



Speech by Pascal Lamy, director-general of the WTO

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Let me start by thanking Policy Network for having invited me to this event. Let me also indicate that here I am speaking as Pascal Lamy, the person, the friend, not the Director-general of the WTO.

Market capitalism has just experienced an upheaval that is unprecedented in its globality if not in magnitude. And social democracy remains muted, weakened on the continent which saw it emerge, in the 19th century, as a reaction to the excesses of that very same capitalism.

The explanations put forward thus far for this incongruous state of affairs rely on two analyses which in my view are both flawed and insufficient.

According to the first of these analyses, social democracy has lost its relevance by allowing itself to be absorbed by a liberal economic ideology that it was too weak to resist – by lapsing into the comfort of day-to-day management, by engaging in back-room power broking whenever the opportunity arose.

I believe the facts belie this explanation: whenever they had an electoral majority, the reformers pushed through major and progressive reforms. If you want one single piece of evidence just have a look at the development assistance figures published this week by the OECD and see who has and who has not met its development pledges.

According to the second analysis, social democracy has been a victim of its own success. Its historical model is now exhausted. Its arguments, its positions and its solutions have now infiltrated the entire political spectrum, causing them to lose their originality and specificity.

Here again, reality suggests otherwise: the contradictions of market capitalism are still with us, and a significant portion of humanity continues to suffer its effects. The "social question" is as burning an issue at the beginning of the 21st century as it was in the middle of the 19th century.

If this is true, we are left with our problem of declining capacity to shape attractive solutions for our citizens. In order to address this, let me suggest a new approach.

First, on the ideological front: by revamping the theoretical critique of market capitalism. Then, on the strategic front: by changing the scope of our action.

The progressives of today offer only an incomplete and superficial critique of the prevailing system.

It is incomplete because it is still excessively influenced by the economism of social democracy's founding fathers. It rightly criticizes the inherent dysfunctions and instabilities of the capitalist model, but it neglects three essential dimensions in today's world: globalization, sustainability, and anthropology.

Globalization is more than just an expansion of the territory covered by capitalism. Technology, its essential driving force, is thoroughly altering the traditional domination of labour by capital. No longer is capital merely finance: it is knowledge as well. No longer is labour merely force: it is also imagination. The social fallout can no longer be handled by welfare systems relying on communities with a strong identity, whether professions, nations or classes: we need to rethink these systems on a global scale.

The capitalist model is no longer merely socially unsustainable, or even economically unsustainable: it is now also environmentally unsustainable. This means that from a conceptual point of view we should be focusing our efforts on coming up with a different growth model, one that is less extravagant, less demanding of human and natural resources, a new version of "prosperity" – but a model that is also capable of offering hope to the half of humanity for whom deep physical suffering is the daily lot, and for whom zero growth is a provocation.

As for the anthropological foundations of market capitalism, they are bound to be called into question with the advent on the national or international political scene of populations whose culture is not of Western origin. This long philosophical genetic sequence leading from the separation of body and spirit to the perpetual struggle between individuals with irrepressible appetites, ultimately resulting in the liberal economic theory of self-regulation, has now produced another version of the invisible hand. Other human philosophies have emerged elsewhere, philosophies that do not rely on the capitalist anthropological code according to which man is wolf to man.

To address these three limits to the current critique of capitalism clearly implies going beyond current theory and engaging in some conceptual groundwork involving intellectuals and thinkers on a scale that far surpasses our Western think-tanks and seminars. In other words, it involves a long process of intellectual navigation for which we urgently need fresh pilots!

Assuming that this ideological renovation exercise succeeds, we then need to introduce the same change of attitude at the political level, when it comes to defining priorities and building a new balance of power.

The priorities of progressives must be shifted from the State level to the world level, and global regulation of market capitalism needs to be given the same importance as the introduction of the welfare State in the 19th century.

These regulations must be applied first and foremost to the sectors of international life that have already been identified: macroeconomics, health, environment, human rights, social standards, trade, to name but a few. From there, they must be extended to the financial activities sector, where the recent crisis revealed a big hole in international regulations in what was undoubtedly the most globalized sector. And finally, it must embrace the sectors that have been left aside, such as taxation, energy or migrations.

The challenge facing us in all these areas seems clear to me: to create global public goods, capable of harnessing the expansion of markets so that their efficiency can be enhanced, while making them subject to regulations designed to prevent excesses. Above all we need to establish a collective framework of values that are currently lacking in the area of justice, fairness and profit sharing.

But we still need to reflect on how such regulations could be strengthened where they exist, or created where they are lacking. We need to invent and establish a balance of power in international areas that are essentially still governed by sovereign nation States, and in which the only way to ensure order by regulation is through negotiations.

This is no small task given the enormous difference between the decision-making and legitimation process at the global level and those prevailing at the domestic level to which we are accustomed. The only way to address this problem is to imagine, and then build, new alliances with the countries that are now at the negotiating table: China, India, Brazil, Indonesia, Mexico, South Africa, Egypt, and many others.

Since we can reasonably assume that the position of these new players is, or will soon be, a product of their domestic political systems, progressive political forces in all those countries, including trade unions, should unite. They should start by sharing their vision of the failings of capitalism, and then, through discussion and negotiation, adapt the critical work and the resulting progressive political agenda to this new political geography.

I am not underestimating the challenge facing us, or the time required. I am aware of the efforts involved in altering the outlook of the progressive movement. On the face of it, trying to explain to party leaders who are yawning their way through meetings of the European Socialist Party that their priority task is to start working on the political front with the Congress Party in India, the Workers' Party in Brazil or the Communist Party in China is, certainly, a formidable challenge.

I am also aware that this project will not obviate the need to change political practices of progressives at home, to dispel the widespread view that progressives are no longer present at the workplace and in ordinary people's lives; or that we more-or-less share the selfish and security-minded attitudes that serve merely to aggravate exclusion.

And yet, if we look at the forces that need to be united in order to build up an alternative, to carry out an in depth transformation of the now globalized market capitalism, the starting point is the fact that the task exceeds the intellectual and geographical scope to which our culture had accustomed us. Our task is to build a new political space in a world which will have to be "de-westernized" and exposed to the projects of other peoples, other civilizations, other sensitivities. And if it is to exist at all, that space must be open so that each one of the new forces to be mobilized has a role to play and feels as a stakeholder.

Let's remember the origins of the labour and of the socialist movements. Internationalism was higher on their agenda at that time. It has, unfortunately disappeared from our agenda.

Progressives should oppose globally and propose globally. The globalization of social democracy is the key to its future.

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