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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

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

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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 theses 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 Solidarity Economy as a concept are both debated and under-examined. While it is generally accepted that the concept “*economie 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 lead 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

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