

14 January 2000

United Nations Seminar
Centre de Conférences Internationales
23 rue la Pérouse
75775 Paris Cedex 16

19-21 January 2000

VALUES AND MARKET ECONOMIES



Fundação Cuidar o Futuro
PROVISIONAL AGENDA AND PROGRAMME OF WORK



BACKGROUND

1. This seminar on "Values and Market Economies" is organised in the context of the preparation of the Special Session of the General Assembly of the United Nations which will be convened in Geneva on 26-30 June 2000 to review the implementation of the decisions taken by the World Summit for Social Development in March 1995 in Copenhagen. The Preparatory Committee for this Special Session will meet in April in New York. The report of the seminar will be submitted to this Committee.
2. A precedent to such discussion on values, within the official framework of the United Nations and as part of the preparation of the Social Summit itself, was the seminar of October 1994, in Bled, Slovenia, on "Ethical and Spiritual Dimensions of Social Progress". Its report includes a critique of the "cult of money" and "cult of performance", and notes that individual freedom is meaningless and dangerous when dissociated from responsibility and deprived from an enlightened spirit. It recalls that for great philosophies and religions, to be free is to obey one's conscience. It notes that science and scientists cannot be owned, by political or financial power, without being perverted. It also notes that corruption, in its many forms, is a cancer in contemporary societies. It sees human dignity as a categorical imperative, that must by definition be recognised in all human beings, without distinction of any sort, and that constitutes the central value for political action.
3. The text adopted in Copenhagen by the Social Summit reflects such values and goals endorsed by the international community through the United Nations, on the foundation provided by the Charter and the Universal Declaration for Human Rights. It expresses a resolutely humanist political philosophy, placing human beings, seen as equal in rights and opportunities for self fulfilment, at the centre of thinking and action for the construction of a viable world order. It represents a mobilising Utopia - taken here in a positive sense - of prosperity and peace, with elimination of material poverty, recognition of cultural and spiritual needs and diversity, social cohesion in harmonious communities, and cooperation of states -irrespective of size and power- in a large variety of domains of importance to human welfare. It emphasises new concerns and new gains in political consciousness, notably equality between women and men, and sustainable development. It acknowledges that states and governments can no longer be considered as solely responsible for individual welfare and the good functioning of societies. The private economic sector, social movements and trade unions, and other elements of the civil society as well as religious organisations are seen as actors of social change and progress, with rights, duties and responsibilities.
4. Negotiated after the end of the cold war, and after China had embarked in the construction of a "socialist market economy", the same Copenhagen text recognises the need for "dynamic, open, free markets". It also recognises the need to "intervene in markets", including to "ensure fair competition and ethical conduct" and "promote stability and long term investment". It notes that economic activities, not only create the "wealth of communities", but are one of the channels through which "individuals express their initiative and creativity". It also notes, however, that "social progress will not be realised simply through the free interaction of market forces". In economic globalisation, which was already a strong trend by 1995, the Social Summit saw "new

opportunities for sustained economic growth and development of the world economy", and avenues for "cross-fertilisation of ideals, cultural values and aspirations". However, rapid processes of change have been accompanied by "intensified poverty, unemployment and social disintegration", and "threats to human well-being, such as environmental risks, have also been globalised".

5. Five years later, the market economy system continues to gain wide acceptance throughout the world. Crises and failures, as in Asia and in Russia, problems, as the aggravation of income and wealth inequalities in Europe and North America, are being explained and interpreted in various ways, but the basic principles of this system, notably private initiative, private ownership of the means of production, and regulation of prices and financial flows by market forces, are generally not questioned. Jointly, the process of globalisation has gained impetus, and the problems it raises have become more publicised in relation with the WTO meeting in Seattle, but a politically and economically coherent alternative to an open world economy has not been invented. And, debates on norms and values, on the moral foundations of societies and the world community, have become more frequent and more intense in a variety of circles.

6. The extent and the manner in which market economies, and their globalised part, ought to be modified, oriented, regulated, in order to improve their contribution to the betterment of the human condition throughout the world, is a question being addressed from many perspectives. Here, in this Seminar, the perspective will be universal and normative. The market economy system, and its diverse avatars, will be debated from the viewpoint of the moral norms and values it reflects, propagates, implements or threatens. Using national and regional examples, this reflection will aim at the universal, because the United Nations is concerned with the common good of humanity.

THEMES FOR DISCUSSION

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Three themes are proposed for discussion:

- *Contribution of market economies to the realisation of shared values;*
- *The actors involved: their objectives and moral norms;*
- *Instruments and institutions for dialogue and cooperation.*

Theme 1 : Contribution of market economies to the realisation of shared values

7. Among the values shared by the international community through the adoption of a text as the Copenhagen Declaration and Programme of Action, four might be selected as particularly important in themselves and in relation with the functioning and performance of market economies.

8. First is the *right for everyone to an adequate standard of living*. "Adequate", says the Universal Declaration for Human Rights, "for the well-being of himself and his family, including food, clothing, housing and medical care and necessary social services, and the right to security in

the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control". The Social Summit expressed this right through a commitment to "the goal of eradicating poverty in the world", and "seeking to reduce inequalities and increase opportunities and access to resources and income". Though work is a value in itself for the fulfilment of the person, the other commitment of the Summit to "promoting the goal of full employment as a basic priority of economic and social policies", can also be treated as the "normal" way of ensuring an adequate level of living to all those who are in a position to have an economic activity. Underlying such rights are values pertaining to the fundamental equality and dignity of all human beings, to equity, and to solidarity. The very broad question of the extent to which current market economies are geared towards the realisation of these values could be addressed by the Seminar from several angles:



- Are market economies, in affluent and poor countries, currently reducing or aggravating poverty, absolute and relative? What is the direction of the trend since the 1980s?
- If there are, from this viewpoint, marked differences among countries, what are the specific features of market economies that suggest plausible explanations?
- Still in terms of reduction or aggravation of poverty, has the globalised part of the world market economy, an identifiable role?
- Is the fulfilment of the right for everyone to an adequate standard of living sufficiently high on the agenda of contemporary societies? Or, is it treated as a by-product of the efficient functioning of market economies?

9. The second set of values pertain to the *enjoyment of freedom and other basic rights, including worker's rights*. The Social Summit reaffirmed the pertinence of such rights, as detailed in the International Bill of Rights and in the conventions adopted by the International Labour Organisation. Freedom refers here to freedom of initiative, freedom to create and expand an economic activity, as well as freedom of association, and freedom of thought, conscience and religion. Rights, in the language of the Covenant on Economic, Social and Cultural Rights, relate to "the enjoyment of just and favourable conditions of work", including "fair wages and equal remuneration for work of equal value without distinction of any kind", and "safe and healthy working conditions". The prohibition of all forms of exploitation and discrimination, including gender discrimination, is part of this set of values. While not attempting a comprehensive assessment of the current performance of market economies with regard to the protection and promotion of these rights, the Seminar might address the following type of issues:

- Market economies are based on freedom of initiative, also called the spirit of entrepreneurship. In different market economies, are there legal and cultural barriers to the exercise of such freedom that ought to be removed?
- Leaving aside comparisons with the past, there is strong evidence of cases of exploitation of human beings by others, including in affluent societies. What is the magnitude of this problem and how should it be addressed?
- The concept of security, in one's employment, knowledge and status, seems to be at odds with the modern characteristics of market economies. Relevant are technological changes, but also cultural attitudes. Is this a trend that should and could be reversed?

- Participation of workers and employees in the management of the companies in which they work seems to have been supplanted in the priorities of the time by financial participation. Yet, there is probably a continuum between democracy in the work place and overall political democracy. Can financial and managerial, participation be pursued in parallel?



10. Thirdly, the value of *sustainability* has, since the Rio Conference on Environment and Development, been progressively treated as a critical dimension of human activities on this planet. The Social Summit saw sustainable development as the "framework for efforts to achieve a higher quality of life for all people". It also stated that "the major cause of the continued deterioration of the global environment is the unsustainable pattern of consumption and production, particularly in industrialised countries". Without losing sight of the vital importance of a healthy environment, it might be useful to extend the concept of sustainability to the political and moral domains. A market economy can be politically unsustainable if it aggravates inequalities, within or among communities, and if it generates the alienation of individuals and groups from the social fabric and international community. A market economy can be culturally and morally unsustainable if it blurs the distinction between right and wrong, fair and unfair, or if it invades most domains of society and spheres of life. The drawing of a line between a market economy and a market society stems from such cultural and moral perspective. Among possible questions for debate:

- Has the secular trend towards the deterioration of the global environment been reversed or at least halted in some domains?
- Do market economies, nationally, regionally and globally, leave enough political room and enough resources for the identification, management, and financing of public goods?
- Are the phenomena of exclusion and marginalisation, of individuals and groups, inherent to the market economy system? Are correctives constantly necessary at all levels? Are there specific features of the modern avatar of this system, related for instance to technological change or to the terms of international competition, or to the measure of economic efficiency, that are particularly of a socially "Darwinian" style?
- While everybody recognises that an economic base is necessary to life and to the pursuit of happiness and wisdom, consumerism does not have a great intellectual and moral appeal. Yet, market economies function through the creation of needs and the rapid obsolescence of goods and services. Is this a problem only when market economies tend to become market societies?

11. Fourth, are the values of *openness, diversity, and cooperation*. The world imagined and promoted by those who created the United Nations System is an open world. From trade of goods and services to communications and scientific exchanges, from tourism to the right to asylum, relations among people and nations were seen as sources of peace and prosperity. This openness, however, was not to be achieved through the erosion of national borders, and was not to be confused with the creation of a culturally and politically uniform world. Diversity, in traditions,

rituals, languages, ways of thinking and being, modes of living and learning, dwelling and clothing, was seen as entirely compatible with the sharing of core values, mutual respect, and exchanges of all types. Cooperation, first of all between nations, and more generally between all actors of the world scene, was considered the most promising path towards a democratic and fair world order. These values have kept prestige and legitimacy. Are they, however, enhanced, transformed, or eroded by the advent of an increasingly globalised world market economy? A few sub-questions to this query:

- Is there a difference between market economies opening themselves to international exchanges and dissolving themselves within a global market? Do small and nascent market economies have any margin of manoeuvre, except through regional or "like-minded" regrouping? Does this mean that the value of cooperation should have a renewed meaning and content?
- In a competitive world market economy, openness often means disappearance for the weaker, product or enterprise, and even community. Would it be possible to reconcile openness and economic creativity with the element of stability that seems to be necessary to any community, including the world community? Are the recent events related to the WTO meeting in Seattle suggesting that many citizens of the world are calling for a slowing down of the globalisation process?
- If diversity is a shared value, including by the most powerful and the most successful, and if it has to have more than a picturesque and "passeist" content, what are the economic and political paths to a pluralistic world economy? Are mergers and the apparent concentration of economic and financial power obstacles to cultural diversity?

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Theme 2: The Actors Involved: their Objectives and Moral Norms



12. Market economies are shaped by most of the groups and professions that together constitute a society, including of course those who make and disseminate information and those who write and teach, not only on economics but also on other basic matters of social organisation. Attitudes towards money and profit for example, or towards the respective roles of the private and public sectors, are influenced by both schools and media. Also, when debating of values and markets, the power of the scientific community, of those persons and institutions responsible for technological change, should be analysed. And, in spite of the identification of secularisation with modernity, religious institutions influence the economies of many societies through their moral pronouncements, for instance on poverty and wealth. Here however, within the confines of this Seminar, it is proposed to focus the discussion on four actors of market economies: enterprises and entrepreneurs, trade-unions and social movements, states and public servants, and regional and international organisations.

13. The *objectives and moral norms of enterprises and entrepreneurs* are obviously critical in the determination of the contours of a market economy. Their strategies and decisions, from advertising to investment in research and development, from location of a plant to policies on



remunerations, have concrete effects not only on the gross national product but also on the living conditions of people. Equally obvious is the extreme diversity of situations and levels of power that are masked by the use without qualifications of the terms "enterprise" and "entrepreneur". Within the same country, most entrepreneurs are trying to survive while a few are elaborating strategies on a world scale. And an entrepreneur in the informal sector of the city of a developing country has different problems to face and different expectations and hopes than a small entrepreneur in an old and affluent market economy. Diversity, however, notably in the size of enterprises as measured by the number of their employees, has commonly been considered a positive feature of a market economy, and a common ethos can be shared by individuals and institutions with very different levels of power. Among issues for debate:

- What is the moral outlook of the leadership of the large corporations that are creating a global world economy? Does it recognise the need for a global polity to balance a global market?
- What is the significance of the recent emphasis on "the social responsibility of the private sector"? Does it go beyond traditional, albeit important, issues of ethical behaviour in economic and financial transactions? Does it include issues of employment, protection of the environment, and product safety?
- Is there a trend towards greater transparency in the management of enterprises and corporations? Are there ethical guidelines that could be used and made public when decisions of consequence are made, for instance on the location of investments, or on the allocation of profit? What is the current and potential importance of the practice of giving an "ethical label" to corporations in order to guide investors?
- Mergers and acquisitions, seemingly leading to an increased concentration of power, are seen with a mix of awe and dismay by the general public, and often presented as imposed by the "iron law" of competition. Is growth and expansion at the level of a firm, of a corporation, a "natural" feature of capitalism? Are the current terms of competition modifiable? What is the current importance of competition through quality?

14. *Trade-Unions and Social Movements* have different origins and traditions, often different agendas, and indeed a very different political weight in various regions. They have however in common the defence of specific interests, advocacy for a cause, and a militant stance stemming from the fact that they are very rarely in a position of dominant power. During the last quarter of the 20th century, a weakening of trade-unions in most industrialised countries and their slow and problematic emergence in developing countries, has been paralleled by a surge of a number of social movements, first in a few democratic countries with a tradition of struggle for civil rights, and then on the world scene, partly through the United Nations and its Non-Governmental Organisations. Trade-unions are currently reformist, and the correctives they want to bring to market economies vary from adjustments in the scale of remuneration and improved working conditions, to greater employment security and greater say of workers and employees to decision making in enterprises and corporations. Social movements, such as consumer's movements, or movements to protect the environment, are sometimes more radical in their prescriptions for social arrangements that would enhance the cause they promote. At this point, trade-unions and social movements have not elaborated together a coherent political project that could challenge global capitalism. Among the questions that the Seminar might wish to address:



- Within a political perspective based on the usefulness of checks and balances, powers and counter-powers, are unions and movements presenting at the national level a strong enough challenge to corporate objectives and values?
- The apparent consensus on the absence of alternative to the market economy system, should not obscure the fact that throughout the world a large number of persons and organisations are persecuted for their willingness to denounce injustice. Is the market economy system moving towards more decency in human relations and less exploitation of the weak by the strong?
- Are social movements, in their questioning of some basic aspects of the functioning of market economies, signalling the emergence of new attitudes towards consumption, urbanisation, and other aspects of the dominant model of what constitutes a good life and a good society?
- In the same vein, and without risking undue generalisations and extrapolations, are there social, or religious movements in the South advocating different objectives and norms for economy and society?

15. *States and public servants* are often presented, at least in the Western world, as having lost in recent decades much of their capacity to lead and even regulate national economies. Privatisation of public assets and public services, the liberalisation of trade and capital movements, and a related emphasis on the virtues of private undertakings and the business ethos, have indeed considerably modified the ideological and political landscape of a number of economically affluent and poor countries. In historical terms, and without evoking the end of history, this can be seen as a victory for the liberal doctrine of the organisation of society. Yet, in countries of the North, there are many differences in attitudes and practices vis-a-vis the respective roles of public and private authorities and forces, and states have still considerable power to shape the economy, even when progressively relinquishing parts of their sovereignty to a supranational institution, as is the case with the European Union. In the countries of the South, some long established public institutions have kept the essential of their power on economic and financial matters, while in other and more numerous cases, "reforms" were pressed upon by external forces while public institutions were still in their infancy. There, as in the former Soviet Union, market economies are deprived of the public framework, legislation and moral principles that would enable them to function properly. Among the questions for debate:

- What is the current understanding, in different parts of the world, of the moral values that ought to be represented by the public service?
- To the extent that states are in a position to design and implement macro-economic policies that regulate market transactions, what is the moral and political rationale for such policies? Is financial stability a means or an end?
- In economic terms, as for the size of enterprises, does "small is beautiful" appeals to the dominant notion of modernity? Do states consider this motto a useful orientation for their economic policies?
- Referring to the shared values and objectives as endorsed by the Social Summit and evoked above, have national public authorities the means to influence significantly and positively poverty, unemployment, and social



alienation? How is understood the "ethical imperative" (to eliminate poverty) mentioned by the Summit?

- In addition to facilitating the operation of market forces, notably through appropriate regulations, are states aiming at giving a moral direction to economies and societies, for example towards compassion, equity, solidarity, or the pursuit of intellectual, moral, artistic, spiritual ideals? Under which conditions can states be more than managers of "things" while respecting the freedom of their citizens?

16. *Regional and international organisations* are supportive of the basic principles of the market economy system, as they link peace, prosperity and democratic institutions. Some are intervening directly in the functioning of national economies, either in the context of a regional agreement sanctioned by treaty, or because of a situation of dependence, as in the case of the "structural adjustments" undertaken by the IMF and the World Bank. The objective of the United Nations is to establish the political conditions for cooperation among states and to move the international agenda in a positive direction, notably through conferences on global issues. Given the proposed Theme 3, the Seminar may wish to limit its debate to two questions:

- Are the values of equity and solidarity providing a sufficient rationale to international organisations to help narrowing the gap between North and South in terms of material conditions?
- What is the current intellectual and moral appeal of the notion of "development"?

Theme 3 : Instruments and institutions for dialogue and cooperation

17. There is in the spirit of the time a strong emphasis on the necessity and benefits of dialogue and cooperation between the main actors of market economies. The moral legitimacy, political feasibility, and economic efficiency of authoritarian central management of economic transactions have been greatly damaged by the collapse of the Soviet system and the prevalent interpretation of its causes. Twenty years later, perfectly reasonable concepts such as planning or projections of economic variables under various assumptions, are tools which remain tainted by their association with a "command economy". The dialogue is therefore between actors whose relative power, perception of role, and moral and political "comfort", have considerably changed during the last decades of the 20th century. A sweeping but not false generalisation is that states and trade-unions are on the defensive, while the corporate community and a number of social movements have an ambitious and optimistic outlook on world affairs, and while international organisations are in search of a renewed rationale for their efforts. At the same time, there is widespread perception that many dangers threaten the world community and that problems of all types require joint thinking and action. In this context, and making, when necessary, distinctions between various levels of cooperation, the Seminar might consider a number of issues:

- For the regulation of market economies, is there at this point a sufficiently clear understanding of the complementary roles of laws and regulations (at all levels) and of voluntary guidelines such as ethical codes developed by particular professions?
- For the same regulation, including of the globalised market economy, are existing international institutions sufficient, in their structure, mandates, modes of

cooperation? From the perspective of the promotion of the common good through humane and efficient market economies, should the United Nations be strengthened? How the moral and political role performed by the major world conferences of the last few decades should be pursued ?

- Transparency and accountability are values, or political norms, that are frequently mentioned, together with “good governance”- seen as having a larger meaning than “good government”. How could regional and international organisations help increasing the transparency of market economies and their globalised part, and how could they ensure the accountability of their main actors? Are there appropriate institutions for such function?
- Is monitoring of the strategies and activities of economic actors, at national and international level, a function with moral legitimacy and political feasibility?
- What would be the moral justification for international solidarity expressing itself through various forms of taxation? Is solidarity the main value underlying official development assistance and comparable measures ?
- Does a globalised world economy implies global social contracts, between “social partners”, and also with the involvement of social movements and international organisations?

18. During its concluding session, the Seminar will have an opportunity to debate of issues that cut across the themes outlined above. It will also have the possibility to formulate recommendations.

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PROGRAMME OF WORK

Wednesday, 19 January

19.00 Dinner: Informal beginning of the Seminar

Thursday, 20 January

9.00 – 10.00 Opening of the Seminar
Introductory statement:
• Jacques Delors

10.00 – 10.45 *Theme 1: Contribution of market economies to the realisation of shared values*

Short presentations (5 minutes each) by :

- Richard Falk
- Jean-François Giovannini
- Marie-Thérèse Join-Lambert
- Thandika Mkandawire

Discussion

11.00 – 12.45 Short presentations (5 minutes each) by:
• Khalid Alioua
• Stanley Sanders
• Gautam Mukhopadhaya
• Barbara Sundberg-Baudot

Discussion

13.00 Lunch

14.30 – 15.15 Conclusion of theme 1

15.30 – 17.30 *Theme 2: The Actors Involved: Their Objectives and Moral Norms*

Short presentations (5 minutes each) by:

- Danilo Turk
- Maria de Lourdes Pintasilgo
- Arthur Mbanefo
- Margo Picken
- Jean-Martin Folz

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Discussion

Short presentations (5 minutes each) by:

- Ruud Lubbers
- Huang Ping
- Andrei Bugrov
- Torben Brylle

Discussion

17.45 – 18.30

Conclusion of theme 2

Friday, 21 January

9.00 – 10.30

Theme 3: Instruments and institutions for dialogue and cooperation

Short presentations (5 minutes each) by:

- Poul Nielson
- Dominique Peccoud
- Tu Weiming
- Goenawan Muhamad

Discussion

10.45 – 12.45

Short presentations (5 minutes each) by:

- Cristián Maquieira
- John Nevile
- Zola Skweyiya
- Kamel Al-Sharif

Discussion

13.00

Lunch

14.30 – 15.30

Conclusion of theme 3

15.45 – 18.00

Conclusions of the Seminar

- Francine Fournier
- John Langmore
- Jacques Baudot

Concluding remarks

- Nitin Desai

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