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## Seizing a Political Opening

Forum contribution: [After the Pandemic: Which Future?](#)

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In the 2002 Great Transition [essay](#), Paul Raskin and his co-authors characterized the Great Transition as a process in which “[a]ll components of culture change in the context of a holistic shift in the structure of society and its relation to nature.” Within this whole-system transition would be a “set of sub-transitions that transform values and knowledge, demography and social relations, economic and governance institutions, and technology and the environment. These dimensions reinforce and amplify one another in an accelerating process of transformation.” In other words, cultural changes would lead the way to economic changes, which in turn would reinforce desirable cultural changes, and so forth.

This is where the current COVID-19 crisis creates a new political opportunity. Debates about the economy of the past thirty years have been dominated by the principle that economic objectives only should determine the organization of the economy. But there is nothing self-evident about such a principle. It has long been known that the economy has non-economic objectives as well, and that sound economic policymaking should consider them. Nobel Prize-winning economist Ronald Coase concluded his famous 1960 article “The Problem of Social Cost” by recalling that “it is, of course, desirable that the choice between different social arrangements for the solution of economic problems should be carried out in broader terms than [in purely economic terms] and that the total effect of these arrangements in all spheres of life should be taken into account.”<sup>1</sup> Similarly, John Rawls, in *A Theory of Justice*, noted that the choice of economic institutions “must... be made on moral and political as well as on economic grounds. Considerations of efficiency are but one basis of decision and often relatively minor at that.”<sup>2</sup>

The principle that the economy should be organized for economic objectives only characterizes a particular moment in history, roughly the last thirty years. John Williamson's 1989 paper on the Washington Consensus is one of the axiomatic articulations of the principle, promoted by the World Bank and the International Monetary Fund who used it to render apolitical their policy interventions, and institutionalized in the World Trade Organization.<sup>3</sup>

The 2008 financial crisis did not lead to a questioning of this principle. It revealed the inadequacy of specific institutional arrangements in the financial sector with respect to the prevailing objective—an efficient allocation of resources throughout the economy—but not the inadequacy of the objective itself.

One of the main political consequences of the COVID crisis has been to reveal some of the shortcomings of this principle, and in so doing the political mistake that lies in considering the economy as an autonomous sphere of society. For one, the lockdown revealed the political will to subordinate the economy to a superior non-economic objective—public health. Second, the closing of borders, the disruption of supply chains, and the competition between countries to secure masks and diagnostic devices has convinced a number of policymakers of the necessity to maintain key strategic industries on the national territory. The renewal of national industrial policies is not far off.

The post-COVID world is thus one in which the principle of setting economic objectives only for the organization of the economy will be harder to sustain politically. This is all the more the case since this principle had already been seriously weakened by the re-emergence of nationalist ideas in many Western countries.

The passing of this principle will make it possible to reopen fundamental political debates around the key question: What non-economic objectives should be considered when organizing the economy? National autonomy or independence or preference will be a strong contender, and this will more surely lead us towards Barbarization scenarios rather than the Great Transition we aspire to. But we may also be hopeful that the reopening of that fundamental political space will be the occasion to push forth the view that an objective of cultural change, aligned with the Great Transition, should also be considered.

## Endnotes

1. Ronald Coase, "The Problem of Social Cost," *The Journal of Law & Economics* 3 (1960): 44.
2. John Rawls, *A Theory of Justice* (Cambridge, MA: Harvard University Press, 1971). 259–260.
3. John Williamson, "What Washington Means by Policy Reform," in *Latin American Readjustment: How Much Has Happened*, ed. John Williamson (Washington, DC: Peterson Institute for International Economics, 1989).

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## About the Author



Franck Amalric is on the Executive Board of Utopies, a sustainability consulting firm. Previously, he directed sustainability projects at the Society for International Development and the Centre for Corporate Responsibility and Sustainability. Earlier in his career, he was a research fellow at the Sustainable Development Policy Institute (SDPI) in Islamabad, Pakistan. He holds a PhD in economics from Harvard University.

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