



UNRISD

United Nations Research Institute for Social Development

Prometheus, Trojan Horse or Frankenstein?

*The Social and Solidarity Economy as Community
Creation, Market Wedge, or State Monster*

*John-Justin McMurtry
York University*

Draft paper prepared for the UNRISD Conference

Potential and Limits of Social and Solidarity Economy

6–8 May 2013, Geneva, Switzerland

The United Nations Research Institute for Social Development (UNRISD) is an autonomous research institute within the UN system that undertakes multidisciplinary research and policy analysis on the social dimensions of contemporary development issues. Through our work we aim to ensure that social equity, inclusion and justice are central to development thinking, policy and practice.

UNRISD ▪ Palais des Nations ▪ 1211 Geneva 10 ▪ Switzerland
info@unrisd.org ▪ www.unrisd.org

Copyright © United Nations Research Institute for Social Development

This is not a formal UNRISD publication. The responsibility for opinions expressed in signed studies rests solely with their author(s), and availability on the UNRISD website (www.unrisd.org) does not constitute an endorsement by UNRISD of the opinions expressed in them. No publication or distribution of these papers is permitted without the prior authorization of the author(s), except for personal use.

The Social or Solidarity Economy (SSE) is a contested term, and, depending on one's geographic and ideological location, it carries with it various associations. The general understanding of activities in this sector as "neither public, nor private" gives the appearance of unity, when in reality pressures from both the private and public sphere challenge the very essence of the SSE. Despite these potentially challenges, there seems to be general agreement amongst scholars and practitioners to "let sleeping dogs lie" and to support the useful fiction that there is a coherent framework uniting the "sector". (e.g. Bouchard, p. 4; Mook, and Ryan, p. 3 – 21) The stakes of this silent agreement however need to be critically examined, especially for those interested in meaningful community development. Specifically, as the state withdraws from social service provision the success of this sector is trumpeted as a development panacea and there is an increasing push for "results" from the SSE by stakeholder groups. That means, for example, control, visible and viable community development, as well as democratic accountability for local communities; "measurable, cost-effective (read reduced financial and governance commitment) results" for government; and "market results" (read profitability) from the private sphere. All of these divergent expectations pull and push in variant ways the SSE definitionally and in practice, creating general confusion around its exact meaning amongst the public.

Importantly, these variant expectations also raise the spector of real and significant failures at a general level, and the potential to destroy or damage the "movement" in its relative infancy. This possibility is in some ways already afoot, with the definitional ambiguity of the SSE opening up the discursive space for what appears to be less socially oriented policies initiated by opportunistic actors. For example the mass downloading of central government welfare responsibility in Prime Minister David Cameron's "Big Society" is couched in the language of the SSE, and "social enterprise" solutions are being suggested in a broad variety of policy contexts which claim to solve social issues such as poverty, at lower cost, while returning significant returns to investors. While it is too early to say how these new discourses will turn out in practice, there is an obvious need for definitional and practical clarity as we move forward with the Social or Solidarity Economy.

This paper engages in this debate with a two-pronged approach. First, using contemporary normative (John Rawls, Jürgen Habermas, and G.A. Cohen) and economic (Amartya Sen, Elinor Ostrom, and Jeffrey Sachs) theory, the issue of the variant meanings of social, solidarity, and the economic are outlined and contrasted at a theoretical level. The purpose here is to locate the "new" discourse of the Social and Solidarity Economy in a theoretical context of liberalism generally, and a discourse of "capacities" specifically. This is not a simple exercise of equating liberal normative thought and the SSE, but rather to locate the debates (mentioned above) within the SSE genealogically back to a philosophical position in order to see if these debates can better understood. This paper begins such an examination by outlining the historical roots of the Social or Solidarity Economy – including its three distinct traditions Anglo-American, Continental European, and Post-Colonial Development – within capitalism. *While each of these traditions has their own logic, each is, in terms of the SSE, articulating in unique ways a different response to the impositions of capitalism through*

the lens of liberalism. The paper concludes, by suggestion that working outside of the theoretical framework of liberalism we can develop a more robust conception of the SSE. Three case studies (the co-operative movement, micro-credit, and alternative energy) will be outlined to demonstrate this and suggest that by developing an ethical-value added framework (McMurtry, 2009) we can begin to overcome the limitations of the theoretical roots of the SSE and begin to establish a common understanding of the normative and practical economic goals of the Social and Solidarity Economy beyond liberalism and capitalism.

Defining the SSE

The origins of the Social and Solidary Economy as a concept are both debated and under-examined. While it is generally accepted that the concept “*économie sociale*” emerges around 1900, the practices associated with the sector – charities, trusts, co-operatives, non-profits, friendly-societies, and socially-focused enterprises – predate this by at least a century formally, and stretch back to the dawn of civilization in the broadest sense. (See for example Kropotkin or Fontan and Shragge for this argument) For the purposes of this paper however this historical and definitional question is reversed. That is, rather than focusing on when we can first identify the social economy being conceptualized, I ask what happened around 1900 that created a need to conceptualize activity that had been occurring arguably for millennia? The answer, I believe lies in the increasingly robust, but uneven, emergence of capitalism as a world system.¹ As this system begins to dominate earlier or more mixed economic systems, it becomes increasingly necessary to be able to define the alternatives to it. (See chapter 1 of McMurtry, 2010 for a fuller explanation)

It is here also that the problematic “neither state nor private” definition of the SSE begins to take shape, especially in light of the emergence of Communism as a viable economic system in 1917. What is important for our purposes here is the ways in which both State-centric Communist and, later, Social Democratic and Post-Colonial projects, as well as variants of capitalist state projects, recognize the value of, and the potential uses for, the emerging Social or Solidarity economy *in the face of an increasingly rapacious capitalism.* While the uses to which the SSE is put in these different contexts varies widely, the motive for identifying and developing it as a policy and practical solution is rooted in the same cause. However the emergence of the welfare, post-colonial and worker’s state largely masked the role that the SSE played within capitalism and the need for a robust definition for most of the twentieth century was not urgent. Once this is realized the fact that the SSE re-emerges as an important concept makes sense as a need to articulate alternatives became urgent alongside the radical world-wide economic re-ordering of the 1980’s and 1990’s. Essentially, the three pronged economic crisis (otherwise known as ascendant capitalism) caused by the collapse of the Soviet

¹ The definition of capitalism is often not explicitly articulated which often leads to confusion. For this paper, capitalism is defined as a social and economic system that is characterized by the tendency towards private and exclusionary ownership of the means of production for profit.

Union, globalization and the undermining of the developmental post-colonial projects, and the resulting abandonment of the Welfare State in the economic West, called forth the need for a clearer articulation of alternatives in the form of the SSE at the end of the twentieth century. The problem was and is, on what normative grounds is such a claim made?

Theorizing the SSE

While the above historical framing of the SSE is not well known or generally accepted, even less developed is an understanding of the philosophical roots of the dominant conceptions of the SSE in versions of liberalism and the capacities argument. Even Social Democratic and Communist formulations of the SSE, which would presumably be more radical, rely on liberal theory to conceptualize the SSE – no matter if that conceptualization is done within the “west”, the colonized majority world, or within Social Democratic and Communist countries themselves. This has led many on the political left to reject the SSE as, in fact, a liberal Trojan Horse. But this position means that one misses the potential for a radical re-articulation of the SSE (discussed below). Outlining how this liberal understanding of the SSE was imported into more critical political discourses in detail would take more space than is available here, but examining the illustrative example of Lenin’s New Economic Policy (NEP) is instructive to this end. The NEP utilized what today would be conceptualized as SSE organizations, namely co-operatives, to facilitate the economic development of the Soviet Union towards Communism – a policy option that has re-emerged recently in Venezuela and Cuba, but with a different end goal. For Lenin, it was a historical reality, if one that he came to rather reluctantly², that liberal vehicles such as co-operatives were needed for this transition (See Liebman for a detailed outline of the SSE in the NEP) The fact that the SSE has been therefore essentially conceptualized by communists and socialists within liberal terms and as fundamentally liberal institutions, has meant that its moral justification, which is rooted in this tradition, has not been seriously considered. It is to the liberal tradition then that this paper now turns.

John Stewart Mill, the most developed of the classical Utilitarian thinkers, once famously said of worker co-operatives that there would be a “moral revolution in society” which would follow the establishment of production co-operatives. (Isaac et. al., p. 198) Further, such organizations would lead to:

the healing of the standing feud between capital and labor; the transformation of human life from a conflict of classes struggling for opposite interests, to a friendly rivalry in the pursuit of a common good to all; the elevation of the dignity of labor; a new sense of security and independence in the laboring class; and the conversion of each human

² Marx was of course famously dismissive of the co-operative. “Restricted, however, to the dwarfish forms into which individual wage slaves can elaborate it by their private efforts, the cooperative system will never transform capitalistic society. (Quoted in Thomas, p. 275)

being's daily occupation into a school of the social sympathies and the practical intelligence. (Isaac et. al., p. 198)

While there is much that can be said about this quote in terms of the Social and Solidarity Economy, (see McMurtry, 2004 for some of these directions) what is central here is the articulation of producer co-operatives, and by extension other elements of the SSE, within the liberal tradition as the potential harbinger of a more moral economic order. Specifically, and this is crucial for the argument to follow, the SSE is a site of *moral*– a school of the social sympathies and the “elevation of the dignity of labour” – as well as *economic* development for the good of society. Inside of classical liberalism then, and uncritically adopted by Lenin in the NEP, the *SSE is seen as means to a moral and economic end*. This articulation of a reunited moral/economic reality is not limited to liberalism, but is popular in other non-capitalist moral systems. For example, within religion the desire to articulate a moral economic can be seen in the Catholic Church in Leo XIII's encyclical *Rerum Novarum* as well as the lay Catholic social movement “distributivism”. A non-religious example can be found in the British movement for Social Credit, which again emerges as an alternative to capitalism that spread across the Empire after World War II. While many other examples from many other ethnic and religious traditions could be identified as examples of attempts to re-harmonize the moral and economic, for our purposes here what is important is that the moral/economic theory of the SSE has two central and fundamentally *liberal* principles – first, an aversion to direct state control of its operation and, second, an aversion to profit as a, or even the, motive for economic activity. This is, of course, a primary re-articulation of the central definitional problem outlined above (and indicates the strength of liberal philosophy within the definitions of the SSE itself). The question to which we now turn is unveiling the *positive* liberal normative content of the SSE, as alluded to above by Mill, how these principles are articulated in post-WWII liberalism, and what consequences this position has on how the SSE is seen as an alternative to capitalism today. This is important, as the title of this article articulates, as how one sees the moral position of the SSE within contemporary capitalism determines the potential role that the SSE can play as an alternative economic activity – liberatory Prometheus, capitalist Trojan Horse or state created Frankenstein.

Connecting the Dots: Liberal Philosophy and the SSE

It may seem odd to examine the philosophers John Rawls, Jürgen Habermas, and G.A. Cohen as a “liberal” set, especially as, outside of the obvious difference of claimed ideology and philosophical tradition, they are contemporaries who explicitly critique each others work. However this obvious disagreement belies what is at issue for the SSE – the assumption of a liberal framework in the moral economic activity of the SSE in the post-WWII world. When we turn later to the trio of economists, Amartya Sen, Elinor Ostrom and Jeffery Sachs, the liberal philosophical framework behind the economic understanding of the SSE becomes even more obvious.

John Rawls is most famous for *A Theory of Justice*, an articulation of robust and moral liberalism framed as a rejection of the classical utilitarian notion of justice. (Rawls,

p. xviii) What is interesting, and not often considered in the debates around Rawls, is that Rawls is a strange kind of liberal in that he considers his work to be part of the “continental” social contract theory of Rousseau and Kant. This “bridging” work within Rawls is important as we consider below the similarities between his conceptions of economic justice and those of Habermas and Cohen. “What I have attempted to do [in *A Theory of Justice*] is to generalize and carry to a higher order of abstraction the traditional theory of the social contract as represented by Locke, Rousseau, and Kant. ... The theory that results is highly Kantian in nature.” (Rawls, p. xviii) In simple terms, what Rawls is attempting to achieve within liberalism is a concept of justice that goes beyond the final moral arbitration of the atomic individual in some form of utilitarian calculus, and move liberalism towards a conception of justice in a collective, rule-bound, and “contractual” way. This remains liberalism however through a theoretical slight of hand where the regulatory authority, namely the state, guarantees fairness through the *structures* of society, but *actualizing* the rights, obligations, and opportunities resulting from these structures are the responsibilities of individuals. “For us the primary subject of justice is the basic structure of society, or more exactly, the way in which the major social institutions distribute fundamental rights and duties and determine the division of advantages from social cooperation.” (Rawls, p. 6) This resolves the moral/economic problems of capitalism, as there would be a “leveling” of the playing field within which individuals compete over resources. As Rawls puts it, the problem of capitalism is fundamentally that “the institutions of society favour certain starting places over others.” (Rawls, p. 7)

This Rawlsian position is, for this paper, a fundamental articulation of a liberal “capacities” argument which motivates, consciously or not, the policy and practice of the SSE – justice demands that “society” provide the conditions for humans to achieve fairness in *access* to the conditions of life that allow them to realize their individual capacities. *It is ultimately however the obligation of the individual to realize these capacities and opportunities through whatever structures are in place.* The SSE conforms morally to this theoretical model because in contemporary capitalism it provides *entrepreneurial structures* and *opportunities* to marginalized communities or individuals, *the success of which is up to the individuals or communities themselves to realize.* Rawls therefore reveals for us the basic liberal moral grounding for the policy option of the SSE – structural opportunity, individual obligation to realize these opportunities. In fact, this is the fundamental underlying moral principle behind the “neither state nor market” definition of the SSE. The problem with this position is, of course, that structural opportunities within a larger unjust system are hard to realize. Simply put, collective economic activity is at an enormous disadvantage within dominant capitalist economy and society. Liberal moral philosophy never address this existent *collective disadvantage* outside of changing the “rules of the game” *within in*, or the consequences of the resolution of these inequalities on these larger structures (which is the Promethean possibility). Consequently, by adopting this liberal frame the SSE can be seen as a means to marketize all aspects of life (a capitalist Trojan Horse) or, if employed as mass state policy such as in Cuba or Venezuela, State policy overreach into lives and markets (some of which are not capitalist) thereby creating opposite or unforeseen negative consequences (a Frankenstein).

Jürgen Habermas, despite his claimed affinity to the Frankfurt School and its more critical stance towards capitalism, repeats this liberal duality of structural opportunity and individual obligation – the capacities argument – in his famous work, *The Theory of Communicative Action*. On the surface Habermas' central concern is articulating a theory which explains and enables a deliberative and communicative populace to resist the excessive impositions of “systems of money and power” into their “life-world” (consciously articulated). Thus he firmly claims “the modern life-world asserts itself against the imperatives of a structure of domination that abstracts from all concrete life-relations”. (Habermas, 1987, p. 360) What allows the life-world to “assert itself against” negative social and economic structures is a structure that is engaged by individuals themselves – communicative action – even these engagements are simply developing an understanding of the problem. “In communicative action participants pursue their plans cooperatively on the basis of a shared definition of the situation. If a shared definition of the situation has first to be negotiated, or if efforts to come to some agreement within the framework of shared situation definitions fail, the attainment of consensus, which is normally a condition for pursuing goals, can itself become an end.” (Habermas, 1987, p. 126) What Habermas provides actors in the SSE is an outline of a decentralized structure, communicative action, within which individuals can realize their capacities and values. However despite this advance over Rawls, the liberal framework is repeated because *the structural framework within which these communicative structures are located is not itself engaged*. The hard work of recognizing, challenging, and ultimately rebuilding a society where “money and power” have become disproportionately and invasively prevalent is left to the individuals in communication themselves, without much to guide this process outside of the paternalistic demand to “talk openly about your assumptions”. While the Promethean promise of the structures of communicative action are highlighted by Habermas, the ways in which these communicative communities might overcome these systems is left largely up to them.

The final thinker to be examined here is the Marxist Analytical philosopher G.A. Cohen. While the philosophical and ideological differences between his work and that of Rawls and Habermas are clear and marked, when it comes to conceptualizing the framework of possibilities for the SSE, the assumptions are the same. What is at issue for Cohen in conceptualizing justice (which he reads as equality) is the obligation of an individual to develop a moral position in relation to the exclusions of capitalism. “My critique of Rawls reflects and supports a view that justice in personal choice is necessary for a society to qualify as just.” (Cohen, p. 6) For Cohen, the Marxist faith in the historical necessity of social change and the Rawlsian faith in the state constructed rules of justice are not sufficient for equality to be achieved. (Cohen, p. 3) Thus, for him, of fundamental importance is the role of individual moral choice in the creation of justice. “[m]y own view ... that *both* just rules *and* just personal choice within the framework set by just rules are necessary for distributive justice.” (Cohen, p. 3, italics in the original) However here again the same problem identified in Rawls and Habermas is repeated despite the acknowledgement of it. That is, for Cohen in a real way the goal of equality is only achievable by the atomic decision making power of the individual, despite the recognition in his work above all of the structural limitations imposed on this choice by

the very inequality of capitalism. The Promethean possibility of a new moral and economic order is pointed to, but the agent for its recognition is again the atomic, “rational” individual of liberal philosophical abstraction.

The SSE is, in terms of its moral justification, schizophrenic like the liberal framework that has dominated its history – moral economies are created through a structural framework that creates the *possibility* for justice, the *realization* of which is the ultimate responsibility of individual social actors themselves. The fundamental circular argument at its core is that individuals must rely on their *pre-existing capacities* within an oppressive and unjust system *in order to realize their capacities*. Liberalism, despite its rhetoric from Mill forward, does not confront the problem of the absence of capacity *created by capitalism and social alienation*, and therefore insures not the Promethean promise of the SSE, but, depending on the dominant ideology behind the structural architecture of its realization, either the Trojan Horse of the capitalist market or Frankenstein state.

Economics: The Playground of Liberal Assumptions

The liberal assumptions outlined above have, perhaps more than anywhere else, embedded themselves within dominant economic thought. What is surprising however is how these beliefs have also infiltrated the economic frameworks most closely associated with the economic “alternative” of the SSE – development, capacities and commons. I can only touch on these here, but will flesh them out further in the full paper. To begin, the most obvious connection between the liberal framework and contemporary “alternative” economic theory is with Amartya Sen. For Sen, similar in important ways to Cohen both in content and in apparent rejection of the liberal framework, a return to the original unification of economic and philosophical is a desirable position. This is especially true if such a position considers both the individual and the institutions which create justice. As Sen argues, “justice is ultimately connected with the way people’s lives go, and not merely with the nature of the institutions surrounding them.” (Sen, p. x) What is at issue for Sen is how economics (motivated by theories of justice) can help us understand and articulate individual capacities through the creation of institutions that facilitate such capacities. But again, as with the philosophers above, for Sen the key idea is that the goal of justice is the creation of “lives which people have reason to value” (Sen, p. xii), a position that leaves the content of those lives, and the creation of their reality, radically up to the individuals themselves to determine. While the re-harmonization of ethics and economics is itself a central premise of the SSE, as we shall see below, the content of the practice of the SSE is the cite of ethics and yet it is precisely the space which is left fundamentally undiscussed by Sen and others.

This assumption of the liberal frame continues, although in different ways, with the work of Elinor Ostrom. The focus on Ostrom’s work is how collective solutions to crisis situations occur within a “commons” as opposed to as being driven by the “rational” self-maximizing individual. This she calls the creation of “common pool resources” – an economic theory that would seem to be tailor-made for the SSE. In fact,

what is remarkable about Ostrom's work from the perspective of the SSE is her early anticipation of, without seemingly having come into contact with, many of the issues raised by contemporary SSE literature. For example, she argues that conceptualizing common pool economic activity as "state" or non-state or "private" or non-private obscures the complex realities of most of these organizations. (Ostrom, p. 14) But this question of the state or market is not fundamental for Ostrom, for her the issue is how collective economic decisions are made in times of crisis. She argues that "An important challenge facing policy scientists is to develop theories of human organization based on realistic assessment of human capabilities and limitations in dealing with a variety of situation that initially share some or all aspects of a tragedy of the commons." (Ostrom, p. 23/24) However while she is largely successful in providing a framework for understanding how common pool resources might be articulated within economic discourse, Ostrom leaves the ethical questions of their construction open for debate. The question for her is whether or not common pool resources can be understood economically, not how to judge their ethical content in comparison with each other or dominant economic practice. In short, all common pool resource solutions are *normatively* equal. While her work can be considered to be an important corrective to standard liberal "development" economics, typified by authors such as Jeffery Sachs (2005) who argue that the economic problems of "poorer" continents such as Africa are based on their minimal participation in markets, it is clearly an underdeveloped position in terms of articulating a robust and moral theory of the SSE. Thus, Ostrom, like Sen, (and one might argue Sachs who has a market development/growth position focused on the least developed countries) while arguing for conditions which might improve the capabilities of the "least well off" continue the liberal cleavage between structure and individual agency.

The SSE in Action: Thinking beyond the Individual

This paper will now turn away from this theoretical problem within liberal thought, which has haunted the SSE, and focus briefly on three practical case studies to demonstrate how this cleavage might be overcome through a value-based conception of the SSE and a conception of ethical value added. These case studies are: the co-operative movement, micro-credit, and alternative energy.

The co-operative movement is both within and outside of the SSE. It is within the SSE because it conforms to its most basic and developed definitions. It is outside because, as an identifiable and historical movement, it is meaningfully independent in law and practice and its internal principles exceed any definition of the SSE. Its importance in the context of this paper however is that it provides two basic experiences from which the SSE can learn and which exceed the framework of liberal ethics. First, in the seven principles of co-operation co-operatives have been able to provide ethical content to the structure of economic co-operation. These principles, articulated in individual co-operatives and formalized internationally in 1937, 1966, and 1995, provide not just a structure upon which communities or individuals can build ethical economic organizations, but they are developing and flexible ethical content that can be applied to a variety of different situations. This in fact is a defining feature of the history of the co-

operative movement, its rapid growth and adaptability to a variety of different cultural and economic contexts formally emerging with the Rochdale pioneers in 1844. Key amongst these principles are: democratic member control; the priority of people over capital; and concern for non-members and the community at large. All of these principles form a direct challenge to the precepts of capitalism specifically liberalism's focus on the self-maximizing autonomous individual. Second, and in contrast to the SSE, co-operatives have developed, out of the contested context of capitalism and these principles, into a *social movement* based on the idea of mutual aid and societal transformation. While there are many examples of individual co-operatives who have stagnated in their ethical and mutual aid activities, as a whole the co-operative movement provides a template of a developing moral economic movement with world-wide reach, hundreds of millions of members, and billions of euros in assets. The SSE would, I believe, do well to look to this example of the co-operative movement as a template for a different moral economic order built on different normative scaffolding.

Second, and more specifically, the SSE can look towards the recent (as opposed to the older credit unions³ which are part of the co-operative movement mentioned above) movement towards community control of capital through micro-credit, most famously in Bangladesh, Africa, and Ireland. What is important here for this paper is that within these movements the promise (and far too often it remains a promise) of the control of capital for goals other than profit remains a key motivating factor of this movement. In fact, the idea of micro-credit is that the capital contained within a community is sufficient, alongside the labour of individuals within it, to develop that community provided that leakages to capitalist firms are kept to minimum. (See Loxley for a development of the concepts of leakage and linkage) By placing a focus not on the particular business or entrepreneur, but on the capital available to a community, the movement from micro or community credit fundamentally challenges both the normative frame of capitalism – profit – as well as the argument for a central “distributing” state, and provides a practical mechanism for its realization and growth.

Third, the example community energy has provided a more recent example where a fundamental component of the economy, energy, is at least partially democratized and placed under community control. Here the potential for the SSE to serve as a Trojan Horse for the marketization of State services is perhaps most pronounced, and its final nature is still a site of struggle in the countries where these policies are most fully developed such as Scotland, Denmark, Germany, Canada (specifically the provinces of Ontario and Nova Scotia) and Argentina. But the ambiguous future of these experiments also provide us with the most urgent arguments for a more refined understanding of the SSE in order to address the oncoming criticisms that these policies engender. If, for example, the move to community energy truly creates, what the ILO argues should be “good” as well as “green” jobs, community control over resources, and sustainable local economic development then we begin to create clarity about the “social” elements of alternative energy. (ILO) If however, the only requirements of these policies are

³ There is a good argument to be made that credit unions remain the most advanced form of micro-credit yet developed.

economic growth and job creation within an alternative energy sector, the promise of community energy does indeed become a Trojan Horse for capitalist market penetration of State resources. Again, like micro-credit, what is exciting about the possibility of community owned energy is the possibility of democratizing and localizing control over key levers of the economy. However as any close reader will note, democratization and localization are not the normative principles of liberalism but something different. It is with a sketch of these “new” principles that this paper concludes.

Bringing the Normative Back: Values Based SSE and the Ethical Value Added Framework

This paper has focused so far on the liberal normative framework through which the SSE has largely been conceptualized over the last century. While there are many different philosophical, economic, social and political frameworks that have engaged with part or all of the SSE, the fundamental belief remains that individuals and communities must themselves articulate their capacities once the “rules of the game” are set. In this final section, I wish to turn this premise on its head and argue that what is crucial for the SSE to realize its moral and economic, and thereby Promethean, potential is for the first premise to be *a critical understanding of the “rules of the game” and a conscious movement to build alternatives which meet the needs of communities* which have been excluded and oppressed by these structural conditions.

Simply put, in the economic sphere the dominant logic has increasingly become the logic of capitalism. Governments across the world now essentially accede economic planning in one way or another to the market – as the recent response of “austerity” to economic crisis created by private capital demonstrates. Where this is not the response, like in BRICS block of countries, the state has tended to be an omni-present player in the economy that creates problems of a different order. Since the SSE, by definition, is supposed to be neither state nor market in a fundamental way, it requires an articulation that changes the focus of policy and social movement action on a different actor. For this purpose I have elsewhere defined the Social Economy as: *“economic activity neither controlled directly by the state nor by the profit logic of the market, activity that prioritizes the social well-being of communities and marginalized individuals over partisan political directives or individual gain.”* (McMurtry, 2010, p. 4) The key here is that the *community and its social wellbeing becomes the normative site of action* rather than state policy or market activity. Economics is engaged with in so far as it serves this need. Further, the social here is understood as *“the space of community where the individualism of the market and the alienation of state bureaucracy are replaced with community voice and economic activity responding to community need.”* (McMurtry, 2010, p. 22) In this way the fundamental site of decision making for the SSE is the community, and in whatever way this community considers appropriate, decisions are fundamentally democratic. Such definitions are in direct disagreement with the dominant liberal normative frames of individualism and capitalism, and indeed representative democracy (or enlightened centralized control) at a state level. The purpose here is to articulate both a site of economic and moral activity (the community), and a process (democracy at the community level), which are distinct from the usual drivers of SSE

activity (despite the definitional prohibition mentioned above) – the state and the capitalist market. Liberal philosophy is comfortable with neither the radical decentering of the “rules of the game” or with the prioritization economically of community decision over individual choice.⁴

The question however still remains as to what organizations and individuals might do once they have identified the “rules of the game” and their unique position in relation to them. After all, even the co-operative movement is, despite its strong articulation as a movement, constantly under scrutiny for its less-than robust economic performance (for example the recent failure of the Co-op group in Britain to purchase Lloyd’s Bank despite favourable government support) and its moral failures (for example Mondragon Worker Co-operative’s internationalizing campaign which has created a significant non-European, non-member workforce with differential wages). How could any SSE organization even contemplate taking on “the rules of the game” in a systematic and practical manner?

This paper suggests a provisional answer in the concept of Ethical Value Added. (McMurtry, 2009) Through this concept, SSE organizations would be able to build from where they are both economically and morally, but build towards a more clearly articulated moral position by asking and rigorously tracking the following three questions:

- 1) What Social/Community value does our economic activity aim to create?
- 2) How can we effectively measure this Social/Community value in ways that reflect our impacts on community needs?
- 3) How do we plan to increase our impacts on community needs and how can community contribute to our strategic planning?

By asking these questions and formalizing them within the organizations operational logic, SSE organizations have the opportunity to start with whatever capacities the organization has, but build capacity both internally and in relation to the community. They can in other words, begin to create the rules of their own game, and to demand a place within economic and social policymaking by first opening the doors available to them – those of their community. By so doing the SSE can avoid the accusation of Trojan Horse and State Frankenstein, and begin to challenge the liberal normative and economic frame within which it has been put. In fact, this radical reordering of the liberal political and economic order (and indeed the state-centric) is a necessary step for the realization of moral and economic claims of the SSE, and indeed its Promethean promise.

⁴ While I don’t have the space to flesh out this position in full here, it is important to note that this position *is not* advocating a “retreat to the local” or “particularism” above all else, but rather is suggesting that a clearly articulated “third” player (the SSE) be given a meaningful seat at the political and economic table.

J.J. McMurtry, Ph.D.
Graduate Program Director, Social and Political Thought
Associate Professor, Business and Society Program
South Ross 712
York University
4700 Keele St., Toronto, ON
Canada, M3J 1P3
jmcmurtr@yorku.ca
416-736-2100 ext. 77402

Bibliography

- Bouchard, Marie J. ed. (2013). *Innovation and the Social Economy: The Quebec Experience*. Toronto: University of Toronto Press.
- Cohen, G.A. (2001). *If You're an Egalitarian, How Come You're So Rich?* Cambridge: Harvard University Press.
- Fontan, J.-M., and E. Shragge. 2000. *Social Economy: International Debates and Perspectives*. Montreal: Black Rose.
- Habermas, Jürgen. (1984) *The Theory of Communicative Action Volume I: Reason and the Rationalization of Society*. Boston: Beacon Press.
- Habermas, Jürgen. (1987) *The Theory of Communicative Action Volume II: Lifeworld and System: A Critique of Functionalist Reason*. Boston: Beacon Press.
- International Labour Organization. (2011) *Towards a Greener Economy: The Social Dimensions*. Geneva: International Labour Organization.
- Isaac, T.M.T, Franke, R.W., and Raghavan, P. (1998) *Democracy at Work in an Indian Industrial Cooperative*. Ithica: Cornell University Press.
- Kropotkin, Peter. (1972) *Mutual Aid: A Factor in Evolution*. New York: New York University Press.
- Liebman, Marcel. (1985) *Leninism under Lenin*. London: Merlin Press.
- Loxley, John. (2007) *Transforming or Reforming Capitalism: Towards a Theory of CED*. Toronto: Fernwood Press.
- McMurtry, J.J. (2004) "Social Economy as Political Practice", *International Journal of Social Economics*. Vol. 31, No. 9, pp. 868 – 878.

McMurtry, J.J. (2009) "Ethical Value Added: Fair Trade and the Case of Café Feminino". Special Issue of *The Journal of Business Ethics*. Vol. 86, No. 1, pp. 27 - 49

McMurtry, J.J. (2010) *Living Economics: Canadian Perspectives on the Social Economy, Co-operatives and Community Economic Development*. Toronto: Emond Montgomery Publishers.

Mook, Laurie, Jack Quarter and Sherida Ryan eds. (2010) *Researching the Social Economy*. Toronto: University of Toronto Press.

Ostrom, Elinor. (1990/2002). *Governing the Commons: The Evolution of Institutions for Collective Action*. Cambridge: Cambridge University Press.

Rawls, John. (1971/1999). *A Theory of Justice*. Cambridge: Harvard University Press.

Sachs, J.D. (2005). *The End of Poverty: Economic Possibilities for our Time*. Toronto: Penguin.

Sen, Amartya. (2009) *The Idea of Justice*. Cambridge: Harvard University Press.

Thomas, Paul. (1985) *Karl Marx and the Anarchists*. London: Routledge and Kegan Paul.