

---

## PRIKAZI

---

*Paul Stubbs\**

### **Conference Report\*\***

## **“THE SOCIAL REALITY AND SCIENCE OF ECONOMICS”**

**The Institute of Economics, Zagreb, 30 January 2007**

This well-attended conference, featuring two keynote speakers, focused on progressive contemporary alternatives to neo-classical or mainstream economic theory. In the context of new forms of globalization, impending ecological disasters, and a growing gap between rich and poor, neo-classical theory appears ever less relevant and appropriate, adhering to static understandings of social and economic reality, building ever more complex mathematical models, and underpinned by unsubstantiated and narrow assumptions about human behaviour and motivation. In his introductory remarks, Matko Meštrović pointed to the Post-Autistic Economics movement as one source of alternative ideas, seeking to re-embed economic theory in the social dynamics of contemporary societies (cf. <http://www.paecon.net/>)

In the first key note speech, Carlo Vercellone, of the Université Paris 1 – Pantheon-Sorbonne, outlined ‘The Critical Distinction Between Industrial and Cognitive Capitalism’. His presentation sought to repoliticise the supposedly neutral category of ‘the knowledge-based society’, dominant in mainstream theory, arguing that ‘Cognitive Capitalism’ represents a major historical transformation in the capital-labour relationship, in which knowledge is framed by, and subsumed

---

\* P. Stubbs, Ph. D., Senior Research Fellow at the Institute of Economics, Zagreb  
([pstubbs@eizg.hr](mailto:pstubbs@eizg.hr))

\*\* Gostovanje francuskih profesora Yanna Moulier Boutanga i Carla Vercellonea organizirali su Ekonomski institut, Zagreb, Hrvatsko sociološko društvo, Hrvatsko društvo ekonomista, Francuski institut i Multimedijalni institut.

within, the laws of capital accumulation. Reliant, very much, on Marx's understanding of conflicts around knowledge and power at various stages in capitalist development, Vercellone points to the continued struggle for control of the labour process and the tendency for new forms of knowledge to reconstitute themselves at the highest levels of the technical and social division of labour.

His understanding of the social crisis of industrial capitalism, having reached its zenith in its Fordist moment, is based on a kind of tipping point as the dynamic knowledge potential of living labour comes to become qualitatively more important than the knowledge incorporated in fixed capital. The democratisation, or disbursal, of knowledge throughout the social structure comes to challenge organisational forms themselves and the inter-relationships between firms, and is associated with resistance to Taylorism, the increasing importance of the intellectual and immaterial dimensions of labour, and the development of collectivised, decommodified, insurance-based welfare states.

Adding Polanyi's insights to those of Marx, Vercellone defines 'cognitive capitalism' as "the emergence of an 'historical system of accumulation' in which the cognitive and intellectual dimensions of labour become dominant and the central stake over the valorisation of capital becomes directly related to the transformation of knowledge into a 'fictitious commodity'". Under cognitive capitalism, then, the social and institutional conditions for knowledge production are the main determinants of national wealth, and competitiveness is dependant on intangible assets, as immaterial and cognitive labour replace material labour as the key source of value.

Again, distancing himself from mainstream theory on the knowledge-based society, Vercellone concluded by outlining key contradictions in terms of the ongoing battle for control of productive knowledge. Firstly, the contradiction between the social nature of production and the private nature of appropriation is, today, illustrated by renewed attempts to privatise knowledge and to shore up and extend a system of codifying and regulating intellectual property rights, itself confronted by increased resistance in the movement for 'copyleft' (<http://www.gnu.org/copyleft/>) and 'open source' (<http://www.opensource.org/>). Secondly, he argues that the new distinction between 'dead knowledge' and 'living knowledge' leads to a resurgence of tensions between organisational self-determination and the social limits of production. Thirdly, the increased importance of the cognitive dimension of labour and the social dimensions of productivity and innovation transform the concepts of productive labour and of exploitation itself. Vercellone's insights suggest the need for new forms of state practices going beyond the notion of the 'invisible hand' under classical neo-liberalism, managing contradictions and regulating systems to promote competitiveness.

Indeed, the second keynote speech by Yann Moulier Boutang of the Université de Technologie de Compiègne, highlighted precisely this theme in terms of

the case for a minimum income guarantee. Merging political, economic and social analysis, Moulier Boutang suggests that the redistributive principle of traditional welfare states needs to be adapted and extended in the context of the transformation of the nature and form of the accumulation of capital, from 'material capital' to 'intellectual capital', on the one hand, and the increasing, and increasingly sub-optimal, punitive eligibility criteria for any form of social assistance for the working-age population, on the other hand.

Moulier Boutang outlined seven key features of his conceptualisation of a guaranteed basic income as kind of institutional innovation: it should be individual and not household-based; it should be unconditional (i.e. not tied to job search or other criteria); it should be independent of any means-testing; it should not replace key social security, health and pensions entitlements, the only exception being housing subsidies; it should be universal, even if the richest could then be taxed on it up to 100%; it should be relatively high, reaching up to 60% of the minimum wage; and, with the possible exception of housing subsidies, it should be in cash and not in kind.

Plotting levels of income replacement on one axis, and degree of conditionality on the other, Moulier Boutang offered a concise overview of four approaches to guaranteed income: Fiscal exoneration (low income, high conditionality); Minimum wage (high income, high conditionality); Social minima (low income and weak conditionality); and Guaranteed social income (high income and no conditionality). Crucially, he sought to outline an economic rationale for a guaranteed social income, suggesting it is the only policy which ensures flexicurity and poverty alleviation in the context of increasing levels of precarious work and a growing number of working poor. The nature of cognitive capitalism and the nature of immaterial labour under conditions of flexible production require a new social contract. Only a guaranteed minimum income can provide the basis for social reproduction and the preservation and growth of intangible assets. It represents a new welfare settlement appropriate for a more horizontally organised, network-based, society, able to stabilise cognitive capitalism which, at the moment, is highly unstable as a result of the quasi-public goods problem resulting from immaterial production.

Rather than being utopian, Moulier Boutang suggests that a guaranteed minimum income is feasible, countering suggestions that it would promote laziness, discourage effort and lower levels of social capital and solidarity. Indeed, it is appropriate for countries with very different levels of GDP per capita, as the example of Brazil, using a kind of Guaranteed Social Income (GSI) to try to bring 35 million people out of poverty, has shown. Using work by Vercellone and Monnier, Moulier Boutang showed how, in France, a GSI of € 700 per person would cost approximately €286.3 billion, more than the current social security budget. However, taxation and the abolition of some existing social assistance payments

could recoup 35% of this total, and reversing tax reductions of the last twenty years, and adding a patrimonial tax and a Tobin tax on financial speculation, could recoup another 40%.

In conclusion, Moulrier Boutang recognised that such a change would, certainly, create resistance from entrepreneurs and the richest part of the population but suggested it would represent no more than the leap into the Welfare state after the second world war which, as well as being a huge injection of justice, was a key factor in wealth creation, growth and full employment between 1945 and 1975. He pointed out that on the BIEN (Basic Income Earth Network) web site (<http://www.etes.ucl.ac.be/bien/Index.html>) can be found a wide range of texts from economists from diverse intellectual traditions which are now committed to the GSI idea in one form or another.

Discussion focused on the political feasibility of GSI and, in particular, its applicability in regional arrangements such as the European Union. In addition, both the speakers were asked to say more about the validity and relevance of their theories and policy recommendations in the context of globalisation, new centres of wealth production, a new international division of labour, and large scale migration breaking traditional notions of nation state citizen entitlements.

The entire conference represented a rare opportunity to hear the theoretical and political voices associated with the critical globalization movement and, whatever reservations and objections were raised, there can be no doubt that the speakers raised important questions, and demonstrated a critical intelligence applied to the burning problems of the day. Those wanting to read more of Vercellone and Moulrier Boutang's work, mainly in French, should consult (<http://multitudes.samizdat.net/http://multitudes.samizdat.net/>).