



REPORT ON THE INTERNATIONAL
CONFERENCE

**THE FUTURE OF LIBERALISM -
JAPAN, FRANCE AND GERMANY
IN GLOBAL CONTEXT**

DAY II AND DAY III

WEDNESDAY JUNE 8 AND THURSDAY JUNE 9, 2022

REPORT ON THE INTERNATIONAL CONFERENCE

THE FUTURE OF LIBERALISM - JAPAN, FRANCE AND GERMANY IN GLOBAL CONTEXT

DAY II AND DAY III

Moderators: Gilles Campagnolo, Adrienne Sala (Day II)

Franz Waldenberger, Sébastien Lechevalier (Day III)

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CONTENTS

Introduction.....5

Day II: Wednesday June 8, 2022

Panel I: Liberalism and Neoliberalism: Concepts, Theories, And Debates I:

Liberalism and Uncertainty Facing Future Developments

Presentation I

Liberalism and Uncertainty

Miriam Teschl, EHESS.....11

Presentation II

Politico-Economic Coevolution and the Vicissitudes of Liberalism

Richard Sturn, University of Graz.....13

Presentation III

Liberalism in the Age of Digital Economy

Naoki Yoshihara University of Massachusetts Amherst16

Panel I Discussion, Question & Answer Session.....18

Panel II: Liberalism and Neoliberalism: Concepts, Theories, and Debates II:

Liberalism and Neoliberalism as Basic Sustainable Values

Presentation I

The Genealogical & Terminological Evolution of Neoliberalism

Serge Audier, Sorbonne University.....22

Presentation II

Liberalism and the Philosophy of Economics - Spontaneous Wellbeing

Tsutomu Hashimoto, Hokkaido University.....24

Presentation III

Transition of the Dominant Economic Ideology in China in the 21st Century

Yufei Zhou, Teikyo University.....26

Panel II Discussion, Question & Answer Session.....28

Panel III: Liberalism and Neoliberalism: Concepts, Theories, and Debates III:

Liberalism and Capitalism in Historical and Philosophical Perspective

Presentation I

The Distinction between Capitalism and Liberalism: An Operational Concept

Valérie Charolles, Institut Mines-Télécom Business School, EHESS CNRS.....32

Presentation II	
Liberalism, Neoliberalism, and Decolonization	
Nikita Dhawan, Technical University Dresden.....	34
Presentation III	
Adam Smith and the Origins of Economic Liberalism	
Shinji Nohara, University of Tokyo.....	37
Panel III - Discussion, Question & Answer Session.....	39
Day III: Thursday June 9, 2022	
Panel I: Technology and Capitalism	
Presentation I	
Governance in a Knowledge-Driven Society	
Franz Waldenberger, German Institute for Japanese Studies.....	50
Presentation II	
De-skilling and Diminishing Workers Autonomy in the Digital Workplace	
Saori Shibata, University of Sheffield.....	52
Presentation III:	
Intellectual Monopoly Making in the Digital Age	
Cédric Durand, University of Geneva.....	54
Panel I Discussion, Question & Answer Session.....	56
Panel II: Technology, Digitalization, and Ethics of Responsibility	
Presentation I	
The History of Humanity is The History of Technology	
Yuko Harayama, Tohoku University.....	63
Presentation II	
Artificial Intelligence: Responsibility and Liberalism	
Joanna J. Bryson, Hertie School.....	65
Presentation III	
The Fallacy of Technological Neutrality: A Philosophical Approach	
Mario Ionuț Maroșan, Université Laval.....	68
Panel II Discussion, Question & Answer Session.....	70

INTRODUCTION

THE FUTURE OF LIBERALISM IN FRANCE, GERMANY, AND JAPAN

GILLES CAMPAGNOLO AND ADRIENNE SALA

As the world entered the 21st century, hopes have been curbed and we have been facing major crises, one after another. Financial crisis and a series of economic breakdowns (with rebounds) have hurt growth badly from the 2008 financial crash up to the present-day. Moreover, a crisis of life conditions on Earth: climate is in jeopardy, biodiversity is at stake and disease spread (like the COVID pandemic), with their consequences. In this gloomy picture, old narratives tend to come back while all the technology we master cannot be redirect old paths towards new destinations. This is true as well regarding our mental frameworks and ways of understanding the world: not only the course of our material environment (life that turns more and more digitalized), but ideas and thoughts are changed. In a nutshell what are we to do with ways of thinking that have shaped our previous views on the world.

One such major issue at stake is the rationale of modernization for countries that have developed over the last two centuries, trusting voluntary exchange and freedom of trade, on the one hand, civil liberties and the expansion of democracy, on the other hand. In one word: liberalism. What is its future when we are facing the aforementioned crisis? The mindset that seems in jeopardy was based upon scientific knowledge and attempts at clarifying the stakes taken into consideration by thinkers and scientists (both natural scientists and social scientists): the crisis regarding the ideas based “on liberty” (as John Stuart Mill framed the issue in his grounding philosophical work in 1859) is thus epistemological in nature.

Thus, one may point to a second type of crisis that we would like to stress at the start of this conference since it provides its orientation: it is a global crisis that sparks of a crisis of liberal ideas and ideals. It is a crisis that is as well economic and political in nature; it deals with the material world that we live in and with the values that support it.

Let us be explicit: we shall use the word “liberal” in the way that Europeans have in mind. We understand it to mean pro-liberty, pro-free-trade, for instance – not the American use that relates “liberals” to what Europeans tend to call the “progressive

camp". Incidentally, the US-English use is not foreign to us, since it fundamentally rehashes the meaning that the word had in the mid-nineteenth-century Europe, while a Spring of Revolutions shook this continent in 1848. The specifics of the notion have evolved in Europe towards specifically economic debates, while its original meaning was essentially retained throughout in US-English parlance (but lately evolved to include issues related to so-called intersectional studies). It is necessary to make things precise since this conference is held in English: yet contributors debate the future of liberalism in terms of economic policies supporting freedom. And we indeed experience a major crisis of such liberal ideas, such as the one that existed in the 1930s – moreover, with a war-like situation to the fore in both cases.

Now, these two sets of crises – that is to say, 1° the actual threats to the living environment that imply an epistemological quarry and raise debates about how to deal with it at the economic level; 2° the crisis of liberal ideas and hopes with issues at stake factual, theoretical and methodological altogether – both concern the ideal of freedom and free individuality. And they intertwine to make things more intricate and lead some to despair or wish they could go back to older frames (nationalistic, socialistic, and so on). Those two sets of crises present both the opportunity to discuss abundantly ideas that had been put aside while so-called “liberal policies” were buoyantly advocated (the vibrant, but dangerous and false argument that there would be “only one way of rational thinking”) and they bring uneasiness, together with a fundamental doubt: do, can (and even will) political liberalism and economic liberalism always go together? Are those two guarantees for (some, even minimal) equality, especially some level of income equality guaranteeing a way-of-life where minimal comfort (or even affluence) and the absolute right to freedom are both implemented in all fields of civil society? Are those two meanings of liberalism still compatible, for all, or for the many, or even at all? Are they intrinsically linked at the fundamental conceptual level so that one cannot be found without the other being in stock?

This issue has surfaced each time that “liberalism” (in the sense put forth above and that runs as the main thread of this conference) has been submitted to a major crisis. For example, socialistic views can indeed be described as one product resulting from a former major crisis of liberalism. Each time the latter faces major difficulties, the former tends to emerge again under a new guise. Hence our Opening Session, where we are glad to invite Thomas Piketty, who presents himself as an advocate of socialism and a prosecutor of liberalism. It is only if liberalism can overcome impediments and obstacles, but we may foresee future perspectives for its claim to freedom. Indeed, is there a Future for Liberalism today?

In the 1930s, this issue was already raised. Hence the updated goal of this 3-Day Conference: to provide listeners, and now readers through this publication, a sort of arena like that of the so-called Walter Lippman Colloquium, which was held in Paris in 1938, organized by the French philosopher Louis Rougier in the name of the famous US publicist Walter Lippman. There gathered some Americans and mostly Europeans, especially French, German and Austrian thinkers. The aim was to analyze what had gone so wrong with liberalism, to explain how dark times come to overshadow Europe and the world. Almost one century later, hard times are back. However, the center of gravity of the world's economy seems to shift from Europe to Eastern Asia, and it is in another major capital of what may once more called the "free world" that a conference with a somewhat analogous aims can be organized.

The way how to implement policies really depends upon issues that root deep within a common understanding between diverse civilizations. What may then appear as divergences is just as important as the essential agreement that signing official documents illustrates in turn. Treaties like the European Partnership Agreement (EPA) and the Strategic Partnership Agreement (SPA) between the European Union (EU) and Japan portend greater cooperation. International lawyers dealt with these treaties. Within this conference, they mean less to enter debates that both preceded and followed negotiations than a scientific debate on notions more generally supporting the validity of such talks on values. Some thinkers oppose the trend and some aim at rebuking its cogency, and their position has to be assessed as well, as a counterpoint to the conviction that a future exists for liberal ideas facing present-day crisis.

The initiators of the project, Gilles Campagnolo and Adrienne Sala, acknowledge such pro and contra positions to better cope with the crisis of liberalism at both an epistemological and an ideal level. The aim of this 3-Day Conference is to discuss concepts at the basis of a diversity of forms of liberalism whereas we have come to times of crisis again. The initiators wish to thank the three institutions (one from each participating country, all three in Tokyo): they made possible to hold the conference whose proceedings are published in this volume.

Here, economists and philosophers, social thinkers who, for some, contend with the ideas of liberalism and, for others, support them, deal with fundamental theories and notions. They put forth the role of technology as a major factor of change in forms of liberalism adapted and adopted in the present world, and in its near and further future. For France, Germany and Japan, the list of contributors (all renowned in their field) is found in this document (with references/ credentials) as well as a summary and (when they agreed to) full contents of their presentations. In the view of offering more room for

expanding EU–Japan cooperation at this scientific level, the conference is meant as the start of a larger enduring project, whose success (as reckoned by various media and institutions related to the event) the initiators intend to carry on in the future.

THE FUTURE OF LIBERALISM
JAPAN, FRANCE AND GERMANY IN GLOBAL
CONTEXT

DAY II

WEDNESDAY JUNE 8, 2022

DAY II - PANEL I

**LIBERALISM AND NEOLIBERALISM:
CONCEPTS, THEORIES, AND DEBATES I**

LIBERALISM AND UNCERTAINTY FACING FUTURE
DEVELOPMENTS

PANELISTS

DR MIRIAM TESCHL

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SCIENCES SOCIALES (EHESS)

DR RICHARD STURN

DIRECTOR OF THE GRAZ SCHUMPETER CENTRE,
UNIVERSITY OF GRAZ

DR NAOKI YOSHIHARA

PROFESSOR, UNIVERSITY OF MASSACHUSETTS AMHERST

DAY II - PANEL I - PRESENTATION I

LIBERALISM AND UNCERTAINTY

MIRIAM TESCHL

Presentation Summary

In her presentation Miriam Teschl discussed the impact of uncertainty on liberalism in light of the public policy response to the COVID-19 pandemic in democratic countries. She argued that the trend toward prolonged restrictions on individual liberties to fight the pandemic risks eroding freedoms in a way that could represent a move toward more authoritarian forms of liberalism. She argued that the principles of liberalism have always had to be balanced with the challenges presented by uncertainty. More than ever is it important to find appropriate bottom-up approaches that provide individuals with the information they need to make good decisions even under uncertainty.

Uncertainty is a fact of life. It forces us both as individuals and as a collective to consider not so much what is “best” (because that is difficult to know under conditions of uncertainty), but what we need and want to know to achieve outcomes we deem beneficial, while being protected from those that are harmful. In the face of great uncertainty, such as uncertainty in relation to public health, some restrictions on individual liberties can be warranted. For example, in the early days of COVID-19, very little was known about the virus. In such a case, rapid and efficient central coordination is key and democratically elected governments are good candidates to take the lead in top-down decision making which may include restrictions on individual liberty. Yet it is one thing to use restrictions temporarily under very specific circumstances as a way to “buy time” to gather the knowledge necessary to determine an effective policy response (that protects the vulnerable and hampers viral spread), but another to favor general and undifferentiated restrictions as a public policy in itself.

The question of how to handle uncertainty in both policy making and individual decision making has often been at the heart of debate within liberalism, particularly in view of the types of knowledge available to different actors within the system on which decisions can be based. Arguably, there can be some tension between the “centralized knowledge” of policy makers, driven by aggregation and statistics, and the decentralized knowledge of individuals, based on their unique situations and life experiences.

The core question therefore is what can we know, and what do we want to know under conditions of uncertainty? The point that we would like to know is whether harm is accelerating, or benefits decreasing. In the case of Covid 19, harm could be seen as the number of cases going up. The only way to objectively measure this is through testing. Greatly expanding testing facilities provides individuals the opportunity to check their own health status. Individuals are intimately familiar with their own health and whether they have reason to suspect that they may have been infected. The aggregated information about tests and their outcomes, can consequently inform public health policies.

To put it differently, in order to maintain liberalism under uncertainty, policies that give priority to bottom-up information need to be prioritized over top-down decisions by experts that may severely constrain individual freedom. We must reinforce the importance and pursuit of knowledge in our democracies so as to maintain a liberalism that is as un-authoritarian as possible.

DAY II - PANEL I - PRESENTATION II

POLITICO-ECONOMIC COEVOLUTION AND THE

VICISSITUDES OF LIBERALISM

RICHARD STURN

Presentation Summary

Richard Sturn's presentation proposed a framework for thinking about the evolution of liberalism over time in response to political and economic change. The model treats the constitution of a liberal order as a "higher order public good," a foundational building block of modern society and the institutional infrastructure required for the existence of expedient mechanisms for the provision of first-order public goods. However, the very provision of that higher-order public good is inevitably exposed to political, economic and societal transformations that put pressure on the liberal order's survival and force it to adapt. The pressure put on the liberal order by the current digital transformation has led to a critical accountability gap and the rise of illiberal tendencies. The Liberal order must adapt by reinvigorating the public sphere, civil society and the public sector as bulwarks against illiberal tendencies facilitated by digital technologies.

Amidst the upheaval of the digital transformation, unless digital technology is embedded into a constitutional-political architecture that facilitates public input in an appropriate manner it will be impossible to reinvigorate public accountability. That lack of accountability may lead to a concentration of power that affects the functioning of both markets and democracy.

The liberal order as a structure coevolves with political, legal, societal, economic, and technological developments, including in particular historically contingent forms of the public – private divide which belongs to the core of post-feudal statehood and provided a framework for entrepreneurial capitalism. In this framing, citizens play a key role in driving the political processes supporting the liberal order as a higher order public good and adapting it to changing conditions. The digital transformation has seen the emergence of an *accountability paradox* for liberalism. While digital technology has the potential to enable greater accountability, it also provides greater opportunities for the concentration of power, brings disruptive changes in the media sector, and can erode the relative capabilities of public institutions, giving rise to an attenuation or distortion of

existing accountability mechanisms.

What follows is an outline of some elements of this conception of a liberal constitution. As a liberal foundation for an open society, it is the key building block for the functioning of a modern society in two ways: first, it provides a functional premise from which specific mechanisms for first-order public goods are derived; second, it creates an architecture of private and public choice promoting an innovation-friendly and privacy-preserving order, minimizing the number and influence of veto-players obstructing innovation and undue infringements of the spheres of private agency. The innovative and freedom-enhancing setting of a liberal order, however, is not enhanced by undue privatization. In eras of massive socio-economic transformation liberalism is often challenged by problematic trends of privatization, unleashed by powerful economic actors engaging in transformational rent-seeking and rent-shifting. This goes along with shifting the balance of power in rulemaking away from elected officials and concentrating it in the hands of factually privileged private actors, creating a deficit of accountability, that is a kind of 'shadow politics sometimes referred to as neo-feudalism.

The digital transformation is perhaps the most pervasive socio-economic transformation in the history of liberalism and capitalism. It is characterized by pervasive economies of scale and scope, network effects, and a hitherto unknown degree of private rulemaking and monopoly. It has the potential to fundamentally undermine the public-private architecture which has been at the heart of liberal democracy. It has been accompanied by the emergence of privileged private actors and technologies such as blockchain, which may contribute to marginalizing the public sphere, unless they are embedded in an appropriate legal order with functioning institutions and reasonable norms.

It is also worth considering the political dimension and context of such embedment. Authoritarian, totalitarian and populist governments and movements have already begun adapting these trends of the digital transformation in their own way to try and mobilize its potential in their favor. Unless the information processing potential of digital technologies can be harnessed to reinforce political feedback mechanisms within a constitutional political architecture, the accountability deficit outlined in this presentation may grow even larger, promoted by new forms of surveillance capitalism and statism driven by those who seek a non-liberal order.

To escape such a fate, it will be necessary to pursue the following actions. The integration of civil society into the overall project of developing and adapting the liberal order to reinvigorate it as a "higher-order public good" (in contrast to today where civil society's participation often appears confined to the pursuit of specific issues and

interests.) The modernization of the public sector and its potential expansion across supranational horizons. The enhancement of state capacities in such a way that distributive problems such as climate change, and other challenges requiring public agency can be effectively addressed. Finally, the development of political systems and public administration to combat accountability deficits.

Each of these tasks will require enormous effort, indicating the difficult and demanding path ahead of us. At the moment, it may even seem a task beset by insurmountable impediments. However, sometimes crisis induces people to think about the scope and depth of problems, and thus raises the probability for suitable collective action. While pessimism, fatalism, and nihilism are certainly barriers to change for the better, liberals from Adam Smith onward always rightly emphasized the importance of understanding the complexity of the challenges we are facing – and the dangers of simplistic, ready-made “solutions.” What is clear, is that now it is not the time for liberal complacency and business as usual.

DAY II - PANEL I - PRESENTATION III

LIBERALISM IN THE AGE OF DIGITAL ECONOMY

NAOKI YOSHIHARA

Presentation Summary

In his presentation Yoshihara approaches the problems liberalism has faced in the digital era from the vantage point of standard economic theory. He first differentiates between individual liberty, the idea that individuals should be free to act as long as their freedom does not encroach on that of others, and economic liberalism, which calls for free competition under conditions of private ownership and forms the basis for modern free trade. He argues that the key problem facing liberalism since the beginning of the digital transformation is with economic liberalism, where digitalization has enhanced the return on, and network effects of, economics of scale, which has intensified inequalities in the distribution of resources, and this inequality now threatens individual liberty and autonomy. He proposes a settlement to rectify this deficit in which society would guarantee individuals a “minimal autonomy” that is a baseline of social welfare in the form of a social safety net, which is obtained by accessing the minimal sphere of production technology and resources.

This presentation approaches the problems liberalism has faced in the digital era from the vantage point of standard economic theory. It is important to begin with a definition of individual liberty, perhaps the most famous example being the harm principle established by John Stuart Mill in *On Liberty* (1859), which argues that there is a private sphere in which society has only an indirect interest, and in which individuals should have the freedom to do as they please so long as they do not cause harm to, or encroach upon the freedom of others. Also of relevance is Amartya Sen’s concepts of “minimal liberty,” which further codifies the expectations for individual liberty, and the Pareto-Liberal Paradox, which recognizes that the Pareto optimality of social outcomes may not be guaranteed by societies which respect minimal liberty.

Reviewing the literature on economic liberalism, in more recent times, the problems of economic liberalism have become of more pressing concern to both individual liberty and the public good. Economic liberalism is defined as an economic system that promotes free competition under the protection of private ownership of productive assets. Economic liberalism underpins the idea of free trade, in which

producers, buyers, and sellers are always free to pursue goods elsewhere, under the expected outcome that such systems increase social welfare. While these ideas are tangentially related to individual liberty, the principles of free trade are actually separate from and do not rest upon individual liberty.

Importantly, new innovations can lead to the discovery of new assets over which no private ownership is yet established and does not result in Pareto improvement of social welfare in a perfectly competitive market economy in the long run (the “tragedy of the commons”). The digital transformation has so far been an example of this, with an increasingly unequal distribution of resources causing new forms of economic domination by the winners that threaten individual autonomy.

Research conducted between Yoshihara and Professor Yongsheng Xu of Georgia State University suggests that societies should reorient themselves to guarantee a concept we call “minimal autonomy,” under which governments would ensure individuals have access to the minimum amount of resources necessary to maintain their fundamental autonomy. In other words, a reformulated social safety net based upon the concept of ensuring individual autonomy. While securing support for such an expansion of the safety net may be challenging, this is likely necessary for liberalism to continue to flourish under the conditions created by the digital transformation.

DAY II - PANEL I - DISCUSSION, QUESTION & ANSWER

SESSION

PANELIST DISCUSSION

Abbreviated Summary

Bernard Sinclair-Desgagné kicked off the discussion with a brief set of comments on each presenter's work. Affirming the importance of uncertainty noted by Miriam, he comments that uncertainty impacts liberalism in a myriad of ways. There are many kinds of uncertainty, and all of them influence both individual and group behavior. Uncertainty can incentivize herd behavior, in which individuals follow the group rather than facts, cause coordination problems, make it difficult to ensure that accurate information is disseminated, fuel disagreement about what constitutes justice and fairness in society, and enable harmful rent seeking activity by private actors. All of these things pose serious problems for upholding a functioning liberal order.

He also noted the commonality in the work of Sturn and Yoshihara, both of whom alluded to the tragedy of the commons in their presentations, and how these problems are manifested by the climate crisis which is exacerbated by the uncertainty mentioned by Miriam. In a sense, liberalism creates uncertainty, and this relates to the kind of liberal paradox brought up by Yoshihara, where liberty, efficiency and universality often collide with disastrous results. This can be seen in the rise of identity politics and populism where people try to restrict the autonomy of others to fit into their own worldview and "solve" the paradox in a way that makes for a fundamentally illiberal result.

Finally, he argues that although none of the presentations touched on it directly, the problems they speak to are all related to the concept of network externalities, where scale is necessary for success, but scale can lock in a less than ideal result, that has been exacerbated by the digital revolution. Essentially each of the presentations is wrestling with problems of coordination and questions of how to avoid a bad equilibrium.

Miriam largely agreed with the commentary offered, while Sturn mentioned that the challenge of populism brought up in the commentary is not a new challenge and is in essence a recurring theme brought up by the pluralism that liberalism necessitates. He believes that the answer to populism and "authoritarian liberalism," lies in finding a more rigorous method of ensuring public accountability that can accommodate heterogeneity in a suitable way. He agrees with his research conclusions being related to that of

Yoshihara's, in that the unappropriated surpluses of innovation can negatively spill into the political structure and endanger liberalism.

Yoshihara added that he concurs with the other presentations given in panel one that private ownership structures can evolve with innovation in ways that conflict with liberalism and this may require regulation. He also believes that the proposed neutrality of liberalism to the values and views of the individuals within it can be problematic when individuals hold and pursue views that are incompatible with those of liberalism itself.

GENERAL QUESTION AND ANSWER

Question from Joanna J. Bryson

Both presentations dealt with the challenge of crisis management and how liberal, democratic regimes have at times resorted to what some would term "autocratic measures." Particularly in today's pandemic context where the level of uncertainty is high and the need for agility of policy action is urgent, is it really appropriate to label the pandemic policy innovations as a turn toward autocracy.

Do the presenters not risk conflating two things that are transiently similar; the temporary restriction of individual liberty in a functioning democracy and restrictions on individual liberty that are based on the absence of the clear rule of law in autocratic regimes, but fundamentally different in nature? And does this lack of clarity in language not run the risk of people being unable to identify the very real differences?

Response from Miriam Teschl

The term "autocratic measures" could perhaps be misunderstood. However, the point of the presentation was to highlight how the knowledge underpinning pandemic restrictions has at times become arbitrary and non-transparent and this has perhaps led restrictions to persist longer than necessary in a fashion that may not be compatible with liberal values. It is important to continue to work to ensure an appropriate tradeoff between effectiveness and bottom-up decision making in liberal democracies.

Question from Adrienne Sala

The presenters discussed the impact of uncertainty on risk-related policy. In Japan the government developed a disaster risk management system with uncertainty in mind. It

is a systematic approach based on decentralization with three levels of coordination: individual, intermediary (local communities, enterprises, families, organizations, etc.) and public policy. There is a sharing of the responsibility across these different levels: individual responsibility, collective responsibility and maybe a more general civic responsibility. One condition, of course, for this system to be efficient is to have access to knowledge.

Based on this example, how does one include in a liberal type of policy facing uncertainty, the responsibility, the knowledge and the liberalism as a condition to maintain individual liberties in the face of uncertainty?

Response from Miriam Teschl

This raises an important point about the context of liberalism. What kind of cultural background, social background, social norms and networks underpin certain liberal democracies and how these factors interact to create structures of responsibility and knowledge sharing between the individual and societal structures and policy makers. The level of community coordination and knowledge sharing necessary to pull off the system Yoshihara described in Japan is similar to the kind of interdisciplinary discussion that is needed to safeguard liberalism.

DAY II - PANEL II
LIBERALISM AND NEOLIBERALISM:
CONCEPTS, THEORIES, AND DEBATES II

LIBERALISM AND NEOLIBERALISM AS BASIC SUSTAINABLE
VALUES

PANELISTS

DR SERGE AUDIER

ASSISTANT PROFESSOR, SORBONNE UNIVERSITY

DR TSUTOMU HASHIMOTO

PROFESSOR, HOKKAIDO UNIVERSITY

DR YUFEI ZHOU

SENIOR ASSISTANT PROFESSOR, TEIKYO UNIVERSITY

DAY II - PANEL II - PRESENTATION I

THE GENEALOGICAL & TERMINOLOGICAL EVOLUTION OF NEOLIBERALISM

SERGE AUDIER

Presentation Summary

Serge Audier's presentation examines the origins of the term Neoliberalism. Recently, the term Neoliberalism has come to symbolize the myths of self-regulating markets, and the huge waves of privatization and deregulation that swept the world in the first decade of the 21st century. The movements intellectual roots are often traced back to the two complementary yet contradictory schools of economic thought, the Austrian School of Ludwig von Mises and Friedrich Hayek and the Chicago School of Milton Friedman. The roots of neoliberalism, however, actually extend back much further to French and German thought in the 1930s.

As the world grappled with the Great Depression, widely seen as a major failure of what would come to be termed "classical" liberalism, prominent liberal French and German intellectuals came together to attempt to define a new liberalism at the Lippman colloquium in Paris in 1938, and this can perhaps be considered the intellectual birthplace of the term neoliberalism. The background is that the old liberal economy had to be revised to resist totalitarianism.

By its very nature then, the word is to some degree, ambiguous. It merely refers to new kinds of liberalism that differ in important ways from that which came before it. Given these rather humble beginnings it is no surprise that the etymology of the word neoliberalism has not been a straight line, but a multitude of theories, ideas, and practices, at times complimentary, but also often at odds with each other.

The primary constant in most neoliberal theories and ideas up through the later part of the 20th century is their emphasis on both the continued importance of market mechanisms as the defining characteristic of economics and the legitimacy of state intervention in the economy. These theories firmly rejected what might be termed the "misery" of pure "classical laissez-faire" economics, instead proposing that the market economy was not, as certain classical economists believed, the spontaneous result of the natural order, but the result of a legal order in which the intervention of the state was a

precondition.

If principles of this kind of neoliberalism, broadly debated in the 1960s and 1970s, were to be defined they might be as follows: First the freedom of prices and the sovereignty of the consumer. Second, a legal framework in which economic activity unfolds (far from being natural and spontaneous, this framework is a reversible creation of the legislature,) what might be termed the institutional market. Finally, a justification for fiscal reallocation of the national income towards collective and social causes such as defense, social security, services, education, and scientific research.

However, even at that time, numerous cleavages surfaced between a more interventionist group on one side and a more traditionally liberal group on the other. The role of the state in implementing and ensuring true competition and its ability to satisfy the needs of the masses, industrial agglomeration and social protection were all fiercely debated as key issues.

Although obscured by the changing colloquial usage of the word today, these debates on the meaning of not only neoliberalism, but liberalism itself, persist into the present. It is thus essential if we are to consider the future of liberalism, to engage with the intellectual debates of the past and define what we mean when we use these terms.

DAY II - PANEL II - PRESENTATION II

LIBERALISM AND THE PHILOSOPHY OF ECONOMICS -

SPONTANEOUS WELLBEING

TSUTOMU HASHIMOTO

Presentation Summary

Hashimoto's presentation summarizes his upcoming book, *Liberalism and the Philosophy of Economics* (2022) his first book written in English, scheduled to release in the Fall of 2022. In the book, Hashimoto examines the concepts of positive and negative liberties, spontaneity and the philosophy of the economic methodology of the Post-Cold War era. The book argues that we are now in a state of "Lost-Modernity" that is distinct from the previous state of post-Modernity. It focuses on how modern states are focused on the welfare state, that is the welfare of their citizens, yet lack the empirical tools to objectively evaluate the impact of these policies on people's lives.

In recent decades, various indicators have been proposed to measure the wealth of a country and the well-being of its people in place of gross domestic product. In 1990, the United Nations Development Programme created the "Human Development Index" based on Sen's capability approach. A variety of indicators have been proposed by actors including the French and Japanese governments', but which indicators should be used and how they should be used to guide national policies is still a source of debate.

According to Hashimoto, traditional normative theories such as liberalism and communitarianism have been indifferent to the problem of creating a comparable cross-cultural index of human wellbeing. However, modern economic thought must take up the question of how to measure wellbeing and how wellbeing relates to the concepts of freedom and societal development. Furthermore, a baseline level of wellbeing is critical to the exercise of "utility" and "choice". Well-being is a basic concept for thinking about happiness and welfare. These are all concepts he has explored in detail in Hashimoto's prior Japanese language works, including 'The Principles of Freedom: Ideas on the Welfare State to Come' published just last year.

The final chapter of Hashimoto's latest Japanese book, Principles of Freedom, addresses this topic and was the focus of this presentation. It introduces the concept of Spontaneous Wellbeing, to combat this lack of an empirically tangible way to measure

human wellbeing and welfare. Spontaneous Wellbeing incorporates the natural spontaneity of human behavior into a theory of achieving wellbeing. Living a spontaneous good life is portrayed as an integrated personality consisting of four characteristics: "man of ignorance", "spontaneous fecundity", "life with retrospection", and "hospitalized life".

DAY II - PANEL II - PRESENTATION III

TRANSITION OF THE DOMINANT ECONOMIC IDEOLOGY

IN CHINA IN THE 21ST CENTURY

YUFEI ZHOU

Presentation Summary

Yufei Zhou presented on the topic of China's evolving economic ideology in the 21st century. She first traces the history of China's economic opening and recent developments. She points out how China is pioneering a fusion of authoritarianism with market economics, modern monetary theory, and a limited amount of economic liberalism, a kind of state neoliberalism that stands in stark contrast to the liberal international order. She outlines the contours of debate within China about rising inequality, and how these debates were eventually coopted into a cultural conservatism, that has merged with economic ideas similar to those of the 19th century German Economist Friedrich List. She then outlined the key tenants of China's new strategy: rebalanced trade, an increased money supply, monetary sovereignty, innovation, and a "whole country system" concentrating national effort. Her presentation raises key questions about how the rise of China, an illiberal state, as a major power, will affect the rules, norms and institutions of the existing liberal international order.

The presentation began by noting the importance of the work being conducted by Hashimoto on the importance of reliable indicators of individual happiness (well-being) in evaluating liberal societies. However, one cannot overlook the fact that illiberal state dominated ideologies are still predominant in many countries, including China, the world's second largest economy, and that in those countries, individuals are overwhelmingly subordinate to the state. The focus thereby is on how the rise of China, an illiberal state, as a major power, would affect the rules, norms and institutions of the existing liberal international order.

Looking at recent developments in China's publicly announced economic planning, China appears to be shifting its focus away from its previous export-oriented development strategy and toward a greater reliance on a strengthened domestic market, and this move toward a new economic framework is having a significant impact on the global economy. Despite its gradual marketization and integration into the world

economy since the late 1970s, China was never fully assimilated into the global neoliberal order. While China borrowed the institutions most necessary for trade and economic growth, such as private property and a liberalized labor market, it has also continually deviated from the political and economic neoliberal order. Its leaders have always sought to avoid a popular uprising such as in Poland in the 1980's and are fundamentally committed to maintaining a Chinese Communist Party led authoritarianism that uses the market as a tool in the pursuit of its larger development goals. This fusion of selected liberal reforms on the one hand, and strict authoritarianism on the other, could perhaps be termed state neoliberalism, and has silenced any hope for the political transformation of China into a democracy.

In the decades since it began its economic transformation, China has gone from being a moderately unequal country in 1990, to one of the most unequal by 2008. This marked increase in inequality sparked debate in China and while there were various schools of thought as to the cause, by liberals arguing insufficient commitment to enlightenment ideals, to new leftists, who critiqued modernity and the liberal order as the source of China's problems, these debates would eventually find their respective rhetoric being coopted and merged into a rising cultural conservatism.

Ultimately, what is clear is that since roughly 2012, China has begun to actively chart a new course. This can be seen in the recent elevation in China of German Economist Friedrich List (1789 – 1846,) whose ideas about “national economics” seem to be in vogue as China reconstructs its national strategy. The first part of this new strategy includes: a more balanced trade policy, an increased money supply to boost domestic consumption, boosting innovation in science and technology to move up the supply chain, and a reinvigoration of a “whole country system” that concentrates nationwide effort. A crucial principal that should guide the current Chinese economic policy is that to benefit from the unequal partnership in globalization, it is necessary to promote the ‘Belt and Road’ initiatives not only as geopolitical strategy, but also as a central economic tool for China's industrial restructuring.

China is acutely aware of the challenges it still faces in fully catching up to the advanced economies, and the likelihood of continued friction with the United States. It sees a new national strategy and “monetary sovereignty,” that is reduced reliance on the US Dollar backed international monetary system, as key to achieving its goals.

DAY II - PANEL II - DISCUSSION, QUESTION & ANSWER

SESSION

PANELIST DISCUSSION

Opening remarks from Bernard Sinclair-Desgange

There is clearly a great degree of diversity in the way that different countries have incorporated liberalism, capitalism and neoliberal ideas into their societies, economies, and culture, and how this has impacted the diversity seen at the individual level within countries. Diversity exists in part because of disparities in the way that knowledge is dispersed, the impossibility of policy makers to be all-knowing, the difficulty in harnessing knowledge dispersed across society, and the general tendency of people to look out for their own well-being first and foremost.

Over the last two decades economists have increasingly recognized the need to collaborate with psychologists to better understand and model human behavior in the economic sphere. This can be seen in China's search for a new strategic model, and in Hashimoto's research on how individual aspirations impact behavior, and how a baseline of this ill-defined concept of welfare is necessary for them to pursue them.

The question is, how do aspirations interact with specific economic systems and how do these systems seek to deal with individual aspirations. Furthermore, to what degree are these aspirations universal vs constructed within the context of specific cultures.

Response from Serge Audier

On the topic of Hayek's theory of dispersion of knowledge in society, he believed that the confrontation of different viewpoints would contribute to creating a clear liberalism, yet this is not always how society functioned, and there have been great conflicts. Most neo-liberals would likely agree with the basic idea of a kind of dispersion of knowledge, the self-interested individual, and the sovereignty of the consumer, but these are basic, non-utilitarian aspirations, which manifest differently across different societies and nations.

At issue is the fact that many of these theories were crafted by German sociologists who shared a cultural and religious background, so the degree to which the ideas truly have universal validity may be up for debate.

Response from Tsutomu Hashimoto

Bernard mentioned the idea of aspirations. That moment of aspiration is critical to my theory and its critique of the tenants of libertarian paternalism, through which I constructed my own alternative theory. When the idea of aspirations is incorporated, this type of liberalism can be called “liberalism with perfectionism.”

From the perspective of liberalism and communitarianism, there is no good theory to explain what kind of index of wellbeing is better than others. But liberalism with perfectionism, which incorporates the moment of aspiration, can answer what kind of index is better than others.

Response from Yufei Zhou

From the viewpoint of a historian of knowledge, I want to tackle the question of how economic systems are or should be co-related with individual and collective aspirations.

In the development of China’s economic thought throughout the 20th century, the individual and collective aspiration was rather state centered. To put it concretely, the common prosperity of the state was considered the ultimate goal which goes far beyond the happiness of the individual. Even among professional economists, people are used to the mercantilist view that the state should naturally use the economic tools available for the sake of the masses. Therefore, it was no wonder that they rediscovered Friedrich List and some other 19th century German economic thinkers to construct an updated version of economic nationalism. To be sure, this was not unique in the case of China.

Many other late-comer countries, especially non-Western countries have also had similar experiences in the creation of local economic knowledge. For example, Japan in the 1930s also experienced a rise of economic nationalism, and many trained economists even claimed that they needed a specific “Japanese economic science” to explain and guide Japan’s policy making.

So, I think we should sometimes pay attention to the epistemological aspects within which our aspirations and imaginations are created. And these epistemological aspects are often deeply related to political institutions.

Response from Bernard Sinclair-Desgagné

On Yufei’s point about not being an economist, in my opinion, if you want to bring the social sciences together, in my view you need to go back to this sort of triangle (pyramid)

of, knowledge, calculatedness, and aspiration. Economists tend to insist a lot on the calculative and simplify the other two a lot. The other social sciences such as anthropology and sociology insist a lot on representation and how people see things. The field of aspiration has been something that philosophers have looked at a lot, along with, at times, anthropologists.

Response from Gilles Campagnolo

Bernard brings up a great point about what I believe is necessary for the future of liberalism. It's not just about concepts but about bringing together the disparate social sciences.

GENERAL QUESTION AND ANSWER

Question from Koi Shimamura

French neoliberalism seems to allow more state intervention than American neoliberalism. If this is the case, then what are the differences between the French kind of neoliberalism and Keynesianism? Also, what role did the idea of solidarity play in the birth of French Neoliberalism and the French understanding of the social contract?

Response from Serge Audier

First about Keynesianism it's not especially about France, France is an important part of the story, but it's not explicitly French. The relation of liberals to Keynes is very complex, some could admire Keynes work even where they disagreed, while others hated Keynes's work. I would say that the main difference was that they feel that Keynesianism opens the door to interventionism and inflation, which they saw as problematic, and thus Keynesianism was seen as a great challenge.

However, another viewpoint is that both Keynesianism and neoliberalism both derives from and seek to revise liberalism. Anyway, I think French thinkers tend to think that a strong state is a necessity despite its problems and that to counteract these problems it must be domesticated.

Second regarding solidarism, I think that solidarity was an important part of the formation of a social market economy. However, the solidarism you speak of is Christian Solidarism which is not the same thing.

DAY II - PANEL III

LIBERALISM AND NEOLIBERALISM:
CONCEPTS, THEORIES, AND DEBATES III

LIBERALISM AND CAPITALISM IN HISTORICAL AND
PHILOSOPHICAL PERSPECTIVE

PANELISTS

DR VALÉRIE CHAROLLES

RESEARCHER, INSTITUT MINES-TÉLÉCOM BUSINESS
SCHOOL, EHESS/CNRS

DR NIKITA DHAWAN

PROFESSOR, TECHNICAL UNIVERSITY DRESDEN

DR SHINJI NOHARA

ASSOCIATE PROFESSOR, THE UNIVERSITY OF TOKYO

DAY II - PANEL III - PRESENTATION I

THE DISTINCTION BETWEEN CAPITALISM AND

LIBERALISM: AN OPERATIONAL CONCEPT

VALÉRIE CHAROLLES

Presentation Summary

Valérie Charolles 's presentation focuses on distinguishing liberalism and capitalism. They are often used interchangeably but have very different meanings ("freedom" versus "capital") with important implications for governance and policy, as developed in her first book (*Le libéralisme contre le capitalisme* [Liberalism against Capitalism], 2006, 2021, Gallimard, Folio). By comparing Adam Smith's *Wealth of Nations* and the prevalent economic model, she put forward significant differences. She refers our misunderstandings to an unclear view of the economic field. Following Wittgenstein, she argues that a clearer view can disentangle the debate about market economy.

While liberalism is generally accepted to be the form of a market economy, this is not necessarily equivalent to capitalism as it exists in most countries today. This misunderstanding often clouds discussion on "liberalism." There are four key characteristics of the capitalist system today that differ from the market economy laid out in Adam Smith's *The Wealth of Nations*. First, the accounting standards that form the rules of the game, the core language of an economic system, have changed. Today, labor is seen not a value, but as an expense, whereas it is the essential source of wealth and the origin of the market society for Smith. Second, is what could be termed "illiberal capital." For Smith, competition is the driving force of market economy because it avoids the dominating positions ardently searched for by the manufacturers of his time. The same behavior can be seen at work today in mergers and acquisitions, de facto monopolies of digital giants and oligopolies of large financial players. This came to a head during the 2007-2008 crisis with the "too big to fail" crisis, which is the exact opposite of the liberal corpus where competition ensures the atomization of players and limits positions of power. Third, is the "capitalist state," the absolutist state, interested only in the needs of the few, which Adam Smith spoke out against. Smith assigned quite comprehensive

functions to the state (regalian functions, education, infrastructures). Rawls' analysis of the "capitalist welfare state" in *Justice as Fairness* argues significant social benefits do not guarantee that the state is oriented towards liberalism. The fourth contradiction is "equilibrium versus accumulation". For the classics, the horizon of the economy is that of a long-term equilibrium, a balance in line with Aristotle's definition of virtue. This is fundamentally different from the excessive accumulation of profit and the never-ending pursuit of growth seen today.

In other words, there is a strong argument for differentiating between liberalism, as it emerged in the 18th century as a theory, and capitalism as a practice. When referring to the current economic system, the term capitalism is much more appropriate than the term liberalism, and the confusion of the two terms makes it hard to imagine how best to reform the market in response to modern challenges.

Why are these differences not more readily apparent? It is an enigma for not only general philosophy, but also for political philosophy: the confusion between liberalism and capitalism makes it very difficult to conceive an alternative vision of the economic field and projects humanity into a closed society as defined by Karl Popper: there would be no other means of practicing the market economy than those we used today. To tackle this problem, the economical field should be considered not as a whole, a univocal fact, but should be separated into different strata with a distinction between practices (the actions of economic actors on a daily basis), norms (that which shapes practices), theories, such as economics (that are meant to account for practices and norms), and discourses, that play a decisive part in the political debate and can have an ideological form. Interacting with each other, they can carry different orientations that provide an analytical grid to examine the economic system at work during a period and to rule on its liberal or capitalist character. In this grid, it is at the level of discourses, the last stratum of economy, that the confusion between liberalism and capitalism lies, so that liberalism can't appear as an alternative to capitalism, even if it draws different practices, norms and theories.

In conclusion, on the operational characteristic of the distinction between liberalism and capitalism, there are two directions of work. First, the definition of economic players and second the way they behave, which should stress the "decidable", what can be decided efficiently in the economic field. In this way, liberalism and capitalism diverge significantly. By redefining how economic players and their role in the economy are defined economic systems can be reformed in meaningful ways.

DAY II - PANEL III - PRESENTATION II

LIBERALISM, NEOLIBERALISM, AND DECOLONIZATION

NIKITA DHAWAN

Presentation Summary

It is not possible to deduce the problems of liberalism's present, nor envision its future without first wrestling with its past. Emerging from the enlightenment, which preached universal values, liberalism has inspired movements and revolutions, but its history also includes its use as a rationale for the invalidation of non-European cultures, societies and norms, which led to their colonization, domination and exploitation. This legacy lives not only in the past but persists into the present. The wealthy disingenuously argue that they are promoting freedom and democracy with social media, despite evidence to the contrary and while profiting to the tune of billions of dollars. Refugees and migrants drown on Europe's doorstep. Yet the ideals of Enlightenment Liberalism also inspire, forming the bedrock of progressive thought and movements for change both today and in the past. The world must work to rescue the enlightenment, understanding the historical injustice it enabled, overcoming the harm that persists to this day, and rejecting the false choice between simply being for or against the Enlightenment.

In Hindi, the word for tomorrow is the same as the word for yesterday. One cannot debate the future of liberalism without considering its past. Liberalism emerged from the Enlightenment, which took place at the same time as Europe's global colonial expansion, interweaving the lofty ideals we hold dear with the brutal legacy of colonialism.

It is important to first note that Liberalism's troubled past lives on today. Mark Zuckerberg, and Elon Musk, two of the world's richest men, champion Facebook and Twitter as bastions of economic and political freedom that protect free speech and promote democracy. Yet the clear conflict of interest inherent to the idea that one can simultaneously protect deliberative democracy while making billions of dollars doing so, lays bare the contradictory, exploitative, and neocolonial aspects of both liberal democracy and neoliberal capitalism.

Of the European Enlightenment's legacies, the idea that everyone has the right to argue rationally and be heard, and conversely to consider the positions of others is a key

principle of liberalism that endures to this day. However, while the enlightenment and liberalism promised to liberate human beings from authoritarianism, religion, superstition, censorship, and frugality, and to give them a voice in the governance of their own affairs, reality has often been more complex. Consider the coffee houses often cited as one of the birthplaces of the enlightenment. Where did the coffee, the sugar, and the tobacco that such establishments were known for come from? They came from European domination and exploitation of the “third world,” a concept defined by the supposed universality of Enlightenment ideals which allowed Europe to dismiss non-European societies and political systems as barbarous, backward and illegitimate, justifying their domination. For example, John Stuart Mill, a radical advocate of freedom, nonetheless justified “progressive imperialism” in India by arguing “despotism is a legitimate main mode of government in dealing with barbarians, provided the end is their improvement.” Non-European societies were seen as primitive children, who could only overcome their civilizational infantilism via European tutelage, conveniently justifying colonized people’s exploitation and denying them the very rights espoused by the enlightenment.

In pursuit of the global spread of liberalism and capitalism, Enlightenment ideals also fostered a new notion of cosmopolitanism that emphasized the de-territorialization of law and capital and the free movement of people. Writing in 1795, Immanuel Kant spoke of an emerging global public sphere in which “a violation of rights in one part of the world is felt everywhere.” However, the unequal nature of this cosmopolitanism and of the Enlightenment’s humanitarian ideas is laid bare by the tragedies of post-colonial migration, with thousands of refugees drowning in the Mediterranean on Europe’s doorstep. Ironically, in reminding Europe of its commitment to the ideals of cosmopolitanism and humanitarianism these postcolonial refugees and migrants are not an aberration but enforcers of Enlightenment principles and agents of decolonizing Europe.

Despite this very sharp critique of the Enlightenment and its coercive legacies, the allure and importance of many of its ideals including freedom, secularism, cosmopolitanism, the rule of law, human rights, justice, and democracy are irreplaceable. It has inspired revolutions around the world, provided the bedrock for centuries of progressive thought, and its core normative principles continue to anchor prominent social movements such as Me-Too, Black Lives Matter, and Fridays for Future.

To move forward, the contradictions of the enlightenment must be confronted, so that people are free from the blackmail of positioning either for or against enlightenment. The challenge for the post-colonial world is thus, how do you rescue the Enlightenment? On the one hand, as it was originally formulated in the 18th century, it was a poison for

much of the non-European world, and even today it has the capacity to harm. Yet, just as the difference between poison and medicine is often one of dosing, Enlightenment ideals are also a source of much good in the world when properly applied. Reassessing the Enlightenment to draw out that good, while filtering out the bad, is what is necessary to fulfill post-colonial utopias.

DAY II - PANEL III - PRESENTATION III

ADAM SMITH AND THE ORIGINS OF ECONOMIC

LIBERALISM

SHINJI NOHARA

Presentation Summary

Adam Smith, one of the founding fathers of liberalism, believed that economic and social liberalism are inexorably linked with one another. His writings suggest that people develop social norms to regulate economic behavior and mitigate the harm caused by the movement of capital. He believed that for these social norms to take root, and thus for a society to succeed, it was necessary for the people to accept unconditionally the commitment to stable social norms. Thus, the answer to the antagonism of the present day, the angst over the future of liberalism, is to balance the excesses of economic globalism, by rallying around social norms of global diversity, to empathize with one another and build stronger institutions to stabilize everyone's lives.

In Japan, liberalism did not exist before Westernization. It was brought in with economic theory and thus in Japan, economic liberalism and social liberalism are to this day strongly linked. This linkage, however, is compatible with a modern reading of Adam Smith, regarded as one of the originators of economic liberal thought. Smith argued that liberty in economic behavior is the basis of the market mechanism and thus a successful economy. This principle can be expanded to say that economic liberalism supports the global expansion of free economic activity, otherwise known as free trade.

Smith was also cognizant of the risks to both individuals and nations posed by a world driven solely by capital unbound in the pursuit of profit. He warned that the wealth of a nation would be precarious in nature, so long as it rested upon easily movable capital. It was his belief that through economic policy a country could mitigate these risks and become wealthier. For Smith, countries must welcome economic freedom and foreign investment to become wealthy. However, they also need to implement social norms that allow wealth and capital to move while minimizing social harms. In this sense, Smith regards the evolution of social norms as an essential piece of economic liberalism.

Smith argued that only through the unconditional commitment to stable social norms could a society pursue progress. Without such commitment, norms become

precarious, and people begin to calculate whether to follow the rules based on how it benefits them. Smith argued that unconditional commitment was best achieved through sympathy. By sympathizing with others, people learn empathy which forms the bedrock from which a stable, liberal society can emerge.

Adam Smith's ideas about liberalism are relevant today. As capital moves around the world, so too, do industry, jobs, and livelihoods, making instability inevitable. As the world becomes more diverse and interconnected, people must learn to sympathize with an ever-larger group of people, that is to say they must come to accept diversity as a social value. The antagonism felt around the world today is in part caused by the consequences of economic globalization, which puts each state and company in competition, and brings instability to people's lives. Globalization, however, also presents an opportunity to further develop the social norm of diversity, allowing individuals to empathize with an ever-greater number of people. This can allow the construction of more durable, free, and global institutions to buttress the economy and make people happier.

DAY II - PANEL II - DISCUSSION, QUESTION & ANSWER

SESSION

PANELIST DISCUSSION

Opening Remarks from Bernard Sinclair-Desgagné

I think the points about not confusing liberalism with capitalism are well taken. We know that the price system has been evolving since its inception, and that it is subject to failures. There are problems related to negative externalities and to the provision of public goods that cannot be solved by the price system.

In the development and deployment of pharmaceuticals, you need agencies to certify the safety and efficacy of goods, and this is something that government must provide as the free-market price system cannot be expected to effectively do so.

In the end it comes down to the establishment of institutions people can trust. Without rules, human society cannot function effectively. To understand why policies, succeed or fail, it is important to understand the assumptions implicit within them. In doing so we can understand why policies might at times end in disaster, despite the best original intentions.

Response from Valérie Charolles

I would like to try and make some links between the presentations. First of all, I fully agree with Nikita and the idea that one can draw different consequences of the enlightenment. In particular, one can base the concept of freedom to rationality, but also to free will, and it is very different. In the latter case, the universality of principles does not imply uniformity of behaviors. I made this point in a book on Human's Qualities published in 2016 and I think it can help to better understand liberalism.

Second, with respect to Shinji, I use Adam Smith's liberalism to correct what I would say are misuses of the term "free market" today. What we call "globalization" is in fact a globalization of capital. Capital is free to go anywhere, but workers are to stay in their country. It's an unbalanced globalization, which is not truly liberal because one factor of production is free, and the other is not. That's the reality we are facing today, and that's one of the reasons why I stress in my work the importance of norms and

institutions.

To answer Bernard's question with an example, accounting standards are shaped by a way of thinking that is, simply put, deeply rooted in capitalism: they focus on the views of shareholders and put aside those of other stakeholders in companies and organizations, shaping how they operate. To resolve this imbalance, liberalism as a core concept of the free market economy, is an asset.

Response from Nikita Dhawan

I want to speak quickly on the enlightenment as an economic economizing principle, and to think about John Locke, one of the most important political liberal philosophers. Locke argued that the indigenous peoples in the Americas were not industrious. He said there was no difference between the indigenous people in the Americas and the animals because they are just living off nature. This was one method of the legitimization of taking land away from the indigenous people. The argument was, they are un-economic, which is why they are not rational, which is why they deserve to be unfree.

There is a connection between stereotyping and the construction of certain groups and societies, as un-economic, which legitimizes their exploitation under systems such as colonialism and capitalism. This goes back to the question of who financed the enlightenment. How there is a very deep connection between the old division of labor and the new division of labor, the appropriation of resources, and the construction of Europe, as economic, rational, and free.

On a related point, Valérie made a very helpful connection between capital and labor. I would add to what she said and say it's not the workers moving but the new international division of labor, bringing the work to the laborers. I think I can very safely claim that there is nobody in this virtual space who is not wearing something which has not been produced in the sweatshops in Bangladesh. The biggest sweatshops are the garment industries, and these workers are not mobile, they are in Dhaka, mostly, and the work goes to them. Bangladesh has some of the best and most rigorous labor laws in the world. Yet, these special economic zones that have been constructed by the Bangladeshi state enables exploitation of these poor laborers. So, we consume our clothes at very cheap prices, but also very expensive prices when we consider the exploitative nature.

This is just a small piece of the complex relationship between capitalism and labor.

Response from Shinji Nohara

I think trust in institutions is very important for liberalism. One area I'm currently researching is how Adam Smith thought about institutions. Regional institutions such as churches and communities' matter for Adam Smith. Especially at the time in which he lived, these institutions provided a vital role in binding together society through mutual assistance.

Even today, such institutions are very important to enable mutual help and mutual trust. Cooperative feeling is not necessarily limited to family members. When we meet someone regularly, we can learn to trust and work together with them despite differences such as culture or religion.

Mutual communication is very important. Mutual communication helps people understand each other. Communication is important to establish institutions, and to enhance the function of those institutions. Small communities and communal activities are very important places for people to meet and communicate with each other. This kind of communication helps people establish and build trust. So, this trust might make new norms. These new or revised norms might well enhance communication and help solve the problems of modern capitalism.

GENERAL QUESTION AND ANSWER

Question from Johanna J. Bryson

The concept of liberal capital that was proposed in these panels will be very useful in thinking about liberalism going forward. However, my question relates to the concept of "too big to fail" which is a major problem for liberalism and was not raised in today's presentations.

Do any of the presenters have any thoughts about emerging ideas such as essential infrastructure, or more traditional ideas such as regulation, that might be used to address this problem of "too big to fail"?

Answer from Valérie Charolles

The answers given by Adam Smith are interesting. For him, you can refer to the last third of *The Wealth of Nations*, infrastructures necessary to a market economy, being monopolistic, are to be in the hands of the state (which does not necessarily mean that

they are operated by the State). It is the exact opposite of the privatization push undertaken during the past 40 years. Smith was thinking about roads but saws that infrastructure would grow, so his idea can be applied today to the digital giants, insofar as they give us access to the digital space.

As for banking and insurance activities, for Smith, they can be handled by stock companies because they are routine activities. We wouldn't say that now. But it reminds us of the old idea of separating retail and investment banking, once again to prevent positions of power and dominance.

Answer from Bernard Sinclair-Desgagné

It is certainly wrong, as John Locke said, to assert that some people economize, and some don't. I mean, everybody economizes and that's an epistemic principle. Speaking of institutional differences across countries, there is a seminal paper in the area of entrepreneurship from the early 90s by William Baumol called "Entrepreneurship: Productive, Unproductive, and Destructive".

The central thesis is that it's not true to say that only some countries have entrepreneurial people and others are simply not entrepreneurial. It's just that in some countries, institutions are such that they drive entrepreneurial talent towards activities that are simply unproductive or that will even be destructive for society as a whole.

That's why I think we always have to be vigilant towards institutions. Not to say that there are not important differences between cultures and valuable differences between people, but for diversity to really bear fruit, appropriate institutions are key.

Remarks from Naoki Yoshihara

Do you think that the model of market economy in mainstream economics can capture the basic features of the capitalist economy? Because you mention that in the constants in the theory of Adam Smith, institution and the role of community are important to preserve society and the market condition. But I think that in the age of Adam Smith, the world was faced with the early modern age of market economy, which is not yet necessarily capitalistic and definitely not yet the age of industrial capitalism.

In contrast, Karl Marx emphasized that through the development of capitalist accumulation, the functions of community may be decreased or even replaced by markets, governments, or other actors. So, we need to make a distinction between the model of capitalist economy and the model of market economies. In my opinion even the standard,

mainstream economics only focuses on the model of just market economy. That means mainstream economics cannot capture the capitalist economy. It is related to the issue of how to differentiate the definition of capitalism and liberalism.

DAY II CLOSING DISCUSSION

Opening Remarks from Gilles Campagnolo

In German it is said, you can find something new only when you know what has been passed. That's actually the process that we have been showing during today's three panels.

Going back to Woodward to find the origins of the concepts and notions of liberalism and how it can be facing the two crises, that I mentioned yesterday. These themes appeared again in many of today's talks, starting with the first one, the epistemic crisis, and through that, the second crisis, that of ideals of freedom, of individual markets and of the structure of ownership, which protects the private interest and also the public trust that is put in these institutions.

The basic sustainable values in this world of uncertainty where liberalism is facing such crises must take into account the notional distinctions that all of these talks set forth. The reason is clearly that at the level of the discourse on liberalism, there has been instrumentalization, there has been confusion, and there has been a lack of distinction. It has been geo-urbanized, the notion and the practice of what is being called liberal or neoliberal, the frustration, the discontent, and the rise as a consequence of illiberal proposals as alternatives, is not only from outside, but also from within liberalism itself.

The tentative temptation was to come to some authoritarianism. The word put forth yesterday was "authoritarian liberalism." How can such a thing be possible? It says a lot about why there is a crisis. But it also puts us into a position of challenging existing ideas, of finding something new in existing ideas, norms, and institutions, to maintain decentralization, protect individual values, achieve sustainability, and differentiate between the use, and the reality of the systems of liberalism, capitalism, and even colonialism upon which the structure of ownership is based.

One criterion that I would like to start the general talk with is to propose how can we make it palatable, to have more confidence in institutions, to reinforce democratic process as a defense against more authoritarian and less free systems. How do we keep that in touch with the defense of the individual as such, the structure of ownership, the

free system of prices, because when you attempt to touch one piece, it can cause paralysis throughout the system and aggravate crisis.

What do we keep in the inheritance of the values that liberalism and neoliberalism have given us. I would like to ask any of the panelists to what they would keep and what they would renew, in their view, as conditions for the achievement of a sustainable future for liberalism. With that I'd like to open the discussion.

Remarks from Valérie Charolles

To briefly answer this question, which is at the heart of the future of market economies, I would say we could focus on three main points.

First, the definition of the company: is there only room for shareholders in their purpose, accounting and governance, or are other stakeholders legitimate, as liberalism clearly suggests? This would make it possible, for instance, to value labor in company's accounts.

Second, the horizon of economy. The one offered by capitalism is accumulation, when liberalism theorizes an equilibrium that is much more interesting in view of our environmental concerns. Third, and it is essential at the ontological level, the economy does not need to cover all the fields of life.

Remarks from Nikita Dhawan

If we examine the Enlightenment norms of justice, whether we're talking about economic justice, political justice or social-cultural justice; as well as human rights and democracy, I will agree with Kant that what we need is to foster and to support, intellect, critical intelligence in citizens. Everybody should be able to be an active citizen and not just a passive subject. I like to bring in a wonderful line by Antonio Gramsci, the Italian communist thinker, who says that "Everybody is an intellectual, but everybody doesn't have the function of intellectual in society."

What is important is to focus on intellectual labor, who gets to perform it. It's not just about manual labor, it's not just exploitation of people's bodies, but who gets to exercise intellectual labor in the public sphere. That public sphere is not just a given, but it's a constantly renegotiated process. Promoting the growth of knowledge and intelligence is key so that we can, in a certain way have a vibrant lively and participatory democracy. This intellectual labor has to be distributed equally globally. It cannot be just a monopoly of a few transnational elites, and I count myself as one such transnational

elite.

I'm not just talking about or critiquing the Europeans; I'm talking about those of us who have access to the public sphere. A very key term that was given was institutions, but we have to have active citizens who can hold institutions accountable, who can hold states accountable.

Remarks from Miriam Teschl

Many of those who have already spoken are more specialists, whereas I am more of a generalist. However, I do very much like the point that Nikita just made about the critical intelligence of citizens. In that sense, research on how to foster this kind of critical intelligence is a major element in keeping up with liberalism.

I was just thinking about the recent situation that I had in a Signal group, with some other mothers in the village, in France, where I'm living, and some of the mothers put up an old publicity poster from Nestle, about the value of the milk powder formula for little children. I was immediately responding with the kind of saying, "Oh, my God, this is really nonsense. Look, where we have come," and so on, so forth. This was from, I suppose the 70s or the 80s. The response of many others in this group was immediately say, "oh, no, you don't have to see everything as polemical as this is not a problem, it's just a reminder of our childhood."

In that sense, I'm going very much along with this idea of critical intelligence, because sometimes, especially in recent months, as well, I have noticed that to engage in a discussion, and maybe it was to be critical about certain decisions that have been made, for example, the pandemic management. People have responded very negatively to critical intelligence.

I just wonder how that is also possible within our liberal democracies, that suddenly we have this kind of moral sort of discourse that is also propagated in media and so on so forth. Then if you are wanting to engage in sort of debate about certain values or certain priorities that you give, people respond very negatively to that.

Remarks from Gilles Campagnolo

To confirm, I believe what you are saying is that if liberalism is to survive, it cannot be elitist. It has to get back to its critical thought stance, which has been instrumentalized, and changed in many ways that make it different from what it was in the past.

However, the concentration of power, whether it is economic, whether it is

political, or whether it is intellectual, is actually a feature of the original set of liberal ideas. Not only its origins, which have changed so much as to be unrecognizable, to become something totally different. But some of the original thinkers of liberalism, the basis of their views was the de-concentration of knowledge, the use of knowledge in society is the fact that it is by definition, dependent on all of us being finite human beings.

What the talk by some of the so-called neo-liberals are being changed into is not necessarily compatible with that. But that seems to be something that we tend to agree on this de-concentration.

Remarks from Bernard Sinclair-Desgagné

Following up on that point, we're back to Hayek. We have to avoid the pretense of knowledge. For this, we cannot be fully elitist. Just to respect the knowledge and ability of, as Nikita says, the intellectuality of everyone. Everyone has a say if we want the better world.

The second thing I would say is related to the issue of calculatedness. Incentives matters a lot. When we reflect about the possibility of the good system. In my field in environmental economics and sustainability, people are full of very good ideas and how to improve but who's going to decide who shall rule, as Popper asked in *The Open Society and Its Enemies*. It is a big question, whoever rules has to be checked, incentives matter as well.

Remarks from Gilles Campagnolo

On the idea that liberalism and elitism are associated. As Nikita said when talking about transnational elites, the English were elitist in their globalism, in translating their vision of liberalism into globalism. The emergence of differing images of what liberalism was, have made it hard, even when we critique the extreme forms of liberalism, to be heard by those whose work is actually making all of our modern lives possible.

It is as if work and liberal values are separate. Whereas on the contrary, when we go back to the origins, to Smith and the revolution and the French Revolution, at that time, people associated them.

So, the issue is not only what the cause of that may be, but what can be done to remedy it? How can it be made curable? Understandable? The elements that we recognize as belonging to a train of thought that we are not attached to that we're not adhering to because it is some kind of ideology that we support while others support something else.

But because it is about the freedom of each individual, not of the rich, not of the powerful, not of the intellectuals, but of each and every person.

How can we, whatever the causes of the situation of crises that we are facing are, how can we get out of the crisis? I mean, the parallel with the colloquium, the Walter Lippmann colloquium in that sense, makes a lot of sense. It was from Paris, and we are from Tokyo, but we are actually all over the world now. I'm just putting that on the table and offering that for tomorrow, but also for now if anyone wants to add on to this.

Remarks from Nikita Dhawan

Let me just continue. I had to think about this in a wonderful essay that Derrida has written, which responds to Lenin. Lenin wrote this famous essay "What is to be Done," asking, "what is to be done?" And it also kind of connects to Adorno, these are three big names.

My interpretation is that the answer to this question, what is to be done, should not be top-down, that it's not think tanks and policymakers who should have a say, to what is to be done? We need to be very careful not to stage ourselves as problem solvers of the world, we are actually the ones who are part of the problem. We need to work a lot in the area of transnational feminism, and questions of gender justice, and women's human rights. My response to this question, what is to be done is we need to be better listeners, most of us get paid to talk. We teach at universities, and we are very happy to talk. But I think if we have to bring together economics, politics, and ethics, we need a new ethics of listening, we need to be able to listen to those people who do not have a voice. This is not Facebook and Twitter. This is a key supplement to critical intelligence. We need to sometimes shut up and listen.

THE FUTURE OF LIBERALISM
JAPAN, FRANCE AND GERMANY IN GLOBAL
CONTEXT

DAY III

THURSDAY JUNE 9, 2022

PANEL I
TECHNOLOGY AND CAPITALISM

PANELISTS

DR FRANZ WALDENBERGER

DIRECTOR, ECONOMICS AND BUSINESS, GERMAN

INSTITUTE FOR JAPANESE STUDIES

DR SAORI SHIBATA

ASSISTANT PROFESSOR, UNIVERSITY OF SHEFFIELD

DR CÉDRIC DURAND

PROFESSOR, UNIVERSITY OF GENEVA

Day III - PANEL I - PRESENTATION I

GOVERNANCE IN A KNOWLEDGE DRIVEN SOCIETY

FRANZ WALDENBERGER

Presentation Summary

Franz Waldenberger's presentation explored the implications of a knowledge-driven society on governance.

Today's knowledge driven societies differ fundamentally from the Classical Economic Model of Production with important societal and governmental implications. The Classical Model 's three main factors of production, land, labor and capital, do not give sufficient consideration to knowledge. Kenneth Boulding proposed a better model in which matter is transformed via energy by applying technical knowledge. Of those production factors, only technological knowledge experiences sustained growth, with matter merely transformed and energy reduced.

Technological knowledge is different in that while humans produce it, it is not limited by individual capacity. Instead, the inherent limitations of each individual brain creates a division of labor where knowledge is divided across brains and machines; a network with far more knowledge than any individual could ever acquire or use.

However, the question then becomes "What does capitalism have to do" with knowledge? Technological knowledge is unique amongst factors of production being impersonal, standardized, infinitely scalable, and not only non-diminishing, but actually able to grow through use via learning effects. Consider transportation and communication, where the growth of technological knowledge has created a virtuous cycle in which market expansion powers learning effects and enables the application of economies of scale. Market expansion, allows more brains to be connected, further optimizing the division of labor and generating more technical knowledge. That virtuous cycle, accelerating since World War II's end, and at the heart of modern capitalism, reached a crescendo with the digital revolution, with two critical yet underappreciated implications for governance.

The first implication is a series of imbalances resulting from the differential growth rates of technological and non-technological knowledge. For example, we developed weapons that can destroy the world with little consequent advancement in preventing conflict or resolving disputes. We develop ever more complex financial

instruments yet still experience financial crisis. Clearly, the growth in technical knowledge has not been matched by complementary growth in societal infrastructure. In other words, there is now an imbalance due to the fact that societal intelligence has not kept pace with the development of technological knowledge. Finally, the imbalance has led to an ecological disequilibrium in which technological knowledge has enabled us to transform the natural environment without regard to consequence, resulting in the emerging climate crisis.

The second implication is the evolution of a new division of labor, in which production uses ever more knowledge, yet the relative knowledge each individual possesses is rapidly declining. The consequences of this are profound. Expert knowledge is increasingly key, yet by its very nature, is ever changing, evolving, incomplete, and up for debate. This complicates decision making at every level, but has particularly severe implications for governance and regulation, and markedly increases the risk of inadequate governance and regulatory capture.

While these problems may seem intractable, they are not unsolvable, and potential solutions exist. Regulations could be crafted to force innovators to be more transparent, accountable, and responsible for spillover effects. Knowledge production could be redirected toward growing society's capacity to deal with the side effects of technological knowledge growth, building stronger social institutions and enhancing education. Governance could be improved by financing independent research organizations that would ensure public knowledge keeps pace with private knowledge, countering vested interests and helping to avoid regulatory capture. The task ahead is enormous, but recognizing its scale is the first step toward the future of liberalism.

DAY III - PANEL I - PRESENTATION II

DE-SKILLING AND DIMINISHING WORKERS AUTONOMY

IN THE DIGITAL WORKPLACE

SAORI SHIBATA

Presentation Summary

Saori Shibata presented on the impact of digitalization and automation on labor, focusing on the deskilling of workers and the erosion of their autonomy.

On the issue of digitalization and labor, views range from optimistic, emphasizing emancipation from mundanity to critical, focused on declining job prospects and wages. This presentation highlights the unexpected outcomes of automation and digitalization including the deskilling of workers and the diminishment of their autonomy.

The deskilling of labor refers to the decline in worker knowledge and skills as technology breaks down and simplifies tasks. While not a new phenomenon, having already become evident by the 1940s with the advent of mass production, digitalization is rapidly accelerating the process. This can be seen most clearly at the margins of the gig economy, where workers are almost completely detached from the broader context of their work. However, it is pervasive throughout digital economies with people performing ever more fragmented tasks, with little insight into how different parts of the process fit together within the production process. This kind of digitalization subordinates workers to new technologies, isolating and alienating them, reducing their autonomy and creating downward pressure on the labor market, resulting in precarious, exploitative work.

A study done in China, for example, highlighted how automation did not necessarily lead to job losses but saw workers move into progressively lower-skilled roles. This consequently weakened bargaining power of veteran workers who were previously quite vocal in their demands for social insurance or pay raises.

Such change is happening around the world even in fields considered skilled labor. A Sushi chef, for example is a skill set that requires years of training to acquire yet is increasingly able to be automated by robots with the remaining tasks broken down and simplified so that they can be distributed to relatively unskilled workers.

Another example of deskilling is waitstaff. Previously the job involved the complex oversight and management of the dining area. Now however, that task can be moved away from the waiter, who can be outfitted with a digital device, that provides step by step instructions that they merely follow. These kinds of “optimizations” remove worker agency and subordinate them to new technologies.

The digital era also provides new metrics through which workers can be “managed,” that further curtails their autonomy and allow their bodies and even emotions to be governed remotely. This is the realization of Shoshana Zuboff’s idea of Surveillance Capitalism, in which workers are tracked and analyzed to optimize outcomes, while new technologies generate convenience for consumers at the expense of workers schedules.

One extreme example of these ideas in Japan is Hitachi’s newly established company called Happiness Planet, which is commercializing technology for measuring the degree of worker happiness. Their solution uses data from smartphones and wearable devices to measure subtle unconscious movements of the body, which are then converted into quantified measurements of the user’s happiness. While their stated goal is to significantly increased productivity through the creation of organizations that better promote employee happiness, it is questionable whether workers would want to be subject to such an invasive system.

In conclusion, Digitalization may simplify tasks and help mitigate the challenges of ageing societies. However, it also strips away worker’s skills, curtailing human autonomy. Furthermore, the surveillance, and the control it enables, can reinforce a kind of authoritarian neoliberalism. Digitalization may be productive, but it can also produce precarious workers and leads to downward pressure on wages and more stressful work. If liberalism is to survive, we must wrestle with how to maintain the legitimacy of liberal ideas amidst digitalization.

DAY III - PANEL I - PRESENTATION III

INTELLECTUAL MONOPOLY MAKING IN THE DIGITAL

AGE

CÉDRIC DURAND

Presentation Summary

Cédric Durand's presentation explored how the monopolization of knowledge in the digital age through intellectual property stagnates growth, equity, and liberalism itself.

This presentation explores the “Intellectual monopolization,” of knowledge via intellectual property rights. In 1857 the economist Friedrich List defined knowledge as the “accumulation of discoveries,” “the intellectual capital of living humanity,” stating “each nation is productive only insofar as it” builds upon that of past generations. This view sees the transfer and availability of knowledge as a mutually beneficial precondition to progress. In 1960, the economist Friedrich Hayek echoed this view stating “knowledge once achieved becomes gratuitously available for the benefit of all. Through this gift of knowledge acquired by experiments, progress is made possible. “The achievements of those who have gone before facilitate the advance of those who follow.”

Knowledge is what economists call an intangible asset; nonrival, non-financial asset lacking a physical substance, and at least partially appropriable. Examples include recipes or music passed down within a family. ICT unchained the immense potential of such intangible knowledge, enabling it to be ubiquitous, scalable, and the growth engine for modern national economies. One way to measure this increasing potentiality of intangibles is the decreasing cost of computing power vs GDP. From 1850 to 1950, computational costs remained relatively static, but from 1950 onward they became radically cheaper each decade. Information systems are now powerful enough to be everywhere, around the world, all the time.

However, in recent decades the free flow of knowledge has come to be seriously constrained by intellectual property rights. Seeking control over knowledge can be termed “intellectual monopoly.” The idea is not new, originating before the 19th century “cognitive division of labor” when Charles Babbage observed the tendency of capitalists to concentrate knowledge through growing differentiation between skilled and unskilled labor.

The rise of intellectual property rights at the turn of the 21st century, however, has led to an “intellectual monopoly capitalism” in which the economy is shaped by legal monopoly over specific knowledge. Arguably, the full-blown private ownership of knowledge is a new kind of global monopoly limiting individual liberty and restricting growth and investment around the world.

The globalization of Intellectual property rights began with 1980s changes to US law, furthered by the 1995 TRIPS Agreement. Restrictions on knowledge use are now almost universal in preferential trade agreements.

Following the ICT revolution, Intellectual monopoly is now progressing beyond intellectual property rights in three key domains. First, through predation in innovation networks, big tech firms partner with academic and public research institutions to coauthor research, thereby taking ownership of (monopolizing) the resulting patents. Second, data collection is concentrated within a handful of firms (Google, Amazon, Microsoft and Alibaba hold 23% of global data,) providing them with the analytical capability to harness data for profit, innovation, and the development of AI. This provides a massive commercial advantage that can be exercised without even needing to look at individual user data. Finally, the asymmetric market structure of the global value chain allows companies controlling R&D, marketing and design, to leverage their position within the supply chain to maximize their share of profits and minimize the share relegated to companies, often in emerging economies countries, on the production side.

In conclusion, the monopolization of knowledge due to ICT has progressed markedly in recent decades and continues to evolve in potentially harmful ways, stagnating growth, investment, equity, and liberalism itself.

DAY III - PANEL I - DISCUSSION, QUESTION & ANSWER

SESSION

PANELIST DISCUSSION

Question from Saori Shibata

Franz's presentation was very interesting, particularly regarding the solutions it proposed. Could some additional clarity be provided on who the primary agents of such change should be? The government, social movements, the private sector, or some combination of the above? Which is best poised to lead these types of solutions?

Answer from Franz Waldenberger

The most prolific agents of change are likely to be non-governmental organizations, and academics, that is experts who are nominally outside of the industry they seek to change, who have access to relevant policy makers in government. In both energy and the digital transformation, we have seen such outside actors develop independent knowledge (expertise) and then utilize that, often in cooperation with philanthropic organizations, to work with policy makers to pursue their agenda and improve the policy making process.

Unfortunately, this is not always easily achievable. The financial sector for example, has successfully blocked such attempts at reform, despite a large body of independent scholarship on finance within academia, by utilizing money and the threat of financial collapse to lock out those from outside of the industry from the policy making and regulatory processes. Nonetheless it is necessary for such non-governmental actors to continue to pursue reform.

Follow-up question from Saori Shibata

That clarifies a lot, in fact I now believe our presentations have a lot more in common than I initially thought. I believed Franz was talking about how tech improved development, when his real point was that the pace of technological development has outpaced that of relevant social actors. I feel that this is especially true in terms of the labor market, governing and regulatory institutions, and labor unions, and that much

needs to be done to rectify the situation.

Follow-up remarks from Cédric Durand

I also believe the presentations were highly complementary. I was most interested in the ways technological development impacts work organization.

One question I would have relates to the extent to which digital technology in the workplace (organization) impacts worker autonomy. As Shibata said, I think a lot of workers are losing their sense of autonomy at work. There is a sense that their own work is more and more embedded with the algorithm in the sense that they cannot do work themselves. For example, being an Uber driver is not the same as being a taxi.

Follow-up remarks from Saori Shibata

I agree. As the technology becomes further and further embedded, workers initially don't realize what's going on and very quickly, without realizing it, can become lost and displaced. I think it's quite concerning that some of the gig workers I talked to, they didn't really think that they were exploited in the platform economy because of the way that it's very cleverly presented, marketed, to say "this is your chance to make money and be your own boss" to the people who may have previously felt excluded from the labor market. This makes people feel positive about it, but the reality is that compensation is quite low. I think this is a major concern and as a society we need to do more to educate workers so they can be more aware of these exploitative features of the gig economy.

GENERAL QUESTION AND ANSWER

Question from Speranta Dumitru

Toward the middle of Cédric's presentation there was a graph that showed a divergence between the number of publications and the share of patents, supposedly demonstrating how corporations capture academic research through co-authorship. Could this divergence not be a sign that they are not connected because patents are granted before publication, as society has no interest in granting monopoly rights to something already invented. Thus, is it not natural for patents to come before academic publication?

Table 4. Co-authorship versus co-patenting as evidence of knowledge predation.

Company	Publications (until 2019 included)	Co-authored papers	% Co-authorship	Applied & granted patents (until 2017 included)	% of co-owned patents	Co-authorship versus co-ownership
Amazon	824	719	87.3%	10,063	0.1%	87,257
Microsoft	17,405	13622	78.3%	76,109	0.2%	39,132
Google	6447	5305	82.3%	25,538	0.3%	27,429

Source: Authors' calculation based on Web of Science and Derwent Innovation.

Question from Harald Kuemmerle

Cédric's presentation brought up the idea of a "data colonialism" that is both interesting and potentially very relevant in a world of intense competition between the U.S. and China. In that context, how should the current situation in which there are strong movements, legislative and otherwise, for data localization in the global south be appraised?

Is this a legitimate attempt at establishing an effective defense against data extraction by platform giants from the global north or are the states from the global south setting themselves up for violent extraction from the superpower of the global south, that is China?

Answer from Cédric Durand

These are two very interesting questions. On Speranta's question on the work of Lundvall and Rikap concerning patents and academic publications, and whether it is normal for corporate patents to come before academic publication, I would like to raise two points.

First, even if we take this proposition at face value (that patents naturally come first), there is still a great deal of collaboration at the level of publication and thus a very broad exchange of ideas. So, it's strange that you have patterns where only private firms get to monopolize knowledge despite the collaborative contribution made by academia. Thus, I don't think this contradicts my central argument that corporations being allowed to monopolize this work is wrong.

The second point is that it's not the same kind of knowledge; that is, there are important differences between what is published in an academic paper, and what is patented, particularly at the application level. But, of course, the two are connected. While the production line is much more specific than academic research which is more general and less applied, it's still very relevant to stress this discrepancy between collaboration in

the production of scientific knowledge and monopolization, in terms of patenting of applied knowledge.

Concerning the second question, it's good that governments from the global south seek to protect their data and to ask for localization of data. So that's very good, because it shows a kind of awareness of what's going on and that's a precondition for any form of sovereignty in the 21st century. However, your question is that just getting the data stored locally doesn't mean that you have true control. Effective control of data relies not only on data localization and data storage, but also on how and whether you can process and make use of that data.

The ability to make sense of the data is not recognized in the global south except in China. In this sense, they are still dependent on firms from the global north or from China to deal with the data, even if it's localized in their own country.

In this sense, their efforts so far can achieve only a partial and incomplete data sovereignty. If you do not control the means of using your data, that's not your data. Clearly data sovereignty will be a major point of contention this century.

Comments from Joanna J. Bryson

Franz and Shibata's talks brought up interesting points regarding the nature of technological change and its intersection with labor. In Shibata's talk there was discussion of Chinese workers being shifted into more menial jobs as technology makes higher skilled workers somewhat redundant. This is in stark contrast to Germany, where technological change resulted in 70% of workers getting better jobs, and 30% made redundant. I think the ways in which political and economic regimes are constructed, the governance context, is a critical factor in how technological change impacts workers.

Comments from Saori Shibata

I was surprised to learn today that 70% of workers in Germany whose jobs were automated were given better jobs. I guess that could be partially related to the presence of stronger unions that are active in Germany. As far as I know, that has not been the case here in Japan. Perhaps one reason for this is how unions address digitalization.

In Japan I haven't seen much active engagement about how to address the potential harm or potential new challenges which might be coming from digitalization or automation. I will be conducting various interviews with unions this summer, so I will integrate this into my questioning and hopefully develop a better picture of the situation

here in Japan. But, as far as I know, I don't think that people generally get better jobs through digitalization.

As far as I know, increased employment and job opportunities in Japan are mainly related to the fact that many of the additional positions, tend not to be full-time regular positions.

Comments by Franz Waldenberger

To add on to what has already been said, I also think the difference between employee representation in companies and legal obligations by management to consult with worker councils in Germany is potentially a very important differentiator between Germany and Japan.

I don't know for sure, but given Japan's history, for example in the 1980s, when the printing industry was automated, the highly educated workers who were being replaced by these automated printing machines were retrained. There is a positive history in at least one industry, and the question is, maybe today the environment is very different. You see a lot of non-regular employees and you have the aging workforce and so on and more women entering the market and more foreigners being hired, but all these people are hired not on regular jobs and companies are trying to cut down on training expense. So that might be the different environment, which explains why current digitalization has a negative impact on skills in my view.

Regarding the increasing imbalance Joanna mentioned, I may add that it's important to see that most of the knowledge production in the digital area is commercial. There is a strong commercial interest behind it, and we have to improve the imbalance, we have to make sure that some of the funds of the resources are used for non-commercial applications and that's partially through government funding research and working to improve public goods to provide public services with the technology.

Question from Clementina Katazo

If the financial industry has too much of an influence on the legislative process, is it because they are self-regulating or is it because of the success of their lobbying and is that then not an issue of governance and therefore something for the political system to address?

Answer from Franz Waldenberger

Yes, you can see that in the reaction after the world financial crisis, one tendency in the financial industry is it's de facto self-regulating. After the crisis, governments felt they had to do something. But who is advising the government to do the reforms? It's, of course, the financial industry.

When you look at the regulations, they make things much more non-transparent and complicated, so that the experts can always say, "well, this is complicated. Look at it," and the media look at it and say, "oh, it's complicated, we don't understand it." Thus, nobody takes it up, nobody dares to challenge them. It's a totally protected area and there needs to be more access, more open discussions about financial regulation. Also, now with the digitalization of the financial system, I think this is a window of opportunity for such discussion.

PANEL II
TECHNOLOGY, DIGITALIZATION, AND THE
ETHICS OF RESPONSIBILITY

PANELISTS

DR YUKO HARAYAMA

PROFESSOR EMERITUS, TOHOKU UNIVERSITY

DR JOANNA J. BRYSON

PROFESSOR, HERTIE SCHOOL

MR MARIO IONUȚ MAROȘAN

DOCTORAL CANDIDATE, UNIVERSITÉ LAVAL

DAY III – PANEL II - PRESENTATION I

THE HISTORY OF HUMANITY IS THE HISTORY OF TECHNOLOGY

YUKO HARAYAMA

Presentation Summary

Yuko Harayama's presentation explored the history of humanity as a story of technological development and its impact on society.

Looking back upon the history of humanity it is the history of survival through technological development. At every stage, as humanity progressed from hunter gatherer to agriculture, to industrial societies, people have worked to develop the means to complement or substitute for manpower. As society has become more complex, so too have the goals of our technological development. In Information Societies, technology goes beyond being a substitute for manpower and allows people to connect with other people around the world in an instant.

Thus, since the dawn of history, humanity and technology have been in a symbiotic relationship of continuous evolution through technological development. Through mutually reinforcing processes technology has the capacity to influence and shape social structures and value systems, and an understanding of this process, and its propensity for unintended consequences, is key to ensuring the health, safety, and prosperity of humanity.

In 2015, working as a key member of the group that conceptualized "Society 5.0," a core idea that emerged was the need to shift from a technologically driven society to a more human centered society; promoting a new kind of scientific innovation that puts people at the forefront. In looking forward, toward the transition from the information society to its inevitable successor, values of inclusiveness, openness, and sustainability must be prioritized.

In thinking about the transition to Society 5.0, the tribulations of societal developments past come to mind. The speed and complexity of technological development and the magnitude of its transformative impact grows every day. The potential of emerging technologies such as AI, quantum technology, gene editing, and neuroscience may well be unrivaled in human history. As their deployment has already

begun, there can be no delay in building new governmental and societal frameworks to accompany them, including incentive structures, regulation, governance, and citizen engagement in their technological development. It is time to move on from structures such as the division of labor into a more collective, collaborative, and shared future.

Of these new technologies, AI is perhaps the furthest along in its development, application, and adoption. The Global Partnership on AI (GPAI) initiated in 2020, brought together 25 member countries and 175 experts from science, industry and civil society into a multi-stakeholder process laying the groundwork for tackling key issues in AI. When thinking about AI, it is necessary to consider both the positive and negative potentialities, and to do this, working groups were formed that collected case studies in member countries. For the Japan survey, students were employed to survey companies on the introduction of AI. The results indicated 12 companies are already introducing AI into their production processes and their services. The results of the survey were informative not only for the GPAI and the students, but also for the companies themselves, which were able to identify future areas of interest or concern by working with the project. The project also resulted in students becoming more cognizant of the impact AI will have on their future, and the creation of the AI expertise that will be needed for Society 5.0 to succeed and for them to succeed within it.

DAY III - PANEL II - PRESENTATION II

ARTIFICIAL INTELLIGENCE – RESPONSIBILITY AND LIBERALISM

JOANNA J. BRYSON

Presentation Summary

Joanna Bryson's presentation addressed the responsibility for artificial intelligence and its impact on liberalism.

Computation is a systemic transformation of energy; a physical process requiring time, space, energy, and infrastructure. Artificial intelligence (AI) is a subset of computation mapping context to action, or its constituents. Many mistakenly believe that there exists an “omniscience algorithm” that could be exploited by companies or countries. This is impossible as a perfect understanding of the universe would be exactly as large as the universe itself. All intelligent agents actually perceive only a small a subset of the universe with just enough information to predict and select “good enough” actions. In nature, “good enough” is perpetuation; for AI however, it is whatever the designer or operator chooses. This is important when thinking about maintaining liberalism. Regulating computing and AI thus has two aspects, accountability, and the massive transnational physical infrastructure required to make it all work.

On the topic of accountability in November 2021, UNESCO members agreed that legal personhood for AI is a bad idea. As AI is intelligence that people build someone must be responsible for it. However, that leads into ethics, which is both determined by and a determinate of society, a constantly renegotiated set of equilibria between its members. Furthermore, human law and justice systems are focused on dissuasion rather than recompense. Jail sentences for murder dissuade people from killing, making society safer through prevention, but do not provide equal recompense when murder occurs. Dissuasion, however, is fundamentally rooted in human sociality – in turn rooted in human biology. We cannot expect to dissuade software systems in a similar manner. The consequences of an overextension of legal personhood can already be seen with corporations. Shell companies shield those with real efficacy from consequences, with little regard for self-preservation. An AI legal person would be the ultimate shell company. The answer for AI is thus not personhood, but regulation under product law;

hold corporations responsible for AI they design, requiring the design of better, more transparent AI so legal responsibility for unexpected behavior can be easily ascertained.

Moving on to political polarization, violence, and disruption correlate highly with inequality and GINI coefficients around 50%. Bryson's latest research indicates that technological innovation enables this by reducing the cost of distance, allowing individuals to project power over a greater space and number of people, necessitating innovations in governance. For example, antitrust legislation first emerged after the US Civil War to ensure that entities could not amass more power than a democracy could regulate, following the innovations of rail and telegraph. Similarly, strong antitrust regulations were imposed on Japan and Germany after World War II, as powerful conglomerates were seen as facilitators of the slide into autocracy, expansionism, violence and war.

According to Bryson's research however, it's not the inequality itself that leads to polarization, but the precarity of a declining economic context. The unstoppable march toward the threshold of uncertainty and fear explains why polarization is seen across all incomes in areas where there's been some kind of economic decline or catastrophe. It can be seen in Ukraine, where in 2014 the best predictor for areas that would come under Russian control were those that were economically dilapidated – not the ones with the most Russian ethnicity or language. In the US and UK as well, the best predictor for those who would vote for Trump or Brexit was inequality. It's not about being rich or poor, it's about the breakdown in the social fabric caused by economic dislocation and the resulting loss of trust. Put simply, trust is a luxury good. If people can't afford a bad outcome, they may choose a suboptimal outcome over a better but less certain outcome.

Returning to AI, there is concern that Europe doesn't have indigenous AI capabilities and thus "can't regulate AI." However, AI development involves people from around the world and relies upon transnational infrastructure to power, host, and maintain it. While it may be legally domiciled as "American AI," it is very much a transnational asset and the need to regulate that asset is clear. Just as the advent of airplanes meant that nations had to defend their airspace, so too must they now defend their citizen's privacy and safety in cyberspace. This extends to the so called "bilateral competition" between the US and China on AI and computing. This framing is inconsistent with reality, where the United States is by far the biggest player, with global competition between all other players being broadly multilateral. In fact, Japan filed more AI related patents than China in 2019 and exceeded the number of patents filed by either China or the US in 2021. Japan and the EU both compete well with China in terms of AI market capitalization. If China is competing with anyone on AI, it is Japan.

In conclusion, there is much work to be done on ensuring that AI and other advanced information technology is integrated into society in a just way that does not exacerbate existing divisions and inequalities or increase political polarization. People should be wary of transhumanist conceptions of AI, which would bestow upon the world a new conception of personhood that can be bought, sold and traded. This would undermine human rights in a way not dissimilar to that which disenfranchised colonial subjects and women in the past. Furthermore, digital technology requires a new antitrust, as the digital transformation is merely the latest in a series of societal transitions that require us to build up the capacity of democratic governance to regulate industry. The rise in political polarization since 1978 is a warning about the dangers of allowing new technology to exacerbate inequality and if we do not regulate digital technologies effectively it will only get worse. While this likely means the disaggregation of large conglomerates into well-regulated transnational utilities, Microsoft, Google Facebook and others have much to gain. The disaggregation of HP for example lead to a 40% increase in shareholder value. Regulation thus brings large benefits for both society and tech shareholders.

DAY III - PANEL II - PRESENTATION III

THE FALLACY OF TECHNOLOGICAL NEUTRALITY: A

PHILOSOPHICAL APPROACH

MARIO IONUȚ MAROȘAN

Presentation Summary

Mario Ionuț Maroșan's presentation challenged the idea of technological neutrality within neoliberalism, highlighting four key flaws.

Within neoliberalism, the thesis of the “neutrality of technology” is strongly embedded despite, at its core, being a very flawed idea. This presentation focuses on those flaws, breaking them down into four key points.

The classical definition of technology is the totality of things made for a given purpose. This is not restricted to objects, including methods knowhow, and all means put in place to achieve the ends at hand. This definition of technology, characterized as a rational, neutral, pursuit of the most efficient means to an end can cause serious problems for ethical judgement. Is the gun industry, which lobbies for expanded access to firearms, while ensuring they are never held responsible when their “technology” is used for murder, truly neutral?

Of course not, and this is the first of the four points; that all technology contains potentialities that are independent of the ends initially pursued. That is although a certain technology may emerge in response to a specific desire or problem, its application is not limited to the initially envisioned ends. Gunpowder was initially used for fireworks and other amusement, but its destructive potential, once discovered, has defined warfare ever since. Technology can easily be directed towards uses that were initially unknown and even undesired. Thus, the harmful effects of technological progress are inseparable from the beneficial effects and the price paid is often not of the same nature as the initial inception.

The second point is human judgment of technology is conditioned by technology itself. Throughout history, and particularly since the Industrial Revolution, technology has come to shape our environment and our ethics in ever more profound and all-consuming ways. Judging technology in an impartial way is thus impossible. The argument that technology is neutral is a logical fallacy engineered by the fact that all

judgement has been shaped by the application of the technology that came before it. Technology's values: efficiency, profitability, performance, progressively impose themselves on modern societies as priority values. As judgement cannot be disentangled from technology, people thus neglect to ask questions such as what could be the shared political good.

The third point is that while people often conceptualize technology as something impacting their individual lives, the reality is that it is a global system. Modern society and technology are increasingly interdependent and inseparable, an organized system, whose parts link to each other, obeying a common internal logic. This imposes unseen constraints that limit the possibility of choice for institutions and individuals. For example, the vast majority of technology today depends on electricity. Without it, humans can no longer light, heat, cook, compute, communicate, or commute. In this system, interoperability is king and, along with "efficiency" will always be prioritized over all else. This generates an almost inescapable loop: each time technology generates a new problem, we seek to escape through technology, causing the loop to repeat itself ad-nauseum.

The fourth and final point, is that the ends pursued by technology are often vague or badly formulated. Modern technology is characterized precisely by its lack of purpose. Technology develops according to its own imperatives according to the logic of progress without regard for health, preservation of the environment, the common good, or anything else people say is important. Technology always ends up imposing its own values: efficiency, profitability, growth, performance, and competition, overriding all others in their pursuit with little oversight. The consequences could not be more serious: the Cambridge Analytica scandal, among others, demonstrates the clear and present dangers of modern technology's infiltration of the political sphere.

All of this leads to a few key questions: How can the place of technology be thought about in a political context. Is it possible to look at politics through a lens other than technology? If so, how might people think about political problems and political action in ways that go beyond technological solutions? The answers to these questions are not easy, but they hold the keys to our future.

DAY III - PANEL II - DISCUSSION, QUESTION AND

ANSWER SESSION

QUESTION AND ANSWER SESSION

Question from Yuko Harayama

In the conclusion of Joanna's presentation, she refers to needing new kinds of antitrust regulations. However, the theme of antitrust is now quite old, and our concerns today are based more on information and networked societies, which is to say, the context is so different. So, can we still refer to antitrust thinking or do we need to find some new way of regulating to achieve the goal antitrust used to achieve?

Also, I think we have to look at the changing social organization in terms of the value of work, which is completely different. It is no longer just about gaining a basic salary but as I see it, especially within the Japanese context with the aging society, it is also about the value we derive from work, the expression of our existence how those things may change our way of regulating this system. How we can utilize the capacity provided by new technology to achieve these aims?

Answer from Joanna J. Bryson

Those are both great questions. With respect to antitrust, I think it's still necessary but probably no longer sufficient. So, from the necessary perspective, you have to see how that tied into the inequality and the political polarization. There is an enormous problem with regulatory and the inadequate reinvestment of wealth into infrastructure. As people's existence becomes ever more precarious, they no longer feel they can participate in society which is a huge problem.

So, I think it's absolutely essential that we figure out how to capture more of the value that's been fed into these giant puddles of power, these corporations and institutions with massive market capitalization and financing. And again, this isn't just about digital technology, I think we need to be looking across the entire transnational industrial power structure. If we overfocus on big tech, we're in trouble because in a way big tech's entire business model depends on something like liberal democracy, that is it depends on people having money in their pocket and being informed and decently

educated. I think they are some of the natural allies that were actually useful when they flipped during the construction of welfare of the early 20th century, and hopefully we can get them onto our side again.

However, on the other hand, we have to recognize that immense damage can now also be done by very small organizations. For example, people are worried because they heard that the Chinese military supposedly has better facial recognition than the American military because large American corporations like Google won't work with the American military. In reality however, Clearview, a small American company that scrapes openly available data and doesn't care about research ethics just went out and made a bunch of incredibly powerful, dangerous stuff. Even if they faced some kind of regulatory enforcement, they could just change the jurisdiction in which they operate to avoid it. So that's why I don't think regulation alone is sufficient, but it's necessary that we know how to do it. Then we can get parliaments together to have the capacity for governance with global reach. I think this will be an essential part of governance capacity and keeping things going well.

With respect to the value of work, I want to tie that back in also to the early part of my talk. I think, on the one hand, there has been a lot of liberal, left kind of things about valuing the work of artists, the work of women, the work of all kinds of people whose labor hasn't traditionally been adequately recognized. I think a major point today in both sessions, has been about Liberalism and the empowerment of the individual and, of course, that includes having meaningful work.

So, when we're thinking about how we are going to restructure wages, we need to think about the extent to which that labor is contributing to society. But on the other hand, it isn't sufficient to have everybody only run marathons. It isn't about how hard you work; it is about how do we maintain some kind of structure and how are we going to design that if we started intervening more.

Question from Joanna J. Bryson

I would like to ask something to Mario whose presentation I thought was a little bit internally incoherent. I'm sorry to say, but it sounded at times like you're being a technical determinist when you say that there was no way to control the way technology is running away. And then at the same time, you are saying, this shows that we need to work on governance. So, I was sort of confused about which parts of those are true? I think that we can look at the diversity of outcomes, including the ones between the EU, the U.S. Japan and China, and say government does have a role and that we do have capacities to

alter the way we feel.

Answer from Mario Ionuț Maroșan

Apologies, maybe it wasn't very clear because I had to cut some parts of my presentation in my talk. But to answer briefly, I would say that my main interest is to shift the discourse and the dialogue away from the technological determinism sphere to the political one. So, maybe that's why there's a confusion here is because there are two levels, and I'm trying to shift the discussion to another level. But most of my talk was on the level of the technological one but at the end, it was sort of opening for my research what I'm doing to shift it to the political one.

Question from Carol Lawson

Are vulnerable populations such as people in prison and ex-offenders, being adequately included in discussions about AI and its impact on society, so that they will be able to participate in epistemic communities?

Answer from Joanna J. Bryson

Let me add to that question a little bit because I had a big question. One of my concerns, I mentioned that I'm not entirely sure what the goals of the Global Partnership for AI are, even though I'm in it. And I thought that Dr. Harayama's vision of it was beautiful, but one of the constraints is that we aren't supposed to be normative. We're not supposed to make any normative recommendations, which I find intractable for an organization that's supposed to be contributing to the Global Governance of AI. Particularly in the United States under Trump, when they joined, that became part of the terms and conditions. So, I'm wondering if the vision is viable.

Then secondly, the way Dr. Harayama described it about doing working groups to find out what is the future? That too, sounds a little technical determinist to me. I believe one of the things that was sold as a false bill of sales was that technology is like the climate that there's a science of it that we can find out exactly what's happening. Technology is an engineered thing. So, it is much more integral to how we govern and to normative questions, then even the climate. Of course, we're altering the climate, we are engineering the climate but still there's more of a science question and less of a governance question for the climate. So, I wish the GPAI would have been modeled more

on the IAEA, the people in charge of nuclear power than on the climate.

Answer from Yuko Harayama

Regarding the GPAI and vulnerable populations, we do have projects that meet with stakeholders. It has typically included many different categories of people representing various interests, but it is true that input from ordinary citizens, particularly vulnerable cohorts, may be lacking. So clearly, we need to work harder to capture different perspectives. They may not be able to participate in the project as a member, but it is still important to go and to listen to them. That will open the door. That is my answer to this question.

Basically, we have been studying how to differentiate the work of the GPAI from other institutions, like the OECD for example, which has to work within the time of references fixed by governments, and is more focused on the political aspects, government's orientation, principles and government decisions. So, to differentiate between the OECD and the GPAI, it was decided that the GPAI would be more practical and application oriented and not focused on norms or principles in the same way as the OECD. As new groups evolve, it is important to have more freedom to advance with new technology and not be imposed by decisions made at the beginning. So, it's up to us really make sure that the GPAI will be useful not only for the government but for different communities, including ordinary citizens. The aim is not to just AI as something that is given to us but as something that helps us engineer things.

Because AI is made by humans, we must take care at the design stage to consider that there are actors with bad intentions and prevent misuse. So, from the beginning, we need to work together with engineers, developers, and companies using AI to ensure that everyone benefits and at the same time, analyze that use to further benefit users. So, this is kind of the spirit of the GPAI, and I hope we can look after how we will be moving forward together.

Comment from Franz Waldenberger

I want to give Mario some time to think about my question. Yuko Harayama mentioned that the Japanese approach aims at a human-centered technological progress to achieve a human-centered digital, virtual world. So, how would this idea of human centered, how would that fit into your system of thought? Maybe you can give us an answer during the general discussion.

GENERAL DISCUSSION

Opening Remarks from Gilles Campagnolo

I want to open up the general discussion with a question that is about the logic of this expanding knowledge and the expanding into monopolies of intellectual assets of intangibles. And this expansion being made, whether by private companies or by governments who are abusing their position upon the individuals.

I would like you to connect that to the basic and historically effective logic of what liberalism was. If it is about defending individuals as human beings with their finite dimensions, then that is why information is decentralized. That is why each individual is calculative of its own information, of what they have, and the resources, material and intellectual information that are available within the environment.

So, liberalism, like capitalism seems to have been transformed into some idea in the favor of monopolies whereas it is exactly the contrary. Free markets are competitive markets. So, of course, there is a parallel between capitalism and liberalism there. Of course, we then think of various ways that those monopolistic tendencies could be reined in, which was the case for capitalism with the antitrust laws, we should also do the same for predating knowledge from universities, or for other resources like oil or gas.

We think of different kinds of solutions, and it seems that they have trouble to work, antitrust, if I understand the system in Joanna's view may be one way to go but in Cédric's view it may not work for reasons such as patents not working like other assets. So, the question is what made liberal ideas defending the individual, and property at the end of the 18th century possible, and how can it be applied to the issue of intellectual property. However, the point about defending the individual was to recognize this property to those people who are producing it.

So, the question is we want basically to defend those individual liberties. We don't want private monopolies, but we also don't want public monopolies. What are the tools, according to you, that prevent both kinds of monopolies, and which are not against liberalism but actually are the very essence of what it means to defend liberalism? Which tools, if any, are going to be most effective, and if there are none, then is there no future for liberalism in the age of knowledge?

Remarks from Franz Waldenberger

Tying together both sessions, in the first part, we talked about technology and capitalism. In the second part we focused on digitalization and ethics. As Gilles pointed out, there was the question of monopoly in both parts. Looking back at history, we can see that the antitrust movement in the United States was a reaction to the over-concentration of power and this led among other things to the dismantling of the Rockefeller Trust. Similarly, after World War II, the Allied Occupation of Japan tried to dismantle the Zaibatsu, while in Germany they sought to achieve similar results, and these were helpful to both countries' long-term growth.

The question is do we have the instruments, and do we have the political will or, let's say, the social support for such action? Or is such action even needed in the first place? Maybe we shouldn't work with implicit hypotheses but make everything explicit?

Remarks from Joanna J. Bryson

To go into a little bit more detail on the history side, the geopolitics of the enforcement of antitrust law on Germany and Japan after World War II was pervasive, and this has carried over in Europe where the Directorate-General for Competition is the strongest enforcer in the European Commission. So, it really is something the West was good at, and then the United States began to diverge, to stop enforcing antitrust. They decided not to do this anymore, because, I think, they were freaking out about the fact that their relative power in terms of GDP was in decline.

So, as the Republican Party led the charge toward dismantling antitrust in the United States, they became really angry when Europe started saying we're going to ban mergers between American companies that America had allowed. That was perceived as a huge assault. Interestingly, the courts in the EU have upheld the American line despite the Director General still attacking it.

The point is that there's a potential to enforce antitrust, and that eventually, the only stable solution will be that we'll find a better way to govern. Alternatively, it is possible that it will destroy our ecosystem so badly that we'll really go back to governing tribes or something. But there will continue to be these competitions which is why I was quite interested in whether there could be an evolution from what is currently a paternalistic happiness index into a better representation of what can we do to make society satisfied.

One last thing, I talked a lot about governments. Of course, you can't trust every

government, and so I have been interested in the extent to which transnational entities, NGOs but also corporations might be part of the way that we regulate our governments. At the same time, government will likely remain the principal legitimate means through which we regulate corporations. So, I think it's very important that we were looking at both of those kinds of solutions and finding things and trying to keep these things solutions working.

Remarks from Franz Waldenberger

Actually, I've been working with the German Monopolies Commission for some years and also did some research on antitrust, and the interesting thing is actually the extraterritorial application of antitrust law has become a decisive factor in that it has an impact on the competition within your constituency. So, the merger between General Electric and Honeywell in the U.S., America said "okay," but Europe said "no," because it restricted competition in Europe, and finally, General Electric and Honeywell gave up.

Of course, Europe is fighting Facebook, Microsoft and all the big giants, but would Europe do the same if the companies were located in Europe, maybe not. In Europe, I must say, competition policy is one of the strictest worldwide. In Japan, the Fair Trade Commission has a low voice, I think.

Remarks from Joanna J. Bryson

The trans-nationalism you describe is another area I want to explore. The first time I heard, "oh, it's okay, AI is a utility, we know how to regulate utilities" was at the Center for Information Technology Policy in Princeton, and it was a bunch of computer scientists. They pretend to be interdisciplinary but it's really not. But hearing that you think, "oh good, okay," only to later find out that, "no, it's not good because no one is sure how to govern utilities." Are there extra obligations for private companies or are they going to get taken into the state?

Still, recognizing that there is such a thing as a utility has been a step forward. So, again, we're constantly improving our equilibria. That's what governance is about. It's not that we're going to find one solution. We have to keep trying to do something better, but I absolutely think the problem here is the transnational aspect of it and maybe if we think hard about how to govern these things in the context of the anarchy that is the international system, we'll actually get our head around a little better what we should have been doing with our national utilities. But it may be that quite a lot of utilities now

are transnational.

Remarks from Gilles Campagnolo

Once more Joanna and Franz, if I understand you well, you tend to trust in our democratic process and our governments in order to achieve what private companies will not do. But the idea of liberalism on which our liberal democracies are built is not by trusting governments, whether they are the kings in Britain or the president in the United States. The basic idea is that you trust not those in power, whether economic or political, but those who are not in power. That is the bottom-up approach that was discussed at length in day 2 regarding digitalization.

I mean, the point should not be that we would be better off trusting our governments because at least they are more democratic than in other countries where private companies can be small monarchies. The point is that liberal ideas, that is the defense of the individual, is about not trusting the authorities as such and that out of the spontaneous interaction between individuals, there will arise new ways to interact between different agents.

Remarks from Franz Waldenberger

Let me say that even in a liberal society, we need collective action, and the government is the platform for legitimate collective action. And, of course, it's the platform where you can change the rules, you can make choices that influence the course of society. So, I don't see it as a sort of opposition between liberal ideas and government institutions. Ideally speaking, government is where collective action could be channeled, and the results implemented.

The idea which Joanna and I have stressed is that we have to have these channels, keep them open and avoid regulatory capture. So, we have to have good governance of the political system to ensure that this is really collective action that aligns with liberal ideas, liberal systems and liberal laws.

Remarks from Joanna J. Bryson

I just need to be clear that I never said we should trust governments. So, Mario is asking about my talk, as well as Dr. Harayama was talking about human centeredness and trying to justify it. Again, we all had only a short time, so I couldn't go all the way back into the

motivations of that. But in this talk, I talked about the fact that we cannot maintain justice as we have built it so far through any other system other than through the human-centric system. So, it's not only that we have obligations to other humans, it is also the only coherent system that all of our values can be placed on.

Thus, in terms of the phenomenological – in terms of autonomy, it doesn't make sense that AI systems, which are designed and created via our intention, would somehow exempt their creators of their obligations to other people, to society, just because they say, “I'm going to insert a random number generator into it.” No one wants fully autonomous AI weapon systems. Russia threatens to have them, but they know they would kill their own soldiers first. There would be more friendly fire than anything else.

Also phenomenologically speaking, we have more in common with fruit flies than we will ever have with machines. I mean, it isn't that we're building things out of metal and silicon, we built in some ways a much more complete system. So, you can see every single spectrum of color or whatever with a camera, and yet the way that we experience it and feel it are concerned about the suffering of the unrealized self of the machine. It's entirely misplaced.

So, anyway, that was why the two slides on transhumanism were there. I thought nobody else was bringing it up here, and I sort of decided to bring it up but that is exactly why, and I can give you a paper on that too. It's literally called *Patience is not a virtue* (Bryson, 2018).

Remarks from Mario Ionuț Maroșan

I don't know much about the metaphysical tradition of Japan. I know more about European metaphysical tradition. So, I can't say much but the whole contradiction or the tension in my talk, I think the way I considered it was because of essentially trying to escape the metaphysic of subjectivity meaning that our will as humans will solve the problems that our will as humans created in the first place.

So, there's the tension from this kind of individualistic definition of wealth to a political one, political as understanding meaning the dialogical reasons. This is the dialogical turn. So, here's what's interesting, my colleague said as well is this conception of politics or something flexible, something continually adapting to new solution, new discussion, so that was kind of the one I can answer to the question.

Remarks from Adrienne Sala

Franz, you asked the question about how technology and societal intelligence can be compatible with the idea of freedom, and this critical analysis of technology because the last two days presentations such as one of Naoki Yoshihara yesterday who highlighted the unequal access to technology and productive means, reducing the autonomy of individuals and individual liberties. And the imbalance of technological knowledge also highlighted by Franz reminded me about Nikita Dhawan yesterday who mentioned the contradiction of the legacy of enlightenment and liberalism as Joanna Bryson, you also mentioned, and Nikita Dhawan referenced about transhumanism and the contradiction with liberalism.

So, many presentations from yesterday and today seem to raise different issues around different technologies. Technology seems to enhance all the capitalism issues as also Shibata Saori mentioned in her presentation, a kind of a crisis of liberalism seems to be also highlighted by the different presentations. Yesterday we finished on the notion of decentralization first and then on de-concentration of power and knowledge as a condition of liberalism. And it seems that technology can help the de-concentration of power and knowledge as well as hurt it. So, in other words, it seems that technology can be a condition of liberalism as well as a restriction of it.

So, you all mentioned this duality in your presentation in different ways, but I would like to hear about how you relate this duality to the question and to the issue of rights and the law, and does technology reshape a kind of a new social compromise? And if yes, in which way? So, it's a broad question, and it would be great to hear Saori Shibata on this question. Thank you.

Remarks from Saori Shibata

In technologies, there are certain kinds of benefits to humans, liberalism and individual rights as well as the potential for damage to those things, and for that potential harm to outweigh the potential benefits. The current form of technologies introduced, utilized, adopted and integrated into the workplace seem to enhance the capitalist nature causing a kind of flexibilization or alienation.

I believe that eventually this leads to a sort of crisis of liberalism as power tilts towards larger tech companies or platforms. We call them platform companies as they leverage knowledge, through highly skilled workers and management who can have ever more new information, new knowledge, new machines, new devices which can have

more power over labor and sometimes that power could be direct power, but it could also be indirect power that the workers might not even notice.

Everybody wants to be happily working. And if there are things that can increase my happiness, then some people might think that's a good thing, that's a kind of liberal, progressive way of working. But at the same time, I am more concerned about how those new things are used, this new information, new data, new intelligence gathered through these kinds of new mechanism, new system, new strategy.

Even outside of the workplace, you might be requested to wear digital devices because they want to measure your health outside of work, and then it's increasingly kind of a more and more intense surveillance mechanism. As far as I can tell, this tech is a bit more kind of enhanced in its tendency to enhance a kind of authoritarian nature of capitalism, a more authoritarian neoliberalism in which this kind of use of technology is increasingly justified and legitimized and then certain kinds of a more neoclassical economics ways of running the market will be more justified resulting in an overemphasis on productivity.

Remarks from Yuko Harayama

I follow Shibata-san's point of view here. The question of this duality is critical, and we are facing this every day because technology is an enabler by definition. But with inherent duality within (or triality and beyond) because of so many faces of technology, and with good intention by engineer to create new technology, we always have a similar way of using by exploring in different way, and this is depending on the socioeconomic context, and it is really a game of a never-ending story.

That's why some may capture economic value with technology, and some may improve their way of life, while others may misuse technology and capturing a negative societal impact. Look at military use of technology. By definition, they have a tradition to talk about duality. But now we have in different fields, this kind of duality that we must deal with. So, we need to have multi-stakeholder debates or a discussion sphere to talk about that and not just leave it to the government or the companies to deal with because it concerns everyone.

Regarding the existing law and regulation system, it is based on the past technology. It's difficult to modify existing laws because it is by design as a precaution and it was good at the time, but for new technology coming in, the speed is not sufficient. So, we have to be really innovative in the way to regulate new technology because we have to adapt with advancement in technology as well as the use of that technology. So,

this raises a new question, how to express our democracy in this context and how to set up a regulatory framework within. And this is directly linked to the freedom we have to respect, and we have to keep at the heart of the society.

Remarks from Franz Waldenberger

I would like to add something here. We haven't mentioned him directly but Yuval Harari's idea about technology, ideology and society. His narrative relates very much to the fact that technology shapes society very fundamentally because technology gives us power over nature, over the way even we regulate our relationships and that means we create narratives which legitimize that power, and these go together with changes in the social political structure. And now with AI and other things, he emphasizes that the new technologies basically undermine the ideology of liberalism.

According to him they undermine the three assumptions liberalism is based on. The first is that there is an individual, a well-defined individual with well-defined preferences, and neuroscience, among other advances, show us that this is a fiction. The other thing is that this individual knows best what is best for it and, again, this is something that AI is refuting, digital agents might in the future know better what is good for us. And I think the third assumption is free will. These assumptions of liberalism are questioned by new technology.

So, his big question is "what could be the new narrative," what is our new narrative that helps us legitimize the potential of this new technology while at the same time, preserving what we think is ethically important and good for our society. Of course, that might also change over time but that's a really frightening perspective. He's saying technology will change our values, will change the way we look at ourselves and society, and we cannot predict what's going to happen. And that's a bit frightening. So, maybe that's something that you have some thoughts about.

Remarks from Gilles Campagnolo

On that point of the three assumptions (of liberalism), one main thing to say is that those are "regulating ideals," in the way Kant used the term. Of course, the individual as one entity has always been difficult to define, not only because of AI, but because of psychoanalysis, and because of religion before that. I mean, the soul as it was understood in Ancient Greece, and the soul of the Christian Middle Ages is not the same. And so, the conception of the individual as such has changed over time. The same is true of the

knowledge that he may have or what he may say and same thing for the will that may express and the ways in which he expresses. So, those are not assumptions that form solid basic foundations, those are instead assumptions that are regulating ideals, i.e., you have to take them as the idea towards which you need to think, strive, and orientate public policy and law.

So, in essence, those are things that we must try to achieve, not things that are a given and, therefore, they can and do change. Whatever we're doing it's constantly changing, but if there is sense in liberalism and if there is a future in it, it is by reassessing the need to think of its principles as the first values before the rest. In that sense, there's technology that allows people without our knowledge, people in the street, in their small houses where there is nothing, to have a computer and to take part in public discourse if they desire, and this provides freedom to them in some way. Even if they say it is "bullshit," even if there is fake news.

The point of liberalism is that from private vices at some point, there will be benefits for all. Just because we are more knowledgeable does not mean we are more entitled to speak than other people. Everyone is entitled to a voice under liberalism. So, I think that as long as we don't look at those three assumptions as foundations but as regulating ideas it makes more sense.

Remarks from Joanna J. Bryson

Coming back to the question that Franz just asked, I think that you're right; with AI, we have the capacity to know more about ourselves, but at the same time someone else, including governments or corporations may know more about us than we do. How we deal with this comes back to human rights needing to be at the core, and this is especially relevant as the AI, has increasingly been kind of chipping away at the traditional ways, the proxies that we use to understand ourselves. I know it sounds really reductionist, but I think that's one of the reasons that some people favor transhumanism. But I don't think we have a choice as humans but to structure our society to make sure that we preserve humans, and none of our values make a lot of sense without doing it that way.

So, let me go back a little bit of a way to answer some of the questions. When we're talking about: is there a necessary way it's going to go? This goes back to that dualism question. I really feel like AI is not ever going to be "over". It's the new paper, everything that we do, we're writing down in AI, and so the really interesting question is can we come up with structures and regulatory mechanisms to defend ourselves? So, for example, we will, probably, never go back to the point of privacy by anonymity, if people

don't know anything about you it's because they can't be bothered to find out.

Now we have to defend our privacy through different means, through mechanisms like encryption and crafting new laws (that protect personal information.) I think probably corporations know way more about us than they're allowed to express, and so they aren't going to express it until they really want to for some reason, but basically, the idea is similar to international relations in that we should seek to make the costs of behaving illegally very high.

My hope is that we can create these webs within which we can construct meaningful lives and through the kind collaborations you're talking about that we can achieve power. My fear is that there may be something actually fundamentally destabilizing about where we are right now, and there's two things. One, I mentioned before was the digital. It's great and wonderful from a liberal perspective, that it reduces entry barriers so much but that may also be taking away friction that was actually necessary and may just totally destabilize societal structures. So that might be a problem and eventually, it may turn out that we do just wind up stripping all the digital out of our lives, but an awful lot of bad things would need to happen before that if that is true.

I mean, for example, right now I don't know any other way we're going to solve the kind of climate crisis we've created and the sustainability crisis longer term without using AI tools and some of these other strategies. But at the same time, I mentioned before that I have deep concerns that the United States is already less free than Europe and ordinary people don't even know it. Guy Standing says this loss of freedom is also true of the British but that the poor British are much more aware of their lack of autonomy than they used to be, more aware than the rich British are because the poor saw in the London riots a few years ago, how people were being picked up by security cameras and then thrown in jail. And Standing says, that's why there's fewer protests and more suicides. On the other hand, we've been through really horrible oppression before, and many people are right now living through horrible oppressive regimes. And I tend to think that we will come up with better solutions, safer solutions in the long run but that's just my hope.

Remarks from Franz Waldenberger

So, you're echoing what Lisa Herzog on the first day mentioned that we have to be optimistic, we have to be, it's a moral obligation.

Remarks from Joanna J. Bryson

Yes, there's two parts to it. First, it is normal for consciousness to focus on the problems and to work on them, but it is one of the means through which we disempower ourselves to keep poking holes in our reality and not seeing what's good. Having lived through both BREXIT and Trump, the number of people who would stand in the middle of a clean, safe street and say, the government has done nothing for me, and sincerely believe it, is truly problematic. So that's why I worry that too much pessimism is not only not useful but it's actually destructive. It's one of the means by which we dismantle the rule of law that we've built up.

Second, one of the things I wanted to say is that law is hard to write. It is super hard to write, and technology is super easy to build, and that's why if you look at the OECD principles, if you look at the British principles that preceded them, it says that we need to build technology as much as is practical to not require changes to the rule of law and that is a completely sensible imposition. That's why I said things like that we should just require people to keep track of how they develop the software.

Closing Remarks from Gilles Campagnolo

Thank you everyone. While this conference was nominally about France, Germany, Japan, we have had the opportunity to hear from people from many more countries represented among both the contributors as well as the audience. While the question of what the future of liberalism will look like remains, we hopefully now have some elements of an answer, and have understood pieces we may not have understood before.