



9TH INTERNATIONAL ASECU CONFERENCE ON “SYSTEMIC ECONOMIC CRISIS: CURRENT ISSUES AND PERSPECTIVES”

Opening speech by
Prof. Yannis Tsekouras, President of ASECU

IN SEARCH OF AN ALTERNATIVE ECONOMIC MODEL

Introduction

The subject of the 9th ASECU Conference is: *Systemic economic crisis – Current issues and perspectives*.

The fact that so many different academic disciplines, as well as the mass media, are speaking of crises in public finances and more generally in the economy, not to mention an energy crisis, a climate crisis, a biodiversity and more generally an environmental crisis, a food crisis, a poverty crisis, a crisis of values, and so on, this fact validates our choice of topic, **the systemic crisis**. We shall of course be focusing more narrowly on the crisis of the economic system or model, and on the quest for means of transcending the crisis or finding a quasi-alternative, or genuinely alternative, model for sustainable development and growth.

Let us establish from the outset that development, in its original and deeper meaning, is not just a matter of economic growth but also, and above all, involves structural changes in technological, economic, institutional, social, cultural and political areas, all aimed at improving the lives of ordinary people. Sustainable development, on the other hand (as defined by the World Commission for Environment and Development [WCED] or the Harlem Brundtland Commission, 1987) is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts:

- The concept of ‘needs’, in particular the essential needs of the world’s poor, to which overriding priority should be given, and
- The idea of limitations imposed by the state of technology and social organization on the environment’s ability to meet present and future needs.

In its Rio de Janeiro declaration in 1992, the UN also proclaimed that ‘The right to development must be fulfilled so as to equitably meet developmental and environmental needs of present and future generations’.

In other words, the definition given above, and the Rio declaration, imply two basic demands:

- a) Economize now so that future generations will be able to economize in accordance with their own circumstances, i.e. inter-generational justice.
- b) Ensure that the generations alive today can meet at least their basic needs, i.e. intra-generational justice. Inherent in these demands is a perception of environmental justice; if nature sets absolute limits on our consumption and



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growth, then we need to clarify who is allowed to ‘consume’ and how much of the world’s resources¹.

Are all men, or all countries, equal in respect of the environment? The answer is no. A redistribution is required, in favour of the poor (intra-generational justice), alongside a reduction (by the affluent) in environmental consumption (inter-generational justice).

Impact of the current neo-liberal economic model

I would like to refer to a number of ideas/proposals/models which are more in the nature of variations on, than alternatives to, the basic (neo)liberal model. At the end of this presentation we shall speak of an alternative, in the sense of a replacement for the current model, sustainable and to some extent, at least, improved.

Let us now move on to a brief account of the key differences and contrasts between the three main theories of international political economy, namely mercantilism, liberalism and Marxism².

Table 1. The three theories of international political economy

	Mercantilism	Liberalism	Marxism
Relationship between economy and politics	Politics first	Autonomy of economy	Decisive role of economy
Key factors / objects of analysis	States	Individuals and companies	Classes
Nature of economic relations	Confrontational zero-sum game	Cooperation, positive-sum game	Confrontational, zero-sum game
Economic objectives	State power (priority to security)	Maximization of individual (and social) prosperity	Class interests

Source: Hettne B., 1996. See Robert Jackson – Georg Sørensen³, p. 284.

Given that the theory enjoying almost universal application, with a greater or lesser degree of differentiation, is that of liberalism or neo-liberalism, we need to remind ourselves that in its implementation *grosso modo* it has set limits to the welfare state, as well as the power of the state itself, has in practical terms eliminated all obstacles to the

¹ Professor Emeritus Dr, Biesecker Adelheid: “Eine Zukunftsfähige Ökonomie ist möglich-Vorsorgendes Wirtschaften”. Vortrag im Rahmen der Ringvorlesung *Postwachstumsökonomie* an der Carl-von-Ossietzky-Universität Oldenburg am 9.6.2010.

² Tsekouras Yannis: “Recent Economic Crisis and Future Development Tendencies”. Paper presented to the 7th International ASECU Conference, Rostov State University of Economics, Rostov-on-Don, Russia, October 2011. Electronic proceedings of 7th International Conference of ASECU, ISBN 978-5-7972-1741-1, http://www.asecu.gr/7th_conf_proceedings.html, Rostov-on-Don, 2011.

³ Robert Jackson, Georg Sørensen: *Θεωρία και Μεθοδολογία των Διεθνών Σχέσεων, Η σύγχρονη συζήτηση* (Theory and Methodology of International Relations, The contemporary debate), Gutenberg, 2006, Athens.



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movement of capital, especially finance and investment capital, and has given an enormous boost to international and global trade, stimulating the growth of many economies and thereby improving the living standards of millions of the poor.

However, in many states, including some developed and semi-developed countries, it has led to increased unemployment, greater public finance deficits and national debt and, in particular, unequal distribution of the wealth/income generated. And all these, of course, in the context of unequal competition, based in some cases on low labour costs, low tax rates for businesses and/or the manipulation of exchange rates, and in others on economic-technological superiority.

But the new characteristic of capitalism is apparently not so much ‘greed’ as the moral neutralization of incentives, particularly the profit incentive, as an acceptable form of human motivation, and its recognition as a basic force driving the economy.

Thus, the development of capitalism appears as a process in which the economy wrests its autonomy from social and cultural rules and functions more and more in accordance with laws and rules of its own. This process of growing autonomy of the economy is probably a reflection of the evolution of the, primarily, western European spirit towards greater individualism, subjectivity and rationalism. The individual subject is now the measure of all things and ready to take responsibility for his actions and his social position.

According to IMF figures, as well as a study by the McKinsey consultancy, in 2012 world debt totalled more than 200 trillion US dollars. Of this, 54 trillion was public debt, 146 trillion debt was private⁴. Never in peacetime, or rather at periods of not major wars, has state debt been so high. Formerly problems of excessive debt affected the so-called under-developed countries, but now it is the public sector of the wealthiest countries, such as Japan, the USA and even the hard core of the Eurozone, such as Greece, Portugal and Ireland, which are undergoing profound recession, unable to service the interest payments on their loans and obliged to restructure their public debt – with, obviously, painful economic and social consequences for their citizens.

We see, then, that economic neo-liberalism - in which equity capital has taken the upper hand in comparison to industrial/productive capital and, more generally, the real economy – is directing capital towards the most lucrative investments (usually short-term investments in stocks), but is far less stable than, for example, the Keynesian model, and cannot be prevented from creating unemployment, insecurity, poverty (for individuals, society and the state) as well as massively unequal distribution of wealth – the fruits of the system being enjoyed only by a very small percentage of the population in each country.

⁴ Haralambos Gotsis: “Το χρέος δεν θα πληρωθεί ποτέ;” (Will the debt ever be paid?), *To Vima* newspaper, 3.2.2013.



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According to World Bank economist Branko Milanović, 77% of those at the bottom of the global income pyramid share just 20% of world income, i.e. no more than that enjoyed by the wealthiest 1.75% of the world’s population⁵.

The huge inequality in distribution of wealth around the world is also indicated by the Bloomberg list of the 100 richest individuals, whose fortunes increased in 2011 by 241 billion dollars, rising to a total of 1.9 trillion dollars. Bloomberg also produces a list of the 100 largest companies in the global economy. Here we see Apple, for example, with a stock market valuation of around 380 billion Euro, Exxon with a valuation of around 300 billion Euro and Petrochina with a valuation of around 200 billion Euro. Is it plausible to imagine that businesses of this size will have no influence on government decisions? (See the newspaper *Ta Nea*, 3.1.2013).

In the contemporary capitalist system, ‘Profits are derived more from speculative activities than from production. This led to the financialization of the economy, with the growth of the derivatives market, which accounts for 75% of the liquidity circulating in the world and is more than 9 times the size of the world GDP! This translated into a growing gap between the real economy and financial flows. It is estimated that over 90% of the daily flows on foreign exchange markets are not linked to the production and exchange of goods and services’⁶.

It would appear from the above that this model of capital accumulation, and particularly within the context of unregulated (or, as some would claim, self-regulating) capitalist, neo-liberal globalization is unjust to the many, parasitical, highly unstable and dangerous, because its further survival raises more inequality, more misery, more wars and more ecological and social disaster. It is not surprising, then, that challenges to capitalism are growing in number, with calls for at least a paradigm shift to sustainable models of alternative development.

We are already hearing more frequent and more pressing protests (see, for example, Michael J. Sandel, *Justice. What’s the right thing to do?*, Farrar, Straus and Giroux, 2009) against the possible slide from a market economy to an unjust market society, which the aforesaid author, obviously, denounces as immoral. The great question of the fair distribution of income, wealth and goods across society continues, and ever more urgently, to demand an answer.

Of all the economic models we have cited, the mercantilist, the neo-liberal and the Marxist, no single system can provide a socially just and economically effective solution. The Marxist model, being a substitute for and not a complement to the other two models of capitalism, due to the collapse of socialism, has demonstrated its flaws. Whether, when and where a “socialist” or “post-socialist” alternative model of development can prosper within an unfriendly (to say the least) global, capitalist environment, will depend, largely, on the further evolution of capitalism and the unpredictable nature of events. The other two - capitalist – systems, characterized by private ownership of the means of production, the pursuit of maximum profit and

⁵ See Jose Antonio Ocampo: “Οι ανάγκες των πολλών, ο πλούτος των λίγων”, (The needs of the many, the wealth of the few), *To Vima* newspaper, 30.12.2012.

⁶ See “The global economic crisis and alternatives”, www.minzokilbo.com/xs/3496.



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utility, and the operation of the market and of prices as a means of coordinating economic activity, may achieve synergies with a positive impact for economic growth and social prosperity. We are reminded of the ‘golden age’ of 1950-1970, when Keynesian theory ruled, but voices were already being heard rejecting the infamous neo-liberal myth of TINA – There is no alternative.

The various scenarios for structures of global power and order are numerous. With Cox, we see two most likely candidates: that of a global order of ‘conflicting centres of power’⁷, structured around leading powers or groups of states, and that of a ‘post-hegemonic order’⁸, in which states will agree on legally enshrined rules and principles of peaceful, multilateral, not purely economic, cooperation, with mechanisms for the resolution of disputes operating to the advantage of all parties.

This scenario appears (perhaps with some wishful thinking) to be gaining in likelihood, given the cooperation in the context, initially, of the G8 and then the G20, as well as other global organizations, the WTO for example. Naturally the desire and the efforts of intermediate-sized states to develop into regional economic and military powers will disturb the delicate balance of the “post-hegemonic order”, operating, in some cases, as a cartel at the expense of those who refuse to play by the rules.

In the neo-Marxist approach of the important analyst Emmanuel Wallerstein⁹, the contemporary, global, capitalist economy, which plays the leading role in developments (with politics relegated to the secondary role), is hierarchically structured, with the powerful states at the apex or in the centre, the semi-powerful in the middle or semi-periphery, and the weak states at the bottom or on the periphery.

In the Marxist view, then, international political economy involves the history of global capitalist development and expansion, the class struggle and the conflicts between states which this struggle has caused¹⁰.

In the globalized market, in which, of course, large and powerful ‘national’ economies, together with their multinational companies, set the rules of the game, the relatively small ‘national’ economies and their businesses cannot frame or follow substantially different economic policies for growth/development, much less an alternative model for development. Therefore the scope for differentiation from the prevailing model is limited to non-existent when the small country/economy is part of a wider grouping like the EU or, even more so, the Eurozone.

⁷ Cox, R. W. with Sinclair T. J. (1996), *Approaches to World Order*, Cambridge University Press, p. 114.

⁸ Cox, R. W. (1992), “Towards a Post-Hegemonic Conceptualization on World Order: Reflections on the Relevancy of Ibn Khaldun”, in J. N. Rosenau and E.-O. Czempiel (eds.), *Governance without Government: Order and Change in World Politics*. Cambridge: Cambridge University Press, p. 142.

⁹ Wallerstein, I. (1974), *The Modern World System*, i. New York: Academic Press.

----- (1979), *The Capitalist World-Economy: Essays*, Cambridge: Cambridge University Press.

----- (1983), *Historical Capitalism*, London: Verso.

¹⁰ Robert Jackson – Georg Sørensen: *op. cit.* p. 283.



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The new approaches to internationalised strategies, which have replaced traditional approaches, arise from the need to survive in the globalized economy, which has abolished or significantly weakened the old frontiers, across or within the state-borders, state-nation or foreign, and thus businesses which have not ‘internalized’ the global strategic logic, that of unlimited global competition, will either be compelled to reconsider their ‘closed’ strategic logic, or will not invest in the new international economic order (or, rather, disorder), with all its uncertainty and complexity.

The role of the state in economic activity

We refer, in brief, to the following¹¹:

1. Classical liberal views of the state, which is confined to the role of a ‘night watchman’.
2. Neo-liberal views of the state¹², which began to gain ground in the early 1970’s, when (Keynesian) expansionary policies failed to resolve the new crisis in the system (incomprehensible for the Keynesian theory), manifested primarily in the phenomenon of stagflation, or the combination of stagnation, recession, unemployment and inflation. These views have found their exponents in:
 - a) The Austrian School (F. Hayek, L. Mises, F. Machlup, *et al.*), which, rejecting economic planning, on the grounds that it is impossible for a planning centre to gather the necessary (economic) information, took and takes the view that only the free market, through operation of the law of supply and demand, can bring together all the necessary economic information and ‘spontaneously’ bring the economy into balance.
 - b) The Chicago School (Monetarism: M. Friedman, G. Stigler, *et al.*), which advocates full deregulation (i.e. an end to state intervention) of all

¹¹ Sakis Karagiorgas: *Δημόσια Οικονομική Ι, Οι Οικονομικές λειτουργίες του κράτους* (Public Economy I, The Economic Functions of the State), Papazisis, Athens, 1979.

¹² Selected bibliography: F. Hayek (*inter alia*) *Individualism and Economic Order*, London 1949, and *Liberalism*, Kansas City 1978.

W. Duncan Reekie: *Markets, Entrepreneurs and Liberty: An Austrian View of Capitalism*”, Brighton 1984.

M. Friedman and A.J. Schwarz: *Monetary History of the United States 1867-1970*, Princeton 1963.

Chris Tame: “The Chicago School: Lessons from the Thirties of the Eighties” in *Economic Affairs*, vol. 4, No 1, October 1983.

J. Buchanan: *The Limits of Liberty*, Chicago 1975.

Iain Melean: *Public Choice: An Introduction*, Oxford 1987.

M. Rothbard: *For A New Liberty*, N. York 1973 and *The Ethics of Liberty* N. Jersey 1982.

R. Nozick: *Anarchy, State and Utopia*, Oxford 1975.

Jeffrey Paul: *Reading Nozick* Oxford 1983.

Ayn Rand (*inter alia*) *The Virtue of Selfishness*, N. York 1964, and *Capitalism: The Unknown Ideal* N. York 1967.

Douglas J., Den Uyl Cl., Douglas B. Rasmussen: *The Philosophic Thought of Ayn Rand*, Chicago 1986.



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- markets (production factors and reward, goods and prices, money, etc.) and limits on money supply in order to reduce or eliminate inflation. These economists lay emphasis on private entrepreneurial risk.
- c) The Public Choice Theory, or the Virginia School (J. Buchanan, G. Tullock, *et al.*), which questions whether decisions by the public authorities reflect the wishes and interests of society as a whole, claiming that the central state bureaucracy, and the individual bureaucracies within it, in fact strive to promote their own interests or those of the groups they represent. In other words, state decisions – even if they almost always legitimize themselves by invoking the public good – favour specific interests:
- i) Specific bureaucracies (increased prosperity and longevity of their members), closer to the decision-taking centres
 - ii) Various powerful private ‘players’ or groups
- d) In addition to the ‘Schools’ we have mentioned, there are also the independent free objectivists (M. Rothbard, D. Friedman, R. Nozick, Ayn Rand *et al.*), who believe that any state will distort the natural development of individual personality (the ‘natural order’) and thus prevent human fulfilment and happiness (the ‘immoral’ violation of human personality). They therefore advocate the ‘total’ abolition of the state and the unimpeded operation of the rules of the market on the economic and social levels, in order to bring about the required equilibrium. Ayn Rand, in particular, maintains that capitalism, relieved of the interventionist state and any capitalist bureaucracies, is the system that guarantees genuine freedom, because it liberates the potential of every individual, leaving him free to pursue his own selfish motivations, on which all progress is based. In this view, selfishness is a virtue and altruism a vice; pursuit of the interests of the many is unnatural and hypocritical, a screen for the exploitation of the many by few cunning!

It is evident from the above that the minimizing or even elimination of state intervention in economic and social life, advocated mainly by those of neo-liberal views, has at least no immediate impact on quantitative economic growth. Such growth depends entirely on the private forces of the fully developed free market. However, while this might provide freedom in the sense of the absence of constraint, it does not appear to guarantee either the equality of opportunity we expect of an affluent society or freedom in the sense of the complete liberation of each human personality.

Thus the strongest are to be allowed to prevail. But what of the weaker members of society? These neo-liberal views resemble, *mutatis mutandis*, one interpretation of Darwin’s theory of natural selection, yet they are at the same time extreme and unrealistic. Unrealistic because the reality, as we are well aware, remains stubbornly different. The capitalist system, even with hugely powerful multinational monopolies, still needs a ‘minimal’ but effective state capable of intervening in the following ways:



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- a) To safeguard freedom of transactions and protect the inviolability of personal property,
- b) To create the general, material conditions for production (infrastructure projects and services, of the sort not undertaken by private capitalists),
- c) To ensure ‘social peace’ (i.e. industrial peace) and reproduction of the labour force,
- d) To facilitate expansion and protect ‘national’ capital in the international arena, and
- e) To manage economic crises.

On the other hand, there are the classic Marxist and neo-Marxist views, which see the state as:

- a) A superstructure erected on an economic base
- b) An instrument of class power
- c) An element in the cohesion of the social system
- d) A set of institutions, and
- e) A system of political dominance.

The neo-Marxist views of the state can be broken down as follows, to include:

- a) The instrumentalist view (the state is the instrument of the capitalist class),
- b) The state-monopoly capitalism view
- c) The structuralist view (the class struggle is interlinked with the state mechanism)
- d) The neo-Gramscian view (the state contributes to the organization of the ideological capitalist hegemony of the capitalist class)
- e) The historical analysis of the state (absolutist and liberal state)
- f) The view of the ‘Logic of capital and the state’. In this view, the fundamental functions of the state in capitalist societies, historically determined by the evolution of the accumulation of capital, are as follows:
 - i) The general material conditions of production (material infrastructure)
 - ii) The introduction and preservation of the rules of law
 - iii) The general management of the labour force and the resolution of conflicts between labour and capital
 - iv) The safeguarding and expansion of national capital on the international market
 - v) The management of economic crises, which are the consequence of (a) an increase in the organic synthesis of capital, or (b) failure to achieve surplus value (under-consumption), or (c) contraction of profit margins.

Additionally, it might be said by way that the state, with its (interventionist) policies, on the one hand contributes to the arising of an economic crisis, and on the other hand contributes to the postponement, for a greater or lesser period, of its arising, or to its (temporary) resolution. However, the state cannot free the capitalist system of its crises, because it is the contradictions inherent in this, admittedly flexible, system of



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production which cause its crises, and they can only be overcome when the capitalist system itself has been left behind.

If all the above are true of the nation state, then owing to the internationalization/globalization of production and circulation of goods, the incorporation/integration of national economies (and states) into supranational groupings (e.g. European Union), there is a compelling need to examine the role and mission, the form and functions of the ‘transformed’ nation state as a new ‘sub-state’. A ‘national’ or supranational-regional economy will be seen as developed and progressive if it can produce, in line with international/global specifications, goods or services able to compete in the global market (for as long, of course, as competition remains the main characteristic of the global economic system). For this reason, the parameters of labour productivity, of efficiency, of variety and quality of production, in combination with environmental quality are (will be) the factors *sine qua non* in securing and retaining a ‘good’ position in the global allocation of labour. A more and more important indicator of global economic-technical progress is (will be) the international value and price of products and services.

Rationalization, scientific intensification and internationalization (the role of multinationals) of the processes of production and distribution mean, for capitalists, that they now accumulate and invest on the basis of the laws of the global market, not the needs of individual national economies. The ‘interdependence’ of the various national economies (or the bourgeois classes of these countries), or the ‘organic unity’ of the metropolitan economies and those of the third world, as well as the incorporation/integration of various national economies into supranational-regional entities like the EU, all these factors lead to the demotion of the nation state, which finds itself reduced to the status of a sub-state, the servant of a supranational authority. This is because the nation state transfers the powers and functions not only of the national edifice like economic planning or policy, but also of the national superstructure (competences in the areas of the constitution and law) to an overarching, supranational power.

Are we currently moving through a transitional period between the national and the supranational state (e.g. the United States of [Western] Europe), which, if and when it is completed, will take over the form and functions of the current nation state, while the latter will have been downgraded and reduced to the status of a subservient government of a state of western Europe? Only time will tell!

Seeking an alternative development model

Among the alternative models being explored, we shall make selective mention, first, of Amartya Sen, who speaks of a ‘new world’ rather than a ‘new capitalism’, resting on social values and susceptible of ethical defence¹³.

Bill Gates, who has spoken of ‘creative capitalism’¹⁴, hopes ‘that the great thinkers here will dedicate some time to finding ways for businesses, governments, NGOs, and

¹³ A. Sen, *Capitalism Beyond The Crisis*, New York Review of Books, 31 March, 2009.

¹⁴ See his address to the World Economic Forum, 2008.



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the media to create measures of what companies are doing to use their power and intelligence to serve a wider circle of people’. He also takes the view that if the early decades of the 21st century find approaches that meet the needs of the poor in ways that generate profits and recognition for business, we will have found a sustainable way to reduce poverty in the world’.

Others speak of ‘socially aware capitalism’, while the G20, at its London meeting in 2009, attended by Communist China, agreed that the basis for increasing affluence is ‘an open global economy resting on market values with effective regulation and robust global institutions’.

There is also Jeffrey D. Sachs, who prefers the Scandinavian model - the welfare state models, based on private ownership of property and the market, rather than the socialist models, based on state ownership and planning, which, despite their differences, have managed to combine the welfare state with a high level of income, steady economic growth, macroeconomic stability and low levels of corruption, and which, compared with the most free of economies, that of the USA, rank higher in practical terms on all economic and social indices¹⁵.

Marry Hilson¹⁶ attributes the success of the Scandinavian model to the cooperation between liberal and social democratic forces in the context of a politics of Aristotelian ‘moderation’, and has reservations about the ‘Scandinavian’ successful reconciliation of two values of the Enlightenment, which many regard as incompatible, i.e. the values of freedom and equality. This model, then, demonstrates that the free market can also function in societies with robust state intervention in the area of services, particularly health, education and national insurance/welfare, which lie outside the commercial logic of the market.

However, there are also mixed models of economic growth and development, in the sense of state intervention or a synergy between state and private initiative, which have functioned with relative success, mainly in the so-called ‘Asian tigers’. It seems that the role, mission and economic functions of the state can vary widely.

In seeking out and constructing new development models, whether as variations of or alternatives to the existing model, assistance will be on hand in the form of the new method of calculating GDP, which takes into account all extra-market activities, and will combine GDP indicators with indicators of quality of life, material standard of living (income, consumption, assets), health, diet, employment, political involvement, social relations, the environment, economic and natural insecurities and sustainable growth (expressed in terms of natural capital, the reserves of which are threatened). We see an attempt to do this in the **Report by the Commission on the Measurement of Economic Performance and Social Progress**, the Commission set up by French President Nicolas Sarkozy in 2008, and which consisted of Prof. **Joseph E. Stiglitz**,

¹⁵ Jeffrey D. Sachs: “Lessons from the North”, Project Syndicate, April 2006.

¹⁶ Marry Hilson: *Το Σκανδιναβικό Μοντέλο. Αποτελεσματικότητα και Αλληλεγγύη, Συναινέση και Θεσμικός Πειραματισμός* (The Scandinavian Model. Efficiency and Solidarity, Consensus and Institutional Experimentation), Crete University Press, 2012.



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Chair, Columbia University, Prof. **Amartya Sen**, Chair Advisor, Harvard University, Prof. **Jean-Paul Fitoussi**, Coordinator on the Commission, IEP, and another 22 members and 9 rapporteurs.

Furthermore, the alternative indicators which have been developed are designed to replace GDP in attempts at measurement, initially with indices of affluence, and, one day, of happiness. First of all, of course, agreement must be reached on defining individual and collective affluence and happiness.

The most important of these indices are:

- *The Human Development Index*, compiled by the UN.
- *The Weighted Index of Social Progress*, calculated by Professor Richard Estes of the University of Pennsylvania.
- *The Genuine Progress Index*, prepared by the private American research institute, Redefining Progress.
- *The Happy Planet Index*, devised by N. Marks, S. Abdallah, A. Simms and S. Thomson¹⁷.
- *The Indice du Bonheur Mondial (IBM)*, devised by Pierre Le Roy¹⁸.
- *The Satisfaction With Life Scale (SWLS)*, compiled by nation, by W. Pavot and E. Diener¹⁹.

We shall now move on to present a rough outline of the main views of Attac Deutschland (Attac Advise) (Association for taxation of financial transactions and for citizen action, an NGO critical of globalization) on an alternative global economic order (Alternativweltwirtschaftsordnung, 31.10.2004).

Attac is based on the principle of a future-oriented economy and presents ideas-guides to future communities, which must be of both national and global application. Its objective is to work towards a world which:

- Will follow a model of ecological, economic and social sustainability.
- Will promote cooperation, which will embrace the concept of responsibility rather than competitiveness, and multiplicity, which is the key to vitality, adaptability and the renewal of human societies.
- Will require the equal implementation of human rights and the principle of the dignity of labour in both North and South.
- Will introduce equality of opportunity and justice between the two sexes.
- Will enforce the principle of care rather than after-care, in order to limit possible harm to human health and the environment from new activities and products. It must be the responsibility of those advocating an action or those

¹⁷ Marks N., Abdallah S., Simms A., Thomson S., *The Happy Planet Index*, London, New Economic Foundation, 2006.

¹⁸ See La Revue “Globeco”, Edition 2007. (The IBM covers four thematic areas: peace and security, freedom-democracy and human rights, quality of life and research-education-information-communication and culture).

¹⁹ W. Pavot and E. Diener, “Review of the Satisfaction With Life Scale”, *Psychological Assessment*, 5(2), 164-172



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intending to manufacture a product -not the consumer- to prove that the action or product is safe and will not have any adverse or negative effects.

- Will be oriented to what is necessary for human well-being, rather than profit or growth.
- Will take all decisions democratically, putting responsibility at the heart of living democracy.

Debates among Attac members have thrown up questions such as the following:

- Are we for an eco-social market economy, or, taking an anti-capitalist stance, for an ecological, economic democracy, or for a transcendence of the market through democratisation of the economy?
- Are we for a future of growth, or for distancing ourselves from the pursuit of economic growth?
- Will our strategy be for ‘a fairer form of globalization’, or for ‘de-globalization’, or for ‘localization’?
- Do we view the neo-liberal version of globalization as deserving of criticism, or are we basically opposed to globalization?
- Do we see interest as a decisive incentive, or simply as a means of realizing the interests of capital?
- Do we seek monetary coordination through international mechanisms, through national regulations or through local currencies?
- Do we see the EU as aggressively expansionist, both internally and externally, or do we see it critically-optimistically as an absorber?

Attac acknowledges that the prevailing world economic order is leading humanity to an impasse, a problem requiring diagnosis, and takes the view that an alternative such order is possible in the framework of a reasoned utopianism (Überlegten Utopismus), in which objectives are laid down and the necessary paths to reach these objectives are sought, through a process of realistically feasible planning.

Since economic growth is essential if we are to combat unemployment and poverty in the world, there is no question of pursuing zero-growth. However, there may be discussion of a steady-state economy, which, with the help of production technologies, will preserve the net disposable quantity of the world’s economy in materials and energy constant at a sustainable level. Of course, in such a situation, there still remains no feasible answer to the question of the fair distribution of the wealth generated.

Attac also proposes a writing-off of all odious debts, taxation of foreign currency transactions (the Tobin tax), enforcement of the principle of residence in taxation of profits/incomes from capital, as well as a single tax rate for profits, in order to curb the extortion practiced on governments and the use of accounting tricks, such as the movement of business to other countries or transfer of profits to subsidiaries, and last but not least, a global Marshall Plan.

The alternative world economic order must, in the view of Attac, achieve a state of ecological balance. In other words, for this order to be sustainable, an ecological economic policy must be implemented that is designed to reduce consumption of



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resources by 80%-90%. To this end, both passive and active measures are proposed: limiting or even overcoming entirely the power of businesses through democratisation (participation/involvement in decision-taking of employees); global regulation of the social responsibility of businesses, the new regulations and mechanisms of the global trade in goods and services, e.g. fair prices for raw materials, and a global government with global democracy; prohibition on all forms of dumping; the limiting of patents to a very short period, to allow knowledge and technology to be disseminated more rapidly; elimination on all levels (national, regional and global) of the influence of lobbies; forced abolition of tax havens(off shore)²⁰; a monetary order that promotes solidarity, e.g. the European Central Bank using interest rate policy first and foremost to combat unemployment and social exclusion and to promote ecology and social welfare, not simply to ensure price stability; as far the stability of the system of exchange rates, first and foremost for the main currencies (dollar, euro, yuan, yen, pound sterling, Indian rupee, rouble, real, S. African rand), the group of BRICS way also help.

More generally, if, as Biesecker asserts, economy in both theory and practice, alongside the productivity of paid labour also concerns itself with the entirely neglected productivity of the reproductive, i.e. of nature (the ecological dimension), and of social, unpaid, female labour (the social dimension), then economy is reintegrated into a living, social, reproductive basis, and policy recovers its primacy over the economy. And since the economy is global, policy too must cease to be local or national, and become global.

Attac also seeks strategies to avoid the consequences of globalization, or to render it more fair. The social economy of the market, the model found in Germany, is regarded as a variation of capitalism; it is proposed that it be transformed into an ecological, participatory, economic democracy. Attac accepts the pursuit of profit as a significant motivation in economic activity; it proposes that ownership of major businesses should be transferred to the workforce (socialization).

Given that the positions taken by Attac are still at the exploratory stage, and given their utopian nature, even in the case of what Biesecker, one of the movement's main exponents, describes as 'reasoned utopianism', it will be valuable to seek out more realistic economic models, offering greater ease of transition, even though Heraclitus warns us that 'he who does not expect the unexpected will not discover it; it will remain unexplored and inaccessible'.

So, bearing in mind the external constraints, particularly the 'unfriendly' global capitalist environment, and the need for another economic model, different from the prevailing neo-liberal model, which will link justice to competitiveness, growth to

²⁰ The International Consortium of Investigative Journalists (ICIJ), in a investigation published in 36 major newspapers, estimated that one third of world trade takes place through off-shore companies, which receive approximately 25-32 trillions US \$, an amount greater than the sum of US and EU GDP.



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ecology, I take the view that it would be more sensible to adopt the Scandinavian model, or even that of the ‘social market economy’ historically attributed to Germany.

Having seen and experienced the results of the neo-liberal policy implemented over the last five years in the countries of southern Europe (e.g. Greece: continuing recession with a fall in GDP, from 2008 to 2012, of 20.1%²¹; increasing unemployment, reaching 27%²² in November 2012, and 59.4% among young people under 25; and impoverishment of 30% of the population now (2012) beneath the poverty line²³), I take the view that it would be less painful if in what is now a globalized economy, in parallel with the gradual implementation of the necessary structural reforms to improve competitiveness, there could be a shift towards a ‘neo-neo-Keynesianism’, (See: Obama in USA, the «Abenomics» in Japan, but also two Keynesians top officers of IMF, Olivier Blanchard, Economic Counsellor and Director at the Research Department of the IMF, and David Lipton, First Deputy Managing Director of the IMF), also global if possible, and with the emphasis more on investment in production, less on consumption, in order to balance the internationalized ‘supply side economics’, given that the familiar old-style Keynesianism can no longer be applied on the national level. This shift would need to be combined with a new Bretton Woods, accompanied by effective regulation of the globalized market and introduction of a ‘globalization of responsibility’, not only in matters of economics, but also matters of international solidarity, together with the promotion of peace and disarmament²⁴.

It is possible that the protracted systemic crisis will impel more and more social strata, and by extension more and more political and business elites, to accept more viable variations on the current development model, e.g. the Scandinavian, and then to adopt an eco-social model of growth.

We should not overlook, of course, the fact that contemporary technology is rather labour-saving, and in the long term, in combination with delays in implementing proper education and re-education, will lead to structural unemployment. This very serious problem, which the economically developed countries are already facing, requires early attention.

This problem lies beyond the economy, and beyond the sphere of labour paid on the basis of hours worked. Although fierce competition in the globalized market leads to deregulation of the labour market, which may even bring about increases in working time, the overall trend of contemporary technology and economic rationalization will

²¹ See address of Governor of Bank of Greece to 80th AGM, 25.2.2013. *To Vima* newspaper, 3.3.2013.

²² See Eurostat.

²³ According to a study by the Greek Statistical Service on Income and Living Conditions 2010 (incomes 2009), 27.7% of the total population, together with the ‘low employment-intensive households’, i.e. persons working no more than two months in the year, are living below the poverty line. (7,187 €/year for one person, and 15,073 €/year for a family of four). By now, three years on from the reference year of that study, the percentage of those in poverty must be over 30%.

²⁴ Yannis Tsekouras: “Market Functionality and Institutional Reforms”. Paper presented to the 5th ASECU International Conference, University of Tirana, Tirana, May 2009. *South Eastern Europe Journal of Economics*, Vol. 7, No 2, Fall 2009.



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in the long term be to free up more and more working time (the unemployed will increase in number as working hours decline), while the national product continues to rise.

If we wish to preserve life on our planet, in a sound ecological balance, to limit chronic and upward trending unemployment, without reducing all other manifestations of life to commodities and business activities, and without making a servant of society, then we must look to a solution in the context of **ecological rationalism**, i.e. an eco-social logic in place of the traditional economic logic.

By this we mean that the inhabitants of, first and foremost, the economically developed countries will make do with fewer but higher-quality goods. This may not entail any great sacrifices, but it will require a willingness to forego unnecessary luxuries (**austere abundance**²⁵, points to **the limits to growth**). Thus material needs will be met using the most modest possible quantity of goods, of high-value use and extended durability; this will obviously involve lower levels of labour, capital and natural resources. Whereas the logic of economic growth, or rather the economic imperative of high return and performance, requires ever more goods-commodities-needs (**the revolution of expectations as an integral symptom of the consumer society**, entailing **growth to limits**) which are of short duration, difficult to repair and usually replaced rather than repaired, and therefore ever more agents of production and natural resources. This logic is obviously opposed to the ecological imperative of “conservation”. Thus what from the ecological perspective is seen as waste and destruction, from the perspective of traditional economics is seen as a source of growth; what from the ecological perspective is seen as prudent husbanding of resources (e.g. more durable products, less consumption of energy and resources) is seen by the traditional economics as a source of loss (reduction in measurable wealth). **The logic of traditional economics must, sooner or later, yield to the logic of ecology, since what is ecologically absurd can no longer make economic sense**^{26 27}.

What we need to do, then, in addition to curbing our consumption and production of (unnecessary) goods, is gradually reduce working hours, allowing the unemployed to find paid work (after the necessary training or retraining) and paying every citizen who cannot be in paid employment an income not unrelated to any work at all, but not dependent on the number of hours worked²⁸.

This would mean a) that every citizen could live with a degree of dignity, b) that a counterbalance could be found to the reduced overall purchasing power caused by unemployment, and c) that citizens would be offering their labour either in the sector containing the activities allowing them to support themselves, or in the social and

²⁵ See Echange et projets, *La Revolution du temps choisi*, Albin Michael, Paris 1980.

²⁶ André Gorz, *Καπιταλισμός, Σοσιαλισμός, Οικολογία* (Capitalism, Socialism, Ecology), Enallaktikes Publications, Athens 1993.

²⁷ Yannis Tsekouras, “Development: Cooperation and Competitiveness”, Bucharest, Paper presented to 4th ASECU International Conference, Academy of Economic Studies, Bucharest, May 2008, *South Eastern Europe Journal of Economics*, Vol 6, No 2, Fall 2008 (<http://www.asecu.gr/Seeje/issue11.html>).

²⁸ See Gorz, *op cit*.



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public sector, and not simply out of social obligation but because a quantity of work is necessary for the existence of society itself, and of those who live in it. And thus the performance of socially defined labour would give the individual the sense of inclusion and of the social value of his labour, instead of exclusion, a sense of being useless to society, a sense of worthlessness.

Whereas an income guaranteed for each citizen, but independent of any work, does not protect the individual from exclusion and isolation any more than, for example, his right to a pension, and therefore does not assure him a sense of social inclusion.

An individual receiving an income which is independent only of working time, not of work per se, will feel confident that others (society) have need of him and that he is as capable as others of contributing to the attainment of collective objectives. It is precisely this capability which grounds his rights as a social being, and his right to question the objectives in pursuing which his cooperation is sought.

Originally, I wish for the EU, where, in an environment of economic dualism, unequal trade enhances the rich economies of the North against those of the South, the leaders of its member states to replace their ethnocentrism, which enhances anti-Europeanism and extreme right nationalism, with a balancing, development cooperation of the partners.

Then, let the EU find the willingness, in collaboration with other OECD countries, or, if they proved reluctant, alone, to venture the creation of a ‘**European eco-social territory**’, because only on such a broad scale will it be possible for competition and the logic of commerce to be subjected to acceptable (mainly in terms of the non-impeding of technical progress) constraints²⁹.

In this case, of course, in the EU itself and in each of its members the democratic state must rest not only on separation of the three constitutional powers (legislative, executive and judicial), but also on the balanced coexistence of the ‘three graces’: the powerful state, the rule of law and governmental responsibility³⁰, in other words, the existence of reliable and effective institutions, functioning on the basis of the fundamental principle of justice, and thus contributing to the creation of social awareness and social cohesion.

²⁹ Yannis Tsekouras: «Development: Cooperation and Competitiveness», *op cit*.

----- “Market Functionality and Institutional Reforms”, , *op cit*.

³⁰ Francis Fukuyama: *Le Debut de l'histoire. Des origines de la politique a nos jours*, Saint-Simon, 2012.