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## 9. Moral economy and human economy

*Jean-Louis Laville*

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### INTRODUCTION

From the 17th century, the theorists of political economy developed a so-called ‘classical’ economic science. This recognized self-interest as the precondition for exchange: ‘it is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard for their own self-interest’, Adam Smith (1998) wrote. The multiplication of acts of buying and selling then produces an unintentional social order; each individual is ‘led by an invisible hand’ and ‘by pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it’. In the 19th century, the ‘neoclassical’ school proposed to go further, founding a ‘pure political economy’ which they understood as a ‘science quite similar to the physical and mathematical sciences’ (Walras 1988, 52 §30). Leon Walras did still accept the existence of both applied economics, ‘a theory of the economic production of social wealth’ (*ibid.*, 61 §34) and social economics, which dealt with ‘the distribution of social wealth’ (*ibid.*, 65 §38), but they only had a secondary role.

### 9.1 THE CONCEPT OF THE MORAL ECONOMY

It is this way of seeing the economy that E. Thompson contests. He sets out not to claim ‘that Smith and his colleagues were immoral or were unconcerned for the public good’ (Thompson 1993, 201–2), but to challenge the ‘abbreviated view of economic man’ when it becomes ‘a crass economic reductionism, obliterating the complexities of motive, behaviour, and function’ (*ibid.*, 187). One example of this oversimplicity is the spasmodic view of popular history, according to which social unrest is merely a consequence of rising food prices. Through an examination of the actions of the English ‘mob’ in the 18th century, Thompson puts forward the concept of the moral economy to refute this excessively superficial explanation. He shows that ‘riots’ were forms of direct action, ‘disciplined and with clear objectives’, involving ‘definite, and passionately held, notions of the common weal’. They had a ‘popular consensus’ legitimized by ‘a consistent traditional view of social norms and obligations, of the proper economic functions of several parties within the community’ (*ibid.*, 188).

James C. Scott employs this idea to consider ‘peasant conceptions of social justice, of rights and obligations, of reciprocity’ (Scott 1985, 341). Like Thompson, he does not see these shared rules as inciting passivity, but rather as leading to revolts that occur when collective principles are flouted and the protections provided by inherited redistributive institutions are swept away. So protests do not arise suddenly as a result of events but are rooted in the values and affects that characterize everyday resistance. They are the weapons of the weak (Scott 1976).

The term ‘moral economy’ is also used by Lorraine Daston to refer to values and affects, but this time among scientific researchers, according to an approach that Didier Fassin endorses when he defines the ‘moral economy as the production, distribution, circulation and use of

emotions and values, norms and obligations in the social space' (Fassin 2012, 37). This development is valuable in the sense that it does not confine the concept of the moral economy to a defence of ways of life that predate the market society. On the other hand, however, it loses the critical edge it has when deployed by Thompson and Scott. This is why, starting again from these authors, this entry will move beyond chronological divisions, making it possible to preserve the concept's epistemological contribution. It will neither restrict its use to a particular historical period nor equate it to a set of rules in any particular social sphere. A moral economy can emerge at any time; what matters is its ability to effectively challenge the monopoly on understanding the economy that orthodox economics has granted itself.

Thus, solidarity-based associationalism – the forgotten source of the social and solidarity economy (SSE); see also entry 10, 'Origins and Histories' and entry 15, 'Associations and Associationalism' – can be understood as a form of moral economy that, in the 19th century, was inspired by customs established in different settings (villages, trades, families, and so on), and transformed them by introducing principles of freedom and equality emanating from the democratic revolutions (see entry 15, 'Associations and Associationalism'). So both transmission and invention played a role here. Social bonds anchored in the *longue durée* were preserved and modified to bring about forms of self-organized reciprocity that contrasted with previous hierarchies.

## 9.2 THE MORAL ECONOMY: FROM OBLIVION TO RENAISSANCE

The political economy was not enough to guarantee civil peace (Thompson 1963). Faced with the risks generated by social inequality, the ruling classes supplemented this with a form of philanthropic solidarity advocated by Frederic Bastiat, Thomas Malthus and David Ricardo. As Thompson said, it was necessary to eradicate the moral economy so that it could be replaced by this moralization of the poor (Thompson 1963). With philanthropy, morality was no longer something produced by the groups concerned, but became a condition of access to relief – which was reserved for the deserving poor – imposed by the authorities. Philanthropy was in turn marginalized by the welfare state, which seemed sufficient for restricting and regulating the operation of the market. The moral economy thus experienced a long eclipse.

At the end of the 20th century, new social movements – whose appearance demonstrated that social conflict could not be reduced to class struggle alone – attacked the impasses of a mode of development premised on the complementarity of market and state. The environmental movement challenged a conception of the economy based on endless expansion without regard for the planet's limits, while the feminist movement revealed the residual paternalism and gender inequalities embedded in the traditional welfare state's modes of intervention. These movements were controversial, but they pointed to transformations in modes of engagement. Compared with previous movements, they were both more concerned with concrete actions on the ground and more prefigurative, that is, the means they mobilized had to anticipate the objectives pursued. This re-emphasis on alternative experiences, which is expressed in alter-globalization (one of whose slogans is: 'resist and build: another world is possible ... and it is already here') has given rise to the rebirth of a moral economy perspective (see entry 6, 'Globalization and Alter-globalization'). This perspective is advanced through the idea of a human economy, inspired by Thompson's economics 'from the bottom up'. Its

main assumption is that economics which focuses on mathematical calculations rooted in the rational individual's utility maximization has an implicit normative stance that makes it inappropriate for safeguarding human and non-human beings in the 21st century. As a consequence, it is necessary to return to a more realistic conception of the economy embedded in most people's everyday experiences. So a human economy is a form of moral economy characterized by four features:

- It is made and remade by people; economics should be of practical use to us all in our daily lives.
- It should address a great variety of particular situations in all their institutional complexity.
- It must be based on a more holistic conception of everyone's needs and interests.
- It has to address humanity as a whole and the world society we are making. (Hart et al. 2010, 5)

This human economy does not have to be created, it 'is already everywhere' (ibid.); the problem is that it is made invisible by mainstream economics. And, as the epistemologies of the South point out, this absence explains why it remains so difficult for the SSE to flourish.

### 9.3 THE SSE AS A FORM OF HUMAN ECONOMY

It is now possible to summarize the relationship between the moral economy, the human economy and the SSE. It is clear that many forms of moral economy prioritize social protection, and are liable to forget about emancipation. Among the different types of moral economy are nationalist protectionism and conservative values, and elites also have moral norms that legitimize inequalities (Hann 2010, 187–98). Within this wide range of moral economies, the social and solidarity economy will gain strength if it is defined as a form of human economy that emphasizes the values and rules of democratic solidarity-based practices: one that takes account of long-term links between human and non-human beings and aims at more than just short-term utility maximization. The SSE fulfils this definition as it combines protection and emancipation, helping to bring about a transformative solidarity and environmental transition. But this project of the SSE uses the language of social struggles for emancipation, and for this reason it is being contested by a new wave of philanthropic solidarity.

First-generation neoliberalism, formulated by Friedrich Hayek (1983), centred on reaffirming the primacy of competition and limiting democracy. It did so by weakening the mechanisms for collective expression and putting the state at the service of a re-marketization, by shrinking the domain of public services, through financialization or through deregulation according to the principles condensed in 1989 in the Washington Consensus. Today, the ode to competition typical of Hayek's writings is coupled with a concern to establish a form of social-purpose capitalism. In fact, social business, is based on the promise of eradicating poverty and is presented as a miracle recipe. Social business initiatives have only rarely been subject to independent evaluations, and these are hardly conclusive (Humberg 2011). The discourse of social business is nevertheless welcomed by public authorities absorbed in their own budgetary problems, and is supported by private interests anxious for new investment opportunities. Some of these are already being offered by 'bottom of the pyramid' marketing methods targeted at the poorest populations, and by social impact bonds. The mechanism through which these social impact investments operate is revealing: one of its key features is that it shifts the financial risk within social services from the public authority to a private intermediary. Financed by institutional investors, this intermediary takes on the entrepreneurial risk

and allocates funds to operators. It receives payment from the public authority – and investors make a return on their investment – only if its results are judged to be successful. Such projects rest on a new philosophy of financializing the social sector, since it is private actors who determine where interventions take place. They have spread to many different countries, expanding into the culture, international solidarity and development. A whole set of tools is now available for the private redeployment of solidarity. Social business limits discussion to questions about initiatives' effectiveness and efficiency in fulfilling social objectives, without worrying about the distribution of power.

This tendency to adopt social business and social impact bonds is partly explained by the inadequacy of social democracy that placed its faith in redistribution alone to protect society. But rather than solidarity coming from private business it is important to reassert the strength of the principle of solidarity. It is also necessary to rediscover the complementarity of the two forms of public and democratic solidarity: one based on rights and public redistribution, the other on civil ties and egalitarian reciprocity (Laville, 2023). This will involve both the SSE and public authorities acknowledging their interdependence while recognizing that, in the present as in the past, these two entities are neither separable nor substitutable.

Current levels of social and environmental damage are such that it is no longer enough to simply check economic activity through taxation and redistribution for social purposes. The welfare state's achievements must be supported by a concern for public participation. Representative democracy can now be reinforced by forms of deliberative democracy that are not only granted, but also won through collective action. What is now needed is a new model that is both opposed to neoconservatism, but also distinct from welfare-statism or the 'third way'. This new model must include a project to renew public debate and deliberation; a project that corresponds to what can be called plural democracy. Its future depends on public authorities' capacity to consolidate representative democracy by feeding it with voices from a more open public sphere, extending the social dialogue between social partners to include other components of civil society. This is a paradigm shift in public action.

If modes of production and consumption are to change, then capitalism cannot be seen as the only mode of economic activity; other ways of valuing goods and services must be recognized (see entry 2, 'Community Economies'). We are at the end of a period of growth based on scientific arrogance and the belief in human omnipotence. In the future, economic means must be chosen according to environmental, social and cultural ends.

Transforming our societies in a way that addresses environmental and social crises will largely depend on the rejection of the orthodox definition of the economy, which is based on the principle of self-interest alone. It is crucial both to limit commodification and to pluralize economic logic. In short, the neoclassical approach developed at the end of the 19th century is becoming inappropriate for the challenges of the 21st century. Hence the revival of a moral economy perspective. This approach should not be reserved for analysing the societies of the past. Its current relevance is empirically supported by the existence of the SSE, which can be understood as a form of human economy, one that offers both protection and emancipation opportunities.

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