

# Ouverture de ‘Global Networks and Sustainable Development-2’

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## *Abstract*

*Several socio-economic mutations and technological breakthrough innovations are currently modifying the competitive environment and the functioning of today’s economies. Referring to the right versus left political spectrum prevailing in democratic countries, most political parties would probably agree on these constitutive principles, even if their implementation in the real political life can be very different.*

**Keywords:** Societal Market Economy; Sustainable Development

## **1. Overture**

Several socio-economic mutations and technological breakthrough innovations are currently modifying the competitive environment and the functioning of today’s economies. These profound changes create opportunities for rethinking the market economy system.

## **2. Toward a Societal Market Economy**

Several constitutive principles of a new market economy model are summarized hereafter.

- Societal Market Economy (SME) promotes a market economy system, rejecting socialism and central planned economy as well as *laissez faire* capitalism. In contrast with these two approaches, SME is a “*third way*” between socialism and capitalism which combines private enterprise with state regulations to maintain fair competition, low inflation and social welfare.
- The SME model is a way of regulating society and of putting the *market economy* at the service of the people. Market economy is accepted because, if regulated, it is the most effective way to stimulate entrepreneurship and to reward effort and work. In the SME model, principals are not only

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shareholders but a wide range of stakeholders. The purpose of the corporation must be redefined as creating *shared value*, not just profit *per se*.

- Proponents of SME believe in markets as “creators” of wealth under the right circumstances but it does not believe that markets distribute wealth fairly and equitably due to unequal power relations. Therefore SME proponents consider that governments have to act to *balance market relations* through government regulation or direct state competition.
- Because the *faith in democracy* is central, the state should be representative of the will of all and as such should take the lead in upholding society’s values. The state is an instrument of social change and has an enabling role to play, but change should be based on social dialogue. Unlike the welfare state, SME gives personal initiative’s priority over state action and stipulates the state to act bottom-up instead of top-down.
- SME proponents reject however the concept of a *cultural market society*. A market economy is a valuable and effective tool for organizing productive activity. A cultural market society is a way of life in which market values percolate into every aspect of human social life. It’s a place where social relations are made over in the image of the market. If market generates wealth in itself, it generates neither values, nor objectives or meaning.
- *Social welfare* is a fundamental part of society and it is the responsibility of the state to guarantee access to resources to meet basic needs. In contrast with conservatives who see social security as unfortunate necessity; SME proponents see it as an integral part of a democratic society.
- The SME model has to be understood as a *privilege-free system* where neither party elites nor economic power groups like monopolies, cartels or trusts influence market and society. All members in society should get the same opportunity to develop individually beyond any barriers of class. The objective is “welfare for everyone”.
- SME, like social democrats, view society as equal to the sum of its parts. People are social beings and society is where people achieve their full potential. The social democratic case for *equality* represents both the desire for equality of opportunity, but not necessarily the equality of outcome. It rejects an equalitarianism view of society. In line with John Locke<sup>1</sup> (1690), and in contrast with Karl Marx, the purpose of the state is to guarantee diversity. “*Agreeing to disagree*” can be understood as the origin of the concept of pluralism.
- SME adheres to the concept of *sustainable development*, but views environmental issues, not just from a conservation perspective like the ecologists, but from a humanistic perspective. Environment is about social justice. Environmental problems are created by the rich and powerful and suffered by the poor and vulnerable. Environment protection is all about the fair distribution of environmental costs and benefits.
- SME recognizes that climate change is the major contemporary issue and will affect the quality of life of our grandchildren. Individual corporate sustainability efforts are welcome but aren’t enough to halt climate change. The complexity of business problems connected with sustainability is demanding collective action and will probably require an increasing role of the governments of nation-states.

- SME, like social democracy, assumes that the expansion of democracy will gradually control the *excesses of capitalism* keeps up the ambition to combine a dynamic market economy with the requirements of a decent and cohesive society; It does not fight for the elimination of capitalism.

Referring to the right versus left political spectrum prevailing in democratic countries, most political parties would probably agree on these constitutive principles, even if their implementation in the real political life can be very different.

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## Notes

<sup>1</sup> Locke John (1690) *The Second Treatise of Government*, Barnes & Noble Publishing.