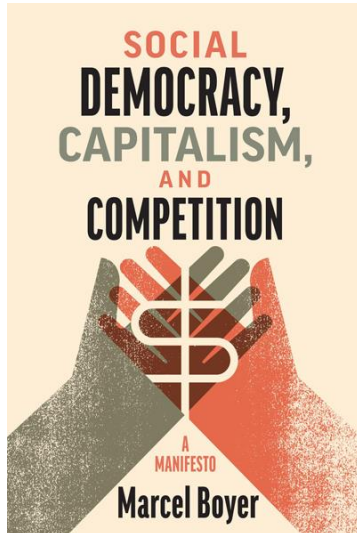


## Social Democracy, Capitalism, and Competition: A Manifesto

### Summary short



There is a fundamental complementarity between social democracy and competition.

A true social democracy is based on a clear definition of the respective roles of the public (governmental) and competitive (private) sectors in the provision of public and social goods and services (PSGS), such as education, health care, social security, and infrastructure. The main roles of the public or government sector are to define the basket of PSGS in quantity and quality and to manage performance incentive contracts with the (competitive) private sector responsible for producing and distributing these PSGS. Companies (capitalist, cooperative, NFP, social economy, etc.) then compete to obtain PSGS supply contracts and the public sector no longer needs to directly manage schools, hospitals and numerous other institutions serving the citizens.

Other proposed reforms include: the abolition or auctioning of subsidies and aid programs for businesses; the strengthening of pro-competition rules in the control of anti-competitive practices as well as business mergers and acquisitions; the determination of a significant and universal carbon price to encourage individuals and companies to internalize the environmental impacts of their strategies; the development of extended liability rules aimed at increasing the incentives of companies and their partners to prevent industrial and environmental accidents and to protect collateral victims; the elimination of taxes on corporate profits in order to thwart tax competition between states and to encourage companies to focus on their essential missions of wealth creation and investment in R&D and productivity.

These competition-based models of social democracy and capitalism represent a return to the basics, to the fundamental characteristics of what social democracy and capitalism are supposed to be. Recent decades have seen both models move away from the competitive processes that are essential factors of their potential contribution to social well-being. This has translated for social democracy into increased and protected bureaucratic control of the provision of public and social goods and services and for capitalism into increased lobbying activities aimed at the development of artificial market powers.

Ultimately, the proposed models of social democracy and capitalism arise from a conception of social sciences and economics in particular as the study of mechanisms of coordination, motivation, specialization, regulation and rules of exchange that conditions the development of collective intelligence in human society. Collective intelligence refers to the interconnection of brains to achieve higher levels of productivity and social well-being. It is not the imperceptible evolution of the human brain that can explain the rapid gains in quality of life over the last centuries, but the interconnection of these brains through institutions (laws and social rules), specialization, markets and trade.

The main object of economics is the study of the development of collective intelligence within human societies, of which the ability to exchange, particularly with strangers and across time, is a distinctive characteristic. In this vast program, economics forges enriching interactive links with other disciplines, including experimental psychology, sociology, political science, administration, law, mathematics, computer science, engineering, accounting and finance.