

COMMUNITY-CENTERED CAPITALISM: AN NGO ALTERNATIVE

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Nongovernmental organizations (NGOs) around the world have become increasingly assertive in challenging the conventional export-oriented, industrial, foreign investment dependent development model favored by such institutions as the World Bank and the IMF. Many Philippine NGOs, for example, find this model poorly suited to the needs of a country already burdened with a 52 percent poverty rate, a rapidly growing population and deteriorating natural resource base, and a national budget allocated 46 percent to debt service and 26 percent to military expenditures.

We have come to realize, however, that we will gain little by criticizing prevailing economic models until we are able to offer credible alternatives. This is a central commitment of Green Forum-Philippines a consortium body of 130 NGOs engaged in articulating and building public consensus in support of a community-centered Philippine development model. A series of sustainable development conferences involving 1,251 participants from 934 grassroots organizations in eight different localities has provided the foundation of such a consensus.

Building from the results of these conferences, we have been working to craft an alternative development model based on what some of us call community-centered capitalism. We chose this term because competitive markets and private ownership of capital are foundations of our model but with a substantial difference. Unlike more conventional market-oriented models, households and communities are the central players in our system. Their net incomes and net worth, rather than enterprise profits and capital, are the key indicators of economic performance. The underlying principle is that economic development should increase the returns to households from the sustainable use of the ecological resources of their bio-region.

Using economic modeling techniques we have demonstrated that such a community-centered development strategy will produce significantly greater levels of employment, household income, and export earnings with less total financial investment than will current officially favored alternatives.

Our efforts have underscored the limitations of conventional frameworks of economic analysis and measurement and led us toward the construction of a new development economics that takes the household as the basic economic unit. Our logic may be instructive to others who find conventional economic analysis unresponsive to human and ecological reality.

The term economics is derived from the Greek word *oikonomia*, which means the management of the household. This is consistent with traditional modes of economic organization in which households are the primary economic units and accumulators of capital. However, the founders of our modern system of economic theory chose the firm, rather than the household, as the basic unit of analysis. This has led economics to consistently favor the interests of the firm over those of people and community. The importance of the distinction is illustrated by the simple fact that while the household considers high wages to be a contribution to improved well-being, the firm considers them a cost to be reduced when possible.

Everyone belongs to a household, and every household to a community. Every community is aligned with a distinctive local ecology that is its habitat. Business firms are not similarly rooted. Consequently, building our analysis around the household rather than the firm results in a much stronger alignment with social and ecological needs.

Now consider the problem of measuring economic development. The conventional practice of equating development with growth in national income the aggregate of the income, wages, rents and interest paid by enterprises and government means that depleting natural resources for current

consumption is counted as development. In reality this depletion reduces future productive potential and should be subtracted from any meaningful development accounts.

In a community-centered economics we think of a human community or settlement and its inter-related ecosystem as a holistic unit of organization for the production and consumption of goods to meet the community's current needs, and for the preservation and enhancement of the settlement's present and future productive capacity. Economic development occurs when the community's capacity for increased future economic output, including the sustainable output of its natural resources and ecological capital, is increased. An appropriate community accounting method should reflect this basic logic.

Defining new national development strategies, doing economic modeling, and reconstructing the tools of economic analysis and measurement are uncommon tasks for NGOs. Philippines NGOs are finding, however, that they are central to our commitments to social justice and sustainability and constitute a new frontier of NGO concern.