

The present multi-dimensional crisis and the Inclusive Democracy project

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The present multidimensional crisis

Few, outside the system's ideologues, would doubt today that present society, which takes everywhere the form of a neoliberal market/growth economy and representative "democracy," faces a profound and widespread crisis encompassing all spheres of social life. To my mind, the following are the main characteristics of this crisis:

- It is a multi-dimensional crisis involving the economic, the political, the ecological, the social, as well as the cultural levels.
- It is a universal crisis in a double sense: first, in the geographical sense since this crisis, in a period of a multi-dimensional globalisation like the present one, was bound to be a global crisis as well, enveloping all parts of the world that are integrated in the New World Order, i.e. the order established by the internationalised market economy and its political complement of representative "democracy" and, second, in the sense that its scope extends over both institutions and values calling into question practically every structure and idea that supports contemporary heteronomous societies in East and West, North and South.

The crucial issue therefore is what are the causes of this multi-dimensional crisis, which in fact has been a chronic crisis in the last two centuries or so, and, once we have identified these causes, how can we move out of this crisis and remake society and its institutions in a way that will both make such crises a thing of the past and at

the same time meet the highest human demand for collective and individual autonomy, namely freedom. I will try to show briefly that the causes of this multidimensional crisis can safely be attributed, as I tried to show elsewhere,¹ to the very institutions of modernity, which today have, been universalised. It is the system of market economy and its political complement i.e. representative democracy which characterise modernity and its fundamental characteristic: the separation of society from economy and polity. Once these institutions have been introduced in the 18th century it can be shown that their dynamics inevitably lead to the concentration of economic and political power respectively and the present concentration of power at all levels. It is this concentration of economic, political and social power which, in turn, is the ultimate cause of every dimension of the present crisis.

Economic crisis

When I refer to the economic crisis I do not of course just mean the present global financial crisis, which rapidly developed into a global recession, despite the massive state transfers of money from the taxpayers' pockets to those of bankers, financiers and others — presumably as a reward for causing the crisis in the first place and for pocketing in the process many billions of dollars in terms of pay, bonuses, etc.! In fact, the present crisis, as well as the previous crises in the period of neoliberal globalisation (1987, 1990, 1994, 1997/8, 2001), and those before it during the statist period (1973/4, 1979, etc.), as well as those in the pre-war period (1929, 1873 and before) in no way represent something new in the capitalist system of the market economy. It was exactly for this reason that the elimination of the "anarchy" of the market has always been a basic demand of the anti-systemic Left, before the present "genetically modified" reformist Left — which sees nothing wrong with the market system as long as it is "socially controlled" — became hegemonic.

In other words, it is simply not true that capitalism today has turned against its own "logic" when, by opening and deregulating markets, it has turned the global economy into a "planetary casino," as e.g. Castoriadis argued.² Capitalism has always been, to various degrees, a "casino" ("high risk for high profits") and during its entire two hundred years history was plague-stricken by crises. The only difference with the past is that this casino is now, as a result of globalisation, a planetary one. Furthermore, the only period in the history of capitalism when this was not the case was the half a century or so of socialist statism (social democracy), when these crises

¹ Takis Fotopoulos, *Towards An Inclusive Democracy* (London/N.Y: Cassell 1997/Continuum 1998), ch. 1.

² See Cornelius Castoriadis, "The rationality of capitalism" in *Figures of the Thinkable*, ed. by Werner Hamacher (Stanford: Stanford Univ. Press, 2007).

were to a certain extent controlled by the state. But, such a period is impossible to be repeated in an internationalised market economy like the present one, as it presupposes a global state, or at least strict global regulations of all markets, which not only are utopian to be implemented given the fundamental unevenness that the market economy itself has created between various areas, but are also incompatible with the very logic and dynamic of an internationalised market economy that has to be based on markets which are as free as possible for profits to be maximised.

Therefore, the present crisis of the internationalised market economy has shown once more why the market system is the worst system of allocating scarce resources, as I tried to show elsewhere.³ The market system is promoted by the system's ideologues as an automatic mechanism within which Adam Smith's *invisible hand* allocates resources in a supposedly rational way, yesterday within the confines of a nation-state and today within an internationalised market economy. But it is not only antisystemic political economists like Marx who showed the fundamental instability of the system and its tendency to lead to continuous concentration of income, wealth and economic power, as well as masses of unemployment. Even orthodox economists like Keynes, who aimed at preserving rather than overthrowing the system, have also shown that reliance on the market forces alone is bound to create inequality, unemployment and economic crises. No wonder that orthodox economists make the convenient assumption of a "given distribution of income," when they try to show that the best allocation of resources is the one achieved through the market economy system! The famous Pareto analysis of optimality, which shows the potential of the market mechanism to secure an optimal allocation of resources, is based on acceptance of the prevailing income distribution.

So, it was inevitable that today's neoliberal globalisation which involved the minimisation of social controls over markets, would lead to a rapid growth in inequality not just between the geographical North and the South, as in the past, but also between the "new North" (those privileged social groups who benefit from globalisation, either located in the geographical North or in the South, e.g. China, India, etc.) and the "new South" (those, either in the North or the South), who pay the price of globalisation, as the food crisis and now the financial crisis and the recession have shown. Neoliberal globalisation has led to an unprecedented increase in world inequality, as confirmed also by the latest International Labour Organisation Report, which concluded that since the early 1990s, i.e., the time neoliberal globalisation began flourishing all over the planet, income inequality grew dramatically in most

³ See Takis Fotopoulos, *Towards An Inclusive Democracy*, pp. 248-50.

regions of the world.⁴ Thus, as the Report shows, between 1990 and 2005, approximately two thirds of the countries experienced an increase in income inequality, with the income gap between the top and bottom 10 per cent of wage earners increased in 70 per cent of the countries for which data are available. At the same time, the income gap between top executives and the average employee widened even further: in 2003, the chief executive officers (CEOs) of the 15 largest companies in the U.S.A. earned 360 times more than the average worker; by 2007 they earned 520 times more! Also, the most extreme income inequality in the US was just before the Great Depression when the richest 5 per cent of the population took in more than a third of all personal income and also just now when this proportion has gone up to 38 per cent of all personal income.⁵ Finally, at the global level, the per capita income in the "North" (USA, EU, Canada, Japan, Australia, Switzerland, Norway) was in 2003 about 22 times higher than in the South!⁶ Thus, within the framework of the market economy, only a small portion of the Earth's population can satisfy whatever real or imaginary "needs" they have, drawing on scarce resources and damaging ecosystems, whereas the vast majority of people on the planet cannot even cover their basic needs. This means that the much advertised by the present system "freedom of choice" is a myth since freedom of choice is meaningless, unless the basic needs of all people have already been met.

Now, this extreme concentration of economic power, as expressed by the huge inequality in the distribution of income and wealth, has played a crucial role both in the present financial crisis, as we shall see next, as well as in the acute deterioration of the ecological crisis.

As regards **the financial crisis** first, this crisis cannot just be attributed to greedy and unscrupulous bankers and financiers, if not to the state itself, as neoliberals assert, nor simply to the neoliberal deregulation of *financial markets*, as social-liberals assume, calling today for a "new Bretton Woods." In fact, deregulating the financial markets is only part of the story and by itself could not explain, for instance, where the "unscrupulous" financiers found the huge capital resources to engage in their activities. At this point, however, the most sophisticated supporters of the social-liberal thesis bring in the "Chinese" factor. It was, they argue, the huge reserves collected by the Chinese sovereign funds, which financed this huge swindle. But then

⁴ ILO, *World of Work Report: Income inequalities in the age of financial globalization* (Geneva: International Labour Office, 2008).

⁵ This is based on probably conservative estimates by Emmanuel Saez, an economist at the University of California; see Stephen Foley "Galbraith's, 'The Great Crash 1929' is still essential reading today," *The Independent* (10/10/2008).

⁶ *World Development Indicators* (World Bank, 2005), Table 1.1.

more questions arise which are left unanswered. How did the Chinese amass this huge capital and what was the role of the existing system in allowing the Chinese elites to play this game? Clearly, many more factors have to be brought into the picture, apart from the deregulation of financial markets, to answer these questions, like the parallel deregulation of labour markets in China, which allowed multinationals based in the countries of the transnational elite (basically, the G7 countries) to move their operations into the "new economy" of China, i.e., a huge paradise of low cost-production, and convert it into the assembly line of the advanced capitalist countries. Similarly, without the opening and deregulation of commodity markets, the Chinese would not have been able to export the hi-tech products of multinational corporations all over the world as "made in China" and make the huge surpluses of reserves which, instead of being used to cover the basic needs of the Chinese people like health and education, were then exported to American and other Western banks, providing the liquidity needed by financiers to engage in the "big swindle." Finally, without the opening and deregulation of capital markets, none of the above activities, i.e., neither the move of massive investment capital by multinational corporations from the West to "paradise" countries like China and India would have been possible nor, later on, the opposite flow of finance capital from these countries to the bank vaults of countries in the North.

Therefore, much more is involved in the financial crisis than the deregulation of the financial markets. In fact, what is involved is the opening and deregulation of all markets, i.e., the very essence of neoliberal globalisation. But how was this major structural change in the market economy brought about? Were just the ideologues of neoliberalism and the Chicago school of economics that suddenly prevailed over the Keynesian orthodoxy of the statist post-war period who, after persuading the political elites in U.S.A. and UK, imposed these "ideologies" or "bad policies"? If this is the case, then all we have to do now, as social-liberals assert, is simply impose some controls on the financial markets to sort out a crisis which has already developed into a world recession, and possibly a full-blown depression. But, in fact, as I tried to show elsewhere,⁷ this is not at all the case. The arrangements adopted in the post-war period in order to open and liberalise the markets, predominantly institutionalised (rather than created) the present form of the internationalised market economy. In other words, it was the market economy's grow-or-die dynamic and, in particular, the emergence and continuous expansion of transnational corporations' (TNC) and the parallel development of the Euro-dollar market, which led to its internationalised

⁷ T. Fotopoulos, "[Globalisation, the reformist Left and the Anti-Globalisation 'Movement'](#)," *Democracy & Nature*, Vol. 7, No. 2 (July 2001).

form today. The Euro-dollar market⁸ provided in effect a regulation-free environment where US dollars (and later other strong currencies like the yen, mark, etc.) could be borrowed and lent free of any US regulatory and tax requirements. The growth of this new market, which simply reflected the growing needs of transactional corporations, was instrumental in the later lifting of exchange and capital controls. This is because the exchange controls of nation-states, particularly those in Britain where the Euro-dollar market originated, were put under severe strain, throughout the 1970s.

So, the opening and liberalising of markets was simply part of a historical trend⁹ (which has been set in motion by the elites controlling the market economy since its establishment) to minimise social controls over markets and particularly those aiming to protect labour and the environment that interfered with economic "efficiency" and profitability. Thus, as regards first the institutionalisation of the opening of markets, commodity markets were in a process of continuous opening throughout the period following the second world war both at the planetary level (GATT rounds of tariff reductions so that TNCs could easily move commodities among their subsidiaries) and the regional level (European Economic Community [EEC], European Free Trade Area [EFTA], North American Free Trade Agreement [NAFTA], Southern Cone Common Market [MERCOSUR], the Association of Southeast Asian Nations [ASEAN] Asia-Pacific Economic Co-operation [APEC]).

Second, once the opening of markets was institutionalised, the uninhibited flow of capital and commodities across frontiers required the parallel liberalisation of all markets — i.e., the minimisation of social controls that have been imposed in the past, in the context of the social struggle, in order to protect human labour and society itself from the market. Therefore, although the labour markets were not fully opened (so that the exploitation of cheap local labour, particularly in the South, could continue) their liberalisation was also necessary for the advantages of opening the commodity and capital markets to be fully utilised. Labour had to be made as "flexible" as possible, so that it could become easily adjustable to the rapid changes in technology and the organisation of production. The institutional arrangements to liberalise markets included: The formal opening of capital markets, which were in a process of informal opening throughout the 1970s, in Britain and the U.S.A. at the end of the decade when capital and exchange controls were abolished, followed by the rest of the world in the 1980s and the 1990s; The setting up of international rules by the WTO (which succeeded the GATT) that would make trade as free as possible, through the minimisation of the ability of national governments to impose effective controls to

⁸ For a description of the gradual lifting of capital controls in UK under market pressure see Will Hutton, *The State We're In* (London: Jonathan Cape, 1995), ch. 3.

⁹ See Fotopoulos, *Towards An Inclusive Democracy*, ch. 1.

protect labour and the environment; The world-wide institutionalisation of flexible labour markets, so that the cost of production is minimised making the movement of investment capital as profitable as possible; The privatisation of state enterprises, which not only "liberated" more sectors of economic activity from any effective form of social control, but also gave the opportunity to TNCs to expand their activities in new areas; The drastic shrinking of the welfare state, so that, on the one hand, the expansion of the private sector in social services can be facilitated and, on the other, a drastic reduction of the tax burden on the economic elites is made possible, through the effective abolition of the "progressiveness" of the income tax system (i.e., the grading of tax rates according the level of income) the drastic cut in corporation tax rates, etc.

The arrangements to liberalise the markets constitute the essence of what has been called "neoliberalism"/ "neoliberal policies" — in effect, a misleading term since such policies have been introduced worldwide by governments of all persuasions, not only of the "Right" (Reagan, the Bush family, Thatcher, et. al.), but also of the "Left" (what I call social-liberal) in Europe, Australasia, etc. Therefore, it is clear that these policies reflect the structural changes of the market economy and the corresponding business requirements of late modernity; in this sense, they are "systemic" or endogenous policies necessitated by the dynamics of the market economy. In fact, the neoliberal policies initiated by the economic elites of late modernity to liberalise the newly opened international markets plainly repeated a similar process that was initiated by the economic elites of early modernity, at the beginning of the 19th century, to liberalise the "national" markets, which had emerged at the end of the 18th century. Still, for the reformist Left, neoliberalism as well as globalisation, are merely "utopias" that the economic elites attempt to impose, in the context of a "project" that "aims to create the conditions under which the neoliberal 'theory' can be realised!"¹⁰ However, the very fact that there is a broad consensus between all major political parties in the major market economies to implement such policies is an obvious indication that the presently universal neoliberal policies, far from being a "utopia," in fact, reflect the structural changes of late modernity.

Once we adopt the above analytical framework, we can easily explain how the present crisis exploded in September 2008 and has been worsening. Thus, once capital and labour markets were liberalised, in almost every part of the world including "communist" China, all major multinational corporations based in the countries of the transnational elite began moving significant parts of their manufacturing industries (in some cases even services, as e.g. in India) to these paradises of low-cost production,

¹⁰ See e.g., Pierre Bourdieu, "The essence of neoliberalism: utopia of endless exploitation," *Le Monde Diplomatique* (December 1998).

the immediate result being the "de-industrialisation" of the North and the corresponding pseudo-industrialisation of some countries in the South. This has led to the creation of a new international division of labour, which institutionalised keeping high technology, research and development, as well as specialised "products" like financial services, in the metropolitan centres — which still concentrate the real planetary economic power — and, at the same time, transferring large parts of the manufacturing process to countries such as China and India, where various "development islands" have been created within vast oceans of misery and underdevelopment, which feed the new (mainly controlled by the metropolitan centres) export industries with abundant and well disciplined labour.

So, the "made in China" or "made in India," etc. exports created huge amounts of foreign currency reserves while their elites, instead of investing them domestically in order to meet the basic needs of their peoples which — after the privatisation of social services like health and education were not covered anymore — preferred to transfer the reserves to the banks and financial institutions of the North and particularly the U.S.A. In effect, it was this reverse flow of capital from these countries to capitalist centres, which allowed the transnational elite and its hegemonic part in the US elite to find the money to carry out their criminal wars in Iraq and Afghanistan, while, at the same time, it increased liquidity in the borrowing countries, making money easily available and "cheap" (i.e., driving down interest rates) and helping the flourishing of the real estate bubble, particularly in the U.S.A.

The consequences of this process, which was described elsewhere,¹¹ were not only the creation of massive unemployment in the West, which was later transformed — with the crucial help of "flexible labour markets" that were introduced as part of the neoliberal package — from open unemployment to disguised unemployment in the form of part-time work, occasional work, massive training programs and so on, but also the huge expansion of the financial market, which, through the opening and deregulation of markets has been globalised. In Britain, for instance, the financial and business services sector has been responsible for almost half of the growth in the economy and the London City and the housing market have been proving recently the two main sources of growth. No wonder some analysts argue that "it is an exaggeration, but perhaps not much of one, to say Britain is dependent on speculation."¹² Similarly, in America's profit surge of 2006, financial services pocketed by far the lion's share: 32.8 per cent.¹³ The main profit engine was proprietary trading.

¹¹ See John Sargis & Takis Fotopoulos, "[The credit crisis and the New World Order of capitalist 'anarchy'](#)," *The International Journal of Inclusive Democracy*, Vol. 4, No. 1 (January 2008).

¹² Larry Elliott, "Those who say this is just a market wobble are in denial," *The Guardian* (17/08/2007).

¹³ Bob Heller, "Financiers' greed has put capitalism at risk," *The Observer* (09/09/2007).

Thus, traders began by offering "sound" loans to cover the property needs of the wealthy middle classes and when, at some point, the possibilities for further expansion in this part of the market were exhausted, they turned to attract the low and marginal income groups, which were keen to take part in the "American Dream," but also represented a case of high risk (and also high profit) possibility, i.e., they turned to lend in the "sub-prime" market. Dreamy-eyed risk groups (African Americans, Latinos and other working poor) bought into exploitative loan schemes with slogans such as "bad credit, no problem," "quick and easy money," "zero percent down payment," "creative financing" with teaser rates.¹⁴ The inevitable result was that when, after an introductory period of low mortgage repayments, these repayments began rising steeply, about 14% of sub prime borrowers defaulted¹⁵ in the first quarter of 2007. Repossessions followed.

Meanwhile, the dealers, who controlled these financial dealings, had taken care, using various financial devices, to transfer the risk involved to others than themselves. For this, they used a "securitization" process by packaging up the debts into negotiable bonds (yielding higher revenue than normal Treasury bonds and attracting therefore more buyers), which could then be sold to banks, hedge funds and other investors, from Zurich to Shanghai, whereas at the same time risky loans could be wiped off the balance sheets of the issuing banks. On this they were significantly helped by the parallel liberalisation of financial markets, which allowed financial companies to lend them amounts of money which had almost no relation at all to their customer deposits (whereas, in the past banks had to keep a ratio of at least 10 percent or so of their loans, etc. in the form of reserves created by customer deposits, etc.). As a result, bank lending by far outstripped customer deposits, and when confidence collapsed banks were left with billions of dollars of loans they could not dump. In fact, no one knew where the debt was, causing further market blockage. Today many financial institutions all over the world may be already bankrupt or at least unable to fulfil their obligations to depositors.

Inevitably, banks and financial companies ceased trusting, and therefore, lending each other. This brought the financial markets at a standstill, and governments, beginning with the US government, began nationalising not the banks and financial institutions which were heavily involved in this predatory process, but just the "toxic" assets. As this was proved inadequate, they were forced to implement the "Brown plan" of capitalising Banks, etc. i.e., pumping more taxpayers' money into them to replace "toxic" assets with healthy ones, so that they could persuade the financial

¹⁴ Matt Moore, "ECB to offer up to \$28B in dollars," *The Associated Press* (December 12, 2007).

¹⁵ Frédéric Lordon, "Subprimes, ninja loans, derivatives and other financial fantasies," *Le Monde Diplomatique* (September 2007).

markets to start lending again and put the banking system, which was at a standstill, back into action. This, of course, had nothing to do with "nationalisation" (partial or not), as they euphemistically called it to confuse people. A nationalisation implies not only ownership, but also control, and clearly the second condition was not satisfied when these "nationalisations" usually meant the state acquisition of "preferred shares," which do not give to the state even voting rights! This means that Banks are effectively uncontrollable on how they use the huge sums of taxpayers' money and reports have already surfaced that bankers might be using the money to buy other banks, pay dividends, give employees a raise and executives a bonus, or just sit on it!¹⁶

Even more fraudulent is the claim supported also by some in the reformist Left, including some Marxists, that what we see today is the return of some kind of statism. But statism was associated with a series of important characteristics that are completely missing today, i.e.,

- The regulation of commodity markets and the subsidisation of domestic industries, so that they could withstand the competition from bigger and therefore more competitive foreign industries, etc. Instead, what we see today is the continuation of the privatisation process and national airlines like Alitalia and Olympic Airways are effectively being privatised (and the states are penalised for subsidising them) by order of the part of the European part of the transnational elite within the EU, at the very moment socialdemocrats celebrate the return of statism!;
- The regulation of labour markets, instead of their present deregulation which has led to the universalisation of the hire and fire culture, the state obligation for full employment, which would not have allowed the present generalisation of part-time and occasional work, the protection of labour relations instead of the present effective undermining of trade union legislation, etc.;
- The regulation of capital markets instead of the present opening and freeing of them, which has led to immense capital flows that made easy the huge speculation activity;
- A steeply progressive income tax system and high corporation tax rates in order to improve the distribution of income and wealth, instead of the present regressive personal income tax system and low corporate taxes, which have led to the present unprecedented inequality in the distribution of income and wealth;
- A thriving full welfare state, instead of the present "safety nets."

¹⁶ See e.g. John Dunbar AP, "[Uses for \\$700 billion bailout money ever shifting](#)," *AOL Money and Finance* (25/10/2008, 12:22:44).

So, despite the fact that the moral bankruptcy of neoliberalism (although not of capitalist market economy itself which is the ultimate cause of the economic crisis) only today is generally acknowledged — almost twenty years since we first attempted to show the catastrophic consequences of it¹⁷ — one should not confuse the moral bankruptcy of neoliberalism with the supposed return of statism. In fact, all that we could expect at the end of this particular phase of the chronic capitalist economic crisis — the duration and intensity of which are completely unpredictable — is the replacement of neoliberal globalisation with a kind of social-liberal globalisation which will represent the consensus of both neoliberals and social-liberals (the ex social democrats) together with the newly elected Democrats in USA and in which the essence of globalisation, as it is today, will remain intact, with the addition perhaps of some controls on financial markets, so that the system could function with fewer and smaller turbulences than the present one that put the entire system under serious risk of collapse. Therefore, the present talk of the transnational elite (Sarkozy, Brown, Bush, et. al.) about "a new system," a brand new "capitalism," etc. are simply attempts to disorient people, who are awakening to the new abysmal failure of the capitalist market economy, from the need to replace this system, to an irrelevant discussion about cosmetic changes to it presented as huge systemic changes.

Ecological crisis

As regards the ecological crisis, there is no doubt today that a major dimension of the present multidimensional crisis is the ecological crisis, namely the crisis which concerns not the relations between social individuals, as the other dimensions of the crisis, but our interaction, as social individuals, with the environment. The upsetting of ecological systems, the widespread pollution, the threat to renewable resources, as well as the running out of non-renewable resources and, in general, the rapid downgrading of the environment and the quality of life have made the ecological implications of economic growth manifestly apparent in the past 30 years.

Furthermore, it has now been established beyond any doubt that the ecological crisis and particularly the greenhouse effect — as well as the consequent climate change — which is the most important manifestation of this crisis, worsens daily. In fact, last year's Report by the Intergovernmental Panel on Climate Change (IPCC) finally brought the ecological crisis to the status of universal front-page news. The catastrophic climatic change threatening us all because of the greenhouse effect becomes obvious once we take into account that, even if we take the best-case scenario of a 2.2C rise in temperature this century (while a 4.4C rise is much more

¹⁷ See T. Fotopoulos, "From socialdemocracy to neoliberalism," (in Greek) *Eleftherotypia* (4&5 February 1989).

likely!]), this would mean — according to the European Commission — that an extra 11,000 people in Europe would die within a decade, and from 2071 onwards there would be 29,000 extra deaths a year in southern Europe alone, on top of 27,000 extra deaths in northern Europe. In fact, as more recent evidence on the melting of Iceland etc showed, these predictions may be highly optimistic!

However, the publication of the IPCC report was also accompanied by an entire mythology in the international mass media on the causes of the deepening ecological crisis and the ways out of it. This mythology is being reproduced, not only by the political and economic elites, but also by the reformist Left and the Green movement, who declare, "the crisis belongs to all" (governments and civil societies alike). In fact, it can be shown again that inequality is a basic cause of the ecological crisis, given the causal relationship that could be shown to exist between the ecological crisis and economic growth. As I attempted to show elsewhere,¹⁸ the main reason behind the enthusiastic adoption of the eco-destructive growth objective by the elites all over the world, and the associated ideology of "trickle-down economics" is, exactly, their main aim of maintaining the social cohesion of a very unequal society through expanding, rather than re-dividing, the "pie."

Crisis of traditional politics

A similar process of concentration of political power at the hands of political elites has also been going on during the period beginning with the last quarter of the 18th century, when the "Founding Fathers" of the US Constitution, literally invented representative "democracy" — an idea without any historical precedent in the ancient world since, until that time, democracy had the classical Athenian meaning of the sovereignty of *demos*, in the sense of the direct exercise of power by all citizens. It was the dynamics of representative "democracy" that had led to a corresponding concentration of political power. Thus, the concentration of political power in the hands of parliamentarians in liberal modernity, has led to an even higher degree of concentration in the hands of governments and the leadership of "mass" parties in statist modernity, at the expense of parliaments. In the present neoliberal modernity, the combined effect of the dynamics of the market economy and representative "democracy" has led to the conversion of politics into statecraft,¹⁹ with think tanks

¹⁸ see Takis Fotopoulos, "The Ecological Crisis as Part of the Present Multi-dimensional Crisis and Inclusive Democracy," *The International Journal of Inclusive Democracy*, Vol. 3, No. 3 (July 2007); see also [the de-growth debate](#) in *The International Journal of Inclusive Democracy*, Vol. 3, No. 1 (January 2007).

¹⁹ Murray Bookchin, *From Urbanisation to Cities* (Cassell, 1995), ch. 6 and Cornelius Castoriadis, *Philosophy, Politics, Autonomy* (Oxford Univ. Press, 1991), ch. 7.

designing policies and their implementation. Thus, a small clique around the prime minister (or the President) concentrates all effective political power in its hands, particularly in major market economies that are significant parts of the transnational elite and even more so in those governed by a two-party political system (US, UK, Germany, Australia, etc.). Furthermore, the continuous decline of the State's economic sovereignty is being accompanied by the parallel transformation of the public realm into pure administration. A typical example is the European Central Bank, or the Bank of England, which have taken control of the Euro and sterling respectively and take crucial decisions about the economic life of millions of citizens, independently of political control.

So, a "crisis in politics" has developed in the present neoliberal modernity that undermines the foundations of representative "democracy" and is expressed by several symptoms which, frequently, take the form of an implicit or explicit questioning of fundamental political institutions (parties, electoral contests, etc.). Such symptoms are the significant and usually rising abstention rates in electoral contests, particularly in U.S.A. and UK (apart from exceptional cases like the Obama election), the explosion of discontent in the form of frequently violent riots, the diminishing numbers of party members, the fact that respect for professional politicians has never been at such a low level, etc. Thus, in the context of the present neoliberal consensus, the old ideological differences between the Left and the Right have disappeared. At the same time, the collapse of "socialist" statism in the East, instead of functioning as a catalyst for the building of a new non-authoritarian type of politics which would develop further the ideas of May 1968, simply led to a general trend — particularly noticeable among students, young academics and others — towards a post-modern conformism and the rejection of any "universalist" antisystemic project. The rest, including most of the underclass, who are the main victims of the neoliberal internationalised economy, have fallen into political apathy and an unconscious rejection of established society — a rejection that usually has taken the form of an explosion of crime and drug abuse, and sometimes violent riots.

Still, Seattle, Genoa and Paris yesterday, or Athens today, are clear indications of the fact that youth is not apathetic towards politics (conceived in the classical meaning of the word as self-management), but only with respect to what *passes as politics* today, i.e., the system which allows a social minority (professional politicians) to determine the quality of life of every citizen. In other words, what has transformed politics into statecraft and turned many people away from this sort of "politics" is the growing realisation of the concentration of political power in the hands of professional politicians and various "experts" (as a result of the dynamic of representative "democracy"). The same applies to the radical people's movements in Venezuela,

Bolivia, Argentina, and Brazil who exert significant pressure from below for new direct democratic forms of organisation.

Social crisis

As one could expect, and the Report itself showed, this huge and growing concentration of income was accompanied by the worsening of a parallel social crisis shown, for instance, by higher crime rates. In Britain, for instance, it took 30 years for the (reported) crime rate to double, from 1 million incidents in 1950 to 2.2 million in 1979. However, in the 1980s, the crime rate has more than doubled, and it reached the 5 million mark in the 1990s to approach the 6 million mark at present! The ruling elites respond to the explosion of crime by building new jails. Thus, the prison population in England and Wales increased from 64,000 at the beginning of the decade to 77,000 a couple of years ago, while the most recent Home Office projections forecast a jail population of up to 90,000 by 2010.²⁰ Similarly, it took the United States 200 years to raise its prison population to a million, but only the last 10 years to raise it to almost 2.2 million, with 680 people in jail for every 100,000 — a quarter of the world's total prison population! In fact, the explosion of crime (also caused by the criminalization of major sectors of the population, e.g. in the U.S.A. African-Americans are about 12% of the population, but represent half the prison population), as Martin Woolcott²¹ points out, tends to take the form of an insurgency in urban conglomerations all over the world, and is treated as such by the ruling elites.

Cultural crisis

Furthermore, the present crisis is also a cultural crisis since the establishment of the market economy implied sweeping aside traditional cultures and values. This process was accelerated in the twentieth century with the spreading all over the world of the market economy and its offspring the growth economy. As a result, today, there is an intensive process of cultural homogenisation at work, which not only rules out any directionality towards more complexity, but is in effect making culture simpler, with cities becoming more and more alike, people all over the world listening to the same music, watching the same soap operas and DVDs, buying the same brands of consumer goods, etc. The rise of neoliberal globalisation in the last quarter of a century or so has further enhanced this process of cultural homogenisation. This is the inevitable outcome of the liberalisation and de-regulation of markets and the consequent intensification of commercialisation of culture. As a result, traditional communities and their cultures are disappearing all over the world and people are

²⁰ Sam Jones, "More than half of jails in England are too full", *The Guardian* (13/8/2005).

²¹ Martin Woolcott, "The March of a Martial Law", *The Guardian*, (20 Jan. 1996).

converted to consumers of a mass culture produced in the advanced capitalist countries and particularly the U.S.A.

Ideological crisis

Finally, there is also a related ideological dimension of the cultural crisis. The changes in the structural parameters marking the transition to neoliberal modernity were accompanied by a parallel serious ideological crisis, which put into question not just the political ideologies (what postmodernists call "metanarratives"), or even "*objective*" reason²² in general, but reason itself. This is shown by the present flourishing of irrationalism in all its forms: from the revival of old religions like Christianity, Judaism and Islam, etc. up to the expansion of various irrational trends, e.g. mysticism, spiritualism, astrology, esoterism, neopaganism and "New Age," rejection of scientific medicine in favour of various forms of alternative therapies, which use methods that usually have nothing to do with reason and testable hypotheses, etc. The rise of irrationalism in particular is a direct result of the crisis of the growth economy in both its capitalist and "socialist" versions. As I attempted to show elsewhere,²³ the collapse of the two main projects of modernity, i.e., the socialist and the economic development projects,²⁴ in combination with the parallel "credibility crisis" of science that developed in the last quarter of a century or so, were crucial to the present flourishing of irrationalism.

A new social-liberal consensus or Economic Democracy?

Is a social-liberal consensus the answer?

So, the "New Bretton Woods," which is planned by the transnational elite, is going to leave intact the essence of present neoliberal globalisation, as expressed by the open and liberalised capital and commodity markets and the flexible labour relations imposed by the liberalisation of labour markets. This implies :

- the continuation of the present type of state interference on the economy to tackle the growing recession through the "supply side" of the economy (i.e., enhancing the motives to invest and save by means of lower interest rates, proportionately lower income tax rates for the higher income groups, lower

²² See, e.g., Thomas S. Kuhn, *The Structure of Scientific Revolutions* (Chicago: University of Chicago Press, 1970); Imre Lakatos, *Criticism and the Growth of Knowledge* (Cambridge: Cambridge University Press, 1970); Paul Feyerabend, *Against Method* (London: Verso, 1975).

²³ See Takis Fotopoulos, "[The Rise of New Irrationalism and its Incompatibility with Inclusive Democracy](#)," *Democracy & Nature*, Vol. 4, Nos. 2/3 (July/November 1998), pp. 1-49.

²⁴ See Takis Fotopoulos, *Towards An Inclusive Democracy*, chs 2 & 3.

corporation taxes, etc.) rather than through active state interference on the "demand side" of the economy, as used to be the Keynesian kind of policy effectively implemented by social democrats in the statist phase of modernity. This is why the measures being discussed at the moment in the West to reduce the effects of the growing recession aim at decreasing taxes and employers' insurance contributions (so that again more incentives are created for private enterprise rather than through public investment) and it is only in China that some sort of Keynesian measures to improve the infrastructure have been decided — instead of measures to improve domestic production and social welfare that is supposed to be the primary aim of a socialist economy!

- the continuation and further expansion of the privatisations program into those sectors, which are still nationalised (e.g. national airlines like Alitalia and Olympic Airways). At the same the few private banks that were nationalised during the present crisis are expected to return to the private sector as soon as they become profitable again;
- the continuation of the present dissolution of welfare states and their replacement with safety nets for the lower income groups together with the parallel enhancement of the privatisation of health and education services for the middle classes.

Everything therefore that characterises the essence of present globalisation, which is summed up by the huge inequality in the distribution of income, wealth and economic power, is here to stay, for as long as the market system economy and representative "democracy" — the pillars of the present system that secure this inequality in the distribution of economic and political power respectively — are reproduced.

Clearly, the planned reform of the financial system, at best, would reduce the frequency of financial crises, although not necessarily their intensity as the historical experience shows, and certainly would do nothing at all to tackle the causes of the broader economic crisis I've already discussed, let alone the other dimensions of the multidimensional crisis. This is because the re-imposition of some financial controls — this time at the global level to increase their effectiveness in a globalised economy — simply aims to stabilise the financial system and generally the system of the market economy and protect it from destabilising financial crises that could easily develop into major recessions, if not depressions. But, such controls do nothing at all by themselves to deal with the root cause of the economic crisis, i.e., the huge and growing concentration of income and wealth, and consequently economic power, between the "new North" and the "new South," as defined above. Therefore, inequality, with its economic, political and social implications, the continuing destruction of the environment, unemployment and job insecurity, as well as misery for most of the

world's population will continue, so that the elites and the privileged social groups all over the world could continue enjoying their lavish living patterns at the expense of the rest of the world.

In the meantime, however, people are increasingly realising, particularly after the latest crisis which may last for a significant time, that their economic fate, let alone the quality of their lives, is not and could not be controlled by themselves within the market system, but is controlled instead by invisible forces, the market forces, and the visible economic and political elites which control them.

- Working people are today at a loss to understand why their work is no longer required, for no fault of their own, by those controlling the market forces and, as a result, become unemployed (in Britain alone **unemployment** is expected to double as a result of the financial crisis from 1.5m at the beginning of the crisis in the summer to 3m by 2010, if not earlier);
- People at retirement age could not understand why their projected **pensions** could be halved while many of their savings, for which they worked all their lives in order to secure some sort of decent retirement will be lost, so that financiers and bankers could make billions of dollars in terms of bonuses and extra pay in the last few years — still others see their dreams of buying a flat or a house for them and their families to be destroyed, with **repossessions** growing all the time and their savings lost in the cyberspace of financial dealings behind their backs.

The question therefore which is increasingly raised is why should we take a system like the present catastrophic one for granted? Economic systems are not God's creations. They are man's creations, as God himself is. The central planning system of "actually existing socialism," despite the fact that, as far at least as meeting the basic needs of all people was concerned, was far superior than the capitalist system, collapsed not just because it was a failure, but because people ceased to take it for granted. So, why do people take for granted the system of the capitalist market economy, despite its catastrophic economic and environmental failure — to mention the two main forms of failure? Clearly, the collapse of actually existing socialism and of the socialist project itself have played an important role in this, but this is not enough to explain the apathy, even in the face of the present economic and ecological crisis. Particularly so, when today we can envisage a very different world in which people could themselves control their own lives and their relations with the social and natural worlds, rather than leaving such crucial decisions to elites, which primarily are interested in meeting their own needs. As I will try to show next, in my view, the only way out of the present crisis is the creation of a new society based on real democratic institutions and values instead of what passes today as "democracy." A

genuine economic democracy could effectively deal with the concentration of economic power — the cause of the economic crisis — whereas an Inclusive Democracy, which I will define, next, is perhaps the only way out of the deepening economic crisis itself.

Inclusive Democracy as a way out of the deepening multi-dimensional crisis

Thus, if we accept the thesis I have put forward so far, i.e., that the ultimate cause of the present multi-dimensional crisis is the concentration of power at all levels that is implied by the present socio-economic framework, the obvious conclusion is that the only way out of the crisis is the creation of the subjective and objective conditions which will lead to a new society. That is, a society, which, at the institutional level, will create the necessary conditions for the abolition of concentration of power and, by implication, for the re-integration of nature and society. Such a society is what I call an inclusive democracy. So, let's see briefly what we mean by Inclusive Democracy.

We may distinguish between four main types of democracy that constitute the fundamental elements of an inclusive democracy: political, economic, ecological, and "democracy in the social realm." We may then define, briefly, political, economic, and democracy in the social realm as the institutional framework that aims at the equal distribution of political, economic, and social power respectively, in other words, as the system which aims at the effective elimination of the domination of human being over human being. Similarly, we may define ecological democracy as the institutional framework that aims at the elimination of any human attempt to dominate the natural world, in other words, as the system, which aims to reintegrate humans and nature.

The conception of inclusive democracy

A fruitful way to define inclusive democracy may be to distinguish between the two main societal realms, the public and the private, to which we may add an "ecological realm," defined as the sphere of the relations between the natural and the social worlds. In this conception, the public realm, contrary to the practice of many supporters of the republican or democratic project (Hannah Arendt, Cornelius Castoriadis, Murray Bookchin et al) includes not just the political realm, but also the economic realm as well as a "social" realm; in other words, any area of human activity in which decisions can be taken collectively and democratically. The political realm is defined as the sphere of political decision-taking, the area in which political power is exercised. The economic realm is defined as the sphere of economic decision-taking, the area in which economic power is exercised with respect to the broad economic choices that any scarcity society has to make. Finally, the social realm is defined as

the sphere of decision-taking in the workplace, the education place and any other economic or cultural institution which is a constituent element of a democratic society.

It is therefore obvious that the extension of the traditional public realm to include the economic, ecological and "social" realms is an indispensable element of an inclusive democracy. Correspondingly, we may distinguish between four main constituent elements of an inclusive democracy: the political, the economic, "democracy in the social realm" and the ecological. The first three elements constitute the institutional framework which aims at the equal distribution of (respectively) political, economic and social power; in other words, the system which aims at the effective elimination of the domination of human being over human being. Similarly, ecological democracy is defined as the institutional framework which aims at the elimination of any human attempt to dominate the natural world, in other words, the system which aims to reintegrate humans and nature.

Political or direct democracy

In the political realm there can only be one form of democracy: what we may call political or direct democracy, in which political power is shared equally among all citizens. Political democracy is, therefore, founded on the equal distribution of political power among all citizens, the self-instituting of society. This implies that:

- Democracy is grounded on the conscious choice of its citizens for individual and social autonomy and not on any divine or mystical dogmas and preconceptions, or any closed theoretical systems involving natural or economic "laws," or tendencies determining social change.
- No institutionalised political processes of an oligarchic nature. This means that all political decisions (including those relating to the formation and execution of laws) are taken by the citizen body collectively and without representation.
- No institutionalised political structures embodying unequal power relations. This means, for instance, that where authority is delegated to segments of the citizen body for the purpose of carrying out specific duties (e.g., serving in popular courts, or regional and confederal councils, etc.), the delegation is assigned, on principle, by lot and on a rotational basis, and it is always recallable by the citizen body. Furthermore, as regards delegates to regional and confederal bodies, the mandates should be specific.
- All residents of a particular geographical area (which today can only take the form of a geographical community), beyond a certain age of maturity (to be defined by the citizen body itself) and irrespective of gender, race, ethnic or cultural identity, are members of the citizen body and are directly involved in the decision-taking process.

However, the institutionalisation of direct democracy in terms of the above conditions is only the necessary condition for the establishment of democracy. The sufficient condition refers to the citizens' level of democratic consciousness, in which a crucial role is played by *paedeia* — involving not simply education but character development and a well-rounded education in knowledge and skills, i.e. the education of the individual as citizen, which alone can give substantive content to the public space.

Economic Democracy

A model of economic democracy, as an integral part of an inclusive democracy, is described in detail elsewhere.²⁵ Here, I will describe only why, within the context of an economic democracy as defined by the ID project — which is a very different conception from the usual conception of economic democracy given by Greens, social democrats, and social ecologists/communalists, Pareconists, et. al. — the crises I mentioned before are simply impossible.

If we define political democracy as the authority of the people (*demos*) in the political sphere — which implies the existence of political equality in the sense of equal distribution of political power — then economic democracy could be correspondingly defined as the authority of *demos* in the economic sphere — which implies the existence of economic equality in the sense of equal distribution of economic power. And, of course, we are talking about the *demos* and not the state, because the existence of a state means the separation of the citizen body from the political and economic process. Economic democracy therefore relates to every social system which institutionalises the integration of society and the economy. This means that, ultimately, the *demos* controls the economic process, within an institutional framework of demotic ownership of the means of production.

On the basis of the definition of political democracy given earlier, for a society to be characterised as an economic democracy:

- There should be no institutionalised economic processes of an oligarchic nature. This means that all "macro" economic decisions, namely, decisions concerning the running of the economy as a whole (overall level of production, consumption and investment, amounts of work and leisure implied, technologies to be used, etc.) are taken by the citizen body collectively and without representation, although "micro" economic decisions at the workplace or the household levels are taken by the individual production or consumption unit.

²⁵ Takis Fotopoulos, *Towards An Inclusive Democracy*, ch. 6.

- There should be no institutionalised economic structures embodying unequal economic power relations. This implies that the means of production and distribution are collectively owned and controlled by the demos, the citizen body directly. Any inequality of income is therefore the result of additional voluntary work at the individual level. Such additional work, beyond that required by any capable member of society for the satisfaction of basic needs, allows only for additional consumption, as no individual accumulation of capital is possible, and any wealth accumulated as a result of additional work is not inherited. Thus, demotic ownership of the economy provides the economic structure for democratic ownership, whereas direct citizen participation in economic decisions provides the framework for a comprehensively democratic control process of the economy. The demos, therefore, becomes the authentic unit of economic life, since economic democracy is not feasible today unless both the ownership and control of productive resources are organised at the local level but of course problems of regional or national character should be sorted out at the confederal level. So, unlike the other definitions of economic democracy, the definition given here involves the explicit negation of economic power and implies the authority of the people in the economic sphere. In this sense, economic democracy is the counterpart, as well as the foundation, of direct democracy and of an inclusive democracy in general.

The system of allocation proposed by the Inclusive Democracy project aims to satisfy the double aim of:

- a. meeting the basic needs of all citizens — which requires that basic macro-economic decisions have to be made democratically, and
- b. securing freedom of choice — which requires the individual to make important decisions affecting his/her own life (what work to do, what to consume, etc.).

Democracy in the social realm

An inclusive democracy is inconceivable unless it extends to the broader social realm to embrace the workplace, the household, the educational institution and indeed any economic or cultural institution which constitutes an element of this realm. Democracy in the social realm therefore effectively means the self-management of any social institution, which can be collectively run by the people involved in it (workers, teachers, students et al). An important issue here is how to extend democracy to other forms of social organisation, like the household, without dissolving the private/public realm divide. In other words, how, while maintaining and enhancing the autonomy of the two realms, such institutional arrangements are adopted which introduce democracy to the household and the social realm in general

and — at the same time — enhance the institutional arrangements of political and economic democracy. In fact, an effective democracy is inconceivable unless free time is equally distributed among all citizens, and this condition can never be satisfied as long as the present hierarchical conditions in the household, the workplace and elsewhere continue. Furthermore, democracy in the social realm, particularly in the household, is impossible, unless such institutional arrangements are introduced which recognise the character of the household as a needs-satisfier and integrate the care and services provided within its framework into the general scheme of needs satisfaction.

Ecological Democracy

If we see democracy as a process of social self-institution in which there is no divinely or "objectively" defined code of human conduct there are no guarantees that an inclusive democracy would secure an ecological democracy in the sense defined above. Therefore, the replacement of the market economy by a new institutional framework of inclusive democracy constitutes only the necessary condition for a harmonious relation between the natural and social worlds. The sufficient condition refers to the citizens' level of ecological consciousness. Still, the radical change in the dominant social paradigm which will follow the institution of an inclusive democracy, combined with the decisive role that *paedeia* will play in an environmentally-friendly institutional framework, could reasonably be expected to lead to a radical change in the human attitude towards Nature. In other words, there are strong grounds for believing that the relationship between an inclusive democracy and Nature would be much more harmonious than could ever be achieved in a market economy, or one based on state socialism. The factors supporting this view refer to all three elements of an inclusive democracy: political, economic and social. Thus, as far as the significance of economic democracy is concerned, it is not accidental that, historically, the process of destroying the environment en masse has coincided with the process of marketisation of the economy which has led to the rise of the ideology of growth as the dominant social paradigm. But, economic democracy replaces the grow-or-die dynamic of the market economy with a new social dynamic aiming at the satisfaction of *demos'* needs rather than economic growth. However, if the satisfaction of *demotic* needs does not depend, as at present, on the continuous expansion of production to cover the needs that the market creates, and if the link between the economy and society is restored, then there is no reason why the present instrumentalist view of Nature will continue conditioning human behaviour. Particularly so since, unlike socialist models which are centralist, the aim of production in an ID is not growth, but the satisfaction of the basic needs of the community and of those non-basic needs for which members of the community express a desire and are willing to work extra to

cover them. Also, political democracy gives the power to the people to decide the relationship of society to Nature on the basis of the general interest of the community rather than the special interests of privileged social groups. Furthermore, there are grounds for believing that the creation of a public space will in it have a very significant effect on reducing the appeal of materialism. This is because the public space will provide a new meaning of life to fill the existential void that the present consumer society creates. The realisation of what it means to be human could reasonably be expected to throw us back toward Nature. Finally, democracy in the social realm would be a decisive step in the creation of the conditions for a harmonious nature-society relationship, as the phasing out of patriarchal relations in the household and of hierarchical relations in general, could reasonably be expected to create a new ethos of non-domination that would engulf both nature and society.

Why an Inclusive Democracy is proposed as a way out of the crisis?

It is clear that within an Inclusive Democracy, as I defined it, the fundamental problems people face today within the present system will become things of the past.

First, within such a system, there will be no economic or political elites or privileged social groups, given that an ID explicitly presupposes a stateless, money-less and market-less economy, which precludes private accumulation of wealth and the institutionalisation of privileges for some sections of society. No bankers, no financiers and no speculators anymore, on top of all those controlling the means of production, to exploit the work of others for their own benefit. All this, without having to rely on a mythical post-scarcity state of abundance (as social ecologists/communalists²⁶ assume), or having to sacrifice freedom of choice and self-management within a vast bureaucratic planning model like Parecon.²⁷

Second, the present huge and growing inequality in income, wealth and economic power is impossible given that in an economic democracy, all "macro" economic decisions, namely, decisions concerning the running of the economy as a whole (overall level of production, consumption and investment, amounts of work and leisure implied, technologies to be used, etc.) are made by the citizen body collectively and without representation. However, this does not mean that people are deprived of their "freedom of choice" that the market system supposedly provides. This is because the individual producers and consumers, through the proposed system of

²⁶ See Takis Fotopoulos, "[The ID project and Social Ecology](#)," *The International Journal of Inclusive Democracy*, Vol. 1, No. 3 (May 2005).

²⁷ See Takis Fotopoulos, "[Participatory Economics \(Parecon\) and Inclusive Democracy](#)," *The International Journal of Inclusive Democracy*, Vol. 1, No.2 (January 2005).

vouchers or special credit cards, make all "micro" economic decisions at the workplace or the household levels. The equal distribution of economic power that economic democracy implies, in combination with the equal distribution of political and social power that political democracy (direct democracy) and democracy at the social level (self-management) institutionalise in an Inclusive Democracy, create the institutional preconditions that would make the present multidimensional crisis a thing of the past.

Third, covering the basic needs of all people is secured institutionally, so that hunger, homelessness, lack of adequate health care and illiteracy will be things of the barbaric past. Thus, a crucial difference from market-based or planning-based models is ID's crucial distinction between basic and non-basic needs. Remuneration is according to need, as far as basic needs is concerned, and according to effort for non-basic needs. Thus, unlike Parecon, in which basic needs are satisfied only to the extent they are characterised as public goods, or are covered by compassion and by a guaranteed basic income for the unemployed and those who cannot work,²⁸ ID is based on the principle that meeting basic needs is a fundamental human right which is guaranteed to all who are in a physical condition to offer a minimal amount of work. As far as covering basic needs is concerned, ID implements the basic communist principle "from each according to his/her ability to each according to his/her need."

Fourth, unemployment and job insecurity will also be remembered as part of the barbaric Middle Ages that preceded economic democracy. Today, local economies depend on outside centres for the organisation of production and work, for covering their needs in goods and services, even for the provision of social services (education, health, etc.). For example, to attract investors, very expensive incentives are used, which usually overlook the ecological implications, while the investments themselves do not maximise local employment, and, instead, create a significant outflow of local income. The World Trade Organisation, made self-reliance in agriculture almost impossible, destroying in the process the livelihood of millions of farmers all over the world and transforming agriculture into an even more chemical-intensive process controlled by big agro-business. On the other hand, the local self-reliance implied by the decentralisation of an economic democracy would mean maximal utilisation of local resources and sources of energy, a process that leads to a corresponding maximisation of local employment and, through the "multiplier effects," of local income. Work in an economic democracy would be allocated on the basis of the preferences of citizens as producers and as consumers. Thus, citizens, as producers, would select the work they wish to do while citizens, as consumers, through their use of vouchers

²⁸ Michael Albert, *Parecon: Life After Capitalism* (London: Verso Books, 2003), pp. 37-38.

or special credit cards, would determine their own consumption pattern and indirectly the allocation of labour resources in each line of activity.

Fifth, an inclusive democracy may be the only way to deal effectively with the ecological crisis threatening the planet. Thus, an economic democracy, as envisaged by the ID project, implies a high degree of decentralisation (physical or at least administrative), so that the main collective political and economic decision unit are the demotic assemblies, (i.e., the assemblies of all citizens living in a demos of about 30,000-50,000 people), which are then confederated at the city, the regional, or the national level and beyond for decisions which cannot be taken at the local level. Also, the fact that the basic unit of social, economic and political life in a confederal democracy would be the community might also be expected to enhance its environmentally friendly character. It is reasonable to assume — and the evidence of the remarkable success of local communities in safeguarding their environments is overwhelming — that when people rely directly on their natural surroundings for their livelihood, they will develop an intimate knowledge of those surroundings, which will necessarily affect positively their behaviour towards them. However, the precondition for local control of the environment to be successful is that the community depends on its natural surroundings for its long-term livelihood and that it, therefore, has a direct interest in protecting it — another reason why an ecological society is impossible without economic democracy. All this, apart from the reasons we've already seen which create a different value system in an ID consistent with an ecological democracy.

Inclusive Democracy is NOT a utopia

Finally, one important point that has to be stressed is that the ID project is not just a utopia, in the negative sense of the word. A social project is not a utopia:

- if it is based on today's reality. And today's reality is summed up by the unprecedented multidimensional crisis of the present society we examined. Furthermore, a social project is not a utopia,
- if it expresses the discontent of significant social sectors and their, explicit or implicit, contesting of existing society. Today, the main political, economic and social institutions on which the present concentration of power is founded are increasingly contested. Thus, as we have seen, not only basic political institutions are contested in various ways and representative democracy itself is questioned, but also fundamental economic institutions, like private property, are challenged in a massive way (e.g. explosion of crime against property) clearly reflecting the growing discontent with the rising inequality in the distribution of income and wealth — an inequality, which, within the context of

the present consumer society, becomes unbearable. I think that after the collapse of the state socialist project, democracy may represent the only way out of the multi-dimensional crisis. Finally, a social project is not a utopia

- if it expresses existing social trends and surely the trend for autonomy and a genuine democracy has been a dominant trend in every insurrectionary period, particularly in the post-war period

Thus, roughly 100 years after the adherents to socialist statism attempted to create a new kind of institutional framework in place of the market economy and representative "democracy," it is becoming increasingly clear today that collective and individual autonomy can only be achieved within the context of democracy. It is also clear that democracy does not mean the various oligarchic regimes in the North that call themselves today democratic, let alone the despotic regimes in the South. Needless to add that democracy also does not mean an anachronistic return to the classical conception of democracy. Democracy could only mean a genuine, comprehensive democracy in all spheres of life, i.e., what I called an Inclusive Democracy, i.e., a structure and a process, which, through direct citizen participation in the decision-making and implementing process, ensures the equal distribution of political, economic, and social power among them.

The peoples of the world have therefore every reason today, before the economic crisis destroys the quality of life of most people in the planet, and the parallel ecological crisis destroys the quality of life of all, to begin building an ID movement and take steps like the ones described elsewhere,²⁹ so that we can move to replace the present system of capitalist market economy with an economic democracy — as part of an Inclusive Democracy — and transcend the present multidimensional crisis.

²⁹ See "[The transitional strategy of the Inclusive Democracy project](#)," *The International Journal of Inclusive Democracy*, Vol. 1, No. 1 (October 2004).