



The Concept, Basis and Implications of Human-Centered Development

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Abstract

Our contemporary era has a critical focus on globalization. However, notwithstanding the necessary interdependence and interdetermination of the forces of globalization, these forces are deeply influenced by an economic theory, a theory known as “economic neoliberalism.” To date, this theory has not been seriously challenged. Fellows of the World Academy of Art and Science have evolved their thinking about the future of globalization. This approach stresses the centrality of human development in any economic theory that seeks to sustain globalization. The human-centered approach is an aspect of the contested theory that development needs to be human-centered and justified by a contemporary theory of human rights and development. The contemporary scene has contested the idea of a human right to development, but this idea has reemerged as a central foundation of the theory of sustainable development. Sustainable development has an important documentary foundation in socio-economic human rights. The ascendancy of neoliberalism was built around the idea of the inviolability of property rights. To the extent that economic neoliberalism has tended to dominate globalization, the consequences of this economic theory have led to a global crisis of unemployment and a radical development of extreme global inequality. The article provides an introduction to economic theory founded on the salience of human capital. It examines unemployment and radical inequality in terms of the fundamentals of a human-centered economic theory. Unemployment destroys opportunity freedom. Radical inequality significantly undermines opportunity freedoms and capacity freedoms and consequently radically undermines human capital as a foundation of community prosperity. The article makes the argument of the imperative of a bill of rights based on socio-economic rights. The article concludes with the draft bill of socio economic rights that President Roosevelt believed would be necessary to ensure the universalization of freedom for all.

The idea of human-centered development implies that the normative priority given to economic development should have a specific focus on human beings directly and not on abstractions such as the glorification of state sovereignty, the deification of private property or the exclusion of human interests from the vast aggregates of global capital accumulation. In a broad sense, this implies that there is a normative global imperative that requires the acknowledgment and adoption of a human right to development. This is contested; not

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only is the human rights side of it contested, but the notion of development itself is not unchallenged. At the back of an economic theory concerning the human right to development is the centrality to that theory of the vital importance of human capital. An economic theory that does not acknowledge the salience of human capital for rational and efficient economic development is a theory that is misguided and dangerous.

A realistic look at the social process of humanity will disclose that human beings are energized to interact with each other in pursuit of desired needs and values. In this enterprise virtually every human being is a repository of energized enterprise.

This energy is the generator of fundamental value important to the self and important to non-self-others. For economic theory to ignore or avoid the human energized potentials as economically meaningless is extremely myopic.

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“Society is a teeming ocean of human energies and capacities, unorganized but latent with unlimited productive potential. The organization of social energies and capacities converts social potential into Social Capital. Each member of society is a microcosm of human potential—an unorganized reservoir of energies, aspirations, and capacities. The organization of the energies and capacities of each member of society converts human potential into Human Capital. The formed Individual is the summit of social evolution where Human Capital and Social Capital intersect and become infinitely productive. The Individual is a product of the past evolution of society who internalizes its accumulated knowledge and capacities, attunes himself to the emerging aspirations and potentials of society, and applies his energies at critical points for personal accomplishment and collective progress. Thus, we find repeatedly in history that one individual can change the world.”¹

In our time, the emergent “new normal” of economics has been described as the political economy of neoliberalism. Neoliberalism emerged from a meeting of several right-wing intellectuals in the village of Mont Pèlerin, Switzerland. From these deliberations, they considered that the most important global threat to freedom came from Stalinism and the extinction of private property. They saw the extinction of private property as the extinction of freedom. A further concern was the success and emergence of the social democratic New Deal state, led by the U.S., and which they saw as a form of creeping socialism and a creeping threat to private property and freedom. In contrast to this perspective, there emerged an initiative in United Nations (UN) circles around the idea of a new economic order. This was reflected in legal instruments such as the International Covenant on Economic, Social and Cultural Rights,^{*} the Charter of Economic Rights and Duties of States,[†] the UN Resolution

^{*} UN General Assembly, International Covenant on Economic, Social and Cultural Rights, 16 December 1966, United Nations, Treaty Series, vol. 993, p. 3, available at: <http://www.refworld.org/docid/3ae6b36c0.html>.

[†] UN General Assembly, Charter of Economic Rights and Duties of States: resolution / adopted by the General Assembly., 17 December 1984, A/RES/39/163, available at: <http://www.refworld.org/docid/3b00eff474.html>.

on Permanent Sovereignty of National Resources, and the Declaration of the Right to Development. These UN initiatives were inspired by the war aims of the allies, and reflected in the Atlantic Charter. Included in these war aims was the principle of implied economic justice, the freedom from want. These initiatives were matters that, in effect, pitted the major capitalist states against the newly decolonized states of the world. From this intellectual and diplomatic conflict there were no clear winners but there was a clear ascendancy of economic neoliberalism, which was largely embraced by the western powers and which became to make inroads in the rest of the world. Today, the discourse about the human right to development is muted, but it is not dead. The environmental crisis has raised the question of the importance of global sustainable development. This is contested and important. With regard to neoliberalism, it received a severe jolt in 2008 when its fundamental policy agenda of radical privatization, deregulation, emphasis on the minimal state, and a non-regulatory regime of global finance led to a massive economic meltdown. The meltdown created a severe crisis of unemployment which underscored the broader legacy of a radical global distribution of economic inequality.

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1. Unemployment

The central issue for conventional neoliberalism appears to be that unemployment is a necessary byproduct of generating higher profits in the commercial sector; it is natural and inevitable. What is ignored is that unemployment radically undermines the capacity of human beings to be energized and contribute to economic prosperity. What unemployment does is that it extinguishes opportunity freedoms and without opportunity freedoms, no capability freedoms can be exercised, thus guaranteeing a wastage of human energy. There are innumerable theories that show that unemployment can be eliminated by wise judicious policymaking with a concern for the full utilization of human capital. Unemployment is neither inevitable nor necessary.

If we conceptualize the right to employment and labor as encapsulated in the value of skill, it is possible to briefly map the way in which skill is a base of power for securing other articulate human rights values. For example, skill in terms of access to power is a base that is critical to the shaping and sharing of power. In this sense, skill is a critical value for protecting human rights interests tied up with the exercise of political power. Similarly, skill is an important base to acquire wealth and related economic values and is therefore critical for economic justice. Skill is also a base for access to education and enlightenment which is central to human development. Skill is also a base for access to health and well-being as well as to the institutions of social rectitude. Thus, employment rights including access and performance influence every other human rights value. Similarly, every other

human rights value will influence the shaping and the sharing of labor and skill values. With this in mind, we examine the problem of full employment as a human right. It may be at the outset, better to see this in terms of the political will and articulate ideology of the state and state responsibility. From this perspective it is self-evident that governments routinely intervene in matters that directly affect the economic status of the individual. Such interventions may well influence both quantity of employment opportunities available as well as the nature of these opportunities. Some obvious examples of governmental policy influencing these issues are its role in setting interest rates, its approach to budget deficits, the expansive or restrictive nature of its import and export policy, its tax policies, its military expenditure, its immigration policies, its approach to industrial development, its investment in the society, its licensing policies, its environmental regulations, and a good deal more. One illustration of the way in which an ostensibly neutral tax policy could influence employment patterns is the regulation that provides incentives for capital investment in the form of depreciation while providing disincentives to employment in the payroll tax. This suggests a partiality to investing in technology rather than labor. To the extent that employment is one of the most important mechanisms for the allocation of purchasing power to the individual, the right to employment may be seen as the critical foundation of economic democracy. If society cannot assure the survival of all citizens through employment access, it may be that the state has a special obligation to provide employment opportunities for all. In short, the right to employment is not a privilege, it is a right. To the extent that economic survival is critically sustained by employment it could be argued that the right to employment has the character of a fundamental human right. The critical question then is: How strategically should the state act to secure this fundamental right to economic survival? The International Commission on Peace and Food provided a report to the UN on this matter in 1994. Its principal point was that there had to be a universal affirmation of and commitment to, the delivery of fundamental economic rights to all. According to the International Commission there should be an approach which recognizes:

“The right to employment is not a privilege, it is a right.”

“.. [t]he right of every citizen to employment is the essential basis and the most effective strategy for generating the necessary political will to provide jobs for all. What is needed is not another job generation program, but a change in social values that will accelerate the natural and inevitable evolution of society, from one in which labor is regarded as a dispensable resource to one based on full human rights and the enormous productive potential of the human being. The type and magnitude of change needed today is comparable to that embodied in President Roosevelt's New Deal for the American people during the Great Depression at a time when 25 percent of the work force was unemployed, to the Indian Government's decision to launch the Green Revolution in the mid-1960s to achieve self-sufficiency in food grains at a time when the country was highly dependent on imported food to stave off famine, and to Mikhail Gorbachev's initiatives late in the 1980s to end the Cold War and transform Soviet society.”²

There are many skeptics in political circles as well as academic and scientific circles who genuinely believe that full employment is simply an unfeasible policy. It is very possible that this outlook has a corrosive effect which initiates this discourse with an assumption of futility. Thus, a critical part of initiating this dialogue is the assumption that a full employment society is a realistic prediction if there is a plausible and wide-spread acceptance of the necessity of this in economic terms as well as the importance of this commitment in juridical and moral terms. In this sense, more may be required to fully explore all the ramifications of the notion of employment itself. This could include not simply the market value of labor but other components of labor that deal with the very nature of human development. An approach is suggested in the Human Development Report of 1990 which stresses that a significant element of the dynamic of employment is embedded in the “capability approach.” This approach suggests that economic measures of labor value are insufficient. For example, a measure like the GDP may unintentionally distort our view of the critical value of employment to individual and social well-being. It may be that the notion of employment seen through the lens of capability would emphasize the production and distribution of freedom as a better indication of human value. According to the Human Development Report, “the basic objective of development is to create an enabling environment for people to enjoy long healthy and creative lives. This may appear to be simple truth but it is often forgotten in the immediate concern with accumulation of commodities and financial wealth.” Central to the capability approach is the insight that social and economic arrangements should have as a key objective the expansion of human capability. This includes the freedom to defend and enhance valuable activity. Central therefore to the stress on capability is the expansion of human freedom in the aggregate in the economic sector. It also permits a clearer link to the fundamental human rights standards which are now the foundation of modern social organization. In short, what is central then to human rights approach to employment is the recognition of “opportunity freedom” (capability) and “process freedom.” These freedoms are then cornerstones of the dynamic of employment both in terms of the conditions of access and performance. The challenge that a focused human rights approach generates is that it compels a discourse about the values which implicate human rights and are part of the culture of labor, skill and employment. This carries a further implication that these values must in turn provide compelling normative guidance for a newer approach to the problem of a commitment to full employment. It may be assumed that the current flavor of dominant economic policy is one that either tolerates or may even tacitly encourage unemployment as an economically efficient mechanism for stabilizing the market, and the dominant business values of self-interest behind it. This means that we must generate a change in the discourse of our values and then look toward a process of those changes being reflected in a wide framework of decision making at all levels for the promotion of full employment. This view is also taken by the International Commission as follows:

“We must recognize that the present status and functioning of our economies is the result of specific choices that have been made in the past, based on priorities and values that were relevant or dominant at the time, but which we certainly are not obliged to live with indefinitely, and, in fact, are continuously in the

process of discarding in favor of new values and priorities. The rapid adoption of environmentally-friendly policies around the world is positive proof of how quickly the rules, even economic rules, can change when there is a concerted will for a breakthrough.”³

“When we depreciate human resources we are attacking the recipe, which was at the heart of American genius.”

2. Inequality

2.1. The Neoliberal Aspects of the American Economy

The most notorious fact about the American economy is that for decades we have experienced an inexorable drive to move the overwhelming majority of American citizens to the bottom of the economic system. In short, the expansion of inequality has been an extraordinary fact of the politically inspired economic policies of the neoliberal economists. Radical inequality has the consequence of diminishing opportunity freedoms, thus undermining human capital. By undermining opportunity freedoms, we correspondingly undermine capability freedoms, which further diminish the value of human capital economy.

“The success and the genius of American civilization has been its belief in human capacity and the critical importance of human resources for national prosperity.”⁴

Let us start at the top. Reputable economists tell us that one percent of the American population takes one quarter of the United States’ income. One percent of the American population controls forty percent of the nation’s wealth. One percent of the American population has seen their incomes rise by over eighteen percent. The central political question is whether this kind of outcome is desirable and in the national interest of the United States. If this is desirable, is there a sound reason to justify it? There have been marginal economic theories, which suggest that the one percent who have benefited so mightily are simply better than the rest of the nation. Many people whom we consider talented and who have made enormous contributions and inventions to modern society have not necessarily benefited from this. The financial wizards who almost destroyed the United States’ economy were in fact rewarded with performance bonuses. Although to their credit, they saw the irony in this and changed the label to retention bonuses. Meanwhile, those at the bottom of the economic ladder were not candidates for any form of retention. They were candidates for pink slips. One of the assumptions of neoliberal economists is that if there exists a bigger economic pie there will be more to go around. Unfortunately, the arithmetic is the other way around. The bigger the pie, the less the American citizens share in its bounty. It would seem that American economic growth is essentially a growth that is downwards in the direction of inequality. This means there exists an exponential growth in lost opportunity for the American people. The extinction of opportunity for the people is a major social and economic loss because the success and the genius of American civilization has been its belief in human capacity and

the critical importance of human resources for national prosperity.* This means that when we depreciate human resources we are attacking the recipe, which was at the heart of American genius. There is of course enough blame here for everyone.

However, I think most of the blame must lie with the neoliberal apologists. They have historically been the most frenetic defenders of economic monopoly. Additionally, they have been successful in hijacking rational tax policy debate. No new taxes means that the weaker members of the body politic still pay while the special interests, which fund the neoliberals, the well-healed financial oligarchs prevail with outrageous tax holidays. Indeed, a recent survey about the fairness of the tax system showed only twelve percent believing it was fair and eighty eight percent believing it was unfair. The consequence of these outrageous benefits to those who already have an excess of resources is that they also promote the idea that national investment in education and human resources, investment in technical innovation and sound infrastructure are a waste of scarce resources. Their version of appropriate national incentives is driven by an intense desire to discourage investment in the future based on basic research and the central importance of our transportation and infrastructure system. Essentially, neoliberal policies have hugely empowered the financial oligarchs while undermining the participation of the overwhelming majority of citizen stakeholders in the process. They promote no version of a national common interest and see only the vista of narrow special selfish interests. Greed is king. They attack labor unions, promote the replacement of labor with technology and export jobs abroad because foreign labor is cheap. American labor is a liability. It is too expensive for the oligarchs. Hence, their mantra about jobs is “send jobs abroad.” The government is the problem, is the enemy because it is the critical restraint on the unfettered power of economic oligarchs. Now the present agenda appears to be clearer: do what we need to do to keep our wealth and get more of it. Demonize the government as a moderator between extremism and the people; extinguish the opposition such as the labor unions and the independent media and most critical of all, no taxes on the rich. Probably the most impressive victory of the financial oligarchs was their promotion of the economic theories of neo-liberalism. The center point of this approach was to oppose any and all government regulation. The great success was the deregulation of the financial sector. With the financial benefits, which they acquired through a non-regulatory state, they could use their bounty of wealth as a base of power to control a good deal of law making, and they did. Their successes have permitted a huge scale of financial manipulation in a no-financial rules context—the context they in effect purchased. This was a good financial investment. After the Citizens United case, a major Supreme Court blunder, the corporate sector could now begin the process of purchasing the government without spending limits. In short, the Supreme Court solidified the nexus between wealth concentration and its capacity to control the government in an almost complete form. One illustration of many will suffice. Big Pharma was able to squeeze a trillion dollar boondoggle out of the government by the neoliberal drive to block the government from bargaining with Pharma about the price of drugs. The neoliberals have their eyes on other temptations such as Medicare, Medicaid

*On the issue of political economy, human rights values, and the idea of justice, see, Winston P. Nagan, “Human Rights, Liberty & Socio-Economic Justice: Economic Theory and the Ascent of Private Property Values,” *Cadmus* 1, no. 2 (2011): 35-54.

and Social Security. What is it that drives the neoliberals to destroy highly popular social safety nets? The answer to the above question is to be found in the longstanding neoliberal nightmare called the New Deal. The New Deal produced popular policies and its political success was reflected in Roosevelt being elected four times. After his death neoliberals considered that the New Deal was popular and an important base of power for the Democrats. The problem they confronted was that the New Deal programs were popular and could not be directly attacked. Their agenda focused on foreign fears and anti-communism. However, the lingering fear of New Deal institutions was finally frontally assaulted by the brilliant Ronald Reagan. The critical neoliberal strategy would now be to run up huge deficits so that there would be no funds to pay for New Deal programs. Moreover, if the Democrats came back to power, they would find that there is no money in the state bank to fund their programs. So fiscal conservatives ran up huge deficits, and borrowed billions, which they could now distribute as governmental socialism to neoliberal business and defense interests. This left us with a deficit nightmare and a mighty recession. With a great deal of political amnesia neoliberals now proclaim the morality of living within our economic means. You cannot spend funds if your bank account has no funds in it. They are the architects of this approach and the creators of the monumental deficit. Few heard from the deficit hawks during the Bush spending spree, fueled with money borrowed from China. We still do not hear the neoliberals willing to acknowledge their budgetary scam. Meanwhile, the United States is in a spiral towards radical inequality and diminishing of our national values. Perhaps national economic oligarchs should be reminded of the wisdom of Alexis de Tocqueville who saw the key idea behind the American genius as “self-interest properly understood.” By this he meant that by taking care of your own self-interests you simultaneously express a concern for the other person’s self-interest as well.

Currently the United States is in a presidential electoral cycle. One of the candidates has effectually embraced a radical repudiation of economic neoliberalism. At this point, there is strong popular endorsement of this position. A change here could have global implications for the evolution of a political economy whose foundations are rooted in human capital and human rights. It should be noted that President Roosevelt insisted that economic deprivation meant the extinction of human liberty.

President Roosevelt commissioned a draft of fundamental economic rights. This was precocious and came long before we had the foundations of an economic bill of rights at the global level. Certainly, the rights indicated in this draft are rights that could be adopted and amplified to meet the current needs for fully utilizing human capital on a global basis:

- The right to work, usefully and creatively through the productive years;
- The right to fair play, adequate to command the necessities and amenities of life in exchange for work, ideas, thrift and other socially valuable services;
- The right to adequate food, clothing, shelter and medical care;
- The right to security, with freedom from fear of old age, want, dependency, sickness, unemployment and accident;

- The right to live in a system of free enterprise, free from compulsory labor, irresponsible state power, arbitrary public authority and unregulated monopolies;
- The right to come and go, to speak or to be silent, free from the spying of secret political police;
- The right to equality before the law, with equal access to justice in fact;
- The right to education, for work, for citizenship and for personal growth and happiness; and
- The right to rest, recreation and adventure, the opportunity to enjoy life and take part in advancing civilization

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Notes

1. Orio Giarini, Ivo Šlaus and Garry Jacobs, "Human Capital", *Cadmus* 1, no. 4 (2012): <http://cadmusjournal.org/node/132>
2. International Commission on Peace & Food, *Uncommon Opportunities: An Agenda for Peace & Equitable Development*, (Zed Books, London: 1994), p.86. See <http://www.icpd.org/UncommonOpp/CHAP04.htm>
3. ICPF, Uncommon Opportunities.
4. Winston P Nagan & Valeen Arena, "Towards a Global Comprehensive Context-Driven and Decision-Focused Theory and Method for a New Political Economy", *Cadmus* 2 no. 2 (2014): 80-97