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Rethinking the relationship between governance and democracy: the theoretical framework of the solidarity economy

Abstract

The authors first examine the conceptual framework of Hayek, characterizing it as the economization of the political sphere. They argue that this notion promotes a limited functional approach to understanding third sector organizations. Next, the author explores the concept of the solidarity economy, which they define – in opposition to Hayek’s proposition - as the democratization of the economic sphere. It opens questions about the goals of CSOs, the pluralism of democracy and economy. To demonstrate their points, the authors refer to the works of Ostrom, Habermas, Guerreiro Ramos and Polanyi. They conclude by calling for interdisciplinary, critical studies of CSO governance that can benefit from a broader vision of the economy not limited to the market. They argue that this is a necessary condition for allowing the economy to eventually strengthen the principle of commons and more generally democracy.

INTRODUCTION

In Part One, governance has been addressed at the organizational and inter-organizational levels, but it is also necessary to consider the context in which this concept has spread. Use of the term ‘governance’ is linked to the questions raised for democracy by the recurrence of crises at the end of the 20th century and the early 21st century. The three decades of post-war growth were marked by the establishment of a socio-economic compromise symbolized by the 1945 Declaration of Philadelphia, which affirmed that economic development was only worthwhile if it served social development. In other words, the role of government was accepted in the form of Keynesian interventionism and the Welfare State, both intended to prevent the return of the disorders that had led to the Second World War. A first cultural crisis which started in the late 1960s manifested the exhaustion of this compromise, with new social movements such as ecology or feminism challenging the assimilation between economic

growth and improvement of living conditions as the modes of action of the traditional social state impregnated with patriarchal norms. The protests that resulted were seen by the established powers as factors of disorder which could render society uncontrollable.

This fear of a destabilization of the social order, combined with the irruption of the economic crisis triggered in the 1970s by the massive rise in oil prices, created the opportunity for the recognition of a current of thought, monetarism, more often known from the 1980s as neoliberalism. In reaction against the Declaration of Philadelphia, the consensus in Washington in 1989 advocated remedies to the crisis such as fiscal equilibrium (tax reform, reduction of public expenditure and subsidies, liberalization of external exchanges of goods and capital, privatization, deregulation, transparency of decision-making bodies, counter-inflation measures, etc.). It was at that historical moment that the term 'governance' became widely used in the international literature, with 'good governance' being understood by the World Bank in the 1990s as the introduction of structural adjustment policies applying the remedies recommended by the Washington consensus. Their massive adoption testifies to the attention paid to them by the governments open to the influence of the major international organizations.

So the invocation of the third sector to justify the withdrawal of the state coincides with the introduction of the concept of good governance advocated within the International Monetary Fund and the World Bank in a shift towards a minimal state (Smouts 1988). In a context in which political decision-makers were being called upon to strengthen the role of the private sector, civil society, through the international associations, the NGOs, which were treated as its representatives, became a tool in the service of the financial institutions: in 1988 they were intervening in 5% of World Bank projects, by 1997 in 47% (Azoulay 2002: 300–308).

The argument put forward in this introductory chapter to the second part of this book is that this neoliberal project within which the above-mentioned understanding of 'governance' and the third sector took their place is of great importance, because it aims at a limitation of democracy, as Hayek makes clear in the work whose original content is presented in the first part.

It is by being aware of the scope of these questions raised by Hayek that it is conceivable to answer them from the opposite standpoint, that of a deepening of democracy. The theory of the solidarity economy envisages the third sector in this light, which the second part of this chapter explains. From this standpoint, it largely converges with the approaches of the key authors invoked below, namely Ostrom, Habermas, Guerreiro Ramos and Polanyi.

The central hypothesis of the following parts is that these theorists of reference can consolidate the theoretical framework of the solidarity economy and strengthen it as an approach to the third sector, alternative to that proposed Hayek and centred on its contribution to democracy. The emergence of the commons presented in the third part of the chapter, together with the plurality in democracy and in the economy detailed in the fourth and fifth parts respectively, provide the bases for another conception of governance. This alternative conception can be

described as institutionalist in the sense that, in an interdisciplinary perspective, it looks for the processes, norms and values favourable to democracy, through a valorization of institutional diversity as the condition for a renewal of public action that presupposes recognition of the role of the state but is not limited to this. The modes of governance of the third sector are then envisaged as belonging to the sphere of public action, which includes 'the activity of the public authorities' but also 'any activity articulated on a public space and entailing reference to a common good' (Laborier and Trom 2003: 11).

1. NEOLIBERALISM AND ECONOMIZATION OF THE POLITICAL SPHERE

Hayek endeavours to identify the means capable of protecting society from the danger of what he calls unlimited democracy. He situates himself in a tradition that advocates a system based on the uniformization of behaviours around the principles of personal interest.

But he adds a new clause: the need to dissociate democratic institutions from the formation of the popular will, whose unlimited sovereignty he contests in the framework of majority voting. What is more specifically at stake is the idea that the legitimacy of power stems from the popular will and that it manifests itself through purposive public action oriented towards the general interest and the common good. The teleological perspective contained in public action is regarded as an 'anthropomorphic error' entailed by saying that society acts or wants something. According to Hayek, this interpretation imposes a factitious intentionality on the result of spontaneous processes. He evacuates all teleological dimensions from state action in favour of a 'self-generated' order, but he also eliminates all teleological dimensions from collective and individual action. A society purged of human will needs to be constructed, in which the spontaneous order of the market will stimulate the spontaneous creation of organizations that are themselves self-generated. On the one hand a 'sovereign law' has to be instituted, based on an agreement on general rules, or general principles derived from universally applicable rules of behaviour, and on the other hand a spontaneous network has to be developed through the relations among individuals and among the various organizations created by them which he calls societies.

So it would be wrong to suppose that only the action of the state is in question. In fact all voluntary human actions and especially those stemming from the deliberately promoted organization of units of collective interest, i.e. first and foremost groupings, associations, trade unions in all occupational sectors, are suspected of paralyzing the play of the spontaneous forces of the market. The fragilization of sovereignty comes, for Hayek, both from the challenging of public authority which is regarded as unlimited in modern democracies, and also from the collective action of organized groups, which has gained an artificial preponderance over the forces of the market. Hayek understood very well that public action feeds on the collective actions of organized groups whose moral influence has powerful effects in terms of demands for social justice. Workers' associations are the first targets. Hayek seeks therefore to confine associations to a functional role as a depoliticized 'independent third sector' between the private and the public which is capable of providing many services more effectively than the state.

Hayek talks about institutions but seeks to assimilate them to organizations. In fact, he eliminates the institutional dimension, that of legitimacy and meaning. He judges private, public and third-sector entities only in terms of their effectiveness and efficiency.

2. THE SOLIDARITY ECONOMY AND DEMOCRATIZATION OF THE ECONOMIC SPHERE

This uniformization advocated by Hayek was echoed by governments in the 1980s, when the strength of social movements led some elites to fear an 'excess of democracy' (Crozier, Huntington, Watanuki, 1975). The spectre of an ungovernable society incited the authorities to endorse Hayek's suggestions. But it may be wondered, on a world scale, whether the period is not characterized by the loss of credibility of neoliberalism, the pursuit of spontaneous order having led to generalized disorder.

The social movements of the 1960s have fragmented but the questions they raised remain open and other democratic dynamics have reasserted themselves. As Ogien and Laugier say in their survey on the new forms of politics, an effervescence has broken out: 'demonstrations and occupations, protest movements against the authorities, civil insurrections, transnational mobilizations, cyberactivism, creation of new parties, calls to disobedience.... This global wave of political protest started to roll in January 2011 in Tunisia, then swept through Cairo, moving on to Madrid, Athens, New York, London, Moscow, Quebec, San'aa, Tel Aviv, Dakar, Paris, Istanbul, Rio de Janeiro, Kiev, Caracas, Bangkok and Phnom Penh' (Ogien and Laugier, 2014: 7).

So there is an opposition in the interpretation of the role of CSOs. Hayek's economic and uniformizing vision can be contrasted with the approach of the solidarity economy, constructed on the basis of observation of citizens' initiatives since the 1960s, which makes clear their contribution to institutional diversity. It is then not so much their efficiency that would be evaluated as their capacity to generate inventions, to widen the spectrum of solutions available to solve the problems of society.

Relative to the usual visions of the third sector, the solidarity economy introduces three main characteristics to account for the innovations in these initiatives.

- This access to the institutional reality presupposes the acknowledgement that the finalities of action cannot be solely determined by any interest; they involve reference to a common good that touches on a model of society. To put it in the terms of Lipietz (2001: 56), 'in what name it is done' takes priority over 'how, with what status and under norms of organization it is done.' For example, in organic farming and renewable energies, environmental costs are internalized that other enterprises externalize; the finalities chosen by the actors lead them to take charge of functions that are otherwise neglected, such as maintenance of the local heritage or protection of the environment. In fair trade, solidarity finance or neighbourhood services, respect for the criteria of social justice and accessibility of services is also a constant.

The adequate means to achieve the finalities that are aimed at lie in the grouping of the stakeholders concerned, so as to specify the co-construction of a supply and a demand that were hitherto only latent or vaguely evoked. Thus, in neighbourhood services, not only are there asymmetries of information, which according to Hayek would be signals orienting behaviours, but there is also an uncertainty about the very co-construction of the services. The promoters, brought together around the project, handle this informational uncertainty in the framework of an explicit pursuit of social justice, for example in equitable access to services or a 'decent' job (Laville and Nyssens 2001: 9-21) or the social construction of what are called 'positives externalities' in the orthodox economic approach (Fraisie, Gardin and Laville 2000: 192-207). As soon as these benefits are no longer a phenomenon induced by the economic activity but a dimension demanded by the promoters, it is logical that the latter be recruited from among the users and the professionals in the activity, joined by voluntary partners who believe in its rightness. For the pursuit of collective benefits hardly attracts private investors, and the dynamic of creation lies elsewhere, in the mobilization of a social capital or more precisely a civic capital (Borzaga and Defourny 2001) since it is constituted around collective benefits activating democratic social bonds.

- For all the reasons that have been mentioned, the second characteristic of the theoretical framework of the solidarity economy lies in pluralism in democracy. Contrary to Hayek, it is not a matter of being alarmed at the prospect of unlimited democracy but of favouring experiments in deepening democracy by drawing on the participatory and deliberative registers.

If contemporary initiatives have a twofold dimension, the traditional separation between advocacy and service CSOs is no longer valid. As has just been noted, the services provided are not characterized by informational asymmetries but more fundamentally by informational uncertainty. What are in question are the nomenclature hypothesis and the probabilistic hypothesis which, according to Orléan, characterize the traditional approach in economics. The first consists in postulating the existence of goods of homogeneous quality among which it is possible to choose. The second assumes states of the world that are supposed to describe everything that can happen in the future. Since this information is not known to the persons for whom the question of engaging in relational services arises, their capacity to exchange depends on the construction of common guidelines (Orléan 2002). Given the radically incomplete character of the information available, it becomes necessary to step outside the aggregative paradigm, according to which an economic fact can be explained by the aggregation of individual preferences.

The theory of the solidarity economy contests this aggregative paradigm on the basis of deliberative conceptions of democracy. As Elster (1986) puts it, aggregative conceptions consider that preferences are exogenous to political processes: in so doing they confuse behaviours appropriate to the 'market' and to the 'forum', the former being dedicated to the pursuit of efficiency and the latter to the pursuit of the just definition; they do not consider that expressed preferences do not necessarily reflect real preferences, since actors may have reasons to conceal the latter or to adapt to the context. Above all, as Sunstein (2000) also

points out, because it ignores the specificity of the forum the aggregative paradigm is unable to give any meaning to the idea of the public space. Ultimately what is denied by Hayek is the involvement of third sector entities in the self-government of the people, in which discussion is not indexed on individual preferences but 'is the result of general deliberation of all' (Manin 1985: 83).

In the deliberative perspective which is that of the solidarity economy, CSOs are inseparable from what Fraser (1992) calls the discovery of the dimension of public space present in civil society. They are not only within deliberative democracy but at the interface of deliberative and representative democracies, undergoing the constraints of the institutional framework but also able to take part in changing it.

- Their resistance to normalization is moreover linked to their capacity to mobilize pluralism in the economy. On the basis of these principles identified by Polanyi (market, redistribution, reciprocity, householding), a variety of combinations have developed historically. They can also be used to define not three sectors but a tripolar economy in today's world.

The market economy is one in which the production of goods and services is based on the motivation of material interest and their distribution is entrusted to the market, which sets the price that bring supply and demand together for the exchange of goods and services. The relationship between supply and demand is established contractually, based on a calculation of interest that allows for increasing autonomy in terms of other non-market social relations. However, the market economy is certainly not the product of the market principle alone. Market economies are not only organized around the market; they include many non-market contributions, such as collective infrastructures and grants for businesses. Nevertheless, the distinctive feature of the market economy is the priority given to the market and the subordination of the non-market and non-monetary contributions to it.

The non-market economy is an economy in which the production and distribution of goods and services are entrusted to redistribution organized by either private bodies like foundations or public bodies when it is under the tutelage of the welfare state. Redistribution is mobilized to provide citizens with individual rights, thanks to which they are entitled to social security benefits or last-resort assistance if they are part of the most disadvantaged groups. Public service is defined by a delivery of goods and services involving a redistributive dimension, and the rules governing this dimension are laid down by a public authority subject to democratic control. Redistribution in a broad sense covers all forms of levy and resource allocation, whether the purpose is financing social transfer or playing the role of a macroeconomic stabilizing force.

The non-monetary economy is the one in which the distribution of goods and services is based primarily on reciprocity and householding. Clearly, a number of reciprocity-based relationships take a monetary form but it is definitely within the non-monetary economy that the main reciprocity-based contributions are generated, whether by self-production or by the private

household economy. The reciprocity or householding cycle is the opposite of a market exchange because it is inseparable from human relationships that bring into play the desires for recognition and power. It must be distinguished from redistributive exchange because it is not imposed by a central authority.

Each division of the economy is therefore organized around the predominance of one principle and the main examples of the present-day economy reflect a hierarchy of these divisions, with the market economy considered as primary, the non-market economy as supplementary, and the non-monetary economy as residual. Within such a framework of understanding, the specificity of the third sector can therefore be interpreted as a hybridization between the three poles of the economy, existing in a state of tension with their hierarchical structure. In other words, the third sector is not defined as a clear-cut sector and is approached more as a hybridization of different economic principles.

It is clear that this concept overlaps with the “welfare pluralism” of Evers (1990) and Pestoff (1991). In all cases it is emphasized that third sector organizations are influenced simultaneously by different spheres that make up their social and historical context, and that their survival as something ‘different’ instead of adapting to the core values of state and market or regressing to informal settings and networks cannot be taken for granted. Despite their differences, all the approaches we have referred to emphasize a kind of ‘welfare mix/welfare pluralism’ and a ‘mixed ‘or ‘plural’ economy.

3. THE EMERGENCE OF THE COMMONS

The thinking of Ostrom, as formulated in 1990 in *Governing the Commons*, is close to that evoked in the general introduction with regard to the third sector. She identifies types of goods from the point of view of the rivalry and non-exclusivity that correspond to the space of common goods.

The contributions of such an approach are indisputable. The concepts of the commons and the third sector precisely signal the move out of a mode of thought clouded by the opposition and complementarity between the market and the state. The debates of the 20th century were centred on the market–state dualism. This is seen clearly in the opposition between liberalism and state socialism that structured the political space of the 20th century. But this binary reasoning is becoming worn out. It is in this context of crisis of the synergy between market and state, private and public, that the ideas of the commons and the third sector are emerging. Ostrom has assembled the empirical evidence and given currency to the idea that throughout the world there is a specific space for commons, precisely in the gaps left by the market and the state. She shows that systems of production, fisheries, pastures, forests or irrigation systems are ‘commons’ because their management must be governed by collective rules to prevent exhaustion of the resources by predatory individual exploitation. So neither the market nor the state is best suited to satisfy a certain number of needs. This is a first displacement which has made it possible to start to go beyond the ideological confrontation of neoliberalism and statism. It is not negligible to observe that the standard economy, far from being reduced to the

discourse of total marketization, is examining the conditions in which it proves legitimate to find solutions by recourse to commons or the third sector.

The limits derive from the fact the orthodox postulates remain in force. If the market is not a universal response in economic matters, the state is only subsidiary, and commons or the third sector are only residual. Above all the hypothesis of individual maximizing rationality is not contested. While the choices of organization are diverse, they are all explained by the pursuit of personal interest and competitive pressure. The logic remains aggregative in the sense used above; the interdependences among actors are manifested in comparisons between the preferences established by each of them, without communication or collective deliberation. Finally, institutions stem from cost-benefit calculations and are only maintained if they demonstrate effectiveness in adapting to changing environments.

The ambiguity lies in the partial recognition of a diversity that remains hierarchized. In the course of her works, however, Ostrom enlarges the breach she has opened by enriching our understanding of institutional diversity (Ostrom 2005) and underscoring the importance of the instituted collective rules that characterize the government of commons. She moves away from the neo-institutionalism of Williamson and closer to the historical institutionalism of Commons and Veblen on the basis of three criteria: 'the idea that institutions affect what people think and what they value...'; the fact that action is not oriented solely by interest but 'also depends on habits of doing and thinking, ... particular circumstances and contexts'; the refusal of 'static theories' and the conviction that a genealogical approach is pertinent because economics is an evolutionary science (Chanteau and Labrousse 2013: 90–91). Sievers in his chapter adds the trust that the institutional structures have managed to create and that networked governances authorize. Moreover, the advent of new fields for commons, in information technology for example, with open-source software, favours reflections on the cross-cutting characteristics that make it possible to break out of the economic naturalism that confines the commons to certain domains. The commons principle can be extended to all collective action. This can only be done by articulating the finality of the activity, which must be guided by the predominance of the right to use the goods over ownership and accumulation, and the norms of their government, whether natural resources, knowledge or other types of activities. Extended in two directions, to take account of the question of power and that of overall institutional architectures (Weinstein 2013: 67-68), Ostrom's investigations enable us to set out in detail the relationship with the public authorities, as Nyssens and Petrella note in their chapter.

The additional requirement implied by the move from common goods to a political principle of commons is analogous to the move from economic analysis of the third sector to a pluridisciplinary analysis like that of the solidarity economy. The dominant economics both in theoretical and practical terms distinguishes carefully between democracy and economic production and even sets them against each other. The first is regarded as alien to the economy, and even anti-economic. This is one of the characteristics of liberal democracies, which set up two universes, the political domain and the economic one, which are completely separate. This radical separation is challenged by the principle of the commons and the solidarity economy. They converge on what might be termed associationism, i.e. a politics that

proposes democratize society through practices belonging to associative life, in the sense of Bouldosa and Carvalho França de Filho, which are marked by an establishment and modification of the rules that self-organized collectives make for themselves. In other words, CSOs maintain their associationist specificity if they develop the deliberative aspect within themselves and also through the wider debates to which they contribute.

4. THE PLURALITY IN DEMOCRACY

As Enjolras and Steen-Johnsen show in their chapter, democracy is plural. It may be representative, but also participatory and deliberative. As regards the participatory and deliberative dimension, the work of Habermas is an essential additional resource. In his conception of politics he 'thematizes the structural tension in democratic constitutional states between administrative and communicative power' (Ladrière 2001: 408). Administrative power corresponds to politics as understood by Weber, meaning the domination exercised by public powers which impose their authority through the monopoly of legitimate violence. Against this vision of power, Arendt invokes another tradition, that of the power that Habermas calls communicative, the 'being together' that is expressed in a public space where appearance within a plurality of equals authorizes the exchange of opinions, deliberation and decision.

The genesis of this public forum in its modern version was retraced by Habermas as early as 1962 in his work *Strukturwandel der Öffentlichkeit* translated into English in 1989 under the title *The Structural Transformation of the Public Sphere*. This book focuses, as Calhoun says, 'upon the bourgeois political life of the seventeenth through mid-twentieth centuries' and its subsequent 'partial degeneration' (Calhoun 1992: 1-2). 'The ideal of the public sphere calls for social integration to be based on rational-critical discourse. Integration, in other words, is to be based on communication rather than domination,' as Calhoun adds (1992: 29), but it is prone to colonization and social pathologies when the isomorphic pressure from economic and administrative systemic rationality replaces lifeworld actions and structures. This first position of Habermas's provides a sharp criticism of voluntary associations: 'The public sphere has become more an arena for advertising than a setting for rational-critical debate' (Calhoun 1992: 26) and CSOs, like political parties, 'move people to offer their acclamation without providing political education or remedies for the "political immaturity" of voters' (1992: 27). Plebiscites and bargaining between special-interest groups serve as a substitute for public rational-critical debate.

But in the new foreword written in 1990, influenced by the conference organized in September 1989 on the occasion of the publication of *The Structural Transformation*, Habermas takes a second position, reformulating the main question of the book as 'the rediscovery of civil society' (Habermas 1990). He acknowledges the necessary pluralization of the public space. In this new theoretical framework, civil society can influence representative democracy because it is open to public spaces. As Hulgard shows in his chapter, Habermas has the merit of clarity: he is opposed to a vision of civil society centred on its moral and voluntary potentials; he maintains that they are public spaces within civil society and it is necessary to take them in account. Otherwise, 'civil society talk will remain hopelessly one-sided and analytically useless'

because 'it cannot articulate the complex relation between social and political institutions' (Cohen 1998: 14).

Communicative activity oriented towards justice and sincerity (Habermas 1984) cannot be reduced to the exchange of rational arguments, it involves acts which presuppose the conviction and commitment of those who perform them, as well as efforts to persuade, even seduce. The concept of the public space can be 'sociologized' if one is more interested in the concrete process through which the citizens, whose relations are governed by the principles of equality and freedom, question the gap between the affirmation of democracy and the reality. If the approach is inflected in this way, it is the refusals of recognition violating democratic principles that are one of the mainsprings of collective action. The public space in the generic sense symbolically constitutes the matrix of the political community, but, as Eley (1992) says, it is also in the concrete forms of expression through which an arena of contested meanings manifests itself. Different publics strive to make themselves heard there and are opposed in controversies. The public space undergoes continual redefinition. Part of it is constrained by the pressure of the systems, while new spaces for the formation of opinion and the political are generated by many forms of grouping among citizens. This permanent reconfiguration leads one to speak, as Habermas himself recognized (1990: 32), of a 'polycentric public space' rather than a single public space.

One can then move from the identification of a plurality of public spaces to the study of the oppositions within them. A number of public spaces have been progressively dominated by the mass media and taken over by functional imperatives. The quality of democratic life is therefore dependent on the constitution of other, autonomous public spaces; hence the link with the associationism made up of collective actions implemented by free and equal citizens making reference to a common good. To break free from the rational action paradigm, it is necessary to mobilize this concept of voluntary association, which allows one to think of spontaneously emergent, domination-free relationships in noncontractualist terms (Habermas 1997: 53). Habermas then converges with other authors such as Offe in emphasizing associative relationships and the prominent position in civil society of associations around which autonomous public spaces can crystallize, which justifies paying attention to voluntary association and associative life as a principal medium for the definition of public commitments (Habermas 1992: 186). Why then does he hardly study these associative relationships which he considers essential for the future of democracy?

First, Habermas's valorization of associative relationships is somewhat lacking in precision. He privileges associations oriented towards demands, aiming to defend forms of solidarity and culture, such as regionalist, feminist or ecological movements. In the book edited by Calhoun, his 'neglect of social movements' is indeed discussed especially by Eley, Baker, Garnham and Fraser, who argue for a notion of multiple, sometimes overlapping or contending public spheres (Calhoun 1992: 37). For Fraser (1992), the too sharp distinction that Habermas makes between associations in which opinions are formed and the public authorities who make decisions diverts him from an investigation of the complex relationship between civil society and the public authorities. This compartmentalization prevents analysis of the interdependences, which

would presuppose a broader conception of public action, not limited to the activity of the public authorities but including all activity articulated with a public space and requiring reference to a common good. From this standpoint Ostrom's works provide material proving that CSOs are not limited to the formation of opinions and include decision-making in the framework of a situated action.

Moreover, Habermas only focuses on associations that are neither economic nor linked to the state. The exclusion of others stems from the fact that the spheres of the economy and the state are related to the systems, and those of the public space and the family to lifeworlds. Given the unsustainability of such a separation, it is preferable to accept that the oppositions between systems and lifeworlds run through each sphere with varying intensity. The corollary is that there are not different categories of associations, some of which escape reification; rather, each association is torn between attempts at autonomization and a tendency to isomorphic normalization. The resulting unstable equilibria can only be untangled if one rejects the assimilation of public action and administration but also that between market and the economy.

5. PLURALITY IN THE ECONOMY

Political plurality is matched by the economic plurality that is conceivable on the basis of a substantive definition that recognizes the principles of the market and redistribution but also of reciprocity and household administration (Polanyi 1977). This is why it is relevant to complement Habermas with Guerreiro Ramos and Polanyi. Ramos points out that Weber distinguishes between two rationalities. Formal rationality (*Zweckrationalität*) refers to 'conventional maximization of utility, under conditions of scarcity and expressed in quantitative terms'. Substantive rationality (*Wertrationalität*) 'refers to allocation within the guidelines of other principles, such as communal loyalties' (Smelser and Swedberg 1994: 5). He observes that Weber was studying a world in which formal rationality was spreading and impregnating the science of organizations. As an antidote to the ethnocentrism which it is therefore charged, Ramos proposes to explore a substantive theory of associative human life, bearing in mind that substantive rationality can be found in thinkers of different periods and societies. This anthropological orientation leads him to distinguish substantive and formal economies. The substantive meaning of 'economic' derives from man's dependence for his livelihood upon nature and his fellows. It refers to the 'institutionalized interaction between himself and his natural surroundings... which supplies him with the means of satisfying his material wants.' The formal meaning of 'economic' stems from the logical character of the means-ends relationships, as apparent in such words as 'economical' or 'economizing'. It refers to a definite situation of choice, namely, that between the different uses of means induced by their scarcity (Polanyi 1977: 20).

Polanyi remarks that even Menger identified the distinction between these two meanings in the posthumous edition of his *Principles of Economics* in 1923. The first is the economizing direction, dependent on scarcity, the second is the 'techno-economic' direction, independent and linked to the physical conditions of production. But when the English translation of

Principles of Economics was published, the previous edition written in 1871, was selected, the posthumous text being described by Hayek in his preface as 'fragmentary and disordered.' 'Hayek concluded: "The results of the work of Menger's later years must be regarded as lost.'" (Polanyi 1977: 23). For Polanyi this omission is serious because the basis of the substantive concepts is the empirical economy itself. It can be briefly (if not engagingly) defined as an institutionalized process of interaction between man and his environment, which secures the satisfaction of his material wants. The classification of empirical economies, then, might best take its start from the manner in which economies are integrated. Integration is one of the effects of the instituting of the economic process. We find the main forms of integration to be reciprocity, redistribution and exchange. Reciprocity denotes movements between correlative points of symmetrical groupings in society; redistribution designates movements towards an allocating centre and out of it again; exchange refers to vice-versa movements taking place as between 'hands' under a market system (Polanyi 1977: 31).

Keeping in mind that Polanyi in other texts include a fourth principle of householding, if one adopts this wide view of the economy embracing these diverse principles, which are not separate sectors but can be combined in various ways, it becomes easier to envision the scope of what is possible in the economic activity of CSOs: they articulate these principles both in their project and in response to the constraints of the institutional frameworks.

Thus every association potentially draws its resources from the three poles of the economy: a market economy, through the sale of goods and services that produces competition; a non-market economy in which it receives contributions in the form of transfer revenues, and also private donations; a non-monetary economy based on the active support it receives through various forms of voluntary engagement, including mutual help networks and the involvement of the users.

The relationship with economic activities is not apprehended solely by reference to the market. Associations are not limited to market services; nor do they belong to a sector organized solely around reciprocity (Eme, Laville, Favereau, Vaillancourt 1996). For, while their founding impulse may be that of reciprocity, their evolution can lead to a strengthening within them of other principles, in particular those of the market and redistribution. Some associations, moreover, follow a trajectory that assimilates them to quasi-administrations when their resources come almost entirely from redistribution or quasi-enterprises when they turn towards the market.

In each CSO, it becomes possible to examine the various elements of the general accounts and break them down so as to bring out more clearly the types of resources: market, non-market and non-monetary. One also needs to reintegrate resources lying outside the accounts of the structure (exemption from charges, provision of personnel or premises, etc.) and make explicit the different components of budget lines that may be conflated in the general accounts (provision of services that may include an element of subsidy from the public authorities to reduce the cost paid by all consumers or some of them on the basis of their income, etc.).

Market resources come essentially from the sale of consumers and the fulfilment of private orders. But the payment of services may also be made by redistribution agencies, in various forms: subsidies to consumers, subsidies to producers, invitations to tender with or without particular clauses. When there is a public call for tenders, the competitive conditions do not necessarily mean leaving the framework of redistribution. The allocation of public finances to cover part of the costs of service provision and the use of calls for tender make clear the recourse to quasi-market mechanisms, i.e. ones close to market mechanisms, even if social environmental criteria may inflect the choice of service provider. Operating subsidies are generally of public or para-public origin, but may also come from private organizations such as foundations. The provision of means in kind, whether human or material, belongs to the same register. Other aids may be granted, not for the activity carried on but in the framework of employment policies, whether or general or selective, i.e. targeted at particular groups. Subscriptions and membership fees may be preconditions for market exchanges, and should then be classified as market resources. But they may also be voluntary, and are then to be considered as reciprocity, as are the individual donations of people wishing to support the work of the CSO. Though reciprocity may therefore be expressed in monetary form, it generally takes non-monetary forms through the time devoted by volunteers and through partnerships. These non-monetary contributions may recompensed through a mechanism of appreciation of a monetary equivalent, but it is important to remember its reductive character, since this equivalent is far from fully covering the meaning of a voluntary commitment.

The economic equilibrium of every CSO thus results from a hybridization of the three poles of the economy each requiring a specific study. This hybridizing manifests a twofold movement. The institutionalist process of the economy in modern democracies has been characterized by the priority given to market exchange, even to the point of the economic fallacy of identifying the market with the economy (Polanyi 1977: 5-17). But another, contradictory, movement has been made possible by the secularization of society: the invention of modern solidarity. By reviewing the forms this takes, it is possible to specify what Habermas refers to as the socially integrating force of solidarity mentioned by to counter the power of money and administrative power.

Democratic solidarity takes two forms. The first is that of self-organization in the mode of the commons, which can be related to the principle of egalitarian reciprocity; the second is that of the social state guaranteeing rights and incomes through public redistribution. This democratic solidarity contrasts with a philanthropic solidarity that substitutes for the vocabulary of equality and rights that of private benevolence. The split between democratic and philanthropic solidarity, which has been present since the 19th century, has reappeared on the scene in this 21st century debate, with an expansion of the new 'big philanthropy,' which 'undermines democracy' (Barkan 2013), combined with 'social business' or 'corporate social responsibility' models and 'bottom of the pyramid' or 'social impact bonds' methods.

CONCLUSION

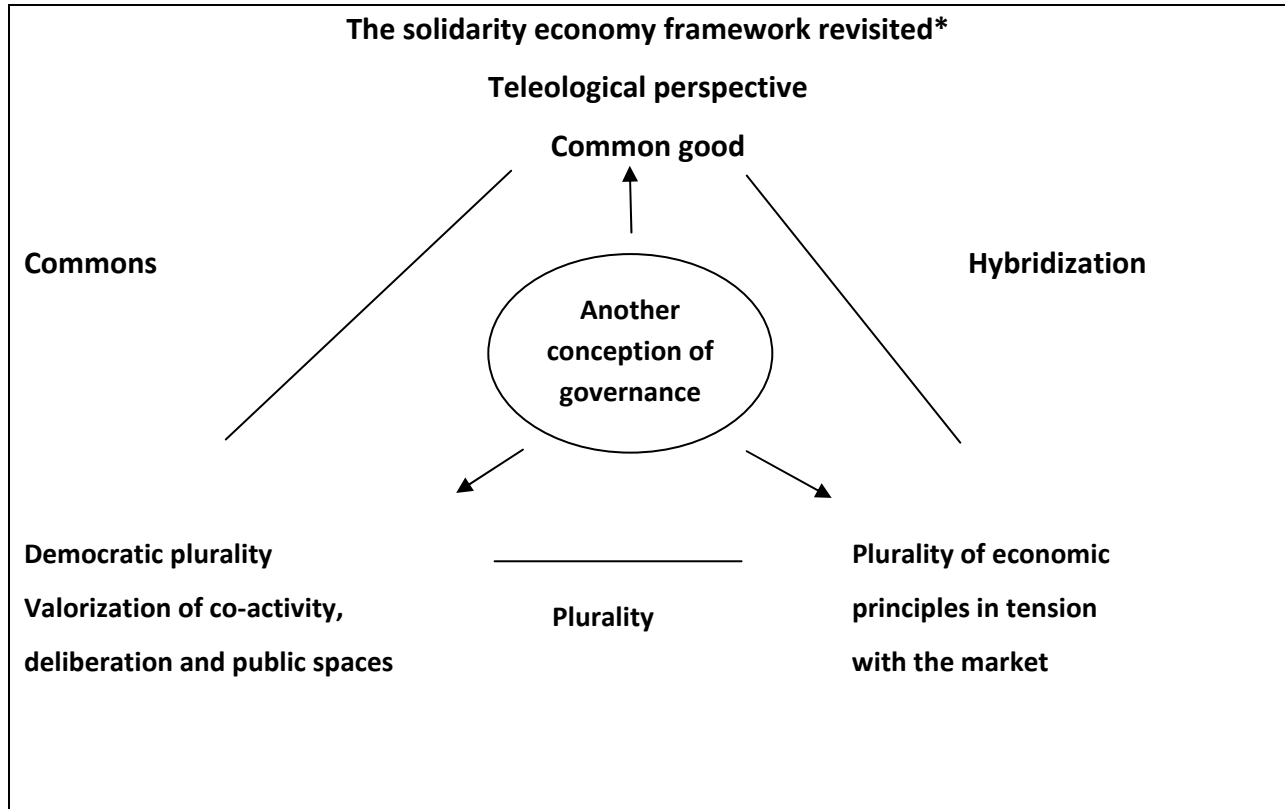
The conceptualization of the solidarity economy is inseparable from an interdisciplinarity enabling one to understand the economy beyond the market and the political beyond the state (Laville 2011).

In this regard, the solidarity economy converges with the new economic sociology inspired by Granovetter, bringing to light the institutional construction of markets in rules, which leads one to speak of plural markets. But the solidarity economy aims to go much further in the critique. If markets in their concrete multiplicity do not correspond to the abstract representation of the self-regulating market, the latter still has a performative character. For this reason, the framing of markets does not in itself protect against the political shaping of a market society (Polanyi 1957). To counter this, beyond the distinction between markets, a further distinction must be added, that between the economy and the market. An economy that sustains democracy rather than threatening it cannot dispense with markets, but cannot be limited to them. The re-embedding of the economy as a means to serve human finalities presupposes an institutional framework that leaves room for several logics of economic action. It is not only markets that are plural, but also economic motives and, ultimately, the economy itself. The preservation of markets and their decentralized arbitrages must be accompanied by protection against their hegemony.

Respect for markets has to be balanced by recourse to the principles of redistribution and reciprocity. Redistribution needs to be revalued as a resource allocation system for everything that involves the public good. Reciprocity for its part should be regarded as a taking account of the commons: in a largely immaterial and relational economy, trust based on mutual understanding can allow a co-elaboration for creative and productive purposes. It is important in this regard to rehabilitate fully the collective power flowing from reciprocity, which is learned and experienced in collective mobilizations (Cefaï 2007), but also has an economic potentiality. The affirmation of a reciprocity that combines the 'spirit of the gift' (Godbout 2000) with the concern for equality is moreover an antidote to philanthropy enrolled as the conscience of liberalism, offering the idea of the 'gift without reciprocity' (Ranci 1990).

But if the economy cannot be reduced to the market alone, nor can social solidarity be confined to the state. The CSO, in its generic sense, is far from having every virtue, it is liable to many commercial or bureaucratic flaws, but it gives shape to social practices that cannot happen in other places. For this reason, associationism can make it possible to restore to politics a place that economism denies it, without thereby focusing on the state. To move beyond small-scale experiments, plural economy and plural democracy reinforce each other. To put it another way, representative democracy can now be strengthened by forms of direct democracy that are not only granted but also won through collective actions. This linkage between deliberative and representative democracy is, however, only conceivable if fears of a destabilization of existing powers give way to the conviction of the urgency of a more active citizenship. The problem is not that of choosing between civil society and the state, but rather of envisaging a reciprocal democratization of civil society and the public authorities. The social state has promoted a

conception of solidarity based on individual rights and redistribution. The reconquest of its legitimacy can only succeed if it integrates within itself opportunities for increased participation for employees and users and is extended by an associationism impregnated with democratic solidarity.



The theoretical framework of the solidarity economy, revisited with the aid of the contributions of the authors cited, is characterized by the reintegration of three salient features which Hayek undertook to eliminate.

- Ostrom reintroduces a teleological perspective and connects the common good with co-activity to convert it into a problematic of the commons that links the finalities aimed at with the means used to attain them. This perspective is backed by recourse to public spaces in Habermas and various economic principles in Polanyi and Guerreiro Ramos.
- Habermas, for his part, contests the pertinence of the aggregative paradigm of individual preferences and shows the importance of deliberation. Ostrom demonstrates that it is not simply a matter of the formation of opinions but that deliberation can be mobilized as a means of decision in the framework of the activity of a collective. Polanyi and Guerreiro Ramos urge a move away from the reduction of the economy to the market, from which Habermas has not broken free.

- Finally, Polanyi and Guerreiro Ramos reject the conceptual anachronism of catallaxy, i.e. the spontaneous order of the market as understood by Hayek. They can be complemented with recourse to Habermas as regards the springs of democratic action and Ostrom for a resistance to marketization that does not turn towards statism.

There is thus a complementarity among all these contributions, through which another conception of governance takes shape. It is explored in this second part of the book to outline what could become a programme for research.

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