

# APPROACHES TO CAPITAL IN THE SOCIO-ECOLOGICAL TRANSFORMATION

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How should capital be approached? This has become an urgent question for cities across Europe. As public budgets are under increasing pressure, cities have found it necessary to attract the funding of capitalist investors. In recent years, various financial instruments and models have been developed for that purpose. My paper will explore one of them; Sustainable Return on Investment (SuROI). The paper uses a case where a multinational builder, national real-estate companies and some other urban development actors work together for 2,5 years with the local council of Malmö in Sweden. The project aims at developing a model that draws on a broadened concept of value in investment decisions for city area development. Using the discourse of sustainability, the model is expected to account for not only economic value but also so-called social value and benefits. The process is guided by a British company. In my paper, I will show how such an approach to capital runs the risk of contributing to the increasing commodification of our lives, subordinating ourselves further to capital. This is not, however, what the leadership of the project want. Instead they want the model to promote ecologically, socially and economically sustainable urban development. But is that really feasible? On the basis of my analysis, I will draw some more general conclusions and suggest policy implications on the challenges and opportunities of approaching capital in a socio-ecological transformation.

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## 1. Introduction

The socio-ecological transformation needed will require massive investments. But who will invest? And on what conditions? Across Europe, cities struggle to attract investments as they cannot afford to fund the needed transformations themselves. In addition, existing investments tend to be made in new or affluent parts of the cities, while parts where the destitute population live decay. This contributes to increasing inequality.

Many policymakers have put their hope in what is called social investment, described also as a perspective and pursued by the EU. The evolution of this perspective has made it strongly oriented towards the higher involvement of private actors in social policy investments. That seems to make sense, due to the amount of wealth owned by private actors after decades of increasing inequality.

In this paper, I will highlight the risks of letting a socio-ecological transformation rely on such involvement of private actors, for example by using the method called Sustainable Return On Investment (SuROI). By analysing a case where this method has been used, I will show how it leads to a further commodification, to the disadvantage of ordinary citizens and democracy. In content, the social investment perspective needs to be replaced by a potential-oriented perspective which paves the way for people to be involved in the policy development and empowers them collectively.

## 2. From social investments to SuROI

The social investment perspective has its background in the criticism of neoliberalism that arose during the second half of the 1990s. Unlike neoliberalism, the social investment perspective expressed a desire to unify economic and social policy objectives. A social investment perspective clearly put its mark on the original Lisbon strategy of 2000. A few years later, however, in 2005, this strategy was revised in line with neoliberal theories. The social investment perspective gained renewed power, however, after the 2008 financial crisis as unemployment and poverty grew rapidly throughout Europe. This is reflected in the EU Commission's strategy of 2010, Europe 2020, and in particular the "Social Investment Package" launched by the EU Commission at the end of February 2013.

Just a few days later, the *Commission for a Socially Sustainable Malmö* (so-called *Malmö Commission*) published its final report. The Malmö Commission was set up by the local government and inspired by the WHO *Commission on Social Determinants of Health*, led by Michael Marmot. In its final report, the Malmö Commission suggested a radical interpretation of the social investment perspective. This interpretation included not narrowly confining itself to the domains of social policy, but also taking an interest in economic issues. Accordingly, the increasing inequality was connected with the finance-driven capitalist growth, dominating globally in recent decades. As the first of two overarching recommendations, the Malmö Commission proposed a social investment policy that can reduce the differences in living conditions and make societal systems more equitable. Secondly, such a structural transformation should be supported by knowledge alliances, a term picked up from the EU strategy Europe 2020 but redefined to consist of collaborations on equal terms between researchers and stakeholders from, for example, the public sector, the voluntary sector and the business community.

However, the attempt by the Malmö Commission to turn the discussions and thinking in another direction does not seem to have succeeded so well. Recently in a doctoral thesis, Mats Fred claims: "The practical outlets, in Sweden, of the social investment perspective have thus far mainly been the initiation of social investment funds – as project funding systems – in local and regional governments." The criticism of capitalism seems to have gone astray and been replaced by a renewed faith in neoliberal solutions.

Such an interpretation of the current developments is supported by the RE-InVEST project, launched in 2015 with the aim, according to its website, "to contribute to a more solidary and inclusive EU, through an inclusive, powerful and effective social investment strategy at EU level. Moreover, the project itself adopts a participative approach that gives voice to vulnerable groups and civil society organisations."<sup>1</sup> In their research, they have identified four main normative lines that underlie the EC social investment strategy.<sup>2</sup> First, redefining social policy and seeing it as an investment rather than as a cost, "the Social Investment Package" (SIP) focuses narrowly on the part of social policy that applies to jobs. Other social policies, such as childcare, should focus on ensuring that people get jobs and nothing else. Nor is the quality of work of any importance whatsoever.

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<sup>1</sup> <http://www.re-invest.eu/> (5/9-19)

<sup>2</sup> Bonvin, J-M (2018). Re-Focusing Social Investment on Capabilities and Human Rights. Re-InVEST Policy Brief no 9. 2019-09-06

Secondly, the EC social investment policy is focused on the supply side of the labour market and on measures contributing to activation. The demand side is handed over to the market. Thus, the policy applies to people as labour, not as citizens. The focus is therefore also on changing the benefit systems so that it becomes more compelling to take a job. Third, the social investment logic should apply to all stages of the life course, but specific emphasis is put on “investing in children” as it enables the highest profit.

Fourth, SIP advocates an increased involvement of capital, i.e. profit-driven companies, in the financing and operation of social policy. Here ReInvest highlights the new financial instruments that have been developed, such as “social impact bonds”, to attract profit-driven actors. It includes defining clearly quantifiable targets. This involvement of private capital and the coherent reorganization of social policy on the basis of a market logic is considered by ReInvest as the most long-term achievements of the social investment perspective. This includes a re-interpreted view of the social to become an economic object with opportunities to make a profit.

A method which seems to accord with this development is the one called Sustainable Return On Investment (SuROI). It builds further on the more widespread method called Social Return On Investment (SROI), developed mainly in the UK, and which has existed in various variants since the 90s. SROI translates “social results” into money and expresses them as a relationship related to the investments made. SuROI is a further development of SROI, associated with research at the University of Salford, led by Erik Bichard. According to him, SuROI should be considered as a “framework used to combine multiple methods and approaches designed to understand and measure social and environmental change stemming from built environment projects.”<sup>3</sup> Bichard is also one of the founders of a company called RealWorth (RW) which “help organizations understand, maximize and measure social and environmental change and help them achieve better, more sustainable outcomes. Our ultimate aim is to support the eradication of inequality by creating places that enable everyone to realize their full potential.”<sup>4</sup>

The quote suggests a relationship with the social investment perspective through the emphasis put on solving the problems of inequality. Indeed, RW distance themselves from the prevailing growth model, which they describe as a “grow now, redistribute later approach to tackling inequalities”. RW blame this model for the divisions in current society, where many people feel that they have been left behind. They see it as an unsustainable development, also expensive. So far, it sounds radical and appealing. As an alternative, RW advocates a new model which they call inclusive growth. By that, they mean a model where investment in “social infrastructure” contributes to driving growth, a model that as many people as possible can contribute to and benefit from. RW wants their application of the SuROI method to be seen as part of this, supported by the principles included in the SROI and supplemented with ecosystem service analysis, well-being analysis and life cycle analysis. These techniques are claimed to be well established and easily accessible. They can be used by many as valuation tools without much difficulty. The key is precisely the valuation. What do they mean by value?

### 3. What is value?

How can one know that something has a value? RW asked that question at a conference in Malmö. They used an example from a supermarket in Malmö where you can buy tomatoes. There are three options. All three look the same, have the same taste and cost the same. However, they differ from where they come from. We are told that one has been grown in Denmark, the other in Spain and the third in northern Sweden where the farm also supports the Sami people. Which of the brands would you buy?, RW asks. Some customers would probably choose the tomatoes from northern Sweden just

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<sup>3</sup> Bichard, Erik (2015). Developing an approach to sustainable return on investment. <https://www.realworth.org/insight/rics-education-trust/rics-developing-an-approach-to-sustainable-return-on-investment-in-the-uk-brazil-and-the-usa-full/> (6/9-19)

<sup>4</sup> <https://www.realworth.org/> (6/9-19)

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because the farm supports Sami. For these customers, this support is associated with an additional value.

But what kind of value is this? Obviously, it is not a value with a price. The farm in northern Sweden sells tomatoes and not support of the Sami. It is not their support of the Sami that we pay for. Their support of the Sami is not quantified. It cannot be exchanged for money or other commodities. What they sell is tomatoes but that includes support of the Sami. According to the example, all three brands cost the same. This means that the producer from northern Sweden cannot get more paid by supporting Sami. But if they manage to sell more tomatoes because of this support and maybe also raise the price, it can allow for better profits. If so, one could also set a price on the support of the Sami. The price of the tomatoes will then include the support of the Sami.

Such pricing is usually called commodification. RW continues on that track and does not pay any closer attention to the value that supporting the Sami has even before the pricing of it. Ever since Aristotle, this value has been called use-value. The glossary contained in Bichard's 2015 report includes use-value. It is defined there as "the value derived from using or having the potential to use a resource". Besides that, nothing is said about the use-value that something can have even outside a market. Instead, at least 14 other types of value are mentioned. Thus, the basic meaning of use-value is not understandable. It also conceals important aspects of what happens when a use-value is priced and traded in a market.

Understood as a use-value, the farmer's support of the Sami in northern Sweden can have a value for people in the south even without being a sales argument for tomatoes. For something to have a use-value, it does not have to be traded on a market. Everything that corresponds to a need has a use-value. An example, of course, is the tomatoes, which have a rich use-value (taste, energy, etc.). However, in order for something to have a use-value, it is not necessary for it to be concrete and possible to point out. An example of this is precisely the farmer in the north who support the Sami. Of course, we could have travelled up there to see it with our own eyes, but being informed about it via, for example, newspapers or radio may be enough to calm our possible concern about the treatment of the Sami people. In the same way, I hope this text can be of value to those who want to understand more about the commodification of our lives and the consequences of it. For sure you can point out the text, but hardly its message. Furthermore, use-values can exist as both states and processes. The tomatoes just like this text exist in a state, but that is not the case with the support of the Sami people. It exists as a process, i.e. something in progress.

To understand and assess a use-value, thus, we need to know about the needs. It may be the need of an individual, whether they know it or not, but needs can also be collective. For example, new schools have use-value with regard to the growth of population and the decision to build them has been taken by the politicians. Because of their relation to needs, use-values can be described as qualitative. Thus, they must be valued with regard to their needs and other things that might also meet the same needs, but also in relation to other needs.

When the tomatoes are offered for sale, they receive a different type of value, called exchange-value. In our market-adapted society, exchange-values usually appear as money. Using the distinction between use- and exchange-value, we can understand that many use-values exist without having an exchange-value. Thus, something can be valued in many other ways than in a market. We can call it a use-valuation, in contrast to the exchange-valuation that takes place in a market. Furthermore, a use-value can be assigned an exchange-value without being priced in money. Exchange-values also exist in other forms than in money. Take, for example, the knowledge that students learn in school. It is first of all a use-value, assessed and thereby use-valued by the teacher. Young people need to learn and they should do this in school. The extent to which the student has learnt is assessed by the teacher with regard to the curriculum. It is called grading and that is basically a use-valuation.

However, the grades have come to appear as exchange-values. They allow the students to be compared, with a possible repercussion on the use-value, tending to make the studies focused on the knowledge that enables a better grade. Often it becomes factual knowledge because teachers may find it easier to assess, especially if they are under pressure. In times when great emphasis is put on the grades, they tend to be a form for learning to be pursued in. The content that does not fit into this form

tends to fall outside. That tends to commodify the students and makes them increasingly appear as commodities. And so they are, but not the whole student but their labour-power. But what are the consequences of this emphasis on exchange-valuation? For example, does not learning a critical approach risks falling outside?

To sum up, all commodities consist of both use- and exchange-value. It is characteristic of a commodity, whether it is a state or a process, whether it is tangible or imagined. When a use-value is quantified and exchange-valued to become a commodity – commodification as it is called – that does something to the use-value. In the following chapter, I will use the concepts defined above in an analysis of a case study made in Malmö by RW. Concepts as use- and exchange-value, commodity, commodification, use- and exchange-valuation are my analytical tools. In the analysis, I will find out how use-values are commodified and what that means to the use-values.

### 4. A case study

In connection with the shopping centre of the Rosengård part of Malmö (Rocent), the developer Trianon is carrying out a major construction project. The proposals for the initial development phase of the scheme includes an extension of the existing library, a new 16-storey house, a new 8-storey house, green roofs, two new public squares, and a connection to the local cycleway network. Here, RealWorth (RW) did its first case study in Sweden, the first of five planned case studies in Malmö, making up a project where an extensive spectrum of urban development actors participate (2017-2019). The overall objective of these case studies has been to use live projects to demonstrate how the RW SuROI approach to valuing social and environmental change works in practice in Sweden, and how it can be adapted for mainstream Swedish use. The specific objective of this case study was to clarify the model's strengths and weaknesses, explain RW's assumptions and calculations, find out how many of the UK indicators and assumptions could be obtained from Swedish databases and document lessons that can be useful for the upcoming case studies.

According to the calculations that RW has made, every Swedish crown invested in the Rocent project will generate SEK 2.10 in so-called sustainable value. Of these SEK 2.10, 56% will be generated from increased well-being, which "reflects the improvements in the feelings and experiences of the wider local community as a result of the planned enhancements to the library, and public spaces during the planned preliminary phase of the development". Approximately 14% of sustainable value is generated as a result of new jobs created. Increased tax revenue and spend in the local community account for 13%. The remaining 17% is associated with ecosystem services, health, education and crime outcomes. According to the calculations, the wider local community will benefit the most from the project, as much as 69% of the sustainable value. I will not delve into these calculations and the assumptions on which they are based, but instead focus on the SuROI process. It consists of six steps and I will analyse the first three, to make my points.

In **step 1**, the scope of the project is determined and stakeholders are identified ("Establish Scope & Identify Stakeholders"). Since SuROI applies to the built environment, the scope is set within physical boundaries. In the case study of Rocent, that was done by the developer Trianon. In selecting stakeholders, one should "include those groups or individuals who have been or are likely to experience material change as a result of development". Eight categories of stakeholders were considered materially affected by the project, including residents of the local community, employees, visitors, local entrepreneurs and the project's hired construction workers. In addition, the developer (Trianon), the municipality (Malmö City Council) and National Housing Board (Boverket) participated as contributing stakeholders (those who made the construction possible).

A so-called Theory of Change meeting was arranged at the end of January 2018 in a vacant unit in the Rocent Shopping Centre with 20 people present. Of these 20 participants, 12 were local stakeholders. The report says nothing about how these 12 were invited or recruited. It says that representatives from the library, youth and resident groups participated but nothing about whether it was by chance or for some purpose. The report says nothing at all about the conditions under which these 12 stakeholders participated in the Theory of Change meeting. Why these 12? I get the impression from the report that

they participated primarily as individuals, not as representatives. The other participants, on the other hand, represented strong interests, especially the participants from Trianon. Thus, the Theory of Change meeting was based on a very unequal power relationship.

According to the report, the Theory of Change meeting had two goals and these were presented at the beginning. Using the input from the participants, the goal was firstly to strengthen Trianon's development plans and secondly to help develop new ways of calculating benefits in urban development processes. One of the discussions focused on the strengths and weaknesses of the area as it is today. Among the shortcomings mentioned were, for example, general insecurity for pedestrians in the traffic environment, negative image, weak local purchasing power due to high unemployment, lack of opportunities for young people after 9 pm and unsafe area, especially for women.

These indications can be seen as symptom problems. As such, they cover a lot, not to mention the potential causes of them. To make this understandable, categorized and prioritized, a perspective is required. The report says nothing about such a perspective. Instead, it gives the impression that the local participants were given opportunities for influence. It may be so, but what happened to the work that followed? Of course, each proposal must be interpreted from some kind of perspective. Some suggestions are put aside. Others are prioritized. On what grounds? How can you be sure that the compilation of all information provided by RW benefits the local participants and not just Trianon? Would Trianon be interested in participating if it did not benefit them in the first place? I will return to these issues.

**Step 2** deals with inputs, outcomes and outputs. Input is defined as “the financial value of the development”, which in my language can be called the monetized exchange-value. This includes “all materials, labour and any in-kind or volunteer effort. The latter can be monetized by equating the type of work that the volunteers contributed to the hourly market rate of a worker doing the same task.” Volunteering is, so to speak, exchange-valued and not use-valued. It is not valued with regard to need but in money by being compared to paid work. In the case study of Rocent, however, RW did not find it possible to evaluate the voluntary work.

Central to step 2 is mapping outcomes. By outcomes is meant “the stated or predicted changes to stakeholder's lives”. In my terminology, outcomes means use-values, as I have defined this concept. It is also confirmed by the description of it as something qualitative, which differs from “output” because according to the SuROI method that is a quantity. I perceive output as the exchange-value, as defined above. RW has found out what the use-values (outcomes) could be of the project by discussing it with the participants at the Theory of Change meeting, interviewing Trianon, analyzing statistics obtained from the municipality and using knowledge from previous case studies. For example, “the connection to the local cycle network” is expected to generate “improved mental and physical health”.

My main objection is that they attach no importance to the needs. For example, what need is “improved mental and physical health” related to? Whose needs is it? How does “the connection to the local cycle network” meet that need? Perhaps the needs of local stakeholders could be better met with measures that strengthened them collectively, massive state support for building rental housing, legislation against short-term loans with senseless interest rates, etc. I can come up with many measures that could fill the need to improve mental and physical health. They are not necessarily better than “the connection to the local cycle network” but the diversity indicates the need to discuss them in a context that takes into account the conditions of participation.

**Step 3** is called “Evidencing and Valuing Outcomes”. The SuROI method here uses indicators, defined as “a measurable parameter which can be used to represent changes to a larger number of variables”. Instead of measuring, for example, any improvement or deterioration of population health, “the frequency of visits to the General Practitioner may be sufficient to indicate changes to all of these variables” (2015: 18). After selecting the appropriate indicators, these are exchange-valued by linking an appropriate price (monetary exchange-value) to each indicator. The number of people affected (which is obtained from surveys, field data, previous surveys, etc.) is also taken into account. I will not go into further details about these sophisticated measures, but just highlight the use of assumptions and “proxy” values.

In the Rocent case, RW uses “visits to family doctor” and “people treated for mental health” as indicators of how “the connection to the local cycle network” can affect “mental and physical health”. They assume that this may lead to a reduction in visits to the family doctor by 1% of the population in Rosengård. This corresponds to 350 persons and a reduction in persons treated for mental health by 175. Furthermore, RW assumes that each visit would cost an average of SEK 495 and that is considered the proxy value. Similarly, the proxy value for “people treated for mental health” is assumed to be SEK 73,000 (the cost per treatment per person for mental health). Based on these assumptions and proxy values, RW calculates the sustainable value, as mentioned above.

My objection is that they do not use-value the created use-values (outcomes), which means that they do not put them in relation to needs. Instead, they exchange-value them and this with respect to what appears to be problems (e.g. ill health, crime), i.e. the symptom problems. But the unemployed can, for example, get jobs that cause health problems. Still, it generates income and taxes. Should it be seen as a solution? Based on a more elaborate assessment of the needs, perhaps the answer would be no. However, such a needs assessment is not part of the approach since success is determined in monetized exchange-values.

### 5. Problems with the SuROI

As I see it, the **first** problem with the SuROI method concerns the form of representation. It is taken for granted that the residents represent someone and something. This is particularly paradoxical, since the district had its own political assembly and administration until a few years ago when it was abolished. In such an arrangement, citizens are represented through the form of representation called parliamentarism. Another form of representation is corporatism where unions negotiate with employer organisations. Distinctive forms of representation are also those based on non-profit associations, such as in housing, sports, culture or leisure. In all these cases, the representatives are elected by a certain population, for example, citizens of a certain age and a geographically defined area, members of an association, etc.

In addition to these selected representations, also researchers work with representations. A certain sample of the population in, for example, a district can be said to be representative of the district as a whole on well-thought-out grounds. As researchers, we must also be careful about the questions that are asked in, for example, surveys or interviews, how they are formulated, what possible response alternatives are possible, etc. The quality of it is never guaranteed, but it makes sense to regard it as a form of representation. None of these representational forms has been used in the Rocent case. The participants in the Theory of Change meeting seem to have been chosen quite arbitrarily, except for the ones who represent Trianon. They are trained for their job. They have resources. They represent clear interests and are mandated to represent them.

The **second** problem concerns the technological selectivity that the process involves. The method tends to highlight the symptoms while filtering out the causes. The mechanism looks like this: Participants are asked to identify use-values (e.g. improved lightening) or lack of use-values (e.g. negative image) but this should be done in a geographically defined area and only physically tangible use-values are accepted. This means that, for example, how organizations function, political influence or working conditions, i.e. many possible causal problems, are filtered out. These use-values are then not valued in relation to needs, i.e. they are not use-valued and the needs are thus filtered out. Instead, the use-values are valued in relation to the cost of symptom problems, ie they are exchange-valued.

The **third** problem concerns commodification. Something will be possible to own and decide on but also to sell or rent out. But if a use-value is to become a commodity, there must be someone who wants to buy it. Or there must be someone who promises to buy it in the future. A loan becomes a commodity because the borrower promises to pay and is legally obliged to do so. The lender can then resell this claim. But what about the calculations made by RW? How should Trianon be able to secure the prospected future savings and revenues? Using the RW method, Trianon can claim that the constructions in the above respects will result in savings and new tax revenue for the municipality.

Such a claim may become a powerful argument favouring Trianon in negotiations to assure some kind of revenue or promises from the authorities. Otherwise, the construction may perhaps not even start.

These new and cunning commodifications may become preconditions for construction projects onwards. If so, the market will be enlarged and those who are rich get more say. It is not only that they are rich but also that more and more can be bought for money, i.e. the resource needed to assert oneself in the market. Conversely, commodification limits the scope for democracy. What does this mean for the use-values that have been created? What are the repercussions on the use-values, for example the extension of the library and the design of the new public square?

### 6. Solving the problems ... or exacerbating them?

As I have tried to show, the SuROI method strengthens the capitalist companies and creates opportunities for them to profit from new and commodified use-values. All the three problems mentioned point inexorably in that direction. First, capitalist companies are strengthened by the form of representation. How can the ordinary citizen have something to oppose the representatives of a powerful company that also owns the whole process? Secondly, the capitalist companies are strengthened by the technological selectivity of the method, as analysed above. In addition, the SuROI technology itself is so complex and requires a lot of expertise, which a municipality can find difficult to match. Third, capitalist companies are strengthened by the commodification of use-values. In doing so, the exchange-valued use-values are incorporated in the commodity world, i.e. in the world where power and influence are due to money, not democracy. These new commodities are also owned by the companies.

But what's wrong with that? If companies becomes aware about what they need to do to create "improved mental and physical health" is not that something good? Certainly! But then I would like to remind of what commodification means. It builds further on a quantification of a use-value. It could be, for example, my own training and exercise. Like so many others, I want to keep fit. Good health is a use-value. It can, for example, be used to hike in the Alps with my sons. How do you create such use-value? One way can be to walk a lot. It has the advantage that the steps can be counted. And counting steps I do, or rather my mobile. I keep an eye on it and try to make sure I get to a certain level daily. The use-value obviously does not consist of the number of steps but of the good health. The measurement of the number of steps means a quantification of this use-value. It clearly has its advantages. But it also has its drawbacks. It makes me spend time walking that could also have been spent on something else that contributes to good health. But it is not included in the step count and therefore I tend to avoid it. Quantifications are always selective by focussing on certain aspects.

The example may seem far-fetched at first glance, but probably only for those who do not know how the Big Data companies capitalize on our use of mobiles and computers. The step count is not just a quantification of a use-value. It also becomes a commodification as the Big Data companies quantify our needs-driven activity online and make commodities of it. The consequences are shown in advertisements that appear on the screen and in the control of our searches online. As a result, we are influenced, for example, to buy shoes and equipment for a continued walk. We are influenced to spend extra time on the steps when it might instead be better for our health to spend more time with each other. We are made path-dependent.

The effects of commodification are reinforced by the capitalist companies due to their profit-driven nature. Maximizing profits is what the shareholders expect and also the banks to be able to grant advantageous credits. This is how the system works. There is nothing strange about that. Those who try to push the boundaries just want to be good at maximizing profits. A management will not become long-lived unless you try to use all of the company's assets for profit.

And no doubt, it has been good for Sweden and ordinary people. Without capitalism, we would not have been able to benefit from much of today's technology. There hadn't been so much commodities and they hadn't been as cheap. The capitalist development has a progressive front. But it also has a regressive back side, evident in terms of the climate crisis and the increasing inequality. Further, we have become dependent on poor people in other parts of the world sacrificing their lives to sew cheap

clothes for us. We have also become addicted to mortgaging the future of our children with the debt mountain being built up. Similarly, the new commodities may become for Trianon what a new discovery of oil becomes for the oil company. It enables an expansion of the balance sheet to borrow more money. However, the existence of this money is based on the fact that the oil will be extracted in the future. If this does not happen, for example because of a long-awaited radical change in climate policy, oil companies will have to go into bankruptcy. That will probably affect one and another bank as well, not to mention the insurance companies.

What opportunities remain for the development of the Rosengård area if the municipality (and perhaps even other authorities) has committed to pay Trianon according to the SuROI calculation method? What happens if the prospected sustainable values don't materialise as they are so arbitrarily chosen and calculated? What happens if elected politicians realize that what the Rocent project is capable of achieving can be done much better in other ways? Then there may not be any money left to do otherwise than what has been prescribed by the SuROI method. Maybe smart politicians can get away with it, but how will that affect Trianon? A hole may appear in the company's balance sheet and the company risks meeting the same fate as the oil companies, not to mention the bank that has lent money with the "hole" as collateral.

## 7. Policy-implications: What and how to do instead?

Massive investments are needed to succeed in a socio-ecological transformation. The problem is that there is far too little investment, but not only that: Existing investments tend to contribute to inequality. Supported by the EU's social investment perspective, policy-makers have tried to solve these problems by working more closely with capitalist companies. I have shown how this risks exacerbating inequality. Instead, a policy for increased investment should be based on the following three characteristics:

Firstly, since the social investment perspective has been discredited by its neoliberal turn in recent years, as highlighted by the ReInvest project, it is tempting to stop using the term. More important than the term (the signifier), however, is what we mean by it (the signified) and I would suggest the adoption of a perspective which is potential-oriented.<sup>5</sup> That means seeing and approaching people in the first place as potentials and not only for solving their own problems but for tackling the causes of inequality and transforming society. The potential-oriented perspective means to understand causes first of all as potentials. To have an effect, they must be actualised. That always happens somewhere, in a specific context, at different spatial levels, and it is made by actors who always have a discretion to make a difference. The term potential-oriented has emerged on the basis of collaborations with practitioners, with an endeavour on highlighting potentials rather than problems and a commitment to take underlying causes seriously. The use of this term facilitates such collaborations and acknowledges the know-how of local professionals as well as the tacit knowledge of the disadvantaged.

A potential-oriented approach seems to accord well with the alternative social investment concept suggested by ReInvest, based on a human rights and capabilities approach. That implies, among else, considering human agency as relational. The yardstick to assess social policies, for such a redefined social investment perspective "should not be their financial return on investment, but their contribution to the enhancement of human rights and capabilities."<sup>6</sup>

Secondly, on the basis of a potential-oriented perspective, it becomes imperative to take advantage of the experiences, views and cultural expressions within the local community. Such collaborations was called knowledge alliances by the Malmö Commission, as mentioned above, and has since then been

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<sup>5</sup> Stigendal, Mikael (2018) *Combating the Causes of Inequality Affecting Young People Across Europe*. Croydon: Routledge

<sup>6</sup> Bonvin, J-M (2018). Re-Focusing Social Investment on Capabilities and Human Rights. Re-InVEST Policy Brief no 9.

further developed as well as founded.<sup>7</sup> Along similar lines, but partly by using other terms and sources of inspiration, the ReInvest project emphasises the importance of public debate in the formulation, implementation and evaluation of social policies: "... policies should give large room to participation so that the beneficiaries of social policy can become also their co-authors. Allowing people to actively participate in establishing the goals of policies will increase not only their legitimacy but also their efficiency" .

In accordance with one of their central aims, the ReInvest has developed a highly interesting approach called PAHRCA (Participatory Action Human Rights and Capability Approach).<sup>8</sup> There is no time and space for me here to go into details about what it means. I will simply suggest combining approaches like knowledge alliances and PAHRCA to become an alternative form of representation, much more democratic than the one included in the SuROI approach.

Thirdly, the local community should be empowered to deal collectively with the problems of inequality, in line with the idea of collective empowerment, based on the notion of collective solidarity.<sup>9</sup> That should be regarded as a concern for all of us and the future of our societies. Establishing the alternative form of representation, mentioned above, is part of such a solution. It seems to accord as well with conclusions from the ReInvest on that "'good' social policies are not necessarily the most productive in terms of employment rates and GDP but those that expand individuals' capabilities and that contribute to realize their rights." Another important characteristic, also highlighted by the ReInvest, is a recognition and support of other notions of human agency than wage work. Drawing on the conceptual framework used in this paper, a social investment strategy should focus on use-valuations and not contribute to commodification by exchange-valuations.

Will that really make it attractable for capitalist companies to invest? Not necessarily. However, it will create a democratically strong context for such investments to be embedded in, perfect for companies that take sustainability seriously. For those companies that don't, a social investment strategy in this sense will empower people collectively and strengthen the "power-as-transformative-capacity", as Hilary Wainwright calls it in the journal *Red Pepper*.<sup>10</sup> Such a reinforcement is indispensable for a socio-ecological transformation to succeed.

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<sup>7</sup> Stigendal, Mikael & Novy, Andreas (2018) Founding transdisciplinary knowledge production in critical realism: implications and benefits. *Journal of Critical Realism* 17:3, 203-220.

<https://www.tandfonline.com/doi/full/10.1080/14767430.2018.1514561>

<sup>8</sup> <http://www.re-invest.eu/documents/books>

<sup>9</sup> Stigendal, Mikael (2018) Aiming at social cohesion in cities to transform society. In M. Nieuwenhuijsen & H. Khreis (Eds.): *Integrating human health into urban and transport planning*. Cham: Springer International Publishing

<sup>10</sup> <https://www.redpepper.org.uk/>