

Understanding subsistence value

By Wayne Visser

What we value as a society differs according to people, place and time. We have to ask, which society? And by that we may really mean: which tribe, class, culture or nation, in which part of the world, and in what period of history? A hunter-gatherer tribe in Southern Africa in 1,000 BC would surely value different things to an aristocratic ruling elite in Europe in the Middle Ages. That's because value is subjective. The social scientists would say value is socially constructed or normative.

In this paper, I am less concerned about ancient history and cultural anthropology and more interested in modern life in an industrial or post-industrial economy. So let me begin by drawing a simple line in the sand. There was a time in the not-too-distant past – perhaps only 200 to 300 years ago, before the start of the Industrial Revolution – when most people living in the world cared mainly about subsistence value.

By this we mean that most ordinary citizens lived in survival mode, doing just enough to grow their food, build their shelters and protect their tribe. For billions in the world, this subsistence state has persisted as a way of living even to this day. If you want to see what real modern-day subsistence living looks like, visit Dollar Street online and see how the Butoyi family lives on \$27/month in Burundi, the Zyara family on \$112/month in the Gaza strip, Palestine, the Wang family on \$240/month in China, or the Costa Franklim family on \$456/month in Brazil.

As you will see from these profiles, subsistence dwellers are poor, but they still create value for their families and their communities. They may grow food, build houses, cook, teach or provide healing services. They may sell or barter goods, entertain or help to keep the peace. All of these are forms of value creation and require skills and dedication. Yet for millennia, they took place within a steady state, agrarian economy. Then came industrialisation and factory work replaced farm work for many. Yet for most, the same survivalist existence continued.

Large scale alleviation of poverty is a relatively recent phenomenon. According to the World Bank, 1.9 billion people (or 37 percent of the global population) still lived on less than \$1.90 a day in 1990, compared to 650 million (9 percent) in 2018. That's a 77 percent decline in 25 years. But it still doesn't mean that people created no value for their societies before this. The difference is that the value did not result in material wealth; at least, not enough to be accumulated and passed on to future generations.

Today, it is not only poor people who create subsistence value. There is also what Oxford economist Kate Raworth calls the “household economy”^[i] and what futurist Hazel Henderson calls the “love economy.”^[ii] This includes all the unpaid work done by parents, community volunteers and charities. Economist Neva Goodwin has gone further to suggest that this is actually the “core economy,” which sustains the

essentials of family and social life with the universal human resources of time, knowledge, skill, care, empathy, teaching and reciprocity.

Raworth encourages us all to meet our “inner housewife,” explaining that: “she lives in the dealings of making breakfast, washing the dishes, tidying the house, shopping for groceries, teaching the children to walk and to share, washing clothes, caring for elderly parents, emptying the rubbish bins, collecting kids from school, helping the neighbours, making the dinner, sweeping the floor, and lending an ear.” It becomes obvious that, in most cultures and contexts, women – and especially women in developing countries – contribute a disproportionate share towards this core value creation. However, because these tasks are often not monetised, they tend to be undervalued (both the tasks and the women).

We know this is real value creation, because sometimes the market does provide these services, be it cooking or cleaning or caring for children, the sick and the elderly. It is crucial to give more recognition to subsistence value for two reasons. The first is a matter of fairness. If women (and some men) are contributing huge value through supporting their families or volunteering in their communities, they should get the respect and reward that they deserve for this. Often, the opposite is true. And second, the market economy depends entirely on the healthy functioning of the subsistence economy. The futurist Alvin Toffler used to ask his business audiences: “How productive would your workforce be if it hadn’t been toilet trained?”

Outside of the household and within the community, the UN estimates that volunteering adds something like 2.4 percent to global GDP. The State of the World’s Volunteerism Report estimates that more than one billion people volunteer globally. Considering the hours they contribute, this is equivalent to over 109 million full-time workers. Volunteering also improves productivity within the market economy. For example, Global Engagement (GE), which is a Health Education England (HEE) programme, has found through their research that international volunteering generates average productivity gains of up to 37 percent for doctors and up to 62 percent for nurses.

Wayne Visser is a globally recognised “pracademic” thought-leader on sustainable and responsible business and the author of *Thriving: The Breakthrough Movement to Regenerate Nature, Society and the Economy*. He is a Fellow and Head Tutor at the University of Cambridge Institute for Sustainability Leadership, Professor and holder of the Chair of Sustainable Transformation (supported by BASF, Port of Antwerp and Randstad) at Antwerp Management School, and Founder and Director of CSR International and Kaleidoscope Futures Lab. Wayne is the author of 40 books and held previous roles as Director of Sustainability Services for KPMG and Strategy Analyst for CapGemini.

[i] Raworth, K. (2017). *Doughnut economics: seven ways to think like a 21st-century economist*. London: Random House.

[ii] Henderson, H. (1995). *Paradigms in progress : life beyond economics*. San Francisco: Berrett-Koehler Publishers.

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