An Epistemological Reflection on Social and Solidarity Economy

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An Epistemological Reflection on Social and Solidarity Economy

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Abstract  Social and Solidarity Economy (SSE) is emerging as life affirming solutions to the global crises through the multiple ways people locally reinvent economic life on the margins of the capitalist system based on values of solidarity, reciprocity and sustainability. Although the SSE builds on a strong foundation of real practices and institutions of economic transformation as the way forward for us, this paper argues that this world of practice is in need of its theory to frame discourses and engage with the bigger picture with confidence as an alternative to the dominant economic paradigm. The author argues that the orthodox economics, with its ontological construct of the *homo economicus*, Cartesian dichotomy and logical positivist epistemology severely constrains our abilities to understand and appreciate economic alternatives based on ‘other’ rationalities. Hence, there is a need for an epistemological revolution to construct a coherent theoretical framework from the wreckages of the neoclassical economics for the SSE. This paper seeks to outline the basic structure and the key elements of the ontological and the epistemological framework for this ‘science-in-the-making’ as a step to stimulate further debate for a paradigm revolution.

Keywords: end of growth, failures of orthodox economics, *homo economicus*, social ontology, non-instrumental motivation, social provisioning, *homo sociologus*, multiple logic, epistemological revolution
As the twenty-first century unfolds, we encounter compelling evidences that we have reached ‘the end of growth’. Unrelenting growth and ‘phantom wealth’ creation through unfettered capitalism, driven by greed and debt, have led to the demise of the global economic system. Gandhi had already made a prognosis a century ago and described this paradigm as ‘a seven-day wonder’. The modern ‘satanic’ civilization, as Gandhi claimed, ‘is such that one has only to be patient and it will be self-destroyed’ (Gandhi, 1909, p. 3). The ‘Gandhian moment’ has come. The capitalist ideological indoctrination of endless economic expansion and material living standards is an illusion. This basic illusion of the age of capital has come to an end. As Arthur Miller wrote, ‘An era can be said to end when its basic illusions are exhausted’ (1974/75, p. 30). We now realize that the promise of everlasting prosperity was only a ‘short dream’. The so-called ‘golden age of capitalism’, Wirtschaftswunder in Germany, and Les Trente Glorieuses in France were at best capitalism’s short but sporadic history. As Gordon (2012) argues, there was no growth before 1750, there might conceivably be no growth after 2050 or 2100. The rapid progress made over the past 250 years could well turn out to be a ‘unique episode in human history’, an ‘aberration’. The ethos, logos and pathos of the rhetoric of growth are losing their steam. ‘Capitalism digs its own grave’, Marx had correctly diagnosed, and Karl Polanyi, in his influential book, The Great Transformation, as far back as 1944 predicted the imminent ‘breakdown of our civilization’ (1944, 3–5). The oxymoron of growth is dangerously out of sync with our social and environmental wellbeing, erodes our solidarity with nature and the future and impairs the moral framework governing our cohesive community life, increasingly creating conditions for us to question whether the Schumpeterian ‘creative destruction’ is creative at all.

Growth has crossed its ‘threshold line’ and has become counter-productive. The global economy is in significant ecological overshoot, and we need to discover ways of reducing humanity’s overall ecological footprint. The earth system is severely impaired, and the eco-system services—the very foundation of our life and wellbeing—are irreversibly damaged. Man, the homo sapiens faber, has acquired enormous capacity to be able to leave a significant and durable impact on the earth’s ecosystem on a planetary scale, marking the onset of the Anthropocene—a new geological epoch in earth’s physical biography (Crutzen, 2002; Crutzen & Stroermer, 2000, Steffen, 2011). In the absence of an effective redistribution paradigm, we now live in a ‘one-fifth society’, with only a fifth of the global population as winners of this model. Unemployment and deprivation, social exclusion and polarization, loss of social protection, with the resultant
increase in violence, crime, suicide, family breakdown etc. create the problem of security and wellbeing for all. Meanwhile, we have got an important message from the global financial crisis of 2008 that Minsky (1986) was right when he warned of the inherent instability of the financial markets. The crisis, the biggest since the great depression, convincingly proved the limits of the present model of capitalism but also the major fault lines of the growth engine itself. The crisis was merely a symptom of the deeper systemic crisis of capitalism, endogenous to the system itself fuelled by unregulated greed.

The crisis has also brought the orthodox neoclassical economics—the intellectual and ideological home of the capitalist economic system—under intense criticism, for the crisis is symptomatic of a ‘systemic failure of the economics profession’ (Colander et al., 2009). About 30 years ago Stigler (1984), the Economics Nobel Laureate, called economics an ‘imperial science’ and predicted that it was on its way to becoming the ‘queen’ of the social sciences. But, today economics may well have reached the stage of imperial overstretch, and many would call it a ‘dismal’ science and even a ‘failed’ science. The queen has turned dismal (Mäki, 1999). However, the intellectual crisis of the discipline did not start with the recent crisis in the economy. As Lawson (2012) argues, the crisis just made more people aware of the intellectual failings of the discipline: ‘One positive consequence of the on-going economic crisis is that the intellectual malaise of the modern academic discipline of economics is becoming ever more widely recognized’ (p. 3). There has been a growing debate in recent years, more so since the financial crisis of 2008, not only over the moral quality of the capitalist economy (Crouch, 2012), but also the tyranny of the orthodoxy in economics (Colander et al., 2009; Freeman, 2009). Orthodox economics is passing through a crisis and a period of ‘unrest’ (Fullbrook, 2003). There is something fundamentally wrong in economic orthodoxy; many of its assumptions are fatally flawed, many of its ‘dogmas’ do not hold in reality. Economics has increasingly become ‘an arcane branch of mathematics rather than dealing with real economic problems’ (Friedman, 1999, p. 137), and as Coase summarizes, theoretical system in economics ‘floats in the air’ and ‘bears little relation to what actually happens in the real world’ (1999, p. 4). Economics, in fact, is a colossus with feet of clay—with dubious methodological status and a preference for doxa over episteme. Economic theory is broken, because it is plagued by theory-practice inconsistencies. As Stiglitz (2002) has observed, economics has suffered ‘a triumph of ideology over science’.

The worst excess of neoclassical economics is the loss of ‘the moral minimum’ from our social life. Kreps (1997) argues that in recent decades ‘self-interest’ degenerated into explicit ‘greed’ as the operational microeconomic assumption with claims to universality, and scarcity is no longer rooted in material life, but
rather in the human mind as function of infinite human desires driven by greed. The Nobel Economist Sen (1987) laments that the nature of economics ‘has been substantially impoverished by the distance that has grown between economics and ethics’ (p. 7). Coyle sums up the critics: economics is crude and ‘too narrow in its focus, caring only about money; too dry and robotic in its view of the human nature; too reductionist in its methodology’ (2007, p. 2). It is not a ‘science for humanity’, but rather ‘ideology on the side of capital’ (Peet, 2011), and has degenerated to ‘eco-no-mics’, with the result that orthodox economics has become a highly contested discipline, as many ‘are worried about the increasing adoption of its suspiciously narrow and distorting world views as part of the questionable cultural trend of . . . commodification of our social lives at large’ (Mäki, 2005, p. 212). Colander et al. lament that ‘[i]n our hour of greatest need, societies around the world are left to grope in dark without a theory’ (Colander et al., 2009, p. 2). In the garb of a ‘hard’ science, economics is not only empirically empty and intellectually bankrupt, but is also a dangerous cultural failure.

REDEFINING ECONOMIC LIFE THROUGH TRANSFORMATIVE PRACTICES AT THE BOTTOM

But the ‘end of growth’ is also a time of extraordinary opportunity to be welcomed. It is a historic opportunity to change the course for the future using our unlimited creativity and our sense of moral purpose. The search for answers to our complex problems compels us to rethink the present economic paradigm. As the nineteenth-century philosopher Alexis de Tocqueville had argued, a new science of economics is needed for a new world (Swedberg, 2009, p. 5). Patchwork in the system through ‘incremental reforms and tinkering with the plumbing of our political economy’ will not suffice (Jennings, 2011, p. 4). Rather than licking the wounds, we need to build a new economy; and the financial crisis (of 2008) is ‘our best chance to build a new economy’ (Korten, 2009, p. 1). The Anthropocene, Seielstad (2012) argues, is humanity’s defining moment that reminds us as a community that we can be agents of positive change. The first thing we must do is re-align our thinking, our perspectives and priorities, develop adaptive responses and deepen post-growth dialogues—to reinvent economics for alternative visions for another and a better economy from the wreckage of the orthodox economics.

Already the seeds of change for the ‘future we want’ are sprouting up in their rich diversity on the margins of the capitalist growth. We can see the contours of another economy, a qualitatively different economy, in the shape of new communitarian movements through which local communities resist and respond to the multiple crises of global capitalism, and innovate alternative ways to meet
economic needs within their local solidarity-based associational space. At the heart of these diverse forms of economic expression, lumped together under the rubric of social and solidarity economy (SSE), is the attempt to create an alternative communitarian response to the growing problems and gaps in meeting citizen needs created especially by recent developments in the market economy (globalization of the market) and in the political economy (decline of the welfare state). More importantly, this rich mosaic of SSE landscape reflects how communities walk these alternative pathways to create them, in the sidewalks of the dominant economy. The SSE today refers to an umbrella for a loose federation of diverse concepts and practices (alternative money, community currencies, social finance, microfinance, fair trade, self-help groups (SHG), cooperatives, associations, mutuelles, collectively owned and managed social enterprises, time banks, services de proximité, local exchange and trading systems (LETS) etc.). Fundamentally, they are important social innovations in varied forms of democratic social designs in “associational economics”, expressed through the blooming institutions, practices and modes of meeting human needs through ‘social provisioning’ based on reciprocity, cooperation and non-economic incentives as alternatives to ‘market provisioning’ through profit and competition. As Julie Matthaei et al. emphasize, these types of transformative economic organizing insert ‘solidaritous values’ into our relationships with people and environment through solidarity production practices, solidarity transfer and exchange as well as solidarity use and consumption practices (www.thetransformationcentral.org/solidarity). Some of these innovations are based on necessity (mostly of the ‘losers’ of the capitalist system, e.g. self-help groups, rotating savings and credit associations (ROSCA), cooperatives, social finance, community currencies etc.), while others are based on choice (of the ‘winners’ of the system arising out of their ethical sense of responsibility to others and nature, e.g. fair trade, responsible consumption, socially responsible investment, voluntary simplicity movement etc.), but they do reinforce social cohesion as an essential element of collective action and provide a basis for a ‘(re)distributive solidarity’ across the growing capitalist divide (ILO, 2010, p. 7). They can be within or outside the market. Some of them are new, while others are old and have existed for a long time, but have suffered considerable erosion in their appeal over time (e.g. cooperatives and mutuals). What is new in the emerging framework of the growing wave of the SSE movement is a renaissance of these old practices—the way in which they are envisioned and articulated as part of a different system, and part of a growing ‘movement’ for a post-capitalist value change. The concept of SSE advances an alternative to the hegemonic capitalist rationality and seeks to overcome the rationality deficit that has caused our civilizational crisis, replacing it with the concept of the economy as a social institution, whose ultimate purpose...
is to reclaim the market for social ends, and to bring capital under the democratic control of society, based on solidarity, fairness and sustainability.

A universally valid and accepted definition of SSE—one which unites all its essential features and captures the range of its diverse forms and practices is difficult at this stage, given the fact that the field is still evolving and SSE organizations are very fragile, taking only baby steps, whose boundaries are porous with some degree of fluidity. Further, theoretical developments to understand and explain the SSE are still at a preliminary state. Hence, it is a work still in progress. But there does exist considerable clarity on its essence and basic characteristics. SSE (as presented in the Table 1) is a distinctly different economy in terms of its rationality, principles and focus. It rotates on a different orbit of the intent and the content of economic life. If the era of capitalism produced its own economics based on four value-laden concepts (rationality, efficiency, competition and profit), as a post-capitalist movement the SSE articulates an economy whose DNA is constituted by, what Razeto (1998) characterizes as ‘the factor C’—cooperation, community spirit and collective action. If the capitalist economy moved towards greed, growth and globalization, the SSE changes course and gravitates towards localism, reciprocity and sustainability. It constructs a radically different economy that wins democratic support, changes the equation between capital and labour, makes a sharp distinction between the means and ends, seeks to reduce our ecological footprint, emancipates rather than subjugating people and moves beyond the narrow economism of GDP by emphasizing on the multidimensionality of wellbeing (Dash, 2013). After the

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Table 1: Ideal-Type Construction of the Three Sectors of the Economy

<table>
<thead>
<tr>
<th>Dominant actors</th>
<th>Public</th>
<th>Private</th>
<th>SSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rationality</td>
<td>State</td>
<td>Market</td>
<td>Community</td>
</tr>
<tr>
<td>Response to</td>
<td>Distributive</td>
<td>Competitive</td>
<td>Cooperative</td>
</tr>
<tr>
<td>organizational decline</td>
<td>Voice</td>
<td>Exit</td>
<td>Loyalty</td>
</tr>
<tr>
<td>Relationship based on</td>
<td>Hierarchy</td>
<td>Exchange</td>
<td>Solidarity/ Reciprocity</td>
</tr>
<tr>
<td>Governance principle</td>
<td>Control/ Dirigisme</td>
<td>Freedom/ Laissez-faire</td>
<td>Participation</td>
</tr>
<tr>
<td>Value creation</td>
<td>Public goods</td>
<td>Wealth creation</td>
<td>Blended values (social, ecological, moral, and economic)</td>
</tr>
</tbody>
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FORUM FOR SOCIAL ECONOMICS
twentieth century experiments with the ‘Big Market’ and the ‘Big Government’ failed to meet social needs, the locus to improve the opportunities and sources of well-being, solidarity and lasting prosperity increasingly moves to the ‘Third Sector’, beyond the laissez faire-dirigisme pendular swings and the fear-greed dichotomy. Within the framework of sectoral analysis, the SSE is therefore generally regarded as the core of this third sphere, or as known in the French tradition, le troisième pilier de l’économie (‘the third pillar of the economy’). But the solidarity economy represents economic activity that is governed by the principles of reciprocity and solidarity, and is thus not just another ‘sector’ of the economy; more importantly, it is a (qualitatively) different ‘approach’ to the economy (Dash, 2014, Dacheux & Goujon, 2012).

Social Innovation is the basis of the SSE (Széll, 2012, 2011), expressed through alternative ways of engaging with the economy to realize greater and sustainable wellbeing. Today, the SSE landscape is replete with such innovations oriented to ‘correct the flaws’ in the capitalist system, seeking to bring ‘social content and moral purpose’, ‘environmental focus’ and a ‘democratic character’ to capital. Organizationally, the SSE blends values (economic with social, moral and environmental), may even be hybrid in form, but it is not structured around the owner-worker hierarchy, or focused on the narrow economism of maximizing only the financial returns at the expense of all other values. With a democratic governance structure, these organizations are rooted in the local social fabric, based on solidarity, trust, cooperation and community spirit that drive bottom-up practices of sustainable development, essentially looking for a multidimensional rationality beyond the greed-driven market. SSE seeks to subordinate profit to people and the planet, and as Volkmann (2012) explains, ‘includes aspects of solidarity and fairness in opposition to pure profit-maximizing’ (p. 102). As an alternative system to capitalism, Social and Solidarity Economy includes forms of economy built on relationships and ethics of care, cooperation and solidarity, instead of competition and individualism (Miller, 2009).

SSE is less interested in how the dominant economy works than how people live their lives as part of the economy—struggling with, or even against, the conditions created by the dominant economy. As creative processes of societal self-(re)organization at the bottom, sprouting up around the world in recent years in their rich diversities, the SSE is essentially defined by its pluralism. The SSE Actors view their organizations, not in the same instrumental way as an employee, or a client, or an investor views a company, but as an entity that is very much central to their lives—offering them an institutional space as well as a social environment that provides not only cohesion, support and security, but also gives them confidence, hope and even identity (Dash, 2005).
Economic analysis loses most of its relevance as a method of inquiry to explain the working of the economy outside the system of price-making markets that are based on non-utilitarian motives, non-market relations and non-monetary transactions. Therefore, the rich mosaic of the SSE landscape does not fit within the theoretical-conceptual frameworks and the analytical tools of conventional orthodox economics. As a result, they have been pushed aside by the orthodox policy regime as inefficient (on a scale of wrongful comparison with the single bottom-line profit-maximizing enterprises), ignoring their impact in terms of social/environmental returns. Thus, a ‘poor social imaginary’ about the SSE has been constructed through the distorted lens of the ‘imperial’ orthodox economics. But today, at a time when the ‘imperial’ paradigm itself is decomposing from inside, the context holds great promise for the SSE to be developed as an alternative philosophical system with a robust and coherent epistemological and ontological foundation against the failing neoclassical orthodoxy (Dash, 2014, 2013). In the absence of such theoretical-conceptual advances with strong ontological and epistemological foundations, SSE cannot go very far in framing discourses and in engaging with the bigger picture to make a difference in the crises-ridden monolithic and pathological economic system. As Razeto asserts the essential ‘limitations’ and ‘deficiencies’ often seen in these alternative pursuits cannot be overcome without the support of a scientific theory that respects and strengthens the alternative economic identity of the SSE, expressing in a coherent manner their unique economic rationale and providing them with rigorous criteria to guide the decision-making process, management and operations (http://www.luisrazeto.net/). If the old philosophy of social economy was a utopia in search of its practice (Henri de Roche, quoted in Miller, 2006, p. 14), the current wave of the SSE is a growing body of practices in need of its theory.

Theory building in SSE therefore essentially involves a deconstruction of the neoclassical paradigm—a highly complex philosophical, political, social and moral exercise questioning the thought, the science and the institutions that create this ‘iron cage’ of greed and instrumental rationality in which neoclassical thinking and practice are locked up. The building block of the huge monolithic economic edifice and the micro foundation of orthodox economics is the homo economicus—the ontologically cold, calculative, instrumentally rational, atomistic man with a ‘separative self’ (England, 1993). Emphasis on self-interest and maximization as prime movers of human action governed by the principle of competition strip the homo economicus off any morality and substantive rationality, and create a ‘thin theory of human action’ (Taylor, 1988). The model of homo economicus has changed not just how individuals think of themselves and
their preferences, but how they relate to each other in creating an economics of thin ties. With its ‘performative’ power, the orthodox economics has so strongly institutionalized and so deeply ingrained economic rationality into our way of being and our subjectivity that it has become the genetic essence of the tribe of homines economici.

Orthodox economics, with its ontological assumption of the homo economicus, therefore grossly neglects both the logical possibility and empirical reality of economic practices based on ‘different rationalities’, ‘relational capital’, as well as ‘cooperative logic’ for the creation of ‘psychic income’, ‘social profit’ and ‘ecological well-being’. Thus, orthodox economics severely constrains our cognitive abilities to imagine economic alternatives, through which local communities rebuild their fractured lives, reassert their identities, regenerate the environment, restore their social and ethical values and carve out their own space and a more sustainable and better future, in short, put a moral brake on capitalism. A better economy requires a better economics. What is needed, is ‘a change of skin’ (Leff, 2009, p. 105), an ontological-epistemological revolution in the economic science, to understand and explain ‘the other economy’—economic behaviour based on different logic, values and motivation as a means to social-relational, psychic-emotional, moral-ecological wellbeing with a focus on sustainability.

SSE, a ‘science-in-the-making’, helps us think against the grain of our impoverished social vision and our impaired lives, and the Weltanschauung which is especially locked up in the belief that ‘there is no alternative’ to global capitalism. At a theoretical level, there are important ontological and epistemological divides between SSE and the mainstream economics, and in their normative and scientific claims. SSE challenges the science and craft of neoclassical economics—its ‘rational choice paradigm’, and its central assumptions of a ‘separate sphere’ of the economic activity, the dualism of the market and non-market spheres and that markets and hierarchies are alternative modes of coordination. SSE offers a theory of contrastive explanation of the personae of the ‘human agency’ starting with ‘socializing’ the homo economicus. It rejects the triad of the colossal neoclassical default: positivism, methodological individualism and the ontological construction of the homo economicus. In constructing its ontological and epistemological framework around the failures of the neoclassical orthodoxy, SSE develops as a science which builds on the research-leads in economic sociology and anthropology, behavioural psychology and other heterodox traditions in economics, notably the old/original institutional economics and feminist economics. Therefore, SSE is distinct in terms of its epistemological intersectionality.
A SCIENCE OF SOCIAL PROVISIONING: REDEFINING THE INTENT AND THE CONTENT OF ECONOMIC LIFE

The concepts, theories and models of the neoclassical economics are constructed to explain the phenomena of the market economies. SSE questions the reductionism of the neoclassical economics defining economics as the study of utility maximization and decision-making, as rational choice between the alternative uses of scarce resources. In stark contrast, the SSE is conceptually anchored on a ‘flourishing services’ approach, or a social provisioning approach to economics. It may as well be referred to as the ‘sustainable livelihood’ approach, which refers to the study of how humans make a living from their social and natural environment in a socially just, environmentally responsible, and morally correct way. In this sense, economics is simply the study of the way society meets its material needs. It emphasizes that economic activity basically involves the ways people organize themselves collectively to get a living, and on the ways a society organizes itself to (re)produce its material life and well-being. Instead of telling a narrow story about economies as the production, distribution, circulation and consumption of goods and services in varying combinations of market and state, the SSE approach suggests that we ‘define economies much more broadly as all of the diverse ways that human communities meet their needs and create livelihoods together’ (Miller, 2009, p. 30, emphasis in original).

Following Polanyi (1944), we can claim that within a given social system, special aspects of provisioning can be organized in a number of different ways (reciprocity, distribution and exchange) and that there is no one best way. As Gudeman (2008) explains, people have two ways to deal with the problems of production, distribution and consumption of goods: market or impersonal exchange and mutuality or community. Market is the anonymous sphere of competitive exchange, unaffected by personal relationships between individuals, where they transfer between them goods, labour, money or ideas. Community, in turn, is the sphere where people transfer between them goods and services that create, mediate or reinforce social relationships. Access to the means of livelihood for individuals and families is ‘a polymorphous arrangement of social relations’ of production and reproduction (Narotzky, 1997, p. 210).

SSE builds on the formalist-substantivist debate of the 1960 in economic anthropology (Cook, 1966; Firth, 1967; Kaplan, 1968). The substantive meaning focuses on the material acts of making a living, the formal meaning on the study of rational decision-making, and as Polanyi explains, ‘The latter derives from logic, the former from fact’ (Polanyi, 1968, p. 122). SSE broadens the scope for a ‘second wave of substantivism’. The ‘first wave of substantivism’ often romanticized the non-western and primitive societies, and thus essentially sought
to push the field backward, while SSE, through a ‘second wave’, stimulates innovation to move the field forward, to give new meanings to the facts and practices not as ‘aberrations’ but the real substance of economic reorganizing to blend values. This approach opens up the possibility to capture the importance and the reality of the non-monetary activities, outside the market structure, as a means to access a whole range of goods and services. ‘Provisioning’ need not necessarily be done through the market, nor need it be motivated by selfish interests and driven by instrumental rationality only. In contrast to the singular market theory of the neoclassical economics, SSE regards markets as empirically diverse and overlapping—all exchange in markets is trade, but not all trade takes place in markets (Aspers, 2011, p. 7).

In fact, society derives much of its functioning from the unpaid work contribution to reproduction from its members (such as the everyday work that is done in households and communities to prepare food, to clean and repair, to care for children, the sick and the elderly and so on). Feminist economists have especially claimed that as a methodology, the social provisioning approach is a useful beginning for an economic analysis in which women’s unpaid and caring labour in the reproductive economy is central and which has at its core an emphasis on human well-being, with the empowerment of subordinated groups (Nelson, 1993; Matthaei, 2009). Women have been in the forefront of these diverse distinct transformative economic practices of the SSE landscape because the SSE resonates with women’s sensibilities and the anti-capitalist feminist values: it transcends the obsession with money, and its valuation of the non-monetized work extends to the traditional province of women (Matthaei, 2009, p. 308–309).

However, SSE goes beyond feminist economics in framing the social provisioning approach to economics. Thus, for example, in the feminist economics framework, ‘social reproduction’ generally refers to women’s unpaid work in a patriarchal system. But SSE develops a much broader framework in which unpaid work generally includes domestic work, voluntary work, subsistence farming, community service, reciprocal labour exchange and a whole range of unpaid service production and exchange embedded in the economy, and such other non-monetary activities with economic effects, ontologically based on the value of a relationship of solidarity and non-instrumental motivations. Cahn (2001) argues that many key areas of life (such as caring for children and the old, sharing services, offering mutual support and so on) still function outside the money system and help to build a strong community based on reciprocity rather than profit. More of our economic lives, as Strober (1994, p. 145) emphasizes, are concerned with sacrifice and cooperation rather than greed and competition, but the epistemological bias in the mainstream
Economics leaves them out of the ‘economic’ analysis and valuation because they are ‘non-market’ unpaid labour.

Ecofeminists like Bennholdt-Thomsen (2001) point out that human well-being depends largely on reciprocal subsistence-based activity, not money. But, even outside feminist economics, advocates of local currency and the LETS have convincingly argued that ‘dependence on money for economic provisioning is unnecessarily restrictive, and that people who do not have access to money can and do nonetheless make huge contributions to local economies’ (Perkins, 2007, p. 232, emphasis added). Similarly, Raddon (2002) argues that community currencies provide one way of acknowledging the value of unpaid work, and that the social relationships fostered in community currency groups are also an important component of community cohesion and social capital. The ‘flourishing services’ or the social provisioning approach essentially involves ‘removing barriers so that unpaid and non-marketed activities can flourish’ and thus goes ‘beyond markets and monetization as compensation mechanisms’ (Perkins, 2007, p. 232).

Time Dollars are especially designed, as a medium of exchange, to rebuild a fundamentally different economy—the economy of home, family, neighbourhood and community as part of the core economy. As an important part of SSE, Time Dollars supply the substratum on which the market economy survives, and in effect, subsidize the market economy with unpaid labour, much like the contribution of ecosystem services to our well-being. As Cahn (2001) argues, when social problems call for input from the core economy, Time Dollars provide a way to generate that critically important labour, while also creating purchasing power and psychic reward for those ‘excluded’ from the money market. Similarly the LETS and the ‘activity-based’ currencies, as media of exchange embedded in local networks of solidarity, builds peoples’ control over their own economic destiny as well as resilient communities. The ‘flourishing services’ or ‘social provisioning’ approach, redefines ‘work’ beyond the conventional notion of formal income-earning activity, and includes being active for one’s own sake, for the community and for the usefulness of others. Thus, it allows us to perceive a wider range of income-earning activities, to understand income in a non-monetary way. Thus SSE changes both the intent as well as the content of economic life.

‘Social provisioning’, as Marilyn Power argues, ‘is a phrase that draws attention away from images of pecuniary pursuits and individual competition, toward notions of sustenance, cooperation, and support’ (Power, 2004, p. 6). This approach has deep historical roots in Aristotle’s concept of oikonomikè in contrast to chrematistikè: chrematistikè is the acquisition of wealth, which, Aristotle argued ought to be subordinated to oikonomikè. Oikonomia—from which the term ‘economics’ is derived—means ‘the art of household management’, and oikonomikè is the action of using the things that are necessary for life, that is,
to live at all (ζην) and for the ‘good life’, that is, to live well (ευζην). When Aristotle speaks about ‘life at all’ he is referring to what is achieved at home (οικος). When he talks about the ‘good life’ he is referring to what is attainable in the polis, and it is the end of the civil community. According to him, the last concept of life has a precise moral meaning; it is a life of virtues by which humans achieve happiness. Chrematistikè ‘produces’ wealth and looks unlimitedly for money, but oikonomikè uses what is necessary to satisfy the agent’s requirements to live well. Similar distinctions can be found in the analysis of Marx who distinguishes between ‘use value’ and ‘exchange value’ (Marx, 1990, ch.1), and in the distinction made by Weber (1978) between haushalten (‘house holding’) and erwerben (‘profit making’).

**TRANSCENDING FALSE DICHOTOMIES**

Closely related to ‘the social provisioning’ approach of SSE is the problem of dualism prevalent in neoclassical economics and expressed in the concept of the ‘separate spheres’ and the market/non-market dichotomy. Orthodox economics focuses on the productive sphere within the market system, and ignores the non-market transactions and the reproductive spheres, with the result that we face a crisis of social reproduction today. The feminist economists have been the most scathing critics of this contradiction inherent in the dualism, given the fact that women’s economic contribution is so largely concentrated in the reproductive economy and the care economy outside the market system, which the GDP-centric accounting system does not value. Therefore, feminist economists reject neoclassical economics as androcentric. This market/non-market dichotomy is, in turn, rooted in the “reason-emotion” dualism and the other similar dichotomies in western ‘habits of thought’ as epistemological tools of the positivist science (such as objective/subjective; positive/normative; self-interest/altruism; man/nature and so on), which are not just simple dichotomies but are also hierarchically ordered. They owe their origin to the epistemological tradition, founded by René Descartes (1596–1650), of splitting the cosmos into res cogitans (a thinking ‘mind’ which has no spatial extension) and res extensa (a ‘body’ with spatial extension which has no thinking capacity). The Cartesian (subject-object/body-mind) dichotomy gave rise to the anthropocentric and separative worldviews, established the authority of knowledge based on reason through logic and valourized epistemological positivism. By discarding the different other epistemological moralities and modes of thought as cognitively inferior, non-rational and primitive, western science destroyed the plethora of the art and science of the collective survival of non-western communities based on other rationalities (Dash, 2008).
This ‘cognitive habit’, shaped by the epistemological foundation of the neoclassical tradition, privileges reason over emotion, objectivity over subjectivity, positive over normative and market over the non-market. Thus, a market sphere, inhabited by the atomistic individual governed by the pure logic of instrumental rationality is constructed as distinct and ‘separate’ from the non-market sphere. SSE argues that economic processes are embedded in social and cultural processes. The economy is not a ‘separate and isolated segment’ of society, but submerged in the everyday social relations, and enmeshed in norms, values and institutions. Economics, etymologically from the Greek οἰκονομία (oikonomia), originally meant ‘household management’, but orthodox economics has reduced the household to the non-economic sphere—relations outside the household boundary are governed by formal rationality, while substantive rationality and affective relations govern behaviour within the household. But, as Mackintosh (2000, p. 131) argues, the household is very much an economic institution defined by joint consumption of certain elements of domestic labour. Parenting is a socially productive work. Thus the household is constructed by the social relations of (decommodified) domestic labour based on social and non-monetary values. The women’s SHGs in India and their microenterprises strikingly exhibit a model of work sharing in the household within the context of non-commoditized relations between spouses and between parents and children. Children worked for their parents’ business on an ad hoc basis according to the variable need for labour in the enterprise. After optimally using their family labour, they draw on their extended families (often from distant villages) to work in the enterprise rather than hiring labour from the open market. Thus, the household boundary is permeable; blending both productive and reproductive economies, creating values in a very ‘efficient’ manner, and this is the key to the success of their enterprises. Beyond the (household-based) microenterprise, the self-help group itself is a dense network of cooperation and affiliation, which works as the locus of ‘solidarity finance’ for the poor women in the context of the credit market failures (Dash, 2012, 2009).

SSE does not essentialize, and thus does not separate ‘spheres’ of life, or distinguish between tangible and intangible boundaries. From a non-essentialist perspective (arguing that phenomena are multidimensional, and cannot be encapsulated by any one particular dimension), it rejects the ‘reason-emotion’ dichotomy. Emotion is often integrally related to rationality—commonly treated as its ‘antithesis’ in the Cartesian dichotomous approach. Ettlinger (2003) argues that there is no binary of rational and non-rational or a separation between reason and emotion, and suggests the term ‘multiple logics’ as a conceptual tool to understand the empirical behaviour of people. People are concurrently members of multiple social networks across different spheres of life; carry their thoughts and feelings, mixing them as they traverse contexts over time and ‘unconsciously interweave.
multiple logics, that is, modes of thought and feeling associated with different spheres of life and different social networks’, and adds ‘... rather than an end product of linear thinking that moves along a predefined axis of “rationality”, behaviour emerges as a kaleidoscope of emotions and calculations that span a variety of private and public spheres of life’ (Ettlinger, 2004, p. 32). Everyday economic action, as Bourdieu (1990) argues, not necessarily the product of conscious calculus and deductive logic, can be understood as inductively rational and straining toward efficiency—the result of a practical reason and the application of situational logic. Amartya Sen offers us a more useful definition of rationality as ‘the discipline of subjecting one’s choices ... of actions, values and priorities ... to a reasoned scrutiny’ (Sen, 2003, p. 4).

A SOCIAL ONTOLOGY

The essence of the SSE opposition to the economic orthodoxy is ontological in nature (see Table 2). It advances a social ontology and portrays the human agency with considerable ontological sophistication by ‘bringing the real people back in’,
and by focusing on a more refined theory of the basic constitution of social life and human nature. It moves beyond the *homo economicus*, to the model of multidimensionality and relatedness, in which both material and non-material motivations drive human behaviour. The *homo economicus* is an abstract construction and does not exist in real life situations. Economic agents are not autonomous, SSE asserts, but are ‘socially situated’. It advocates a superior ontological theory of the ‘embedded agency’. The notion of a given, context-free individual as the starting point of analysis in neoclassical economics is rejected by the SSE as misconceived. Trygve Haavelmo, in his 1989 lecture on receiving the Economics Nobel, clearly admitted that this is an error. ‘The existing economic theories are not good enough’; Haavelmo says and adds, ‘… it is actually beginning at the wrong end’ (1997, p. 15, emphasis added). The economic man does not suddenly spring up out of the earth, like a mushroom, fully formed and matured, with preferences fully developed, without any kind of engagement with others (Benhabib, 1987; England, 1993). Interpersonal ties, social capital, trust and cooperation and collective action not only lubricate and sustain, but also give meaning, substance and purpose to economic actions. As Durkheim so convincingly claimed, it is the ‘non-contractual’ elements that provide flesh and blood to a contract, and that society is a moral entity, not just ‘a disorganized dust of individuals’ (1897, p. 448). Man is by nature, what Aristotle described, ζων πολιτικόν (*zoon politikon*). As Haavelmo (1997) argues, ‘[s]tarting with the existing society, we could conceive of it as a structure of rules and regulations within which the members of society have to operate. Their responses to these rules as individuals obeying them produce economic results that would characterize the society’ (p. 15).

The biting criticism of the rational tenets of the orthodox economics gained in strength with the ‘institutional turn’ in economics (led by Thorsten Veblen, John R. Commons, Clarence Ayers and others, now levelled under ‘old institutional economics’). The old institutional economics dominated the field in the inter-war period, with its rejection of the ‘Rational Economic Man’ model, of capitalism and of the orthodox economics, and its rejection of methodological individualism as well as the ontological primacy given to autonomous and atomistic agents in orthodox economics. It advocates that economic processes are embedded in social relations and institutional practices, in short, economic agents are social beings and socioeconomic systems are integrated systems (Granovetter, 1985; Hodgson, 1998). But, this school declined in its prestige and position after the Second World War to a marginal position (Rutherford, 2001), and gradually, institutionalism lost its direction and philosophical moorings, drifted away from its original position and the ‘new Institutional economics’ distanced itself from the old school. More than the similarities, their differences are outstanding. Old institutional economics
was based more on a realist pragmatic ontology and epistemology, and was closely linked to evolutionary economics, whereas the new institutional economics remains faithful to the positivist ontology and operates on the periphery of the neoclassical paradigm (Parada, 2002, p. 44). In reconstituting economic theory, the SSE significantly reconstructs these philosophical debates and draws nourishment from the old institutional economics—its ancestral cousin. But beyond the old institutional economics, the ‘Rational Economic Man’ model has also been decisively disconfirmed by experimental economics. Based on laboratory experiments, Gintis (2000) claims that in many circumstances economic actors ‘are strong reciprocators who come to strategic interactions with a propensity to cooperate, respond to cooperative behaviour by maintaining or increasing cooperation, and respond to non-cooperative free-riders by retaliating against the “offenders”, even at a personal cost’ (Gintis, 2000, p. 313). Thus, social life is hardly ever fully utilitarian, and people do not actually optimize utility through consistent and precise cost-benefit calculations. Human beings are ‘less than perfectly rational’ and have different behavioural dispositions for their long-term, as against short-term, interests and rationality. The long-term rationality, with strongly ingrained norms about fairness, reciprocity, and cooperation, often overrides the short-term cold and calculated rationality. Humans have culturally evolved an elaborate system of ethics and morality, and a code of individual and collective conduct, which enable them to take decisions, not simply for short-term gains, but for long-range benefits as well. Horton (2011) rightly argues that ‘the evolution of ethics, morals, fairness, and justice in human relationships, including economic relationships, has buttressed our long-term survival and evolutionary success. ... To monitor reciprocity and fairness, humans have developed acute abilities to detect cheating, free riding, and unfairness’ (Horton, 2011, p. 474). Francis Fukuyama very convincingly argues that the substantive conclusions of new evolutionary biology are more supportive of homo sociologus than homo economicus (quoted in Horton, 2011).

SSE draws on a rich diversity of sociological and philosophical traditions and deontological ethics, which offers us a more refined understanding of the complex reality of the multidimensionality of human action, as against the neoclassical construct of the homo economicus. Weber (1978), for example, famously made the typology of rational, affective and traditional action. More importantly, he made a distinction between two types of rational action, namely action based on economic and instrumental rationality (zweckrationalität), and action based on value or substantive rationality (wertrationalität). Weber’s wertrationalität is non-economically rational yet economically non-rational. It is not reducible to zweckrationalität. Thus, rational behaviour can include not only just purely
instrumental ends such as utility, profit or wealth, but also social and moral ends (Granovetter, 1985), nor are non-rational actions necessarily ontologically less legitimate or empirically less sound than rational action. Schumpeter (1991, p. 337) admits that our social, including economic life is often ontologically irrational. Therefore, the ‘non-rational’ unified model of human behaviour can be ontologically more adequate and superior to the ‘rational action’ model in terms of ontological legitimacy and empirical validity (Zafirovski, 2003). Economic action, far from being utility maximizing behaviour, is ‘constrained and conditioned by social relations’ (Aspers, 2011, p. 175). The issue is, as Sen puts it, ‘whether there is a plurality of motivations or, whether self-interest alone drives human beings’ (Sen, 1987, p. 19). In contrast to the utilitarian economy, SSE stipulates a moral economy, with a richer theory of the self and self’s development beyond the narrow economism of utility maximization. Borrowing Ronald Frankenberg’s phrasing (1967, p. 60), we may say that neoclassical economics focuses on how people economize whereas SSE is concerned with whether they economize.

A growing body of research on local currencies, such as the LETS, shows that the participants are not on average very similar to homo economicus (North, 1999; Pacione, 1998; Schraven, 2000). Thus, as Schraven (2000) argues, experiences in existing LETS do not provide a good basis for economic theorizing because the actions and motivations of a large number of their members are based on ideology rather than self-interest. It would be not only inconsistent to base the standard economic analysis on research on action of these people, but would go against the ethos and spirit of the movement (creating a sense of community, bringing down capitalism or environmental values). Free-rider problems, leading to the ‘tragedy of commons’ syndrome, are a theoretical concern, but a minimal one. As reported by Schraven (2000) from the case of the Austrian talente-system, there is no trend of people joining, running up huge debts and leaving. Thiel’s study (2012) of the German regiogeld (regional money) system shows that Chiemgauer users are very different in their value orientations and outlooks, and the use of this currency is an expression of motives like holistic life, autonomy, self-expression, fairness and ecology. Users of such currencies do not behave like the typical homo economicus when they transform their (efficient and universally accepted) Euros into limited Chiemgauer—they make a moral affirmation, to their social, ecological and moral values. Thus it has a moral symbolism, it is ‘moral money’ (Thiel, 2012, p. 94). Cato and Suárez (2012) argue that in the United Kingdom, when consumers buy Stroud Pounds they are consciously choosing to limit their choice of goods to those sold in the shops that accept the currency. They are also aware that this may mean that they sometimes pay higher prices as their ability to shop around to find lower prices is curtailed. Similarly Lizotte and Duhaime (2011), in concluding...
their study of *L’Accorderie* (a service exchange network) and *Le Jardin d’Échange Universel* (universal garden of exchange) in Quebec, observe: ‘Our results suggest that individuals who adhere to the values of solidarity and cooperation are more likely to become members of community currency systems and remain active’ (Lizotte & Duhaime, 2011, p. 51).

My research on women’s SHGs in India shows that the success of microfinance programmes critically depend on the quality of the groups. The quality of the group and social intermediation determines the level of efficiency in financial intermediation (for example, lowering the transaction costs; peer screening and monitoring as a control against adverse selection, free riding and loan default). The group has very significant intrinsic value for the members, and is not limited only to an instrumental purpose. SHGs create an institutional structure that reinforces credit, trust and reciprocity within its perimeter. Economic means tend to be translated into social ends. Therefore, members proactively and consciously make significant efforts to create, maintain and enter such group networks (Dash, 2012).

SSE advocates a theory of ethically driven, deontological, other-directed and multidimensionality of motivation as against the self-interest theory of the orthodox economics. Thus, for example, people who were still remaining within the LETS even though they felt that their economic needs were not being met (Caldwell, 2000, p. 13), the ‘Solists’ who join the SOL network in France with the objective of enhancing non-monetary activities and skills of each while developing social ties and conviviality (Fare, 2011, p. 58), or the users of complementary currencies who, despite all the inconveniences and the costs in their use—for example, the inconvenience of carrying two currencies, or the costs due to ‘demurrage’ features like the payment of a 3% fee to get a Stroud Pound note stamped every six months to maintain its value and a 5% redemption fee—are still committed to the system (Ryan-Collins, 2011, p. 62–64), may not match the clarity and precision of the rational agent model and may represent chaos as seen through the lens of *a priori* reductionist epistemological criteria of the rational choice theory. But they do present us with concrete empirical evidence of behaviour powerfully driven by motivations other than the *zweckrational*.

SSE develops a more realist, non-essentialist social ontology to understand better—through the *a posteriori* and constructivist lens—that economic systems are run by significant non-economic motives; that economy is deeply embedded in society; that we do not live our social life and our economic life is in two distinct ‘spheres’; that the self is not ‘separate’ but ‘soluble’ and that cooperation and reciprocity, morality and common good are the warp and woof of the superior ontological status of human beings as *homo sapiens*. Neoclassical economics lacks the conceptual apparatus to explain the surprising degree to which, instead
of free riding, people cooperate, mutually provide public goods—ones that are non-excludable and non-rivalrous. The source of this cooperation, Sen (1977) identified, is their ‘commitment’. Building on Sen, Frank (1988) advanced this insight in detail and argued that there are a variety of crucial social-interaction problems people regularly solve in ways rational choice theory cannot accommodate. Human affairs are driven not by rational choice but by emotions harnessed to norms of fairness, equality and real non-opportunistic altruism. The problem of mainstream theorising to date, argues Kirman, seems to be ‘embodied in what is an essential feature of a centuries-long tradition in economics, that of treating individuals as acting independently of each other’ (Kirman, 1989, p. 137), and asserts that, ‘[i]f we are to progress further we may well be forced to theorise in terms of groups who have collectively coherent behaviour’ (p. 138)

In making a forecast, Thaler says, ‘rationally, I realize that the forecast most likely to be right is to predict that economics will hardly change at all’, but clearly, as he predicts, the *homo economicus* will evolve into *homo sapiens* (Thaler, 2000, p.134). Building on the critique of neoclassical economics, Horton (2011, p. 475) predicts that ‘*homo economicus* will become extinct’. *Homo economicus* is a sociopath—designed to cheat, lie and exploit, a ‘kind of anthropological monster’ (Bourdieu, 1997, p. 61) and ‘the most extreme personification of the scholastic fallacy’ (Bourdieu, 2005, p. 83). *Homo reciprocans* presents a more realistic and biologically correct behavioural model than *homo economicus*. Moral reasoning is not just a cultural artefact invented for convenience and opportunity. Morality and ethics provide the glue that binds our species, while the social skill of cooperation creates and furthers the common good and, over the long run, enables us to live in peace by cooperating with unrelated others, and protects mankind from destroying itself. Developing an alternative theoretical system for SSE, grounded on the ontology of sociality, of the *homo reciprocans* and the *homo sociologicus*, thus involves a very creative epistemological challenge of sociologizing economics—of inductively understanding social phenomena in a socio-cultural and historical-temporal context, through methodological holism and using qualitative, constructivist and naturalistic approaches, rather than establishing ‘universal truths’.

**CONCLUSION**

The two great philosophers of the modern times, whose works have had a deep influence on neoclassical economists are Adam Smith and Charles Darwin (both separated by a century). But it is a pity that the neoclassical economists have drawn heavily from Smith’s later work *Wealth of Nations* (1776), and Darwin’s earlier work *The Origin of Species* (1859), ignoring Smith’s earlier work *Theory of
Moral Sentiments (1759) and Darwin’s later work The Descent of Man (1871), and thus, the neoclassical economists have made a ‘caricature’ of both, by selectively and partially drawing on their ideas. Originally, Adam Smith situated economics within his grand scheme of moral philosophy. Although some commentators raise the Das Adam Smith Problem to highlight the incompatibility between his Theory of Moral Sentiments (which claims that humans are motivated by altruism) and The Wealth of Nations (founded on the claim that humans are motivated by self-interest), a deeper analysis of Smith’s works does reveal the connection between economics and ethics and that they support each other. The Theory of Moral Sentiments sets out a moral system that provides a general framework for the economic realm, and that Smith did retain a great concern for morality within his economics (Weinstein, [2001], 2008; Young, 1997; Fitzgibbons, 1997). Some of the strongest moral criticisms of the existing society ever made are to be found in The Wealth of Nations (Alvey, 1998). In the hands of the Chicago ‘imperialists’, championing an ideology of greed, a ‘mathematical science of economics’ came to be seen as the logical alternative to a ‘moral science of economics’. Mathematics won arrogantly the battle over morality in economics. (Alvey, 1999, p. 25). Similarly, twelve years after The Origin of Species, Charles Darwin published his famous book The Descent of Man where he deals with human evolution, and goes to the genesis of morals and the origin of societies. Human evolution is not primarily driven by survival of fittest, but rather by moral sensitivity, education and cooperation. Darwin himself believed that the final climb to human civilization required the higher order of moral conduct far above the ‘selfish gene’ theory so frequently attributed to Darwin. David Loye, in Darwin’s Unfinished Revolution (2004), emphatically argues that the first Darwinian revolution liberated us from the tyrannical control of the wrong kind of religion in the nineteenth century, only to re-enslave us in the twentieth century with the wrong kind of science by forcing us to believe that competition and struggle for existence are the way of our life and being and the prime movers of our society. Darwin’s theory, fully developed in his later work, does reveal that human beings evolved, through altruistic acts in social communities and that the final affirmation of a desire for good became more compelling than even our desire for self-preservation. In The Descent of Man Charles Darwin wrote only twice of ‘survival of the fittest’, but 95 times of ‘love’, only 12 times of ‘selfishness’ but 92 times of ‘moral sensitivity’, 9 times of ‘competition’ but 24 times of ‘mutuality and mutual aid’. Loye (2004) in citing these word counts seeks to dig Darwin’s ‘lost theory’, and raise the questions; i. is human evolution moving backward?, and ii. to what extent has the wrong kind of regressive science (based on half-truth) been a cause? Behind these simple statistics lies the story of what happened to us during the twentieth century and the difference that can be
ours in the twenty-first. Loye’s reconstruction of the real Darwin stimulates a paradigm revolution. The challenge for SSE is to propel the paradigm revolution, to study economics in every way that orthodox economics did not and to stimulate a dialogue that has hitherto been suppressed particularly in academic research and build up the much needed epistemological revolution for a progressive science from the wreckage of the orthodox economics.

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