

# BAHA'I CHAIR FOR STUDIES IN DEVELOPMENT

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## **Strengthening Local Economies for a Just Global Order**

While the global free market economy continues to expand and intensify its reach into newer corners of the world, there is increasing concern about the impact of its inherently oppressive and exploitative influence on the lives of peoples, communities and the environment. Even as newer markets are being opened up and 'integrated' into the global 'free' market, individuals, groups and governments find themselves powerless to control their own destinies as their actions become increasingly directed by global market forces that are in turn guided by the interests of large global corporations. In the quest for maximizing profits, corporations scan the globe for markets where their wares can be sold at the highest price or in the largest number and for establishing production units where production and labour costs are the lowest. In submitting to this rationale, regional and local economies are required to surrender their goal of self-sufficiency and instead specialize in the production for export of the few commodities or the single commodity that can be most cheaply produced. Thus, in the name of achieving greater efficiency, local production capacities, diversity and local economic independence are destroyed. Amartya Sen describes it as "unfreedom" which constrains the process of inclusive and sustainable development

The hardest hit in such a system, where the access to material wealth bestows power, are the poor and the underprivileged. Even as they are raised from a local wage economy to the global market economy the poor find themselves vulnerable to the market forces that determine the price of their produce or the cost of their labour. Further, in order to ensure a steady supply of cheap labour to manufacturing and service sectors, policies promoting migration of rural people to urban areas are pursued which result in the creation of large urban slums with very poor standards of living. It is hardly surprising then that in country after country that has embraced this model of economic globalization, be it Brazil, China or India, the disparities between the rich and the poor have been rising and with it there has been a rise in social unrest and crime.

Many have argued that by its very structure, the global economy exerts a severe strain on pre-existing social and communal formations. Further, the history of a people, their cultural and religious sensibilities, their social institutions and their traditions and beliefs, are considered irrelevant even as their capacity to produce and consume and to interact in this global economy is given prime consideration. The detrimental effect of such deliberate neglect has become more and more apparent in the sense of anomie, purposelessness and alienation among individuals, the weakening of the family, the loss of a sense of community, the erosion of cultural and moral values and the trivialization of popular discourse.

Equally damaging are the effects of this economic system on the environment. From the perspective of the instrumental rationality that guides this system, the earth's natural resources come to be seen as no more than a source of raw materials and a dumping ground for the massive amount of waste generated by an economy that encourages over consumption.

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The antidote to these global economies, many argue, is for local and regional communities to become active subjects of their economic experience. People have realized that by bringing economic activity down to a scale that is more manageable, a community can avoid many of the vulnerabilities to a global economy. Yet, what is suggested is not a romantic retreat to the forms of economies that existed prior to the age of globalization. Based on the principle of keeping the scale of the economy small enough to ensure that the members of the economy retain control over their economic life, various arrangements have been worked out involving cooperation between producers and consumers. In some cases, efforts have been made to link consumer economies in local towns and cities to local farm communities in order to preserve the livelihoods of the farmers. In other cases alternative trading structures have been created that bring together producers and consumers from different communities across the globe, where prices are set through consultation between the two parties based on what is fair and equitable and not on fluctuating and speculative markets.

Regardless of what the immediate fate of the various experiments in establishing local economies may be, there is little doubt that the logic on which these economies are based constitutes a valid basis for establishing a more just and humane economic order. At this moment, then, the need of the hour is to initiate greater theoretical and empirical research on the structures of a viable and just local and regional economy and on the ways in which they can be created and sustained.

The Baha'i Chair for Studies in Development in collaboration with the School of Economics at the Devi Ahilya University Indore is organizing a symposium on the theme 'Strengthening Local Economies for a Just Global Order' on 23 February in order to create a much-needed space for academicians as well as development practitioners to start a dialogue, share learning and stimulate research around this vital theme.