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Part II: The General Principles of Oeconomy

Chapter 4: Oeconomy, Democracy, and Citizenship

1. From Formal to Substantive Democracy

It is common, particularly among the British and Americans, to maintain that democracy goes hand-in-hand with the free market. Political liberty, it would seem, is inseparable from entrepreneurship. The inalienable right to property is fundamental, requiring no clear limits. Political liberalism (i.e., freedom of speech and of lifestyle) has an economic counterpart in the restrictions placed on the state's ability to dictate what citizens consume and companies produce. According to this political philosophy, labor contracts belong to civil (i.e., private) law, as they consists in free decisions to associate, in which the state's intervention is limited to mitigating egregiously unequal power relations.

During the French Revolution, the Le Chapelier law abolished the old guild system, whose protectionist rules were seen as an obstacle to innovation. On the other side of the Atlantic, in the late nineteenth century, the United States adopted antitrust laws, lest the country stray too far from its free market utopia, in which no single producer is allowed to occupy a dominant position.

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But the concrete way in which political and economic power came to be exercised in the course of the twentieth century was a radical departure from these starting points. In the political realm, power relations and interdependence between societies revealed the state's sovereignty to be more apparent than real. In the economic domain, the global economy has increasingly been shaped by large corporations, which, while generally not occupying monopolistic positions, have played decisive roles in fostering technological change and in organizing the production and distribution system. It is for this reason that they have assumed the status as pivotal actors.

As classical democracy increasingly becomes a thing of the past, our conception of citizenship has grown impoverished accordingly. Citizenship has two meanings. One stems from ancient Rome: it refers to a status conferred at birth entailing particular rights. The other is a legacy of ancient Greece. In this case, citizenship is the right, and even the obligation, to participate actively in the affairs of the *polis*, from military service to justice and administration. In our system, with its imperial tendencies, the Roman conception has gradually prevailed. Today, citizenship is largely equated with nationality (or, at the very least, the right to long-term residency), and consists primarily of the right to protection and other benefits provided by the state, rather than of responsibilities owed by the individual to the community.

The changes explain why (to refer to the title of my previous book) "democracy is in pieces" and citizenship has lost much of its original meaning. Because ordinary citizens no longer feel that they can influence society's course, which is increasingly determined at an international level, they resign themselves to being passive beneficiaries of rights and public services. Though vibrant forms of civic participation are present in European society, they tend to occur outside the confines of traditional politics. Civic life is particularly alive in voluntary associations: far more than political parties, they help keep our social fabric whole.

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To overcome the crisis of our democracy, we need to return to a substantive rather than a merely formal conception of democracy and citizenship. Substantive democracy recognizes everyone's right to participate in shaping a collective destiny. Such a democracy necessarily operates at multiple levels, from local territories to the planet as whole, for it is at these various levels that society is managed and our collective destiny forged.

Citizenship is democracy's corollary. It is the array of attitudes, rights, and duties that arise from participating in a collective destiny. Citizenship, too, must be present at levels ranging from the local to the global.

In the two books I devoted to governance, one on reforming the state[1] and other on democracy itself,[2] I explored the roots of democracy's crisis while identifying substantive democracy's basic components. Let me mention these briefly so that I can then apply them to oeconomy. First, democracy's spatial and temporal dimensions have changed dramatically. Spatially, democracy must, if it is to exist, operate on a planetary scale, as our interdependencies are themselves planetary. Science and the economy both illustrate this basic fact. Since science and the economy will determine our future, substantive democracy can exist only it helps to guide their progress, which itself occurs on a global scale. Moreover, one can no longer think in terms of a single spatial level. Coordinating different levels of governance is essential, as there are no important social problems that can be addressed only on one level. Rather, problem-solving requires shared responsibility and cooperation between political institutions at multiple levels.

The same considerations apply to democracy's temporal dimension. Politics must be able to express short-term considerations, long-term consideration, and everything in between. A

[1] André Talmant and Pierre Calame, *L'État au coeur*, Desclée de Brouwer, 1997.
[2] Pierre Calame, *La démocratie en miettes, op. cit.*

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good example is energy policy, which involves considerations that span the spectrum between short and long term.

Consequently, the duration of most electoral terms of office, however long they might be, is out of sync with the society's temporality, best characterized as a tense relationship between the immediate and the long-term. A good example is a production and exchange system: it consists of both short-term rules and long-term evolutions. Neither lines up with political temporality.

The second factor contributing to democratic crisis is modern society's growing complexity. As I argued in the book I wrote with on reforming the French state, daily experience with administrative work would make our society more intelligible to its citizens. At present, however, most of the information we receive is determined solely by the logic of production. In France, for instance, bureaucracies generate enormous amounts of information, but operational concerns so segment and diversify this data that it never brings society to a "threshold of intelligibility." Moreover, in modern society, and particularly in the economic realm, many complex processes are determined by factors that are closely intertwined with one another. Consequently, it is a mistake to believe that clear causal relationships between them can be identified. This was the point I was trying to make when discussing the sterile debate between neoliberals and alter-globalizationists. Other examples include the debate between Rodrik and Dollar on the connection between "opening" a country to globalization and economic growth[3] and the Latin American debate over the positive and negative effects of import substitution programs.

[3] Dani Rodrik, "Trading in illusions", in *Foreign Policy*, March-April, 2001 (www.foreignpolicy.com).

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Any system of indicators reflects, consciously or not, a worldview, which it conveys at a subliminal level to extraordinary effect. Today, per capita GDP, the rate of economic growth, and even the unemployment rate obscure rather than clarify how we understand our society. But because statistics are based on such indicators, they continue to shape our representation of our economy and society, however much we object to them. This is why creating information systems and quantifiable indicators is particularly important for democracy and modern governance.[4] The use of other definitions of wealth[5] and the regular publication of date about the use productivity of natural resources[6]—to mention two classic examples—can help change our vision of oeconomy over time.

Democratic debate and deliberation are indispensable to clarifying the ultimate stakes of these problems, even if they do not necessarily yield certainty or consensus. Modern bureaucracies in complex societies cannot merely treat their citizens as anonymous, identical cogs. Public action implies a capacity to deliberate with—and thus to listen to—all social actors. Political will is needed more than ever before, but public officials cannot limit themselves simply to handing down rules and regulations. The Wuppertal Institute's Stefan Bringezu, when discussing the sustainable use of natural resources, notes that a regulatory solution would require hundreds of norms the efficacy of which would ultimately be uncertain,[7] leading him to maintain that the more all-encompassing approach to resource efficiency, relying on cooperation between the public and private sectors, offers a far better chance of success. But one does not foster dialogue and define a vision the same way that one elaborates other kinds of public policy. The

[4] See the proposals by the Alliance for a Responsible, Plural, and United World: Pierre Calame, *Repenser la gestion de la société, 10 principes pour la gouvernance du local au global*, Éd. Charles Léopold Mayer, 2003.
[5] See Patrick Viveret, *Reconsidérer la richesse*, Éd. de l'Aube, 2003.
[6] The Wuppertal Institut, "Increase of Resource Productivity as a Core Strategy for Sustainable Development."
[7] Stefan Bringezu, "Materialising Policies Force Sustainable Use and Economy-Wide Management of Resources", 2006, www.wupperinst.org.

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virtue of discussion is that it helps to clarify an issue's underlying stakes. It is more important than face-offs between political parties. Organizing public debate is thus politics' primary task. An exception that proves the rule is Europe. Because there is no genuinely European forum in which debate can occur, the stakes of Europe-building are unclear to most of its citizens. The organization of citizens' panels and conferences across Europe represents, however, a response to this challenge. These panels and conferences are an effort to make society intelligible to its members and to clarify the terms of the debate.[8]

Society's increasing complexity also profoundly alters decision-making processes. In politics, we often speak of "deciders," of "those who make decisions." This way of thinking about political actions emphasizes the moment of choice, when one opts for one of two political alternatives, typically the "left" and the "right." But this conception is gradually being replaced by a different one, in which the task of politics is to organize dialogues through which conflicting parties with different interests work to reach optimal solutions. I have called this "process democracy" or "governance cycles,"[9] in order to emphasize the decision-making processes temporal dimension. Politics, moreover, has no monopoly over the organization of dialogue. In certain circumstances, it might, without losing its nobility, restricts its role to one of a stenographer or a record-keeper, "notarizing" agreements between parties yet without actually participating in their deliberations. A good example of this approach in the oeconomic realm is labeling of the kind practiced in organic farming, sustainable forestry, or socially responsible investment. These labels sometimes have a much greater impact than government regulations.

[8] On these points, see Pierre Calame, *La démocratie en miettes,* particularly the chapters on building public opinion and on organizing public debates, op. cit., p. 310ff.
[9] Calame, *La démocratie en miettes,* op. cit., p. 302ff.

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Yet they are the outcome of private initiatives. Michel Crozier has popularized the idea of a "modest state."[10] For similar reasons, one might speak of "modest politics."

This conception of political action is in fact very noble indeed. States remain regulators *par excellence*, as we saw in our discussion of strategies for change. But if rules are to be followed and considered legitimate, they must be seen as consensual, which means, more often than not, that actors were involved in their elaboration.

A third task for politics is to assist in conceptualizing institutional arrangements, notably through the invention of new juridical frameworks. We have considered the example of CICs (Community Interest Companies), which Great Britain recently created. The Wuppertal Institute, in the note cited above, considers the "constitution of society"—meaning a coherent arrangement of its various components—as the determinant factor in the efficient use of natural resources. At present, political decision-making's top priority must be the future of the oeconomy's institutional arrangements.

2. The Preconditions for a Renewed Political Debate on Oeconomy

Facilitating public debates that help society understand itself, organizing dialogue that generates multi-actor strategies, and conceptualizing institutional arrangements: these are some of the roles that politics could play in oeconomy. But is politics currently fulfilling these roles? What issues are current political debates about the economy addressing? Do they provide production and exchange systems with an enduring direction? Do they promote a sustainable oeconomy and society? Do they place oeconomy in the service of governance's general goals? My sense is that they do not. Our current situation is highly paradoxical. On the one hand,

[10] Michel Crozier, *État modeste, État moderne : stratégie pour un autre changement*, Seuil, 1991.

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political life is completely dominated by economy concerns. Think of the famous sign from Clinton's 1992 presidential campaign: "It's the economy, stupid!" The implication is that economic prosperity depends entirely on the effort of political leaders. On the other hand, the only economic issues that political leaders deal with are superficial and immediate ones. Political power is subordinated to the logic of economics, not the reverse. This makes us feel powerless to alter to challenge it or to think differently. This is the problem Keynes had in mind when he famously remarked: "Practical men, who believe themselves to be quite exempt from any intellectual influence, are usually the slaves of some defunct economist."[11] How can we explain this paradox?

First, political debates on economic issues are locked up in concepts and frameworks inherited from the past. Only an examination of the deep historical origins of our present situation will allow us to grasp the circumstances in which the great "bifurcations" occurred.[12] The transformation of historically contingent theories into "natural law," which in turn become self-fulfilling prophecies, fossilize the terms of political debate.[13] Thus for many years, rivalry between the communist and the capitalist blocs made the question of whether the means of production should be privately or publicly owned the fundamental political-economic debate. In France, which has always been a bit of an outlier in these debates, these questions remained at the forefront of political discourse at least until the left's victory in 1981, and possibly as late as 1995. But the real question is what, if anything, the nature of capital ownership has to do with globalization. I still remember my astonishment in 1985 when I discovered, upon becoming secretary-general of Usinor, a publically-owned steel company, that after all the controversy

[11] John Maynard Keynes, *The General Theory of Employment, Interest and Money*, London: Macmillan, 1936 [reprinted 2007].
[12] See part 1, chapter 1.
[13] See part 1, chapter 3.

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provoked by the left's nationalization policies four years earlier, no one had yet to figure out what nationalization's practical implications were for managing human resources! The state had its hands on the levers of power, while having virtually no idea about what to do in an economy that was increasingly opening itself to the world. The right's reversal of these policies several years later was consequently met with relative indifference. Our understanding the economy is still closely tied to the era when the notion of a "national economy" was still coherent. Though we are hardly seventeenth-century mercantilists, we still conceive of the economy and our national wealth as a competitive struggle between different countries' leading corporations. This was seen recently during the controversy over Mittal's acquisition of Arcelor.

Because they are beholden to past concepts, political debates over the economy also tend to adopt a short-term outlook. We tend to scold the international financial system for its short-term concerns, but what about our political leaders, who are not only constantly worrying about elections, but who have become ever-more obsessed with public opinion polls? There is no question that certain economic sectors must be managed with the immediate future in mind. Such management techniques no doubt made it possible, in the post-World War Two era, to mitigate the consequences of economic downturns, at least in developed countries.[14] Of course, this art was not practiced with the same level of commitment in poorer countries. The IMF, for instance, was unable to give adequate advance warning that Asian financial systems were veering off course, as they turned short-term loans into very illiquid long-term investments, particularly real estate.[15] This meant that the Asian financial crisis was very painful for these countries' most vulnerable populations. Similarly, the ease with which loans were made to poor countries in the seventies—loans that were indexed on the value of the dollar, a convenient way of recycling

[14] Source : Bureau of Economic Analysis, US Commerce Department, www.bea.gov/national/nipaweb/SelectTable.asp

[15] Bernard Lietaer, *Money and Sustainability: The Missing Link*, Citerra Press, 2006.

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petro-dollars—resulted in a foreign debt crisis that wrecked havoc (and continues to do so) on those countries. Finally, at present our brilliant regulators have effectively closed their eyes before the growing risk that the United States' trade and budget deficits pose to our economy. An implosion could lead the dollar to collapse. At the very least, the Americans managed to constrain the crisis when the subprime crisis struck. These various crises suggest a greater capacity to react in the short term than to find lasting solutions over the long term. Yet whatever one thinks of macroeconomic steering, it at least amounts to a political choice; it is not comparable, for instance, to creating a production and exchange system based on sustainability and general well-being. Rather, it consists of a technical skill, the kind needed to steer a complex system. Americans, followed by Europeans (notably Germany), perfected this skill by making their central banks independent institutions. These innovations enraged the French, who saw them as a failure of political will and a triumph of a purely economic outlook. In fact, such changes might be a means of freeing politics from the techniques of microeconomic regulation and of bringing it back to the essential question: what kind of oeconomy do we want for the future? But do politicians really want to debate these fundamental questions? Are they even capable of them?

I believe in democracy's future. Not in the existing, circumstantial forms of national representative democracies, but in true democracy: in the ability of the men and women of our time to debate and determine their shared destiny. I believe in history's indeterminacy, and in the ability of citizens to shape its course collectively. But this requires bolstering their ability to discuss a twenty-first century oeconomy. Major political choices, in the oeconomic realm as much as in others, are to governance's primary goals and to the modalities that are implemented to achieve them. To initiate this debate, I propose ten questions:

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What kind of production and exchange systems (spanning the local to the global level) do we want, and how can we make it provide us the maximum amount of well-being that our limited resources allow?

What priority should society assign to the different kinds of production and exchange: the domestic oeconomy, the associative or solidarity economy, and the economy based on salaried work?

How should we undertake the long-term transition to an oeconomy that is once again based on the compatibility of humanity and the biosphere?

How can the production and exchange system contribute to establishing a global community of citizens and peace?

What kind of equity should exist between different world regions?

How are we to create a symbolic representation of the emerging "world system," and what social indicators allows us to measure its progress?

What oeconomic regulations should be emphasized at various levels, particularly at the global level?

How can the different tools at governments' disposal—currency, taxation, public services, spending and public investment, public sector-private sector cooperation, norms, regulations, statutes—be rethought and used to serve these goals?

How can we express collective preferences for particular realms of production or exchange at multiple levels?

How can a multiple-level public debate be organized to define new perspectives and to bring them up to date?

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In this chapter, I will only address a few of these questions, going back and forth between general principles and more focused approaches, given that it is impossible to speak of production and exchange systems in the abstract, without referring to the goods and services affected.

3. Conceiving and Directing a Strategy for Change: The Great Transition to Sustainability

In part 1 of this book, I suggested that strategy for change requires three elements: actors, levels, and stages. I also noted the Wuppertal Institute's remark about the implementation of production, exchange, and consumption systems that use natural resources more efficiently: technical solutions exist, but the necessary sociopolitical conditions have yet to be established.

This is the task of politics: to harmonize the work of different actors; to conceptualize change at multiple levels; and to organize the various stages. Let me recall the different stages of any systemic transformation: having a clear awareness of the existing crisis, which makes one dare to act; formulating a vision of the goal to be achieved, without which a crisis results only in retrenchment; finding partners in change, and ensuring that when they have the courage to relinquish their vested interests, they also stand to benefit; and taking the first steps to prove that change can occur by moving forward.

While they have no monopoly over these tasks, political leaders are well placed to guide society through these stages. In companies, Michael Berry reminds us, the storm is what makes the sailor. Crisis situations call forth strong and visionary leadership.[16] Oeconomy seeks at a global level the maximum degree of well-being with the minimum amount of resources. Our current system falls short of this goal. Some, like Serge Latouche, have spoken of "ungrowth" to

[16] Michel Berry, *Le management de l'extrême,* op. cit.

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describe our existing system's basic incompatibility with this goal.[17] This term is provocative, but vague. It is provocative because it implies that our society's balance, which presumes indefinite growth and the ever-increasing extraction of natural resources, is unsustainable. Latouche rejects the term "sustainable development" as an oxymoron, one that is particularly pernicious because it suggests, as does the idea of the "social and environmental responsibility of corporations," that the kind of development we have had until now can continue, as long as a few precautions are taken, a few problems are corrected, and we all become more socially and environmentally aware. Yet this is not true. It's not even close. There have undeniably been efforts made over the past twenty years to improve energy efficiency and resources use; yet global economic growth today surpasses humanity's environmental footprint. And still growth continues, relentlessly—despite the fact that, as early as the nineties, it had exceeded the biosphere's ability to reproduce itself.

For example, Europe's apparently more efficient use of energy and materials is in fact just the result of a substitution effect: Europeans use less energy and materials at home to fuel their constantly growing economy, yet their imports consume, at earlier production stages, more energy and materials. This point is perfectly illustrated by the following graph, taken from the Stefan Bringezu paper cited above:[18]

[insert graph]

Figure 3: Dynamics of the physical trade balance (PTB) and net primary resource requirements of foreign trade of EC/EU-15 (Schütz et al. 2004). TMR = Total

[17] Serge Latouche *et al.*, *Antiproductivisme, altermondialisme, décroissance*, Parangon, 2006.
[18] Stefan Bringezu, op. cit., www.wupperinst.org

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Material Requirement, HF = hidden flows (also termed “ecological rucksacks” or “indirect flows”).

Beginning with the beginning of globalization’s second wave around 1980, however, hidden energy and material flows incorporated into imports began to increase rapidly. This is what the Wuppertal Institute suggestively calls the “ecological rucksack.”

Awareness of our crisis means subjecting this data to public debate and letting it be known that, by the late twenty-first century, all world societies will have a legitimate right to their share of the planet’s raw materials and energy resources, and that this means that our society must alter the existing ration between our degree of well-being and the amount of materials and energy we consume. The term “ungrowth” is suggestive in this respect: it implies that our goal should not be to increase the relative efficiency of our energy and material consumption, but to reduce our consumption of these resources in absolute terms. The European Union’s “climate and energy package,” adopted in 2008, took an important step in the right direction, while remaining somewhat non-committal on the issue of the ecological rucksack.

Yet “ungrowth” is vague in the way that it links the idea of growth to the consumption of non-renewable resources. It places human creativity and natural resources on a same plane. Yet as we have argued, these two factors, which contribute both to production and to well-being, are incommensurable. I would thus rather speak of “ungrowth” relating to material consumption, but of growth in the realm of human creativity and work.

Shared awareness of the seriousness of the current crisis means, in politics, a refusal to surrender to or foster illusions—a refusal, that is, to believe that a dash of environmental and

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social awareness, an ounce of humanism, a pound of technological progress, and plenty of short-sightedness will be enough to avoid a wholesale reconsideration of the entire system.[19]

A Shared Vision of the Future

Once we have shared awareness of the crisis, the goal of political leaders and civic debate must be to collectively determine how we confront the crisis and what direction we must take. Once again, we do not have to start at square one. Since the 2000s, Germany and Japan, followed by the United Kingdom and France, have undertaken "factor four" simulations, i.e. simulations based on the hypothesis that by 2040 energy and material consumption can be reduced to one fourth their current level. France's economic analysis council, which former Prime Minister Jean-Pierre Raffarin charged to consider the matter, submitted a report in 2006. Though grounded in classical economics, it suggests that a solution is possible, providing that politicians are willing to push it over the long term.

This is a good place to start. But we must go further, organizing local, national, continental, and global debates on the meaning of well-being, on the goals society should set, on current forms of production and consumption, and on fairer relations between the world's regions. This is the crucial prerequisite for making the efforts undertaken by the "lozenge for change" converge. There is also progress occurring on the doctrinal front. But unless these steps can be generalized and regulated, they will be condemned to a Cassandra-like role, announcing the impending catastrophe while being ignored until it arrives. In his book *Stratégie pour un*

[19] Note from December 2008: It will be interesting to see to what extent global leaders use the current economic and financial crisis as an opportunity to take stock of the dead-end to which the existing development model leads. Despite the slogan "Green New Deal," which links the crisis to an altered model, Western and Chinese leaders, as well as the IMF, tend to see the crisis as a kind of oxygen shortage, one that requires stimulating the economy as quickly as possible.

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futur souhaitable ("Strategy for a Desirable Future"), Philippe Lukacs, a management professor at the École Centrale de Paris, defines what a vision is by consider the examples of four epoch-changing innovations: the Grameen Bank, Max Havelaar, Pagania, and the Logan.[20] He demonstrates that epoch-changing visions are very different than the numerical goals favored by CEOs and politicians. Successful visions are simple, ambitious, and motivating. Their imprecision is the counterpart of their ambition. Their very indeterminacy will allow everyone, along the way,[21] to invent solutions together. I fully share this conviction, and this is precisely my aim in trying to define oeconomy's specifications. I cannot find the answers on my own. This is precisely what makes it exhilarating. At best, I can identify a few promising leads.

The experience of the Alliance for a Responsible, Plural, and United World has demonstrated, albeit at a prototypical level, the interest in a collective international effort to define a vision democratically. One outcome of this effort, the World Citizens Assembly, produced an Agenda for the Twenty-First Century[22] and the Charter of Human Responsibilities.[23] Such a process could be implemented at multiple levels, as a way of rethinking collectively and democratically our oeconomy's basis and of forging genuine agendas for the twenty-first century, whereas the contradictory agendas resulting from the 1992 Earth Summit (let's save the planet, but keep our economic thinking) were only icing on the cake. Only a collective approach will allow us to overcome fear.

For the main problem that we face is that of fear. This is particularly true of France. It is easy for economists to say that globalization produces winners and losers; but it is much harder to accept when you feel you're one of the losers. I have suggested a typology consisting of three

[20] Philippe Lukacs, *Stratégie pour un futur souhaitable*, Dunod, 2008.
[21] *"Chemin faisant,"* or "along the way," is the name of the newsletter put out by Jean-Louis Lemoigne's organization, *Intelligence de la complexité* ("Understanding Complexity"). See www.mcxapc.org.
[22] http://www.alliance21.org/lille/en/resultats/agenda.html.
[23] http://www.alliance21.org/lille/en/resultats/charte_resp.html

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groups: those who are "mobile and qualified," who are comfortable with a globalized Europe because they possess the cultural and social capital needed to benefit from its exhilarating opportunities; those who are "immobile and poorly qualified," who bear the brunt of competition from the new industrial economies in Eastern Europe and Asia; and those who are "dependent and protected:" because they are tied to local territories and depend on social redistribution policies, they do not experience the full force of the new competition on a daily basis,[24] but are aware that, if redistributive policies were to disintegrate, they would be the first to suffer.

In France, a coalition of the latter two groups constitutes a majority. This is the majority that voiced itself in 2005 by rejecting the European constitutional treaty. Similarly, when gas prices rise sharply, as they did in 2007-2008, the most vulnerable populations, who live on the distant outskirts of cities, where they find cheap lodging, and are entirely dependent on their cars, suddenly see their livelihood threatened and begin to fear for the future. In 2008, for instance, transport became the most expensive item in French household budgets. The rise in gas prices also exacerbated the subprime crisis, making borrowers who live far from cities (where property is cheap) even more insolvent.[25] In this regard, China is once again seen as scarecrow: yet while its energy intensity (the ratio between its energy consumption and per capita GDP) is no higher than that of the United States and only slightly above the OECD average, China's consumption of primary energy being, in 2006, around 1.2 per capita tons of equivalent petroleum (TEP), whereas in the United States it is round 7.8.[26]

Collective debate about the oeconomy's future must involve all of these groups in a dialogue that makes it possible for each individual to be heard and for possible alternatives to be

[24] Laurent Davezies, *La république et ses territoires, la circulation invisible des richesses*, La République des idées, Seuil, 2008.
[25] Oral presentation of the Paris group, New York, November 15, 2008.
[26] Bernard Laponche, «Prospective et enjeux énergétiques mondiaux», AFD, document de travail n° 59, janvier 2008, www.afd.fr.

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explored. Companies have learned to foster cooperation for complex projects.[27] One can take cues from these learning processes, for instance through panels of European citizens, making it possible to proceed, as with the issue of rural space,[28] in two stages: that of regional territories and that of Europe itself.[29]

I am firmly convinced that a combination of these methods can result in a strong and coherent vision. In my experience, people are prepared to commit themselves if they think a solution is possible. If, through collective work, a vision is agreed upon, I am certain that many of the hypotheses put forth in this essay that might seem far-fetched will soon be seen as self-evident. As proof, allow me to cite that second biannual China-Europa Forum,[30] held in October 2007: the need to reorient existing development models and to completely recast current approaches to governance revealed themselves to be major concerns of both European and Chinese society. In light of these circumstances, democracy's primary task must be to adopt a long-term perspective, to create confidence, and to provide guarantees that these long-term goals will be pursued stubbornly over a series of concrete and measures stages. This represents, needless to say, a radical departure from the fragmentation arising from the national character of these debates and from the short-term perspectives that follow from narrowly electoral concerns. There is no escaping the fact that a few countries and political parties are needed to take the lead.

Europe, from this perspective, has a twofold historical advantage: it has the experience needed to foster dialogue between member states and it is well-positioned to conceptualize

[27] See Gilles Le Cardinal, Jean-François Guyonnet, Bruno Pouzoullic, *La dynamique de la confiance. Construire la coopération dans les projets complexes*, Dunod, 1997. See, too, "La méthode Pat Miroir ," developed by the technology university at Compiègne : www.utc.fr/pat-miroir.
[28] The FPH co-organized a panel of European citizens on rural space. See Pierre-Yves Guihéneuf, *Chroniques d'une conférence de citoyens*, Éd. Charles Léopold Mayer, 2008.
[29] See www.citizenspanel.eu.
[30] See www.china-europa-forum.net.

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debate at multiple levels. Its economic model is relatively energy and material efficient—more efficient, in any case, than the American model. Germany, the United Kingdom, and France have created a number of "factor four" scenarios. Northern European countries are, for their part, are particularly conscious of the need to preserve the biosphere and are culturally well-suited to lead public democratic debates on these matters.

A European initiative should emphasize dialogue with India and China, the two continent-countries that have immense human but limited natural resources. Henceforth, it is the speed of China's development that represents that greatest challenge to the existing distribution of the consumption of natural resources across the continents and thus to the lifestyle of countries that are already economically developed. China is so acutely aware of its weakness from this standpoint, as well as of the impossibility of adopting the American model, that in 2004 Prime Minister Wen Jiabao issued a directive on the so-called "circular economy," inspired by research in industrial ecology.[31] A "harmonious society"—to use the Chinese term—consists of five harmonious relationships: between town and country; between the coast and the hinterland; between economy and society; between society and the biosphere; and between China and the rest of the world. Beautiful words, is it not? Europe should take China at its word, and devote itself to achieving these harmonious relationships, rather than defending its privileges by clinging to the illusions of its "Lisbon Strategy."

India will follow the same path. It may show the way by drawing on its neo-Gandhian tradition and its consciousness of the disparity between complete human development and

[31] See part 1, chapter 4, paragraph 4.

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material consumption. When it does so, I think it is plausible to imagine Japan, the European Union, China, and India initiating a public debate on how this transition might occur.[32]

Partners for Change

Today's children are tomorrow's actors. Given the time needed for this transition will to occur and the radical change in thinking and regulation that it implies, those who will actually direct the new system and will be most directly involved in its implementation are still in school. A particularly significant initiative in this respect is one taken between 2004 and 2006 by the education and environment ministries in Brazil. It involved four million young people between the ages of eleven and fifteen. In the spring of 2006 it produced, a charter of Brazilian children entitled "We will take care of Brazil" (*Vamos Cuidar no Brazil*[33]). This initiative suggests the extent to which children, when given quality information and an opportunity to talk, are acutely sensitive to the unsustainable character of our current production system and lifestyle. It also illustrates the fact that the elaboration of a collective vision of the way to achieve this transition gives birth to processes that are infinitely deeper and more varied than the kinds associated with partisan, electoral politics. In 2008, Brazil proposed taking this approach to a global level, by inviting all states to participate in a world youth conference in Brazil in 2010.

Ideally, primary and secondary school could be used to inspire young people to reflect on the nature and modalities of production and exchange. Are any of the questions that we have

[32] Note from December 2008: The election of Barack Obama as the US president radically changes the situation. His first initiatives suggest a will to return to multilateralism and to vigorously confront the non-sustainability of the American development model. His congressional majority will be disparate, but the American moral crisis is so great that a window of opportunity now exists for a daring initiative in which the US would participate with Europe, South Asia, and East Asia.

[33] On this initiative, see www.carta-responsabilidades-humanas.net.

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been dealing with—oeconomy's goals, the nature of goods and services, the legitimacy of power, and the practice of democracy— beyond their comprehension?

The search for partners goes beyond children. "Meaning seekers" can be found in all milieus. We must rely on all of those—executives, CEOs, elected officials, trade union officials, political activists, etc.—who are more sensitive than most to the need to initiate the systematic change required to lay the foundation of a new oeconomy, which could never be successfully imposed "from above." Only a coalition of forerunners will make possible the invention of new modalities.

Over the course of these pages, I have put forth a few simple ideas: the incommensurable character of work and the consumption of natural resources; various types of capital; the forms of governance that are applicable to the fours kind of goods and services; and so on. None of this is terribly complicated; most is just common sense. It is necessary that citizens claim these ideas for themselves and debate them. At a local level, one can debate what constitutes "just" water or energy governance, and, on that basis, reflect with young people what form of governance is applicable to second category goods. Among citizens, debates as to what what constitutes "just" remuneration for intellectual creativity will lead to discussions of the appropriate kind of governance for fourth category goods, from which one can deduce what should replace existing intellectual property law.

4. Organizing Democratic Debate at a Global Level

The best way to organize a global debate is to start with several production and consumption chains. This seems to presuppose, one might object, that the problem at hand has

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already been solved: after all traceability, the necessary precondition for analyzing the usage of different categories of goods and services across an entire chain and for understanding the distribution of added value among the actors involved, does not yet exist. Nevertheless, for a few chains, educated guesses are possible.

Oeconomy can only be understood in concrete terms when one considers our lifestyle in its various aspects. Health, territorial organization, urban life, food, and housing are five issues that an international debate could address. Organizing debates around these matters would be a way to allow all citizens to participate. Too often, the very terms in which a debate is cast excludes everyone who does not consider himself or herself as an economic expert. These issues also have an enormous pedagogical potential, in that they encourage us to think in terms of relations and substitutions. Lifestyle, living conditions, food, and environment are, as we have seen, far more decisive for health than the medical system itself. Territorial organization has a decisive impact on energy consumption. Food raises questions about the relationship between agriculture, the agribusiness chain, lifestyle, well-being, and so on. As I have already explained, the most efficient way to organize the debate would be to expand the responsibilities of the WTO. This proposal risks provoking those for whom the WTO is the vanguard of militant neoliberalism. Yet precisely for this reason, it could benefit from reflection on organizing sustainable global industry chains. The trade barriers that the WTO opposes are not, as I see it, oeconomy's best allies. In any event, debates about the different categories of goods and the "natural" governance forms with which they are associated is one that must occur through the WTO.

We should remember, too, that the UN Charter (chapters IX and X) emphasizes the need to strengthen international economic cooperation. In 1947, the International Conference on Trade

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and Employment in Havana first created the International Trade Organization. This effort failed: the US Senate refused to ratify the Havana Charter. No doubt the Cold War was not the right climate for creating an institution that was up to the task of regulating production and trade. For several decades, this regulatory function was confined to the GATT (the General Agreement on Tariffs and Trade), a treat that was initially signed by only 23 countries, but which, over the course of eight negotiating cycles, eventually expanded to include over 120 signatories.

The founding, in Marrakech in January 1995, of the World Trade Organization confirmed the need to go beyond a treaty by creating an international regulatory organization. At present, it is the framework for negotiations aimed at reducing obstacles to free trade.[34] But in my view, the current crisis of intellectual paradigms and development models will lead it to extend its responsibilities to those of regulating production and exchange systems, thus resurrecting the stillborn idea of an ITO. Should we be surprised? The course of history is slow and chaotic, but nonetheless real. The European Defense Community was premature in 1953, but eventually a Franco-German brigade was born, and the EU has progressively established a standing for itself in international relations. Keynes' idea of an international exchange currency that was distinct from national currencies is once again relevant. The need to broaden the responsibilities and change the course of the WTO will one day seem self-evident.

In 1999, in the highly symbolic setting of the Davos Forum, UN Secretary General Kofi Annan proposed the creation of a Global Compact to enlist major corporations in the task of global management. This idea has met with some success.[35] I have shown, with regard to oeconomy's legitimacy, that the current international system, in which major corporations, the

[34] See the articles on GATT and the WTO on Wikipedia.

[35] See http://www.unglobalcompact.org.

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pivotal actors of the global oeconomy, only intervene in international negotiations under cover of particular states, thus minimizing their own responsibility, is no longer viable. The creation of a space for genuine democratic debate at a global level within the framework of the WTO, in which large international corporations would be explicitly represented, would acknowledge their current role, and hence their responsibilities. It would also, perhaps, stimulate the invention of institutional arrangements that are specific to production and exchange chains (a point to which I shall soon return). But the WTO cannot be on the only space for debate. Given the future importance of territories (the subject of my next chapter) and the reorganization of the world into a series of networks, I think that a global urban network could be another space that is well-suited to such debate. The creation, in 2004, of a global association of cities, UCLG (United Cities and Local Governments),[36] has brought this pivotal actor of the future out of the woodworks. Let us consider for a moment the significance of concerted reflection with the world's major cities on their future role as agents of globalization. This reflection would be firmly based on considerations of material, monetary, and energy flows. It would clearly depart from a hierarchical vision of production and exchange, emphasizing instead a network-based approach. Its approach would be both collective and democratic. I am firmly convinced that it would yield fresh and bold perspectives.

Notes:

[36] See www.cities-localgovernments.org.

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Le GATT n’est pas le “Global Agreement on Transportation and Trade,” mais le “General Agreement on Tariffs and Trade.”