

## **Undoing capitalism, rebuilding democracy. The stakes of "deliberalism".**

Éric Dacheux and Daniel Goujon.

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Both the economic crisis of 1929 and the financial crisis of 2008 empirically demonstrate the inability of the neoliberal approach to predict crises in the functioning of the capitalist system. All the more so as historical evolutions such as the generalisation and the globalisation of trade, the financialisation of investments and markets, or the digital transition are proving to be out of phase with the liberal conception of neoclassical theory, which rejects any State intervention outside of market failures, the obvious example being ecology, where environmental damage is considered as "externalities". It is true that standard economic theory gradually incorporates external criticisms into its hypothetical corpus, for example those formulated by behavioural economics leading to a certain "de-rationalisation" of human actors. However, the new methods developed cannot reject the paradigm of market superiority as an efficient mechanism for resource allocation.

As Edgar Morin asserts in one of his most recent works<sup>1</sup>, "Denouncing is not enough or no longer enough": a triple ecological, economic and political crisis is taking hold and growing, widely propagated by so-called "market laws". The authors of this book share with the philosopher the idea that we now need to state what we must strive for. To put it more precisely, Éric Dacheux, professor of information and communication sciences, and Daniel Goujon, senior lecturer in economics, claim that what they call the dominant "orthodox economic science"<sup>2</sup> in the academic world has changed little as the world evolves.

For these two authors, there is no justification for the hard core of economic discipline to remain intangible in its foundations (pure and perfect competition, methodological individualism, profit maximisation, utilitarianism) whereas the many limitations of "standard theory" have been revealed by the proponents of heterodox approaches, particularly with regard to regulation by market mechanisms, the conditions of convergence towards the state of equilibrium or the nature of markets.

The first objective of the book is therefore to show how to think differently about the economy. The second objective is to propose alternative economic principles to capitalism that can supplant liberalism.

First, the book identifies the impasses of capitalism, reviewing the abundant literature that identifies the threats that capitalism poses to democratic societies. The first type of threat has an economic dimension revealed through recurrent crises that "crush individuals but regenerate the system". Standard theory approaches these crises in terms of market imbalances due to exogenous shocks disrupting economic activity, such as the 1974 oil shock linked to the Middle East conflict. In the Keynesian approach, the crisis is attributed to a structural dysfunction that can lead to the economy being in an equilibrium of underemployment. For Kitchin, capitalism undergoes economic cycles corresponding to the phases of storage and destocking of products, while for Juglar the cycle records the phases of development and then saturation of markets opened up by technical innovation. For heterodox economists such as Kondratieff, crises result from the regular acceleration and deceleration

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<sup>1</sup> *La Voie : pour l'avenir de l'humanité*, Fayard, 2011.

<sup>2</sup> This is mainly neo-classical theory, a formulation proposed by Thorstein Veblen in 1900 (The Preconceptions of Economic Science, Part III. The Quarterly Journal of Economics) to refer to Alfred Marshall's synthesis combining the classical theory according to which the value of a commodity is determined by its production costs (objective value) and the marginalist theory according to which value is determined by the utility of the commodity as perceived by individuals (subjective value).

of economic activity originating in the accumulation and then capital investment. For liberals like Hayek or Schumpeter, the crisis is the driving force behind the evolution of capitalism. In these analyses, which are in line with Braudel's historical perspective<sup>3</sup>, crises are cyclical and consubstantial with the capitalist system. However, their book is in line with Marx's theses analysing capitalism not as a self-regulating system with recurrent crises but rather as a generator of a structural and permanent economic crisis where the private ownership of capital is a source of growing inequalities. Thus, for its authors, the recent financial crises are not cyclical but result from the domination established by financial capitalism over the real economy.

The authors also denounce the instrumentalization of the state at the expense of democracy, taking up Marx's thesis on the state subject to the interests of the bourgeois class. Thus, the recent labour law ordinances issued by the French government are seen as an attempt by neoliberalism to undo social laws. Similarly, their book echoes Habermas' analysis of the European Union as a "post-democratic" system. The authors also rebel against a certain dictatorship of quantification, a consequence of a utilitarian conception of science, put at the service of the constitution of monopolies, which they analyze not as a state of imperfect competition but as the submission of politics to economic logic. For the authors, the domination of capitalism ensures the advent of a "market society" that Karl Polanyi had largely anticipated. The political crisis stems from this advent, which replaces the self-regulation of citizens adhering to the social contract by the constraint of markets, exercised to the detriment of democratic societies whose values of equality and freedom are gradually being called into question.

The third crisis, according to the book, is ecological in nature: while neo-classical economists such as Samuelson and Nordhaus<sup>4</sup> say that growth is the major fact of this century, others less orthodox like Georgescu-Roegen<sup>5</sup> using entropy show that the process of economic expansion cannot continue indefinitely and blame the biodiversity crisis on production intensification. Taking up Braudel's and Harvey's analyses of the unequal development of areas linked to globalisation, the authors underline the sometimes deleterious nature of the hierarchisation of territories, with rural areas appearing to be emptied of their substance in favour of urban and peri-urban areas. While globalized capitalism leads to a standardization of the way of life, the authors deplore the fact that it deepens North-South inequalities disqualifying the knowledge of "underdeveloped" countries. This differentiation of space is coupled with a standardization of time where the off-work is increasingly subject to the capitalist system and high-frequency financial transactions condemn the economic and social sphere to a permanent emergency.

Considering that the answers to the threats to our democratic societies can be found in initiatives in solidarity with citizens, the authors study alternative empirical practices to the capitalist system in order to identify new principles, better adapted to a "democratic" economy. In doing so, they conclude that these principles revolve around deliberation in local public spaces, which they see as an essentially democratic mode of regulation. It is a question of inventing new forms of regulation to cushion cyclical crises: for example, solidarity initiatives to promote gratuity (*Incroyables comestibles*), the social economy (*SCOP*), sobriety (*Colibris*), or self-management (*Zones à défendre*). A second field of action is citizen regulation of money (local exchange systems) or finance (*Cigale* clubs) to oppose a predatory financialisation of the real economy. A further step can be taken by inventing new forms of property (*HabiCoop*, *AMAP*) to compensate for inequalities linked to heritage. The challenge is to restore

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<sup>3</sup> *La dynamique du capitalisme*, Braudel F., Flammarion, Paris 1985 (2008).

<sup>4</sup> *Économie*, Samuelson P.A. and Nordhaus W.D., Economica, Paris, 2000, 16<sup>th</sup> ed.

<sup>5</sup> *La décroissance. Entropie-Écologie-Économie*, Georgescu-Roegen N., Ellébore-Sang de la terre editions, Paris, 2006.

individual autonomy in order to overcome the current division of labour and the framework of wage-labour in forms of democratic cooperation.

In terms of responses to the political crisis, the authors argue that it is a question of promoting co-regulation between the state and civil society (citizens' conferences, Zero Unemployment Territorial Initiatives) in an attempt to keep the promises of democracy in the face of capitalist oligarchies. Since administration by numbers is based on a vertical conception of power, the fight against the "dictatorship of quantification" concerns the evaluation of public policies as well as the evaluation of corporate performance, and even scientific research, in order to open the black box by recalling that the criteria chosen have an impact on the conclusions of studies. The democratization of technosciences must involve the cross-fertilization of knowledge between researchers and citizens, following the example of the methodology developed by *ATD Quart Monde*, in order to be able to co-construct concrete proposals. Promoting economic cooperation between actors in the same territory should make it possible to avoid the creation of monopolies by distributing economic activity more equally.

According to the book, solidarity initiatives respond to the ecological component of the crisis by implementing concerted forms of economic exchange that bypass the market in order to rebuild social ties and thus regain a capacity for creative resistance in key areas for the climate and biodiversity such as food, energy, transport and even in finance with the transaction tax project supported by ATTAC. Ecological initiatives such as the circular economy, the green economy or organic agriculture often assert themselves as a break with the dominant production model to fight against the erosion of biodiversity or climate change, as within the associations *Terre de liens* and *Les champs des possibles*. It is also a question of bridging the social divide through a globalisation of solidarity coupled with a participative valorisation of the territory that the *Pays de Redon*, *Ferme du possible* or *Bondy Blog* projects are carrying out. "Slowing down and democratically organizing time management" would, according to the authors, make it possible to build more concerted forms of exchange promoting greater sobriety in terms of resource consumption.

Based on an article by Hollard on deliberation in economic theory<sup>6</sup>, the authors present in the third part of their book the concept of "deliberation" as a political communication aimed at building disagreements, in short a conflicting vision of deliberation revisiting Habermas' theory of "communicative action" on several points. First, they abandon Habermas' distinction between agent and citizen. Second, the authors consider strategic and creative action as distinct from communicational action. Finally, in view of the cultural diversity that implies confrontation of points of view and a certain amount of misunderstanding, they see deliberation not only as communication oriented towards cross-comprehension, but as a contradictory exchange aimed at building partial agreement. The concept makes it possible to study the participatory mechanisms that have multiplied in the public arena in recent years in order to, beyond the traditional figures of representatives and experts, try to involve the other stakeholders in public decision-making for a better consideration of citizens' interests. The experience of the *Gilets jaunes* shows that deliberation can be an answer to give the floor back to those who cannot arbitrate their ends of the month.

The fourth part of the book tries to explain why it is necessary to break with the positivism that permeates "orthodox" economic science. There are at least four "good reasons" why the positivist epistemology inherited from the Enlightenment is in crisis: (i) the work of logicians such as Gödel showing the incompleteness of formal systems (the limits of reason); (ii) the sensitivity of complex systems to initial conditions (the limits of determinism); (iii) the whole is often not the sum of its parts

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<sup>6</sup> « La délibération dans la théorie économique », *Cahiers d'économie politique* (47), 2004.

(the limits of reductionism); iv) the unpredictability of living things due to their complexity (the limits of regularity). In the face of this crisis of positivism, the authors are resolutely situated in the epistemological perspective outlined by Morin<sup>7</sup> for the analysis of complex systems by rejecting determinism and reductionism.

Cahuc and Zylberberg's charge against denial in economics<sup>8</sup> has reopened the epistemological debate on the formal knowledge status accorded to economics and the relevance of its hypothetico-deductive paradigm in the field of social sciences. The authors note the many criticisms of neoclassical economics, both internal, from heterodox (institutionalist, regulationist, conventionalist or decreasing) and external, from other sciences (notably physicists and biologists, but also anthropologists and historians). They conclude that only constructivism coupled with methodological relativism makes it possible to propose an interdisciplinary framework articulating political economy with the formal economy in order to make economics a social science in its own right.

The fifth part of the book contrasts radical democracy with political liberalism by making a critique of liberal democracy as a political regime. The strength of liberalism as a doctrine rests on the credo of the Universal Declaration of Human Rights. The authors base their criticism of political liberalism on its theoretical limitations: society is composed of rational beings who determine themselves freely. This atomistic view is hardly compatible with the existence of communities in which the behaviour of individuals is dictated by their membership. Critics of liberal theory, be they communitarian, Marxist, anarchist or autonomist, agree in pointing to the narrowly atomist conception of the individual and his freedom (reduced to negative freedoms only). The arguments of empirical criticism of political liberalism are provided by the functioning of our current representative liberal democracies, in particular the apathy of their public space revealed by electoral behaviour.

In the sixth part, the authors study the economic dimension of deliberalism through a comparative approach to methodological presuppositions between the orthodox approach based on standard economic theory and the "evaluative" approach in economics, which is based on an institutionalist perspective outlined by Perroux, where social relations produce economic norms that are subject to change. Thus, research on the solidarity economy provides new analyses on self-production, solidarity, reciprocity, democratization, or the public space of proximity. These analyses make it possible to re-embed the economy in our democratic societies by providing new concepts that could form the basis of a new economic paradigm where value is an intersubjective social construction, the fruit of a deliberative process, where price is the result of deliberation in public spaces of proximity, and where money is a system of social accounting.

Finally, in the last section, the authors attempt to show the relevance of deliberalism in economics for two major issues: money and income distribution. Faced with the capitalist impasse in the financing of market production such as public goods and services, the book presents monetary alternatives to capitalist money according to two approaches: on the one hand, that of common goods with complementary and commensurable local currencies; on the other hand, that of the social and solidarity economy with autonomous currencies. Then, transforming Polanyi's "single currency" proposal into plural currencies of account and payment, the authors present a third approach, that of "deliberate money", which allows monetization to be embedded in democratic society by depriving it of its function as a store of value that subjects it to capitalist logic. The outline of this monetary reform would be: i) to pluralize money by encouraging the creation of citizen currencies at all levels from local to international as common goods; ii) to develop a democratic financial system that combines citizen

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<sup>7</sup> *La complexité humaine*, Morin E., Flammarion, Paris, 1994

<sup>8</sup> *Le négationnisme économique*, P.Cahuc and A. Zylberberg, Flammarion, 2016.

control of the central bank with the generalization of ethical banks; iii) to promote the emergence of an unconditional guaranteed income. This last proposal constitutes for the authors an essential element in the transition towards a "radical democratic" society.

The debate on living wage is confronted by two conflicting conceptions of social justice: on the one hand, a liberal trend that focuses on the cost of social protection in the face of growing exclusion; on the other hand, a "solidarity" trend where living wage is conceived as a means of ensuring greater social coherence in the productive system. Of the four forms of existence income (the universal allowance, the negative tax, the differential income or RMI, the complementary income or RSA), only the universal allowance formally "releases" its beneficiary from the obligation to produce in order to obtain an income. However, according to the authors, this universal allowance can be either a tool of social justice or even a tool for exiting capitalism, or a tool for deregulating the labour market or even deregulating the economy. Thus, the primary income guaranteeing individual autonomy must, according to them, be a universal allowance based on a deliberative approach inspired by the unconditional endowment of autonomy (Liegey)<sup>9</sup>, and backed by free currencies, which implies exchanges between the debt-currency and the link-currency.

Of course, this framework remains theoretical and deliberalism a radical utopia before it can be the site of an intellectual construction. However, the theoretical construction that is deliberalism has the merit of providing a conceptual framework for the confrontation of theories for those seeking to think about democracy in a post-capitalist society. It is to be hoped that this undertaking will not remain an isolated one and that numerous deliberations about deliberalism will take place ...

*Dominique Desbois*

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<sup>9</sup> *Un projet de décroissance. Manifeste pour une dotation inconditionnelle*, Liegey V. & coll., Utopia, Paris, 2013.