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Publisher Routledge

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Rethinking Marxism

Publication details, including instructions for authors and subscription information:

<http://www.informaworld.com/smpp/title~content=t713395221>

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To cite this Article Safri, Maliha and Düzenli, Eray(2004) 'Dreaming big: Democracy in the global economy', Rethinking Marxism, 16: 4, 361 – 366

To link to this Article: DOI: 10.1080/0893569042000270852

URL: <http://dx.doi.org/10.1080/0893569042000270852>

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Dreaming Big: Democracy in the Global Economy

Maliha Safri and Eray Düzenli

This review essay offers a reading of George DeMartino's Global Economy, Global Justice from a radical democracy perspective as elaborated by Ernesto Laclau and Chantal Mouffe. It explores a specific construction of capabilities as an empty signifier, and discusses the potential role of this concept as a criterion to evaluate the justness of international economic policies.

Key Words: George DeMartino, Capabilities, Radical Democracy, Empty Signifier

Next time you find yourself in an undergraduate economics course, lift this provocative question from *Global Economy, Global Justice*: "What makes for a good economic outcome?" After the initial shyness subsides, excited students' suggestions start to spread across the social spectrum, and sometimes clash with what others see as important goals. Unfolding before you, you and your students will find the very principles of negotiation and antagonism which DeMartino prescribes as essential processes in the pursuit of economic and social policies promoting global justice.

Capabilities Equality in *Global Economy, Global Justice*

"What makes for a good economic outcome?" With this seemingly simple question, George DeMartino accomplishes twin (and Herculean) tasks in *Global Economy, Global Justice*: a thorough normative critique of neoliberal policies and their foundation in the neoclassical welfare principle, as well as the outline of a different normative principle to arbitrate between economic policies. The normative alternative he offers is based on capabilities equality, an approach that seeks to ensure that people have equal substantive freedom to achieve whatever they value in life. A critique and a positive, progressive alternative?

In the first major section of the book, DeMartino offers an exposition of the normative commitments upon which neoclassical economics bases its defense of neoliberal measures such as free trade and capital mobility, among others. He continually stresses that despite neoclassical economists' claims to scientific objectivism, neoliberal policy prescriptions are thoroughly founded upon a normative

welfare criterion. By questioning the professed value neutrality of neoclassical economics, DeMartino explores how welfarism is a deeply flawed framework and cannot but fail as a defense of neoliberalism (2000, 76–90). Consequently, he opens up global economic policy to a completely different type of discussion focusing on the type and content of normative principles which should and must guide international trade and economics. In this discussion, he offers an internationalist normative principle for assessing the justness of economic policy regimes and outcomes based on Amartya Sen's capabilities approach.¹

Sen starts with what he calls the most primitive, underlying notion of his framework: functionings. He defines functionings as a combination of various things that an individual manages to do and be, and which establish the conditions necessary for leading a fulfilling life. Based on this notion, Sen develops the concept of "capabilities" as the alternative sets, or different combinations of functionings, that one can (choose to) achieve, depending on his/her mental and physical capacities and economic, social, and cultural circumstances (Sen 1987, 1993; DeMartino 2000). A person's capabilities set is the totality of social choices open to her; being literate, healthy, attaining nutritional requirements, having access to shelter, participating fully in society's decisionmaking processes, among others, could be examples of capabilities that allow a person to lead a good life in his own estimation. Sen calls for the equal distribution of and access to capabilities for every individual, without presuming that they will or should aspire to achieve the same specific goals. On the contrary, he is very clear that one should have the ability to choose and achieve whatever end-states she deems valuable, which would require that every person have the full capacity and substantive social freedom to effect her choice.²

The evaluative space of economic justice construed in terms of functionings and capabilities becomes the focal point of Sen's approach. His primary concern is that individual opportunities and successes are valued within this normative terrain. Specifying actual objects and states of being that are of value to individuals, or the evaluative criteria with which the relative values ascribed to these are determined, is of secondary importance for Sen. He explicitly refuses to posit a single, objective ethical principle, which he believes would prohibit his approach from taking other plausible routes. While working toward social justice by demanding the equalization of human capabilities, Sen's framework leaves open the determination of what is valuable and important to those whose lives will be affected. To the extent that these capability sets and the means to achieve them are not derived from an objective or universal basis, they are open to negotiation and compromise, and they are to be decided through democratic decisionmaking.

The openness to different valuations and the expansiveness of a capabilities set's definition is precisely the point of DeMartino's intervention. DeMartino's capability set can be construed as an empty signifier, one which has no meaning outside the

1. DeMartino deems those regimes and outcomes as just that promote the "*harmonization of capabilities to achieve functionings at a level that is sufficient, universally attainable and sustainable*" (2000, 144; emphasis in original).

2. DeMartino makes it clear that everyone will not be able to do so as the achievement of some functionings will necessarily conflict with the realization of others.

particular signifiers that define and fill it up with meaning. As an empty signifier (analogous to radical democracy), capabilities could suture and connect together diverse and particular demands for economic and social justice. Numerous activist groups with different and possibly conflicting social demands can equally struggle for inclusion under the umbrella of capabilities harmonization. Each group must help construct a chain of equivalence whereby singular demands are articulated and justified as conditions conducive to capabilities harmonization. This is a dialectic, with the empty signifier (capabilities improvement) forever contestable and open as a set of demands, and the particular political projects articulating to the empty signifier being changed themselves by the process of negotiation.

Although DeMartino's capabilities approach does not explicitly engage the radical democratic project initiated by Ernesto Laclau and Chantal Mouffe, we believe that his book could embody a latent politics of radical democracy, and even provide a sexy twist. In the radical democracy school, we see a consistent focus on articulations within and between local and grass-roots social movements. DeMartino helps bring radical democracy into the economics realm, and at a global level in fact. Capability set, much like democracy, is an empty signifier which could hegemonize the social field.

DeMartino offers us capabilities equality as a new normative criterion to suture social debates, particularly those related to international economics: a criterion open to different ways of envisioning well-being rather than the welfare criterion that currently plays the role of suture. By contrast, from inside a neoclassical approach based on utility principles, activists become constrained by the prevalent mode of evaluating economic policies. For example, a social movement such as that developing around access to and production of AIDS medicines must prove that aggregate welfare is not adversely affected by generic production of AIDS medicines if its demands are judged by the normative criteria of neoclassical economics discourse. Promoting medicine production for many cannot be justified since interpersonal utility comparisons are meaningless according to the welfare criterion and there is no possible way to determine who suffers more: the millions losing their lives, or the millionaires losing millions. In a capabilities approach committed to improving the life possibilities for the greatest number of people, economic policies that privilege generic production of drugs cannot be dismissed easily, if at all. General access to health and survival can become one of the particular demands defined as a necessary component of a capabilities set. Scores of groups and issues can articulate specific demands as necessary to a person's functionings through a discourse about equality, life improvement, and well-being.

It is a bold step to offer capabilities as the new suture around which the political will be structured, a step that uses the subversive power of democratic process. Pushing fairness, equality, and justice as issues to be explicitly discussed and negotiated in economic debates, DeMartino expands the political domain to include international trade and finance as more than merely technical issues to be resolved with a neoclassical calculus.³ He invites the plurality to constitute capabilities as a

3. DeMartino stresses that fairness might necessitate a lopsided distribution to certain parties in order to account for their greater needs.

democratic terrain plagued by power dynamics, antagonism, and dislocation, but always constituted by a radical plurality.

There is no telos to this process. Like the deepening of the democratic revolution, capabilities improvement would forever take place as new social demands are articulated in globalization debates. There is no social issue promising the guarantee for absolute social transformation, or well-being. There is no closing of the debate, because the impossibility of establishing the limits of capabilities as a signifier mirrors the impossibility of encircling the social realm. The demands of each particular grouping are only carried out in the context of improving capabilities sets for all groups, and not on an individualistic basis. This is not a zero-sum game: for example, instead of a “beggar thy neighbor” approach to trade, trade policies governed by the capabilities principle would create greater individual and collective incentive to improve or increase social and economic justice. DeMartino offers us the Social Index Tariff Structure (SITS) as one possible concrete policy that would transform trade agreements that deepen inequality and create a “race to the bottom” in worker rights and wages, for example. A SITS regime would assess the capabilities of a national population (linked to their Human Development Index rating) relative to their means, and levy tariffs on countries accordingly. High income countries like the United States would not necessarily have high capabilities rankings since equality and improvements in human capabilities are weighted more in a SITS regime. The SITS regime “turns the incentive structure of global neoliberalism on its head by rewarding those strategies that promote capabilities equality, and by punishing those that undermine it” (DeMartino 2000, 224). Along with other concrete policies such as the Global Charter, SITS can come into being only through establishing and articulating a connection between different political forces, groups, and nations engaging in an alliance.

Class Justice and Relative Surplus

In *Global Economy, Global Justice*, DeMartino briefly discusses Marxian normative commitments and hints at what class justice might look like (2000, 102–7). He continues this thread in “Realizing Class Justice” and articulates an antiessentialist Marxian approach within the broader principle of capabilities equality by positing productive, appropriative, and distributive justice as three distinct yet interdependent moments of class justice. Productive class justice pertains to “fairness in the allocation of the work of producing the social surplus” as embodied in Marx’s oft-quoted motto, “from each according to his ability” (DeMartino 2003, 13). Productive justice seeks to resolve how and by whom the social surplus is to be produced; in particular, DeMartino suggests that those with the greatest ability to produce surplus should make the greatest contribution (11). “To each according to his needs” is the basis of the distributive moment of class justice which seeks to allocate surplus according to individuals’ needs so that they will have relatively equal substantive freedoms. Finally, DeMartino defines the appropriative criterion as that in which the entire community, being responsible for the production of social wealth, participates democratically in its appropriation (19, 21).

DeMartino rightfully worries about the interconnectedness of the productive and distributive realms in an international economy where class justice matters. For example, can the ability to produce greater surplus result from the minimization of producers' needs "so as to reduce their claim on social expenditures and resources and thereby allow a greater share for others"? Having a lower value of labor power could also legitimize the Third-Worldization of the production process, where third world producers create more social surplus than their first world counterparts.⁴ Or what would be our normative judgment of a case where those who have the greatest ability to produce surplus (in developed and developing countries) achieve it by voluntarily elongating their workday, by becoming absolute-surplus producers? How those who come to produce more surplus have that ability raises the conceptual and practical difficulties that a distributive criterion of class justice encounters.

These questions come out of a situation where a collective of producers must continually balance and negotiate the effects that distribution, production, and appropriation of surplus have on each other. In a situation where producers are negotiating a choice between absolute and relative surplus, we would prefer to see a prioritization of the capability to produce relative surplus—that is, an increase in the productivity of labor. With increases in the productivity of labor, laborers are able to reproduce the amount of value devoted to the reproduction of their labor power (necessary labor) in a shorter period of time. Consequently, their ability to produce relative surplus derives not from a suppression of their needs, nor from a lengthening of the working day, but from their ability to produce more in a given period of time. It ensures that rather than looking for cheaper labor to increase surplus production, we are to provide laborers with the means of production that will enhance their productive capacities.

We cannot work out solutions to all the prickly questions raised by the concrete practicality of implementing class justice. But these questions attest to commitment to a principle of capabilities harmonization and class justice as negotiated with a democratic politics. Contingent and temporary solutions will be negotiated by all members of society who "have equal substantive ability to participate meaningfully in all vital decisions that affect the community" (21). In consequence of this commitment, we think, different social groups should be able to assess their own capabilities and those of others, consider which subset of those they want to realize, and decide who and under what conditions is going to produce the surplus in accordance with the needs of the community. Different and possibly conflicting needs will need to be negotiated in order to receive a part of the surplus, which is to be democratically appropriated by the entire community. Yet, decisions pertaining to each and every aspect of the production, appropriation, and distribution processes are temporary, negotiable, and open to contestation; they would change in accordance with the different ways that capabilities and social desires are articulated.

4. When Third-Worldization of production takes place under the aegis of neoliberalism, DeMartino indicts it as an unjust violation of appropriative and distributive moments of class justice. However, in a situation where the global community decides on such a course under a capabilities approach, how would our normative judgment of such a situation change?

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