Thank you for the kind introduction. Let me say first that I fear I may give the impression that I already know the right answers to the questions I pose. Really I don’t. I want to be understood as proposing theses for discussion.

Let me first state my main thesis. It is that society as a whole and the university as a leading part of society need to revive some of the norms of African society prior to European contact. One could say the same about traditional norms in other parts of the world. I mention Africa because we are here. My co-authors and I advocate transformation of modernity by enlargement. That means bringing in more of modernity’s other, pre-modernity and non-modernity, but it does not mean casting out the achievements of modernity. This central point runs through the suggestions I will be making regarding the place of the university in the global economy, its curriculum, capitalism, ecology, the university of the future, modernity, and a plural economy.

I am a pessimist, although once you get past all my pessimism I am an optimist in the sense that I think saving the species and the planet is still a real possibility. I believe, and I suspect that you believe also, that humanity is now on a collision course with ecological reality and with social reality. Human life on this planet is not now sustainable.¹

I believe that today there is nearly a consensus worldwide among thinking people that human life is not now sustainable. There is no consensus about what to do about it. There is no consensus about the role of the university.

While I am not alone in thinking that modernity needs to learn from older traditions to make itself sustainable I believe we transformers by enlargement are a minority. We are the people who want to have our cake and eat it too. We think we can keep the benefits of modernity, bureaucracy, and capitalism while achieving the radical transformations

that Marxists, ecologists, African revivalists, religious soul-savers, and feminists call for. I believe that when the facts are faced in the cold light of reason we will be seen to be a wise minority. We transformers by enlargement, we realistic idealists and idealistic realists, have a solid case to make that can be backed up with facts and logic.

It follows from my atavistic pessimism that humanity as a whole needs to change its practices. To change its practices it needs to change its thinking. There are necessary learning processes which have to take place throughout the planet. I call them necessary conversations, I hope that what I will say in the next hour will motivate you, if you are not already motivated, to be a speaker and a listener in necessary conversations.

When I say necessary I really mean necessary. I do not mean that revising the basic principles of modern civilization is desirable; I mean it is necessary. I have friends who cringe at the very idea of anything pre-modern. When they think of pre-modernity they think of patriarchy; they think of dying young from small pox, they think of mud houses surrounded by mounds of faeces soaked in urine; they think of mindless superstition and ritual sacrifice of human victims. They like to cite studies that show that over the centuries humans have become more civilized and less violent, and that the tribal peoples idealized by romantics were the most violent of all. And I have friends who adore everything modern. When they think of modernity they think of legalizing marijuana, of gay rights, of a woman’s right to choose, of windsurfing and flying in a jet to the South Seas on a Club Med vacation, they think of clean bathrooms that smell of antiseptic cleansers and of flowered perfumes, of rational social science with full-body massages and life long learning for all. I am not arguing with my friends. They may hate everything pre-modern and love everything modern if they want to. But I am saying that modernity is unsustainable. However desirable it might be, it cannot possibly last as it is. It can survive only by alloying itself with ancient institutions rooted in ancient depths of human nature.

Let me state telegraphically why I consider this last claim to be true: I refer to the claim that modernity can only survive by alloying itself with ancient institutions rooted in ancient depths of human nature. Here goes: Modernity requires obedience to the systemic imperatives imposed by the accumulation of profit being the mainspring that to a great extent drives production. Historically and anthropologically, the great alternatives to that mainspring have been the culturally determined behaviours of reciprocity and redistribution that in Africa and elsewhere have made it possible to produce and distribute the necessities of life without undue reliance on investor confidence. It is to greater emphasis on those ancient alternatives that we must turn. We must turn to them because a green, frugal, and less socially unequal future (which is the only possible

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future) is only possible if we can find ways to violate with impunity the systemic imperatives imposed by regimes of accumulation.\footnote{The failure of the Swedish Model and other attempts to build social democracy without changing the basic cultural structure of modernity is analyzed in Howard Richards and Joanna Swanger, \textit{The Dilemmas of Social Democracies}, Lanham: Rowman and Littlefield, 2006.  The concept of “regime of accumulation” has been developed by the Grenoble School in France and is discussed by David Harvey in his \textit{The Condition of Postmodernity}., Oxford: Blackwell, 1989.  Cf. footnote 72 below.}

Perhaps nobody understood what I just said so telegraphically, but at least I can say I made an effort to state my point succinctly. Let me now resume making my point at greater length.

It is hard to know what to say next. It would be easy to summarize our book, \textit{Rethinking Thinking, Modernity’s Other and the Transformation of the University}.\footnote{Catherine Hoppers and Howard Richards, \textit{Rethinking Thinking: Modernity’s Other and the Transformation of the University}. Pretoria: University of South Africa, 2011.} I resist summarizing our book for two reasons. The first reason is that I want you to read it. I am afraid that if I summarize it you will think you already know what it says and will not read it. The second reason is that I want to say more. I want to double my winnings by both persuading you to read the book and posing additional theses for discussion.

Before coming I sent your dean an e-mail suggesting some ideas I might lead with. He suggested that I emphasize implications for the university curriculum and research methodology. I will talk about university curriculum. I will have time to say only a little about research methodology so that topic will have to await another day.

In any case, the world’s leading expert on the subject of my peculiarities, my wife and partner Caroline, will tell you that however I begin a conversation I always end up talking about Roman Law. That is what will happen. My topic will be the university curriculum, but my subject will be Roman Law.

Let me not keep you in suspense. I will tell you right away why I always end up talking about Roman Law.\footnote{Max Weber makes much of the fact that while the passion for systematizing law came from Rome, much of the detail of modern commercial law was invented in the European middle ages. Others make a great point (too great a point in my opinion) of the distinctiveness of Anglo-American common law. For the sake of brevity I refer to “Roman Law” as the largest single source of the legal framework of global capitalism without denying the importance of non-Roman sources. I stress the market-constituting principles of property, free juridical subject, and contract, this latter not assuming its modern form in the Roman tradition until the 17\textsuperscript{th} century.} It is because Roman Law, and especially the Roman jus gentium or law of nations is the single most important historical root of the legal framework of the modern world-system. It is the root of the basic structure of the global economy. It is where that part of the law known as private law comes from.\footnote{These synthetic assertions about private law and its Roman roots (and similar roots in the related common law tradition) are documented in chapters four and five of our book, and also in the works of other authors including Karl Renner, \textit{The Institutions of Private Law and their Social Functions}. London: Routledge and Kegan Paul, 1976 (first German edition 1904); John R. Commons, \textit{The Legal Foundations of Capitalism}. New York: Macmillan, 1924. Commons does not talk about Roman law as such but about} Globalisation can be
defined as the predominance of private institutions organized by private law over public institutions organized by public law. Earlier in my telegraphic summary I spoke of “systemic imperatives.” I want to say that the legal framework of the modern world constitutes the system. In constituting the system it constitutes its imperatives. For example, it constitutes the imperative that whatever else a government does it must create a favourable climate for investment.

Immanuel Wallerstein coined the phrase “modern world-system.” Wallerstein makes an important point when he says that today there is only one global social system, and only one mode of production. Everything from the fantasies of the subconscious mind to the physical realities of global warming, has to a large extent been drawn into its vortex. Its dynamics – most importantly the dynamic (or logic) of accumulation of capital— are made possible and inevitable by the neo-Roman commercial law created in Europe.

Here I can offer at least one suggestion about research methodology: we need a methodology that can study any limited topic as part of the global economy. I suggest that such a methodology focus on its constitutive rules, its basic norms. As Caroline said would happen, I am back to Roman Law again, and to the claim that the constitutive rules of the modern world-system are its market-constituting norms of property, person, and contract.

Edgar Morin has famously said that the university of the future must reorganize itself in the light of the information sciences, because we know today that everything from biology to linguistics, from chemistry to management, is about information; and because today we have learned from systems theory that besides linear causality there is circular causality and recursive causality. Not disagreeing but adding, transforming by

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the general legal conditions that make capitalism possible, which turn out to be the same as the main principles of European commercial law derived mainly from Roman sources. Max Weber devoted his doctoral dissertation to showing that the influence of Roman Law on modern institutions has been generally exaggerated, and that actually the legal framework of modern commerce came largely from non-Roman Italian and late medieval sources, but even he acknowledged that the Roman passion for system in law was constitutive of modernity. (See the parts of Wirtschaft und Gesellschaft that treat of Die Wirtschaft und die Ordnungen.) Nothing essential to my argument depends on how much the basic cultural structure-property-contract-juridical subject literally derives historically from Rome, and how much I am just using “Roman Law” as a convenient label for it.


10 “Today there is only one social system, and therefore only one mode of production extant, the capitalist world-economy.” Immanuel Wallerstein, “Civilizations and Modes of Production: Conflicts and Convergences.” Theory and Society, Vol. 5 (1978) pp. 1-10. p. 7.

11 The argument that those rules make that dynamic possible and inevitable is made in Hoppers and Richards op. cit.

enlargement, I am here to tell you that we need to study basic norms, constitutive rules.\textsuperscript{13} Basic norms are causes of the effects we observe.\textsuperscript{14} Key norms that operate today were coded into world legal culture long ago in the Roman Empire whose successor states became Europe. Understanding the system in terms of its constitutive rules is a step toward what we need: a methodology that sees the local in the global and the global in the local.

One can reform the university by bringing in complexity, chaos theory, cybernetics, non-linear thinking and any number of new paradigms. These do not necessarily make the ethical point I want to stress: norms are causes. To change society we must change norms. We must change basic norms, and that is why we need to go back to 1488. In 1488, and especially in South Africa when the Dutch arrived in 1652, the continent began to be drawn into the whirlpool generated by markets. The markets themselves were in turn generated by the legal norms that constituted them.

This brings me back to where I said I would begin, for as Africa starting in 1488 was drawn into the all-swallowing whirlpool of the global economy, so the university curriculum has also been drawn into the same whirlpool. My watery metaphor, the whirlpool, refers to patterns of social conduct organized by rules, namely the rules that constitute markets.

I will propose for discussion two theses about the university in the whirlpool of the global economy; one about how the European university whirled into Africa, and a second about where the university is whirling today.

— If we think of the idea of a university as beginning with the founding of Plato’s academy, as I propose we should, then the institution called university that the Europeans brought to Africa already had seeds of pre-modern African wisdom in the cultural coding of its own history. — Plato studied in Egypt and drew his foundational ideas from African sources. Enlarging the university curriculum by including its pre-modern African other might be called going back to the origins of the academy as a human institution. — But right now I am not going back that far in history. — I am only going back to the founding of the University of South Africa in 1873, of the University of Cape Town in 1829, and generally to the colonialism of the 19th and early 20th centuries.

\textsuperscript{13} The idea of constitutive rules and the distinction between regulative and constitutive rules can be traced back to Kant. A recent seminal text is John Searle, \textit{Speech Acts}. Cambridge: Cambridge University Press, 1965. A contribution of our \textit{Rethinking Thinking} is to specify what the constitutive rules of the modern world-system are, namely the main principles of Roman Law. In my book \textit{Understanding the Global Economy}, Santa Barbara: Peace Education Books, 2005, I show that those rules are essential to explanations in economics.

\textsuperscript{14} That rules are causes is argued systematically by Rom Harre in several works including Rom Harre and Paul Secord, \textit{The Explanation of Social Behaviour}. Totowa NJ: Rowman and Littlefield, 1973. That interpretation referring to constitutive rules is essential for causal explanation in the human sciences is argued by Charles Taylor in his seminal article, “Interpretation and the Sciences of Man,” \textit{Review of Metaphysics}. Vol. 25 (1973) pp. 3-51 and often reprinted.
My first thesis about the university is that European-style education at the university level, as well as at the primary and secondary levels, came to Africa as part and parcel of a project of modernization, which in turn was part of the global expansion of the European world-system. The founding of universities was inseparable from the imposition of the juridical framework of European commerce on Africa.

Now I will try to define modernization, or what amounts to the same thing, to define modernity. The sub-title of Rethinking Thinking already says that our book is about modernity’s other, about what is not modern. My co-author Professor Catherine Hoppers and I are advocating bringing modernity’s other into the university to transform it. So what is modernity and where did it come from?15

We follow Max Weber in identifying modernity first of all although on a rather superficial level with capitalism and bureaucracy.16 Weber also famously identified modernization with a certain kind of rationality that he called Zweckrationalität, purposive rationality, or goal-oriented rationality. Zweck is a German word for goal or aim or objective. I do not think the idea of Zweck is adequately communicated by its usual translation into English as “instrumental rationality.” The underlying idea is that modern people choose an objective and then figure out the most efficient way to achieve the objective. Pre-modern people are said to follow customary rituals and norms.

Weber himself says that the most epoch-making form of this rationality was capitalism, where the goal is profit and rationality consists of pursuing it efficiently.

Weber also famously argued that a certain type of puritanical protestant first adopted this characteristically capitalistic rationality by feeling inwardly compelled to adopt an ascetic lifestyle; the first capitalists rationally calculated how to accumulate a maximum of wealth by ploughing profits back into business instead of spending them having fun. According to Weber the first capitalists were driven by their faith to accumulate capital instead of enjoying worldly pleasures. But few people believe Weber on this point today. It is far-fetched to say that capitalism began as an offshoot of puritanical religion.

Weber also made another point I find more important and more believable. It was that before capital accumulation could get off the ground there had to be a legal system of the

15 In today’s neoliberal intellectual climate we are already challenging the establishment simply by assuming that modernity and its characteristic economic logic have historical origins, and do not simply reflect the formal character of reason everywhere and everywhen. Although Weber did not join Gustav Schmoller in a general rejection of theoretical deductive models, he was similarly concerned to defend an alternative to the pure economics of Carl Menger and others that purported (with important qualifications) to be valid everywhere and everywhen. See Peter Breiner, “The Political Logic of Economics and the Economic Logic of Modernity in Max Weber,” Political Theory, Vol. 23 (1995). Pp. 25-47.

16 “The new structures of society were marked by the differentiation of the two functionally intermeshing systems that had taken shape around the organizational cores of the capitalist enterprise and the bureaucratic state apparatus. Weber understood this process as the institutionalization of purposive-rational economic and administrative action.” Jürgen Habermas, The Philosophical Discourse of Modernity. Cambridge UK: Polity Press, 1985, p. 2.
Roman type. \textsuperscript{17} Nobody can invest money for the purpose of getting more money back if there is no legal system establishing property rights and enforcing contracts. \textsuperscript{18}

Let me next apply these Weberian thoughts to the European project of modernizing Africa. I treat the European conquest and colonizing of Africa as a project in two senses. First, Wallerstein, Samir Amin, Rosa Luxembourg, and many other authors show how Europe was driven by its own capitalist dynamics to project its system onto a global level. Europe was inherently unstable, then as now. It could only stabilize itself by continually incorporating into its system what Luxembourg called “natural economies.” \textsuperscript{19} Second the Europeans subjectively believed that they were undertaking the project of civilizing the rest of the world. I would like to suggest for discussion the thesis that bringing “civilization” to the rest of the world, as the European colonialists understood it, featured and emphasized establishing in the rest of the world a legal framework of the kind required by a market economy. \textsuperscript{20}

Let us apply this point to property rights in land in South Africa. The San people, sometimes called Bushmen, inhabited what is now South Africa from very ancient times. Skeleton remains similar to those of San people have been dated as coming from the Upper Palaeolithic period. \textsuperscript{21} The Khoi people came later and interrelated so much that one today often refers to the Khoisan as a general grouping that can be divided into several subgroups. Experts differ concerning when the numerous peoples speaking Bantu \textsuperscript{22} languages arrived, some giving dates as early as 300 A.D. others as late as 600 A.

\textsuperscript{17} “Die heutige Wirtschaft beruht auf durch Kontrakte erworbenen Chancen.” Today’s economy rests on calculations made possible by contracts. “Die universelle Herrschaft der Marktvorgessellschaftung verlangt … ein nach rationalen Regeln kalkulierbares Funktionieren des Rechts.” The universal authority of market institutions demands legal rules that make [the consequences of actions] calculable.” Max Weber, \textit{Wirtschaft und Gesellschaft} (\textit{Economy and Society}) (various editions) in the section on the meaning of legal enforceability for the economy, which is in part two, section six, chapter three at the very end. (my translations)

\textsuperscript{18} What are claimed to be natural quasi-physical psychic laws (like Fechner’s law of response to stimulus) in marginal utility theory are in fact generalizations about social behaviour. Max Weber, “Die Grenznutzlehre und das ‘psychophysische’ Grundgesetz.” in his \textit{Gessamelte Aufsätze zur Wissenschafslehre}, Tubingen: Mohr, 1982. e.g. p. 393.

\textsuperscript{19} Rosa Luxembourg, \textit{The Accumulation of Capital}. London: Routledge, 1951. (First German Edition 1913) Wallerstein, Amin, and other authors give accounts of just what dynamics led to the European global expansion not identical to Luxembourg’s, but I would claim there is wide agreement among scholars that there was something inherent in capitalism’s driving forces that moved Europe to expand its system.

\textsuperscript{20} I find support for this suggestion in Adam Smith, who uses the term “civilization” or “civilize” to refer to establishing the legal basis of a market economy. The first three chapters of \textit{The Wealth of Nations} contrast the poverty of the savages with the civilized, attributing the prosperity of the latter mainly to the division of labor and the accumulation of capital, both of which are made possible by civilization regarded as the establishment of justice. He writes that the three classes of those who live by rent, those who live by profit, and those who live by wages are the “…constituent orders of every civilized society,” in the Conclusion of Book I, Chapter 11 “Of the Rent of Land” (various editions, first published 1776). David Ricardo similarly explains the poverty of the savages by the lack of justice among them. It is more common, however, to regard the establishment of European-style justice as just one aspect no more central than others others in what was called Europe’s civilizing mission.


\textsuperscript{22} The word “Bantu” was coined by the German Wilhelm Bleek to name the languages of southern Africa that were not Khoisan (not Bushman or Hottentot).
It is in any event clear that both when the Bantu peoples were displacing the Bushmen and when Bantus were fighting other Bantus, Zulus against Tshwanes for example, there were any number of wars in which one Bantu or San people took land from another. After the Dutch arrived in addition to the fighting between Dutch and English, whites gradually over the next few centuries seized by violence the greater part of the land previously held by black people, in notable cases massacring defenceless blacks who had no modern weapons.

The point I want to make is that the land-grabbing by violence of the Europeans had characteristics that earlier forms of land-grabbing by violence did not have. It was not simply a matter of a different tribal group speaking a different language seizing land by force of arms. This time there was a modernization project that brought Roman Law principles to Africa. The land was measured. Paper deeds were recorded assigning ownership to individuals. Land became a commodity that could be bought and sold. Now it was not the Dutch (starting in 1652) as a tribe or the English as a tribe who owned the land, but individual Dutchmen or Englishmen. Land could also be owned by legal fictions, by partnerships and by artificial persons called corporations. Conquest by Europeans meant that collective ownership and collective responsibility lost out to individualism—not just as a matter of change of attitude, but as a matter of normative principle enforced by law.

If one goes back far enough in the history of Rome—I am talking about 500 to 800 years before Christ—one will find that property rights in land in the most ancient Rome were similar to those in Bantu Africa before the Europeans arrived. Land was held by tribes. Tribes were organized by kinship. Everybody who was born was born into one clan or another. Since land was owned by groups and everyone was in a group everyone had access to land.

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23 These dates refer to a “second Bantu expansion” (the first starting from an area in what is now the Nigerian plateau and not getting as far as most of what is now South Africa) at a time when the Bantu peoples were already iron-using agriculturalists. M.A. Bakel, “The ‘Bantu’ Expansion: Demographic Models,” *Current Anthropology* Vol 22 (1981) pp. 688-691.

24 See e.g. Makale op cit. p. 689. “...oral traditions recall wars between ‘pygmy’ hunters and farmers, and a glance at the distribution of the pygmies shows they were driven out of large areas... The hunters either had to leave in search of ever fewer empty lands, or they had to ... accept dependency... San hunters, hemmed in by cereal growers, moved away, sometimes fought them, often intermarried...” Jan Vansina, “Western Bantu Expansion,” *The Journal of African History,* Vol 25 (1984). Pp. 129-145, p. 144.

25 In Freedom Park Museum in Pretoria there are exhibits detailing early massacres of blacks by whites.


27 These brief remarks on the history of Roman Law summarize Chapter Four of our *Rethinking Thinking* op. cit. which in turn relies on Ferdinand Tonnies *Community and Society* East Lansing: Michigan State
As Roman Law began to evolve in Rome itself both land and other forms of property, including women, animals, and slaves, came to be defined not as property of a tribe but as property of a particular father figure who was also the military leader of a small fiefdom he dominated, the paterfamilias. The word for property was dominium and it meant “that which was conquered.” In Rome several centuries before Christ there began socially constructed realities that did not begin in Africa until 1488. One of those Roman socially constructed realities was the proletariat. Proletariat in its original Latin meaning refers to people who had no land. Another was the plebeian. The word “plebeian” originally referred to people who belonged to no tribe.

If today we find it normal to see millions who own no land and belong to no tribe it is not because a thousand years ago these things were normal here on the land where Cape Town is built. It is because institutions born in Rome have been implanted here. They have been implanted everywhere.

I suggest for discussion that the university curricula established in Africa were part and parcel of a modernization project. Education was part and parcel of the establishment in Africa of European neo-Roman justice. European justice meant creating the legal foundations of a market economy. I and others have described in some detail how the typical academic subjects, mathematics, physics, economics, history, social science generally, literature and languages, functioned as manifestations and justifications of a modern worldview. Africa acquired a professional elite with a modern mentality. While the university instilled a modern worldview, it also provided technical training for putting modernity into practice in engineering, accountancy, and other practical subjects.

I also propose for discussion the thesis that today university education is losing its ideological commitment to modern liberal ideals. The university is becoming a part of a project of economic development. Universities train human resources for the labour
The market. They balance their budgets by selling research to businesses and governments. The university is becoming part of what Francis Fukuyama called the end of history. According to Fukuyama’s famous book, history is over. He defines history as the competition of socio-economic systems. The competition is over. A single worldwide socio-economic system that he calls free market democracy dominates the present and will dominate the future.

In an end-of-history scenario, the university is no longer needed to create a professional elite with a modern mentality. The mentalities of every stratum of society have already been modernized. Individualism has become the common-sense of the masses. The university works within the established order. It adds value to human resources.

Although not everyone will agree with the thesis I am advancing for discussion, and although many believe that the most pressing issues in education should be identified differently, I suggest that the trend toward making the university a supplier of educated labour power for the economy can be seen in facts anybody can ascertain and confirm.

The trend is seen in the reforms subordinating higher education to economics associated with the Bologna process. If we continue in the direction we are going the great majority of the people in tomorrow’s knowledge societies will be trained in universities designed as technical training institutes working closely with business and industry. What the technical training institutes will teach will be planned to dovetail with what employers will require. This news is not all bad because to a considerable extent what employers will require in a knowledge economy will be flexible and empowered thinkers, and lifelong learning to keep up with their constantly changing specialties. The great traditional universities will continue to exist, but they are being transformed into research universities whose function is to produce marketable knowledge. Like any other business they have to sell to balance their books, and like any other business they hire marketing experts to sell their products, namely degrees and research. They are increasingly evaluated by their patents, by their publications in specialized peer-reviewed journals, and in the last analysis by their contributions to global competitiveness. Chris Lorenz expressed a pessimism I find half convincing when he wrote, “The ideology of the knowledge economy thus simply means that the domain of knowledge production is economized; homo academicus is modelled after homo economicus. Capitalist economy no longer finds its legitimization in scientific terms, as was the case in ‘late capitalism.”

according to the influential diagnosis of Jürgen Habermas\textsuperscript{33} because science itself now needs to justify itself in economic terms.\textsuperscript{34}

Further verification for my second thesis can be found by visiting the website of the University of South Africa. If you enter as a prospective student the first question you are asked is in effect, “What job do you want to apply for?” You are then led to information about the university course you need to study to qualify for the job you want. I fear that in attempting to be clear I am falling into being misleading. Among the thousands of universities in the world there is enormous diversity. Many do things I and my co-authors recommend, such as incorporating traditional wisdom in the curriculum, inventing the green technologies of the future, nurturing emotional intelligence, training social entrepreneurs, teaching non-profit and cooperative management, … and so on. Further, it is not our intention to discourage useful research that has practical applications that are profitable. Our aim is to broaden minds, not to narrow them.

I want to say, and I suspect that you already agree with me and I do not need to persuade you, that both the colonial university and today’s university are built on false premises. The modernizing university of yesterday tended to embrace a false premise of cultural superiority, treating European modernity as the bearer of civilization while others had merely culture, as the bearer of knowledge while others had merely beliefs. Among the false premises of today’s higher education I would single out a tendency to believe that the economy will generate enough jobs to employ all or most graduates.\textsuperscript{35}

But before detailing reasons why universities are now founded on falsity, on illusions, on what is not instead of on what is, I want to reclaim the meaning of the word. I want to say that the very meaning of the word “university” as it has developed through the ages has included a commitment to unbounded inquiry. The principle of Plato’s mentor Socrates, “The only thing that I know is that I know nothing” is the founding principle of the academy. It is central to the ideals that historically gave birth to the university.

Let me trace that history little bit. Plato had learned in Egypt that there is authority higher than the human mind. He elaborated that idea in his dialogues. Plato’s dialogues were about logical argument as submission to the logos, submission to reason wherever it takes us. In the Middle Ages the first institutions to bear the name “university” centred on scholarly debates in which different opinions confronted each other, were weighed, and were evaluated. The ideological heavy artillery of early modernity deployed by the likes of Rene Descartes, Sir Isaac Newton, Newton’s disciple John Locke, Newton’s disciple Adam Smith, and Immanuel Kant who declared both Newton’s physics and

\footnotesize{\begin{itemize}
  \item C. Lopera, “Antinomias, dilemas, y falsas premises que condicionan la gestion universitaria.” Revista Mexicana de Investigacion Educativa. Vol. 9 (2004) pp. 617-635. There is a literature about “false premises” in the criteria used for measuring the performance of universities, but Lopera and I have in mind a deeper set of false premises regarding the economic (and ultimately cultural and ecological) premises of higher education.
\end{itemize}}
Ulpian’s synthesis of Roman Law to be eternal and universal conditions of any possible experience — whew, this sentence is getting long. What I want to say is that the “new Logick” that took over Oxford, Cambridge, Paris and one by one all the world’s major universities in early modern times defeated the scholastics of the Middle Ages by arguing that scholasticism was unfaithful to the Socratic tradition of free inquiry. The true spirit of science, the spirit that (in the words of David Hume) declares that the best guarantee that what I say is true is a standing invitation to all the world to prove it false, required — the early moderns argued — a modern university and not a medieval university. What the early moderns reclaimed was the Socratic heritage. I recommend reclaiming that heritage today. I recommend insisting today that whatever an institution not open to untrammeled inquiry that doubts all premises and questions all alleged facts may be it is not a university. “Science is rooted in the will to truth,” Max Wertheimer wrote. “With the will to truth it stands or falls. Lower the standard even slightly and science becomes diseased at the core.”

At this point in history I need not argue that European disregard for indigenous knowledge systems, norms, and values was an ethical and scientific mistake. Most people are already convinced and do not need to be persuaded. Regarding my first thesis, the one about yesterday’s modernizing university, the question to be asked is how universities still rooted in the presuppositions of a nineteenth century liberal world order could transform themselves to be ethically constructive and scientifically honest today. In other words, what could be the rationale of a university that deep in its institutional heart wants to carry forward the ideals of the Enlightenment, a university that is not content to be simply a supplier of human resources for the labour market, but which realizes that the ideals it would have liked to carry forward, i.e. those of European modernity, are no longer intellectually defensible?

I suggest two answers to the question: the first is ecology. (conceived as a synthesis of the findings of the natural sciences); the second is an application of Weber’s Gemeinschaft/Gesellschaft distinction.

Although there are certainly many dubious claims and hotly contested issues in ecology, I nevertheless propose it as a normative and scientific framework that provides a rationale for a university. Ecology writes a common story that can unite all members of a human family living in a common home, the planet earth. Ecology defines the conditions that socially constructed realities need to satisfy to be sustainable. By definition ecology synthesizes the natural sciences, and in so doing it defines the context of the human sciences. A university with an ecological rationale is no longer simply a servant of the market, because the performance of markets can itself be judged according to a standard independent of markets — namely physical reality.

37 The term “ecology” was coined by Ernst Haeckel (1834-1919) who defined it as the study of the relationships of organisms to their environments, which I take necessarily to mean synthesizing the natural sciences.
Let me explain now how Weber’s Gemeinschaft/Gesellschaft distinction also suggests a rationale for a future university. I assume that a future university, unlike yesterday’s modernizing university does not set out to destroy some cultures and impose others; it sets out to honour every culture.

—Weber in his methodological writings gave a rather broader definition of Gemeinschaft than those associated with his predecessors and colleagues Ferdinand Tönnies, Georg Simmel, and Werner Sombart. For Weber it means community in the elemental sense that people have human relationships with each other. Relationships are human when and only when people can rely on reasonable expectations regarding how other people will behave. At every place in the world and at every time in history every clan, tribe, group, family, or organization is a Gemeinschaft. Human behaviour in general is Gemeinschaftshandlung. Modern society is a particular kind of Gemeinschaft, namely a Gesellschaft; modernity is a Gemeinschaft characterized by instrumentally rational behaviour, capitalism, bureaucracy, and a Roman-type legal framework. Weber calls modernity Gesellschaft not because it is distinct from Gemeinschaft but because by definition it is a special kind of Gemeinschaft.

My second suggestion is that the relationship between modern culture and other cultures, explained in Weber’s terms or in some similar terms, be made clear in the curriculum. Now we know that Europe’s is certainly not the only civilization, and probably not the best civilization. Let the curriculum correct the mistake. This mistake is no doubt already corrected for students of anthropology and archaeology, and for most students of sociology and of history. The point should be made clear to the much larger numbers of students who study management, public administration, education, economics, accounting, politics, international relations, engineering, the natural sciences, mathematics, information technology, law, and the health sciences.

I suggest for your consideration a new founding myth, or metanarrative, for the university. I mean to suggest that, given that universities are about the production and distribution of knowledge, a community story or organizing myth that defines knowledge will orient the university. If one believes, as the founders of the first university (Bologna 1088) believed, and as many still believe, that God is the source and goal of truth, that view of knowledge will have implications for every aspect of the university. 38 If, on the other hand one believes, as Immanuel Kant believed, that the progress of reason is destined to lead to freedom and justice for all, that modern creed implies a different university. 39 Suppose, however, that one regards knowledge as a

38 “The university, so long as it has no theological school, cannot be a real university. …because it does not recognize that department of learning which is the highest, the deepest, the most comprehensive, and the most far-reaching of all. Theology is and must always be the mother and queen of the sciences. All the sciences spring from theology as their common mother — they tend to theology as their common goal.” Charles A. Briggs, “The Scope of Theology,” The American Journal of Theology, Vol. 1 (1897). Pp. 38-70. p. 39.
commodity, truth as what sells; then, I suggest, we are approaching the problems most crucial for the university today. As a contribution to solving those problems I propose for tomorrow’s university the critical realist philosophy that knowledge is simultaneously plural and grounded in physical reality; humanity consists of diverse cultural communities with diverse knowledges; each community and each knowledge must necessarily cope in some way or other with physical reality.

But proposing a new metanarrative for education is not my main point. It is my brief suggested answer to yesterday’s question how a university that can no longer sustain faith in the ideals of the Enlightenment can find a mission it can believe in.

My main point is a series of suggestions for answering today’s question. How can we transform a university that is tending to become an instrument of economic development? To propose an answer I begin with a general principle of cultural transformation: Not every cultural transformation is possible. The possible transformations start from a firm grounding in the culture that already exists. Here is a firm grounding in the culture that already exists: Universities are already asking themselves the question, “How can we assure that our graduates will find employment?” The answers they are giving to that question are already diverse. Some universities, Harvard for example, promote an entrepreneurial spirit. Harvard students are told: Don’t wait for someone to offer you a job; create your own job. A Harvard student who took that advice was Mark Zuckerberg, the founder of Facebook. At the famous graduate school of management founded by Peter Drucker in California the admissions policy is that forty percent of the students should come from the public and non-profit sectors. At Buckingham University in the UK students learn to be social entrepreneurs, learning how to raise money for causes, how to make a living while changing the world. Many other examples could be cited. These are examples of livelihoods with different logics. They are logics different from the logic of finding employment with an employer who makes a profit from selling the product of your labour. Universities are already edging toward the concept of a plural economy, that is to say an economy with plural logics, is possible and necessary.
A plural economy is already happening and universities are already part of it. If I am right that today’s universities tend to justify themselves by the economic roles they play, then a path to transformation may be to suggest new economic roles: namely those that contribute to building a plural and green economy. I am trying to avoid talking in the air about an abstract theory, and to propose augmenting tendencies that exist, are growing, and can grow much more.

I will now offer a theoretical rationale for a plural economy. I will explain why this rationale can help the university renew faith in itself as an institution devoted to free inquiry in pursuit of what Plato called “the good.” I will explain why a plural economy can get the human species off the path to doomsday it is currently on. I will explain why to build an economy plural enough to achieve this great goal, which is nothing less than saving humanity and the biosphere, we need to go back to 1488 and reconsider modernity itself.

A key theoretical point leading to making a case for a plural economy and for learning from pre-modernity turns on an issue that has been hotly debated in the history of economics. Joseph Schumpeter in his exhaustive History of Economic Analysis frames the issue in terms of hitch economists vs. hitchless economists. Adam Smith was a great founder of the tradition of hitchless economics. Smith held that nobody wanted money for its own sake; money was desired only for the sake of what it could buy. Smith held that the more people saved the better. Saving was what made employment possible; saving provided the capital for keeping workers alive during the time while the work was incomplete and no product could be sold. Therefore, according to Smith, the more saving the more employment. The number of workers is a function of the number and wealth of capitalists who have saved enough to stake workers to grub long enough to make a product that can be sold. Smith was a hitchless economist. An early hitch economist was Thomas Malthus, who held that there could be (and often was) an oversupply of capital, an oversupply of labour, and a general glut of goods that were produced but could not be sold for lack of customers.

In more recent times John Maynard Keynes has been the great hitch economist. He held that people do indeed seek money if not for its own sake then for a series of reasons that make it convenient for them to hold cash instead of spending it. People and firms have what Keynes called a liquidity preference. People in the aggregate do not spend all their money, and therefore people with goods to sell do not sell all their goods, and therefore

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44 Joseph Schumpeter, History of Economic Analysis. New York: Oxford, 1954. p. 640. p. 1026. For a hitchless economist like Adam Smith industry and employment are limited by the availability of capital. For a hitch economist like John Maynard Keynes there is a chronic weakness of effective demand that limits employment and production (or manifests itself as overproduction). My co-authors and I hold that this level of analysis is superficial, and that the problems it raises can only be solved by deep culture change reviving pre-modern form of social relationships such as those known in Africa as ubuntu. Desmond Tutu associates ubuntu with the core message of Christianity and other major religions. Michael Jesse Battle, The Ubuntu Theology of Desmond Tutu. Cleveland, Ohio: Pilgrim Press, 1997.

45 Schumpeter op. cit. p. 482.
the workers they might hire to make more goods if they could sell them are not hired.  

According to the hitch economists, hitchless economists mistakenly believe it is normal for an economy to reach equilibrium with employment for everyone willing to work at the equilibrium wage, i.e. at the price of labour fixed by the market. In reality, as Keynes showed, full employment rarely happens, and when it does happen it does not last long.

The hitchless economists fought back against Keynes with a series of theoretical arguments and empirical studies purporting to show among other things that full employment is indeed normal. When it fails to happen it is for some special reason like, for example, wages being too high, the education system producing skills that are not needed instead of skills that are needed, trade unions pricing labour out of the market, and ill-advised government intervention in the economy.

As it turned out the hitchless economists won political influence in the decade 1970-1980 when the age of Keynes came to an end and the age of neoliberalism began. The reasons why Keynesianism went out and neoliberalism came in did not bear directly on the hitch vs. hitchless issue. They had to do with inflation, stagnation, and the political victories of figures like Ronald Reagan and Margaret Thatcher. As a by-product of mounting evidence that Keynesians were wrong on other issues, and of voters turning to conservative candidates, it transpired that the economists who advised the powerful and in many cases were themselves the powerful were the economists who believed that full employment was normal.

Consequently universities have not been operating in an atmosphere where conventional wisdom finds it imperative to change the basic rules of a society where unemployment is massive and endemic. Universities by and large have been part of the neoliberal consensus. They have tended to think that the problem is to educate people in the skills the job market requires. The conventional wisdom has tended to be that if the graduates cannot find jobs then they must have studied the wrong curriculum and taken the wrong degree; for example there are too many lawyers and not enough IT specialists. Or maybe too many in university and too few in tertiary level technical schools. The prevailing ideas of neoliberal orthodoxy encourage responsiveness to the requirements of the knowledge society and in general responsiveness to global trends in the labour market, but they do not encourage universities to assume responsibility for helping to transform a world where there is a general glut of workers and a general dearth of jobs.

46 Put the other way around, Keynes defines numerically a propensity to consume that measures how much of their income consumers (or other economic entities) spend. The propensity to consume (the ratio between money out and money in) would be unity, i.e. one, if consumers spent all their money. In practice it is usually less than one because there is a liquidity preference, a preference for one reason or another to hold cash instead of goods. John Maynard Keynes, General Theory of Employment, Interest, and Money. New York: Harcourt Brace, 1936. Book III (pp. 89-134)

47 “Moreover, the evidence indicates that full, or even approximately full, employment is of rare and short-lived occurrence.” Keynes op. cit. pp. 249-50.


To abbreviate many books and countless articles in academic journals, I commend the conclusions of Paul Krugman, Nobel Prize laureate in economics for 2008. In his recent book *The Return of Depression Economics* Krugman analyzes the series of financial crises that have broken out in the world economy since 1990.  

His conclusion is that the empirical evidence now conclusively shows that Keynes was right. Hitchless theories are no longer intellectually defensible. Consequently educational planning that assumes that hitchless theories are true is not defensible.

In another recent book John Bellamy and Fred Magdoff make a similar point in Marxist terms. Marx famously held that “the great barrier to capital is capital itself.” A series of writers in his tradition have in recent decades shown in great detail the chronic stagnation of mature economies such as the USA, Japan, and the European Union. It follows that a university whose rationale is its contribution to economic development, where “economic development” means becoming more and more like the USA, Japan, and the European Union is a university without a defensible rationale.

My co-authors and I go a step farther. If we take another look at Keynes’ liquidity preference, or at Marxist accounts of chronic overproduction manifesting contradictions in the system that can only be temporarily patched up but never resolved, or indeed if we look at economic argument in general mainstream, rightwing, or leftwing, we will find that the analysis depends on the assumption that we are working within the legal framework of a market economy. In other words stagnation and chronic unemployment inevitably happen in institutions historically derived mainly from Roman Law. As Keynes remarks in his General Theory his pessimistic conclusions follow within the institutional framework of a modern economy. Keynes specifies that in a different institutional framework his pessimistic conclusions would not follow.

The institutional framework of modernity, Weber’s Gesellschaft, is already changing. Indeed the reality of modernity was never as clear and simple as Adam Smith’s or Milton Friedman’s or Keynes’ or Marx’s economic theory. To appreciate the diversity of economic reality we have to rely more on anthropologists and historians than on economists; I have in mind particularly the “substantivist” anthropologists influenced by Karl Polanyi and the Annales historians among whom the most famous is probably Fernand Braudel. The logic of hiring people to do the work needed to produce goods to be sold at prices sufficient to cover costs and also allow a profit margin is only one logic.


Keynes *General Theory* op. cit. p. 254. See also Keynes’ proposals for a different institutional framework at pages 372-384.
It is the logic Smith, Marx, Keynes, and Friedman analyzed. But in the real world people gain their livelihoods through a series of different logics.

Well, let’s look at institutional frameworks different from the constitutive rules of modernity. There is no better place to look than at Africa before European contact.

Numerous anthropological and historical studies show that before European contact the dominant logics governing the livelihoods of the people of Africa were not capitalist. Before 1488 Africans were much more self-reliant, not in the sense of individuals being self-reliant but in the sense of extended families being self-reliant. In Polanyi’s terminology, the prevailing logics governing exchange among clans were mostly logics of reciprocity and logics of redistribution. An example of reciprocity would be the arrangement reported by Bronislaw Malinowski whereby coastal clans traditionally provided ritual gifts of fish to inland clans, which traditionally provided ritual gifts of grains and vegetables to coastal clans. An example of redistribution would be the ancient Egyptian practice of gathering harvested grains into the Pharaoh’s granaries, from where they were redistributed to the people during the long months before the next harvest.

I do not have time to make the detailed argument, but I will tell you my conclusion, or rather our conclusion, that of me and my co-authors. The conclusion is that although cooperatives, public sector enterprises, microcredit for micro-enterprises, family enterprises, and employee-owned enterprises are key parts of a plural economy, they alone will not include everybody. The reason is that they all depend on sales. As Krugman has recently shown in detail, Keynes was right. There really is a chronic weakness of effective demand; theoretically, it is a consequence of the liquidity preference; empirically, it is the verdict of history. To return to the level of inclusion that was lost after 1488 as society became less organized by kinship and more organized by markets, it is necessary to have livelihoods that do not depend on sales.

I wish I could avoid discussing capitalism; I even wish the very word would go away. But even though it is a difficult and controversial concept, and even though one almost inevitably loses friends when one talks about it, it is necessary to define it and to think about it. We cannot find a way forward for humanity and the earth without examining the rules that govern us and it. Those rules are to a large extent the rules of capitalism. I have already said that we are on a collision course with ecological and social reality, and I have already promised to show how the restoration of ancient African norms would make it possible to change course and save our species and our planet. Now I need to explain more of what I mean. I will undertake the dangerous and vital task of defining capitalism. From its very definition will flow the reasons why Karl Marx was correct when he said it was both the best thing and the worst thing that ever happened to humanity. My wager is that if we can succeed in understanding it we can succeed in

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54 See the works of George Dalton, Marshall Sahlins, and Karl Polanyi et al previously cited and the sources to which they refer.
Later I will say a little bit about how plural economy ideas are being put into practice here and now. I mean particularly the plural economy idea of including the formerly excluded by paying them for doing useful work, but not making their livelihoods dependent on finding buyers for their products. The hitch economists, who are the only economists who are intellectually respectable today in the light of the empirical evidence, know from theory and from history that buyers tend to be scarce.

But even before I begin defining capitalism I need to draw an implication for the university curriculum and for research from the very fact that I am about to discuss it. I am beginning a discussion, and certainly only beginning it because nobody can pretend to say all that needs to be said on the topic, that already implies that history is not over. This has implications for the university. If history is over, then there is nothing for the university to do but to contribute to the socio-economic system that has triumphed and will continue to triumph as long as there are human beings on this planet—which will be at most a few centuries if my pessimism is correct, for according to my pessimism the presently triumphant system makes not just human life but also the biosphere in general unsustainable.

If, on the other hand, we are going to discuss the role of capitalism in a plural economy we are implying that history is not over. There is still research to be done evaluating the performance of human institutions because we still do not know what set of institutions works best at any given time and place. Much less do we know what the prevailing economic orthodoxy seems to claim to know: what set of institutions works best at all times and all places. There is still a place for educated reflection on social and economic systems. There is still a place for research methodologies that move the parameters dustbowl empiricism takes as unmoveable: for example for Vygotskyan educational research that moves variables of history and culture that are never seen, much less questioned, in the educational research Kurt Lewin praised as “Galilean.” When we discuss and evaluate capitalism, rather than simply taking it as a given, the traditional university claiming allegiance to the ideal of free and independent inquiry bearing on the big issues Plato called “the premises of the sciences,” “justice,” and “the good” still has a role to play in society.

Let me begin by discussing two common kinds of definitions capitalism. Later I will state my own. To the best of my knowledge the concept and word “capitalism” was coined by Karl Marx. I read him as meaning three things by the term: namely free alienability of labour, commodity production for private accumulation of wealth, and sufficient accumulation of wealth to enable industrialization.  

In contrast, Francis Fukuyama, in a move typical of conservative advocates of capitalism identifies it with allocation of resources by competitive pricing. This sort of definition already implies a definition of socialism: namely, central planning. It is already

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understood that competitive pricing requires widely dispersed private ownership, while central planning requires highly concentrated public ownership. For Fukuyama socialism is definitely out of the running from here on out because although central planning had some limited feasibility for basic industrialization, it is completely not feasible for today’s knowledge society.

As is usual with important essentially contested concepts how you define the concept depends on what you want to do with it. What I want to do with capitalism is preserve its dynamic capacity to create levels of innovation and productivity not known before in human history, while leaving behind what I have pessimistically called humanity’s march toward social and ecological doomsday. For my purposes Fukuyama’s definition simply muddies the water.

Let me explain why the common identification of capitalism with markets and competitive pricing muddies the water. First, such a concept does not describe reality. Most markets have elements of monopoly, oligopoly, barriers to entry, differentiation of products by creative marketing, follow-up sales tied to earlier sales, brand loyalty, and so on; indeed in practice businesses do everything they can to avoid being in fully competitive markets, and when in spite of their best efforts they fall into price wars with numerous competitors their profit margins tend to fall and they tend to disappear. 59

While a competitive pricing definition of capitalism does not define reality, it also does not define an ideal. Scholars enamoured of mathematical equilibrium models are likely to describe any variation from competitive pricing as an imperfection, and to advocate reforming capitalism to make it true to its own ideal by making it more competitive. But this is a false ideal. First, allocating resources by price competition in markets is not a desirable ideal because as Amartya Sen has repeatedly insisted, the market is one institution among others that serves the cause of human development. 60 It is not the only one, and often it is not the best one. Secondly, it is not a realizable ideal. Most businesses that succeed are successful because they do not conform to the theoretical ideal of being in markets with numerous sellers who compete with each other by cutting costs to the bone and beating the competition by lowering prices to the lowest possible level. Let’s wake up to the real world. If we are going to have a thriving private sector, private firms must have decent profit margins, and they cannot have them by conforming to the theoretical ideal of fully competitive markets. 61


60 This point is implicit or explicit in all of Amartya Sen’s works. For example, Amartya Sen and Jean Dreze, India, Economic Development and Social Opportunity. Delhi: Oxford, 1995.

61 “The profitability of [businesses] depends to an important degree on their relative monopolization. That is to say, if a box contains the conditions of perfect competition—multiple small sellers and multiple small buyers, with perfect information—then the rate of profit must inevitably be minimal…” Immanuel Wallerstein, “Introduction,” Review (Fernand Braudel Center) Vol 23 (2000) p. 8. The irony that according to the standard economics that serves as an ideology for capitalism in the long run there can be no profits is emphasized in Joseph Schumpeter, Theory of Economic Development. Cambridge MA: Harvard University Press, 1955. pp. 29-31, 45-46.
I suggest that the function of definitions like those given by advocates of capitalism like Francis Fukuyama and Ludwig von Mises is to refute socialism. If you define capitalism as markets with competitive pricing, and if you then define socialism as its opposite, central planning of an entire economy, then it is easy to prove that capitalism is better than socialism, both on logical grounds and on grounds of historical experience. Such definitions are useful for political polemics, but they are not useful for anything else, since they do not describe reality; they do not prescribe a desirable ideal, and they do not prescribe a realizable ideal.

I have already suggested that Marx has a parental right to define capitalism since he was the one who coined the word. Nevertheless his way of using the concept requires amendment because it is enmeshed in a general view of history that is in many ways valuable but in others misleading. Marx somewhat under the influence of Hegel tended to view history as marching through a series of logical stages. I think it is more realistic to say that history mushrooms every which way, with no logical pattern except under special circumstances such as, to cite my main example, the patterns created by the imposition of Roman Law principles throughout the planet. In particular, Marx sometimes (but not always) seemed to think that free labour was part of the definition of capitalism, and that capitalism so defined was a prerequisite for industrialization. It is now clear, however, that industrialization is possible with slave labour. Also, as Marx did not anticipate in theory but as some of his followers have shown in practice, industrialization is possible with public rather than private accumulation of capital.

I will go with the second of what I have called (following Cohen) three elements of a Marxian definition: namely capitalism is commodity production for private accumulation of wealth. It is the definition Marx most emphasizes, for at the beginning of Capital he says his book will be about that kind of society whose wealth appears as a vast collection of commodities. In the original German the word translated “commodities” is Waren, that is to say wares, products to be sold. Capitalism, then is investing money to make products in order to sell them for profit. If one ignores the middle of the process (i.e. if one ignores making the products and selling them) capitalism is investing money to get more money; it is the logic of accumulation of capital. But I do not advise ignoring the middle: As Peter Drucker has emphasized, producing something useful and marketing it

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62 Perhaps the most exhaustive attempt to sort the wheat from the chaff in Marx’s theory of history is Anthony Giddens multi-volume A Contemporary Critique of Historical Materialism. A plausible defense of the theory is Gerald Cohen’s cited above. The defense depends on identifying the theory with Marx’s general approach, and not with his specific predictions, many of which have turned out to be mistaken.

63 In particular the patterns in history observed by Marx can be understood as consequences of the basic cultural structures of western modernity, as I have argued explicitly in an unpublished paper, “What Does it Mean to be a Left Wing Economist Today?” and implicitly in my Understanding the Global Economy. Delhi: Maadhyam Books, 2000. (That the cultural structures explain economic phenomena is there explicit; that they explain what Marx tried to explain is implicit.)

64 See Cohen op. cit. on this point.

65 My definition is not quite the same as Marx’s, since for Marx the very idea of “commodity” includes the exploitation of labour to produce the commodity. The “commodity fetish” is a display of power over labour. Marx argues that the secret of profit-making is to extract surplus-value from labour.
are the concrete human objectives served by the abstract numbers on the account books. Society would have no good reason to tolerate a so-called capitalism that merely turned cash into more cash while doing no useful work.  

I would like to point out that my definition of capitalism, which is similar to Marx’s and to Drucker’s, is already a giant step toward acknowledging the existence of a plural economy, and therefore a giant step toward redefining the university’s role in economic development. Here’s why. It is because in Africa as in Latin America the majority of employment is not provided by capitalism so-defined. Quite apart from the public sector, cooperatives, non-profits and other third sectors, in Africa there is an enormous people’s economy, sometimes called the informal economy. It is composed of workers who work, but they do not work for employers who make a profit hiring them. They do not make a profit themselves either. Their main asset is their labour-power, not capital, and their objective is to make a living, not to turn a profit on their investment. Most of the time they make less money than they would make if they worked for wages for a prosperous multinational conglomerate or with a good public sector job. From the point of view of creating employment we are already in a plural economy, in which capitalism is a sector that provides less than half the jobs.

In the light of this definition, I believe I can make more precise two theses I have already been defending, namely first that capitalism is necessary and should be preserved as part of a plural economy, and second that in the absence of a plural economy capitalism drives humanity to social and ecological disaster. I have also been saying that a necessary part of the necessary plural economy is the restoration of traditional norms that should have been preserved as the complements of modernity, but instead in many cases have been unwisely swept away in a forward march that is really a backward march toward a so-called development that is really a disaster.

Think of capitalism as producing commodities for sale, and doing so for profit. Then both its necessity and its unruly tendency to become ungovernable and to spiral out of control can be clearly seen.

I suggest that capitalism is necessary because it generates continuous increases in productivity that we cannot live without. Being a species inclined toward conformity and tradition, we needed something that would cause in Marx’s famous phrase “all that is solid to melt into air,” and in capitalism we found it. Let me develop this point citing some thoughts from Peter Drucker. He once said with perhaps pardonable exaggeration that that private business for profit is the only human institution devoted to change. All

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67 According to Chapter Three of Global Employment Trends 2012. Geneva: ILO, 2012. authored by the staff of the Employment Trends Unit of the ILO, in North Africa 4 out of 10 of those employed either work on their own account or are in unpaid family employment. Adding to this figure those employed in the public, non-profit, traditional tribal, and cooperative sectors should bring it over 50%. In Sub Saharan Africa more than 76% of employees are said to be “vulnerable,” which in ILO terminology means they do not have jobs in the modern private or public sector.

68 I have slightly modified this famous phrase from Marx and Engel’s Communist Manifesto.
the other institutions, he said, telling a few white lies to make his point, are about preserving what already exists.\(^69\)

To advance our understanding of why Marx, Drucker, and others attribute to capitalism the remarkable characteristic of leaving nothing stable and constantly tending to change everything, let me repeat my point that competitive pricing leads business to ruin because it drives profit margins to zero. Given that tendency, as I already said, normal business strategy consists of seeking a comparative advantage and avoiding competitive pricing. Three of many possible examples are creating barriers to entry so others cannot enter the industry and compete with you; marketing that differentiates your product so nobody else sells exactly what you sell; and selling machinery without a profit and then making a profit by charging high prices for post-sale service and spare parts. Drucker takes large notice of the fact that one of the main ways to gain a competitive advantage is to innovate. Make something new. Make the same thing a more efficient way. Then at least until others imitate you or at least until your patent protection runs out you are safe from competition and can make a profit. Drucker went so far as to say that innovation is the only source of profit.\(^70\) What he had in mind was not just new technical achievements like the Ipod, but also the enormous increases in productivity due to the art and science of management. He speaks of a managerial revolution starting around 1900, and declares that Frederick Taylor ought to be honoured as a world-historical figure whose deeds made an epoch.\(^71\) Not just breakthroughs in technology, and not just sophisticated management, but also the every day activity of the ordinary entrepreneur is sheer creativity.\(^72\) The ordinary business person constantly puts together the factors of production in new ways, driven to do so because as soon as the old ways are imitated by competitors they will cease to be profitable. This was true even before knowledge became the leading factor of production, and is today more true than ever.

One cannot understand anything in Drucker’s writings without considering an older man who was a frequent guest at the Drucker home in Vienna when Peter was a child, the economist Joseph Schumpeter. For Schumpeter capitalism is creative destruction. Disregarding a large chunk of reality, the chunk where capitalists succeed in escaping the rules of their system by finding ways to insulate their profits from what Fukuyama

\(^{69}\) "...in the business enterprise we have the first institution which is designed to produce change. All human institutions since the dawn of prehistory or earlier had always been designed to prevent change—all of them: family government, church, army." Drucker, Id. p. 86.

\(^{70}\) “Indeed the central entrepreneurial contribution, and the one which alone is rewarded with a profit, is to bring about the unique event, the innovation that changes the probabilities.” Peter Drucker, “Long-range Planning: Challenge to Management Science,” *Management Science* Vol. 5 (1959) pp. 238-249. P. 239.


thinks is the essence of their system (i.e. competitive pricing) capitalists find themselves in a constant struggle to keep their profits from falling to zero and becoming losses. Their competitors are seeking to make a better product at a lower price. If they do not do the same they are out of the game. Periodically large numbers of entrepreneurs are all driven out of the game at once in crises, recessions, and depressions. Schumpeter regarded these destructive troughs in the business cycle as a normal part of capitalism. On this point Schumpeter was surely historically right; whatever might be the happy equilibriums of the mathematical models of abstract economic theory. In the process of creative destruction only the most innovative survive because only the innovators can compete. The result of capitalist creative destruction has been an enormous growth in productivity never seen before in human history. Schumpeter estimated it to average about 5% per year for several centuries.

My opinion is that humanity at this point cannot live without capitalism’s constant innovation and productivity growth. It cannot live, for example, without the constant fall in the price and increase in the quality of solar panels, and similar falling prices and increasing quality of other green technologies. As advocates of capitalism point out, pre-modern economies were economies for small populations. The population of the earth could not possibly have grown to seven billion without capitalism. Population cannot possibly stay at seven billion, nor can it get even larger, while resources like petroleum are running out and new technologies based on other resources must be brought on line, without a dynamic private sector. The private sector is to a great extent driven by the rules of its game to constantly make better products and sell them at lower prices.

Notice that the point that capitalism has resulted in enormous productivity increases is consistent with the definition of it I have chosen: Capitalism is investing money to make products in order to sell them for profit.

I do not want to exaggerate. Many of the most important innovations, like the Internet, were incubated for many years in the public sector. Strains of wheat needed to keep the world food supply ahead of wheat rust were preserved for centuries in indigenous knowledge systems preserved by peasants in the third world. Penicillin was discovered in a non-profit university. Nevertheless, I cannot see a human transition to a socially and

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73 Adam Smith begins The Wealth of Nations comparing the misery of the savage with the prosperity of civilization, attributing the latter to the division of labour and the accumulation of capital. Eugen Bohn-Bawerk coined the idea, later taken up by von Mises, that the roundaboutness (greater investment and longer waiting times to develop the product) of capitalism makes it much more productive than earlier modes of production. Marxists speak similarly of a changing composition of capital (more fixed capital, less variable capital, i.e. less labour). Empirical studies show that these general claims that capitalism increases productivity which increases population need to be qualified by considering the devastating effects of oppressive exploitation. See Dennis Cordell and Joel Gregory (eds), African Population and Capitalism, Boulder: Westview, 1988.

74 Of course there are major exceptions to the principle that capitalism is innovative and increases productivity, and that is a reason why it is necessary to make capitalism governable. Public authority needs to step in for example when firms buy up patents to keep others from using them, for the purpose of raising prices and profits by preventing productivity from increasing.
To explain why capitalism is nevertheless a disaster that will destroy humanity unless humanity learns to govern it better, I will rely on the concept of “systemic imperatives” set forth in her book Empire of Capital by Ellen Meiksins Wood. The system in question is capitalism. The imperatives are what the system commands. For the individual firm investing money to make products in order to sell them for profit it is imperative, for example, to keep costs down. If costs are not under control, there will be no profit.

Once again my point follows from my definition: capitalism is production for profit; therefore where it is dominant it imposes on the rest of society the systemic imperative to do whatever it takes to create a business climate where investors are confident that if they invest they will make profits.

Once capitalism becomes dominant, production only occurs if someone invests expecting a profit. It is therefore imperative for society as a whole to maintain conditions under which investors expect profits. The Grenoble School calls such a set of conditions a “regime of accumulation.”

We already know from Marx, Keynes, Schumpeter and others that even when capitalism performs at its best, there is chronic unemployment and there are from time to time crises and recessions. But I am not talking about unemployment and recession now; now I am talking about imperatives that command all the time, whether employment is high or low, whether the economy is booming or busting.

By imperative I mean imperative. The trade unions must obey. The government must obey. The elected politicians who supposedly have power to govern nations in reality have little power; nor does anyone else have much power, not even the owners of great wealth; whoever you are you must obey the rules that the system imposes. Whatever else happens, there must be conditions that give investors confidence that they will make profits.

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76 Michel Aglietta, A Theory of Capitalist Regulation. London: Verso, 1979; Robert Boyer, La theorie de la régulation: une analyse critique. Paris: Agalma, 1986. David Harvey defines a regime of accumulation as a stabilization over a long period of the allocation of the net product between consumption and accumulation. It is associated with a mode of political and social regulation. Its schema of reproduction must be coherent to bring the behavior of all kinds of individuals, capitalists, workers, financiers, political officials, into some kind of configuration that will keep accumulation (i.e. profit making) functioning. David Harvey, The Condition of Postmodernity. Oxford: Blackwell, 1987. Harvey (and I) find it reasonable to say a Fordist/Keynesian regime of accumulation dominated from approximately 1945 to 1973, and that since then a neoliberal regime of accumulation has arisen. Like Harvey, Fredric Jameson writes of the necessary coherence of culture with the regime of accumulation in among other works Postmodernism: the Cultural Logic of Late Capitalism. Durham: Duke University Press, 1991. John Maynard Keynes made a similar point in 1936 when he wrote of the necessity to maintain investor confidence at all costs. See Chapter 12 of his General Theory op. cit.
But there are exceptions. The systemic imperatives command insofar as the economy is capitalist. To the extent that the economy is plural, to the extent that people are planting their own gardens and eating the food they grow, to the extent that the hospitals are non-profit charitable foundations, to the extent that houses are built by calling in the cousins and in-laws to spend their Saturdays as volunteer carpenters motivated by family ties, the system is circumvented and its systematic imperatives can be disobeyed with impunity.

Let’s go back to ecology now that we understand Ellen Wood’s concept of “systemic imperative.” Naïve ecologists do not understand the problem. They say that people need to be educated to realize that the survival of mother earth as a habitable planet is more important than corporate profits. They say we need to change our values to give saving the biosphere priority over materialism and greed.77 They miss the point. The point is that whatever else happens investors must make profits. Whenever this imperative collides with ecology, as it often does, ecology loses. My pessimism is not just gloomy talk. It is awareness that the systemic imperatives of the dominant system are incompatible with a sustainable biosphere.78

With respect to social issues the problem is not one of finding an electoral majority in favour of a reasonable amount of redistribution of income and wealth from the rich to the poor. The problem is that “populism” is incompatible with the systemic imperative to create and maintain a regime of accumulation.79

Back to ecology, most ecologists I know are not so naïve. When I talk to ecologists I find that most of them believe that the sheer scale of the changes needed to make the planet sustainable imply that there is no green future without a sea-change at the level of economics. I hope I have made it clear too that I consider solving humanity’s ecological problems without solving its social problems to be a flat impossibility.

What I am telling you is that the sea-change has to go back to 1488. If social democracy means a mixed economy with strong labour unions, strong cooperatives, and a strong public sector, then any European can tell you they tried it and it did not work. As my co-author and I show in our book Dilemmas of Social Democracies80 social democracy faces unavoidable dilemmas as long as we remain with the Roman Law paradigm. Green legislation and pink legislation are feasible only temporarily and only under exceptionally favourable conditions as long as the basic paradigm is Roman.

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77 A good example of such naïve ecologism is The Earth Charter. See its website www.earthcharterinaction.org.
78 See the works cited in footnote 1 above, and also my unpublished critique of The Earth Charter.
79 Rudiger Dornbusch and Sebastian Edwards (eds) compiling a National Bureau of Economic Research Conference Report written from a neoliberal point of view in The Macroeconomics of Populism in Latin America Chicago: University of Chicago Press, 1991, unintentionally demonstrate the thesis that as long as the basic cultural structures are as they are social justice in the form of income redistribution is incompatible with the central logic and dynamic of the system. The same point is made from a center-left point of view in our Dilemmas of Social Democracies previously cited.
80 This same thesis Dornbusch and Edwards demonstrate is made from a center-left point of view in Howard Richards and Joanna Swanger, Dilemmas of Social Democracies. Lanham: Lexington Books, 2006.
A deeper change is needed. We need in Hegel’s language an Aufhebung that does not annul capitalism, but rather includes and raises it to a higher level as part of a new synthesis; you can call it democratic socialism standing on the shoulders of capitalism; we need a plural economy; we need universities that transform themselves by enlargement, and thus contribute to transforming society by enlargement. We need to infuse our neo-Roman global Gesellschaft with ancient norms typical of the societies Durkheim called segmentées -- an expanded sense of kinship, an embedding of economic relationships in social relationships, norms of reciprocity, norms of redistribution. Perhaps the French Enlightenment had something of the sort in mind when it called for fraternité, but as John Rawls has pointed out fraternity has tended to be a word without a program. To make it real, my co-authors and I say, we need not just an inclusive norm (like “rights” or “entitlement” or “citizenship”) but a communitarian culture and a plural economy potent enough to cure a society from addiction to the dynamic of capital accumulation.

Do you get me? I am saying that a plural economy repeals the systemic imperatives. It escapes the necessity to have if not one regime of accumulation then some other regime of accumulation. With a plural economy Society can say to Capital: “Listen Capital, this is Society talking. We have many fine investment opportunities in South Africa, where you can make good profits and then devote those profits to socially responsible uses, like funding pensions for example. We want you to come to South Africa, or stay here if you are already here, and run efficient businesses, innovate, deliver quality goods and services at affordable prices, respect labour unions, pay taxes, collaborate with stakeholders, develop green technologies, contribute to saving the environment, create jobs, and be good citizens of the communities where you operate. That is a plural Society’s offer to Capital. Since at this point in history there are oceans of capital sloshing around the globe looking for good investment opportunities, it is quite likely that if some investors do not accept such an offer, others will. Perhaps it should be noted that here I am implicitly taking back my agreement with Wallerstein that the only object of study today is the global economy, not the national economy—but I am not taking it

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81 The idea that the older Gemeinschaft (community) was more human and the modern Gesellschaft alienating was classically promoted by Ferdinand Tonnies and Werner Sombart. They are the grandparents of modern contemporary communitarianisms, for example those of Michael Walzer, Alidair MacIntyre, Charles Taylor, and Amitai Etzion that avoid the exaggerations of Tonnies and Sombart and engage in sophisticated debates with contemporary liberals. In the opinion of the present author those debates overlook the key point that as long as systemic imperatives govern in fact it does not matter much what synthesis of liberal and communitarian ideals the wisest philosophers recommend. Tonnies classic 1887 book Gemeinschaft und Gesellschaft is translated as Community and Society. Mineola NY: Dover, 2002.

82 Durkheim contrasts traditional and modern societies in his doctoral thesis The Division of Labor in Society New York; Free Press, 1997. (original French edition 1893) He even draws maps of Europe showing that suicides are more frequent in the areas that are more modernized. He recommends a series of measures to promote social integration (notably professional associations) in modern societies that tend toward disintegration.

83 Rawls suggests that his own A Theory of Justice can fill that gap by providing a meaning for “fraternity” within a broadly Enlightenment framework. Catherine Hoppers and I are suggesting that the problems are deeper than Rawls thinks and will not be solved without integrating indigenous knowledge systems into our worldviews.
back because Wallerstein’s assertion is an inaccurate description of what is, but rather because the way things are is not the way things have to be. An intelligent partial “decoupling” from global dynamics is possible.

To those investors who want cheap labour and find South African labour not cheap enough, its taxes not low enough, its environmental laws not lax enough, a Society with a plural economy can say forget it, farewell, and good bye. It can say we have the leverage we need to get the best of capitalism, and we have the self-reliance we need to reject the worst of it. We can negotiate with Capital to get what we want because there are other sectors in our economy that can take up the slack when private Capital leaves or chooses not to come. Other sectors also create employment; more than one logic organizes the production of goods and services. The inclusion of all is achieved by unbounded organization, by an enlargement of logics, by a sum of diversities. The inclusion of all produces a resilient economy that can bounce back and continue to function when global capital chooses to take its money elsewhere.

Do you understand what I am suggesting for the university? I think what I am suggesting is today a feasible proposal for culture change because universities are already interested in jobs for their graduates. Universities already think of themselves as contributing to economic development. There are already dissenters in every faculty who lament the domination of the university by a neoliberal version of what an economy should be, and who are eager to do what they can to breathe some life into the old Platonic and Socratic ideals that call on a university to be a centre of free and independent criticism and inquiry. There are already not just professors but also students who want to keep alive the great conversations about truth and justice and ultimate reality.

What I am suggesting taps existing reservoirs of discontent, and it interprets existing documents in which universities declare their missions and visions. My co-authors and I propose that the university rethink itself by locating itself in a broader context: by seeing the basic constitutive rules of modernity in a broad perspective, a perspective that includes the whole cultural evolution of humanity in ecological context. Cultural pluralism at an intellectual level paves the way at a practical level for reviving sisterhood and brotherhood, ubuntu, as part of a necessary moral and intellectual reform.

Social democracy will not work—as Europe has shown us—if it is mainly an ultra-modern project of more bureaucracy and less market. Capitalism will not become governable until other sectors have grown to be strong enough to provide the

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84 Among the authors who have shown that the dominance of the logic of accumulation tends to be exaggerated by scholars and that even today the majority of the world’s work is guided by other logics are J-K Gibson-Graham, The End of Capitalism as we Know it. Oxford: Blackwell, 1996; David Korten, Life After Capitalism. San Francisco: Berret-Koehler, 2000; Hazel Henderson, Ethical Markets: Growing the Green Economy. White River Junction VT: Chelsea Green, 2006. Nevertheless with Pierre Bourdieu I hold that while it is true that no single logic runs the world, the logic of capital accumulation is influential enough to require special attention.
employment, the goods, and the services, that capitalism does not supply when it is constrained by standards of social and ecological responsibility.  

To survive as a species we need both a culture shift and a power shift. We need a culture shift reviving the ancient ideal that we are all one family living in one home, and that we take care of each other and of our environment. We need a power shift changing the rules of the game so that a private business can only stay in business if it is socially and ecologically responsible. We need a power shift so that some combination of democracy, rationality, and ethics will have the power to govern capital.

I am sounding as though I know the answers to the questions I pose, but really I don’t. I go over my reasoning again and again and I cannot find any mistakes. It is clear to me that my ideas are important if true. It is clear to me that they are true. But I am haunted by the fear that I have made a mistake somewhere. I am haunted by the thought that somewhere in what I am telling you I take some premise to be true that is in fact false. Maybe the ideas I rely on like “constitutive rules” and “the logic of capital accumulation” are muddled concepts that only seem clear and important to me because I have not rigorously analyzed them. Maybe my pessimism is just a personality trait, not an awareness of reality as it is. Maybe contrary to my pessimism it is perfectly possible to switch to green technologies and save the biosphere simply by learning the physical facts and changing our cultural values. Maybe there is no need to change our economic system. Maybe promoting the spirit of entrepreneurship among the masses will be sufficient to save them from poverty, and maybe teaching ecology to children will be sufficient to save the planet.

Or maybe it is not just the pessimistic side of my thought that is unrealistic. Maybe my optimism that envisions possible solutions is equally or more unrealistic. Maybe responsible capitalism in a pluralistic social democracy that revives pre modern ideals of extended family and kinship with nature is impossible. Maybe capitalism must either be accepted or rejected, either allowed to run the world or eliminated root and branch. Maybe I am destined to fail because I am proposing new ideas and the human brain is programmed to reject new ideas. Maybe lack of sufficient imagination to build a sustainable world is a chronic, incurable, and terminal disease; rooted in the very

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85 Indeed even sacrificing everything else to the systemic imperative to maximize investor confidence, does not make ungovernable capitalism stable. Every call for more austerity and more inequality for the sake of restoring growth and stability is sooner or later followed by another. This point was classically made with impeccable logic by Rosa Luxemburg in her The Accumulation of Capital. London: Routledge, 1963. (first German edition 1913).

86 For an autobiographical account of the origins of quirks in my personality that justify taking a skeptical attitude toward anything I might say see my The Nurturing of Time Future. Lake Oswego OR: Dignity Press, 2012.

87 In Piagetian terms, humans can only learn what they have a schema to assimilate; they cannot accommodate new ideas they are not ready for. My reply to this objection is, of course, that what my co authors and I are proposing is to a large extent reviving old ideas. But maybe this reply is mistaken.
Maybe lack of imagination inevitably will add *homo sapiens* to the long list of extinct species. Maybe it will add the planet earth to the long list of heavenly bodies spinning in space that have weight and mass but do not have life.

Obviously we could spend another hour, or day, or week talking about capitalism, but I want to move on now to give an example of a move toward a plural economy that is already happening.

A plural economy that can empower society to form constructive partnerships with private capital negotiating from a position of strength is now being built in South Africa in many ways. It is being built wherever the work of the world is getting done without relying on private investors seeking profits putting up the capital necessary to get that work done. It is being built whenever the neighbourhood handyman comes to fix your TV set, or whenever you take clothes to be mended to the neighbourhood seamstress, whenever public money rather than private money funds a long term scheme for hydroelectric power, whenever you buy your auto insurance from a mutual insurance cooperative, and whenever you take a ride with a taxi driver who owns his own means of production, namely his taxi. I will now describe in particular one recent plural economy initiative among thousands, namely the Community Works Programme, CWP.

My understanding is that Cabinet decided in January of 2009 to bring CWP to one million of the chronically unemployed, and that so far it is reaching about 300,000. These numbers in themselves should ring a bell for universities who want their graduates to find employment. There is employment to be found working for programmes like CWP.

Some of the key ideas behind CWP were articulated by Kate Philip. Kate has served as an adviser to the presidency of South Africa. She teaches part of the year at the United Nations ILO in Geneva. She recounts that CWP is not the first public programme providing employment for the unemployed. But it is a programme with a difference. I quote her: “CWP is an area-based programme intended to be ongoing. This allows it to target the poorest areas, areas where market-based jobs are unlikely to come any time soon.”

The previous programmes were conceived as bridge programmes. They provided temporary jobs designed to be employment experience for people with none. They were meant to be stepping-stones to employment in the private sector. It was assumed that investment would expand and create jobs for everyone, as is normally supposed to happen according to neoliberal orthodoxy. The government thought of itself as providing temporary relief until normality returned.

Then at some point in the year 2008 the government of South Africa woke up to reality. Full employment is not normal. In history it has rarely happened and when it has

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happened it has not lasted long. The hitch economists are right and the hitchless economists are wrong. CWP is designed as a new programme that provides permanent work for two days a week. Hopefully the beneficiaries will get more work; hopefully they will get full time work and quit CWP. But at least they have a floor to stand on, a basic small income. They have a basic opportunity to serve society by doing useful community service.

CWP understands John Maynard Keynes fundamental point that there is a chronic weakness of effective demand. It understands my and my co-author’s basic point that we have to go back before 1488 and think in terms of reciprocity and redistribution. The workers in CWP do not sell anything. They do not work for employers who sell products they make.

They do work. They build fences to protect food crops from grazing animals. They care for orphans and vulnerable children. They build sporting facilities for youth. They maintain roads. They plant community gardens and shade trees. They works as their ancestors worked providing useful services for their sisters and brothers. Local ward committees and local development for set priorities deciding what tasks most need to be performed when CWP labour-power is made available to the local community.

Where does the money come to pay them for working?—It comes from the government of South Africa. For some related programmes, such as the Organization Workshops that here in South Africa are teaching organizing skills to the unemployed, and such as Soul City social television that promotes local community self-reliance, there is also funding from British Petroleum and other corporate social responsibility donors and from international development assistance.

I have not really answered the question where the money for CWP comes from. Given that it comes from the government, where does the government get the money?

I do not know where the South African government gets its money. I intend to look into the matter and find out. Since I do not yet know the facts, I will give you a theoretical answer. I will give you not a complete theory of taxation, but a partial theory advocating the taxing of dysfunctional profit and economic rent.

One of the causes of the downfall of social democracy in Europe was that high taxes drove business away. Current neoliberal orthodoxy solves this problem with the Value Added Tax falling on consumers. Since it is a tax on consumption it is supposed to be investment-neutral. My co-authors and I favour a different solution. Fund community service in a plural economy with taxes on dysfunctional profits and economic rents.

A dysfunctional profit is one that is not needed for motivation. A social function of profit is to reward investment and entrepreneurship by providing incentives. But sometimes the incentive is redundant. For example, if the working capital needed to run a platinum mine can be raised at 12%, if the investors are raking in profits of 37%, then 25% is dysfunctional profit.
The concept of economic rent is similar. It is defined as income that does not change behaviour. If a professional rugby player would play just as well for a million rand, but due to the sale of television rights to sporting events he gets two million rand, then one million is economic rent.

The idea of economic rent goes back to David Ricardo in 1817. He claimed that the landlords who own the best land collect rent without doing any work, simply because they are owners. The amount of rent is determined by the difference between what their land produces and what the worst land being cultivated produces. If higher demand for food causes the cultivation marginal land that then yields a thousand pounds of revenue a year, which is just enough to pay the farmer and his workers for their toil and no more, then that marginal land yields no rent. Meanwhile, excellent land that yields revenue of three thousand a year with the same toil and trouble by the farmer and his workers will pay the landlord two thousand a year. The happy landlord does nothing and pockets the extra money, while the farmer and the workers make the same thousand pounds they would make on the worst land.

The basic idea really goes back to Adam Smith in 1776. Smith asked the question how much rent landlords will collect on their land. His answer was that they will collect as much as they can. They will leave the farmer just as much as is necessary to keep the farmer from quitting. The rest goes to the owner. If the owner is the nation, it would follow that the rest goes to the nation. We can hope that a 21st century nation playing the role of landlord would be more generous to farmers and workers than Smith’s 18th century landlords were, but would still raise substantial sums for the public purse.

Now if we go back before 1488 and make it a principle that whoever may now hold legal title to land or to any other asset, in principle and in the last analysis what we now call dysfunctional profits and economic rents belong to the tribe, we have the answer how to pay for the Community Works Programme. The ultimate owner, Society, siphons off income that is redundant as an incentive to produce socially useful production. The siphoning is not necessarily done by taxation; it can also be done, for example, by direct public ownership of natural resources, or, for another example, by the endowment of charitable, cultural, and educational foundations so that charity, art, and education get the dysfunctional profits and the economic rents.

In a plural economy employment does not require paying customers; it does not require enough effective demand to sell all the products that would be made by full employment. Since John Maynard Keynes told us that a chronic weakness of effective demand is a chronic drag on employment, and since the evidence has proved Keynes right, we breathe a sigh of relief.

In principle we now know how to fund any programme that builds full employment by organizing community service. We know how to repeal systemic imperatives and therefore we know how to make the preservation of the biosphere possible.
I will close by referring to the book The Idea of a University by John Henry Cardinal Newman. The book is a series of lectures given on the occasion of the founding of the University of Dublin. Newman's main point is that a university is a place where scholars from different specialties enjoy institutional support for coming together to discuss important ideas. It is a point which speaks to my condition. It is perfectly clear to me that humanity is on a collision course with ecological and social reality. It is perfectly clear to me that the mainspring that drives human action at this point in history is investment for profit. I wish it were not true, but I believe it is true, that the mainspring of the global economy is incompatible with species and biosphere survival. It is perfectly clear to me that the solution to this problem is a plural economy which preserves the productivity gains and innovative magic of capitalism as part of a plurality of logics which add up to dignity and livelihood for all. It is clear to me that whether humanity can become a sustainable species depends on harnessing capitalism to the common good and making it governable. We need a socio-economic system that rationality and ethics can govern. It is perfectly clear to me that we can only get such a system if we are willing to reconsider modernity and learn from ancient wisdom.

All of this is perfectly clear to me, but I am just one person. I am just one voice. It is quite likely that some of the ideas that for me are almost self-evidently true are in fact not true. I need a university, or ideally more than one university, in Cardinal Newman's sense of the idea of a university. That is my plea. Once again, I appreciate the opportunity to share ideas with you. It has been a pleasure to talk to you, it will be a pleasure to hear your responses, and if you invite me back it will be pleasure to come back again.