Preface

The age calls for vision, for the sort of critically engaged social science of which Karl Polanyi is an outstanding representative.¹

Sally Randles correctly observes that the key target for Polanyi's critique of dis-embedded economic and social arrangements was not markets per se, but an ever-expanding market society in which not only does market myopia render modes of non-economic reproduction invisible to scholars and policymakers alike but '... such heightened levels of planetary economic interdependence create the conditions for a fall. A fall, when it does come, is of ever-increasing severity and brings large-scale social dislocation'.²

This book tackles market myopia and regulatory invisibility from a South to North World perspective. The purpose of this critical inversion is to interrogate the possibility for radically repositioning regulatory principle and reconsidering regulatory relationships and outcomes motivated by social sustainability rather than individualized wealth creation. As Polanyi foreshadowed this will require returning economy to society; a massive project were it not for the impetus from prevailing global crises in immediate need of new and creative regulatory intervention.³

We live in an era wherein if *homo economicus* exists he has a fast diminishing terrain.⁴ This all-knowing self-interested decision-maker no longer enjoys even economic conditions for uninhibited rationality, if ever these were his to enjoy beyond the exploitation of those without the luxury of choice. His essential capacity for efficient, gain-maximizing decisions which combine considerations of opportunity cost, marginal utility and price is now a hostage to fortune: fortune based on fictional commodification and exchange in a world of market societies where risk rules above sustainability. However, against the reflections of organic social bonding that the book will advance, perhaps this is a North World/regulatory state malaise. In a South World social context economy

¹ Dale (2010), p. 250.

² Randles (2010).

³ Findlay (2013a).

⁴ For a discussion of *homo economicus* read von Mises (1972).

is not necessarily adrift from society. Market liberalism wherein markets are imagined as free to attain their natural unfettered state and hence function effectively, remains essentially subject to vital organic social bonds where economy is but one frame governed by and working for sustainability.

The pleasure of *homo economicus* relies on fictitious commodities and exchange, dislocated from socially sustainable productivity, and it comes at a cost. As economy critically dis-embeds out of society and replaces organic social bonding with mechanical market conditions, those who are unable to mirror the *homo economicus* livelihood look to the support of social welfare policy instruments (themselves mechanical in operation). Society is kept compliant within the market, for the have-nots at least, through a protective social impulse which Polanyi referred to as the double movement. Today governance through autonomy has turned on welfare, in a dangerous celebration of unsustainable neo-liberal, and rabid individualism. The double movement is dissipating, and the welfare it promised is without purchase.

Economic austerity in response to the excesses of international financial dealings over the past decade undermines welfarism as a wasteful luxury or at worst a refuge for the feckless. Armies of unemployed are increasingly alienated from the fictional market of wage labour. Generations are now being forever disenfranchised from forms of wage-based economic survival. Autonomy has conspired to undermine the essential preconditions of its economic promise, producing pressures in the North World as well as the South for prolonged welfare when the public sector cupboard is bare.

The truth is that in the South World the double movement never kicked in. South World developing economies suffer from strains on the dominant cultural primacy of community through the selective availability of private property, and capital-strapped imposed cash economies. Traditional systems of reciprocal economic production are bought out and the negative social impact is not ameliorated through restorative welfare policy. The consequences of dis-embedded market societies are yet to deliver their full economic significance as global warming advances and global financial crisis remains unaddressed. Where is effective regulation in all of this?

Prior to the questioning of the neo-liberal economic model which followed the international financial crisis in the first decade of this century, little was written in the mainstream economics literature concerning market economies as the problem. Wade exposes this short-sighted scholarship as the reason for the failure of economists to foresee the collapse, or even provide advanced warning of its inevitability. He

refers to a letter written by a group of thirty British academic economists explaining this blindside as ‘... a failure of the collective imagination of many bright people ... to understand the risks of the system as a whole’.⁵

In the context of what he suggests as the ‘art of paradigm maintenance’, Wade castigates the modern economic discipline for much more than imagination deficit.

The (neo-classical conceptual) framework generated theories which justified and celebrated the structure of Western economies – a structure which generated rising levels of financial fragility; and it occluded the impending collapse from the sight of almost all professional economists. As the self-styled queen of the social sciences, the discipline has betrayed the trust of society in its expertise and professional ethics.⁶

Socio-legal regulatory scholarship faces a similar denunciation. In the wake of the attack on regulation in any form launched through policy wars such as the ‘Washington Consensus’, where were the critical voices of law and society defending the social necessity of principled regulation?⁷

Lest the reader decides to discard our book at this point for what might be perceived as a disenchanted and defeatist tone, be assured that what follows is anything but. We argue in the cause of repositioning regulatory principle and the governance of market economies towards social sustainability. We see this as attainable in the sustainable circumstances which are set out in detail. For this task, which we deem achievable through consideration of markets, morality and mutuality, the role of law, its regulation of property relations and the social value that it can imbue offers up an immense potential to change the way we think about social bonding. Shifting the regulatory paradigm requires our analysis that combines the rich capacity of socio-legal and socio-economic thinking, together with fundamental concepts of law as building blocks in a just, fair and sustainable society.

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⁵ Wade (2014).

⁶ The detail of his acerbic and challenging critique is contained in Wade (2014).

⁷ An exception was Braithwaite (2008).