

# Muddle and Create

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[Summary: The fundamental problems underlying the present crisis require for their solution the amendment of cultural structures that became dominant in early modernity when the modern world-system was constituted first in Europe and then worldwide. World leaders and the economists who advise them are now debating whether more stimulus or more austerity, or some combination of the two, is the path toward restoring the normal functioning of capitalist accumulation, and therefore toward higher levels of employment and economic growth. There is no solution within the terms of their debates, only an historical necessity to muddle through somehow. Nor are there well-known solutions waiting in the wings, for both central planning and social democracy are discredited by good logical reasons and by historical experience. I join those who are proposing a less-known solution, a plural one, in which markets are restrained and supplemented by other ways to mobilize resources to meet needs, many of them non-mercantile. When sufficient supplementing is achieved, the private for-profit economy will still exist but it will be governable; it will be able to partner with other sectors without imposing on them the overriding necessity to gain the confidence of investors come what may even at the expense of sacrificing social and ecological objectives. The result will not be a transition from the present neoliberal regime of accumulation to another regime of accumulation, but a liberation of humanity from the necessity of living under some regime of accumulation or other. This is an expanded version of a talk given at the University of South Africa in December of 2011.]

I will begin by stating my conclusion. My conclusion is: Muddle and create. At the end I will explain the meaning of my conclusion

The present crisis, ongoing since 2008, can be regarded as a crisis of worldview, or of paradigm, or of metaphysics, or of some other comprehensive and pretentious conceptual entity which refers to categories that are fundamental and pervasive in a way of life. I suggest insofar as economics is less than a worldview, paradigm, or a metaphysics, the present crisis is more than an economic crisis. I further suggest that there is no possible way to get out of the crisis by changing economic models, certainly no way out within the limits of the options allowed by the economic model currently dominant. The only possible ways out accent social innovations that depend on non-dominant worldviews. Put differently, the worldviews, paradigms, and metaphysics that orient the university need to be transformed by enlargement so that the university can do its part in facilitating the needed innovative practices.

My ultimate objective today is to suggest ways to make constructive use of the opportunities today's ongoing crisis of paradigm offers for heads-up do-gooders. A heads-

up do-gooder is someone who is realistic enough to see that the survival of the biosphere and social justice are never going to happen as long as the dominant paradigm dominates. The heads-up do-gooder is at the same time imaginative enough to think outside the box. She or he sees the transformative potential in going to scale with social innovations already happening, in indigenous knowledge systems of the past fallen into disuse that might be revived, and in brainstorming that just might come up with problem-solutions that are new. My presentation will have four parts.

The first part of my four parts is a proposal for an ethical rethinking of the world. Without an ethical terminology embedded in an ethical worldview I cannot even begin to propose a way to interpret current events and a way to conceive the university's role in solving the problems they pose. Second I will suggest briefly an historical explanation of the rise to power of the paradigm that now dominates us, which can be called a neoliberal paradigm. I will briefly offer a thumbnail sketch of ideas developed at length in my book with co-author Joanna Swanger Dilemmas of Social Democracies--1. We show there that neoliberalism rose to power because social democracy was not feasible. Old-fashioned liberalism slightly refurbished was the only well-equipped and well-known candidate waiting in the wings to replace it, and that, in telegraphic prose, is according to us how we came to be where we are.

Third, I will turn to the present crisis. I will mention the breakdowns that seem to be now bringing the age of neoliberalism to an end worldwide. In a fourth and last part I will suggest that transformation by enlargement, supplementing capitalism and thus achieving the historic aims of socialism while avoiding the causes of its historic failures, in the university and in the wider society, can solve the chronic social problems discussed in the first three parts, and open the path to a rational and sustainable relationship of human beings to the natural environment.

I will not be informing you of many new facts you do not already know. I will be working at the epistemological level of the rethinking of concepts. I will not be making logical arguments or deductions trying to compel you by the force of reason to agree that my conclusions follow from my premises. Instead I will be commenting on the meanings of words, sometimes on the histories of the meanings of words, recommending certain ways of talking in preference to others, and consequently recommending certain ways of thinking, and ultimately certain practices. My methodology is to try as hard as I can to perform responsible speech acts, to say what needs to be said here and now. What needs to be said is what most contributes to solving humanity's grave and persistent social and ecological problems.<sup>2</sup> My conceptual recommendations are designed to orient the activities of the university in ways that will help us to change the world to make it work. I am the lawyer you are the judge. If I can succeed in making my case clearly enough that you see what I mean, then you can either sustain my recommendations or overrule them.

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<sup>1</sup> Howard Richards and Joanna Swanger, The Dilemmas of Social Democracies. Lanham MD: Rowman and Littlefield, 2006.

<sup>2</sup> See the discussion of responsibility in Amartya Sen's recent book The Idea of Justice. Cambridge MA; Belknap Press of Harvard University, 2010. Regarding speech acts see John Searle, Speech Acts. Cambridge UK; Cambridge University Press, 1969.

### First Part

My first recommendations concern the use of the word “ethics.”

“Ethics” like almost every other important word is an essentially contested concept.<sup>3</sup> It is not a conflict-free word, whose meaning is peacefully accepted by herds of sheep who know who their shepherds are. “Ethics” is a battleground where hostile parties with opposing vested interests struggle to convince the public that they and not their opponents are the ones who have a right to declare its true meaning. Sometimes, as happened in the cases of some of the battles over “ethics” in the 20<sup>th</sup> century, authors tried to convince the public that the word has no cognitive meaning at all.<sup>4</sup> Under these circumstances I would be lying if I pretended to tell you the meanings of the term on which all authorities agree. Instead I will say how I recommend using the term. I consider my recommendations legitimate because they represent important strands of the historical and contemporary use of the term, and useful because they advance us toward where we need to go; namely toward making our dysfunctional world ecologically and socially viable.

I recommend using the word “ethics” and also the related word “morals” to refer to the social evaluation of human conduct. When I say “social evaluation” I mean to say that when a social norm is violated, other people are authorized to criticize the violator. Sometimes violation leads to punishment. I also mean to say that normal law-abiding and reasonably virtuous human beings use ethical norms to self-monitor and guide their own conduct.<sup>5</sup>

Here I am disagreeing with Immanuel Kant while I think I am agreeing with traditional African thought and most traditional thought, and I know I am agreeing with Aristotle. According to Kant and in varying degrees according to many others who more or less agree with him, there is a great deal of human conduct to which ethics does not apply. Buying and selling in the market place, for example, is in Kant’s view *ohne sittliche Gehalt*, without moral content.<sup>6</sup> Kant quite consciously thinks of most human behaviour as governed by *Neigungen*, inclinations, that are the psychological equivalents and parallels of the forces (*vis*) whose necessary trajectories are described in Newton’s laws of motion. They are no more moral or immoral than the falling of a stone. Ethics arises only where duty conflicts with inclination and that only happens when an imperative of reason is violated.

Secondly I recommend refraining from drawing a firm line between ethics and law. Here I am agreeing with most of the cultures of the world, in which social evaluation does not clearly distinguish deviant immoral conduct from deviant illegal conduct. I am agreeing

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<sup>3</sup> W.B.Gallie, “Essentially Contested Concepts,” Proceedings of the Aristotelian Society, Vol. 56 (1956) pp. 167-98.

<sup>4</sup> A.J. Ayer, Language, Truth, and Logic. London; Gollancz, 2d edition 1946.

<sup>5</sup> Here I follow H.L.A. Hart’s analysis of a rule as a regularity, a licence to criticize violators, and a guide, in his The Concept of Law. Oxford: Clarendon Press, 1961. Similarly, Emile Durkheim characterizes a norm as a regularity in conduct sanctioned by social authority in his De la division du travail social. Paris: Presses Universitaires de France, 1893.

<sup>6</sup> Immanuel Kant, Grundlegung zur Metaphysik der Sitten. Frankfurt: Suhrkamp, 1974, (1785)

with those legal scholars who find the roots of a community's laws in its morals. I am dissenting from legal positivism.<sup>7</sup>

Somewhat similarly I propose to refrain from making a sharp distinction between ethics and social structure. Social structures are made of institutions. Institutions are sets of rules. Rules are norms. Since norms are at the heart of what ethics is about, ethics is about social structures. The social evaluation of that part of human conduct which consists of following the rules established by social structures I propose to regard as part of ethics.

To make my next point in this first part I need to introduce a distinction between ethics and morals. "Ethics" comes from the Greek *ethikos* while "morals" comes from the Roman *mores*. Both refer to customs or to habits. Translations from Greek to Roman often read *ethikos* and similar forms as *mores* and similar forms. Still today it is common to use "ethics" and "morals" as synonyms. However, it is also common today to begin a class on ethics by explaining that ethics is not the same thing as morals. Ethics is the theory of morals. It is the philosophy of morals. It is the rational defence and criticism of morals.

I recommend saying with Emile Durkheim that every human group necessarily generates a morality. Its morality is the rules that govern its social relationships.<sup>8</sup> Ordinarily the rules are embedded in stories and rituals, and ordinarily they refer also to relationships among divinities, ancestors, plants, animals, lands, waters, and inanimate objects. Having such rules is a physical necessity. Without them a human group could not exist.

Again agreeing with Durkheim, and disagreeing with the colonialist mentality that guided the founding of Africa's universities, I recommend doing social change with a bias in favour of the cultures that already exist, presuming until the contrary is proven that the way to improve institutions is to transform them without destroying them.

Disagreeing again with Kant, I recommend denying that the characteristic rules of western modernity, those of the 18<sup>th</sup> century enlightenment, constitute a universal morality valid at all times and places. When I talk about ethics I mean in the first place to treat morals and ethics as synonyms and to treat all cultures as creations of human groups. All human groups have necessarily created an ethics, also known as a morality, because without one they could not possibly have survived. However, in the second place I cease to treat "morals" and "ethics" as synonymous. I count the existing customs as a culture's morality, and then I invoke ethics in a search for criteria for standing back, reflecting, and asking

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<sup>7</sup> I take a different approach from that of Jon Elster, who emphasizes distinguishing the several different ways "norm" is used in ordinary speech, and who regards legal norms as a sub-species of norm distinguished because they are imposed by force. See his [Explaining Social Behavior: more nuts and bolts for the social sciences](#). Cambridge: Cambridge University Press, 2007.

<sup>8</sup> Many scholars have warned against the traps one can fall into by using the term "rules" or equivalently "norms" too much; the traps of attributing to humans more conformity to rules than they really display; underestimating their creativity and frequently their perversity; overlooking the myths, rituals, dispositions, and symbols that guide conduct more than rules and so on. See Clifford Geertz, [Local Knowledge](#). New York: Basic Books, 1983. Pierre Bourdieu, [Le sens pratique](#). Paris: Minuit, 1980. I persist in seeing rules and norms as central to culture and behavior, while hoping to avoid the traps that rule-skeptical scholars point out.

whether and how any given culture's morality might be improved.<sup>9</sup> While recommending respect for every culture, I also recommend regarding every culture as capable of improvement. I find criteria for improvement in ecology for example. We humans are not free to invent any culture whatever. We can only survive by following norms that do not collide with the laws of physics, chemistry, and biology, including behavioural biology. I recommend an ecological ethics as one source of criteria for promoting the improvement of any culture whatever.

I have now with terrible brevity and heroic simplification sketched a view of the role of ethics in human life. Every human group must have and does have norms to organize relationships among persons; those norms can be called "ethics" or "morals." Since natural selection eliminates patterns of social organization incompatible with physical survival, the mere fact that an ethics has lasted a long time implies that it possesses at least the negative merit of not having caused the destruction of its people. But we humans can do better than wait perhaps several centuries to see whether nature or military defeat at the hands of some hostile power extinguishes our culture and us with it; we can also proactively revise and improve our norms to make them work better. This activity of revising and improving can be called "ethics" in a second sense, a sense of philosophical and scientific judgment and critique. In this second sense ethics is different from morals; it is the theory of morals.

So far I am chiming in with John Dewey and Karl Popper. Dewey proposed an "experimental society" in which every institution would be treated as a hypothesis.<sup>10</sup> He proposed a democratic and scientifically rational unending ethical critique. Society would organize itself to constantly study itself. Scientific studies would identify needed improvements. The systematic evaluation of ongoing experience and the implementation of its findings would gradually lead to solving all social problems. Karl Popper proposed the same thing, calling his proposal an "open society."<sup>11</sup>

I think Dewey and Popper were well-intentioned but mistaken. Their proposals as they wrote them were not feasible, and it is our task today to revise them to make them feasible. Later I will be offering you an explanation of why Deweyan and Popperian visions of steady rational democratic progress have been regularly frustrated in the twentieth century and so far in the twenty first century. Still later I will share a dream about how to preserve and enhance the best of modernity while overcoming its limitations and solving today's crucial problems, calling indigenous knowledge systems and other forms of social innovation to our aid. But I need to lay a foundation first. My foundation will identify a crucial way the presently dominant global culture is different from any culture whatever. There are certain peculiar features of western modernity, now expanded to become the global economy, that make it immune to certain kinds of change. It is like a homeostatic system that responds to certain kinds of change with built in mechanisms that restore certain

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<sup>9</sup> My proposal to look outside a culture's own norms in search of criteria for evaluating and improving those norms, is the opposite of John Rawls proposal to seek reflective equilibrium by articulating general principles that accord with what we as socialized denizens of our own cultura would judge right or wrong in particular cases. John Rawls, "Outline of a Decision Procedure for Ethics," Philosophical Review Volume 60 (1951), pp. 177-197.

<sup>10</sup> John Dewey, The Public and its Problems. New York: Henry Holt, 1927.

<sup>11</sup> Karl Popper, The Open Society and its Enemies. London: Routledge, 1945.

aspects of the *status quo*. It is like a thermostat set to a certain temperature in such a way that it allows some hotter temperatures or some cooler temperatures for a while, but after a time regresses automatically to where it was set. Max Weber compared modernity to an iron cage, which traditional peoples can enter but cannot leave.<sup>12</sup>

In his posthumously published masterpiece *Wirtschaft und Gesellschaft* Weber explains why a social science differs from a natural science, and in the same process explains how a modern society differs from a traditional one. Both social and natural sciences seek to determine the causes of phenomena observed. In the case of social science the causes include the *Erwartungen*, the expectations of the actors. Weber gives the example of two bicycle riders in Germany going in opposite directions. They pass each other each taking the right lane. If it had been UK or South Africa they would have taken the left lane. Each expects the other to conform to custom, and the causes of the action of each include the bicyclists' expectations regarding the action of the other.<sup>13</sup>

In any culture whatever there are customs (*Bräuche*) that allow its members to act in reliance on the expectations (*Erwartungen*) that other members of the culture will behave normally, that is, normally according to the customs of that culture. This capacity to act knowing what to expect from the other is a good part of what is meant by community, *Gemeinschaft*, an important word in German sociology that Weber reworks. For Weber any culture or society whatever is a *Gemeinschaft*. It has to be. That is to say, people everywhere and everywhere have to act in reliance upon what to expect from others, and Weber calls every organized human group, i.e. every setup enabling people to act knowing what to expect from others, a community, a *Gemeinschaft*. There is a special kind of *Gemeinschaft*, a special kind of community with a special kind of customs and expectations, which Weber and others call a *Gesellschaft*. *Gesellschaft* is modernity.<sup>14</sup> It remains to define what is special about certain kinds of human communities that makes them modern.

Weber is famous for saying that modernity began with capitalism, and that capitalism began with the asceticism of certain Calvinist protestant businessmen who were psychologically driven because of their faith to accumulate capital, to plough their profits back into their business instead of spending them on luxury consumption. He is less famous for saying something more important and more believable: that before capitalism could get off the ground it needed law. Law makes economic calculation possible because it makes the future-day consequences of present-day decisions *kalkulierbar*.<sup>15</sup> Without a legal

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<sup>12</sup> The iron cage metaphor is found at the end of his [The Protestant Ethic and the Spirit of Capitalism](#) as translated by Talcott Parsons.

<sup>13</sup> "Handeln überhaupt ist an Erwartungen orientiert." (Conduct in general is oriented to expectations.) Weber defines "Gemeinschaftshandeln" (the basic other-oriented human conduct) as conduct subjectively oriented to relationships with other people. See the section on "Kategorien der verstehende Soziologie" at the beginning of [Wirtschaft und Gesellschaft](#). English translation: [Economy and Society](#). Berkeley: University of California Press, 1978.

<sup>14</sup> Weber's conceptual scheme making *Gesellschaft* a special kind of *Gemeinschaft* suggests an enlargement of the conceptual architecture of the university. The university should see its mission in the larger framework of *Gemeinschaft*, of community. Social change is ultimately community change; the context for studying social problems and for exploring solutions to them is ultimately communitarian.

<sup>15</sup> Max Weber, in the part of [Wirtschaft und Gesellschaft](#) called "Bedeutung und Grenzen des Rechtswangs für die Wirtschaft" (Meaning and Limits of Legal Authority for the Economy) In his doctoral dissertation

framework authorizing owners to dispose freely of their property, providing security for property rights and providing for the enforcement of contracts it is impossible to invest. It is impossible to accumulate capital. Weber tells us that the reception in early modern Europe of the systematic jurisprudence developed earlier by the Romans was indispensable for the birth of capitalism, and hence for the birth of modernity.

To lay a foundation for proposing an ethical approach to understanding those peculiar features of western modernity, now expanded to become the global economy, that make it immune to certain kinds of change, I need to lay two more cards on the table: that the legal framework comes with a matching ethics (card one), and with a matching common-sense (card two). To illustrate these cards—remember that I am only trying to be clear enough to suggest ideas; not trying to give proofs—I turn again to Immanuel Kant. In his Foundations of the Metaphysics of Morals he develops his philosophy of ethics using only one example of a strict ethical duty to other people: an example of a duty to perform a contract, or a duty not to enter the contract in the first place without intending to perform it. Toward the end of the book Kant remarks that although his example has been about contracts (about paying a debt) he could just as easily have elaborated his ethical philosophy taking as an example the duty to respect the property of others, or the duty to respect other people's freedom. Contract. Property. Freedom. Kant's three examples of strict duties to others match the legal doctrines that constitute a market economy. Kant claims no originality. He says that the ordinary common-sense of the ordinary common person already knows what moral duty is. He says that he as a philosopher aims merely to provide logical arguments to defend what common people in their hearts already know is right --- and surely he is correct regarding the common-sense of his time, place, and milieu. If his time, place, and milieu had practiced another common-sense, say that summarized in the Bantu word *ubuntu*, Kant would have been incorrect.<sup>16</sup>

Next it is important to see that the ethical-institutional-structural constitution of modernity not only makes the logic of accumulation of capital possible. At a certain point of quantitative increase of what Weber calls modern behaviour, the profitability of business becomes necessary. Once the production of goods for sale with the intention of making a profit selling them becomes dominant, the accumulation of profits becomes a necessary condition of production. Without profits, no production. Without production, no employment.

I hope that now you are able to begin to grasp how my co-author and I suggest understanding the twentieth century, and what has happened so far in the twenty first. The certain peculiar features of western modernity, now expanded to become the global economy, that make it immune to certain kinds of change are the features that constituted modernity in early modern Europe. They are in Charles Taylor's words the constitutive rules of a bargaining society.<sup>17</sup> Those rules imply that whatever else a modern nation does, it must maintain investor confidence, because without investor confidence the great bread

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and elsewhere Weber nuances this general point, finding that some of the legal foundations of capitalism as they and it developed historically were not strictly speaking Roman.

<sup>16</sup> See Michael Jesse Battle, Reconciliation: The Ubuntu Theology of Desmond Tutu. Cleveland: Pilgrim Press, 2007.

<sup>17</sup> Charles Taylor, "Interpretation and the Sciences of Man," The Review of Metaphysics, Vol. 25 (1971). Pp. 3-51. P. 25, 31.

machine that provides the daily bread of both the elites and the masses screeches to a halt.<sup>18</sup> Here I have sacrificed accuracy to clarity. To help you grasp the general idea of a dominant paradigm that depends on profits I have omitted to mention that even today a great deal of the work of the world is done in non-profit institutions of hundreds of different kinds, starting with families and all the different varieties of families.

This is the end of my first part. The first part is my capsule sketch of a proposal for an ethical rethinking of the world. Ethics –actually a trinitarian ethics in which ethics as general name of the social evaluation of human conduct appears in three persons: law, ethics proper, common-sense (with the added complication that sometimes ethics is synonymous with morals and sometimes it is the theory of morals)—becomes the centrepiece. It is the centrepiece of what we are doing, namely taking constructive ethical action to improve the world and solve its problems. It is also the centrepiece of causal explanation in the social sciences, since the institutions and social structures that principally shape the course of events are made of ethical stuff, namely norms.<sup>19</sup> It blurs the disciplinary boundaries that sometimes separate economics, sociology, anthropology, archaeology, politics, the management sciences, law, accounting, history and other social sciences. The human species is seen as an animal whose ecological niche is to be an inventor and practitioner (sometimes a manipulator) of cultures, and whose cultures centrally include (along with myths and rituals and a number of other categories social scientists have had good reasons for emphasizing) norms, also known as customs, also known as rules, also known as morals, also known as ethics.

Now I will turn to my second part which is about a major event (or major series of events) in the twentieth century, namely the rise to power of neoliberalism.

## Second Part

Among the watershed years defining the rise of neoliberalism we could focus on 1980 when the Reagan Era began in the United States and the Thatcher Era began in Britain; or on 1976 when Sweden virtually abandoned what had been hailed worldwide as the Swedish Model of Social Democracy; or on 1985 when Julius Nyerere resigned the presidency rather than accept the terms that the International Monetary Fund imposed on Tanzania; or on 1973 when a military junta overthrew the democratic socialist government of Salvador Allende in Chile.

I will focus for a minute on Chile partly because it is the case I know best. Immediately before the *coup d'etat* private investment had fallen to zero. Inflation was over three hundred percent a year. People had to stand in long lines to buy bread, matches, cooking oil, diapers, and indeed almost anything. A new profession had developed, the professional *colista*, who for a fee would stand in line for you freeing you up to do something

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<sup>18</sup> Hopefully it is obvious from the context that by “investment” I mean not only new investments but also advancing operating funds to keep existing enterprises going.

<sup>19</sup> My book Understanding the Global Economy (Delhi: Maadhyam Books, 2000; revised edition Santa Barbara: Peace Education Books, 2005) argues that causal explanations in economics rest on cultural (and therefore ethical) premises. Here I agree with Taylor and with Elster, cited above, that norms and institutions are causes. See also John Searle, The Construction of Social Reality. Harmondsworth: Penguin, 1995.

else with your time. I for one find it impossible to say to what extent all this happened for the economic reason that producers stopped producing because they had no confidence they could sell their products at cost-covering prices with a margin left over for profit, to what extent all this happened for the political reason that producers stopped producing because they wanted the Allende government to fail, or to what extent it all happened for other reasons that do not fit in either of these two categories. Be that as it may, the new military dictatorship proceeded immediately to take drastic measures to restore profitability. Unions were banned. Workers were not allowed to strike and they were compelled to work. Wages fell as prices rose.<sup>20</sup> The decrees of the *junta* provided incentives and guarantees for investors, especially foreign investors. Neoliberal economists trained in Chicago were installed in key policy-making positions.<sup>21</sup>

If one examines a number of cases of the downfall of social democracy or democratic socialism followed by the rise of neoliberalism, as we did in our book Dilemmas of Social Democracies, one will recognize in the Chilean case elements of a common pattern: Political and union movements seeking justice cause wages and government spending on social programs to rise. Profits stagnate or fall. Production stagnates at the same time there is more money in circulation, leading to the “stagflation” so prominent in the rise to power of Reagan and Thatcher. Sooner or later the system corrects itself—as if it were governed by a homeostatic mechanism— one way or another forcing the changes required to restore profitability, stabilize the currency, and reduce government spending to sustainable levels. We argue in our book that this see-saw between two unacceptable results—justice with economic instability or economic stability with injustice—is inevitable given the constitutive ethics of western modernity.

“Regime of accumulation” and “systemic imperative” are two useful concepts here, the first a concept developed by the Grenoble School of “regulationist” economists in France,<sup>22</sup> the second developed by the Canadian economic historian Ellen Meiksins Wood.<sup>23</sup> They show why John Dewey’s vision of an experimental society and Karl Popper’s vision of an open society are not feasible as long as the dominant paradigm is what Charles Taylor calls the constitutive rules of a bargaining society, otherwise known as the Roman Law framework<sup>24</sup> for commerce with its matching ethics and matching common-sense.

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<sup>20</sup> Ricardo Lagos and Oscar Rufatt, “Military Government and Real Wages in Chile,” Latin American Research Review. Vol 10 (1975) pp. 139-46.

<sup>21</sup> Besides practical consequences like those mentioned, the dominance of the “Chicago boys” brought the theoretical consequence that economics as an academic discipline was dominated by what Joseph Schumpeter called “hitchless economists,” i.e. economists who unlike Keynes and other “hitch economists” believed Say’s Law, that supply creates its own demand, and hence saw no general problem in a normal economy of a chronic tendency toward overproduction, underemployment, and weakness of effective demand. See Joseph Schumpeter, History of Economic Analysis. New York: Oxford University Press, 1954.

<sup>22</sup> Michel Aglietta, Régulation et crise du capitalisme: L’expérience des Etats-Unis. Paris: Calmann-Levy, 1976. The concept of regime of accumulation is elaborated by David Harvey in The Condition of Postmodernity. Oxford: Blackwell, 1989.

<sup>23</sup> Ellen Meiksins Wood, Empire of Capital. London: Zed Books, 2003.

<sup>24</sup> I have in mind the simplified version of Roman Law permitting commerce throughout the Empire with the same rules known as the *jus gentium*, and the principles of Ulpian featured in Justinian’s subsequent compilation *honeste vivere* and *suum cuique*, together with the modern principle of contract *pacta sunt servanda*, distilled from Roman sources in the 17<sup>th</sup> century by modern European scholars. The differences

The idea of “regime of accumulation” tells us that as long as the accumulation of profits is the motor that drives a society’s economy, all of the institutions of that society – its politics, its schools, its mass media, its recreation, its science, its art ... in short, everything— must contribute to satisfying the overriding need to create favourable conditions for the accumulation of profits. The idea of “systemic imperative” is similar. It teaches us not to overestimate the importance of who holds economic power, or political power, or any kind of power.<sup>25</sup> The system itself has power. It issues commands that must be obeyed. As long as the constitutive rules of the game are what they are, it is imperative that certain things be done—for example costs, including labour costs, must be kept down to remain competitive—whoever is CEO, whoever is owner, whoever is President, whoever controls the legislature.

We can use the idea of “regime of accumulation” to say that around 1980, more or less, the greater part of the world made a transition from one regime to another. Prior to the 1970s there was a Keynesian (Fordist, social democratic, in Latin America developmentalist) regime. Keynesianism was not a revolution in which the poor took the property of the rich; it was the macroeconomics that got the world out of the Great Depression (and kept it out for a while after World War II ended) by making business profitable again. It argued that a highly paid working class, a prosperous middle class, and high levels of government spending and central bank lending boost profits by creating consumers with purchasing power to buy the products of industry ---especially mass production industry that requires huge investments that can only be profitable if there are mass sales to mass markets. It created for the first time in history whole continents (Europe, North America, Australia) where the majority was not poor. When the Keynesian regime proved not to be viable within the parameters of the basic cultural structures of the modern world, when it proved to be feasible only under temporary and unusual historical circumstances, it was replaced by a neoliberal regime that boosts profits the old-fashioned way: by lowering the share of revenue that goes to labour and raising the share that goes to capital.

My co-author and I argue that the collapse of Keynesian social democracy was inevitable given the constitutive rules of markets, that is to say the Roman Empire’s legal

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between Roman Law and British common law are not great for my purposes, both because the direct influence of Roman Law on British law was great, and because the British in the light of the needs of commerce arrived at similar doctrines themselves. Weber himself did research showing that some of the origins of modern European commercial law were not strictly Roman, but nonetheless recognized that the great systematizations were found in the Roman tradition and that systematization was what capitalism needed. Immanuel Wallerstein in his work on the history of the modern world-system notes that one reason why Europe and not China became the centre of the world-system was its highly developed legal system suitable for organizing and promoting commerce.

<sup>25</sup> Here I am drawing a conclusion from Wood’s premises, not paraphrasing her. Of course it is sometimes said (although I do not believe it) that what is crucial is that capitalists as a class have power, because if they wanted to they could as a class change the constitutive rules. It has also been argued (mistakenly, as I think any reader of our book will see) that it is not necessary to change the traditional Roman Law framework for commerce developed in early modern Europe, because socialism can be achieved by changing the balance of social power while keeping the same principles of jurisprudence. Karl Renner, *The Institutions of Private Law and their Social Functions*. London: Routledge and Kegan Paul, 1976. (German original 1929)

heritage reworked to organize commerce in its successor states. (In a sense all nations today are successor states of the Roman Empire, since their models for what it means to be a nation-state have come from Europe.<sup>26</sup> In a global economy so organized Sweden could be a high wage island in a low-wage sea only to a limited extent and under unusually favourable conditions. Sooner or later Volvo would shift many of its operations to low-wage Brazil. Sooner or later wages would drift downwards toward European averages and eventually toward world averages. Sooner or later the tax burden required to make the government the guarantor of employment, housing, education, health care, and retirement for the entire population would have to be either reduced (with corresponding reductions in services) or moved more onto the shoulders of consumers as a value-added tax, or both. In fact the Swedish government gave up on being the guarantor of employment for all Swedes. Like the other nations of Europe it has been steadily making its taxes less progressive and more regressive, while eroding its welfare guarantees.

In short neoliberalism rose because social democracy fell. The occasions of its fall varied from time to time and from place to place. In the end it had to fall because it was incompatible with the norms of modern ethics. Redistributing wealth from the rich to the poor was incompatible with the rules of freedom, property, and contract that constitute markets.<sup>27</sup> This conclusion follows from the historical record, and it also follows from simply reflecting on the logical consequences of playing this game by these rules.

### Third Part

Now that the neoliberal paradigm, also known as the neoliberal regime of accumulation is in crisis worldwide, some of us are saying that it is time to reconsider modernity. We are saying that we need to revise our options not at the 1980 fork in the road when Keynes was discarded and a slightly revised version of 19<sup>th</sup> century free market ideology was adopted, but way back at the fork in the road in the 16<sup>th</sup> and 17<sup>th</sup> centuries when modernity arose in Europe and simultaneously set about conquering the rest of the world.

At this moment, true to their doctrine, the highest authorities of the world-system are calling on the masses of Greece and Italy to endure even more austerity, even more wage cuts, even more unemployment, even more insecurity in old age, even more rollback of the welfare state. Most of the rest of the world is similar albeit at the moment in a lesser degree. The purpose is the same as that of structural adjustment in Africa in the 1980s, to raise

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<sup>26</sup> Michel Foucault has shown in his posthumously published lectures at the *College de France* that in early modern Europe, (and consequently by extension in the rest of the world as the rest of the world modeled its ideas of nation-building on Europe's,) the legitimacy of a monarchy (all the European states were then monarchies) depended on its acceptance of principles of legality that reigned in the Empire before the fall of Rome and the breakup that made nations of its former provinces, e.g. England, France, Spain....

<sup>27</sup> Robert Nozick is among those who argue that it contradicts the basic ethical principles of our modern western societies to pursue social justice by redistributing wealth. My point is not Nozick's point that on libertarian principles a welfare state is unethical. My point is that given the prevailing ethics and the institutions they inform a welfare state is impractical. Conversely, to make a welfare state practical we need to reconsider our worldview. See Robert Nozick, "Distributive Justice," Philosophy and Public Affairs. Volume 3 (1973) pp. 45-126.

money to pay back debts by decreasing expenditures and increasing revenues. There are signs that the masses will not take it anymore. The unemployed are growing more numerous and more impatient. Many people suspect what some of us know, or at least think we know: that even if neoliberal orthodoxy succeeds in imposing its bitter medicine on the masses; the medicine will not cure the disease. The world will continue to be unjust, ecologically unsustainable, and economically unstable.

The circa 1980 crisis which led to neoliberalism was characterized by militant social movements who demanded more justice than the logic of the system could endure. Attempts to appease them by government spending, central bank lending, and labour union collective bargaining led to too much money chasing too few goods, to stagflation, to undesired inflation without the desired full employment. This was the mess then neoliberals set out to clean up, and they are still mopping up its remnants. Meanwhile, at the same time that the unemployment and poverty that the old social justice movements sought to cure rage unchecked, the world has been hit by a series of financial crises in which major financial institutions and sovereign states become rather rapidly and dramatically no longer able to cope with mountains of unpayable debt.

Earlier I suggested that the decline of social democracy was inevitable given modernity's logic of capital accumulation. I suggest that the same logic implicit in the naked ethics of modernity underlies today's crisis. (I use the phrase "naked ethics of modernity" to distinguish the causes of our troubles from the "properly clothed ethics of modernity" you get by following Amartya Sen's advice and my advice to regulate and supplement the logic of capital with other logics, many of them non-mercantile.)

To show why today's series of crises calls into question our worldview and our civilization I will rely on the analysis of those crises provided by Paul Krugman, winner of the 2008 Nobel Memorial Prize in Economics, in his book The Return of Depression Economics.<sup>28</sup> Krugman shows that their root cause is the chronic weakness of effective demand inherent in capitalism – the same chronic weakness of demand that Keynes analyzed in his General Theory of 1936.<sup>29</sup> It is weakness of demand that leaves many trillions of dollars floating around in today's global casino trying to turn a profit by speculation in the absence of profitable investment opportunities in the real economy. It is weakness of demand, translated into unemployment and low wages, that leads governments to go into debt trying to cope with social problems. Inevitably bubbles burst and debts become unpayable.

Keynes in his General Theory explains the chronic weakness of effective demand as the result of twelve psychological factors that lead people to save some of their money instead of spending it all. He makes a similar list for businesses and public sector entities which also have good reasons for keeping some cash out of circulation instead of spending it. Joanna Swanger and I suggest in our Dilemmas of Social Democracies that Keynes

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<sup>28</sup> Paul Krugman, The Return of Depression Economics. New York: Norton, 2009.

<sup>29</sup> As noted above neoliberal economists are anti-Keynesians who do not believe there is a chronic weakness of effective demand. They are what Schumpeter in his History of Economic Analysis (New York, Oxford, 1954) calls "hitchless economists." Krugman argues that whatever may be the practical outcome of the present series of crises, the facts have made neoliberal theory intellectually untenable.

attributes to psychology what should be contributed to constitutive rules. Our basic ethical and legal rules, and our basic common sense, leave people free to do what they wish with their property and their money. There is simply no reason to expect that everyone who needs to get a job to make a living will find someone who chooses to employ him. Any given commodity offered for sale may and may not be sold. A good part of the time a good many will not be.

What we have in mind can be further understood in terms of the contrast between a traditional “status society” and a modern “contract society” found in Sir Henry Maine’s book Ancient Law.<sup>30</sup> Maine, joined by Emile Durkheim and many others, found that among indigenous peoples and in traditional Europe people enjoyed a certain security simply by virtue of being born into an extended family, into a clan, tribe, lineage, or peasant community. People had a certain status as cousin of X or daughter of Y. That meant they had certain duties to meet other people’s needs, while other people had certain duties to meet their needs. Anthropologists sometimes call this “reciprocity.”<sup>31</sup>

In this light it is no wonder that around the world traditional people refused to give up voluntarily the security of indigenous ethics in order to work for wages in the mines and plantations of European colonists. They had to be compelled by force to become “free” labourers.<sup>32</sup> Nor is it any wonder that Emile Durkheim was able to draw maps of Europe showing that the rates of suicide were higher in the more modern regions and lower in the more traditional regions.

Thus the pressures that lead to bubbles that burst and to debts that will never be paid can be seen as consequences of a chronic lack of effective demand leaving money with no place to go while vital needs are unmet (like the need to sell something to be able to buy food), which in turn can be seen as constitutive features of a social order that lacks traditional norms of status and reciprocity. And so far efforts to bring in the state to provide social security for all have worked partially, temporarily, and sometimes not at all. The brave declarations of economic and social human rights ratified by treaties have proved to be illusory because redistribution of wealth through government action is not feasible given modernity’s basic constitutive rules.

I want to believe that I do not need to tell you the meaning I recommend for university transformation. I want to believe that I have already convinced you --or reminded you if you were already convinced on the point before I started speaking -- that the survival of the human species depends on liberating our minds from the confines of the dominant modern western paradigms. I want to believe that for a reasonably well-informed and rational person it is self-evident, given that premise, that universities in Africa must be Africanized, that they must promote indigenous knowledge systems, they must be transdisciplinary, and they must do this not just for the sake of Africa but for the sake of being a good example for the rest of the world. Nevertheless, cautiously considering the

<sup>30</sup> Sir Henry Sumner Maine, Ancient Law. London: Oxford University Press, 1930 (1861).

<sup>31</sup> Marshall Sahlins, Stone Age Economics. Chicago: Aldine-Atherton, 1972; George Dalton; “Review: An Economic History of West Africa by A.G. Hopkins, African Economic History. Spring 1976 pp. 51-101.

<sup>32</sup> Maria Mies, Patriarchy and Accumulation on a World Scale. London: Zed Books, 1986. See also the eloquent chapter “On the So-called Primitive Accumulation,” chapter 32 of Karl Marx’s Capital, showing that the creation of a “free” labour force was no less bloody in Europe itself than it was in the colonies.

possibility that these things I want to believe may be only partly true or even not true at all, in the next and last part I will make explicit some specific recommendations for transforming universities. My point of departure is a premise that has been stated so clearly by Amartya Sen that it is impossible not to understand it. Sen wrote with admirable precision and clarity, in a phrase that is not even a full sentence, of "...the mean streets and strained lives that capitalism can generate, unless it is restrained and supplemented by other—often nonmarket—institutions."<sup>33</sup> I want to highlight Sen's word "supplemented." The modern institutions that now govern the world solve some problems, but they are not capable of solving all the problems that require solutions. Therefore they must be supplemented. To supplement them we must enlarge our thinking. To enlarge our thinking we must challenge the dominant paradigms and open the universities to the alternative paradigms.

#### Fourth Part

Recent television appearances by Barack Obama, the President of the United States, provide good examples of muddle. Sometimes he says that he is going to increase government spending to stimulate the economy and create jobs. Sometimes he says he is going to decrease government spending in order to bring down the annual deficit and eventually to stop the growth of the national debt and start paying it down.

One might take this example as further proof of the bankruptcy of the dominant paradigm. We have what Thomas Kuhn might call anomaly: governments are pressed to spend more and to spend less, and neither alternative is likely to lead to a desirable result. One might go on to draw a conclusion for the curriculum of the university: The university should cease teaching social sciences derived from and embedded in the dominant paradigm.<sup>34</sup> It should take the lead in creating alternatives to it, and in paying attention to the alternatives that maverick scholars have already created.

But that conclusion is not what transformation by enlargement is about. It is not about excluding options. It is about becoming more rational by considering a greater number and variety of options before making a decision. Bearing this in mind, let us take another look at President Obama's options.

The government cannot simply have no budget at all. It must spend at some rate, be it higher, be it lower. Hence President Obama together with the legislature cannot avoid the responsibility of deciding to spend at some rate or other. He can try to improve the trade-off with a number of gambits, like for example betting that spending on stimulating certain growth industries will in the end increase tax revenues so much that the eventual black ink will exceed the initial red ink. While it is known that all of the choices the President faces have drawbacks and risks, it is also known that choosing no alternative is not an

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<sup>33</sup> Amartya Sen, "Sraffa, Wittgenstein, and Gramsci," *Journal of Economic Literature*. Vol. 41 (2003) pp. 1240-1255. p. 1247.

<sup>34</sup> Immanuel Wallerstein argues in *Unthinking Social Science*. Stanford: Stanford University Press, 1995, that the principal social sciences, economics, politics, sociology, and anthropology took essentially their present forms in the early 19<sup>th</sup> century as part and parcel of the consolidation of a liberal world order. That world order is built into their mainstream assumptions and methods.

option. Trying to do the best one can under the circumstances in the world as it is now constituted is a responsibility.

What I mean by muddling through is working with the dominant system as best one can. For the time being at least, it is the real world. In the real world when one is unable to produce a good result, one can sometimes produce a lesser of evils. Muddle. The university curriculum must therefore prepare the students for a world in which they too will have to muddle. Students must study the existing dominant institutions and how to work as best one can within them.

At the same time the university can be a leader in following Amartya Sen's advice to supplement the dominant market alternative with other institutions, some of them market some of them non-market. Create. Create the new world while coping with the old. Let me show some examples of social creativity:

[show

Tee Shirt from Seriti Foundation Organization Workshop for the unemployed

Tee Shirt from Soul City television centre devoted to creative solutions to social problems

Tee Shirt from Mil Hojas worker owned pasta factory in Argentina

Community currencies (barter script) from Cordoba and Bermudez in Argentina, and Santa Barbara, California]

I have been looking for a word better than "Create" to express my meaning but I have not found one. I have considered "muddle and socially innovate" but that has too many syllables. Perhaps you can help me find a better word after I explain why the meaning I am assigning to "Create" here is in some ways counter-intuitive. I count as "creative" any practice that gets human needs met without depending on the dominant paradigm, that is to say without depending on investor confidence leading to employment and production. If a person who is unemployed is nevertheless able to live comfortably because of the help of family and friends, that is creative, even though the family is our oldest institution, and even though friendship is an institution so ancient that Aristotle devoted a book of his Nicomachean Ethics to it.

My use of "creative" is also counter-intuitive because every day entrepreneurs and employees in profit-making institutions find creative solutions. They make new products and they make old products better. That is one reason why we need entrepreneurs. It is one reason why transformation by enlargement preserves and enhances the private profit-making sector. But it is not the "restraining and supplementing" "creativity" I have in mind when I propose the slogan "Muddle and Create."

There are hundreds and thousands of creative solutions. I cannot make a complete list of them because they are without number and tomorrow somewhere in the world someone will invent a new one. They are all the logics and ethics that in Sen's words "restrain and supplement" capitalism.

Transformation by enlargement will make the experimental society of John Dewey and the open society of Karl Popper possible. It will liberate humanity from the regimes of accumulation the Grenoble School analyzes and the systemic imperatives Ellen Wood analyzes. It will meet the social needs that for-profit institutions do not meet, while preserving the social functions of profit. It calls on the university as a thinking institution to help all of us systematically and thoroughly to rethink the world.

Rethinking will guide us to do more of the innumerable creative things we are already doing—such as donating to charity, meeting needs through the public sector, running cooperatives and nonprofits, valuing and enhancing indigenous forms of solidarity. If we do more of the same and invent more of the similar long enough and hard enough we will succeed in including every single citizen in dignity and prosperity. We will also succeed in building governable societies where what must be done ecologically to preserve the biosphere -- and in general whatever rational collective self-interest requires-- can actually be done. The ups and downs of the business cycle, bringing with them what Schumpeter called “creative destruction,” will continue, but our plural logics, plural power-centres, and plural institutions, will create enough buffers that in the down phases nobody will be thrown onto the street. The up phases will not go so far up because when maximizing economic growth requires government action to boost investor enthusiasm in ways that collide with other values, democratic institutions will have real power (as distinct from the illusion of power) to say, “No thanks, we will let the bears run the stock exchanges for a while. We prefer to (and we can) choose social welfare and ecological sustainability over maximizing investor confidence.” The chronic weakness of effective demand will steadily become a smaller and smaller problem, and in the limit will be no problem at all, because sales insufficient to keep everyone employed will be compensated by the expansion of other sectors that do not depend on sales.<sup>35</sup> There are also a number of sectors that do depend on sales, for example micro-entrepreneurship and cooperatives, that take up some of the slack when the classic profit-making sectors do not generate enough employment. But, following Sen, we need to add to what cooperatives and micro-enterprises can do (and add to what the classic private for-profit sector can do) by relying also on institutions that are not commercial at all.

Transformation by enlargement requires transformation of the university because within the currently dominant intellectual paradigms it is unthinkable and undoable. In an ethical paradigm it is thinkable and doable.

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<sup>35</sup> Here the meaning of the word “employed” needs to be expanded, or else the word “employed” replaced with “having a livelihood” or “socially integrated” since some of the ways of including everyone (for examples going to school on a scholarship, subsistence farming, being in a civilian conservation corps) will not fit within a narrow sense of “having a job.” See Jeremy Rifkin, *The End of Work*. New York: Putnam, 1995. Guy Standing, *Global Labour Flexibility: Seeking Distributive Justice*. New York: St. Martin’s Press, 1999; Jean-Louis Laville, “A New European Socioeconomic Perspective,” *Review of Social Economy*. Vol LXI (2003) pp. 389-405.

