

New economic values for next US president

by Chibli Mallat

The Clinton administration has achieved such clear success judged by the traditional economic indicators of GDP, inflation, unemployment, balance of payments, the monetary mass available and long-term interest rates, that any new president will want to match his predecessor's performance on these scores.

This is understandable but there is more to a 21st century economy than these ratios. The next leader of the world's most powerful economy should strive to go further and to include, beside money, goods and services, values that are meaningful to the daily existence of men and women.

One such approach has been put forward by Amartya Sen, the economics Nobel prizewinner in 1998. With a mathematically elaborate vision and a wide-ranging influence on the principles of international accountability, Sen has moved from his native India to the Oxford-Cambridge dons' circuit and on to the heart of American academia in Harvard, where he currently makes his mark. His work has inspired new economic indexes, such as the UNDP-established Human Development Index, which comprises three elements, life expectancy, adult literacy rate, and GNP per capita. These factors have now been brought within US public expectations to the point where a new president should also now target the macro-figures that respond to the American popular notion of "quality-time." They represent one route to "post-national accountancy" for a leadership which will inevitably confront further Seattle-style rebellions on the local and international scene.

As in the India-to-Harvard trajectory of Sen, new economic sources cover a wide spectrum, extending from American conservatives, to proponents of The Third Way of Clinton and Blair, to economic theoreticians of global economic inequality.

The spectrum is unsettling because of the unusual convergence between traditionally opposed poles of free-marketeers and collectivist or dirigiste principles. A curious phenomenon blurs the line between left and right: Thatcherism, on one side and Marxism on the other, have the same avowed goal, empowering the individual and drastically diminishing the role of the state.

Neither vision is likely to succeed soon, and the US government remains in charge, through taxes and otherwise, of 35 percent of the GDP. But the curious coincidence between the two most unexpected bedfellows hides a more troubling convergence, which can be compacted into a single term, "subsidiarity."

As an economic value, subsidiarity means that the state must be made economically subsidiary to the individual. Government is to stay out of the individual's path so long as it isn't needed to perform a better job than the individual. In an American context, this should be true up the ladder from the person, to the family unit, to the city council, to the state in a federal structure, and to the federal government.

Cheers will greet the economist who comes out with the new magic formula to pin down subsidiarity in quantifiable figures. Cheers might have to wait, though, and Europe is just starting to grapple with that word, now made black-letter law in the born-again Maastricht Treaty.

While subsidiarity is becoming an entrenched value in law (though it is early days yet), it will be an even more exciting proposal to watch as a quantifiable economic equation.

Nor is subsidiarity perforce the new magic wand for a hugely complex economic world-system. There are other possible choices for US candidates, which might serve them well if they are to address the emerging type of middle-of-the-road voter. An American president worthy of the mantle of leadership for the 21st century can seek other “post- national accountability” economic criteria.

There is little doubt that one of the keys to economic progress is the scientific-technological input into the economy, which makes fewer people capable of producing more and better with less time and effort. Under this view, government must offer great social projects necessary to carry that ability to its maximum, together with the means that enhance the potential in science and education.

Daniel Bell, a leading sociologist who has coined the concept of “post-industrial society,” had tried in a seminal work in 1973 to delineate the contours of the technological impact. Clearly, the scientific equation which would incorporate the technological-scientific factor remains elusive, and some advocate grand schemes associated with calls for massive investment in education and research, ambitious projects such as landing on Mars, the anti-ballistic missile laser system, and the ruthless fight against AIDS.

Some of these views may be usefully adapted by a president in search of new economic and social frontiers, but they also beg the no less crucial question of subsidiarity.

An influential network in Democratic circles in America is represented by the so-called Third Way. Both Bill Clinton and Tony Blair have spent much time in international seminars held under the banner of the Third Way, which is identified mostly in the works of its British guru Anthony Giddens, London School of Economics director and Blair’s intellectual advisor.

Giddens has an economic vision which attempts to rejuvenate the welfare premise in a positive manner. Writing in 1998 under the title *The Third Way*, Giddens says: “The guideline to the positive welfare society” as opposed to the traditional welfare state “is investment in human capital wherever possible, rather than the direct provision of economic maintenance. In place of the welfare state we should put the social investment state, operative in the context of a positive welfare society”.

The examples adduced as to how the “social investment state” could be conceived offer a refreshing prelude to the magic formula economists may be looking for. The social investment state can do much in the marketplace of labor, Giddens explains, by finding ways in the new mixed economy to support “entrepreneurial initiatives,” emphasize “life-long education,” enhance “portability” meaning the standardization of criteria to allow people using their skills in more protean ways. The state should also set in train “family-friendly workplace policies,” which take into account long commuting distances, work at home, and working parents with young children.

Albert Gore is a clear proponent of Giddensian values. With the search for “the soul of America” on, and even George W. Bush, the most right-wing candidate in the race, trying to project himself as a “compassionate reformer with results,” we shall hear more Giddensian echoes from all sides until November.

Among the new economic options for an American president, the most alluring perhaps has been drawn by another European figure. Robert Fossaert is practically unknown in America, and less known in his native France than a mind of such stature deserves to be. He is a banker and the author of an eight-volume work called *La Societe* (1978-1996). There is clear relationship between the set of new creative values, seen above with Giddens from the social investment state perspective, and

those rendered by Fossaert in his latest published book.

For Fossaert, the new horizon for the measurement of social well-being requires the computation of a value “which is infinitely more universal than currency: the budget-time of men, women and children (work, studies, leisure, etc). This is the appreciation, in detail, of the equivalent to what is ultimately the number of people and the use they make of their life.” Admittedly arduous, this type of investigation is still in its infancy, but its detailed and scientific appreciation would yield comparative data within and between societies, as well as historical indices of immense value to judge the improvement, or decline, of the quality of a individual’s contribution to the whole, from birth to death. Nor is the budget-time of individuals the sole “value of development” to be derived from Fossaert’s *La Societe*. He offers a sophisticated insight into the notion of “subsidiarity,” which he calls “l’etat-moins,” the state-reduced. Some of Fossaert’s concepts would be of particular help for an American president in search of effective post-national accountancy measurements.

An additional virtue of Fossaert’s macro-sociology is to remind us that “neutral” economic figures are never as innocent as they appear. Unlike the GDP and its sisters, the constant attention to entrenched interests must be factored in any social reform, and pay heed to the early reminder of James Madison about the existence of groups in conflict economically as a natural part of life. Two centuries ago, Madison warned in the *Federalist Papers* against “factions, who are united and actuated by some common impulse of passion, or of interest, adverse to the rights of other citizens, or to the permanent and aggregate interests of the community.” The pervasive persistence of factions and narrow interests is an appropriate reminder of the difficulties facing the economic reformer.

To sum up the economic homework for an innovative US president, one could offer some new criteria in addition to, or even against, traditional economic indices. Will subsidiarity get a precise legal definition, let alone an economic one? Will the mathematical computation of “the technological multiplier” acquire a scientific dimension which will allow it to become a reference as closely monitored as the GDP? Will the budget-time of human beings be made possible without shallow tabulation and nosy interference in a diary-like computation of existences? Will the social investment state refine its formulas to claim progress, eventually success? So many questions, so many expectations from a 21st century US president.

Chibli Mallat is a lawyer and law professor. This is the fourth article in a series on “American presidential choices: a view from the edge.” The next article will discuss the future of democratic politics.