



**Society for
International Development**

Netherlands Chapter

SID-NL Lecture Series 2011-2012

**“The State in a Globalizing World.
Problematic, yet indispensable”**



Lecture: **Rethinking the state in the context of financial, environmental and social chaos.**

On Monday 18 June 2012, Hilary Wainwright - research director of the New Politics Programme at the Transnational Institute (TNI), and Co-editor of Red Pepper magazine - delivered her lecture in the 2011-2012 SID-NL Lecture Series.

Development Journal Launch ‘Citizenship for Change’

The Development Journal is a quarterly magazine for SID members, that discusses critical issues in international development and cooperation. The latest edition of the Development Journal ‘Citizenship for Change’, closely related to Hilary Wainwrights lecture, was launched on the same evening by Remco Berkhout (HIVOS Knowledge Programme). This special volume was established in cooperation with HIVOS.

Remco Berkhout argued that one of the most relevant issues at the moment is how citizens are navigating the turbulent water in a globalising world. Last year was a year of drastic citizen action, as the Arab Spring, Occupy and Anna Hazare demonstrate. Also, Time Magazine proclaimed ‘the protester’ as person of the year. Citizen protest erupted all over the world, suggesting a worldwide revolution. SID and HIVOS a varied group of academics and activists together from the global North and South to discuss and reflect upon the change that civic action is undergoing in an increasingly interconnected world, resulting in the Development Journal ‘Citizenship for Change’. This volume offers a critical analyses of the idea of revolutionary social change and offers tools to think about the nature of transformative social change. It includes a careful analysis of innovative movements and reflections on the role of technology. It sheds light on current trends such as Facebook revolution, twitter protest and internet democratisation. Importantly, issues of power and seclusion are also a factor in the online world as much as in the offline world. Netizenship might be more challenging because, for example, much of the public space in the online world is governed by private companies (such as Google or Facebook). This might make it much more difficult to exercise democratic control. Uniquely, this Development Journal links these critical issues of social change to international development and cooperation.

Summary

Hilary illustrated our current position of systemic crisis and our response to this by highlighting a satirical version of the story about the little boy that put his finger in the dike to stop the leaking during a flood (*Hans Brinker, or The Silver Skates*). Here, someone proclaimed that the solution to the flood would be to find more boys to stop the leaking. There would be no need for expensive government action because people would voluntary self-regulate the dikes. Off course this did not solve the problem because it was a systemic problem and they would soon run out of heroic little boys. Therefore, the story goes, the council voted to remove the North Sea by digging a new sea bed in Germany. Hilary stressed

that we are currently dealing with a systemic crisis ourselves. And the banks of today want to dig the mainland of Europe in such a way that Greece will be 'removed', out of the Euro zone.

She argued we are currently facing a situation where a political class exists that has got no other knowledge than managing a system. Up until the late 80s the system was one of closed national economy where flows were containable. This followed by the marketization associated with Margaret Thatcher and Ronald Reagan. This approach assumed a market system that would naturally flow into an equilibrium. However, what we are dealing with now is a system of chaos that is completely out of control. She



stressed that this is not the type of chaos of multiplicity that is contained within market theory, that claims that there is no single actor driving the system. According to market theory this sort of chaos is the great advantage of the market. But according to Hilary, the deregulation prescribed by market theory has effectively aided the development of massive monopolies and oligopolies of multinational corporations. And this has played a major role in the incredible asymmetry we are witnessing today.

She argued that these multinational corporations have become a new kind of agency. However, their power is mostly hidden because they do not act through democratic procedures. For example, the Murdoch investigation in the UK reveals a conscious system of arrangements but all through informal processes. On the one hand, this agency in terms of corporate power effectively occupies and captures state institutions. But on the other hand, this agency is completely unaccountable. Citizens are hit hardest by the crisis while major corporations remain unaccountable and citizens lack the political agency to address this.

Shortcomings of political parties: the politics of production

Hilary Wainwright argued that we cannot go back to the nation state or social democracy as we knew it. There are important lessons to be learned from the ease at which the social democratic welfare state was destroyed. For example, the highly valued National Health Service (NHS) in the UK is being privatised whereby people already have to pay for certain kinds of medical treatment that used to be free. She argued that one of the major issues that allowed this to happen was that political parties, such as the Labour Party, had no distinct politics of production. The political parties (also in the political Left) never saw their own members as sources of knowledge and creativity. Instead, they were seen as sources of votes and money.

Hilary stressed that we have to ask ourselves: what is in crisis? The financial system is in crisis, but that does not mean that we are in crisis ourselves. The capacities and skills of people - for example to teach, build and cure - are still available. According to Hilary this has to be at least one basis of an alternative. We have to begin to revalue labour. We should see labour not simply as wage labour but as a creative resource. This should be the basis for rethinking the economy. She argued that the idea of Big Society, by David Cameron, is mere social rhetoric. Instead we have to occupy that rhetoric and ask, why should we turn public services into coops and social enterprises? Why not turn privatised companies into coops?

She stressed that this does not mean the end of the redistributive state, but that we have to rethink and democratise this form of state. In response to privatisation we have to pursue the importance of labour. And in thinking about democratisation, we need to rehabilitate labour as a creative force. Here, we should think about labour in a very broad sense and not simply in terms of the trade unions. For example, in the UK and particularly in Latin America, there is a growing movement of public service workers that acknowledge that the public sector needs to be reformed. It needs to be reformed in terms of corruption, inefficiency, unresponsiveness, its narrow understanding of knowledge and paternalistic nature. But the people that run it and use it could show how it can be improved in order to maximise public benefit rather than profit. She also illustrated that today there are reinventions on a more creative level of social individualism. However, this is not the individualism that began in the 1960s and 1970s that was underpinned by the expansion by the financial sector. Then, aspirations of people were met in market terms as consumers. Now, the conditions for this have collapsed. For example, today's movements such as Occupy or the Indignados refuse to refer to politicians and the state as the answer. How can we create political institutions that can support this activity? Hilary argued that in rethinking our political system and political parties we have to build, first and foremost, upon the capacity of people.



Discussion

Dirk Janssen (UN Youth Representative and Worldconnector) moderated the following debate. One of the members of the audience asked if Hilary Wainwright could further explain whether she sees democracy and the market as mutually exclusive or complementary. Hilary explained that her basic understanding of democracy is a combination of political equality and popular control. Conditions for popular control are required for a vote to mean

something. For example, if the future of Greece is determined by the Troika or the EU then the Greek vote means nothing if people lack popular control. According to Hilary, this cannot count as democratic. She stated that it is important to distinguish between different kinds of market systems. For example, the way that the capitalist market has developed is inimical to democracy. It has produced such a degree of oligopoly, that the meaning of the vote has diminished massively. Instead, she argued for a democratisation and socialisation of the market, as well as of the state. But it cannot happen simply through the state because this institution has been so captured by the products of the current unequal market system. Therefore, we cannot avoid addressing our current economic system. According to Hilary, there is a need for a politics of production, a politics of the creation of wealth.

Another member of the audience asked in how far her ideas of social civic action are really new and in how far they are based upon council democracy or Marxist theory? Hilary argued that the fact of defeat should never necessarily mean that an idea was completely wrong. There are seeds of progress in many ideas that have been unsuccessful or in significant ways wrong. Marxism and council democracy were in theory expressions of

popular control. But we learned a lot since then. Hilary further argued that the whole idea of representative democracy was an advance, but it has not been adequate. Now we need to combine that with a much more creative, collaborative and civic democracy. She further stressed that there is a huge difference between the private sector that is committed to producing useful products and wants to make sufficient profit to continue doing this. These corporations are taking risks with investments and want a reward, but they are in the end contributing to society. This is completely different from people and corporations that are making money out of money (e.g. through speculation). Part of this is also making money out of protecting ideas and keeping them a secret (through intellectual property protection). Hilary stressed that she is not against private business per se, but that the above distinction is indeed important. She argued that the social movements of today, such as Occupy, need to work with private sector entrepreneurs that are trying to contribute to society as well.

