

Remarks for a new stage in the building of an ethical and political approach to economic activities

Moving towards a society which is fully understood and built on the principles of dignity, responsibility, citizenship and loyalty.

PEKEA's *raison d'être* is to build an approach to economic activities and the economy, based on an analysis of **a set of relationships between people**, individuals, groups and collectives, each steeped in their own social history and who draw their resources from territories endowed with their own specific natural characteristics. This approach is radically different from the one dealing with economic activities and with the economy, based on the theory of **a set of relations between things**.

A simplistic standard approach with no grasp of the real world

The standard approach to the economy uses the model of a circuit: it is centred on the circulation of objects that are exchanged for equivalent ones or for money and it tries to find the universal « laws » for the highest level of fluidity to ensure harmony and equilibrium; generally its supporters prescribe methods to comply with these laws. This approach has led to theoretical developments that facilitate the understanding of some phenomena and it is still useful in many respects. It has become more and more sophisticated, and the scientific tools that it uses have contributed to make it increasingly popular in analyses and in policies concerning economic activities. This concept of circulation – both in micro-economics and in macro-economics- has become commonplace. Joseph Stiglitz speaks of “market fundamentalism”. This exclusive focalisation affects theories and practices as well and would appear to be the best way to consider the world, the “conventional wisdom” as John K. Galbraith called it. Indeed, this theoretical approach is coherent with the objective of becoming richer that is commonly shared by nations, states and by individuals and groups, matching a practical desire, which fits in with the theory. The trend is for this notion to gradually override all other reflections about life in society.

The kind of analytical tools that the standard approach uses is consistent with the fact that the supporters of this school of thought consider society as a collection of individuals whose role as actors is minimised. Their sense of values – **the ethics**, which motivate them, are reduced, for the sake of analysis, to the individual and selfish desire of obtaining the greatest monetary profit: this is economic man “*homo oeconomicus*”. Individual interactions are considered only through commercial trade (directly or reconstructed as such), in a framework where the most important thing is competition and the elimination of all its failures in order to avoid someone being able to exert powers that would impede the flow of the circulation. Thus, these powers have to be withdrawn, i.e. they dispose of politics. The

¹ PEKEA, NGO in consultative status with the ECOSOC (U.N.) constituted a network with more than one thousand members, including more than 800 academics from the human and social sciences (around half of them in political economy) in about sixty countries (around half in France where the association PEKEA is incorporated under the French law of 1901). Any information and all texts prepared for the conferences are available on the website <http://www.pekea.org>.

theory only contemplates the possibility of identifying or studying a price and paying or being paid. The world becomes simple and it would appear an easy matter to find equilibrium and harmony, provided that we do not say a word about ethical questions and we leave to one side the matter of power phenomena.

PEKEA considers that knowledge, exclusively constructed around this narrow analysis, is not pertinent. We would like² to develop an analysis based on another set of axioms, which integrate a **political and ethical approach to concrete economic activities**. This has been used to form the acronym PEKEA (Political and Ethical Knowledge in Economic Activities). Such a different viewpoint constitutes a *radical dissidence* since it leaves behind the narrow axiomatic basis of the standard economic school of thought. Instead of focusing on the circulation of things, we suggest we should concentrate on the analysis of the activities and interactions of people that are embedded in organised collectives, that are part of a history, and that are settled in territories with specific natural characteristics. An obvious corollary of this dissidence, compared to the standard approach, is that the project calls for contributions from people trained in all human and social sciences, and moreover, from all those who have acquired skills in the field and it should not be limited to experts in “economic science”.

If we remove the filter of standard economic thought, the real world suddenly appears, and it is so very different from that of the theoretical model. It becomes clear that it evolves from actions that are undertaken according to complex motivations and in changing patterns, and that circulations as well as the numerous components of economic activities, are totally embedded in societal relationships. Individuals do not appear as self-constructed and self-referent but as a result of the workings of their family and of societies, which use languages, and codes of all kinds, which they have to adapt to. These societies inhabit territories where their members organise themselves into groups and into groups of groups. They strongly interact, they co-operate at least as much as they compete, and they implement strategies and policies while drawing resources from Nature.

The strong characteristics of the real economy seem, for the most part, inexplicable using the tools for interpretation from the dominant thinking based on an abstract world. First, questions of power are at the heart of the real world. At the level of nations, the word “great power” has been qualified as economic for a long time and we know full well that the nations of the G7 are trying to govern the economic world. At Davos, every year, the Heads of State and the CEOs of huge multinational firms discuss and organise the future of the world. States are powerful and in industrialised countries their public spending amounts to a level, which is somewhere between a third and a half of their GDP. Giant firms decide what must be invented and spend the required amounts on advertising to convince the consumers that their decisions are right. Small or medium sized businesses do their best to catch up, although sometimes they anticipate with success. From automobiles to drugs via mobile phones and personal computers, world oligopolies compete strategically; in some sectors, public intervention may be strong as in civil aeronautics, railway equipment, and defence, exacerbating a complex intertwined network of rivalries between firms and nations.

Secondly, motivations are not limited to the lure of gain, even if that does play a role; a lot of engineers and a lot of industrialists are motivated by scientific curiosity, by team spirit, by

² Collective decision taken at the launching conference held in September 2002 in Santiago in Chile.

concern about the improvement of the situation of their fellow human beings. Relationships with family and friends are mainly guided by considerations other than monetary gain. A lot of co-operation has removed the spirit of competition and all around the world economic activities based on social concerns and solidarity are flourishing. From co-operatives to mutual societies, from fair trade to actions for international co-operation and solidarity by local authorities, the real economic world is shaped by something different than the mere ethics of homo oeconomicus in his search to acquire wealth.

In short, there is a wide gap between, on the one hand, the model of the world as it is described by the discourse based on the dominant axioms and on the other hand, the real world, past, present and future. A future world that we cannot really foresee, but over which strong threats are clearly looming. These threats come partly from the fact that the assertion focusing on the circulation of goods, which has been dominant for decades, was not able to understand the world as it is. Thus, it could not offer the means to guide actions to push things in the right direction. There is strong disappointment that despite two centuries of global growth, economic poverty, far from being sufficiently reduced, not only is still widespread in poor countries, but also is creeping in to rich countries and, everywhere, economic inequalities are rising, while the planet is reaching the end of its tether. Sporadic but alarming bursts of social violence, environmental accidents, still localised for the moment, but which we fear are evolving catastrophically, are sources of worry for the future of mankind and Nature.

Such an observation about the inadequacy of the available analytical tools is not new, but adjustments and changes that have been proposed until now by various schools of thought and by the United Nations have not brought a comprehensive and coherent approach. Research needs to be done and it is clearly urgent. We obviously need a coherent approach, a scientific approach, which grasps the world as it is and not as theorised with a set of restrictive axioms. This is vital if we wish to draw up strategies that will enable us to conceive and implement a different path for the world in the future.

In order to support and clarify the direction for this ethical and political approach, we have organised a series of conferences with the objective of deciphering step by step the essential characteristics that lay behind a "good society". We share one area of concern that the dominant discourse very often acknowledges too: the desire to reduce inequalities and to eradicate economic poverty, to remove unemployment and unsecured jobs, to offer to everyone living conditions that are satisfying and fulfilling and to enable everyone to decide about his or her situation through a democratic process. Our difference lies in the way we are searching for solutions. We believe we need to understand and to build the world on principles that are different from that of the standard model and that we have to acquire the necessary knowledge to find them, starting with basic blocks. We identified³ four of them and it has taken us four years and four global conferences to organise a broad collective discussion. Thus, at the end of this stage, we have established the principles of action to understand and to build the world and we present them below. A more comprehensive presentation⁴ will allow us to launch research programmes concerning the essential

³ After the launching of the project to prepare the first stage.

⁴ A more elaborated synthesis is being established under the direction of Jean-Louis Perrault and in 2008 we plan to organise an autumn conference that by taking into account these principles will enable us to draw up the priorities and the specific terms of reference for a few essential questions. We have also to convince institutions to fund and support these programmes.

questions involving our economic activities with terms of reference that will take into account these principles. Thus, we expect these principles to enable us to find a different way of carrying out research. This research may also incorporate past pieces of work that could not be approved under the standard theory.

Principles to understand and to build our world

The first block of knowledge we dealt with⁵ involved what is at the heart of our society (and something that is also at the core of economic theories) **What makes value ?** What is important? If we very often allow actors to confront each other in markets, which tells us what can be sold and at what price, this in no way means letting these markets say what really counts for society. Then there is the question of societal value. What makes value for society? In this quest, we came upon the triptych of the French revolution of 1848, “Liberty-Equality-Fraternity” that sounded so enlightening. Liberty, liberalism: don’t we have there the two forces that have led to the ascent of economies and the growth they have experienced? But the sustainability of this evolution is now in question and these forces may appear, because of their excesses, as being responsible for lasting and increasingly unacceptable inequalities. The cult of equality and experiences of, or rather the hope for, egalitarianism in the so-called “real socialist” countries, somehow at the other end of the spectrum, saw them flouting individual freedom. These hopes vanished, blown away by the fight for freedom of which the fall of the Berlin Wall offers us a fitting image. Thus, the cult of liberty and that of equality seem to have excluded each other in the recent history of mankind. Then it occurred to us how the third term, fraternity, has widely sunk into oblivion, although it is the kind of principle, which needs to be observed in order for the two others to be able to exist side by side without one wrecking the other. To go a little further we may be guided by the preamble to the Indian Constitution, which was clearly inspired by the French revolution, but also by the spirit of Gandhi. In this preamble, the respect of the triptych appears to allow everyone access to the same spirit of dignity. In fact, fraternity means belonging to a common society – to humanity- without any necessity for the individual to make a choice. We choose neither from whom, nor where we are born, and thus we do not choose our brothers and sisters in our family or in humanity. However, we must acknowledge them as such with our differences; this is the principle that means respecting the *dignity* of everyone, which grants them their value and is the basis of the “good society”.

Then, we discussed⁶ the future of our societies that given our ethics of conviction, we would like to see based on this spirit of dignity. Is there some inescapable determinism in our evolution? Or would it be possible to consider that once members of this dignified humanity, we may look around us, without saying that what is going on is “the law of globalisation”, but instead put forward a desirable vision of progress in terms of societal value? This second block led us to question **our common future**. It was the title of the Bruntland report (1987). Nevertheless, our debates did not lead to discussions that would have focussed on the concepts of development or sustainable development. We became aware that we can and indeed we must build our common future with the highest respect for the dignity of everyone. In order to make that possible, it appeared to us that it was necessary that each of us, individually and in all our groups, firms, territories, should accept a high degree of

⁵ Conference in Rennes in December 2003.

⁶ Conference in Bangkok in November 2004.

responsibility. It is our responsibility to build a common future, a responsibility for individuals and for groups towards other individuals and other groups, towards present and future generations, as well as towards Nature. We become aware of the huge gap between our statement and the world as it is today with the way it works and the level of influence of the dominant way of thinking. However, this desire to respect the dignity of every human being and the request for a high degree of responsibility, which we believe we have detected in common ethics, seems shared by a large proportion of the world's peoples. There really exists a strong sense of ethics of responsibility inciting us to build together a society based on dignity for mankind. These ethics must be asserted and will guide our analyses and our actions.

For the next block, let us turn⁷ to the second term in our approach, "political". This block addresses the way we act together and how to take decisions that move us forward, collectively and individually. How can our desire to respect dignity and to acknowledge responsibility be translated into forms that will enable us to organise the ongoing actions of mankind? Here again we share with the majority of the world's peoples – and even with conventional wisdom- the ideal of an organisation called democracy. However a look around us at the real world raises a question: in this world should we talk of **democracy or ecocracy**? The debate about relations between the economy and democracy, the latter being understood as the fact that decisions are made by the people, is today one that has become crucial. We all feel strongly the planetary pressure from an economic standard based on speculation and profit, which is considered as inescapable and, faced with which, people have no choice but to adapt as if they were confronting the laws of Nature. In order to counteract this tendency, where the economy has excessive power, it would seem advisable to place politics back at the forefront. This means that decisions will be made under the control of concerned people, which will be guaranteed by the setting up of processes that allow the involvement of everyone with his or her dignity and responsibility. We agreed that we have to make every effort to respect what is called **citizenship**, in all its various forms with all the different processes, which are elaborated in a way that is adapted to the levels and to the places. This includes a wide range of ways to practice democracy that are complementary, but it must be ensured that there is a public place for deliberation. It is here that citizens are involved, they commit themselves, they participate in the choices that will be applied by their group, their society and mankind. Designations may vary, but in this spirit we have to give life to participatory democracy within firms, establish a deliberative democracy at the local level, rejuvenate representative democracy at the intermediate and national levels, and develop the democracy of opinion at an international level...

By doing this, we have to consider the fourth block under discussion⁸ : how can we make a decision, how do we articulate **individual and collective** powers? How can we understand them so that the individual and society, society and the individual, go hand in hand? A reference to citizenship is often followed by one concerning individual rights, rights for which respect is demanded from a collective that is all-powerful to grant them. But the "good society" cannot emerge when citizens are only preoccupied by their individual rights, neglecting any care for the future of their community, or democracy, or the world. We cannot accept that the individual forgets society to become an individualistic King figure,

⁷ Conference in Rennes in December 2005.

⁸ Conference in Dakar in December 2006.

who seems to be the torchbearer of economic success, of growth and competitiveness. Indeed, we cannot tolerate either that the individual be subjected to sectarianism or to other forms of coercion that humanity has multiplied in the hierarchical world of its long history. We have to respect collective identities and the constraints that are inherent, without sacrificing individual identities to it, in order that the dignity and responsibility of the citizens be the engine for the dynamics of the “good society”. This requires a legal framework that asserts not only the rights of individuals but also their duties. We may allow the cement that glues individuals and society together to be based on reciprocal trust; is that sufficient to limit the potentially unlimited aspirations of individuals and the will of control from the collective as well? It seemed for most of us that we must add a voluntary adhesion to a few common rules. These rules, which must be respected require **loyalty** from the individual towards the collective and reciprocally. We have to accept a common law – first democratically deliberated by citizens- and respect it. The individual is a citizen involved in the collective elaboration of a law that confers on him or her rights; these rights are guaranteed by the collective. However we cannot stop here, the individual must commit themselves, as they have not only rights, but also duties, and they and all others must respect this common law. This is an important question of behaviour, linked to individual and collective loyalty, in particular, in economic activities. This loyalty must allow individual fulfilment with dignity and responsibility, while limiting at the same time individual aspirations, so that they form the framework of the constitution of a “good society”, which ensures collective welfare is achieved according to a democratic process involving citizens.

This “good society” cannot be built without the four principles that have been presented above: dignity, responsibility, citizenship and loyalty. They constitute the basic axioms for the analyses of the workings of the real world, and the conceptualisation and the design of policies that will bring it closer to the ideal of a good society. The ambition of the PEKEA project may only be put into operation if we mobilise as many people as possible. We have to spread this *different way* of looking at the world and analysing it. With this in mind, we have to strike agreements, in particular with local authorities and local decision-makers, as they are at the core of the contradictions of the present system and thus, they are also in a position to work for its overhaul.

PEKEA

Approach	Fundamental blocks	Principles	for action
Ethical	Societal Value Common Future	Dignity Responsibility	Motives
Political	Democracy or Ecocracy Individual and Collective	Citizenship Loyalty	forms

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