of the economy, yet India is now home to one third of the world’s malnourished children. In fact when economies are measured only in terms of money flow, inequalities grow, the rich get richer, the poor get poorer. And the rich might be rich in monetary terms – but they too are poor in the wider context of what being human means.

People can have immeasurable financial wealth and be socially impoverished – without love and companionship, without solidarity and community, with an empty soul in spite of overflowing bank accounts.

Money growth is usually measured in terms of Gross National Product. However, GNP fails to measure the decay of nature’s economy and the social economy. In the definition of measuring growth is the destruction of the self-sufficiency, self-provisioning of people’s sustenance economy. If you produce what you consume, you do not produce. That is the assumption underlying growth. That is how rich ecosystems and rich cultures are destroyed. Resources and labour must leave an ecosystem or household to contribute to “growth” measured in terms of money. Ecological growth is not counted; in fact ecological destruction contributes to increase in GNP. Social growth of individuals and societies is not counted, in fact social decay and disintegration contributes to GNP.

I have witnessed again and again that as people’s resources are commoditized and people’s economies are commercialized, money flow does increase in society, but it is mainly outflow from nature and people to commercial interests and corporations. The money economy grows but nature’s economy and people’s economy shrinks.

Take the case of agriculture. Production of food is primary production. All it needs is soil, water, biodiversity and the creative energy of farmers. Ecological organic farming/traditional agriculture generates a positive economy, a living economy, which conserves soil, water and biodiversity, generates livelihoods and produces good, healthy, abundant, diverse food. There is no hunger and no unemployment. If droughts/floods affect production, hunger is localized in space and time. It is not permanent. Even today there are agricultural systems which have no money input yet they produce more food, more health, more prosperity for local communities than industrial systems.

Money has transformed agriculture from a positive economy to a negative economy, which is killing biodiversity, the soil and our farmers. We in India have witnessed a new tragedy of an epidemic of farmers suicides (more than 100,000 in ten years) as more costly inputs like non-renewable GM and hybrid seeds, pesticides, fertilizers are sold to farmers on credit. The farmers are getting steeped in unpayable debt and end up consuming the pesticides that got them into debt to end their lives. In this negative and suicide economy, money flows do increase but life is extinguished and well being diminished. The government response is more credit, which deepens the debt crisis. The real solution to the epidemic of farmers' suicides is the practice and promotion of sustainable organic production, which gets rid of purchased external inputs, which need money and allowing the value of agricultural produce to reflect costs of production and the costs of living of farming families. In the globalised economy, the price of food does not reflect its real costs. It is distracted by \$4 billion of subsidies by rich countries and monopoly markets controlled by five agribusiness giants. Money has stopped being a measure of value in food systems.

A debt free, suicide free sustainable agriculture is not just possible. It is necessary to ensure nature's well being, the well being of farmers, and the well being of consumers.

Vidarbha in Maharashtra has emerged as the epicentre of farmers' suicides. This in India's cotton capital, this is where Gandhi set up his Sewagram Ashram at Wardha, and spun cotton as a fibre of freedom. Today cotton has become the fibre of slavery, of debt and death. The Prime Minister was compelled to visit Vidarbha because of the high levels of farmers' suicides. However, farmers' suicides have continued and even increased, because the "package" offered is more credit, more dependency on money, more debt, more distress.

Money has become a mismeasure of wealth and well being for two reasons. Firstly, money does not reflect the ecological and social destruction that is an externality of "growth" as measured in terms of money and financial resources. Secondly, money no longer reflects the resources, goods and services it commands. Money has taken on a life of its own, it can

reproduce itself and multiply, totally separated from the real wealth in nature and society. More than 3 trillion dollars move around the world daily in a global financial casino and this is fifty times more than real resources in the world.

Joel Kurtznian of the Harvard Business Review estimates that for every \$1 circulating in the productive world economy, \$20 to \$50 circulates in the economy of global finance. Money has become totally unassociated from real value, but those who accumulate financial resources can then stake claim on the real resources of people – their land and water, their forests and seeds. “Hungry” money is preying on the last drop of water and last inch of land on the planet. This is not an end to poverty. It is an end to human rights and justice. People are being made disposable in a world where money rules and the value of money has replaced the human values that lead to sustainability, justice and human dignity.

Rarely is the increased cost of living and cost of production or the displacement of people from their land and livelihoods taken into account when “growth” is measured in terms of money flow and financial transactions. When ecological internal input farming is replaced by purchased inputs, the environment is destroyed and farmers are dispossessed. However, there is more “growth” when measured in increased purchases of chemicals and costly seeds. When corporations patent seeds, 1 trillion dollars of increased money will flow as royalty, but the farmers will be poorer. When water is commoditized and water markets of a trillion dollars are created, corporate profits explode, GNP increases, but people are left thirsty and poor.

There is more money in markets and stocks of “developers” and real estate corporations grow, as land of peasants and farmers is appropriated for luxury, housing and “special economic zones” in China and India. And control over money becomes the basis to take over control over land, which supports millions.

When every aspect of life is commercialized and commoditized, living becomes more costly, and people are poor even if they earn more than a dollar a day. On the other hand, people can be affluent in material terms even without the money economy if they have access to land, their soils are fertile, their rivers flow clean, their cultures are rich and carry traditions of producing beautiful homes and clothing and delicious food, and there is social cohesion, solidarity and a spirit of community.

Trade and exchange of goods and services have always existed in human societies, but these were subjected to nature’s and people’s economies. The elevation of the domain of the market, and money as man made capital, to the position of the highest organizing principle for societies and the only measure of our well being has in fact led to the undermining of the

processes that maintain and sustain life in nature and society. The richer we get, the poorer we become ecologically and culturally. The growth of affluence, measured in money, is leading to a growth in poverty at the material, cultural, ecological and spiritual levels.

We need to create measures beyond money, economies beyond the global supermarket to rejuvenate real wealth and authentic well-being. We need to remember that the real currency of life is life itself.