

The Quest for Social Economy

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Abstract

The present article questions the status and representation of social economy within the large frame of modern mentality. The existence of a structural fault in the core constitution of contemporary economy at large, as fundamental cause of modern civilizations failures is raised. In the economic-political structure of modern State, the social economy has only a role of a sort of pacifier, a reliever, or cleaner, of the social problems generated by the liberal market economic, like inequality, poverty, marginalization, exclusion, etc. But this image of an implacable state of affair, I shall argue, is only the result of a limited cultural mentality of modern technical rationalism which legitimates it, and the future development of human race is unsure as long as this cultural representation remains unchanged. The harmony and suitable development of global economy requires instead, are-thinking of the basis economic and political system, in accord with the undergoing development and evolution of human consciousness.

Keywords: *Social Economy, Critique of Economics, Alienation, Social Business.*

The Social Economy of Economics

What is the first thing a scholar does when he / she wants to study and understand a new subject? It consults the available scientific literature. But if it is a new one in the horizon of culturally driven evolution of society, and its further understanding question the established perspective, including the scientific one? In modern society, the scientific discourse has the most influence over political and economical aspects and it is endowed with most functional and operative legitimacy, at least as much as had religious, moral, and traditional before. Consequently, the image on this topic would be seriously affected if some mistaken representation both on discipline subject: human nature, or object: economic fundamental processes. I consider social economy, as product of advanced economic systems, is in inappreciative situation. Its real place and full legitimacy

as vital element within social structure of any advance civilization are recognized, neither in public view, nor in economics. Ideological error of positivism within the social-sciences conceals its social and political facet.

The goal of any economic system is not the gain of wealth for itself, but sustainable development of whole society. Relative with its society complexity level and humans cultural level of development the evolution of economic systems of human civilization, was discontinued, the periods of growth and development of a certain type of economic configuration, was followed by a structural revolution: the Agricultural Revolution from Neolithic, the Industrial revolution, the Informational post-industrial Revolution from the last century, and, for those who can see, in this very moment, the global system is seems to be at threshold of another one.¹ But because of its novelty the sciences which are supposed to study it reach their limits. The science, a product of human cognitive capacity, advanced symbiotic with the evolution of collective ideology and understanding abilities of humans. As Thomas Kuhn already showed us, at the basis for practice research and consensus of mature science is not the scientific theory, but something more complex: shared experiences of practice, i.e. the paradigms. The scientific paradigms are “universally recognize scientific achievements that for a time provide model problems and solutions to a community of practitioners.”² They encompass theoretical, instrumental and methodological elements which guide the research, practice and understanding in a field. The scientific knowledge, is not atemporal and universal, but is related with the experiences and practice of human collectivities. Human collectivity evolves, their experience is changing, and hence, understanding is different. It become obvious now, why, is more difficult, in the case of social sciences, to keep up with social evolution. The ideological aspect in social sciences is more powerful and generates variations of subject understanding. Moreover, if in natural sciences the scientific revolutions are relative linear are deepening or make knowledge more suitable, in social sciences, like economics, the scientific inquiry builds, in part, its objects. In these sciences not only analyzes, decrypts and either archives (like historical sciences) or applies (like engineering sciences) acquired information. In social sciences, the positive compound (describing “what is”) is only the prerequisite element for the application of the normative one (constructing “what ought to be”). The ultimate end of social

¹ Alvin Toffler, *The Third Wave* (Bantam Books, 1989); Herman Bryant Maynard, Jr. and Susan E. Mehrtens, *The Fourth Wave: Business in the 21st Century* (San Francisco: Berrett-Koehler Publishers, 1996).

² Thomas S. Kuhn, *The Structure of Scientific Revolutions*, Second Edition, Enlarged International Encyclopedia of Unified Science Vol. 2, No. 2. (The University Of Chicago Press, 1970), viii.

sciences is the improvement of human life and society: the knowledge of “what it is made” with the purpose of improving it and to build of “what it ought to be”.

Contemporary economics is limited by its ideological and meta-methodological aspects of scientific practice to stick with its positive element and prevented to make use more strongly its normative aspect. The entire potential of its prospective appliance is limited at and employed within the setting of present narrow understanding. It overlooks the possibilities opened by the upcoming shift of global economic system, possibilities which otherwise could be valorized in advance.

This situation is exceptionally obvious in the case of social economy.

The Status of Social Economy

The contemporary paradigm of economics, product of modern advanced economic states system, has following working representation on Social economy: “the set of private, formally-organised enterprises, with autonomy of decision and freedom of membership, created to meet their members’ needs through the market by producing goods and providing services, insurance and finance, where decision-making and any distribution of profits or surpluses among the members are not directly linked to the capital or fees contributed by each member, each of whom has one vote. The Social Economy also includes private, formally-organised organisations with autonomy of decision and freedom of membership that produce non-market services for households and whose surpluses, if any, cannot be appropriated by the economic agents that create, control or finance them.”³ More detailed: “the Social Economy can be defined as that part of the economy which is neither private nor public, but consists of constituted organizations, with voluntary members and boards of directors or management committees, undertaking activities for local benefit. It is made up of community organizations and businesses, working for the greater good of local communities and marginalized

³ The CIRIEC (International Centre of Research and Information on the Public, Social and Co-operative Economy), *The Social Economy on the European Union* (2007), 20. (Written for the European Economic and Social Committee (EESC) covering the 25 European Union countries (it was completed in 2006 so Romania and Bulgaria were not included), http://www.ciriec.ulg.ac.be/fr/telechargements/RESEARCH_REPORTS/EESC2007_%20EnglishReport.pdf. “Social Economy is often described as a group of four «families»: cooperatives, mutual societies, associations and foundations, which are forms of organisations and/or legal bodies; naturally this covers the designations used in different countries such as solidarity-based economy, third sector, platform or third system. Although this sector is not described as a «Social Economy» in all Member States, similar activities, sharing the same characteristics, exist throughout Europe.” Source: *Social Economy Europe*, the EU-level representative institution for the social economy, <http://www.socialeconomy.eu.org/spip.php ?rubrique215>.

groups, which are led and managed by people in the locality.”⁴ This third sector is formed from three sub-sectors: the *community sector* (neighborhood watch, friendly society, small associations or societies for the benefit of the community, community development finance initiative, civic societies, and small support groups), the *voluntary sector* (housing associations, voluntary enterprises, large charities, large community associations, national campaign organizations) and the *social enterprise sector* (cooperatives, consumer retail societies, building societies, mutual societies, community and social business, social firms, development trusts and credit unions). In sum, all types of organizations and activities of people oriented primarily to meet the needs of collectivity than for profit or remunerations of members or capital investors.

In other words, from the political economic perspective, the place of social economy within the general economic system looks like counterbalancing function subsystem. The liberal (market) economy has no compound, or is at least deficient, at the social problems chapter, unable to manage autonomous this aspect. At this point, the social economy comes into scene. Labeled also as “non-profit” or “third sector”, it is in-between public and private sectors and comprises a large range of non-profit organizations such as cooperatives, mutual societies, foundations and so on. It is considered that “Social Economy represents 10% of all European businesses, which means 2 million businesses employing more than 20 million workers or in other words, 10% of all jobs.”⁵ Nearly a third of the world’s population is connected, as employees, members or beneficiaries, with the enterprises and organizations which forms Social Economy. Some authors suggest, citing a United Nations report on this topic that “the livelihoods of more than half the planet’s population depend on the social economy.”⁶ In sum, the social economy is represented by enterprises, activities and organization of persons and groups who care about other fellows or those people which, from medical, juridical or political basis, are regularly extracted or marginalized from economic circuit. It is based on willingness of caring persons and environment, and also, by State support. Activities of Social Economy alleviate the social tensions and fixes,

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http://www.ciriec.ulg.ac.be/fr/telechargements/RESEARCH_REPORTS/EESC2007_%20EnglishReport.pdf.

⁵ Source: *Social Economy Europe*, the EU-level representative institution for the social economy, <http://www.socialeconomy.eu.org/spip.php?rubrique215>.

⁶ Gérard Andreck, Roger Belot, Jean-Claude Detilleux, Jacques Landriot, François Soulage, “Introduction”, in Thierry Jeantet and Jean-Philippe Poulnotthe (coord.), *Social economy. A global alternative* (Paris: Charles Léopold Mayer, 2007), 11-12.

in part, inequalities generated by the morally blind functioning of market economic system.

In Romania, a less developed economy, the sector of social economy is emergent. Unfortunately, the legislation, cultural and political mentality restrains the development and proliferation of possible activities that could take place in the social business and enterprise sector. In more economical, political and cultural developed countries, there are already many types social business, very diverse in the social benefits they generate. The human creativity in finding meaningful way of working, helping their fellow beings and protect the environment is infinite. As illustration, I will present the six cases of enterprise which were pitching investors in the frame the second *Clearly Social Pitching Evening*, last year:⁷ *Epona Limited* – a Fairtrade fashion label that has been working with farmers in India providing a fair price and a 15% fair trade premium; *Foundation 4 Life* – an inspiring social enterprise that puts ex-offenders at the heart of its attempts to reduce youth crime; *Greenshoot* – a group of film production professionals that has already made great strides in reducing the carbon footprint of their sector; *CAN* – a company which levers capital funds and strategic management support into social enterprises seeking scale through its *Breakthrough* program; *Green Thing* – a fascinating public service that had deployed a number of innovative strategies to help inspire people to lead a greener life; *Just Giving* – The website that made charitable giving easy, it has raised, since its inception, more than £770m for charities.⁸

The advantages of this kind of economy are so obvious, than any person who heard about this types of activities, would raise the question: why in our civilized, evolved and alleged moral world the entire economic and social-oriented juridical organization does not exist? Instead and despite this very promising great diversity of way for engaging in less alienating and egocentric economic activities, the subsector of social economy is very weak and culturally underrepresented. On the other side, the negative effects of liberal market economy are obvious: recurrent crises – revealing a structural fault, inequality, poverty, marginalization, exclusion and so on. The structure of economic world system is definitely questionable, as long as major corporation revenue could surpass the annual income of a big country with prosperous economy. For example, the third company in the world by

⁷ ClearlySo company is a business dedicated to “help social entrepreneurs raise capital and improve their core business skills (...), help investors find exciting opportunities and introduce corporations to the social sector.” <http://www.clearlyso.com/about.html>. The event run in association with Coutts & Co.

⁸ Tom Cropper, “Social investment pitching and the many faces of social enterprise”, posted on 26.01.11, accessed October 12, 2012, <http://www.clearlyso.com/blog/1410/>.

revenue, Walmart,⁹ with no less than 2,150,000 employees, reported at January 31, 2012, 446.950 billion USD, close to Nominal Gross Domestic Product of Argentina (447.644 billions USD), country with a population over 42 million,¹⁰ which has the 27th country world rank.¹¹

In these conditions, it is normal to ask if there is no alternative viable economic system, able to master the social problem and wherefore social economy comes only touches it tangentially.

Social economy and social market economy

The most “enlighten” and “human” non-utopian conception over economic structure of society is considered to be social economy. Illustrated historical by the reconstruction of Germany after the Second World War, and theoretical, by the doctrine of Ordo-liberalism, it considered that a free market economy combined with a proper legal environment assured by the State, will ensure a healthy level of competition (rather than just “exchange”) and, hence, conditions for free market to operate close to its maxim theoretical potential.

After *Oxford Dictionaries*, social market economy (also social market) is “an economic system based on a free market operated in conjunction with state provision for those unable to work, such as elderly or unemployed people.”¹² *Cambridge Dictionary* defines it as “an economic system which combines a free market (= market based on supply and demand) with some government control and financial help for people who are ill, unemployed, etc.”¹³

Another advanced and more complete theoretical system, which includes ecological sustainability as well, is eco-social market economy, developed by Josef Riegler, maintaining equilibrium in pursuing three very different goals: 1. a competitive economy which is based on innovation and cutting-edge technological performance; 2. the strive to social fairness for big and small, as a prerequisite for

⁹ Wal-Mart Stores, Inc. (Walmart) is an American multinational retailer corporation that operates large retail stores, discount department stores and warehouse stores, in various formats around globally. See 2012 Walmart Annual Report (page 19), accessed September 10, 2012, http://www.walmartstores.com/sites/annual-report/2012/WalMart_AR.pdf.

¹⁰ The 32th rang in the world, see *Population - CIA - The World Factbook*, <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2119rank.html>.

¹¹ From around 200 sovereign states, see International Monetary Fund. *World Economic Outlook Database, April 2012*, accessed September 10, 2012, <http://www.imf.org>.

¹² <http://oxforddictionaries.com/definition/english/social%2Bmarket%2Beconomy>.

¹³ “Everyone, perhaps excluding the Americans, follows some variant on the social market. Although the Federal Republic’s founders sought a social market economy, they never envisioned government’s share of GDP crossing the 50% line.” <http://dictionary.cambridge.org/dictionary/business-english/social-market>.

peace and a stable co-habitation; 3. the protection of the ecology/habitat for all mankind, not just for today but future generations.”¹⁴ But, as we’ll see, this heteroclite combination remains utopian, as long as the mentality required for surviving within the free market, is incompatible with the required mentality for sustainable and humanistic development required by social economy. The principles of economic market, as competition, efficiency, and maximization of profit which drive the individual behavior and set up the success standard, are inconsistent with pro-social attitudes required by the functioning of such eco-social system. (It is enough to mention here the very well-known phenomenon of diffusion of responsibility, the individuals felt less responsibly in collective situations or problems, than they are the only one involved.)

Social market economy represents an economic system in which the free market structure of economic activities is complemented with complex and wide-ranging social security schemes like unemployment support, retirement schemes, free or subsidized healthcare, education or housing. It is based on the principles of *ordoliberalism*,¹⁵ doctrine that emphasizes the need for the state regulation to ensure that the free market will not fails and it will produces maximal results. But why, if this receipt worked in the past and is so functional is not employed by the others? The answer is plain and simple: *it not works in any context*.

In the first place, the so-called general principles of ordoliberalism are only a hypothetical construction, a theoretical sand castle build on a particular historical circumstances. The after war German *Wirtschaftswunder* (economic miracle) inflamed the imagination of many researchers. But they forgot this simple truth, in social evolution every change has irreversible effects on the next state of affairs, and a working solution in a particular social context may possibly not function in another or in the next one.

Personally, I doubt that if social market economy had worked in a particular historic context, with huge external support (from United States), in an Europe total destroyed after a terrible war, in a time when the spirit of solidarity, the need for peace and communication were a common desire, it would work, in the new resulting socio-political settings, without profound redefinitions. The people which rebuilt German and European economy, after the dreadful Second World War

¹⁴ Josef Riegler, “Global Marshall Plan for a Worldwide Eco-Social Market Economy,” http://files.globalmarshallplan.org/josef_riegler.pdf, Franz J. Radermacher, *Global Marshall Plan - A Planetary Contract: For a Worldwide Eco-Social Market Economy* (Global Marshall Plan Foundation, 2004).

¹⁵ See Rainer Hank, *Neoliberalism or Ordoliberalism or: from Freiburg to Cologne and to Berlin* (Berkeley, Calif.: University of California, Center for German and European Studies, 1999).

were those which gone through its atrocities and survived, those which suffered and reborn, those who seen their relatives and close ones meaningless deaths. The persons who made possible the advancement and success of social market economy was the after-War generations, with a particular mentality and motivations, values, different expectations and fears different from nowadays. The particular socio-political context fostered distinct aims and objective, unusual types of self-image and self-esteem constitution. The things which they cared or rejected were felt more personal, concrete, they were more collective oriented, supportive and helpful, because they knew how it is to suffer, to be worried, to have terrible need by somebody else aid and this not come. War experience shapes characters and changed entire people in those which rebuilt the Europe. Their life-conception was definitely, less individual-narcissistic, cognitive-virtual, and possessive-imaginative then nowadays.

In the second place, Marshall Plan worked not so much because its internal economical logic, but precisely because of the internal affective experience and resulting moral logic of people within the more general frame of German culture. Persons which undergone different experiences, in different periods of their life would gain different understanding of life and experiential assimilation of values, precepts, moral imperatives, which resonates not only at the cognitive and semantic level, but at the affective level, too. This was demonstrated in the case of the children of the Great American Depression from '30.¹⁶ As it is demonstrated by the longitudinal data from the University of California's Institute of Human Development at Berkeley, and Oakland Growth Study (1930-1931) established by Harold Jones and Herbert Stolz, there was a great difference between the resilience and coping ability, of those who undergone the Great Depression as children (cohort of '28) and those which pass through it as teenagers (cohort of '20). Economic depression has brought indebtedness, major income loss, and unstable work which entailed the increased the economic pressure over families. The enduring limitations had changed the families' settings: fathers lost of status and authority, mothers were forced to assume dominant position in household, has undermined family worming and care parenting, endorsed emotional distress, and forced the adolescent generation to assume adulthood responsibilities. Some families managed to avoid these severe hardships, while other was extremely exposed to it. The study revealed that those which benefited from a prosperous period in their childhood and encountered the economic deprivations as teenagers were in the better position. They were young enough to avoid the stressed

¹⁶ G. H. Elder, *Children of the great depression* (Chicago: Chicago University Press, 1974).

responsibilities of adults, but old enough to have assumed pre-adult awareness (they already have passed through critical early stages of development). They managed to gain an early employment or to take household responsibilities, felt that their family needs them. Later, on their middle years, they proved to be more optimistic and self-confident, had better grades, higher and longer levels of studies and become more ambitious adults, than their counterparts, the eight years younger cohort, whom were small infant and suffer in their first childhood massive deprivations.

This well studied case proves once again that society grows and develops concurrently with the individuals which compose it. So the same economical program will have more or less different results and effects, when it will be applied to different societies and different times because of particular individuals' characteristics. As subsequent meta-studies reveals: "lives are lived interdependently, and social and historical influences are expressed through this network of shared relationships."¹⁷

In the third place, a working ordoliberalism is categorically impossible at global scale, as long as the problem of forming and legitimate a state-like structure at global level, i.e. global state, is resolute. The plasticity of chameleonic structure of modern multinational corporations is make them impossible to tame, unless such structure of global government would be recognized political and would have the ability and power to master a unified system of regulations all over the world. Until then, unfortunately, the success of any structural reform at global level, ecological, social or humanitarian, remains, in part, at corporate and state social responsibility mercy. And as long as the principle of development of economic and political institutions, from street store and local ONG's to multinational corporations and sovereign States remains the archaic competition for domination and surviving, such a Global Order is utopian.

The unsustainability of a improvisational Social Market Democracy

A simple question is rising again. If the market economy already proved its superiority in assuring material security (most efficient management of scarce resources to satisfy unlimited human wants) and the democratic liberalism in assuring universal freedom and recognition for the most of the world,¹⁸ why the present is felt so distressing and unsatisfactory by and in the most of the world?

¹⁷ Glen H. Elder Jr., "The Life Course as Developmental Theory," *Child Development*, February Vol. 69, NO. 1 (1998), 4.

¹⁸ Francis Fukuyama, *The End of History and the Last Man* (Simon and Schuster, 1992).

Maybe for the reason that the basic principles of economic and political order are still tribalistic social Darwinism, a juridical and mannerly tempered and concealed competition for resources and power over the other. However, there is a systemic contradiction: the social measures will not work at their peak ever if the cultural mentality which lays down the economic structure of social world will not change. The individualistic economic can't guide accurately and support a sustainable social economic policy. If the providers (taxpayers) and beneficiary (social assisted persons) will keep the same egotist view on economic life, they will relate competitive to each other. The first will be concerned to not be tricked by the latter, and the other to gain the most possible benefit from this relation. Here is a sample of this subsidiary individualistic segregationist reasoning on social state' principles, in a newspaper article, triggered by the confrontations between the relief workers and local gangs in New Orleans after the Hurricane Katrina passed.¹⁹ "But this is not a natural disaster. It is a man-made disaster (...) The man-made disaster is not an inadequate or incompetent response by federal relief agencies, and it was not directly caused by Hurricane Katrina. (...) This is where just about every newspaper and television channel has gotten the story wrong. (...) The man-made disaster we are now witnessing in New Orleans did not happen over four days last week. It happened over the past four decades. Hurricane Katrina merely exposed it to public view. (...) *The man-made disaster is the welfare state.* (...) People living in piles of their own trash, while petulantly complaining that other people aren't doing enough to take care of them and then shooting at those who come to rescue them – this is not just a description of the chaos at the Superdome. It is a perfect summary of the 40-year history of the welfare state and its public housing projects. (...) The welfare state – and the brutish, uncivilized mentality it sustains and encourages – is the man-made disaster that explains the moral ugliness that has swamped New Orleans."²⁰

Besides its dangerously close flavor of racist and xenophobe impetus, such interpretation reveals both the internal tension which flows underneath existing social order and the potential contrary effects of social measures, if they are

¹⁹ E. Fussell, "Leaving New Orleans: Social stratification, networks and hurricane evacuation. Understanding Katrina," (2006), retrieved August 20, 2012, from <http://understandingkatrina.ssrc.org/Fussell/>, CNN's Chris Lawrence and Ed Lavandera contributed to this report. "Relief workers confront «urban warfare». Violence disrupts evacuation, rescue efforts in New Orleans," Friday, September 2, 2005, Stephen Zunes, "Hurricane Katrina. A Hurricane of Consequences," 2005, retrieved August 20, 2012, http://www.alternet.org/story/25041/a_hurricane_of_consequences.

²⁰ Robert Tracinski, "An Unnatural Disaster: A Hurricane Exposes the Man-Made Disaster of the Welfare State," in *"The Intellectual Activist,"* September 2, 2005.

envisaged starting from a false image of human person.²¹ At the actual level of technological and social development of human civilization the wealth and poverty, the social freedom and constraints are more and more the product of collective decision and less that of natural and historical settings. The “poverty is created not by poor people, but by their circumstances”²² and the modern society is, more than ever, at the origin of the circumstances in which itself evolves.

Never-ceasing recurrent crises of the last centuries bring, once again, the question of the efficiency and stability of modern economic order and its related political order. “The European Union sovereign debt crisis doesn’t prove anything that the collective mentality is wrong: the State, the Government is the only institution responsible for public wealth and health. Even the State came to be seen as a necessary evil, from the business world, it is call to clean up the consequences of economic irresponsible activity.

What we seem to choose to ignore is one simple truth: we no longer can afford all of those things we want from government. The state, as we knew and enjoyed it, is simply unaffordable. There is no alternative but to make choices. (...) Second, we need to recognize that if the state does shrink or unravel, as now seems inevitable, there is a broader range of alternatives. Whereas once the only answer seemed to be the private sector, there is now a rapidly expanding pool of social or community owned enterprises, capable of meeting a growing percentage of public service needs.”²³

Social economy is now employed by big corporations as repairing measures and for marketing purpose. The corporate social responsibility will be always under the shadow of commercial interests. They are profit-oriented institution and could not be ever social business. Social measures are auxiliary strategic measures designed for supporting a healthy social and natural environment necessary for their primary goal maximization of economic profit. “CSR programs are mostly used to build a company’s image, to promote the idea that the company is a «good

²¹ And here it come into my mind the situations, so plainly presented by a more then 20 year experience in working with street-persons. He was arguing, very convincing, that as long the re-insertion programs will not work, in the first place, toward psychological recovery and moral and self-image building, for long term, any material measure are doomed to fail.

²² Muhammad Yunus, *Building Social Business: The New Kind of Capitalism That Serves Humanity’s Most Pressing Needs* (PublicAffairs, 2010), 13.

²³ Rod Schwartz, “Public services, the evils of profit and the social economy,” posted on 12.09.11, accessed September 12, 2012, <http://www.clearlyso.com/blog/3218/Public%20services,%20the%20evils%20of%20profit%20and%20the%20social%20economy>.

neighbor» or a «good citizen». There is nothing wrong with CSR, but it has no real relation with social business.²⁴

At level of individual, the situation of motivation for engaging in social activity is as complex. What matters is the original intention and motivation for personal conduct or work. As matter of fact: I could choose to work in a social economic enterprise from egotic reasons, e.g. because I want social recognition and I know that this kind of behavior is highly valued. My job description could be the same either I work in a weapons factory or in a Red Cross office as accountant. The choice of the last job, although alleviates my possible moral concern about contemporary alienation and lack of interpersonal support, could has nothing to do with a genuine personal pro-social decision to be involved in social-oriented activities, engaged after a thoughtful deliberation and motivated by profound affective impulses. Just I could be a controversial big polluting company (or its wealthy owner), one that bankrupted all other smaller concurrent business in the neighborhood causing unemployment and social problems. In the same time I hired the most labor force from the area and support some local organizations that I am pleased, make generous donations to local community and contributions for the poor on holidays. These pro-social acts are definitely not wrong *per se*. But, categorically, it is more than controversial and, if it is not a strategic socio-political measure, it looks more like a sort of atonement of sins or remorse control than a genuine action toward others. Unfortunately, in contemporary politics and business world, the case of deceptive use of social economic measures as justificatory discourse to promote economic interests, proved to be the rule and not the exception.

As aforementioned longitudinal study on the generations of the American Great Depression already proved, the economic crises have diverse effects on different cohort and change, in various ways the psychology and personality of further generations. “It will be unrealistic to assume that all economic, financial and social challenges resulting from today’s crisis will have a minor impact on people, their expectations, actions and fears. The damage to the quality of social capital may be particularly important. Tolerance of inequality, which has never been high in Europe, may be reduced further. Citizens may become more sensitive to social and economic division, solidarity may be also weakened. Trust in public

²⁴ Yunus, *Building Social Business*, 9.

and international institutions will depend on the perception of their effectiveness (...).”²⁵

The necessity of a radical transformation of cultural paradigm, of the representation on human nature and society is vital. In academia the level of awareness and understanding of such vital requirements is supposed to be crystallized sooner than in public opinion, politics or business world, due to its detached, objective approach and scientific construction of knowledge. Unfortunately, as I stated in the beginning, contemporary economics suffers from a perspective cecity, as Joseph Stiglitz has observed, “a triumph of ideology over science”.²⁶ It prostrates in front of rational consumer economic model and of the miracle efficiency of a utopian complete free market, although no sign of an “invisible hand” could ever be found, because there is no such thing. The only hand which was felt until now was that of historic fatality.

The genuine nature of social and cultural system, its autopoietic mechanisms, is concealed by thoughtless borrowed scientific outlook of natural field. As a result, the academic debate over the status and place of social economy is sterile and limited, because it fails to see the entire picture. The vital quality and, at the same time, the unavoidable character for the future of human race of a social economy, as fundamental principle of economic policy, is missed because of this narrow level of understanding and awareness. Both common and scientific perspective over economy shares the same stark division of economic activities as an autonomous domain of human life and behavior, distinct from the other main areas of human conduct. It is related solely with what the person is doing for living. In modern mentality the professional conduct, from nine-to-five, five days per week, separated from “personal” or “private” life, is the norm. It forms a sort of “necessary evil” that everyone has to do. Or this is an “abnormal normality”, expression of an alienated mentality induced by the modern organization of work enterprises. The economic activity is part of our life and our prosperity and sanity depends on its natural integration within the system of personal conduct. “We lose ourselves whenever we attempt to consider wealth abstractly. Wealth is a modification of the state of Man: it is only by referring it to the man that we can

²⁵ Anthony Ioannidis, “The Social Market Economy: A Cure for All Ills?,” *The Konstantinos Karamanlis Institute for Democracy Yearbook 2011: The Global Economic Crisis and the Case of Greece* (Springer, 2011), 127.

²⁶ Joseph Stiglitz, “There is no invisible hand. People don’t behave rationally. So why do orthodox economists still cling to their discredited rational expectations theory?,” *The Guardian*, Friday 20, December, 2002.

have a clear idea of it.”²⁷ We also lose ourselves whenever we consider wealth as personal riches, usually conceived, in the most sensorial and vulgar way, and disregard the reality of natural and cultural inter-relatedness of physique, psychic and spiritual individuals. “To put it simply, what has been missing is an understanding of the nature of human coordination and cooperation.”²⁸ The essence of life is the incessant interaction among the inner and outer aspects of the being. The harmony of these interactions is the base of the healthy balance of the human being.

Since first agrarian communities, the economic activity was never *just* a problem of how to use scarce resources to satisfy unlimited desires. The abstract scientific paradigm of economics conceals this complex nature of economy. This aspect was highlighted by Marshall itself. “Ethical forces are among those of which the economist has to take account. Attempts have indeed been made to construct an abstract science with regard to the actions of an «economic man,» who is under no ethical influences and who pursues pecuniary gain warily and energetically, but mechanically and selfishly. But they have not been successful, nor even thoroughly carried out. For they have never really treated the economic man as perfectly selfish: no one could be relied on better to endure toil and sacrifice with the unselfish desire to make provision for his family; and his normal motives have always been tacitly assumed to include the family affections. But if they include these, why should they not include all other altruistic motives the action of which is so far uniform in any class at any time and place, that it can be reduced to general rule?”²⁹

Because it fails to catch the heterogeneity of economic conduct drives, the present scientific paradigm of economics obscures its huge potential of transformation. The economic problem of gratifying the basic needs is not the everlasting problem of the human race. The people of tomorrow (and neither those from today, in the case of more balanced distribution of wealth), due the technological development, would not be forced to work for satisfy the basic needs. Once the material basis of a civilized society is assured by the technological mechanisms in advanced economies, the people will prefer to devote their energy to social and cultural non-economic purposes. “Assuming no important wars and

²⁷ Jean Charles Léonard Simonde de Sismondi, “Introduction to Inquiries into Political Economy,” in *Political Economy and the Philosophy of Government* (London: John Chapman, 1847), 74, accessed 10 August, 2012, http://files.libertyfund.org/files/1963/Sismondi_1287_EBk_v6.0.pdf.

²⁸ Douglass C. North, *Institutions, Institutional Change and Economic Performance* (Cambridge University Press, 1990), 11.

²⁹ Alfred Marshall, *Principles of Economics, Preface To The First Edition*, (Cosimo, Inc, 2009), vi.

no important increase in population, the *economic problem* may be solved, or be at least within sight of solution, within a hundred years. This means that the economic problem is not – if we look into the future – *the permanent problem of the human race*. (...) The economic problem, the struggle for subsistence, always has been hitherto the primary, the most pressing problem of the human race – not only of the human race, but of the whole of the biological kingdom from the beginnings of life in its most primitive forms. Thus we have been expressly evolved by nature – with all our impulses and deepest instincts – for the purpose of solving the economic problem. If the economic problem is solved, mankind will be deprived of its traditional purpose.”³⁰ The social world is the creation of individuals, as much as it fosters its folks. Hence, a socially oriented, an ethical driven economic system is possible in an advanced technological world. The social economic system must to be the natural economic setting of any advance civilization and not only the required palliative for salvation from the economic and political disaster. As a final corollary:

If it will be ever as the Mankind to live in the best of all possible worlds, this would be one build upon a system of Social Economy.

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