

Comments on “Beyond capital and wealth: challenges of the G20” by Dennis Snower

This ambitious paper lays out a vision for the challenges of our time and the way in which the G20 can help address them. It makes a very convincing case that one must now go beyond purely economic considerations focused on a narrow notion of “prosperity”, and incorporate the broader array of human needs that the current trends leave unsatisfied through the decoupling of economic and social progress. The paper lays out this vision with catchy notions and acronyms (RISP, WES) that make it gripping and compelling.

I have a few comments that are only meant to further encourage the author in the direction already taken.

1) “Social welfare is simply the sum of the welfares of all individuals in a society” (p. 3). This sentence appears in the middle of a description of the liberal view. This is a very minor point, but utilitarianism and liberalism have been at odds on many issues, and in particular on redistribution, therefore it might be good to either delete any reference to utilitarianism (even though it did have influence in some countries and certainly on economic thinking) or expand a little to clarify the diversity of views which have been part of the glorious and defunct coupling era.

2) “guaranteed basic income... may provide some economic security, but does not address the problems of disempowerment and estrangement” (p. 6). The advocates of the universal basic income (UBI) have been arguing that the UBI does make individuals stronger on the labor market (they can refuse lousy jobs), at home (women are more independent), and that it promotes social bonding through subsidizing social and artistic activities with low market returns. I fully agree that UBI does not sufficiently empower people, and may even sometimes make them dependent, but the overall situation is a little more complex than the quote short sentence suggests.

3) “that politicians are disconnected from the concerns of their voters has a grain of truth” (p. 7). Of course, exposing the politicians’ sins in the G20 context is awkward, but this sentence is much too mild. There is a respectable literature (Bartels, Gilens, Page, Piketty, Saez) on the capture of governments by private interests, and in particular about the vicious circle by which inequality creates a wealthy elite which can influence policy and further entrench its privileges. A similar phenomenon is happening in large corporations where the executive suite level is much more disconnected from the shop floor than in the past.

4) “E is for “empowerment,” which includes the satisfaction of people’s need for achievement. This may involve mastery of the environment, personal growth, attaining personal goals and creativity.” (p. 8) At this juncture in the paper, empowerment seems to become a narrower notion focused on achievement, no longer including the question of the distribution of power and the need for people not just to achieve, but to control their fate. It would be great to emphasize the need for people to be in control and to be part of the decisions that deeply affect their lives.

On p. 10 one similarly reads: “WES policies are an issue for the G20 for the simple reason that a healthy global economy requires global coordination that cannot arise unless people’s basic needs for material prosperity (wealth) and achievement (empowerment) are met”. I would suggest replacing “achievement” by “control”.

5) ““Transformative labor market policies” are a better name for the employment policies that the future calls for.” (p. 9) This paragraph is not transformative enough, though, in light of people’s needs as nicely laid out earlier. What needs to be transformed is not just workers’ skills, but the organization of labor and the type of structure and governance in which they operate. Traditional firms are not able to satisfy people’s needs for dignity, recognition, solidarity, and control. New organizations are emerging which are much more horizontal, socially and environmentally oriented, and inclusive. Some are modern corporations led by enlightened leaders, some are social enterprises (like B-corps or cooperatives). The ability of such organizations to make their member flourish (in terms of the needs listed in this paper) appears far superior.

6) More concrete examples of S-policies would be nice on p. 10. They involve the promotion of strong local communities and friendly organizations (including businesses), as well as the promotion of civil society organizations and activities. Participatory decision-making processes in local and national politics may also help develop a sense of solidarity, not just control. National conscription for a civil service has also been considered in relation with this type of concern.

7) “The required revolution in our social insurance systems will necessitate the transition from the current “welfare state” (offering economic security) to an “empowering state” that focuses on giving people the skills to lead meaningful lives through a achievement at the workplace and affiliation to their communities.” (p. 11) This idea of a new welfare state is very good, but the idea of “focusing on giving people the skills” does not much beyond A. Giddens’ “third way”. What is needed is not just to give people skills to face a tough world, but also to make the structures they live in friendlier, more humane. Giving “rights” (e.g., rights to participate in decision processes) may be part of this new action of the welfare state.

8) I fully endorse the case for going beyond economic considerations of income and wealth, but it would be important to emphasize the link, not just the opposition, between W and ES. The narrative of the decoupling does not make it very easy, but still, it could be further explained that growing inequality in resources does worsen the problems for E and S, and conversely, that improving E and S would help fighting inequalities in resources through several channels. Economic and social considerations are not that opposed or orthogonal, they have many synergies, provided that fairness is always made a part of them.