

General Assembly of the United Nations

Panel on the Financial Crisis

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Ladies and Gentlemen, Delegates, and Dear Friends:

The world needs alternatives and not merely regulation. It is not enough to rearrange the system; we need to transform it. This is a moral duty. In order to understand why, we must adopt the point of view of the victims of this system. Adopting this point of view will allow us to confront reality and to express a conviction, the reality that the whole ensemble of crises which currently afflict us –finances, food supply, water, energy, climate, social— are the result of a common cause, and the conviction that we can change the course of history.

Confronting Reality

When 850 million human beings live below poverty level, and their number increases, when every twenty-four hours tens of thousands of human being die of hunger, when day after day entire peoples, whole cultures and ways of life simply disappear, putting in peril humanity's patrimony, when the climate deteriorates to the point that one wonders whether or not it is worth the trouble to live in New Orleans, the Sahel, the islands of the Pacific, Central Asia, or along the coasts of our continents, we cannot content ourselves with speaking about the financial crisis.

Already this latter crisis has had consequences which are more than merely financial: unemployment, rising prices, exclusion of the poor, vulnerability of the middle classes. The list of victims grows ever longer. Let us be clear. This crisis is not the product of some bad turn taken by one economic actor or another, nor is it just the result of an abuse which must be punished. We are witnessing the result of a logic which defines the economic history of the past two centuries. From crisis to regulation and from regulation to crisis, the unfolding of the facts always reflects the dynamics of the rate of profit. When it rises we deregulate; when it falls we regulate, but always in service to the accumulation of capital, which is understood as the engine of growth. What we are seeing today is, therefore, far from new. It is not the first crisis of the financial system and it will not be the last.

Nevertheless, the financial bubble, created over the course of the past few decades, thanks, among other things, to the development of new information and communication technologies, has added fundamentally new dimensions to the problem. The economy has become more and more virtual and differences in income have exploded. To accelerate growth in the rate of profit, a whole new architecture of derivatives was put in place and speculation became the *modus operandi* of the economic system. The result has been a convergence in the logic governing the disorders which characterize the current situation.

The food crisis is an example. The increase in food prices was not the result of declining production, but rather of a combination of reduced stocks, speculation, and the increased production of agrofuels. Human lives were, in other words, subordinated to profit taking. The behavior of the Chicago Commodity Exchange demonstrates this.

The energy crisis, meanwhile, goes well beyond a conjunctural explosion in the price of petroleum. It marks the end of cheap fossil fuels, which encouraged profligate use of energy, making possible accelerated economic growth and the rapid accumulation of capital in the middle term. The superexploitation of natural resources and the liberalization of trade, especially since the 1970s, expanded the transport of commodities around the world and encouraged the use of automobiles rather than public transportation, without consideration of either the climatic or the social consequences. The use of petroleum derivatives as fertilizers became widespread in a productivist agriculture. The lifestyle of the upper and middle classes was built on this squandering of energy resources. In this domain as well exchange value took precedence over use value.

Today, with this crisis threatening gravely the accumulation of capital, there is a sudden urgency about finding solutions. They will, however, respect the underlying logic of the system: to maintain the rate of profit, without taking into account externalities –that is to say what does not enter into the accounting of capital and the cost of which must be born by individuals and communities. That is the case with agrofuels and their ecological and social consequences: destruction by monoculture of biodiversity, of the soil and of underground water and the expulsion of millions of small peasants who then go on to populate the shantytowns and aggravate the pressures to emigrate.

The climate crisis, the gravity of which global public opinion has yet to take the full measure, is, according to the International Group of Climate Experts, the result of human activity. Nicolas Stern, formerly of the World Bank, does not hesitate to say that “climate change is the biggest setback in the history of the market economy.” In effect, here as before, the logic of capital does not taken into account “externalities” except when it reduces the rate of profit.

The neoliberal era, which led to the increase of the later, coincided as well with growing emissions of greenhouse gases and accelerated global warming. The growth in the utilization of raw materials and in transportation, as well as deregulation in the ecological sphere, augmented the devastation of our climate and diminished the regenerative capacity of nature. If nothing is done in the near future, 20%-30% of all living species could disappear in the next quarter century. The acidity of the oceans is rising and we can expect between 150 and 200 million climate refugees by the middle of this century.

It is in this context that we must understand the social crisis. Developing spectacularly the 20% of the world’s population capable of consuming high value added goods and services, is more interesting from the standpoint of private accumulation in the short and middle term than responding to the basic needs of those whose purchasing power has been reduced to nothing. Indeed, incapable of producing value added and having only a feeble capacity to consume, they are nothing but a useless mob, or at best the of object welfare policies. This phenomenon is

accentuated with the predominance of finance capital. Once more the logic of accumulation has prevailed over the needs of human beings.

This whole ensemble of malfunctions opens up the possibility of a crisis of civilization and the risk that the planet itself will be purged of living things, something which also signifies a real crisis of meaning. Regulation, then? Yes, if they constitute steps towards a radical and permanent transformation and point towards an exit from the crisis other than war. No, if they merely prolong a logic which is destructive of life. A humanity which renounces reason and abandons ethics loses the right to exist.

A conviction

To be sure, apocalyptic language is by itself a sufficient catalyst for action. On the contrary, a radical confrontation with reality like that suggested above can lead to reaction. Finding and acting on alternatives is possible, but not without conditions. It presupposes a long term vision, a necessary utopia, concrete measures spaced out over time, and social actors who can carry these projects and who are capable of carrying on a struggle the violence of which will be proportional to the resistance to change.

This long term vision can be articulated along several major axes. In the first place, a rational and renewable use of natural resources, which presupposes a new understanding of our relationship with nature: no longer an exploitation without limits of matter, with the aim of unlimited profits, but rather a respect for what forms the very source of life. “Actually existing” socialist societies made no real innovations in this domain.

Second, we will privilege use value over exchange value, something which implies a new understanding of economics, no longer as the science of producing value added as a way of encouraging private accumulation but rather as an activity which assures the basis for human life, material, cultural, and spiritual, for everyone everywhere. The logical consequences of this change are considerable. From this moment forward, the market must serve as a regulator between supply and demand instead of increasing the rate of profit for a minority. The squandering of raw materials and of energy, the destruction of biodiversity and of the atmosphere, are combated by taking into account ecological and social “externalities.” The logic governing the production of goods and services must change.

Finally, the principle of multiculturalism must complement these others. It is a question of permitting all forms of knowledge, including traditional forms, all philosophies and cultures, all moral and spiritual forces capable of promoting the necessary ethic, to participate in the construction of alternatives, in breaking the monopoly of westernization. Among the religions, the wisdom of Hinduism in relationship to nature, the compassion of Buddhism in human relations, the permanent quest for utopia in Judaism, the thirst for justice which defines the prophetic current in Islam, the emancipatory power of the theology of liberation in Christianity, the respect for the sources of life in the concept of the land itself among the indigenous peoples of the Americas, the sense of solidarity expressed in the religions of Africa, can all make

important contributions in the context of mutual tolerance guaranteed by the impartiality of political society.

All of this is utopian, to be sure. But the world needs utopias, on the condition that they have concrete, practical results. Each of the principles evoked above is susceptible to concrete applications which have already been the object of propositions on the part of numerous social movements and political organizations. A new relationship with nature means, among other things, the recovery by states of their sovereignty over their natural resources and an end to their private appropriation, the end of monocultures and a revaluation of peasant agriculture, and the ratification and deepening of the measures called for by the Kyoto and Bali protocols on climate change.

Privileging use value requires the decommodification of the indispensable elements of life: seeds, water, health, and education, the re-establishment of public services, the abolition of tax havens, the suppression of banking secrecy, the cancellation of the odious debts of the States of the global South, the establishment of regional alliances on the basis not of competition but of complementarity and solidarity, the creation of regional currencies, the establishment of multipolarity, and many other measures as well. The financial crisis simply gives us a unique opportunity to apply these measures.

Democratizing societies begins with fostering local participation, includes the democratic management of the economy, and extends to the reform of the United Nations. Multiculturalism means the abolition of patents on knowledge, the liberation of science from the stranglehold of economic power, the suppression of monopolies on information and the establishment of religious liberty.

But who will carry this project? The genius of capitalism is to transform its own contradictions into opportunities. *How global warming can make you wealthy!* reads an ad in US Today from the beginning of 2007. Can capitalism renounce its own principles? Obviously not. Only a new set of power relations can get us where we need to be, something which does not exclude the engagement of some contemporary economic actors. But one thing is clear: the new historic actor which will carry the alternative projects outlined above is *plural*. There are the workers, the landless peasants, the indigenous peoples, women (who are always the first victims of privatization) the urban poor, environmentalists, migrants, and intellectuals linked to social movements. Their consciousness of being a collective actor is beginning to emerge. The convergence of their organizations is only in its early stages. Real political relationships are often lacking. Some states, notably in Latin America, have already created the conditions for these alternative projects to see the light of day. The duration and intensity of the struggles to come depends on the rigidity of the system in place and the intransigence of the protagonists.

Offer them, therefore, a platform in the General Assembly of the United Nations, where they can express themselves and present their alternatives. This will be your contribution to changing the course of history –something which is *must* happen if humanity is to recover the space to live and once again find reason to hope in the future.