

# Chilean Economist Manfred Max-Neef: US Is Becoming an "Underdeveloping Nation"

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*Manfred Max-Neef is a Chilean economist. He won the Right Livelihood Award in 1983, two years after the publication of his book *Outside Looking In: Experiences in Barefoot Economics*. Many economists question the path the United States is on. We speak to the acclaimed Chilean economist Manfred Max-Neef. He won the Right Livelihood Award in 1983, two years after the publication of his book *Outside Looking In: Experiences in Barefoot Economics*. [includes rush transcript]*

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## **Transcript**

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**AMY GOODMAN:** While President Obama is reporting looking into tapping a former corporate executive to become his next top economic adviser, many economists question the path the United States is on. Last week, during our trip to Bonn, Germany, I had a chance to speak with the acclaimed Chilean economist Manfred Max-Neef. He won the Right Livelihood Award in 1983, two years after the publication of his book *Outside Looking In: Experiences in Barefoot Economics*. I began by asking him to explain what barefoot economics is.

**MANFRED MAX-NEEF:** Well, it's a metaphor, but a metaphor that originated in a concrete experience. I worked for about ten years of my life in areas of extreme poverty in the Sierras, in the jungle, in urban areas in different parts of Latin America. And at the beginning of that period, I was one day in an Indian village in the Sierra in Peru. It was an ugly day. It had been raining all the time. And I was standing in the slum. And across me, another guy also standing in the mud — not in the slum, in the mud. And, well, we looked at each other, and this was a short guy, thin, hungry, jobless, five kids, a wife and a grandmother. And I was the fine economist from Berkeley, teaching in Berkeley, having taught in Berkeley and so on. And we were looking at each other, and then suddenly I realized that I had nothing coherent to say to that man in those circumstances, that my whole language as an economist, you know, was absolutely useless. Should I tell him that he should be happy because the GDP had grown five percent or something? Everything was absurd.

So I discovered that I had no language in that environment and that we had to invent a new language. And that's the origin of the metaphor of barefoot economics, which concretely means that is the economics that an economist who dares to step into the mud must practice. The point is, you know, that economists study and analyze poverty in their nice offices, have all the statistics, make all the models, and are convinced that they know everything that you can know about poverty. But they don't understand poverty. And that's the big problem. And that's why poverty is still there. And that changed my life as an economist completely. I invented a language that is coherent with those situations and conditions.

**AMY GOODMAN:** And what is that language? How do you apply economics or have those situations explain economics changing?

**MANFRED MAX-NEEF:** No, the thing is much deeper. I mean, it's not like a recipe typical of someone in your country, fifteen lessons or satisfaction guaranteed or your money back. That's not the point. The point is much deeper. You know, I would — let me put it this way. We have reached a point in our evolution in which we know a lot. We know a hell of a lot. But we understand very little. Never in human history has there been such an accumulation of knowledge like in the last 100 years. Look how we are. What was that knowledge for? What did we do with it? And the point is that knowledge alone is not enough, that we lack understanding. And the difference between knowledge and understanding, I can give it as an example. Let us assume that you have studied everything that you can study, from a theological, sociological, anthropological, biological and even biochemical point of view, of a human phenomenon called love. So the result is that you will know everything that you can know about love. But sooner or later, you will realize that you will never understand love unless you fall in love. What does that mean? That you can only attempt to understand that of which you become a part. If we fall in love, as the Latin song says, we are much more than two. When you belong, you understand. When you're separated, you can accumulate knowledge. And that is — that's been the function of science. Now, science is divided into parts, but understanding is holistic.

And that happens with poverty. I understood poverty because I was there. I lived with them. I ate with them. I slept with them, you know, etc. And then you begin to learn that in that environment there are different values, different principles from — compared to those from where you are coming, and that you can learn an enormous amount of fantastic things among poverty. What I have learned from the poor is much more than I learned in the universities. But very few people have that experience, you see? They look at it from the outside, instead of living it from the inside.

And you learn extraordinary things. The first thing you learn, that people who want to work in order to overcome poverty and don't know, is that in poverty there is an enormous creativity. You cannot be an idiot if you want to survive. Every minute, you have to be thinking, what next? What do I know? What trick can I do here? What's this and that, that, that, that? And so, your creativity is constant. In addition, I mean, that it's combined, you know, with networks of cooperation, mutual aid, you know, and all sort of extraordinary things which you'll no longer find in our dominant society, which is individualistic, greedy, egoistical, etc. It's just the opposite of what you find there. And it's sometimes so shocking that you may find people much happier in poverty than what you would find, you know, in your own environment, which also means, you know, that poverty is not just a question of money. It's a much more complex thing.

**AMY GOODMAN:** What do you think we need to change?

**MANFRED MAX-NEEF:** Oh, almost everything. We are simply, dramatically stupid. We act systematically against the evidences we have. We know everything that should not be done. There's nobody that doesn't know that. Particularly the big politicians know exactly what should not be done. Yet they do it. After what happened since October 2008, I mean, elementally, you would think what? That now they're going to change. I mean, they see that the model is not working. The model is even poisonous, you know? Dramatically poisonous. And what is the result, and what happened in the last meeting of the European Union? They are more

fundamentalist now than before. So, the only thing you know that you can be sure of, that the next crisis is coming, and it will be twice as much as this one. And for that one, there won't be enough money anymore. So that will be it. And that is the consequence of systematical human stupidity.

**AMY GOODMAN:** So, to avoid another catastrophe, collision, if you were in charge, what would you say has to happen?

**MANFRED MAX-NEEF:** First of all, we need cultured economists again, who know the history, where they come from, how the ideas originated, who did what, and so on and so on; second, an economics now that understands itself very clearly as a subsystem of a larger system that is finite, the biosphere, hence economic growth as an impossibility; and third, a system that understands that it cannot function without the seriousness of ecosystems. And economists know nothing about ecosystems. They don't know nothing about thermodynamics, you know, nothing about biodiversity or anything. I mean, they are totally ignorant in that respect. And I don't see what harm it would do, you know, to an economist to know that if the beasts would disappear, he would disappear as well, because there wouldn't be food anymore. But he doesn't know that, you know, that we depend absolutely from nature. But for these economists we have, nature is a subsystem of the economy. I mean, it's absolutely crazy.

And then, in addition, you know, bring consumption closer to production. I live in the south of Chile, in the deep south. And that area is a fantastic area, you know, in milk products and what have you. Top. Technologically, like the maximum, you know? I was, a few months ago, in a hotel, and there in the south, for breakfast, and there are these little butter things, you know? I get one, and it's butter from New Zealand. I mean, if that isn't crazy, you know? And why? Because economists don't know how to calculate really costs, you know? To bring butter from 20,000 kilometers to a place where you make the best butter, under the argument that it was cheaper, is a colossal stupidity, because they don't take into consideration what is the impact of 20,000 kilometers of transport? What is the impact on the environment of that transportation, you know, and all those things? And in addition, I mean, it's cheaper because it's subsidized. So it's clearly a case in which the prices never tell the truth. It's all tricks, you know? And those tricks do colossal harms. And if you bring consumption closer to production, you will eat better, you will have better food, you know, and everything. You will know where it comes from. You may even know the person who produces it. You humanize this thing, you know? But the way the economists practice today is totally dehumanized.

**AMY GOODMAN:** You don't think the earth will force this different way of thinking, that we're reaching the end?

**MANFRED MAX-NEEF:** Oh, well, yes. Yes. I believe, you know, that — well, there are some important scientists that already are saying, I believe. I have not reached that point yet. But some believe, you know, and state that it's definite: we are finished. We are finished. In a few more decades, I mean, there will be no humanity anymore. I don't think we have reached that point of it, but I believe that we are pretty close to it. I'll say that we already crossed one of the three rivers. And if you look at it and what is happening everywhere, I mean, it's quite frightening how the amount of catastrophes are increasing all over the place, you know, in all manifestations —

storms, earthquakes, you know, volcanoes erupting. I mean, the amount of events is growing dramatically. I mean, it's really frightening. And we continue with the same.

**AMY GOODMAN:** What have you learned that gives you hope in the poor communities that you've worked in and lived in?

**MANFRED MAX-NEEF:** Solidarity of people. You know, respect for the others. Mutual aid. No greed. I mean, that is a value that is absent in poverty. And you would be inclined to think that there should be more there than elsewhere, you know, that greed should be of people who have nothing. No, quite the contrary. The more you have, the more greedy you become, you know. And all this crisis is the product of greed. Greed is the dominant value today in the world. And as long as that persists, well, we are done.

**AMY GOODMAN:** And if you're teaching young economists, the principles you would teach them, what they'd be?

**MANFRED MAX-NEEF:** The principles, you know, of an economics which should be based in five postulates and one fundamental value principle.

- One, the economy is to serve the people and not the people to serve the economy.
- Two, development is about people and not about objects.
- Three, growth is not the same as development, and development does not necessarily require growth.
- Four, no economy is possible in the absence of ecosystem services.
- Five, the economy is a subsystem of a larger finite system, the biosphere, hence permanent growth is impossible.

And the fundamental value to sustain a new economy should be that no economic interest, under no circumstance, can be above the reverence of life.

**AMY GOODMAN:** Explain that further.

**MANFRED MAX-NEEF:** Nothing can be more important than life. And I say life, not human beings, because, for me, the center is the miracle of life in all its manifestations. But if there is an economic interest, I mean, you forget about life, not only of other living beings, but even of human beings. If you go through that list, one after the other, what we have today is exactly the opposite.

**AMY GOODMAN:** Go back to three: growth and development. Explain that further.

**MANFRED MAX-NEEF:** Growth is a quantitative accumulation. Development is the liberation of creative possibilities. Every living system in nature grows up to a certain point and stops growing. You are not growing anymore, nor he nor me. But we continue developing ourselves. Otherwise we wouldn't be dialoguing here now. So development has no limits. Growth has limits. And that is a very big thing, you know, that economists and politicians don't understand. They are obsessed with the fetish of economic growth.

And I am working, several decades. Many studies have been done. I'm the author of a famous hypothesis, the threshold hypothesis, which says that in every society there is a period in which

economic growth, conventionally understood or no, brings about an improvement of the quality of life. But only up to a point, the threshold point, beyond which, if there is more growth, quality of life begins to decline. And that is the situation in which we are now.

I mean, your country is the most dramatic example that you can find. I have gone as far as saying — and this is a chapter of a book of mine that is published next month in England, the title of which is *Economics Unmasked*. There is a chapter called "The United States, an Underdeveloping Nation," which is a new category. We have developed, underdeveloped and developing. Now you have underdeveloping. And your country is an example, in which the one percent of the Americans, you know, are doing better and better and better, and the 99 percent is going down, in all sorts of manifestations. People living in their cars now and sleeping in their cars, you know, parked in front of the house that used to be their house — thousands of people. Millions of people, you know, have lost everything. But the speculators that brought about the whole mess, oh, they are fantastically well off. No problem. No problem.

**AMY GOODMAN:** So how would you turn that around?

**MANFRED MAX-NEEF:** Well, I don't know how to turn it around. I mean, it will turn around itself, you know, in catastrophic manners. I mean, I don't understand how there isn't — millions of people can all of a sudden go out in the streets in the United States and begin destroying things, I don't know. That may perfectly happen. You know, the situation is absolutely dramatic. Absolutely dramatic. And it is supposed to be the most powerful country in the world, you know, and so on. And even in those conditions, they continue with those stupid wars, you know, and spend more, more, more millions and trillions. Thirteen trillion dollars for the speculators; not one cent for the people who lost their homes! I mean, what kind of logic is that?

**AMY GOODMAN:** Acclaimed Chilean economist Manfred Max-Neef, a Right Livelihood laureate. I spoke to him in Bonn, Germany, last week. Among his books, *Outside Looking In: Experiences in Barefoot Economics*.

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