ECONOMY AND LIFE.

by Franz J. Hinkelammert

On the Society which maintains that there is No Alternative to itself.

The question about the relationship between economy and life is necessarily the question about alternatives which would allow the preservation of human life if the current economic system should become an obstacle or even a weapon of destruction of human life. However, if we ask for alternatives to the (current) market economy, we cannot simply ask about alternatives to the market as such. Any alternative to the current market economy has to function within the framework of the market system. The market as such cannot be replaced by something else. In the same way, if we ask for alternatives to the planned economy of the countries of historic socialism, we should not fall into the temptation of abolishing economic planning as such. The attempt to implement a solution by abolishing the problem itself only reproduces the crisis for which a solution is sought. President Reagan said in his electoral campaign in 1980: "We don't have a problem with the State, the State is the problem." We should not answer: "We don't have a problem with the market economy, the market itself is the problem." That would be a simple answer by inversion, and would produce the very problem which we are trying to solve. That is precisely what the historic socialist societies did, which is why they entered into a crisis.

If we ask for alternatives today, then we are asking for alternatives within the market economy, which has increasingly transformed the market into the only court of appeal for all societal decisions. Alternatives opposed to the logic of the market, which is the logic of the total market, appear within the market.

If the trend toward making something absolute has appeared once again today, that fact is without doubt linked to the current world globalization of the market. Any protest action --and especially any State protest action-- appears as an obstacle to market expansion to the multinational corporations, which encourage globalization. To them protest appears as a distortion of the market which reduces its efficiency. This is what impulses the tendency toward a total market and toward a State whose power apparatus is concentrated on imposing a total market. The State itself tends to become a total State inasmuch as it has to impose a total market.

The total market economy has been proffered for some 20 years as an alternative to the bourgeois interventionist social State of the 1950's and 60's and to socialist movements or States. It has now been introduced in many Third World countries, in the United States, and is increasingly being pushed in Western Europe. The very expression "total market" was coined by Henri Lepage, one of

neo-liberalism's most outstanding representatives in France.1
Today, many hold that the total market is the only existing alternative. It is presented as the alternative to the interventionist social State, but at the same time, it is hailed as the only alternative, which recognizes no other. The total market claims to be the "end of history," history's total solution, a society which only knows quantitative change, but no longer has a history.2 We know what this means: this is the way people talk who have won an absolute victory and who present their own absolute power as a gain for all humankind.3

In a technical sense we know very well where we should look for alternatives. We obviously need a New World Order for the market, a New World Order for finance and a New World Order for the environment. But as long as the legitimacy of any alternative continues to be denied in the name of a market which is aggressively turned into an absolute, there is not much point in speaking of alternatives in the technical sense. An alternative is only feasible if one looks for it. Inasmuch as our society denies the legitimacy of any alternative and uses all its power to make alternatives impossible, the alternatives will really be impossible, even if they are feasible in a technical sense. They are not impossible as such, however, but rather they have been made impossible. The result is a society which

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1 Lepage uses the expression to refer to anarchic-capitalist tendencies which have appeared in contemporary neo-liberalism and in which Lepage includes himself: Henri Lepage, Demain le capitalisme. Librairie Générale Française, Paris 1978. The Spanish translation is Mañana, el capitalismo. Alianza, Madrid 1979.»

2 Cf Francis Fukuyama, The End of History? The National Interest, October 1989. The novel and film "The never-ending story" respond to this.»
3 The first to celebrate this sort of "end to history" were precisely Stalin's partisans when in 1934 they celebrated their "victory congress." Our bourgeois world celebrated its own victory congress in 1989. Already Reagan's language served to hail this victory congress when he spoke of the United States as the "shining city upon the hill," i.e. as the new millenial kingdom. What this city is, was described already in the Middle Ages: "In that city there are no tears nor lamentations for those condemned to eternal fire with the devil and his angels ... For in the tents the triumph of victory is enjoyed, but the clamor of struggle and the danger of death are also felt. In that land there is no place for pain and sorrow, and so we sing: Those who live in you are filled with joy. And in another place: Their joy will be eternal. It is impossible to remember mercy where only justice reigns. For that reason, if misery and the time of mercy no longer exist, neither will a feeling of compassion." Liber de deligendo Deo (Book on the love for God). Obras Completas de San Bernardo, BAC, Madrid 1983, two volumes. I, Number 40, p. 359.»

violently destroys all efforts to achieve alternative solutions.

The society to which there is no alternative

Which society legitimizes itself by alleging that there is no alternative to it?

In his book "The man without an alternative," Kolakowski speaks of Stalinist society in 1959 as a society which legitimized itself by claiming that no alternatives to it existed. Kolakowski spoke of the "condemnation to one alternative only."4

A society which avows that it is the only possible alternative can only have formal efficiency as its criterion of decision. Kolakowski accuses Stalinism of this quoting one of its propaganda slogans: "Fight tuberculosis because it blocks the growth of the productive forces." According to the Stalinists, the socialist economy did not and could not have an alternative, because only this economy ensured the highest rates of economic growth. For this reason, the Stalinist economy made the rate of economic growth its central criterion of formal efficiency, which was then considered the maximum authority, deciding over human and ethical values. One therefore had to fight tuberculosis, because it slowed down the process of maximizing the growth rate.

That is how ethical values can be derived. Only that which is efficient is valuable or has potential value. Everything which is not efficient cannot be considered ethically valuable. Ethics are thus reduced to teaching formal efficiency as the supreme ethical criterion. If a criterion of this type is followed, evidently this ethic becomes the supreme court legitimizing the social relations of production. From this is deduced that there can be no alternative to those relations of production which are considered the most efficient and which are implied in the supreme ethical criterion. No tension at all can appear between ethics and the relations of production : they have become one.

The same sort of reasoning is carried out in the name of capitalist relations of production. On the one hand it is maintained that they are the only alternative. On the other, is held that they are the most efficient and produce

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4 About the society which maintains that there is no alternative to it, he says: "The participants of the present discussion ... should remember, I say, everything which has been justified by set phrases and, therefore, everything that will be able to be justified and sanctified in the future -- by using general set phrases which refer to political realism and to the only alternative to which the world is supposedly condemned." Leslek Kolakowski, Der Mensch ohne Alternative. Piper, München 1960, p. 85 (see footnote).»

the greatest growth rates. The values that they determine are therefore the most correct, fitting and humane values. Their formal efficiency becomes the de facto dominant ethic (public choice). Because the growth rate in a market oriented toward maximizing profit is greater than the rates in all others, the capitalist market economy is right, and there is no alternative to it.

The conflict between social systems which consequently ensues then decides --and it has decided-- which social system can triumph over the other one. From this is concluded: the system which won is the system which rightly claims that there is no alternative to it, and which with its efficiency rightly determines the ethic to be followed.

When Kolakowski wrote about "The man without an alternative" the Western world followed him enthusiastically. In reality, however, it was not in any way against being "condemned to only one alternative." Neither has Kolakowski, at least since he has lived in England, remembered his thesis. What they wanted to say was that only the market economy's social system was the system to which there is no alternative, not the Stalinist economy. Therefore only this bourgeois system can legitimately blackmail the world with a sole alternative. The system is whatever wins. Who is right? Whoever wins! The greatest growth rate is based on the market which aims to maximize profits. The market economy is therefore the only economy, and there are no alternatives to it.

The problem which appeared in the Stalinist economy is now developing in the capitalist market economy. From "World History, Last Judgment" we have gone to "World Market, Last Judgment." The world market as final judge decided over socialism. It also judges about who will be first in its place, what the scale of power is, whether or not debts have to be paid, which of our values are worthless and which are not, which of the values should be accepted and which rejected. Tuberculosis or cholera are problems if they distort the world market. If they don't affect it, they do not constitute a problem. The German chancellor Helmut Schmitt was a true proclaimer of the world market as the Last Judgment. He established the difference between virtues and vices according to the market as final judge. Whatever agreed with the market he called "market virtues." Whatever distorted the market he called "market vices." For him there were no other virtues and vices. This same market has judged about the Irak war and the justice of that war. The world market <u>is</u> justice. Whoever wins in the world market sits to the right of the world judge; whoever loses sits to his left and is condemned to die. The new world order with its rule of law, which President Bush talks about, is simply this: World Market, Final Judgment.

In this way the formal criterion of market efficiency becomes the supreme criterion for all values, and therefore also for human rights. The criterion in itself is not a value, but rather directs the whole world of values. This is the consequence of the so-called "value neutrality" of bourgeois science. It is one of the many expressions which

only become clearly comprehensible once the Orwellian character of our society's language is understood.

In judging on the basis of the criterion of efficiency there can be no alternatives. Any alternative would be inefficient: for this reason it is condemned by the central criterion which stands over all values. Any alternative would be inefficient because it would block the development of the productive forces.

A space for potential alternatives

Since it has worldwide power, the world capitalist system can only fail for reasons within itself. This also means that it can only fail because we, as part of the system, make it fail. But it cannot fail due to the question of power, because it has already conquered all possible power. It is total power and therefore totally corrupt. It is a tower of Babel which this time has reached higher than ever before. It cannot fail save by the confusion of tongues, that is to say, because of its own self.

But why should it fail? It will fail as a consequence of its own automatism, of its invisible hand, which tends to the cumulative destruction of human beings and of nature. The more it rejects possible alternatives, the more rapid is its process of destruction. The system becomes a dinosaur which devours everything and finally has nothing left to devour. Of course, some of this does raise to its consciousness. That is why the heroism of collective suicide appears, which transforms this process of destruction into a celebration of death and the folly of moving toward suicide as life's highest meaning. The savagery of a world which evicts the residue in order to transform the planet for those left into a kind of Noah's ark, is also cumulative. It ends in the same collective suicide as that carried out in the name of the fight against collapse and of the new cumulative destruction which follows.

This process of destruction has its roots in the fact that any technology which is applied according to market selective criteria is fragmentary. It therefore subverts the interdependent systems formed by the social division of work and of nature. The more the market is made into a totale, sole alternative which shuts out all others, the more a free hand is given to this process of destruction. Technology liberated from all limitations leads to the destruction of the foundations of human life.

The process of destruction now in course must be stopped. The efficiency criterion which leads to fragmentation must be suspended whenever it contributes to the destruction of human life's foundations. It is necessary to intervene constantly in a way which is <u>not</u> effective from the point of view of fragmentary efficiency. However, from the point of view of our chances for survival, precisely this sort of intervention <u>is</u> "efficacious."

Is the total market an alternative to an economy in which the market is limited in this way? Is the total market about which is said that it is the sole alternative in all imaginable orders, really an alternative? It is an alternative only for suicidal people who look at the world from the point of view of the "heroism" of collective suicide.

For this reason we can speak of a "space" for potential alternatives. This space should exclude apparent solutions which cannot really be considered as alternatives, i.e. solutions whose consequences lead to humanity's collective suicide. This is why it is necessary to exclude precisely the supposed alternatives which arise in the struggle between different systems. Any alternative which depicts itself as the society to which there is no alternative --be it Stalinist socialism or total market capitalism-- is not a potential alternative. Their assertion, i.e. that they are the only possible alternative, in fact reveals that they themselves are not real alternatives. Any society which maintains that no alternative to it can exist shows that it is no alternative itself. About such a society we can say a priori that it can only legitimize itself through collective suicide. Historic socialism crumbled because it was not willing to accept collective suicide as a consequence. In the same way, total market capitalism will crumble if it is not willing to have this disposition. It is no alternative at all, although it presents itself aggressively as the sole alternative.

From this results space for potential alternatives. The latter consist of all imaginable and arguable alternatives which fit between the two extremes, which cannot be alternatives. They are potential alternatives in the sense that they are arguable: their effective feasibility will be shown by empirical arguments. Even if they are potential alternatives it may be that they are not feasible and should be substituted by others. There is no a priori criterion for them. Such a criterion can only exist for extremes which have been made into absolutes, be it the planned or be it the market economy.

The criterion which judges these alternatives cannot be abstract. However, above and beyond all potential alternatives a synthetic criterion exists which must mediate selection: the concrete criterion of the possibility of life for all human beings, which also implies the life of nature as the foundation of all possibilities for life. It isn't possible to substitute this with abstract principles such as the rate of growth or the rate of profit. It is a universalist criterion. It is the universalist criterion of the concrete human being confronted with abstract universalism, be it of the market or of the central plan.

However, these potential alternatives will not be promoted by those in positions of power. It is also clear today that power cannot be taken over in the name of an alternative, for this always ends in the substitution of a system by its opposite. The current extremism of the total market emerged precisely because of this mechanism, which had previously

allowed the emergence of total planning. There is no point in continuing to oscillate between these two extremes. That would lead only to history repeating itself.

On the other hand, within the logic of the current total market society, potential alternatives are continually destroyed and do not have the power to impose themselves. Because they are continually destroyed and destructible, they begin to take on an unreal, utopian, metaphysical character.

Reality and its demands become unreal and madness begins to seem reasonable. A society which admits no alternatives defends itself in the name of insanity: "When everyone goes crazy, the rational thing to do is to go crazy too." Kindleberger comes to this conclusion.5 The very possibility of rational discussion is thereby destroyed. What Kindleberger says simply reflects one of the varieties of the heroism of collective suicide.

Resistance as a condition for rationality
If that is the situation, what can be done?

First of all, the rejection of insanity when our society declares madness to be rational. The rationality of death must be rejected. That is the condition for all possible alternatives. Whoever lets himself be carried away by the attraction of madness can only celebrate death in the name of the sole alternative which excludes all others.

The next step is resistance. This presupposes that legality does not necessarily mean legitimacy, against Max Weber when he speaks of legitimacy by means of legality. No measure, even if it has been legalized in the name of companies or of the State is legitimate simply because it is permissible within the framework of legality. To be legitimate, it must be compatible with the conditions of survival of humanity and of nature. This compatibility can never be expressed by legal criteria. On the contrary, legality itself, when it attempts to define legitimacy, has the tendency of destroying the conditions for survival. For this reason, no social system can be rational without resisting in the name of these conditions for survival. All bourgeois thought brings with it the illusion that there are laws --market laws-- whose simple fulfillment assures rationality. Thus it always ends in the "rationality of the rationalized" which Max Weber had observed.

Given the fact that modern society must necessarily be based on legality, it can only be rational if it opposes resistance in the name of the conditions necessary for human

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5 Cf Charles P. Kindleberger, Manias, Panics and Crashes: A History of Financial Crises. Basic Books, New York 1989, p. 134.The phrase is also a central thesis of the movie "Terminator II." The thought has become a commonplace in the countries of the North.»

survival. A formal-rational decision is only rational when it is mediated and channeled by conditions which allow human survival. Only resistance and mediation between the formal-rational criterion and the criterion of human survival can ensure that. On the contrary, if the formally rational decision encounters no resistance when it enters in conflict with the conditions necessary for human survival, it destroys.

Neo-classical economic theory contends, on the contrary, that a free price achieved in competition is the rational price. This theory already implies a total market ideology, although neo-liberalism only recently made this explicit and politically operative. According to this point of view, prices are more rational the more automatically the price mechanism works. Rationality seems here to be a product of the institutional inertia of market institutions. The less one interferes in the market, the greater the rationality.

In this way a rationality which leads to fragmentation is taken up in an extreme fashion. All the demands of reproductive rationality are swept away, and not even its scientific character is recognized. In the case of reproductive rationality even Max Weber acts as if it were a matter of value judgments about which science cannot speak. The results of a fragmentary action of this sort appear as completely irrelevant. If the conditions necessary for human survival are destroyed, even that is considered a rational result of rationality. For this reason this economic theory ends up as an apology of madness.

When reproductive rationality is taken into account it becomes clear that the price for pure competition is an irrational price. That is why it is incompatible with economic rationality if the latter is made an absolute. Indeed, if we were to pay the the price of pure competition, acting automatically, we would have no other course but to shave off all the planet's resources and then die. Precisely this consequence reveals the non-sense of the concept of rationality of the neoclassical economic theory.

This tendency toward irrationality in market decisions is inherent in the competitive prices themselves; it is not the result of the imperfect character of the competition. The price of competition does not include a criteria guaranteeing reproductive rationality. Its logic --its invisible hand-- therefore leads to the destruction of the conditions necessary for humanity's life.

This nonsensical concept of rationality --madness as rational behavior-- was introduced by Popper in the social sciences of the free world. He asserts that fragmentary rationality --which he appropriately calls piece-meal-technology-- is the only realistic way to apply technology, opposing it to so-called "utopian" technology. The only "realistic" road seems to be the road toward the destruction of the human conditions of life.6

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6 Cf. Karl Popper, La miseria del historicismo. Alianza, Madrid 1973.»

The inevitable result of this is the idea that bourgeois society is the only society to which there is no alternative. But a society to which there is no alternative is for this very reason closed and the end of history. It sings the same melody with many voices. It is the end of pluralism. The fact that Popper calls precisely this sort of closed society "open" is part of the confusion of tongues which results from the building of this tower. Anti-utopianism thus flows into totalitarianism.

Neo-liberal economic theory does not accept any analysis of reproductive rationality. The latter, however, has a decisive importance. Faced with all the partial phenomena of destruction, neo-liberal theory responds with a constant apology which comes deductively to the conclusion that the automatism of the market is the most adequate means to solve all problems.7 David Friedman gives an appropriate name to this type of reasoning: the machinery of freedom.8 The market is seen as something which automatically produces freedom, just as a factory produces hot-dogs. This is market totalitarianism. The machinery of freedom becomes a machinery of horror. Human freedom can on the contrary only consist in the relationship of a subject to his institutions, whereby the subject submits the institutions to the conditions necessary for life. But the machineries of freedom --and Stalinism was also a machinery of freedom-- promise freedom resulting from absolute subjection to laws and institutions, to the point that freedom becomes identified with them. They do not admit any human subjectivity.9 They transform it into one more piece in the machinery of freedom. What doesn't work as part of this machine can be thrown away. This is, currently the Third World's destiny.

For this reason, a society's rationality can only be the result of a constant conflict between legality and a legitimacy which is born out of consideration for the conditions necessary for life. There can be no economic rationality without resistance, without the consequent correction of the market price and of market decisions from the point of view of what promotes human life.

This resistance must trigger alternatives. It must make them inevitable so that they can come to belong to the established system which is based on legality. It must intervene constantly in the static logic inherent in the system, in order to submit it to a different logic. However, the force exercised by resistance cannot be successful unless it gains the support of as many human beings as possible. It cannot be a blind resistance. It

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7 The "jumps" necessary in the development of this argument can be seen in Henri Lepage, Demain le libéralisme (see above, note 1).»

8 Cf. David Friedman, The Machinery of Freedom.»

9 In Latin America we have had for years a commercial slogan in all the mass media which says: "Private enterprise produces freedom." In many businesses one finds a sign which reads "Freedom is produced here."»

has to convince human beings to recognize the logic of collective suicide, to resist it, and to draw the necessary consequences. Alternatives can only make a breakthrough in this way. If on the contrary, humanity intoxicates itself with the heroism of collective suicide, it has the capacity to destroy itself and nobody can stop it. The desire for life is a task and not the result of an instinctive reaction. The latter is only a starting point.