



**Beyond The Capitalism Paradigm?**  
**An Exploration of the Diverse Economy of Auroville**

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## List of Acronyms

INR	Indian Rupees
PTDC	Por Tous Distribution Center

## **Abstract**

Post-development school states that socio-economic practices at the local level that do not follow a capitalist logic might be the source of a post-capitalist socio-economic formation. By the economic principles that it follows, it is presumed that Auroville might be an archetype of a post-capitalist economy. In this paper, following the diverse economy approach, it is determined to what extent profit maximization, as the driving principle of capitalism, is partly or fully replaced by other motivations in this particular case.

## **Relevance to Development Studies**

Following a post-development approach to local development, which aims to identify alternative economic activities that are ignored by the hegemonic discourse, in order to make them more credible and viable as objects of policy and activism and recognizing them as potential source of a post-capitalist socio-economic foundation, the contribution of this study is to make visible the socio-economic experience of a community that have been experimenting for decades with different economic practices that, to some extent, go beyond the capitalist paradigm.

## **Keywords**

Capitalism, Diverse Economy, Post-capitalism, Post-development, Auroville.

# Chapter 1

## Introduction

During the decade of 1990s a number of authors (e.g. Escobar 1995, Sachs 1992, Rahnema and Bawtree 1997), inspired by post-structural thinking, and in their attempt to criticize what some of them call ‘the development industry’, focused on deconstructing the language, knowledge, institutions and assumptions that it produces. They suggested that it is a political and economic project approach that started after the World War II with the emergence of development institutions (i.e. the United Nations, the World Bank, the International Monetary Fund and the General Agreement on Tariffs and Trade, now the World Trade Organization), mechanisms (i.e. the USA’s Marshall Plan) and knowledge, being ‘the conscious beginning of a development industry’ whose imaginaries, narratives and technologies became globally powerful and predominant and that continue to be central to the present development era (McGregor 2009: 1688-90). This set of works and authors constitute what is known as the post-development school.

The deconstruction of development by the post-development school ‘resulted in the possibility of imagining a post-development era, one in which the centrality of development as an organizing principle of social life would no longer hold’ (Escobar 2000: 1). Thus, rather than creating an anti-development agenda, ‘post-development thinking attempts to perform new worlds by generating new experimental discourses and practices of development’ (Gibson-Graham 2010: 1), accepting the power of language to create effects in what it names (Buttler, Law and Urry cited in Gibson-Graham 2010: 1) and its importance ‘in the creation of reality’ (Escobar 2000: 2) or, as Cornwall (cited in McGregor 2009: 1692) has suggested, recognizing that ‘words make worlds’. Hence, to have a better comprehension of the post-development approach, it is essential to understand the importance it gives to language and how things are labeled.

This deconstruction includes the ‘unhinge of notions of development from the European experience of industrial growth and capitalist expansion’ (Gibson-Graham 2010: 1) identifying ‘capitalocentrism’ as the ‘dominant economic discourse that distributes positive value to those activities associated with capitalist economic activity’ (Gibson-Graham 2006: 56) and gives lesser value to other kind of economic practices; discourse that has impregnated the forms of economic organization even at the most local level. However, it is at the local level that post-development researchers have ‘put their faith... believing alternative imaginaries and ways of being must be sourced from the communities’ (McGregor 2009: 1695). Accordingly, from a post-development approach, ‘development objectives can be opened up to local assessment and it becomes possible to imagine many different development pathways that build on local assets, experiences and expectations’ (Gibson-Graham 2010: 4). From this perspective, post-development tries to identify and give value to socio-economic practices at the local level that are alternative to the capitalist logic and that might be the source of a post-capitalist socio-economic formation.

Auroville is an international township located in India that since its foundation in 1968 has been experimenting with different economic practices trying



to follow its own principles and motivations which are seemingly characterized for being different of those of a capitalist economy. By only looking at the economic principles that are tried to be followed by the community, which include the no circulation of money and the nonexistence of private property, it could be stated that Auroville is an archetype of what could be called by post-development as a post-capitalist economy, i.e. beyond the paradigm of capitalism.

Considering what is stated by the post-development school, that socio-economic practices at the local level that do not follow a capitalist logic might be the source of a post-capitalist socio-economic formation; presuming by its economic principles that Auroville might be an archetype of a post-capitalist economy; and knowing that the driving motivation of capitalism is profit maximization; the aim of this study is to determine whether it is profit maximization or other motivation what are orienting the decisions of the implementation of the economic practices in the community, thus it can be said if they have been able to go beyond the capitalism paradigm.

## **1.1 Research objectives and question**

The objectives and questions of this study are:

### Objectives

- To understand the economic relations in Auroville and identify some of the main economic practices in the community.
- To critically analyze the economic practices in terms of how they differ or relate to those practices characteristic of a capitalist system.
- To critically analyze the motivations of the implementation of these economic practices.

### Main question

To what extent profit maximization, as the driving principle of capitalism, is fully or partly replaced by other motivations in Auroville's economy?

### Secondary questions

- How do the economic practices in terms of transactions, labor, and enterprise work in Auroville? How do these practices differ or relate to those in a capitalist system?
- How is Auroville orienting its decisions in terms of needs, surplus, consumption, and commons?
- What are the principles and motivations, other than profit maximization, that lead the community to implement those economic practices?

## 1.2 Methodology

In order to have a better understanding of Auroville's economy and to identify the main economic practices there, I visited the community for four weeks<sup>1</sup> using ethnography as the methodology, and observation, interviews and document analysis as methods for data collection.

Having identified the main economic practices, they are classified in terms of transactions (and ways of negotiating commensurability), labor (and ways of compensating it) and enterprise (and ways of producing, appropriating and distributing surplus), and categorized as capitalist, as alternative to capitalism or as non-capitalist practices. For this purpose, I use the diverse economy approach, which is part of the post-development school. After identifying and categorizing each of these practices, I analyze them in terms of the motivations for their implementation and of how they differ or relate to those in a capitalist system.

It has to be noticed that the economic practices of Auroville related to transactions, labor and enterprise discussed in this paper, are only part of the practices that were identified during the data collection and analysis. This is due to the limitation of the scope of this paper and the limited data related to the other activities.

### *1.2.1 Being a guest in Auroville*

In order to have a better understanding of the community and to be able to interact more with people there, I spent 28 days as a guest<sup>2</sup>. During that period of time I had the chance to participate in a number of the activities and communal gatherings organized there for Aurovillians, guests and people involved with the community; I also interacted in commons where a number of people in the community spend some time everyday, e.g. the communal restaurant. These spaces facilitated the communication with Aurovillians<sup>3</sup>, Newcomers<sup>4</sup> and other guests, and where ground for informal talks that helped me to access different views of what was happening in the community. Furthermore, during my visit there I had the opportunity to visit a number of the most important enterprises in the community<sup>5</sup>.

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<sup>1</sup> I visited the community from August 3rd until September 1st

<sup>2</sup> A guest is a visitor who stays for several days in one of the guest houses of the community. A guest is allowed to open a guest account in the Financial Service (bank) and can hold a Guest Card which allows him/her to do transactions in some of the commercial units (e.g. restaurants, cafes, supermarket, bakery, etc.) and join some activities in the community (e.g. cultural events, courses, workshops).

<sup>3</sup> Aurovillians are people who have been officially accepted by the community as part of them.

<sup>4</sup> Newcomers are people in the process of becoming Aurovillians. It is a process that lasts approximately one year. During this process Newcomers get to know better the community and the community gets to know better them. At the end of this process, the community, represented by the Entrance Committee, decides whether a Newcomer can become an Aurovillian.

<sup>5</sup> See appendix 1

What might be expected of Auroville is a small cluster of houses and buildings close to each other surrounding the Matrimandir<sup>6</sup>; nonetheless, it can hardly be noticed when one is in the area of the township as the different buildings and settlements are scattered and connected by a complicated network of small roads that at first can only be used if one has a map. It can also hardly be noticed where the action takes place since it is not concentrated in only one spot of the township, as it may happen in a ‘normal’ village with a main square or a commercial street. Thus, at first sight it appears as a failed attempt of creating a township where everyone is minding their own business in their own places. Nevertheless, once one starts to settle down, i.e. find a place to stay, acquire a map, open a guest account, find a means of transportation (bike or motorbike), have some meals in the communal restaurant and check the weekly newsletter, it can be noticed that there are actually many things going on in the community.

Moreover, due to the fact that in the planned area of Auroville there are several Tamil villages, the time I spent there was also important to have an idea of how Auroville interacts with those villages. It is inevitable to notice the importance that the community has for the surrounding villages and vice versa.

### ***1.2.2 Interviews***

Sixteen semi structured and unstructured interviews (see appendix 1) were conducted to key informants, people with different roles in the community and people that somehow is related to it. It has to be noticed that there was in some way an evolution in the way the interviews were conducted and also in the purpose of them. It can be said that some of the first interviews had a merely exploratory objective and were intended to find out (or confirm) in general terms how Auroville and its economy worked and who else should be considered and would be willing to be interviewed; therefore, snowball sampling was used to select the interviewees. Furthermore, I would like to highlight the last interview which was conducted in The Netherlands, after my visit to the community, to Professor Dr. Henk Thomas, who has been doing research about the economy of Auroville for more than 12 years and who by the time of this research was working on a publication on 40 years of Auroville’s economy. This interview was important to corroborate some of the impressions that I acquired about Auroville’s economy during the field work.

Additionally to the interviews, during my stay in Auroville I had many casual talks with several people. I am not taking these talks as interviews but I considered some of the information obtained from them as a complement for my observation analysis.

### ***1.2.3 Texts analysis***

For the text analysis I went through several documents on the economic system of Auroville including non-academic articles, academic papers, reports etc.

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<sup>6</sup> The Matrimandir is the main building of the community; it is considered the soul of Auroville and symbolizes its ideals (Ganapathi 2010).

Additionally, I also accessed some issues of the two main publications by Aurovillians: Auroville Today<sup>7</sup>, News and Notes<sup>8</sup>.

#### ***1.2.4 Ethical considerations***

Considering that Auroville follows particular philosophical ideals and principles, before I went to the field, and as part of the work that I did there, I tried to understand their philosophical approach which gives support to and explains the socio-economic practices of the community. I considered it respectful with the community putting some effort in trying to understand (at least to some extent) what is it that they are really focused on, i.e. their spiritual development. Even though this information is found in some concise material, it is something that is not easy to follow if there is not enough context. Not having had some approach to it, would have put me from the very beginning in a position of judgment and perhaps would not have allowed me to access some of the people that, as key informants, contributed with this research.

Furthermore, considering that there were some explicit requests by interviewees of keeping discretion with some of the information provided, in the cases when I use quotations from the interviews, it is because I consider that the information in those quotations is not sensitive and do not affect the confidentiality of the interviewee.

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<sup>7</sup> Auroville Today is a monthly magazine and one of the most important publications of the community targeting people in the community and outside of it.

<sup>8</sup> News and Note is a weekly publication for Aurovillians and other people living or staying in Auroville that gives details of the issues and what is going on in the community.

## Chapter 2

# Capitalism, alternative to capitalism and non-capitalism

This chapter presents the theoretical and analytical framework that guides the development of the further chapters. It starts with a discussion on capitalism, followed by a presentation on the diverse economy approach and the four ethical coordinates, then concluding with the analytical framework.

### 2.1 Capitalism

Capitalism can be defined as ‘an economy in which private, profit-seeking companies undertake most production, and in which wage earning employees do most of the work’ (Stanford 2008: 34). In other words, the main two characteristics of a capitalist economy are: first, that ‘most of the production of goods a services is undertaken by privately owned companies, which produce and sell their output in hopes of making a profit’ (ibid.), which is called production for profit; and second, that most work ‘is performed by people that do not own their company or their output, but are hired by someone else to work in return for a money wage or salary’ (ibid.), which is called wage labor. These two characteristics ‘create particular patterns and relationships, which in turn shape the overall functioning of capitalism as a system. Additionally, it can be said that ‘[t]he hunt of profit is the dominant driving force of a capitalist economy’ (ibid.: 96).

In a capitalist system three institutional clusters can be identified: one is the monetary system for producing bank-credit money; second, market exchange; and third, private enterprise production of commodities. It is argued that enterprises, wage labor and market exchange existed, to some extent, in other economic systems, but it is the financing of production with money-capitals which defines capitalism as a form of economic system. This money-credit is created by banks as loans (debit) which in turn receive a profit in the form of interest (Ingham 2008: 53), thus it is this creation and use of credit-money which gives shape to the monetary system. ‘In modern capitalism, credit is the main source of money’ (Stanford 2008: 193) and it is issued by banks and private financial institutions, therefore they have the most important role in a *monetary system*.

Money is a social technology that in a market economy plays two main roles: one as a media of exchange and means of payment, i.e. as a means for people and companies to buy products or services; and second as a store of value or abstract purchasing power allowing people and companies to store their wealth in a convenient form. What is more, in a market economy, money is a way to facilitate exchange between buyers and sellers (Stanford 2008: 191-2, Ingham 2008: 67). Although the use of money is not exclusive to capitalism, it plays a central role in this system because ‘accumulating more money becomes the goal of production’ (Stanford 2008: 193).

Following the money in a very simplified version of a capitalist system it would go through several stages. The first one is the *investment* which is an ini-

tial expenditure to start a productive activity to produce goods and services. This expenditure (money-capital) goes to a fixed capital (for machinery, tools, a workplace, etc.) and a working capital (for the day to day expenses). The money of this initial expenditure comes from a bank, a financial institution or a private investor in exchange for an interest. As a second stage, this productive activity creates jobs in which workers perform their work in exchange for *wages*. The third step is *consumption* which is when workers spend in goods and services the money that they earn, thus this money returns to the companies. In the fourth stage, the *profit* earned by the companies, and therefore by the owners, with the production and sale of the goods and services, is used to pay the interest of the initial investment, is reinvested, or is spent in luxury consumption by the capitalist. It is the maximization of this profit that keeps moving the cycle in a capitalist system. In this flow of money, the wages and profits earned by the workers and the capitalists represent the incomes of the system that equals the expenditures represented in the worker consumption, the capitalist luxury consumption and the investment (Stanford 2008: 123-5).

Although capitalism is not the same as a market economy, i.e. it is not only a system of markets (ibid.: 37) and not all the circulation and exchange of goods and services is governed by the price mechanism, in modern capitalism *market exchange* plays the role of the basic means of coordination (Ingham 2008: 92-3). In a market economy there is ‘exchange and distribution of goods and services in terms of money prices, determined by competitive bargaining between buyers and sellers’ (ibid.: 92). This market exchange coordinates the three stages in the capitalist production of commodities, i.e. finance (money-capital), production (capital and labor), and consumption, where ‘bank-credit finances investment... in physical capital and the employment of labor for the production of both the means of production and of consumption goods in order to realize a profit’ (ibid.: 54). There are two main kinds of markets studied by neoclassical economists: markets for factors of production and the markets for final goods and services. The markets of factors of production includes what is require for the production of goods and services, such as labor, land, natural resources, etc. (Stanford 2008: 36); and the market for final goods and services is where the exchange of the output of the production takes place.

As part of the markets for factors of production neoclassical identify the labor market in which wage labor is treated as a commodity, understanding commodity as anything that can be bought and sold for money. In a labor market the worker is the supplier, the employer is the demander and the price is the wage rate. However, what is contradictory in this view is that a market exchange should reflect a balance of power between the buyer and the seller, whereas in a labor market the imbalance of power is evident between the workers and the employers (ibid.: 99-100).

In the *private enterprise production of commodities* the net cost of producing goods and services is calculated with an exchange value so they can be sold at a higher value and realize a monetary profit. In this institution, the means of production are the material capital and are the private property of the enterprise; thus, the money and the material means to carry out the production are the capital, and the production is carried out by wage labor, that is, by workers that do not own the capital. In this sense, ‘as Marx explains, capital is not defined by its functional role in the process of production, but by a power relation. ‘Money’ becomes money ‘capital’ only with the existence of property-less

[labor] – that is to say, a class of economic agents that can only subsist by selling their only ‘property’ – their [labor] power’ (Ingham 2008: 55). In a capitalist system, deep inequalities between those who own the enterprises and those who do not, and a permanent conflict between the workers and the employers, are characteristic (Stanford 2008: 35). In short, the two main features of a capitalist enterprise are, first, that it is owned by someone, usually private investors, and the profit produced by it are the property of the owners; and second, that the main goal of the owners is to maximize the enterprise’s profit (ibid.: 99-100).

When talking about capitalism it is also important to understand the concept of economic *surplus* which is the additional production to what is needed in an economy to sustain the workers. The surplus depends on the productivity of the economy and the minimum standards of living: *productivity* is how much the economy is able to produce in relation to the amount of work that is needed for the production; and, there is no absolute standards of ‘*necessities*’ of life and it is influenced by changing social norms and context, which makes it difficult to measure surplus. In an economy, surplus is important because its appropriation and distribution determine the evolution of it over time (ibid.: 72-3).

In a *capitalist enterprise*, the surplus is produced by the workers and appropriated and distributed by the owners, thus it is through the appropriation of the surplus that an enterprise makes its profit, which is used for consumption or inversion. Therefore, if workers are more productive, i.e. if they produce more in lesser time, the surplus of an enterprise is larger. In short, because the main motivation of a capitalist economy and a capitalist enterprise is profit maximization, they aim to increase their *productivity*.

Another crucial factor of capitalism is *competition*. It is given by the fact that in an economy there are more than one companies producing and selling the same products and services. They have to compete between them to obtain the best share of the market, which means to sale more and therefore to make more profits. Accordingly, competition is a driving force for companies, considering that it pushes them to innovate and be more productive, thus they can offer better products or better prices.

When referring to the behavior of the individuals in a capitalist system and their influence, as described by Ingham (2008: 60), capitalism, as any other social system is also ‘cultural’:

*‘...in the sense that economic activities are guided, framed and rendered meaningful to the participants by shared symbols, norms, beliefs and values. Attention has been given to two main issues: the ‘spirit’ of entrepreneurial capitalism, and acquisitive consumerism. Capitalism is historically distinctive in that both production and consumption are freed from the limits set by traditional cultural constraints. Some levels of luxurious ‘conspicuous consumption’ is to be found in all except the simplest subsistence-level societies, but only in modern capitalism does it become a major motive force in the economy. In short, if the culture of capitalism is unable to generate an ever increasing expansion and proliferation of consumers’ wants, then the economy falters and enters a period of stagnation.’*

In short, capitalism is an economic system, whose main driving principle is profit maximization, and in which private companies, market exchange, money, consumption and competition are the protagonists.

## 2.2 Diverse Economy Approach

Writing from a post-development standpoint and contributing to the building of a counter-hegemonic epistemology of the Global South by the World Social Forum, Santos (2006: 17) distinguishes a ‘monoculture of the criteria of capitalist productivity and efficiency’ in the development discourse that ‘privileges growth through market forces’ (ibid.) and creates a social form of non-existence of economic activities that are out of the logic of capitalist productivity and are rather hindrances for the ‘scientific, advanced, superior, global or productive realities’ (ibid.:18). He argues that this production of absences results in the ‘waste of social experience’ (ibid.:18) and proposes to confront it with a sociology of absences which works by substituting monocultures by ecologies. The sociology of absences challenges the logic of the prevalence of objectives of accumulation distinctive of capitalism and replaces the monoculture of capitalist productivity by the ecology of productivities identifying and valorizing alternative forms of economic organization and facilitating their acceptance and credibility. A second component of this epistemological construction is the sociology of emergences which aims to identify (among the ignored experiences) and amplify tendencies of the future ‘based on real possibilities and capacities, here and now’ (ibid.: 32).

Following the idea of Santos, Gibson-Graham (2005a) propose a post-development approach for local development with which they identify the ecology of productivities, or the *diverse economies* (as they name it), of communities focusing on building from what they have rather than what they lack. With this approach they want to make more ‘real’ hidden and alternative economic practices that are ignored by the ‘capitalocentric’ discourse but that contribute to social well-being, in order to make them more credible and viable as objects of policy and activism (Gibson-Graham 2006, 2008: 618).

In order to map the economic space of a community they propose the diverse economy framework (table 2.1) in which different economic practices of a community can be classified in terms of transactions, labor and enterprise and depending on their nature and their characteristics they can be classified as capitalist, as alternative to capitalism and as non-capitalist.

Even though in this framework other kind of economic practices related to finance and property, for instance, can be classified, for the purpose of this study I will focus on those related to transactions, labor and enterprise. Table 2.1 shows only some examples of the kind of economic practices that can be identified in a particular community. It has to be noted that the diverse economy approach recognizes the interdependence between each of the strands, that the economic practices identified can occupy multiple places and that the criteria to classify them can be as diverse as the activities themselves so this framework has to be taken only as an starting point to recognize the ecology of forms of economic organization in a community.

In the diverse economy framework, the economic practices related to *transactions* and ‘ways of negotiating commensurability’ (Gibson-Graham 2006: 60) can be classified as part of a market exchange (capitalist), as part of an alternative market (alternative to capitalism) and as non-market (non-capitalist). This approach sustains that ‘[p]erhaps the most prevalent form of exchange is the huge variety and volume of *nonmarket* transactions that sustain us all’ (ibid.:



60) and that ‘there are many forms of *alternative* market transactions in which goods and services are exchanged and commensurability is socially negotiated and agreed upon’ (ibid.: 62).

**Table 2.1 Diverse Economy Framework**

TRANSACTIONS	LABOR	ENTERPRISE
<b>MARKET</b>	<b>WAGE</b>	<b>CAPITALIST</b>
<b>ALTERNATIVE MARKET</b>	<b>ALTERNATIVE PAID</b>	<b>ALTERNATIVE CAPITALIST</b>
Fair trade	Self-employed	State owned
Alternative currencies	Reciprocal labor	Environmentally responsible
Underground market	In-kind	Socially responsible
Barter	Work for welfare	Non-profit
<b>NON-MARKET</b>	<b>UNPAID</b>	<b>NON-CAPITALIST</b>
Household sharing	Housework	Worker cooperatives
Gift giving	Volunteer	Sole proprietorship
Hunting, fishing, gathering	Self-provisioning	Community enterprise
Theft, piracy, poaching	Slave labor	Feudal
		Slave

Adapted from Gibson-Graham (2006: 71)

In terms of *labor* and ways of compensating it, the economic practices can be classified as wage labor (capitalist), as alternative paid (alternative to capitalism) and as unpaid (non-capitalist). This approach argues that ‘the labor that supports material well-being is performed in many different contexts and is compensated in many different forms’ (Gibson-Graham 2006: 62) and that ‘[t]he most prevalent form of labor is *unpaid* work that is conducted in the household, the family and the neighborhood, or the wider community’ (ibid.) among other forms of unpaid labor. As *alternative paid* labor can be classified many other forms of labor that are paid but can be distinguished from wage labor because they are not necessarily compensated by a monetary wage.

Finally, when referring to *enterprise*, they can be classified as capitalist, alternative capitalist and non-capitalist. In this kind of economic relations, looking at the ways in which the surplus is produced, appropriated and distributed, and also the ways in which they exchange, can provide some tools to classify them on one or several categories.

### **2.2.1 The four ethical coordinates**

The diverse economy approach proposes, as a practice of post-development, the building of ‘community economies’ which are argued to be normative representation of the diverse economy and are defined as ethical and political spaces of decision, not a geographic or social commonality, in which negotiations over interdependence take place (Gibson-Graham 2006: 192, Community Economies Collective, n.d.). The development of a ‘community economy’ is oriented by the priorities of the decisions in terms of four ethical coordinates: necessity, surplus, consumption, and commons.

The necessity and surplus coordinates are related to the concepts of economic surplus (see section 2.1), necessary labor and surplus labor. As defined by Marx (cited in Gibson-Graham 2006: 66) surplus labor is ‘the extra time of labor the direct producer performs beyond the necessary labor’, understanding necessary labor as ‘the quantity of labor time necessary to produce the consumable customarily required by the producer to keep working’. The producer of the surplus labor is the worker, and, as discussed in a previous section, there is no standard for what can be defined as necessary and it is influenced by changing social norms. The diverse economy approach argues that in a ‘community economy’ the decision of what is *necessary* for subsistence and how it should be produced and distributed is negotiated, as well as the decisions of what is *surplus* for the subsistence and the improvement of the community, and how that surplus should be appropriated and distributed or used (Gibson-Graham 2006: 193, 2005b: 121).

When stating the ethical coordinate of *consumption*, the diverse economy approach refers to the negotiation of the decisions about what should be invested in activities that may seem ‘unproductive’ but that are actually increasing the capacity to produce social surplus, which is the surplus that nurture the commons and the productive base. What is more, when it comes to the decision on how to distribute social surplus, the choice is between investing in activities that are productive of social surplus or ‘expand activities that deliver social well-being directly, that consume social surplus in replenishing the commons, or that allocate surplus to increasing the standard of living by redefining what constitutes subsistence or a social necessary wage payment’ (Gibson-Graham 2006: 94-5). Thus, in a ‘community economy’ consumption can be recognized as ‘a potentially viable route to development rather than simply its end result... defining and making decisions about consumption versus investment on a case-by-case basis, rather than privileging the latter as the “driver” of development’ (ibid.: 193).

Finally, the ethical coordinate of *commons* is about the negotiated decisions on ‘what constitutes common property and how it should be augmented, extended, replenished, maintained, or drawn down’ (Gibson-Graham 2005b: 121). The diverse economy approach states that ‘[a] community economy makes and share commons.... Without a commons, there is no community, without a community, there is no commons’ (Gudeman cited in Gibson-Graham 2006: 95). What is more, these commons are not only physical spaces but also activities, institutions, customs, etc., that deliver social and physical well-being to the community.

## 2.3 Analytical framework

Post-development school states that the socio-economic practices at the local level that do not follow a capitalist logic might be the source of a post-capitalist socio-economic formation. Following this idea, the diverse economy approach by Gibson-Graham, as part of the post-development school, proposes the diverse economy framework as a tool to identify the economic practices in a community including those that do not necessarily follow a capitalist logic. In this study, this tool is used to classify the practices that have been identified in Auroville in terms of transactions, labor and enterprise as capitalist, alternative capitalist or non-capitalist. In order to determine in which cate-

gory each practice should be classified, the way in which they work is evaluated with what is stated by Inham and Standford about how the same kind of activity work in a capitalist system. By doing this, it is possible to determine how the practices in Auroville differ or relate to those in a capitalist system.

Following the previous step and in order to finally determine to what extent profit maximization is being fully or partly replaced by other motivations in Auroville's economy, it has to be identified what are the motivations for the implementation of the economic practices in the community. To identify these motivations, I analyze how the implementation of the economic practices is being oriented by the priorities of decisions in terms of the four ethical coordinates of the diverse economy approach.

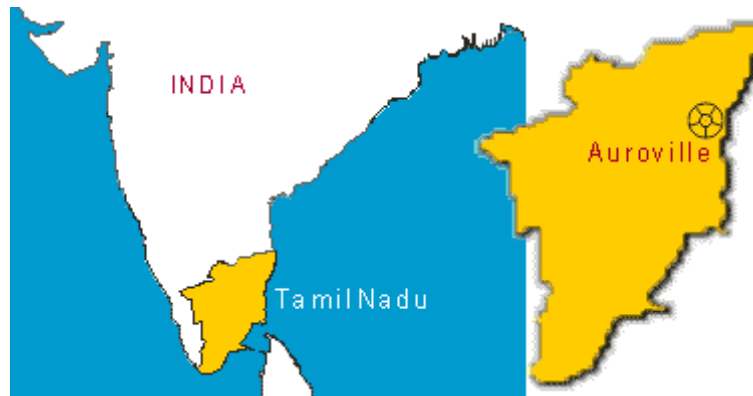
## Chapter 3

### Auroville

#### 3.1 An overview

Auroville is an 'International Cultural Township' (UNESCO 1983: 65), located in Tamil Nadu, India, 150 kms south of Chennai and about 10 kms North of Puducherry (Pondicherry) city (see map 3.1) (Auroville, n.d.). The township was founded in 1968 by the French women Mira Alfassa, known as The Mother (Prisma 2011). Having the support and endorsement of the Indian Government (Government of India 1988) and the UNESCO (Auroville Today 2009: 2, UNESCO 2007: 54, 1983: 64, 1970: 52, 1968: 56, 1966: 71), the township is basically a social laboratory where people of different nationalities live together and work towards their spiritual growth based upon the ideals of The Mother and the teachings of the Indian philosopher Sri Aurobindo (Prisma 2011, Auroville., Ganapathi 2010).

Map 3.1 Location of Auroville



(Where is Auroville?', n.d.)

The development of the township is based on the vision of its founder who gave specific instructions to be followed. In this sense, one of the objectives is to build a city for 10,000 people. Currently, the township has a population of 2,257 people from 48 different countries, with a majority of nationals from India (48%) and a big representation from Europe and the western world (France 15%, Germany 10%, Italy 5%, Netherland 4%, USA 3%)<sup>9</sup>(Auroville, n.d.).

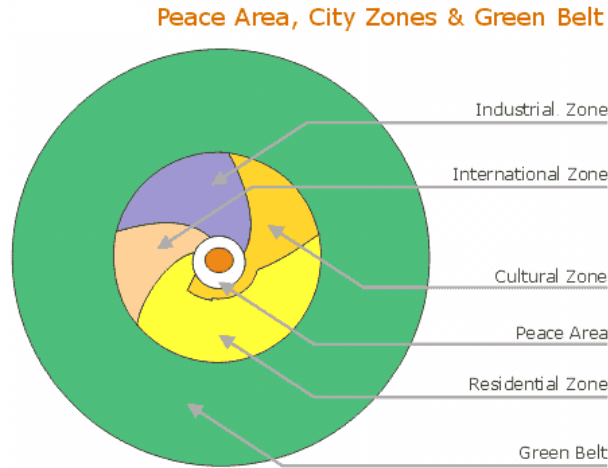
Special instructions were also given by the founder about the area where the city should be built and the distribution that it should have. Map 3.2 shows the general distribution that is planned for the city according to the vision of the founder. The city is planned to have six main areas: the Peace Area, which holds the Matrimandir, the main building of the city; the Industrial Zone, which is planned to contain the industries the administration of the city; the Residential Zone, planned to hold the main settlements of Aurovillians; the

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<sup>9</sup> Census April 2012

Cultural Zone, planned for facilities for educational, cultural, sport and art activities; the International Zone, planned to have national pavilions<sup>10</sup>; and the Green Belt, planned for the farms and forest areas (Auroville, n.d.).

**Map 3.2 The City Plan**



(‘Overview of The City Plan’, n.d.)

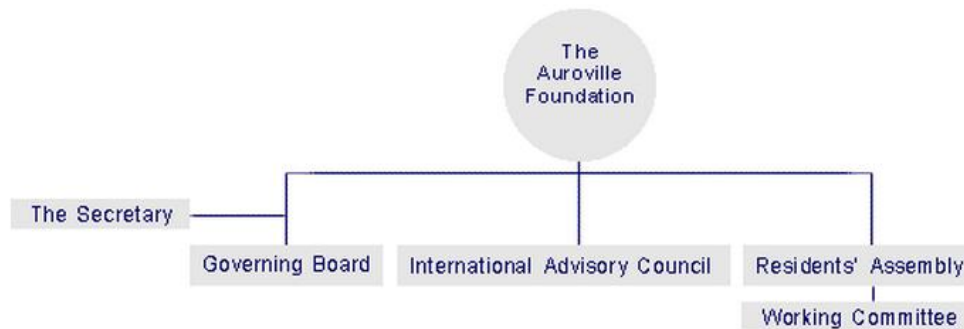
The City Zone, i.e. the Peace Area, the Cultural Zone, the Industrial Zone, the Residential Zone and the International Zone all together, has a diameter of 2,5 km representing about 500 hectares; and the Green Belt is 1,25 width which represents an area of about 1,503 hectares. Since the foundation, lands have been acquired by Auroville, but currently not all the land within the planed area is owned by the community. In the city are, about 72% of the land is already owned by Auroville while in the Green Belt it is only 24% (Sri Aurobindo Association of America 1999). The map in the appendix 2 shows in green the lands that in May 2003 were already owned by Auroville, and in brown the Tamil villages within and around the planed area of the township. Acquisition of land is currently a big concern for the community considering the financial needs for this and that the price of it increases every day due to the speculation that is taking place in hands of some people that want to take advantage of the process of development of the township.

Within the Green Belt area there are 5 Tamil villages, and a total of 13 Tamil villages in the immediate area of Auroville with about 40,000 people, which makes the development of the township to have a huge impact on these villages and also to be highly dependent on the interaction with them. Currently, almost 5,000 local people are employed by Auroville (Auroville, n.d.).

In 1988, Auroville Foundation was established by an Act of Parliament of India, making of the township a legal entity. The Foundation owns all the assets of Auroville and has several trusts operating under its umbrella taking care of different issues of the township (Sri Mayapur Master Plan Office, n.d.). The Auroville Foundation is governed by three interacting authorities (see figure 3.1): the Governing Board, the International Advisory Council and the Resident Assembly.

<sup>10</sup> The national pavilions are permanent exhibitions about different countries.

**Figure 3.1 The Auroville Foundation**



(‘The Auroville Foundation’, n.d.)

The Governing Board consists of seven individuals nominated by the Central Government of India and of two members of the Government itself and its main responsibility is to keep the development of Auroville within its aims and ideals. The International Advisory Council consists of not more than five members nominated by the UNESCO unit of the Ministry of Human Resource Development of India and its main function is to advise the Governing Board on the development of the township. The Resident Assembly consists of all residents of Auroville aged 18 years and above; it is in charge, among other tasks, of monitoring different activities in the community, of implementing the Master Plan in consultation with the Governing Board, of advising the Governing Board and making proposals for its approval, and it has the power to decide who can become an Aurovillian. Additionally, the Resident Assembly selects the Working Committee which is in charge of assisting it and the Governing Board with their duties (Auroville Foundation, n.d.).

## 3.2 Economic principles

As mentioned previously the development of the town follows (or at least tries to follow) the ideals and aims to achieve the vision of its founder. Her vision and ideals can be found in texts and recordings of conversations by her, however, since she is not present<sup>11</sup>, they are subject to interpretations. It can be noted how in the community there are two major positions on the vision that she left, there are those who are in favor of following it as textually as possible whereas others are more of the view that what she said should be adapted to the times and circumstances.

Some Aurovillians have worked on collecting and interpreting the words of the founder. According to Gilles Guigan (cited in Chawal 2011: 24-5), a long time Aurovillian, and his interpretation of The Mother’s vision on Auroville, the six economic principles of the township are as follows:

*‘1. Money will not be used to make money. Money will generate an increase in production, an improvement in the conditions of life and a progress in human consciousness.’*

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<sup>11</sup> She died in 1973, a few years after the foundation of the town.

2. *Auroville will be self-supporting and will provide an example of how all energies can be constantly replenished.*
3. *At Auroville, nothing will belong to anyone in particular. Everything will be collective property.*
4. *Auroville is not a work of charity. Every Aurovillian will contribute in work, cash or kind, according to his possibilities.*
5. *The township will maintain every Aurovillian according to their respective "inner position".*
6. *Money will not be the sovereign lord. Money will not circulate within Auroville.'*

Principle one is about the use of money in the community and it can be understood as if it should not be used to generate interest but to be reinvested in productive activities and in the improvement of the living conditions of Aurovillians. Principle six which is also about money depicts the relation of the community with it and can be interpreted as if it should not be a central factor in the life of the community, however, what is stated about the no circulation of it within Auroville can be subject to different interpretations as it is discussed in section 4.1 of this paper.

In principle two, what is stated as 'self-supporting' can be also seen in different manners. It could be noticed from the interviews, that there is not a united understanding in the community about being self-supporting. For instance, some of them understand it as the community being able to support with the basic needs to all Aurovillians, whereas others see it as being able, with their own enterprises, to make enough money so they do not depend on donations and other sources.

Principle three is about the non-existence of private property in the community. In Auroville all immovable property and assets belong to Auroville Foundation. Even though Aurovillians can still have private property outside the community, everything that is built within the terrains of Auroville is property of Auroville Foundation. Currently, one of the requirements for someone who wants to become an Aurovillian is to have the financial capacity so build his/her own house in the land that is allocated to him/her. They are free to build their houses according to their desires; however, the building belongs to the Foundation even if they decide to leave the community afterwards. Similarly happens to the enterprises, subject that is discussed further in section 6.1 of this paper.

Principles four and five are interrelated. Accordingly, the community is supposed to be able to support with the basic needs to all Aurovillians, and all Aurovillians are expected to contribute to the community. However, what can be interpreted as 'inner position' is subject of debate in the community, there are those who argue that the maintenance<sup>12</sup> should be equal for every Aurovillian regardless of his/her position in the community, whereas there are others who are in favor of providing with different levels of maintenances according to the nature of their work.

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<sup>12</sup> The Maintenance System is the means of payment in the community and it is discussed further in section 4.1 of this paper.

### 3.3 Sources of income

City Services is the denomination for the group of services that are delivered to the community in order to meet its daily needs. Table 3.1 shows the distribution of the income of one year of City Services by source:

**Table 3.1 City Services Income**

Distribution of income by source	
Commercial Units	40%
Services	27%
Aurovillians, Newcomers, Friends	15%
Guest Houses & Gests	12%
External	6%

Source: City Services Yearly Financial Report: 1 April 2010 to 31 March 2011 (2011: 1)

As seen in the table 3.1, the contribution of the commercial unites is the most important source of income and it comes from the contribution of at least 33% of their net profits. Services corresponds mostly to the interest earned by external inversions made by the Financial Services with money deposited by Aurovillians and units who decide not to use commercial banks but instead the bank of Auroville and donate the interests to the community. Contributions by Aurovillians, Newcomers and Friends of Auroville<sup>13</sup> are the third source of income with a 15%; the contribution is a sort of tax that has to be paid by commercial or service unites for each Aurovillian, Newcomer or Friend of Auroville working for them; it also has to be paid by Aurovillians who are able to work but are not working. 12% of the income comes from the Guest Houses that belong to the community which are used by visitors and volunteers; and finally, 6% comes from external sources, mainly from the Government of India. It has to be noticed that these are figures only for the City Services considering that the resources for the infrastructure to support these services have mainly come from grants and donations by governmental and non-governmental organization as well as private donors (Thieme 2010: 39, Auroville, n.d.).

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<sup>13</sup> Friends of Auroville are people working in Auroville and sympathetic with its ideals but not interested in becoming Aurovillians.



## Chapter 4

### Transactions

The practices of Auroville related to transactions are mainly linked with its economic principles five and six (section 3.2) which are about the maintenance of Aurovillians by the township and the relation of the community with money. Four economic practices are discussed in this chapter: the Maintenance System, the Por Tous Distribution Center, Nandini, Free Store and Food Link.

#### 4.1 The Maintenance System

The maintenance is a monthly payment given to every Aurovillian who contributes with work to the community. Part of the payment is given in cash, part is given in kind and another part is redirected to other services. There is a standard maintenance which is for those who work full time, i.e. minimum 35 hours per week, for the community; however, there are some special cases with different levels of maintenance<sup>14</sup>. Table 4.1 shows how standard full time maintenance is divided.

**Table 4.1 Standard Maintenance**

Type	Amount in INR	% of Total
Kind	3,850	44%
Cash	2,500	28%
Por Tous	1,100	12%
Lunch	950	11%
Health Found	300	3%
Electricity	150	2%
Total	8,850	100%

Adapted from Budget Coordination Committee (2011: 6)

The payment is made by the City Services which is the office that coordinates the budget for the services delivered to the community. Every Aurovillian holds an account in the Financial Service<sup>15</sup> that is represented in Indian Rupees; the amount of the payment that is in-kind is credited to a kind-sub-account and the amount in cash is credited to a cash sub-account. The in-kind credit cannot be withdrawn in cash and is to be used within the community. Every transaction between an Aurovillian and a unite<sup>16</sup> is recorded by the unite and later the Financial Service transfers the credit from one account to the other. On the contrary, the amount paid in cash can be withdrawn from the

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<sup>14</sup> This is discussed further in section 5.1.

<sup>15</sup> The Financial Service is the bank of Auroville.

<sup>16</sup> The enterprises owned by Auroville that provide goods and services for Aurovillians and outsiders are called commercial units; whereas service unites are those in charge of delivering services to the community.

Financial Service and is meant for purchasing goods or services outside Auroville (Chawal 2011: 32-3).

The Por Tous credit goes to other consumption services such as the Por Tous Distribution Center and Nandini<sup>17</sup>; the lunch credit gives the right to have a daily lunch in one of the restaurants owned by the community and it is accredited to the restaurant chosen by the Aurovillian; the health credit goes to the Health Found; and the electricity credit is a representation of the in-kind benefit of this service (Budget Coordination Committee 2011: 6). Thus, as it can be seen in table 4.1, most of the maintenance (i.e. 72%) is paid in services and in-kind credit. Although, the standard maintenance is meant to cover the basic needs of an Aurovillian, those who do not find it enough have to use personal funds from external sources (e.g. a pension, a rent, etc.).

It can be understood that the system was created mainly to eliminate the circulation of money within the community, trying to follow the sixth economic principle; however, this has not been accomplished at all. By not using cash in the transactions between Aurovillians and the units it does not mean that there is no use of money; as stated by Ingham (2008: 67), money is a media of exchange and means of payment that has an abstract purchasing power; all these are characteristics of the credit in-kind that is part of the maintenance, thus, it can be said that they are actually using money for their transactions. In addition, the maintenance is received only by a number of Aurovillians, the rest of them deposit in their accounts personal money that comes from external sources, thus they are able to do transactions in the community as anyone outside Auroville using a debit card.

When classifying this practice within the categories of the diverse economy framework, the Maintenance System can be allocated as an *alternative market* transaction, that is, as a kind of economic practice alternative to capitalism. As stated by Gibson-Graham (2006: 62) in 'alternative market transactions... goods and services are exchanged and commensurability is socially negotiated and agreed upon'; in the case of Auroville the units do not set the prices trying to maximize profits in transactions with Aurovillians, but instead try to offer them the minimum price that possible, for instance, in the case of the PTDS<sup>18</sup> the price of sale is the same price of purchase. Thus, it is not prices 'determined by competitive bargaining between buyers and sellers' (Ingham 2008: 92) that is characteristic of a market exchange.

In addition, the Maintenance System seems not to promote a 'spirit' of acquisitive consumerism which according to Ingham (2008: 60) is characteristic of a capitalist culture among those who receive a maintenance; nonetheless, it is only very few Aurovillians, probably half of the about 1,500 adults<sup>19</sup>, who work for a maintenance. The rest of them obtain money from outside sources so they can freely decide how to spend it. In the community, it is evident the luxurious consumption by some of them, however the exchange of these goods takes place outside of the community. This might be given not because the Maintenance System as such promotes it but because of the individual de-

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<sup>17</sup> The services of these units are discussed later in this section.

<sup>18</sup> The case of the PTDC is discussed further in the following section.

<sup>19</sup> Personal interview with Harini, see appendix 1.

cisions which might be influenced by the context in which they were educated and brought up. It is important not to forget that almost half of Aurovillians come from the western world. In addition, the proximity of the township to Pondicherry city facilitates the acquisitions of luxury goods that cannot be found in stores in or around Auroville.

Relating the orientation of the implementation of the Maintenance System to the ethical coordinates of the diverse economy approach, the system seems to be designed with the purpose of procuring that the basic needs of Aurovillians that contribute with work are covered with the maintenance. What is ensured to be covered with the system is food, health service and clothing<sup>20</sup>. The maintenance does not include any value related to housing because from the moment an individual joins the community this is something that has to be solved, either because he/she is allocated a place or because he/she can build his/her own house<sup>21</sup>. Any additional need to what is covered by the maintenance is under the responsibility of each Aurovillian, and those extra needs are mostly part of what is purchased outside the community.

## 4.2 Shopping without money

The Por Tous Distribution Center (PTDC) is perhaps the most interesting economic experiment that the community is working on. It is a supermarket that provides basic goods to Aurovillians and where they do not have to pay for them every time they go shopping. Although there is a record of the transactions that are made and of the value of them, Aurovillians can take as much as they consider necessary at any time. However, it is not that they do not pay what so ever for the products but instead they make a fixed monthly contribution which is not directly related to the value or amount of the products that they consume. For Aurovillians that receive a maintenance it is about the 12% (see Table 4.1), and for those who sustain themselves it is deducted from their accounts.

The products are valued at the same price that they are purchased, and these prices are lower than the prices an individual would pay in a regular shop outside the community considering that the volumes and quantities that the PTDC buy to suppliers are bigger and they can bargain for better prices. The prices of the products are not displayed like in a normal shop but there is a list available were they can be checked by costumers if they want. The products offered by PTDC are those which are considered basic based on researches among Aurovillians. Priority is given to goods produced by Auroville's farms and units and produced locally. Two or three choices of each item is offered so there is also variety.

By mid of every month a list is displayed showing how much each one has consumed during the month so they can be aware of how much so much

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<sup>20</sup> Part of the credit of Pour Tous can be used in a scheme that supplies them with clothing. This scheme is discussed further in the following section.

<sup>21</sup> Currently, one of the biggest problems in the community is the lack of housing, thus, one of the most important requirements for an individual to join the community is to have enough financial means in order to build his/her own house.

more they should consume for the rest of the month. By the end of each month the value of the consumption of each Aurovillian is compared to the amount that they contribute in order to monitor this relation, additionally, this relations are summed up in order to have a general balance which could be positive (i.e. the contribution amount is higher than the consumption value) or negative (i.e. consumption value is higher than the contribution). The PTDC monitors and procures that this balance keeps positive and although there is no sanctions for those who have a negative balance, they are encouraged to contribute more money to the system. If there is a positive balance by an individual it is taken as an advance for its future excesses in consumption or as a subsidy for those who are consuming more than they contribute. The PTDC is exclusively for Aurovillians and New Comers and the participation on it is voluntary. At this point about 38% (860)<sup>22</sup> of Aurovillians are subscribed.

In the PTDC the product offered are purchased with the contributions of the participants but the rest of the operation is run with resources of the central fund of the community. Most of the people working there are Aurovillians and volunteers and it does not employ Tamil villagers which makes it different from many of the commercial units. The PTDC has been working for six years increasing the number of participants every year and thus far the accumulated balance is positive which suggest that it has been successful<sup>23</sup>.

Using the diverse economy framework, the system of the PTDC can be classified as an *alternative market* form of exchange, that is, as an economic practice alternative to capitalism. In the PTDC, although the prices are determined, to some extent, by the market outside of the community, there is a not extra cost for the intermediation of the PTDC between the suppliers and Aurovillians, which means that there is no profit maximization motivation. What is more, the participants are offered better prices that they could get if they would buy outside of the community. In addition, the prices are not meant to have a direct impact on the selection of the products when Aurovillians are shopping, but instead, it is their real needs that should influence their decision. Different from a profit driven store, in the PTDC it is not the over consumption of their costumers that guarantees the success of the operation, but instead the measured consumption, yet the increase of the number of costumers is still important. However, if the PTDC would not have the financial support of the central funds and the work of Aurovillians and volunteers, it would not be self-sustaining and then would have to be profit driven business.

Nandini is a store that works under the same parameters of the PTDC but focuses on clothes and house items, offering also tailoring service to the participants. Complementary to it, there is another store called the Free Store which is a bank of garments where Aurovillians can bring the clothes that they do not use and take the items that they need. In the Free Store, the operation is based in trust, exchange does not involve money of any kind and it is not driven by profit maximizing motivations. For these reasons the Free Store can be classified as a *non-market transaction* in the diverse economy framework, that is, as a non-capitalist economic practice.

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<sup>22</sup> Personal interview with Anandi. See appendix 1.

<sup>23</sup> Ibid.

Relating the implementation of these practices with the ethical coordinates of the diverse economy approach, the PTDC and Nandini are intended to provide with basic goods so they can cover the basic *needs* of the participants while helping them to make the best use of the maintenance and helping save money to those who do not receive a maintenance. The offer of basic goods is based on the research that they have done among the community about what is needed and it takes into account the multiculturalism of the township. The PTDC, Nandini and the Free Store are not only places for exchange but for sharing and delivering well-being to the community through the convenient and affordable provision of basic products and this makes them commons. Therefore, considering that the operation of them in terms of infrastructure is sustained by the central funds of Auroville it can be said that the community is allocating surplus to maintain a common that do not generate monetary return but social surplus.

### 4.3 Gathering food for the community

Food Link is a supply center in charge of buying the food and redistributing it to other units in the community (restaurants and outlets). It is one of the service units of the community and it has been operating for about four years. Food Link buys food from the farms of Auroville but most of it is bought from external farms. The other function of the unit is to sale to the outside the excess of the production of the farms after having distributed what the community needs, however, this is something that rarely happens. In Auroville there are 19 farms out of which 7 supply the community regularly with food; however, this is only a small part of the food that is required by the community. This lack of supply by the farms is given for different reasons, such as lack of financial resources to invest in the farms, climate limitations, lack of Aurovillians willing to or with the expertise to work in them and tastes of people in the community.<sup>2425</sup>

The prices for the transactions between the farms of Auroville and Food Link are set by the farmers and they usually follow the tendency of the prices of the markets outside Auroville and the payments from Food Link are made by transfer between the accounts of the units. The prices that Food Link uses to sale to the other units in Auroville is the price in which they buy from the farms plus INR 1 per Kg. This extra charge is in order to support the operation of the unit, however it only covers about 40% of it<sup>26</sup>, rest comes from the central funds of Auroville. Similarly, the transactions with the farms from outside of the community are paid also in INR and at market prices; the main difference between both kinds of suppliers might reside in that the prices of the farms of Auroville are set periodically whereas the prices of the farms from outside fluctuate with the market.

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<sup>24</sup> Because of the different cultural backgrounds of the people living in the community, there are some products that are growth in the community but are not of the taste of some, thus different varieties have to be bought outside.

<sup>25</sup> Personal interview with Inge. See appendix 1.

<sup>26</sup> Ibid.

Using the diverse economy framework, the economic activity of Food Link can be classified in the category of *alternative market*, that is, an alternative to capitalism form of exchange. Although it could also be classified as an enterprise, the most important role of this unit is to facilitate the transactions between other units (outlets and restaurants) and the farms of the community and from outside of it. When making exchange with the farms of Auroville, it is the only buyer but there is not bargain for better prices, on the contrary, in this system the farmers are free to set the prices and get all of it without intermediaries. On the other hand, when making exchange with farms from outside Auroville, it plays the role of a regular intermediary in the market where there is fluctuation of prices and bargaining for them but with the difference that there is not motivation of profit maximization in the intermediation. When it comes to make exchange with other units in Auroville, the only motivation is to buy the required products at the best possible prices for the community. Thus, Food Link is an intermediary in a market with money transactions and fluctuation of prices, whose driving motivation is to benefit the farmers and the other units in the community without trying to make its operation profitable or at least self-sustaining. This unit seems to be beneficial for the coordination of resources in the community, however, it is uncertain if it would work the same if it was aimed to make it be self-supporting, that is without the financial support of the central found, which means that the units that it supplies would have to be willing to pay more, the farmers to give lower prices and Aurovillians to give up on their tastes or pay more for the food<sup>27</sup>.

Relating the implementation of Food Link with the ethical coordinate of the Divers Economy, it can be seen that by doing so, the community is procuring to redistribute the surplus generate by the farms in a manner that benefits them and the community as a whole. Additional, the resources that from the central found go to these units are benefiting several actors within the community, like the farmers by assuring the acquisition of their production and the other units by helping them to acquire the products that they need.

#### **4.4 Market exchange, alternative market or nonmarket?**

For the economic practices in Auroville related to transactions discussed in this chapter, it can be said that none of them follow completely a capitalist logic or have profit maximization as its main driving principle. Nonetheless, the motivations for the implementation of each of them are different. In the case of the Maintenance System, the main motivations is to try to cover the basic needs of the people that contribute with work to the community and to facilitate exchange within the community without the use of cash; for PTDC, Nandini and Free Store, it is to supply with the basic products to Aurovillians and help them make the best of their money; finally, for Food Link, the motivation is to

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<sup>27</sup> Some of the food that has to be acquired is to satisfy specific tastes among Aurovillians, who in some cases and because of its cultural background do not like the products that are grown in Auroville. An example brought up in one of the interviews is about the rice that is grown in Auroville which is not of the taste of Tamil people so other kind of rice has to be bough outside.

coordinate the supply of food in the community. Thus, none of these practices are generating financial resources for the community but are trying to coordinate the resources within it and to deliver well-being to the community with the limited resources that are available.

**Table 4.2 Transactions**

<b>TRANSACTIONS</b>		
<b>MARKET EXCHANGE</b>	<b>ALTERNATIVE MARKET</b>	<b>NONMARKET</b>
	Maintenance System	
	Por Tous Distribution Center (PTDC)	
	Nandini	
		Free Store
	Food Link	

# Chapter 5

## Labor

### 5.1 Contribution of work by Aurovillians

According to the fourth economic principle, ‘every Aurovillian will contribute in work, cash or kind, according to his possibilities’ (Guigan cited in Chawal 2011: 24-5). Aurovillians that contribute with their work to the community receive maintenance through the Maintenance System (see section 4.1). Additional to the standard maintenance there is a part-time maintenance and other levels of maintenance depending on the role and on the nature of the unit where the Aurovillian who receives it works. There are also other kinds of maintenances for children, students, Aurovillians temporally out of work<sup>28</sup>, pregnant or in post-natal care women, and Aurovillians with temporary or permanent disability. The values of each of them are assigned on a case by case basis according to some established parameters; however, they should have a similar distribution as the standard maintenance (Budget Coordination Committee 2011).

The basic principle is that those Aurovillians who contribute at least 35 hours of work per week should receive a standard maintenance and those who work less than that should receive a part-time maintenance. The maintenance is intended only for those Aurovillians who do not have enough means to sustain themselves, i.e. Aurovillians that have external sources of income should not claim the maintenance but still should contribute in work, kind or cash to the community.

In the case of the executives of the commercial unites (see chapter 6), they are allowed to decide the amount of their maintenance, however, the normative of India referring to taxation for personal incomes prevents them to overpass certain limit. Nevertheless, because they are autonomous in the management of the budgets of the units, they can still allocate more resources for personal benefits through the expenses of the unites, and request for additional maintenance in case that it is needed for education, housing and personal emergencies (Budget Coordination Committee 2011: 4). This gives to them more privileges than an Aurovillian who works for one of the City Services<sup>29</sup> and receives a standard maintenance. According to some of the interviews, this is a kind of *taboo* topic in the community, because there is a number of Aurovillians who do not agree with this difference of income, nonetheless, it seems to be generally accepted considering that, as one of the interviewees said, ‘they the ones who run the show’.

When classifying the work that Aurovillians contribute to the community within the diverse economy framework it can be allocated as an *alternative paid* labor, that is, a kind of economic practice alternative to capitalism. As stated by Gibson-Graham (2006: 64), in this category can be allocated those who ‘labor

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<sup>28</sup> It works like unemployment insurance.

<sup>29</sup> Services delivered to the community that are sustained by the central found.



in return for payment in kind (sometimes mixed with monetary payments)', which is precisely the case of the maintenance. As described in section 4.1, Aurovillians receive a payment that has a component of cash, another component in in-kind credit and the rest is represented in services, thus it is not a wage labor as the representative kind of labor of the capitalist system. In addition, the work performed by Aurovillians is taken as a contribution to the community and not as a commodity.

Relating the orientation of the implementation of this practice to the ethical coordinates, the Maintenance System is understood to be intended to cover the basic needs of those who contribute work to the community, however, the system is also designed to let only a few decide what is necessary for them in themselves of the amount of the maintenance, like in the case of the executives of the units, who are free to exceed the standard maintenance and request for extra benefits.

## 5.2 Tamil villagers working for Auroville

Auroville employs almost 5,000 people from the neighbor villages (Auroville, n.d.). They are contracted under the Indian law and are paid a wage in Indian Rupees. Most of them work for the commercial units and service units of the community. A study conducted between 2000 and 2005<sup>30</sup> among employees of Auroville (Small Employers Welfare Administration 2005)<sup>31</sup> helps to understand to some extent their characterization and their perception on the work conditions and Auroville.

Regarding to the education level, the study shows that 25% are illiterate and 21% have reached some level of primary school and 48% have reached some level of secondary school. On the type of jobs, the study indicates that that a majority of the jobs (70%) are production, construction and service related. Using a categorization of the Ministry of Labour of the Government of India, the study shows that 50% of the employees are classified as semi-skilled, 15% unskilled, 31% skilled and only 4% skilled. Regarding the salaries, in a question asking about the satisfaction with their wages, 28% considered it poor, 52% fair<sup>32</sup> and 19% good. The study also suggests that the average salaries in Auroville are very similar to those outside the community.

In an open question where is inquired about what they do not like in the unit that they work, 25% of the answers were related to working conditions like timing, working hours, salary, treatment, job security and financial incentives; however, in a question related to the satisfaction with the employer and the relationship with the employer, in a scale of poor-fair-good 70% consider it as good. Additionally, when interpreting their opinion about Auroville, 61%

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<sup>30</sup> The survey for the study was conducted in 2000 but the report of its analysis was presented only until 2005.

<sup>31</sup> The number of people surveyed was 3,762 out of which 2,971 were direct employees of Auroville and 738 indirect employees (i.e. working for an external company and doing outsourced work for Auroville), which represent a sample of 89%. Of the people surveyed, 89% are natives of Pondicherry and Tamil Nadu.

<sup>32</sup> The study interprets fair as 'ok/doesn't matter' which means not good but trying not to say it negatively.

implied that they like the high employment opportunities and 60% that they dislike the low salaries. Finally, 80% considered that their communities or villages perceived Auroville as good and 55% their status at the villages is higher.

According to this data, and assuming that currently the conditions are similar to those of the time when the study was conducted, it can be seen that most of the workers have a low educational level and perform labor intensive jobs. There seems to be some inconformity with the salaries, however, this contrasts with what the study suggests about the similarities between the salaries in Auroville and outside. Additionally it can be implied, that Auroville is perceived among the workers and their communities as a place that offers job opportunities and as a good place to work. The results of this survey also supports what several of the interviewees for the present research asserted about the working conditions in Auroville, saying that although the salaries in the units of the community may not be higher than the salaries outside of it, the work environment is better, especially in the sense that the workers are not forced to work extra time. Adding to this, Henk Thomas (2002: 17) concludes in his paper that '[executives] in Auroville display a strong commitment to 'their workers' in terms of a concern for wages, health conditions, private needs and working conditions'.

Within the diverse economy framework, this kind of labor is clearly a *wage labor*, i.e. they 'work in return for a money wage or salary' (Stanford 2008: 34), which makes it be a capitalist economic practice. As suggested by the survey, the workers perceive Auroville mostly as a place that offers job opportunities, thus this confirms that the main motivation for the Tamil villagers to work for Auroville is the money. Regarding the orientation of the decisions of the implementation of this economic practice and relating it with the ethical coordinates, it is clear that the community needs of the work of the villagers to keep running. The fact that the number of workers is bigger than the number of Aurovillians is a confirmation that the township is highly dependent on the Tamil work force. Thus, the surplus labor that Aurovillians cannot produce to keep running has to be produced by the villagers.

### 5.3 Volunteers

There is not data on the actual number of volunteers that work in Auroville but according to a study<sup>33</sup> (Auroville, n.d.) on the applications received only by Auroville Volunteers & Internships Service<sup>34</sup>, of those interested in volunteering in the township, 54% are students and 46% are professionals; a quarter of them are Indians and about half of them are from Europe and USA; and 56% are younger than 26 years old. According to what was observed during the visit to the community, some units, especially some farms, rely so much on the work offered by volunteers; that the offer of volunteer work force is constant; and that usually volunteers contribute with work and a small amount of money in exchange for accommodation and/or food, or sometimes they

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<sup>33</sup> No period or number of application specified.

<sup>34</sup> According to what was observed during the visit to the community, some volunteers contact directly the unit (mostly farms) where they want to volunteer or they just arrive as guests and decide to stay and volunteer.

only contribute with work and do not get anything material or in kind in return.

This kind of practice can be classified in the diverse economy framework as an *unpaid* labor, that is, as a non-capitalist economic practice. Different from the wage labor in a capitalist economy, the motivations of the worker in this case is to learn and/or to contribute with his/her work or expertise to a specific cause, or as put by Gibson-Graham (2006: 62) '[w]hile this work is unremunerated in monetary terms, many would say it does not necessarily go uncompensated'; additionally, it is usually not intended to make a profit out of the work contributed by the worker. Thus, the orientation of the decision of the community and some units to accept volunteer work can be related to how this work contributes to produce what is necessary for the subsistence of the community and the units; as stated by Thomas (2002: 13) 'certainly in Auroville these activities are of utmost importance.

#### 5.4 Wage labor, alternative paid or unpaid?

In terms of the three economic practices related to labor that were identified in Auroville, there are big differences among them. First, the work performed by Aurovillians is compensated mostly in kind and services and it is taken as their contribution to the community. Second, the work performed by Tamil villagers is wage labor and is used by the commercial units of Auroville, as any capitalist enterprise, to produce goods and services, sale them and make a profit; and also, it is used by the service unites for the delivery of services to the community. Finally, the work contributed by volunteers is nonpaid labor that is used to support the subsistence of the units where it is performed. Therefore, from this chapter it can be concluded that the main incentive for the implementation of labor relations with part of the Aurovillians, with volunteers and with Tamil villagers (those who work for the service units) is to support the subsistence of the community, whereas the incentive for the implementation of the labor relations with Aurovillians who are executive of the commercial units and Tamil villagers who work for commercial units is to make profits.

**Table 5.1 Labor**

<b>LABOR</b>		
<b>WAGE LABOR</b>	<b>ALTERNATIVE PAID</b>	<b>UNPAID</b>
	Work by Aurovillians	
Work by Tamil villagers		
		Volunteer work

# Chapter 6

## Enterprise

### 6.1 Commercial Units

The business practices in Auroville are related to the third economic principle which is about collective property. The enterprises in Auroville are called commercial units and they generate about 40%<sup>35</sup> of the total income of the community. In practice, the businesses belong to the community, i.e. Auroville Foundation, but are administered by the executives, who are Aurovillians. Each commercial unit has one or several executives and all the operation of the business is under their responsibility. The commercial units are normally started with the initiative and personal savings of the executive. 'In order to operate a business unit in Auroville, the unit is put under a trust and the entrepreneur hands over the unit to the trust. The trust has a management contract with the Auroville foundation and it becomes part and parcel of the Foundation. Then the trust comes under management contract with the entrepreneur and he is reappointed as trustee' (Sri Mayapur Master Plan Office: 9); thus, the executive is autonomous to operate the Unit and to administer its finance.

The commercial units enjoy the same benefits are exempt from paying taxes but they have to contribute at least 33% of their net profits to the community and the executive is free to set his/her own maintenance which can be higher than the standard maintenance. Currently there are more than 150 commercial units, however, only about 20 of them are profitable enough so they can contribute regularly to the community; a large number are small units composed of few Aurovillians and produce only enough for their personal subsistence, thus they do not need to claim a maintenance<sup>36</sup>. As put by Thomas (2002: 15), these are units 'that either are de facto functioning like units in the well-known 'informal-sector' or in which the unit holder explicitly wishes to survive at a stable/constant level rather than to expand and join the 'capitalist rat race' '.

In the biggest units a few Aurovillians work in the managerial positions and the labor-intensive jobs are performed mostly by Tamil villagers who work for a wage. According to the socio-economic study of 2000<sup>37</sup>, 38% of the survey respondents expressed that they dislike the partiality between Aurovillians and non-Aurovillians, which was interpreted by the study as 'a grievance because when people from outside [the] region, without adequate experience, are able to immediately join Auroville and become the managers of the local people who have been [there] much longer, this becomes a reason for getting their sentiments hurt' (Small Employers Welfare Administration 2005: 23). From

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<sup>35</sup> See Chapter 3 for more information about the sources of income of the community.

<sup>36</sup> Personal interview with Ananda. See appendix 1.

<sup>37</sup> See section 5.2

this interpretation of the perception of the respondents, it can be inferred that the Aurovillians who manage the biggest units are mostly foreigners<sup>38</sup>

Most of the biggest units are export oriented, some of them also sale their products in Indian and only a small part of their production is intended to supply the community. Additionally, most of the products produced by the companies are luxury products, i.e. of high quality and price; they include essences, garments, crafts, fashion accessories and chees.

For the coordination of the commercial units, there is an institution in the community called the Auroville Board of Commerce which plays a similar role of a chamber of commerce. It is a group of 15 self-appointed Aurovillians, all of them executives of commercial units<sup>39</sup>, whose main functions are to advice units in regards to labor and taxation laws, to advice Aurovillians who want to start a new commercial unit, to make sure that there is not competition between commercial units in Auroville, and to make sure that there is no misuse of the brands and copycats of the products by outsiders.

Within the diverse economy framework this economic practice can be classified within the category of *alternative capitalist* enterprise. In the case of the commercial unites in Auroville they operate as regular capitalist enterprises, in the sense that, as stated by Ingham (2008: 56), the money and means of production, i.e. the capital, are not owned by those who operate the enterprise (in this case Tamil villagers), but instead they are employed for wages by the enterprise. Hence, the surplus in the commercial units is produced by the villagers and is appropriated by Auroville, which has the role of owner in this case. However, looking at the way the surplus is redistributed, that is, through the payment of the contribution to the community and through the reinvestment of the profits (if it is reinvested) within the same unit, the surplus is being redistributed in an alternative manner for the well-being of a collective of people that do not own the company directly, thus the unites are not entirely capitalist in the way that they operate.

Relating the implementation of this economic practice with the ethical coordinates, it is clear that the unites are configured to produce surplus and be profitable, thus they do not only contribute to the subsistence of the community but to its growth. However, distinction has to be made between the growth-oriented Unites that are already making profits, which are actually contributing to the subsistence and growth of the whole community; and the survivalist units which, aim only to cover the needs of the holders.

This configuration defines that 33% of the profits made by the units is what is consumable for what is necessary for the subsistence of the community, whereas the rest of the surplus is meant to be reinvested for the economic growth of the community through the growth of its units. Furthermore, prob-

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<sup>38</sup> This inference can be confirmed by a study conducted by the town of Sri Mayapur, Nadia district, West Bengal, on the industries in Auroville which suggests something similar; and by the visits to a number of units and casual talks with Aurovillians that took place during the field work.

<sup>39</sup> Except from the Secretary of the group who is an long time Aurovillian and former executive of units, and was appointed by the group as the leader considering his experience.

ably the main motivation for the implementation of this business model is the priority that it is given by the third economic principle of the community to collective property considering that there is an initial capital that comes from private savings that once is invested in the units belongs to the community and is working for its own benefit. Although the executives of the units are quite autonomous in their management and probably obtain an extra economic benefit from them, which makes them more privileged compared with Aurovillians receiving a standard maintenance, they are showing they commitment whit the commons of the community from the beginning when they decide to transfer the property of their capital to the community.

## 6.2 Capitalist, alternative capitalist or non-capitalist?

Commercial units are classified as alternative capitalist considering that although they are intended to be profit making oriented, it appears to be that profit maximization is not its main incentive. One reason for this is that while making profits, the commercial units procure to pay fair wages to their workers and to offer them a good work environment. In this model the surplus is produced for, appropriated by, and distributed among the community; additionally, it permits that the ownership of the capital for the production of surplus is handed over by the entrepreneur to the community, hence it becomes common property; in this way entrepreneur are not only working for their personal benefit but for the community's also. In short, it can be said that the driving principle of this practice is not the maximization of profits but the subsistence of the community.

**Table 6.1 Enterprise**

<b>ENTERPRISE</b>		
<b><i>CAPITALIST</i></b>	<b><i>ALTERNATIVE CAPITALIST</i></b>	<b><i>NON-CAPITALIST</i></b>
	Commercial Units	

## Chapter 7

### Conclusions

Post-development theorists try to identify and give value to socioeconomic practices at the local level that are alternative to the capitalist logic and that might be the source of a post-capitalist socio-economic formation. This research has focused in the case of Auroville, a community, whose economic principles insinuate that it might be the archetype of a post-capitalist economy, trying to know to what extent profit maximization, as the driving principle of capitalism, is fully or partly replaced by other motivations.

Some economic practices related to transactions, labor and enterprise were identified in the community and, using the diverse economy approach they were categorized as shown in table 7.1, according to their similarities or differences to those practices in a capitalist system, and then analyzed in terms of the motivations for their implementation in relation with four ethical coordinates: needs, surplus, consumption and commons.

**Table 7.1 Diverse Economy in Auroville**

<b>TRANSACTIONS</b>	<b>LABOR</b>	<b>ENTERPRISE</b>
<b>MARKET</b>	<b>WAGE</b>	<b>CAPITALIST</b>
	Work by Tamil villagers	
<b>ALTERNATIVE MARKET</b>	<b>ALTERNATIVE PAID</b>	<b>ALTERNATIVE CAPITALIST</b>
Maintenance System	Work by Aurovillians	Commercial Units
Por Tous Distribution Center (PTDC)		
Nandini		
Food Link		
<b>NON-MARKET</b>	<b>UNPAID</b>	<b>NON-CAPITALIST</b>
Free Store	Volunteer work	

The enterprise model in the community resulted to be the practice that works closest to a capitalist logic, especially in what is related to labor relations. In Auroville's economy, commercial unites are the main source of income of the community and they work as capitalist enterprises, i.e. they hire wage labor from the neighbor villages and produce mostly luxury goods for exports in order to make a profit. Nevertheless, although the commercial units work aiming to make a profit, they do not do it through the over exploitation of their workers, considering that they do not force them to work extra time and try to offer them a good work environment. Additionally, what makes different the commercial units from a capitalist enterprise is that because they are not privately owned but common property, the surplus that they produce is appropriated by the community and redistributed through its consumption in services for their subsistence and its re-inversion in commons, i.e. assets that belong to all of them. In short, the commercial units and the employment of Tamil work force by them aim to make a profit in order to contribute to the subsistence of the community.

In the case of the work performed by Aurovillians and volunteers, it also aims to contribute to the subsistence of the township. As for the Maintenance System, the main motivation is to try to cover the basic needs of the people that contribute with work to the community and to facilitate exchange within the community without the use of cash; for PTDC, Nandini and Free Store, the main motivation is to supply with the basic products to Aurovillians and help them make the best of their money; finally, for Food Link, the motivation is to coordinate the supply of food in the community. In short, it can be said that none of these practices is trying to maximize profit, but instead they are either trying to cover the basic needs of Aurovillians or contributing to the subsistence of the township.

Auroville may not be complying with its economic principles, and perhaps it is still far from it, nonetheless, in the attempt of following those principles, the community has been successful at implementing some innovative economic practices. One of these practices is the commercial unite model, which even though operates like a capitalist enterprise, with it they are appropriating and distributing the surplus in a different manner aiming to benefit not only one or a few individuals but a whole community. The other cases are PTDC and Nandini, which are spaces where members are actually doing transactions without money and in which the purchase decision is not made based upon how much an individual can afford but what is it that he/she really needs; additionally, even though they may seem as ‘unproductive’ economic practices considering that they do not generate any profit but rather have to be subsidized, by consuming in these alternative economic practices, Auroville is actually investing in creating social surplus in the community.

If we saw Auroville’s economy through the lenses of the predominant discourse of development, it may seem as an ‘unproductive’ fiasco, however, through the lenses on post-development Auroville is creating possibilities, alternative imaginaries here and now which are packed with social experience that must not be wasted but nurtured. Moreover, Auroville might not be the archetype of a post-capitalist economy; however, it is an example of how other pathways of development can be created at a local level according to what is a priority for the community, which is, in this particular case to be able to follow the ideals and vision of its funder.

In short, even though the community is trying to go beyond the capitalism paradigm, it is still so much dependent on capitalist practices that are the main sources of the income that is required to sustain the community. However, it does not mean that the driving principle of the economy of the township is profit maximization. Thus, answering the main question of this study, in Auroville’s economy, profit maximization is replaced by the motivation of being able to generate enough income for the subsistence of the community so they can continue following their own ideals and vision.



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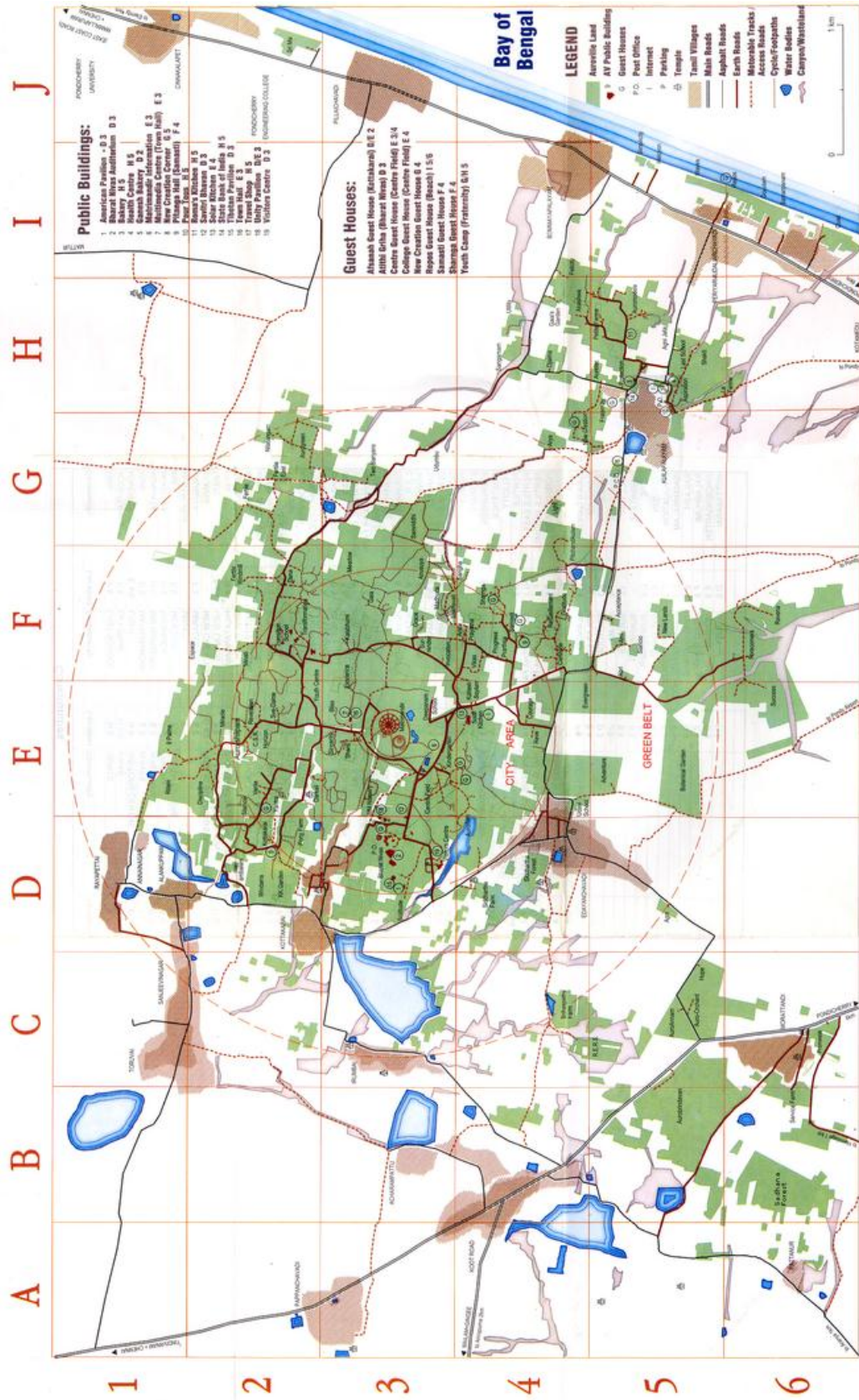
## Appendix 1 List of Interviews

	Interviewee <sup>40</sup>	Description	Date
1	Joster	Aurovillian - Executive of Inside India - Travel agency - At his office	07/08/2012
2	Mr. Cumar and Mrs. Parvathi	Non Aurovillians - Motorbike renting entrepreneurs - At their shop	08/08/2012
3	Vera	Aurovillian - Works for Auromics - Production of hand-knitted sweaters, crochet and leather goods - During visit to the commercial unit	11/08/2012
4	George	Aurovillian - During introductory talk at Guest Service	11/08/2012
5	Amy	Aurovillian - At La Terrace Café	11/08/2012
6	Devi	Non-Aurovillian Tamil villager working for Reve Guest House - At the Guest Hose	13/08/2012
7	Benny	Aurovillian - Executive of La Ferme Cheese - Production of cheese - During visit to the commercial unit	14/08/2012
8	Prema	Aurovillian - Executive of Auromode - Production of garments - During visit to the commercial unit	16/08/2012
9	Harini	Aurovillian - Social Research Center (SRC) - At her office	16/08/2012
10	Anandi	Aurovillian - In charge of Por Tous Distribution Center (PTDC) - At her office	18/08/2012
11	Daniel Grings	Former volunteer - Via Skype	19/08/2012
12	Inge	in charge of Food Link - during visit to Food Link	20/08/2012
13	Indra and Jurgen	It was not established if Indra was Aurovillian but she is in charge of the daily operation of Windaara Farm - Jurgen is a Newcomer working for the farm - During visit to the farm	21/08/2012
14	Ananda	Aurovillian - Secretary of the Auroville Board of Commerce (ABC) - At La Terrace Café	24/08/2012
15	Jean-Yves	Aurovillian - At La Terrace Café	27/08/2012
16	Prof. Dr. Henk Thomas	Non-Aurovillian - Long time researcher on the economy of Auroville - At his place in The Hague, Netherlands	08/10/2012

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<sup>40</sup> It is a custom for Aurovillians to use only their first names.

Appendix 2 Map of Auroville



('Map of Auroville Area' 2003)