



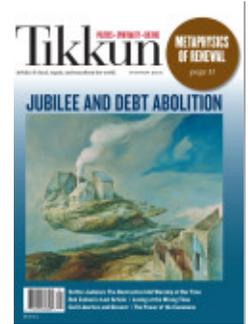
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Building an International Bank for Right Livelihood

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Building an International Bank for Right Livelihood

BY JOEL MAGNUSON

GOVERNMENTS ACROSS THE GLOBE have piled up mountains of debt to keep their economies from crumbling on themselves. Each holds steadfast to an assumption that debt problems can always be solved with more economic growth. This idea that all national economies can and should continue to grow indefinitely is a delusion perpetuated by powerful global economic institutions like the International Monetary Fund and the World Bank.

In this age of economic recessions and impending ecological catastrophe, we urgently need to create new economic models and institutions that stand outside this growth delusion. One of the more radical visions that was proposed to the United Nations' Bhutan Commission is the idea of an International Bank for Right Livelihood. The idea emerged at a series of brainstorming sessions at the UN Headquarters in which I was privileged to participate.

A New Vision for Debt

The International Bank for Right Livelihood would not be a single monolithic institution. Rather, it would take shape as an evolving network of financial institutions that stand outside the domain and ideology of the International Monetary Fund and the World Bank.

This network would be structured to function at both an international level and within local communities. As an international institution it would serve as a correspondence bank, or an intermediary, that would aggregate source funds from a broad spectrum of institutions and individuals who share a commitment to common foundational principles. The funds could be drawn from deposits, donations, or from issuing bonds.

At the local level, the International Bank for Right Livelihood would assist in the process of chartering small-scale financial cooperatives or credit unions that also serve their communities. These smaller banks would channel source funds as finance capital for projects such as renewable energy development, public transportation and infrastructure, appropriate technologies, cooperative investment in stewardship and payment for ecosystem services, and supporting



What would it be like if global financial institutions followed Bhutan's lead in prioritizing Gross National Happiness? Here, Bhutan's prime minister meets with Norway's minister of international development to discuss efforts to increase happiness throughout Bhutan.

place-based cooperatives that pursue economic activity in the spirit of the resolution.

Each financial institution would be required to have certain rules and guidelines for governance built directly into their charters such that the boards of directors would be bound to uphold these rules. Chief among them would be the directive that financial services are produced in accordance with clearly stated principles of ecological and human well-being to ensure that as personnel come and go the principles of governance remain intact. Each charter would contain guidelines for financial discretion and the assurances of equitable access to credit. The charters would also have a clearly defined democratic orientation in which voting rights and decision-making powers are broadly and democratically extended.

As an evolving network, the International Bank for Right Livelihood could very well establish itself as a viable

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alternative to established economic institutions that are not equipped to cope with the problems of limits to growth and are rendering themselves obsolete.

Our Growth-Based Economies Are Breaking Down

The soaring amounts of debt that nations and individuals are racking up worldwide underscore the unsustainability of growth-based economies. American consumer debt, which is mostly credit card debt and does not include mortgages, has soared to nearly \$10,000 per person, which is three times what it was twenty years ago. And without high levels of consumer spending, the U.S. economy would grind into an abyss of recession. Accordingly, the Federal Reserve continues to pump tens of billions in fresh cash into the banking system each month. Taking a broader, holistic view, the problem of mounting debt is not necessarily just a matter of financial imprudence but is more likely rooted in a systemic problem of unsustainability.

The media coverage of debt problems tends to focus on surface level symptoms: defaults, litigation, and debt restructuring. But underlying all of that is a more long-term and seemingly intractable problem: growth-driven economies everywhere are hitting the wall of limitations and as a result are falling into stagnation and debt. Government officials, monetary authorities, and most economists are largely ignoring limits to growth as they hold steadfast to the notion that a nation can always grow itself out of whatever economic trouble it finds itself in. The idea that endless economic growth is a panacea is mainstream economists' sacred delusion. The real answer lies in rejecting the compulsion toward growth and instead creating sustainable institutions such as the International Bank for Right Livelihood.

Drawing Inspiration from Bhutan

The United Nations has made space for conversations about the International Bank for Right Livelihood largely thanks to leadership from the tiny Buddhist kingdom of Bhutan, which has been nudging the global community to take a modest but profound step toward rethinking its economic framework. Bhutan has led the way concretely by replacing Gross Domestic Product with Gross National Happiness as its key economic indicator.

In the summer of 2011, Bhutan was the principle sponsor of a nonbinding UN resolution titled, *Happiness: Towards a Holistic Approach to Development*, which passed unanimously. The goal of the resolution was to construct a new global economic framework that no longer recognizes ongoing growth, profit maximization, and consumer spending as positive indicators.

The happiness-based framework that takes the place of the profit-based framework is based on a rubric of genuinely

sustainable well-being that is embedded in four foundational principles:

1. *Happiness and well-being* rooted in human health, secure livelihoods, diverse spiritual practices, and vibrant cultural traditions.
2. *Ecological sustainability* in the true sense of keeping economic activity contained within the capacity of the planet to sustain it.
3. *Fair distribution* of wealth and resources both within and among nations, and a particular commitment to improving conditions of those living in abject poverty.
4. *Efficient use of resources* as a model of global resource stewardship.

Once the resolution on happiness was passed, the UN convened a task force led by Bhutan and issued a two-year timeline for its implementation. The first step in that process was a series of meetings held at the UN Headquarters in New York in April 2012 to work out the details of this new economic framework. As part of that effort, I was invited by Bhutan's prime minister, Jigme Thinley, to participate in these meetings. I headed a small subgroup that was assigned the task of envisioning how institutions that govern money and finance could foster economic activity in ways that are consistent with the four foundational principles. It was there



Bhutan residents such as this woman from the town of Jakar benefit from their government's prioritization of collective well-being. Led by Bhutan, the UN has begun discussing what an International Bank for Right Livelihood could look like.

that the idea of an International Bank for Right Livelihood germinated.

After the first round of brainstorming, our subgroup presented a summary of the structure and function of the bank to our larger group, whose leaders then took the proposals of all the subgroups and worked them into a more comprehensive framework that included ideas for fostering civic participation, developing new economic indicators, and other aspects of the resolution. In the final draft, our proposal for an International Bank for Right Livelihood was invoked through the mention of “possible alternative financial institutions aligned with the Millennium Development Goals.” This raised some red flags for our subgroup because the framework of the Millennium Development Goals is firmly situated within the International Monetary Fund and World Bank establishment.

Nevertheless, there was a palpable sense of hope at those UN meetings that a critical mass of like-minded people and organizations could break from the pack of established economics and launch something truly new and provocative. But as the UN carries this initiative forward, it will become increasingly vulnerable to the pressure to compromise with the status quo. It remains to be seen whether a vast bureaucracy like the United Nations can redirect the global economy toward a better future, or whether it will cave under the pressure to support business as usual. If it caves, there is still good reason to believe that an International Bank for Right Livelihood could nonetheless be fostered outside the auspices of the UN and succeed. ■