

General Foundations for PEKEA

At our launching conference (Santiago 11-13 September), during plenary sessions, we developed some important elements that could be considered as basic hypotheses that we hold in common. Hereafter there is a final draft after discussion, critiques, comments and corrections.

Some of these elements are drawn from our common vision of concrete economies, some are ethical principles or choices, all are consistent with our endeavour to make a contribution to build a planet for humanity and solidarity. They are presented in three points :

1. About markets, enterprises, public policies, competition, cooperation, democracy
2. About individualism/holism, rationality/appropriateness, trust/power, labour, business communities, societal value
3. About a non-disciplinary approach/global teams, theory, solid evidence, slogans, societal innovations, ethics, education in humanities and social science

1. Concerning markets, enterprises, public policies, competition, cooperation, democracy.

1.1. We are convinced that the functioning and evolution of economic activities and thus of "national" or "local" economies are not primarily driven by markets and by the so-called "laws of the market"; since the industrial revolution at the latest, the driving forces have been enterprises and public policies.

1.2. Enterprises are creating "their" market; since the mid 19th century, in the new fields of industrial production, in new technologies, a few enterprises have constituted oligopolies (Steel, Oil, then in chemicals, then automobiles, computers, electronics, telecommunications, pharmaceuticals, aeronautics etc.). At the same time, public policies have tried to establish rules of the game, have offered incentives and subsidies, and have designed strategic policies for external trade in almost all industrialised countries. Not one industrialised country has simply followed markets and laws of the market.

1.3. Everywhere people are living in economies dominated by enterprises and public policies. This observation does not mean that we have to accept the so-called effectiveness and legitimacy of market exchange or a centralized planning state. Multiple exchanges of various material and immaterial "objects" have to take place between actors for economic life to continue and this requires different

sorts of markets to exist and support each other. We reject the hypothesis that a central authority would decide the transfer of these "objects" from one actor to another and dictate most behaviours in economic matters.

1.4. This does not mean that the so-called law of supply and demand should be revered. This is not a divine or natural law and often leads to cut-throat competition when cooperation would produce better results for all. Our idea about markets and exchange is to focus on societal scarcity instead of economic scarcity.

1.5. When eight people come to have a meal and the table is prepared for only five, the "law" of demand and supply would raise the price of the meal to the level where three of the people will abandon the party because it has become too costly for them. Competition and the laws of the market make rich people richer and the poor poorer. What should we do? Cooperate and negotiate so that all eight can share the five meals in the best way.

1.6. One empirical case concerns agriculture at world level. We cannot imagine that industrialised countries (such as EU, Japan and the USA) would totally abandon their farmers, but it is urgent meanwhile to help hundreds of millions of peasants in the South to make a living from their agricultural activities by exporting part of their production and to permit the starving to get food. In this as almost all other cases, solutions must be sought by negotiation and it is non-sense to just a try to restore the laws of the markets.

1.7. In short we reject the idea that any of our communities (local, national, global) should be an "Ecocracy" dominated by the logic of the market and by market agents. The working of communities must be driven by a collective search of their common interest defined and stimulated by their ethical commitments. Economic activities are to be subordinated to this common interest and social life and material resources must be organised to meet collective goals.

1.8. This also means that the invisible hand of the market in which individuals allegedly encounter each other as equals cannot be equated with democracy. Democracy is cooperation and not cut throat competition, democracy is negotiation and deliberation and not subordination to supposed natural laws, democracy is exchange between equals and cooperation. Collective goals must be democratically designed and this applies especially to goals concerning economic activities: what to produce and how, for present and future collective well-being?

2. Concerning individualism/holism, rationality/appropriateness, trust/power, labour, business communities, societal value.

2.1. We are convinced that each individual and group involved in economic activities have their own strategy. Even if they encounter real and strong constraints, they still have a degree of freedom so that they may really make choices; groups and communities may design and implement policies. This widely acknowledged fact leads us to both individualistic methodology and holistic methodology. In

other words, while social life is always path-dependant, we always have opportunities to shape a new and better path to meet individual and collective needs, desires, aims.

2.2. No individual's behaviour is dictated by absolute or bounded rationality. Behaviour is most often related to the ways in which individuals are inserted into various societal contexts and their understanding of what is appropriate in these contexts. Sometimes this is to continue with routine behaviour, sometimes it is new, but it is never the result of an explicit or implicit calculus of best self-interest.

2.3. This is not to say that everyone is always in a philanthropic mood: relationships between people are not abstract, they are made of trust and /or power, according to their place and role in the community and their aspirations.

2.4. Work is at the centre of economic activities and it usually involves multiple relationships. Work occurs whenever, someone contributes to the direct or indirect enhancement of community well-being and such work is to be welcomed. Thus the concept of work should be not reduced to labour-power sold on a market for a wage. While any community must share its enhanced well-being among its members, it must also reward members who contribute to that well-being and enable its members to make such contributions. The nature and modalities of reward or compensation and the conditions under which contributions are organised or can be offered are both equally important matters.

2.5. The organisation of work in places dedicated to the production of "objects" usually occurs in an "enterprise". Enterprises should be run as business communities where members are committed to cooperating to produce resources that have a real societal value for a wider community.

2.6. The societal value of labour is a concept consistent to that of societal scarcity introduced in the first point. Societal value is also the measurement of real wealth and the means of assessing how economic activities - through work- are contributing to it.

3. Concerning non-disciplinary, global teams, theory, solid evidence, slogans, societal innovations, ethics, education in humanities and social science.

3.1. Everything said above implies that economic activities must be observed and understood in a comprehensive manner that includes other intertwined components of the lives of communities social, political, and ethical. This makes strong demands on intellectuals who want to produce relevant knowledge about economic activities. We must go far beyond our usual disciplinary approaches even though we have usually been trained as specialist in one discipline. We are convinced that disciplinary knowledge is not enough and that we need to join up with colleagues from various disciplines to overcome the limitations of a narrow disciplinary approach.

3.2. As we are also convinced that our viewpoints are biased by the societal contexts in which we work, we need to team up with colleagues from different societal environments around the world.

Thus we will always try to organise teams with colleagues trained in more than two disciplines and from at least two continents.

3.3. Although our approach is clearly action-oriented and our analyses are based on grounded observations, our general project is mainly intellectual. This has necessary theoretical and conceptual dimensions: we aim to build a new, rigorous and relevant knowledge. It is an illusion to believe that there are 'pure' observed facts: observations are always shaped by the tools used in observation and their interpretation depends on theoretical and conceptual dimensions that are rarely explicitly defined. Thus we must cooperate to develop concepts and tools of observation that enable us to move beyond narrow disciplinary boundaries and to understand how real economies operate in real societal contexts. Based on a rigorous intellectual reconstruction of the concrete world, we will see that the world is quite different from its representation in terms of market economies.

3.4. This will also help to avoid making ungrounded assertions. Even if it seems clear to us that some assertions from some theoretical streams are non-sensical we still need to give solid evidence for our own alternative positions. Our assertions must be documented and tested. For example, we must show that business communities can work and are better than market-driven enterprises or that it is feasible and sensible to cancel the debt of all third world countries.

3.5. This is where we differ from protest movements: they are organising demonstration and meetings with a list of demands and assertions. We may agree with some of them. As a PEKEA group, however, we consider them only when they are relevant to our research projects, either as hypotheses or likely conclusions. Within the framework of PEKEA, our task is to organise the necessary research.

3.6. As an example, "to write off the third world countries debt" is not for us a slogan but an important and difficult theme for a research project. We have to explain its necessity and to prove its feasibility. This leads us to analyse and integrate many elements: there are experiences of write off success from the poorest countries with mainly public external debt vis à vis public lenders; there are experiences, in the aftermath of 1982 crisis, of the falling value of external public and private debts vis à vis private banks on the financial markets; there are very different stories today from Argentina to Cameroon to consider. Moreover as well as looking at debt write off we must consider a feasible future organisation for transferring financial resources from countries with surplus towards countries with deficit.

3.7. Our intellectual stance must not distance us from the real world; on the contrary we want to be, and we must be at the service of the people of our communities. This means first to listen to them and to take lessons from what they are doing as societal innovations. We have also to help to transform some tacit knowledge into explicit knowledge and to bring into the picture some codified knowledge that PEKEA will build. This will offer a better reading of their activities, including of these societal innovations - e.g. in the fields of solidarity economics-, and to illuminate choices among appropriate behaviours for individuals and policy makers alike.

3.8. Our endeavours must be designed according to the ethics of our communities. Recall that no taxonomy is neutral and that most categorizations of people usually entail a value judgement that must be explicit and refer to ethics. Our research work is driven by our efforts to help our communities and their members to reach their aims and to make progress to turn the world into a planet for humanity

and solidarity. Thus, PEKEA is concerned, everywhere in the world, when people are struggling against "bad" economy and try to set up a local organisation to put economic activities at the service of humanity.

3.9. To be sure, for the moment we cannot address all the cases that concern us. However our intellectual contribution has two advantages. First it will offer a scientific alternative to inspire those who are under pressure to give up their experiments or their practices in the name of mainstream rationalities and principles. And second, it will offer explicit guidelines for all who already are involved in economic activities and wish to study economics further, whether or not they are formal students. We have to organize among active members of our network, working groups and, with associated members, courses of several forms, especially on the Internet, about different aspects of economic activities from our research works. In this way we will make progress towards a new type of education in humanities and social science consistent with PEKEA's general foundations.

Photo 1 : Opening address by José Antonio Ocampo, executive secretary of ECLA (Economic Commission for Latin America) welcoming our international launching conference.



SEMINARIO INTERNACIONAL.- El Secretario Ejecutivo de la CEPAL, José Antonio Ocampo, interviene en el Seminario Internacional en el que se analizaron las actividades económicas globales desde el punto de vista ético, político y cultural. A su lado, la Rectora de la Academia, Cecilia Leiva.

Photo 2 : First rank around the table during a plenary session of discussion.



Photo 3 : A part of the audience during a plenary session of discussion

