

International Seminar

Twenty years of Local Production and Innovation Systems and Arrangements (LIPS)

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**New forms of development
and the roads leading to the future**

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New forms of development and the roads leading to the future

To make the necessary changes by a common action, to advocate new forms of evolution towards a desirable future, we must share a common assessment of what has been the forms of evolution and the roads walked on in the name of “development” and that have led us to the present situation.

1. Established implementation forms of development, up to now

2. New forms of evolution needed to make for a desirable future

1. Established implementation forms of development, up to now

1.1. Main target : GDP growth

1.2. From agriculture to trade

1.3 From trade to manufactures

1.4. Commodification of labour

1.5. Power on the people

1.6. Power on Nature

1.7. Power of national and transnational organizations

Established implementation forms of development, up to now

1.1. Main target : GDP growth

It was proposed in 1949 to the ex-colonised countries, and to near-to-be independent countries to start a process of development.

They understood that they were invited to reproduce the advances in the material life that the people in “rich countries” were enjoying or were promised to enjoy soon.

These “lagging behind” countries accepted the idea and were keen to get an help to catch-up. Development clearly meant modern growth.

The United Nations endorsed this vision. Thus, from that time and up to now, Nations have been ranked as developing or developed, according to the value of their GDP per capita.

This is the official, the conventional and the usual way to assess what is called development. It means that, in the name of development, a country has to walk on roads leading to a larger GDP to have a higher level of GDP per capita.

What have been these roads?

Established implementation forms of development, up to now

1.1. Main target : GDP growth

What have been these roads?

Just two preliminary remarks before recalling what these roads have been.

1) The ranking of countries means that there is a hierarchy of countries and that each one has a place in this hierarchy, according to the level of GDP/capita it has reached. But this is not like a hierarchy of climbers making for a summit where finally, soon or late, everyone will join the summit, and all will enjoy the view. No, there is no summit. Even the advanced are still climbing, they are climbing for ever to reach higher and higher levels and to keep their advanced position vis à vis the others.

This is the first flaw of this vision of development and of its implementation.

2) The second flaw is that this vision of development is a non-sense vision – and a dangerous one. Let us quote Kenneth Boulding

“Anyone who believes in indefinite growth in anything physical, on a physically finite planet, is either mad or an economist.”

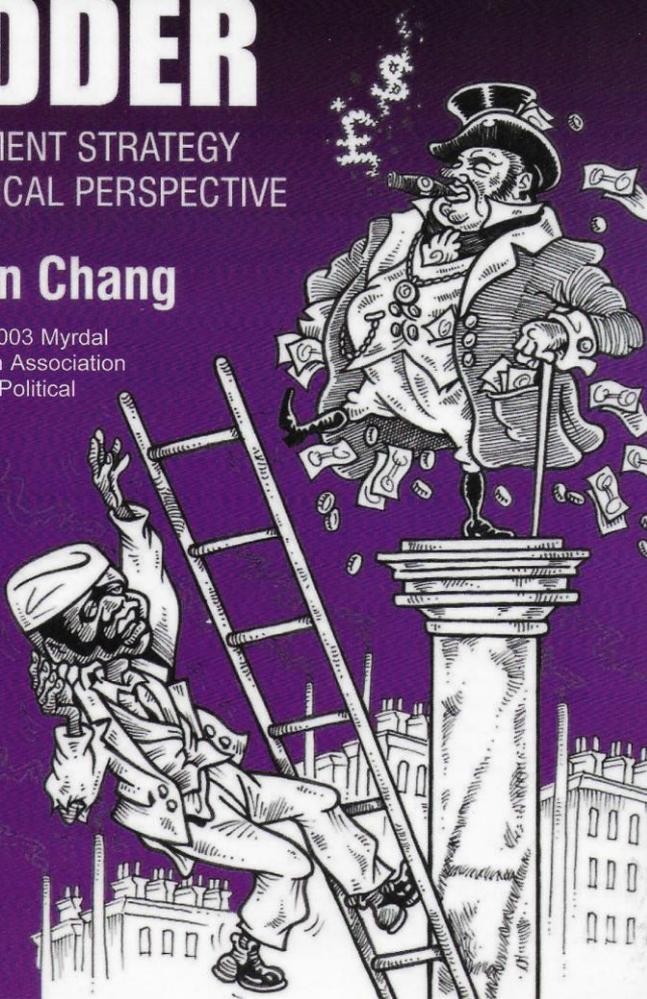
KICKING AWAY THE LADDER

DEVELOPMENT STRATEGY
IN HISTORICAL PERSPECTIVE

Ha-Joon Chang

Winner of the 2003 Myrdal
Prize, European Association
of Evolutionary Political
Economy

The first
edition
was
published
In 2002



In the facts of the official implementation of the so-called development we may state the following

- 1) Advanced countries are still in processes of national, regional, urban, etc « development »: they do not stand at a top of a mountain or at a top of a column. They are climbing to advance higher.
- 2) Advanced countries have decided to help the other countries to « develop ». United Nations' programmes have been implemented, and other programmes by a host of organisations like the World Bank, as well, for almost 70 years.
- 3) However, it seems that, not only have the advanced countries climbed higher but they have destroyed the paths- the ladders- they have used to climb. And the ex-colonies are still struggling for development.

Established implementation forms of development, up to now

1.2. From agriculture to trade

Historical statistics by Maddison show that a definitive setting of a hierarchy with growing inequalities between countries in the level of “development” started after 1500.

Before that, the material and intellectual life relied on a productive cultivation of Nature, termed agriculture.

This basis supported the rest: useful artefacts from pottery to houses and castles and also other “cultural” activities than the sole utilitarian ones.

At that time, **the intrinsic value of everything** was crucial: a “good” was good for something and able to satisfy a real need of someone.

This means that anything coming from agriculture is able to respond to the need of food to survive, or say any pottery is able to respond to the need of tools to prepare food or, else, textile is able to respond to the need of clothes to face cold weather etc.

At that time, only a small proportion of production was distributed through markets, sometimes on a barter scheme. **But things started to change.**

Established implementation forms of development, up to now

1.2. From agriculture to trade

from **intrinsic values** to trade and **exchange values**

Step by step commerce gained in importance in Western Europe, for handicrafts and then for tropical products with the colonial times, leading to the extension of the markets within advanced countries, spreading the use of Money.

The meaning of value changed. Nature and agriculture and their intrinsic value were overcome by trade and exchange value. The value of something became its ability to be sold in a market, and to bring Money, according to its exchange value, or a price as a quantity of money.

This Money -often a metal like gold- can be stored, accumulated, and possibly used at any time in the future.

Thus, production of “goods”, up to a certain extent, was no longer organised solely in order to respond to a (local) need, but to make Money in selling them anywhere, so that it become possible to buy, to import something and to accumulate.

Wealth is, now on, assessed by the amount of accumulated money, or the amount of the market exchanges values of accumulated tradeable things.

Established implementation forms of development, up to now

1.3 From trade to manufactures

Until the 19th century, trade involved relatively low volumes of goods, especially international trade, compared to what was produced within the countries: in 1820, trade across boundaries still amounts at less than 1% of the world production.

The change came from the surge of manufactures. As Smith put it, manufactures can be consumed without limits, which is not the case for food due to “the narrow capacity of our stomach”.

Manufactures brought surplus compared to the necessary to survive, but that surplus tended to become an ingredient of a pleasant life, and it seemed that human desire for them was not limited.

The law of supply and demand dictated the exchange values, and accumulation of money could rise with the growth of the production of manufactures.

The race for unlimited accumulation and growth was launched.

Established implementation forms of development, up to now

1.4. Commodification of labour

From **exchange value** to **labour value**

There was a debate about value and the wealth of nations. Smith (1776) argued that trade improved the wealth of nations in rising the amount of exchange values.

For Ricardo (1817), as labour was the source of value and wealth on the one hand, and as trade let unchanged the quantity of labour within the nation, on the other hand, the (intrinsic? real?) wealth of the nation was, too, unchanged.

Scholars tried to be in favour of one argument or the other and one focal point for discussion was linked to the essence of manufactures.

Manufacture means “handmade”, its link to Labour is essential – performed in urban areas, and the role of Nature is more remote than in agriculture located in rural areas.

Established implementation forms of development, up to now

1.4. Commodification of labour

From **labour value** to **surplus value**

It is Marx (1867) who insisted on the crucial point : the observed **commodification of labour**. From now on, there will be a labour market, the market of working forces leading to a wage – a price- for a quantity of work, e.g. an hour or one day or else.

A factory buys a one-day working force at its exchange value, a wage. It uses the one-day labour value (the intrinsic value of labour). And it sells the outcome of the work, the manufactured goods, at their exchange values, their price in the market. The difference between the two exchange values, the wage of the worker and the price of the goods, makes a profit for the factory.

Profit comes from the worker ability to produce more value than he costs, and this extra is named by Marx, the surplus value made on labour.

This surplus value which is a profit, can be accumulated, partly to hire new workers and to build new factories and then, to accumulate more exchange values.

Accumulation is the engine of growth.

Established implementation forms of development, up to now

1.5. Power on the people

Industrialisation and factories were established first in England (and in Western Europe) by a new dominant social class, the industrial bourgeoisie. It is this class that organised the work in factories.

The “capitalist”, owner of the factory with its machines, paid workers at the subsistence level. This was their exchange value as they were numerous, chased from the countryside after the enclosures law and their impossibility to get there what was necessary for them to survive.

Industrial revolution meant **exploitation of the workers** and the birth of the **proletariat** in the sake of accumulation.

“Accumulate, accumulate! That is Moses and the prophets! [...] Accumulation for accumulation’s sake, production for production’s sake” (Marx)

The capitalist countries, during their process of development have imposed their laws on the rest of the world, it was named **imperialism**.

It was operated through invasion and colonization of almost all the rest of the planet and with the help of financial capital and multinational corporations, it was the **spoliation of peoples**.

Thus, development in advanced countries has been reached, by exerting power upon people in their countries, and upon peoples in the rest of the world

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 Nous travaillons
 pour vous

WE FEED ALL
 Nous nourissons
 tout le monde

PYRAMID OF CAPITALIST SYSTEM
 Pyramide du système capitaliste

Established implementation forms of development, up to now

1.6. Power on Nature

“Development” of advanced economies has not be only based on the power exerted upon people. It has been also the outcome of the power of production (**List**), that is power exerted upon nature, which comes from human knowledge (**Marshall**), allowing innovation and technical change (**Schumpeter**).

Let’s quote them: “The prosperity of a nation is not, as Say believes, greater in the proportion in which it has amassed more wealth (i.e. values of exchange), but in the proportion in which it has more *developed its powers of production*.” (**List**, 1841)

“**Knowledge is our most powerful engine of production**; it enables us **to subdue Nature** and force her to satisfy our wants.” (**Marshall**, 1890)

Schumpeter got rid of the static economic theory and analysed the **evolution** (**Entwicklung**) the “**development**” (1911). He stated that the engine was the innovative entrepreneur, and he, later (1942), named the capitalism’s way of working: a “perennial **gale of creative destruction**” led by large corporations. This is technical change.

In order “to subdue Nature”, such a power has been exerted on it, that it is almost exhausted, and no longer able to support the pursuit of this form of “development”.

Established implementation forms of development, up to now

1.7. Power of national and transnational organizations

To deal with the real world we must deal with power issues.

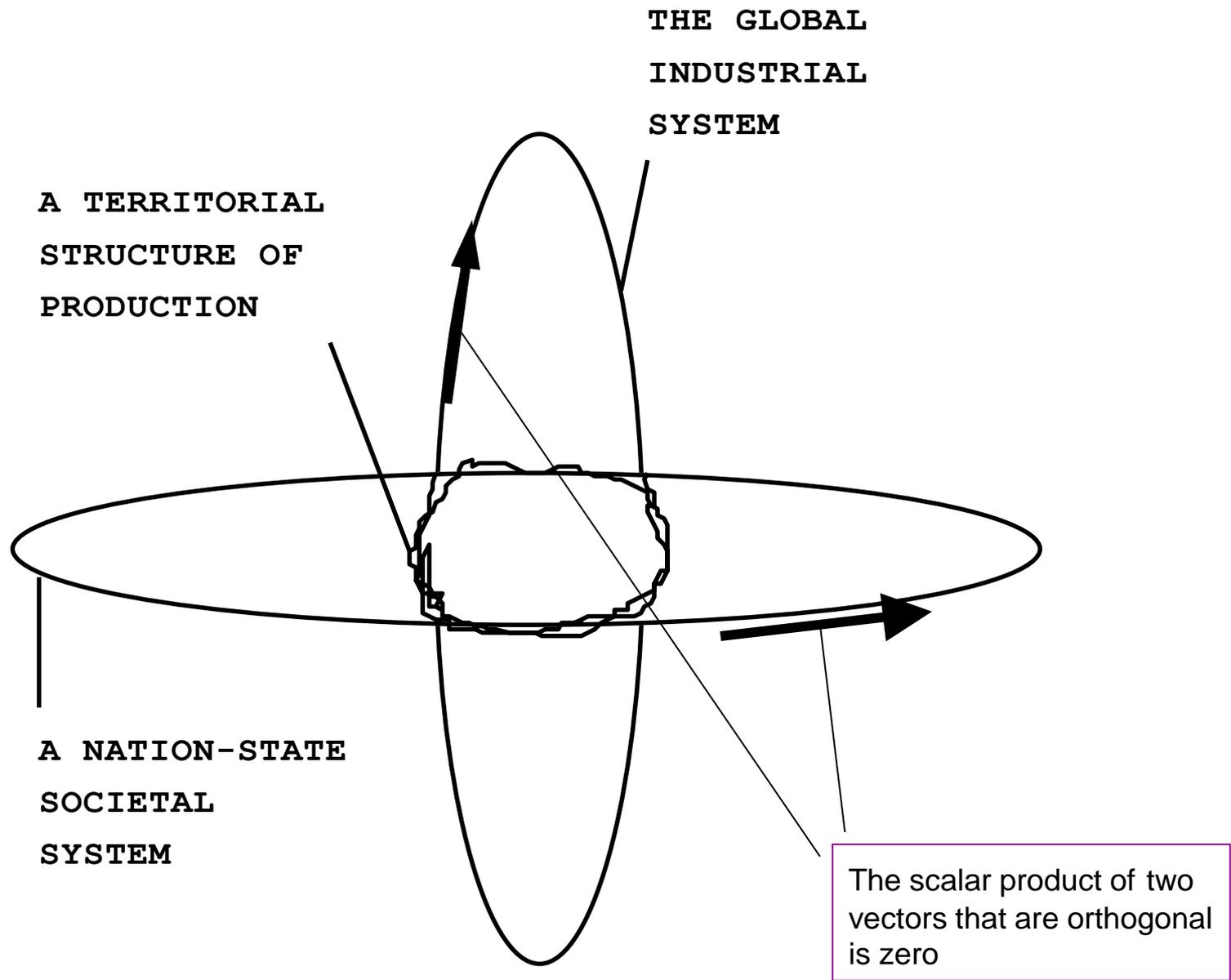
JK Galbraith denounced (in 1972) that “in eliding power – in making economics a non-political subject – neoclassical theory destroys the relation of economics to the real world”.

Schumpeter in 1942, praised the power of the large-scale enterprise. Escaping the market law with its strategy, it “has come to be the most powerful engine of [economic] progress and in particular of the long-run expansion of total output”.

JKG underline the necessity of countervailing powers. “When the modern corporation acquires power over markets, power in the community, power over the state and power over belief, it is a political instrument, different in form and degree but not in kind from the state itself. [...] politics does become a part of economics..”

We cannot do as if “development” is just a problem of innovation, of technical change, of management. Lundvall (2007) agreed that one “weakness of the system of innovation approach is that it is still lacking in its treatment of the power aspects of development”.

The world evolution has been the result of the interaction between policies of states and strategies of transnational corporations that succeeded to influence states’ policies to their advantage. Financialisation is the last stage that diffuses the **precariat** everywhere.



Orthogonality of two rationales that are in clear opposition.

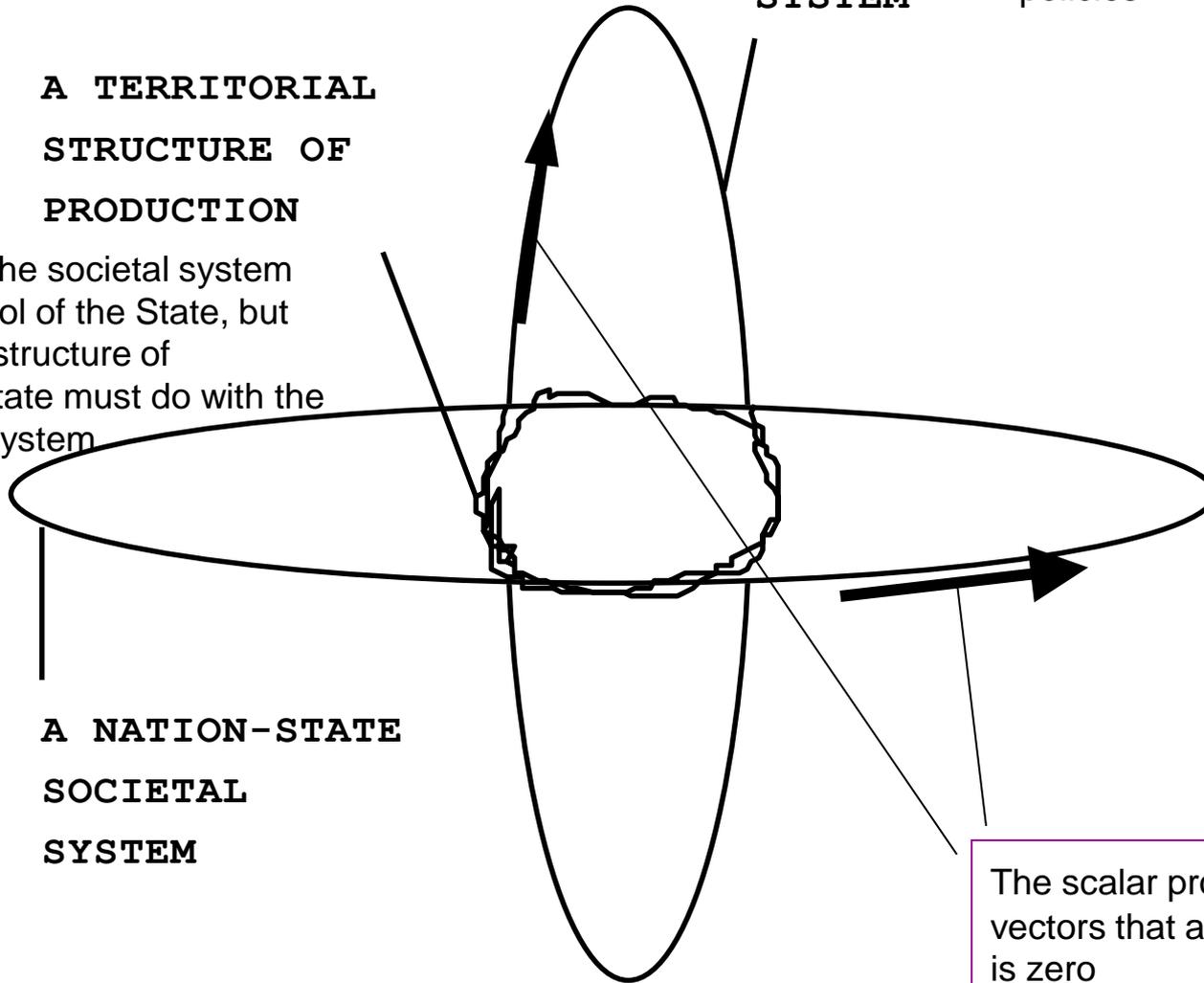
Adapted from Humbert, 1994.

**THE GLOBAL
INDUSTRIAL
SYSTEM**

It evolves along a trajectory
direction produced by the
interaction between
firms' strategy and states'
policies

**A TERRITORIAL
STRUCTURE OF
PRODUCTION**

The evolution of the societal system
is still in the control of the State, but
not the territorial structure of
production: the State must do with the
global industrial system



**A NATION-STATE
SOCIETAL
SYSTEM**

The scalar product of two
vectors that are orthogonal
is zero

Orthogonality of two rationales that are in clear opposition.

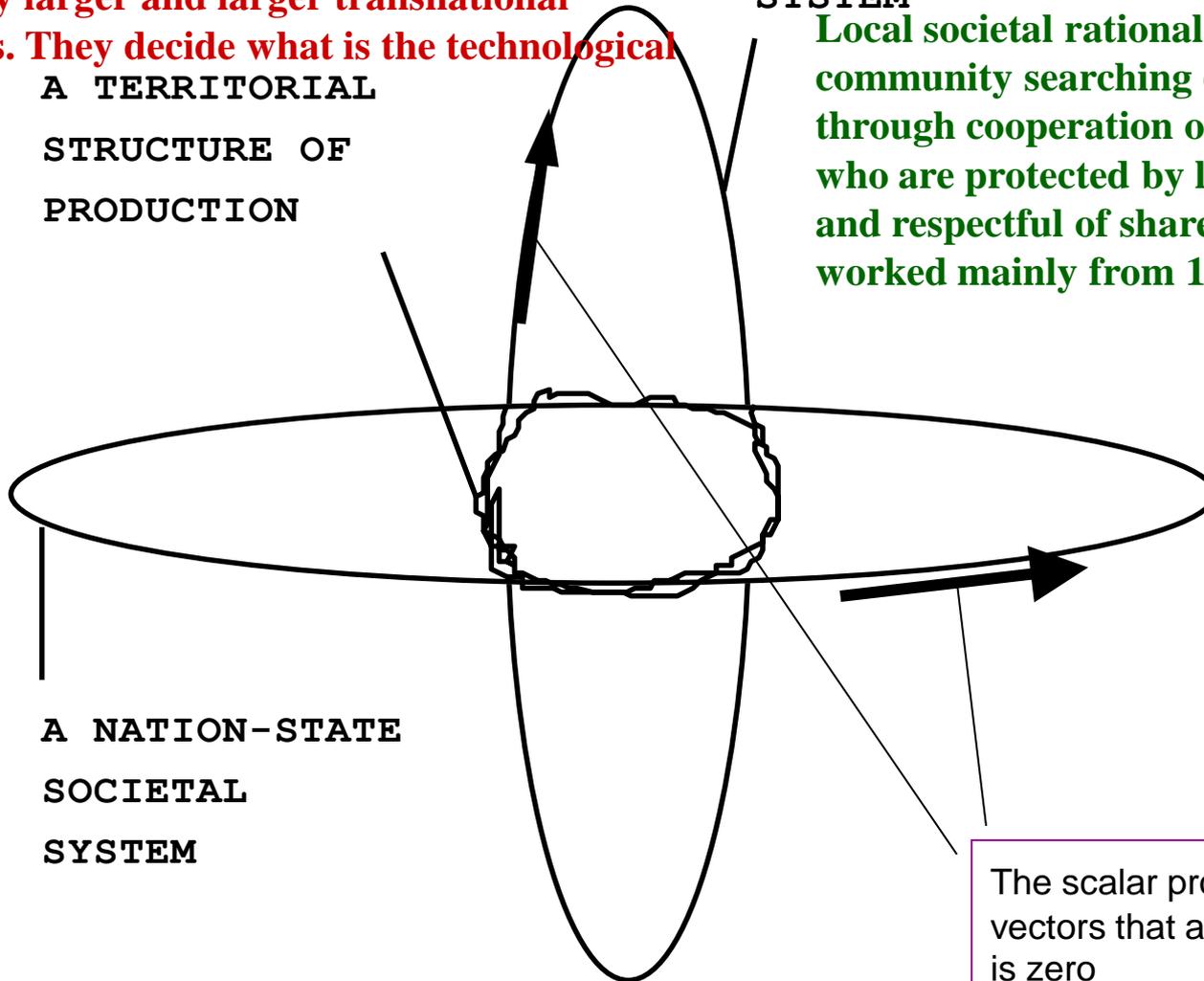
Adapted from Humbert, 1994.

The world techno industrial rationale is profitable efficiency through harsh competition for market power, led by larger and larger transnational corporations. They decide what is the technological frontier

**A TERRITORIAL
STRUCTURE OF
PRODUCTION**

**THE GLOBAL
INDUSTRIAL
SYSTEM**

Local societal rationale from a community searching cohesion and through cooperation of its members who are protected by laws, institutions and respectful of shared values. It worked mainly from 1945 to 1975.

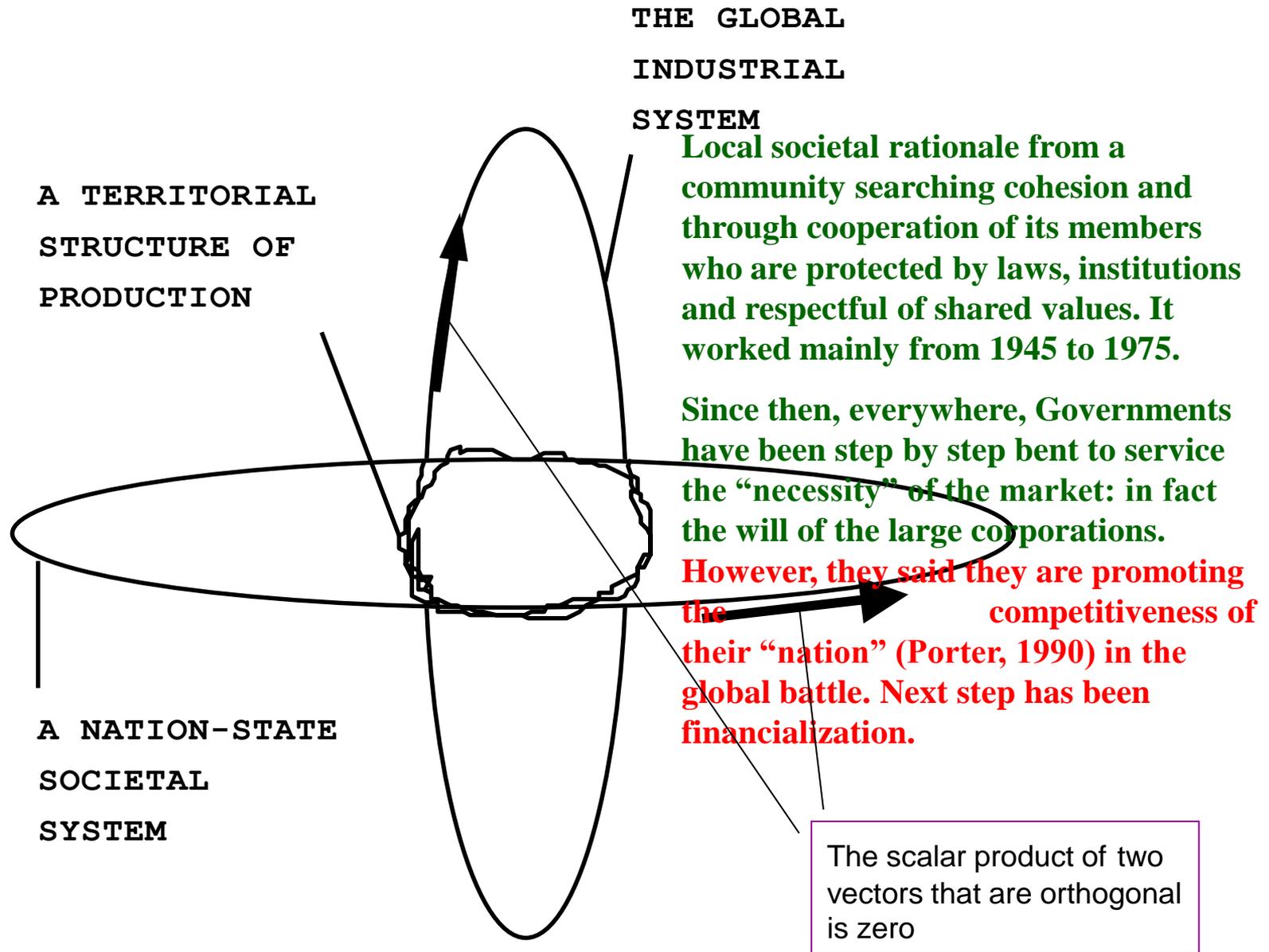


**A NATION-STATE
SOCIETAL
SYSTEM**

The scalar product of two vectors that are orthogonal is zero

Orthogonality of two rationales that are in clear opposition.

Adapted from Humbert, 1994.



Orthogonality of two rationales that are in clear opposition.

Adapted from Humbert, 1994.

The world techno industrial rationale is profitable efficiency through harsh competition for market power, led by larger and larger transnational corporations. They decide what is the technological frontier and **A TERRITORIAL** they capture local resources in their global value chains.

PRODUCTION

Since 1995, they achieved a strong political power able to bent Governments to service their will.

In the meantime, the rationale became bent to deliver value for their shareholders.

A NATION-STATE
SOCIETAL
SYSTEM

THE GLOBAL
INDUSTRIAL
SYSTEM

Local societal rationale from a community searching cohesion and through cooperation of its members who are protected by laws, institutions and respectful of shared values. It worked mainly from 1945 to 1975.

Since then, everywhere, Governments have been step by step bent to service the “necessity” of the market: in fact the will of the large corporations.

However, they said they are promoting the competitiveness of their “nation” (Porter, 1990) in the global battle. Next step has been financialization.

The scalar product of two vectors that are orthogonal is zero

Orthogonality of two rationales that are in clear opposition.

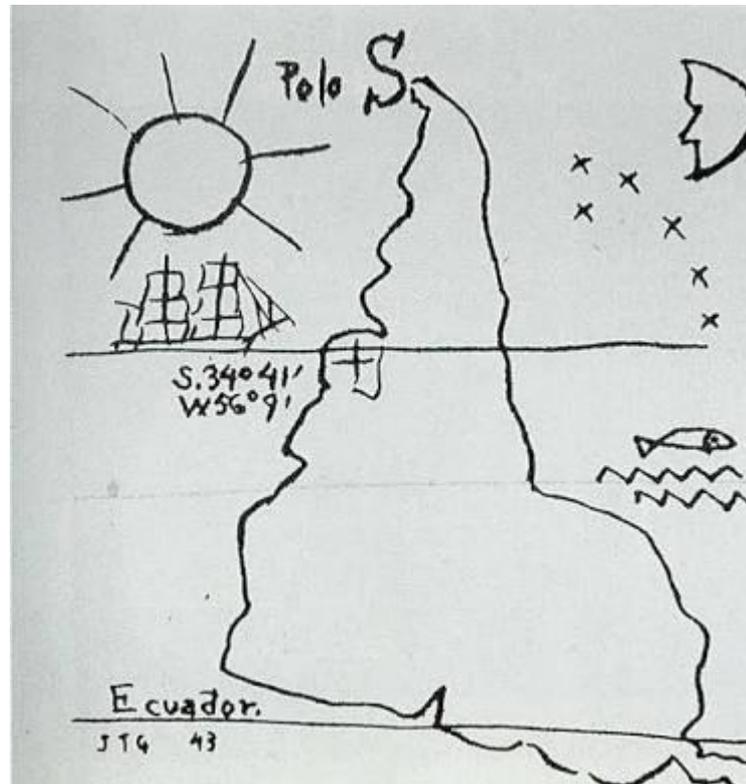
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Established implementation forms of development, up to now

Conclusion

My conclusion is that, in case I had to make a suggestion to a country willing to improve the situation of its people, i would made clear in my report that it should search for something different than to try to find its way in this jungle. But this means to be committed to radical changes.

Marcelo opened to me the Joaquim Tores-Garcia's map to find new roads.



2. New forms of evolution needed to make for a desirable future

Thomas Paine, 1776, *Common Sense*

“We have it in our power to begin the world over again”

2.1. Setting new targets

2.1.1. A new societal paradigm

2.1.2. A new promise : the common good via the pursuit of desirable goals

2.2. Constructing new roads

2. New forms of evolution needed to make for a desirable future

2.1.1. A new societal paradigm

Capitalist or liberal economies are living on the following **social contract**: ordinary people get jobs, they work productively (which means growth) and the median income rises. This is a sort of promise from the people at the top to the mass.

Actually this social contract has been broken:

unemployment, productivity, but decline in the median income.

Moreover 1° this contract was for « economies » - but our countries are, first « societies »

2° this contract is supported by the non-sense pursuit of infinite growth.

What could be a social contract, taking care of people and of nature?

“Our hopes for the future condition of the human race can be subsumed under three important heads: the abolition of inequality between nations, the progress of equality within each nation, and the true perfection of mankind”. The last item means to the author *“the intellectual, moral and physical improvement of all individuals”.*

Nicolas de Condorcet, 1794.

2. New forms of evolution needed to make for a desirable future

2.1.1. A new societal paradigm

Progress is an urgent need, more essential as ever, in the human societies of our time. Progress must be conceived in all components of the human condition.

That means the individual and the collective dimensions, the material and the spiritual dimensions. It demands to have a vision of the ends of man and society.

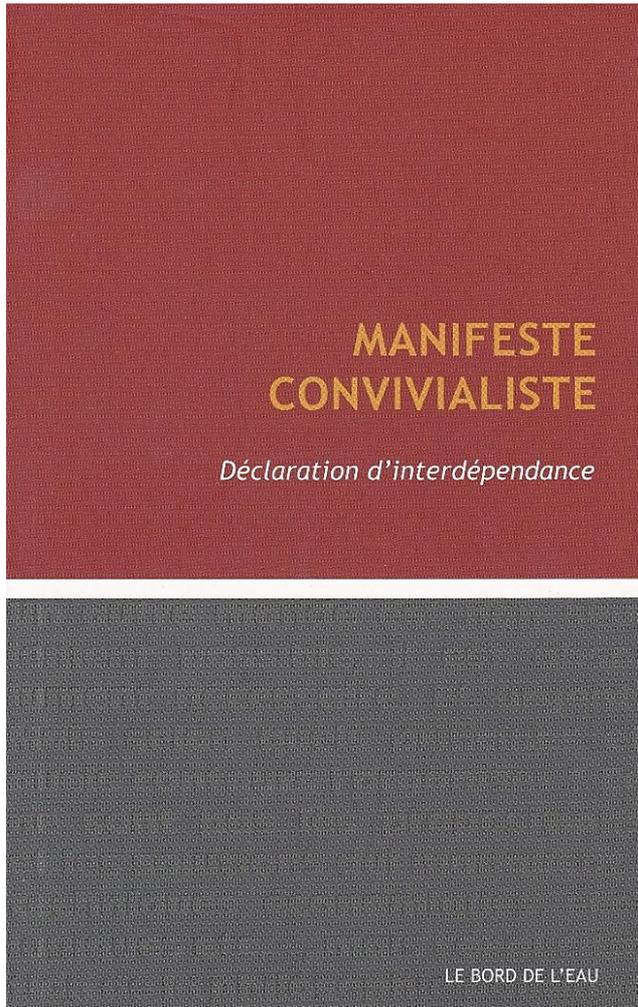
This cannot be a uniform vision across the world but they would be variations among different places in our planet. However to a single humanity we must share a common vision concerning ends which are ethical and political.

With a group of academic most of them involved as activists in various kind of associations we are supporting such a change for a new societal paradigm (social and ecological could be said) drawing Illich's ideas in his "Tools for conviviality" 1973.

Since liberty has been built upon liberalism,

it seemed to us that to enjoy conviviality, we need to build it on

“convivialism”.



Visit

<http://lesconvivialistes.org>

There are 60 co-authors of the manifesto published in 2013.
150 first backers
and more than 3 700 people have signed their support on the site.

we have just start to set up a club as a learning circle and we will try to launch an international network next year

Paris 2013

The present on-going dissemination, use and elaboration of “convivialist” ideas: English, German, Italian, Portuguese, Japanese



MANIFESTO CONVIVALISTA

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INTERDEPENDÊNCIA

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2. New forms of evolution needed to make for a desirable future

2.1.1. A new societal paradigm: convivialism

Four principles are proposed as a basis on which each culture will build its own brand of society.

1) “the principle of common humanity”. It is the inescapable fact of observation that anyone is a member of a single common humanity which is living within a common universe. There is no natural reason for any discrimination, and respect is due to every living creature and to nature. This is a principle of **extended fraternity**

2) “the principle of common sociality” Human beings are social beings and any individual exists only if another one, a people, welcome its venue, organise its acculturation. So that this person shares a common world. This implies the implementation of an **essential solidarity** which is an ethic, creative of humanity.

2. New forms of evolution needed to make for a desirable future

2.1.1. A new societal paradigm: convivialism

Four principles are proposed as a basis on which each culture will build its own brand of society.

3) “The principle of individuation”. Every human being is welcomed into and educated by a group where she/he gradually creates and constructs her/his own unique individuality by developing her/his power to be and to act, giving recognition and empathy to others and expecting the same on their part. This is the principle of **individual freedom** avoiding sectarisms and totalitarianism.

4) This freedom will lead to tensions, and even to conflicts between individuals, between groups. They are acceptable as long as this does not jeopardize the framework of common sociality that ensures this rivalry is productive and non-destructive. It requires “the principle of managed conflict”. This means that rules are decided among individuals and groups in a deliberative process and then, these rules are imposed on any individual in an equal manner. This is a principle of **democratic equality**.

The respect of these principles - **extended fraternity, essential solidarity, individual freedom, democratic equality** – may define a new promise.

2. New forms of evolution needed to make for a desirable future

2.1.2. A new promise : the common good via the pursuit of desirable goals

The existence of any of us is social and ecological. We do exist only by our social relations and these relations exist only in a life environment. As this is the lot of all of us, this makes the world, our common world. Thus our primary task and our ultimate goal is to maintain, to sustain and to improve what constitutes our Common Good.

“The feeling that we exist (*aïsthèsis oti estin*) is inseparable from the co-existence (*suzein*) and from relations of affection and friendship (*filia*) that make it a valuable Common Good” Aristotle was the first to use this concept (after Flahault)

This must not be confused with the general interest, which is an utilitarian vision of a feasible combination of individual interests. The proper good of anyone comes, must go, through the Common Good

The Common Good, singular is not to be confused with the *common goods*, plural which are certainly important to support the pursuit of the Common Good.

2. New forms of evolution needed to make for a desirable future

2.1.2. A new promise : the common good via the pursuit of desirable goals

Desirable goals as contributors to the Common Good

1) To respect the dignity of anyone and to give her or him a decent life

According to Milton Santos (2001) this is possible « never in human history has existed scientific and technical condition as to-day to build « the world of human dignity » »

Decent life means access to food, health care, education and culture

This implies a priority in the organisation of activities

2) To ensure a peaceful life for everyone

The pursuit of this goal is essential even if it could seem that there will be a long journey to achieve it.

3) To target a more symbiotic life with Earth

Nature is almost exhausted, fully polluted, climate change is threatening, it is urgent to change our behaviours.

2. New forms of evolution needed to make for a desirable future

2.2. Constructing new roads

Al andar se hace el camino, Antonio Machado.

you make the path as you go.

These roads are the tools to be used in order to walk in the direction of the Common Good, to try to achieve important goals.

This is under construction...

Thus there will be hereafter a few ideas and

an acknowledgment that there are already groups who are walking along roads in direction of the Common Good and respecting the principles of convivialism even if they have never heard of it...

2. New forms of evolution needed to make for a desirable future

2.2. Constructing new roads

A few ideas

1) To restore the power to the people, to the society as a whole

To recover a basic autonomy in deciding what Society should do, should produce, should research, should innovate requires some changes.

a) To introduce the principle of deliberative solidarity within a community to make decisions instead of relying on competition in market's battlefields.

b) To reverse the movement towards the extension of the markets and start a process of decommodification. Sandel (2012) stress on *What money cant buy- The moral limits of markets*. Beyond that moral issue, Perret (2015) and other advocate that we may have more public services and common goods out of private marketisation. And a lot of services could be exchanged without monetisation and outside markets. And we may prefer good public collective transportation than individual –even electric, perhaps automatic-cars.

c) Trade, especially international intra-industry trade is only justified by the competition conditions, not to answer the need of the people and transportation is not good for the planet. Production and trade must be answers to the need to improve the quality of life of people not to rise the amount of exchange values. Short circuits are to be privileged.

2. New forms of evolution needed to make for a desirable future

2.2. Constructing new roads

A few ideas

2) To take care of the other and of nature

Illich would like to make evident to any “people that they would be happier if they could *work* together and *care* for each other”.

The employment issue is related to this idea of care. Full employment on the fordist-Keynesian scheme with 40hours a week is historical. Thus it is more urgent than at the time of Paine or Stuart Mill and more recently JK Galbraith to contemplate the installment of a Basic Income.

It is a difficult task in any community to organise the tasks that are necessary to answer the needs of all and to have people working, some more than others.

Circular economy, reusable items, maintenance, non extraction of resources, are a few tools among others to take care of nature.

2. New forms of evolution needed to make for a desirable future

2.2. Constructing new roads

A few ideas

3) The principle of strong subsidiarity

Illich warns us “a Tool, beyond a certain threshold, from being a servant is becoming a despot”.

The principle of subsidiarity is a principle to limit and to regulate the size of tools, the size of enterprises and the size of institutions as well.

Illich thought that a lot of institutions in industrialised countries had already overtaken the limits: they are not only counterproductive, but enslaving the people.

We are surrounded by mammoth firms. This is an unbearable violence to the Common Good for the sake of power for higher profits and higher shareholder value and in no case for economies of scale or necessity of a technical size. Laws like the ones who permitted to dismantle giant companies must be acted.

Giant firms and Banks that are too big to fail would no longer exist and must be dismantled (See the proposition for the American Banks by James Galbraith, 2014, The end of Normal)

2. New forms of evolution needed to make for a desirable future

2.2. Constructing new roads

So many experiences everywhere...

I would not mention all these extraordinary histories as Judith Stutz did, but they are certainly among these experiences.

The so many hundred of LIPS are also certainly walking in this direction

I wonder whether some of these have set up a **local currency** which is a way to reinforce the internal system. In the EU, several colleagues advocate for an Euro as a common money and not a single money, thus, Nations, and why not Regions, could have their « local currency ».

Another idea is that of indicators alternative to the National GDP. Alternative indicators assessing the advance in the direction of this new societal paradigm.

Why not to measure the societal health of a community, a territory instead of its GDP level and beyond the rather individualist UNDP HDI index ?

PEKEA in Brittany experienced with a local “territory” the construction of SOCIETAL INDICATORS OF TERRITORIAL WELL BEING, a construction *with* citizens and *for* citizens by collective deliberations.

2. New forms of evolution needed to make for a desirable future

2.2. Constructing new roads

So many experiences everywhere... and then ?

Scaling up?

I could have quoted « Henry Mintzberg *Rebalancing society, Rebalancing Society, Radical renewal, beyond left, right and center (2015) who insists on this “Plural” which is not business and not State but made of associations, solidarity economy.*

He is optimistic, and show his faith in many on going or past experiences, for example in Brazilian people. He for example quoted the fight against AIDS in Brazil

“Hope Ahead?”

We certainly need to get our political structures right, but our future ultimately lies with people who care about their country more than just themselves, and about the world more than just their country. [...]

The “Why not?” People of Brazil”

So, why not ? For our planet ?

Thank you for your patience.