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The Social and Solidarity Economy

A Theoretical and Plural Framework

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The social and solidarity economy: a theoretical and plural framework

Abstract

Economy is not one "natural" thing; it is always plural and socially constructed. Polanyi taught us that it was a mistake to see the economy as independent from society, as a self-regulating market. He insisted on the presence of different economic principles (market, redistribution, reciprocity) in concrete human economies. As for Mauss, he taught us that progress does not lie in seeking to replace one economic system brutally with another. Rather, economic organisation always consists of a number of contradictory institutional forms, irreducible to each other and combined with different emphasis. Starting from their approaches, the idea of a "plural economy" is intended as a framework for considering relations between these complementary forms and for resolving potential conflicts among them.

The return of the utopian experiment of a self-regulating market under neo-liberal capitalism requires us to elaborate a project of democratic transformation. Thinking about it, we must remember the self-regulating market in the 1930s led to authoritarian regimes : it generated so much uncertainty that it created the ground for nazism and stalinism. We cannot repeat this terror and we have to be conscious that market ideologists have recently produced a counter-movement of religious fundamentalisms and we cannot afford the polarity of "Macworld" and "Jihad". To avoid these dangers, the chapter argues for mobilizing economic principles other than the market (reciprocity, redistribution) and institutionally embedding the market once more in a perspective of solidarity, economy as well as establishing non-

capitalist enterprises, i.e. recognising diverse forms of property by using social economy and social enterprises statutes

In order to go in such a direction, democratic solidarity is essential. It starts, as Mauss insisted in *The Gift*, with recognizing that modernity rests on a particular relationship between reciprocity and redistribution, between the voluntary collective actions of equal citizens and the state's attempts to redress inequalities. Together these make up what - in Europe, South America and elsewhere - is known as the "solidarity economy" (*économie solidaire*). Its institutional base includes self-organisation in civil society (unions, cooperatives, mutual insurance and non-profit organisations) and social protection by public rules. It is not a question of replacing reciprocal solidarity with redistributive solidarity but of combining one with the other. By combining this solidarity economy perspective with the social economy tradition, it becomes possible to renew the conception of social change.

The twentieth century left us with two extreme cases that we should avoid in the future: a market society whose inequality was justified by an appeal for individual freedom, on the one hand, and the subordination of economy to a political will whose egalitarianism was a mask for coercion, on the other hand. Our task is to find new ways of guaranteeing a plural economy within a framework of democracy. Mauss and Polanyi agreed on the need for practical syntheses of old and new realities rather than radical reversals based on a false realism. Instead of making an abstract appeal for an alternative economy, we should be devising fresh combinations within the field of economic possibilities open to us.

Introduction

The classical distinction, in Marxist writings, between base and superstructure is deeply questionable today. The fact that economic development now depends on harnessing cultural production through information and communication technologies has blurred the boundary between materiality and social interaction, thereby favouring their permeability. Given the unprecedented risks entailed in the contemporary expansion of the capitalist system, the search for an "alternative economy" has resulted in strong initiatives, of which the new social

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movements are but one expression. But perhaps we should first take stock of how some of the social changes they propose reflect the theoretical assumptions of the orthodox economics they oppose.

There is a great temptation, in the name of radicalism and following the example of neo-classical theory, to disclaim or remove the political dimensions from economy. As we know from bad experiences of the last two centuries, to consider social transformation solely in terms of economic practice makes political mediation impossible and encourages faith tinged with religious or moral fervour to fill the gap. The lessons of the past allow us to recognise the dangers with ease: the dominance of avant-gardes and lone prophets with a mission to liberate the truth from present realities and to illuminate the future; and a proneness to crush initiatives on the grounds that, by themselves, they will not overthrow the logic of the system.

Such a vision of another economy, of another world can hardly contemplate the democratic conditions of its own realisation. The debate over the different meanings of the economy has to be reopened in this light. Without it, any discussion on the levers of change or on the conditions of transition would be impoverished. Our task is to understand and explain the dimensions of economic life that have been obscured by the naturalisation of the economy's current dominant form, if we are to harness our efforts at making those dimensions compatible with an idea of socio-political transformation sustainable in public debate. Following in the footsteps of Mauss and Polanyi, and taking their contributions separately and together, opens the way to an emancipatory project that is explicitly mindful of a politics that was paradoxically banished by revolutionary rhetoric in the name of effectiveness. The plural reality of the economy, including democratic solidarity, allows paving the way for a democratisation process in contemporary societies.

1. The plural reality of the economy: an analytical framework

The striking convergence between Polanyi and Mauss comes from the fact that both based their economic analysis on a critique of the reductionist assumption that explains economic action solely as the expression of material self-interest. Both held that economic behaviour could be an expression of a sense of belonging or of interest and disinterest combined, such interest being wider in scope than the merely material. They both inferred that economic reality was inevitably plural and that this was masked by utilitarian analysis.

Polanyi (1977), in particular, underlined the heuristic value of returning reflexively to the definition of economy. The meaning of the word "economy" as we currently use it to designate a certain kind of human activity swings between two poles. The first, "formal" sense stems from the logical character of means-end relations: the definition of economy in terms of scarcity comes from this. The second, "substantive" sense emphasises the relations of interdependence between people and the natural surroundings from which they derive their material being. In this definition, such substantive conditions are basic to the economy. This distinction between an economy of scarcity and one linking people to their environment was revived by the posthumous publication of Menger's *Principles*, a seminal work of neo-classical economics. There Menger suggested two complementary directions that economics might take: one based on the necessity of economising in response to insufficient means; the other, which he called "techno-economic", resulting from the exigencies of physical production, without reference to the quantity or adequacy of the means available. These two approaches to the possible development of the human economy proceed from "essentially different assumptions.... (but) both are primary and fundamental" (Menger 1923: 77). This argument was forgotten by his successors in neo-classical economics who chose to privilege Menger's price theory and reduce his approach to a formal one alone. Polanyi held that this reduction of the field of economic thought led to a complete rupture between the economy and life, a comment expanded upon by those economists who have taken the trouble to reflect on the epistemology of their science. In polanyian terms, the "economist sophism", assimilating real economy and its formal definition, has become the orthodoxy of the twentieth century economics. Menger's two approaches were forgotten with the help from Hayek considering that Menger's contribution about "techno-economic" dimension was "fragmented and desorganized" and was not worth translating in English.

Consequently two characteristic features of the modern economics have to be underlined.

- *First, the growing independence of an economic sphere that becomes identified with the market.* Passet has traced the stages, from the Physiocrats to neo-classical theory, of a long process of withdrawal in which sidelining the substantive meaning of economy led to confusion between the economy and the market (Passet 1996: 31-37). The Physiocrats worked out the concept of economy by referring to the market as a mechanism linking supply and demand through prices; but, for Quesnay as much as for the founder of the classical school, Smith, although the economy was granted the

characteristics of a market, the economic sphere was not separated from the rest of society. For Smith, the value of a good is based on the costs of its production; Ricardo extended this idea to a labour theory of value that Marx used for an unprecedented attack on the liberalism advocated by the classical school when he defined capitalism as a system of labour exploitation. In reaction to this radical challenge, the neo-classical school rejected Smith and Ricardo's assumptions and based value instead on the principle of utility/scarcity; a pure economics could then be defined as a theory of price determination under hypothetical condition of absolutely free competition. All phenomena outside the market were excluded here from - except when neo-institutional economics tries to explain market failure or when the economics of organisations recognises other solutions (which only happens in a "second stage", the market being treated as the principle of first resort).

- *Secondly, identification of the market with the self-regulating market.* Rationalist and atomistic assumptions of human behaviour allow orthodox economists to aggregate individual behaviours by means of a deductive market model, without taking into account the diversity of institutional forms in the market. Envisaging the market as self-regulating, i.e. as a mechanism linking supply and demand through prices, overlooks the institutional changes necessary for it to happen at all and indeed the structures without which it could not function. Rosanvallon (1989: 221-2) has described this economic ideology as "the reduction of trade to the market, seen as the only natural form of economic relations...Exchange, which must be equal, is taken as the archetype of all other social relations...A natural harmony of interests is enough to sort out the world market; political mediation between people is considered to be useless or even harmful". With the arrival of the neo-classical paradigm, economics was able to study rational interested behaviour with formal mathematical rigour. The market could be understood solely in terms of the pursuit of self-interest.

Consequently, to these two points underlined by Polanyi, we may add a third one, much emphasised by many authors, including Marx: the *identification of modern enterprise with its capitalist form*. In a capitalist economy, based on the private property of the means of production, the creation of goods is tied up with the possible profit for the holders of capital. According to Weber, the firm is a profit-making unit whose organisation is geared to the hazards of market transactions, always with the aim of taking advantage of the exchange;

Weber adds that capital accounting thus underpins the rational form of an economy of gain since it allows calculation of the surplus produced in relation to the money value of the means employed by the firm (Weber 1991: 14-5). The establishment of the joint-stock company in law provides the means for an unparalleled concentration of capital, since property rights may be exchanged without their owners having to be aware of it, with the stock exchange offering a parallel guarantee of the possibility to convert their assets into cash at any time. To the extent that capital accounting has become universal and with it the opportunities for market transactions, from now on it shapes perspectives on commodity exchange as much as those on production (Weber 1991: 14-5).

If Polanyi revealed a plurality of economic principles, Mauss acknowledged a plurality of property forms and insisted on the fact that an economic organisation is always a complex combination of economic types that are often opposed (Mauss 1997) and that these are shaped by evolving social institutions. "Property, law, the organisation of work – these are all social facts, real things corresponding to the real structure of society. But they are not material objects; they do not exist outside individuals or the societies that make them and keep them alive. They only exist in the minds of men brought together in a society. They are psychic facts. Economic facts, such as property rights for example, are themselves social (value, money, etc.) and therefore constitute psychic facts like all the other social facts to which they are connected, conditioning and being conditioned by them" (Mauss 1997: 76). If individual property cannot be called into question without restricting freedom, it is possible to add "national and collective properties above, alongside and below market economy and private property" (Mauss 1997: 265).

For Mauss, we have been living in a society with capitalist dominance. However, there is not just one mode of economic organisation expressive of a natural order: rather, a set of forms of

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