

DIALOGUES IN CRITICAL MANAGEMENT
STUDIES VOLUME 1

THE THIRD SECTOR

EDITED BY

RICHARD HULL

*Independent Freelance Academic
Researcher and Teacher, UK*

JANE GIBBON

*Newcastle University Business School,
Northumbria University, UK*

OANA BRANZEI

*Richard Ivey School of Business,
University of Western Ontario, Canada*

HELEN HAUGH

Judge Business School, Cambridge University, UK



United Kingdom – North America – Japan
India – Malaysia – China

Emerald Group Publishing Limited
Howard House, Wagon Lane, Bingley BD16 1WA, UK

First edition 2011

Copyright © 2011 Emerald Group Publishing Limited

Reprints and permission service

Contact: booksandseries@emeraldinsight.com

No part of this book may be reproduced, stored in a retrieval system, transmitted in any form or by any means electronic, mechanical, photocopying, recording or otherwise without either the prior written permission of the publisher or a licence permitting restricted copying issued in the UK by The Copyright Licensing Agency and in the USA by The Copyright Clearance Center. No responsibility is accepted for the accuracy of information contained in the text, illustrations or advertisements. The opinions expressed in these chapters are not necessarily those of the Editor or the publisher.

British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library

ISBN: 978-1-78052-280-7

ISSN: 2046-6072 (Series)



Emerald Group Publishing Limited, Howard House, Environmental Management System has been certified by ISOQAR to ISO 14001:2004 standards



Awarded in recognition of Emerald's production department's adherence to quality systems and processes when preparing scholarly journals for print



INVESTOR IN PEOPLE

CONTENTS

LIST OF CONTRIBUTORS	ix
PREFACE	xi
CASES, CONFIGURATIONS, CRITIQUES AND CONTRIBUTIONS: EDITORIAL INTRODUCTION	
<i>Richard Hull, Jane Gibbon, Oana Branzei and Helen Haugh</i>	xiii
SECTION 1: OVERVIEWS AND ANGLES	
INTRODUCTION TO SECTION 1: OVERVIEWS AND ANGLES	
<i>Richard Hull</i>	3
CHAPTER 1 CRITICAL NARRATIVES OF THE ORIGINS OF THE COMMUNITY INTEREST COMPANY	
<i>Helen Haugh and Ana Maria Peredo</i>	7
COMMENTARY ON CHAPTER 1	
<i>Guillaume Delalieux and Arno Kourula</i>	29
CHAPTER 2 FROM 'PERSONAL' TO 'MUTUAL': EXPLORING THE OPPORTUNITIES FOR CO-OPERATIVE AND MUTUAL FORMS OF OWNERSHIP AND GOVERNANCE IN THE DESIGN AND DELIVERY OF SOCIAL AND PUBLIC SERVICES	
<i>Jan Myers and Molly Scott Cato</i>	33
COMMENTARY ON CHAPTER 2	
<i>Bruno Frère and Julianne Reinecke</i>	53

CHAPTER 3 NONGOVERNMENTAL
ORGANIZATIONS' INFLUENCE AND CAPACITY
IN MANAGEMENT LITERATURE: THE IMPLICIT
INFLUENCE OF TOCQUEVILLE AND EXPLICIT
REFERENCE TO HABERMAS

Guillaume Delalieux and Arno Kourula

57

COMMENTARY ON CHAPTER 3

Rosario Laratta

75

SECTION 2: IDENTITY

INTRODUCTION TO SECTION 2: IDENTITY

Jane Gibbon

83

CHAPTER 4 THE EMERGENCE OF A
THIRD-ORDER SYSTEM IN THE DANISH
WELFARE SECTOR

Anders la Cour and Holger Hojlund

87

COMMENTARY ON CHAPTER 4

Jan Myers

113

CHAPTER 5 A LIBERTARIAN SOCIALIST
RESPONSE TO THE 'BIG SOCIETY': THE
SOLIDARITY ECONOMY

Bruno Frère and Julianne Reinecke

117

COMMENTARY ON CHAPTER 5

Richard Hull

139

CHAPTER 6 NONPROFIT AND GOVERNMENT
SECTORS IN JAPAN: COMPARING THEIR ETHICAL
ORIENTATIONS

Rosario Laratta

143

COMMENTARY ON CHAPTER 6

Oana Branzei and Marlene J. Le Ber

165

SECTION 3: ACCOUNTABILITY

INTRODUCTION TO SECTION 3: ACCOUNTABILITY

Oana Branzei

173

CHAPTER 7 RADICAL DREAMS SOURED BY ELITE
PATRONAGE: THE ROLE OF CLIENTELISM IN
STEERING UK BROADBAND CAMPAIGNS

Richard Hull

177

COMMENTARY ON CHAPTER 7

Jane Gibbon

199

CHAPTER 8 TOWARDS BETTER
UNDERSTANDINGS OF RELATIONSHIPS IN FAIR
TRADE FINANCE: SHARED INTEREST SOCIETY
AND SOCIAL ACCOUNTING

Jane Gibbon and Philip Angier

203

COMMENTARY ON CHAPTER 8

Frederik Claeyé

225

SECTION 4: HYBRIDITY

INTRODUCTION TO SECTION 4: HYBRIDITY

Helen Haugh

231

CHAPTER 9 HYBRIDISATION IN NON-PROFIT
ORGANISATIONS IN SOUTHERN AFRICA: A
CRITICAL CROSS-CULTURAL READING

Frederik Claeyé

235

COMMENTARY ON CHAPTER 9

Anders la Cour

259

CHAPTER 10 THE DARK TRIANGLE: HYBRIDIZATION IN THE THIRD SECTOR <i>Marlene J. Le Ber and Oana Branzei</i>	263
COMMENTARY ON CHAPTER 10 <i>Helen Haugh and Ana Maria Peredo</i>	295
AUTHOR INDEX	301
SUBJECT INDEX	311

LIST OF CONTRIBUTORS

<i>Philip Angier</i>	Social Economy Consultancy, Northumberland, UK
<i>Oana Branzei</i>	Richard Ivey School of Business, University of Western Ontario, Canada
<i>Frederik Claeyé</i>	Centre de Recherche sur le Capital Humain, Faculté Libre de Sciences Economiques et de Gestion, Université Catholique de Lille, France
<i>Guillaume Delalieux</i>	Science Po, Lille, France
<i>Bruno Frère</i>	Fonds National de la Recherche Scientifique, Université de Liège, France
<i>Jane Gibbon</i>	Newcastle University Business School, Northumbria University, UK
<i>Helen Haugh</i>	Judge Business School, Cambridge University, UK
<i>Holger Højlund</i>	Copenhagen Business School, Denmark
<i>Richard Hull</i>	Independent freelance academic researcher and teacher, UK
<i>Arno Kourula</i>	Stanford University, USA
<i>Anders la Cour</i>	Copenhagen Business School, Denmark
<i>Rosario Laratta</i>	Graduate School of Governance Studies, Meiji University, Tokyo, Japan
<i>Marlene J. Le Ber</i>	ERB Institute for Global Sustainable Enterprise, University of Michigan, USA

- Jan Myers* Cardiff Institute for Co-operative Studies,
University of Wales Institute, Cardiff and
Westminster Business School, University of
Westminster, London, UK
- Ana Maria Peredo* Peter B. Gustavson School of Business &
Director, Centre for Co-operative and
Community-Based Economy, University of
Victoria, Canada
- Juliane Reinecke* Warwick Business School, University of
Warwick, UK
- Molly Scott Cato* Cardiff Institute for Co-operative
Studies, UWIC, UK

PREFACE

The chapters and commentaries within this volume were all originally presented at the Critical Management Studies Workshop in Montreal 2010. The workshops were specifically established to provide space for dialogue and discussion. Their format requires that papers are presented by a discussant chosen from amongst the other contributors and all papers are circulated in good time before the workshop. It was this prior dialogic structure that has inspired the structure of this volume, and all of the commentaries are written by those participants who were originally the discussant for that paper. The editors and contributors are all immensely grateful to the organizers of the Montreal CMS Workshop.

on Luhmann to address an acknowledged gap: empirical application of autopoietic systems theory, linking theory to observed practice.

REFERENCES

- Habermas, J. (1990/1985). *The philosophical discourse of modernity: Twelve lectures*. Cambridge, MA: MIT Press.
- Lave, J., & Wenger, E. (1999). *Situated learning: Legitimate peripheral participation*. Cambridge: Cambridge University Press.
- Luhmann, N. (2006). System as difference. *Organization*, 13(1), 37–57.
- Mariotti, H. (n.d.) *Autopoiesis, culture and society* OIKOS, Italy. Retrieved from <http://www.oikos.org/mariotti.htm>. Accessed on December 1999.
- Maturana, H. R., & Valera, F. (1980). *Autopoiesis and cognition: The realization of the living*. London: Reidl.
- Maturana, H. R., & Varela, F. J. (1998). *The tree of knowledge: The biological roots of human understanding*. Boston, MA: Shambala.
- Mingers, J. (2002). Can social systems be autopoietic? Assessing Luhmann's social theory. *Sociological Review*, 276–299.
- Mingers, J. (2004). Can social systems be autopoietic? Bhaskar's and Giddens' social theories. *Journal for the Theory of Social Behaviour*, 34(4), 403–427.
- Seidl, D., & Becker, K. H. (2006). Organizations as distinction generating and processing systems: Niklas Luhmann's contribution to organization studies. *Organization*, 13(1), 9–35.
- Weick, K. E. (1995). *Sensemaking in organisations*. London: Sage.

CHAPTER 5

A LIBERTARIAN SOCIALIST RESPONSE TO THE 'BIG SOCIETY': THE SOLIDARITY ECONOMY

Bruno Frère and Juliane Reinecke

ABSTRACT

Purpose – *The aim of this chapter is to deconstruct the idea of a 'Big Society'. We do so by underlining the left libertarian tradition in which civil society led economic activity such as the solidarity economy is embedded.*

Methodology – *By analysing the thought of Pierre-Joseph Proudhon, a key thinker and activist in the 19th libertarian socialist movement, we identify the principles guiding the solidarity economy. We illustrate our argument by drawing on qualitative research conducted on solidarity economy organisations in France.*

Findings – *The solidarity economy illustrates an alternative to both capitalism and state socialism: libertarian socialism. This chapter demonstrates that this left libertarianism is not a new utopia. It is rooted in the long (but marginal) history of libertarian socialism, which was born in the 19th century.*

Originality – *An economy managed from the left based on libertarian political principles seems to be a novel experiment. We seek to illustrate what this may look like using the example of the present solidarity economy. However, we also emphasise that this would imply a reversal of*

The Third Sector

Dialogues in Critical Management Studies, Volume 1, 117–137

Copyright © 2011 by Emerald Group Publishing Limited

All rights of reproduction in any form reserved

ISSN: 2046-6072/doi:10.1108/S2046-6072(2011)0000001015

the political programme of the 'Big Society'. It would imply the redistribution of economic and political power not only from the state to local communities, but also from company directors and their shareholders in order to realise not a charitable but an economically empowered civil society.

Keywords: Proudhon; Libertarian Socialism; solidarity economy; Big Society; France; 19th century

INTRODUCTION

You can call it liberalism. You can call it empowerment. You can call it freedom. You can call it responsibility. I call it the Big Society. (David Cameron, Big Society Speech, 19th July 2010)

Did anyone ever see a capitalist, weary of gain, conspiring for the general good and making the emancipation of the proletariat his last speculation? (Proudhon, 1848/1888, p. 427)

In his Big Society Speech in Liverpool, UK, the British Conservative Prime Minister David Cameron outlined his vision about a new political order that seeks to empower communities, foster a culture of volunteerism and promises 'the biggest, most dramatic redistribution of power from elites in Whitehall to the man and woman on the street' (*ibid.*). At the heart of this is a public policy reform that 'open(s) up public services to new providers like charities, social enterprises and private companies so we get more innovation, diversity and responsiveness to public need' (*ibid.*). It seems as if the current political landscape is experiencing a paradigm shift from market individualism towards a new 'community' liberalism in which citizens 'feel both free and powerful enough to help themselves and their own communities' (*ibid.*; see also Myers and Cato, pp. 33–51, this volume). Equally, the new political imaginary in the United States has begun to draw heavily on the metaphors of community, social enterprises and grassroots civic innovation.

Similar to the era of Margaret Thatcher in the United Kingdom and Ronald Reagan in the United States in the 1980s, there is a new political rationality that advocates the retreat of the state and its financial resources from delivering public services and tackling social problems. Instead, unemployment, homelessness, squalor and industrial relations are seen as matters for personal responsibility and civil society rather than state intervention (Smith, 2011). The provision of the social good is 'outsourced' to social enterprises, charities and voluntary groups. In place of the state,

which claims to no longer have the means to act as a social welfare state, these private, albeit civil society, initiatives take responsibility for the provision of health care, job creation and support of young people. This is based upon a rationale of decreasing public expenditure rather than necessarily increasing the quality of social intervention. Thus, social intervention becomes one of individual 'alms giving' rather than one based on social need. In fact, need is determined by those who are giving rather than the nature of need by those caught in the poverty trap. This political move is reflected in the state's own social innovations of providing finance to civic entrepreneurs, including the Big Society Bank, the social-impact bond or the Community Interest Company (Haugh, pp. 231–233, this volume) in the United Kingdom or the Social Innovation Fund (SIF) in the United States. In a context where the economy has been purely defined in terms of the capitalist market form, there is an inherent 'free market' element to the 'Big Society' itself. Those causes that compete the most 'efficiently' for resources such as finance and volunteer time will be able to intervene more. From a critical point of view, one may wonder that the project makes social services subject to market forces rather than democratic accountability.

Yet the idea of private solidarity is not new (Smith, 2011). It seems as if the old dream of American libertarians, whose intellectual representatives include the free market advocate Friedrich von Hayek (1948) or the individualistic anarchist Robert Nozick (1974), is about to materialise: to limit the redistribution of wealth through the state, and to allow those private citizens who are not in need of state aid, the liberty to freely decide to demonstrate their solidarity – or not – with those in need of assistance. From the libertarian point of view, it is morally impermissible to force individuals to share a part of their income with those who 'choose' not to work. On the contrary, they can voluntarily choose to do so thanks to charities and social entrepreneurship.

However, the idea of a Big Society may look radically different if not framed by conservatives and neo-liberals, but from the point of view of socialist cooperative and mutualist traditions (Woodin, Crook, & Carpenter, 2010). In this chapter, we seek to illustrate what this may look like. This argues that the idea of redistributing state power to society is not absurd as such. The primary condition for the arrival of a 'Big' Society would be to empower society to democratically organise the market in order to avoid social and economic exclusion. This implies a reversal of the political programme: redistribute economic power not only from the state, but also from company directors and their shareholders, who, under current

circumstances can legitimately praise their 'charitable' donations to social organisations and engagement in civil society initiatives to demonstrate their generosity and good will to the public.

Some regard this as utopian. Nevertheless, just such a restitution of the economy to civil society via democratically organised cooperatives has already been envisaged and experimented with by a political movement which knew a certain level of success in the 19th century, a time when a capitalist organisation of society had not yet reached the hegemonic state it has today (Schneiberg, 2007). This is what we will call libertarian socialism.

Even if today's capitalist order remains unchallenged, it seems that there are traces of a libertarian renaissance without being called by its name. In this chapter, we draw on the French anarchist writer Pierre-Joseph Proudhon (1851/1889, 1846/1888) and his analysis of 19th century cooperatives in order to investigate the principles of libertarian socialism. We argue that it is based on four fundamental principles: self-management (and collective ownership of productive resources), economic creativity, mutuality and political engagement. We want to illuminate that the principles of libertarian socialism are still alive and an important source of inspiration for community organisations today, in particular the solidarity economy in France, which is the object of our study.

The chapter is organised as follows. We first present the solidarity economy. We then analyse libertarian socialism. Drawing on empirical findings from primary research on the solidarity economy, we argue that (left) libertarian principles provide the key organisational frame for solidarity economy organisations.

THE SOLIDARITY ECONOMY

Critics of the Big Society have claimed that thousands of community activists and organisations have been struggling for decades to organise and deliver services that are responsive to local needs and aspirations (Scott and Longhurst, 2011). In France, this re-emergence of a civil and solidarity-based economy movement is known as the solidarity economy (*l'économie solidaire*) (Davidson, 2008; Frère, 2009; Laville, 2008, 2010). Truly bottom-up, the solidarity economy emerges at the margins of industrialised world society, or from the 'black holes' of information capitalism, as Castells (1996) calls them in his grand critique of network society. While the globalised economy efficiently connects the spaces where the world's wealth is created, it traps a class of people in 'black holes', excluded from the social

mobility and prosperity of industrialisation. Like the impoverished working-class neighbourhoods in the 19th century, these are areas, regions or ghettos, which can be found worldwide and are inhabited by the underpaid and the unemployed. Exclusion, as autonomist Marxists have argued, is the *modus operandi* of capitalism, as it provides a social reserve army, as Marx called it, to keep providing the market with cheap surplus labour (Hardt & Negri, 2000, 2004).

Rather than dreaming about social utopia or theorizing revolution on an abstract level, the solidarity economy addresses the present immediacy of poor, excluded people in order to help them escape the 'black holes' of social exclusion and realise their own business projects 'here and now'. Consisting of a variety of socially and politically progressive organisations and associations, the solidarity economy can be seen as what Spicer and Böhm (2007) describe as an infra-political social movement. It comprises a multiplicity of independent, local-level organisations that are not formally organised but ideologically united in a vision to combat the capitalist hegemony though creating alternative forms of doing business. Four sectors can be considered as representative examples of the key solidarity economy spectrum in France:

- Fair Trade (North–South or local exchange North–North)
- Social proximity services ('service de proximité')
- Non-monetary exchanges (e.g. Local Exchange and Trading Systems)
- Microfinance associations

The idea of North–South Fair Trade, or alternative or solidarity trade, originated in charitable relief efforts during the post-World War II period. In the 1960s and 1970s, the Fair Trade movement was inspired by the vision to create an alternative political imaginary that could transform Western political culture and consumer society. Even though its current manifestation might have lost its political and more oppositional edge in favour of a mainstreaming approach, it originates and is still inspired by a wider struggle against neo-liberal trade regimes, as Francisco VanderHoff (2008), the co-founder of the first Fairtrade label in 1989, Max Havelaar, recalls. The Fairtrade label 'guarantees a better deal for Third World Producers', so that otherwise economically marginalised producers can take part in the positive dynamics of global trade, or so it claims (Jaffee, 2007). By setting a 'fair' price, Fairtrade seeks to question the distribution of value in conventional supply chains (Reinecke, 2010). Whatmore and Thorne (1997) also argue that Fairtrade creates 'nourishing networks', which subvert the anonymous logic of global commodity chains by fostering

partnership relations of care and responsibility. Global sales of Fairtrade labelled goods exceeded €3.2 billion by the end of 2009 (FLO, 2010). According to estimates, Fairtrade involves about 60,000 volunteers and 4,000 jobs in Europe (Laville, 2010). Whereas Fairtrade labelling represents a vertical South–North exchange, horizontal relations of fair exchange within Southern and within Northern countries are gaining importance. In France, notably about a hundred ‘Associations for the Maintenance of Peasant Agriculture’¹ promote more direct exchange relations by linking local consumer groups, involving an estimate of 100,000 consumers, to farmers from the region (Laville, 2007, 2008). As a result, urban residents can pick up their weekly pre-ordered ‘baskets’ of seasonal fresh produce directly from ‘their’ producers at local community centres. They co-decide on seasonal planning and production methods and commit, in exchange, to regular purchases and paying a fair price, sometimes even becoming involved in local farm work as volunteers.

Called in French ‘services de proximité’, these social services are local ‘self-help’ activities to improve everyday life, such as childcare, care for the elderly or various neighbourhood services (Petrella, 2001). In the terminology of the European Commission (1996; Jouen, 2004; see also Laville, 2003) they are referred to as ‘local development and employment initiatives’ (LDEI) and categorised as

- Collective utility services to improve the quality of life and the environment (including housing improvements, security, local public transport, revitalisation of public urban areas, local shops, waste management, water management, protection and conservation of green areas, energy saving, combating pollution).
- Leisure and cultural services (including tourism, the audio-visual sector, cultural heritage, local cultural development and sports).
- Services for everyday life (including child care, domestic services, new information and communication technologies, assistance for young people at risk and social integration).

A prominent example is the growing number of self-managed associations that offer day-care for children in the parents’ immediate environs. They accommodate 15% of all children in Scandinavian countries or 19% in the United Kingdom (Laville, 2010). The term proximity hereby emphasises the relational closeness or geographical vicinity of service relations, which sets these services apart from the epitome of the anonymity of capitalist service production, the global call centre. To support the creation of proximity services, a number of solidarity economy consulting services have

emerged that assist social and proximity entrepreneurs in the creation of the project.

Non-monetary exchange relationships exist in all economies. They are not necessarily capitalist, as anthropologists have noted. Instead, exchange relationships are vital for social life (Thomas, 1991) and may exist in form of barter or gift giving (Gregory, 1983; Humphrey & Hugh-Jones, 1992). We are concerned with mutual credit and community-based exchange systems (Greco, 2010). The most well-known example are the Local Exchange Trading Systems (LETSystems), an alternative economy in the United Kingdom, Canada and Australia, that operates by virtue of local currency systems that create money without banks (Boyle, 2000). LETSystems is a social innovation that seeks to make exchange available to those who are ‘short of cash’ and do not have access to official monetary resources, the supply of which is monopolised by the state and allocated through competitive market mechanisms. According to Landsman Community Services, the term was created by Michael Linton, the founder of the first LETSystems in Comox Valley, Canada, in 1982. The creation of community currencies, able to record transactions of members, thereby overcomes the problems of barter, the exchange of goods and services without using money. People can set up accounts and earn LETS credits for supplying goods or services to other members of the LETS community, and spent them within the system. The supply of local currency is self-regulating and wants to provide access in more egalitarian ways. To meet community and personal needs, LETSystems may issue money whenever it is required or provide interest-free local credits.

LETSystems (1996) defines itself as ‘a trading network supported by its own internal currency. It is self-regulating and allows its users to manage and issue their own “money supply” within the boundaries of the network’.

‘It is based on the principles of

- co-operation: no-one owns the network;
- self-regulation: the network is controlled by its users;
- empowerment: all network users may “issue” the “internal currency”;
- money: money, as a means of exchange, is an integral feature’. (*ibid.*)

It totals 1.5 million members in 2,500 associations in about 30 countries, most notably in Japan, Latin America and Europe (Laville, 2010). In France alone, there are 315 associations that involve over 30,000 members (*ibid.*) who exchange goods and services by virtue of alternative money. Non-monetary exchanges also include knowledge exchange networks² counting 600 members in France. Their purpose is to match individual offers and

demands for knowledge, ranging from classical subjects such as literature to practical know-how in information technology. In this spirit, some associations also organise knowledge exchanges among leaders of solidarity economy associations.

A related form of alternative finance is microfinance. Microfinance is rooted in systems of trust-based lending. More recently, it has been embraced as a market-based poverty-alleviation model that provides financial services to low-income clients, often in developing countries, who lack access to banking and related services. In 2006, the Nobel Peace Prize was awarded to Muhammad Yunus, the pioneer of the microcredit movement in the 1970s and founder of the Grameen Bank (Yunus & Jolis, 2003). However, since microfinance has turned into a global industry worth \$65 billion (Reuters, 2011), often making profits from the provision of microfinance *louns* at dubiously high interests rates, it has lately been accused of a mission drift, advocating a free market ideology rather than providing sustainable economic and social development (e.g. Bateman, 2010).

Microfinance is also implemented by schemes throughout the world, including Western Europe, where it is defined by the European Commission as loans under €25,000. According to the European Microfinance Network (EMN), an NGO founded in 2003 that promotes microfinance in the European Union, microfinance assists 'the fight against unemployment and social exclusion through the development of microenterprises' and self-employment. It has a dual economic and social impact: 'an economic impact as it allows the creation of income generating activities and a social impact as it contributes to the social inclusion and therefore to the financial inclusion of individuals' (EMN, 2011). In France, it is estimated that 300,000 citizens have practised 'solidarity saving', and invested €1.3 million in microcredit funds in 2006. The French Federation of microcredit states that they have provided financial resources to enable the creation of 350 enterprises and 1,800 jobs (Laville, 2008, 2010). Ethical or sustainable banking is a closely related and partly overlapping sector that opposes the commercial banking model, which has come under fire not least since the US subprime mortgage crisis in 2007. For example, Triodos Bank (2011), Netherlands, which is part of the Global Alliance for Banking on Values, pledges to make finance available 'only to individuals and organisations we believe in', which include 'organic farms and renewable energy companies, to housing co-operatives, local healthcare initiatives, and all kinds of charities and community projects'.

While each of these sector engages in different practices, the solidarity economy has a collective identity 'as an individual's cognitive, moral, and

emotional connection with a broader community, category practice, or institution' (Polletta & Jasper, 2001, p. 285). The principles that matter had their political, sociological, philosophical and economic foundations in the 19th century libertarian socialist movement, as articulated by Proudhon in France (Frère, 2009). While previous research has recognised this historical anchorage (Demoustier, 2001; Desroche, 1991), it is less clear how the movement's collective identity is constituted. Following Boltanski and Thévenot (1991/2006), we selected key historical and philosophical texts to identify the 'pure' political and moral principles that guide critical and justificatory operations that people perform in their everyday discourse. We closely analysed historical texts on the French cooperative movement, notably the works written by the libertarian thinker and founder of the 19th mutualist movement in France, Jean-Joseph Proudhon (1851/1889, 1846/1888).

LIBERTARIAN SOCIALISM IN THE 19TH CENTURY

The history of mutualism, of organised co-operation and reciprocity, is an important chapter in the development of modern economic order to which many cooperatives owe their existence today (e.g. Schneiberg, 2007; Woodin et al., 2010). The libertarian socialist cooperative movement was one of the two forms of socialist responses to the rise of capitalism and the concentration of private ownership in the middle of the 19th century. Libertarian socialism (or left libertarianism) was actively promoted by anarchist writers, such as Proudhon and Bakunin, as an alternative to both corporate capitalism and communism. Libertarian socialism rejected the Marxist notion of linear and inevitable historical progression towards revolution (as an abstract romantic-utopia).

Our aim is here not to position ourselves against Marx, whose analysis of capitalism is by far more perspicacious with regard to the coming age of industrialisation. But Marx's pessimism with regard to the ability of the poor to lift themselves up makes it difficult to conceive of any new economic realities created by the poor themselves: 'The proletariat, the lowest stratum of our present society, cannot stir, cannot raise itself up' (Marx & Engels, 1848/1969, ch. 1). Instead, 'the proletariat must first of all acquire political supremacy' (*ibid.*, ch. 2). For Marx, an alternative organisation of economic activity would be impossible within the capitalist system – any cooperative form would already be contaminated by the logic of capital. Even though Marx believed that the proletarian state³ was only an intermediary towards a society free from class antagonisms, 'in which the free development of each

is the condition for the free development of all' (*ibid.*), he was more concerned with the analysis of capitalist contradictions than with the concrete economic, technical and social organisation of a post-revolutionary society. Conversely, Proudhon's intellectual project was to elaborate the institutional structure of a free and egalitarian society (Graham, 1989). This allows exploring the possibility of an alternative economy 'here and now' – theorizing an escape from the black holes of capitalism through creative and cooperative human spirit.

So while Marx insists that a political revolution precedes an economic revolution, Proudhon reverses the logic of revolution. From the anarchist point of view, government is only a symptom of an exploitative and chaotic capitalist system. The task for revolutionaries, as Graham describes (1989, p. xix), 'is not to overthrow the existing political order but to transform the economic basis of society'. It therefore opposes the intervention of any centralised, authoritarian state – even if only as an intermediary form on the path towards a social utopia.

Proudhon's left libertarian socialism promotes the decentralisation of power and public sovereignty and – most importantly – the abolition of private property (Proudhon, 1840/1994). This, according to Proudhon (1851/1889, 1846/1888), could best be realised through the formation of locally managed mutual and cooperative organisations, unions and community associations, which would nurture community and mutual ownership. Through this 'everyday' revolution, Proudhon envisaged a new form of economy that could provide real impact 'here and now' (Proudhon, 1846/1983) to those in the 'black holes' of 19th capitalism, namely the reserve army of the industrial revolution (Frère, 2009). During the International Workingmen's Association (IWA) or First International (1864–1876), a movement of left-wing political groups, socialist and labour parties and trade unions, the polarisation of Marxist and libertarian ideas became evident. The latter advocated 'direct economical struggle against capitalism, without interfering in the political parliamentary agitation', as Kropotkin described the events (1905/2011). The former considered parliamentary action as necessary step for liberation. Proudhonians, however, lost the ideological battle to the Leninist vision of a workers' revolution. Even if trade unions and social movements were not able to establish a communist state in Western Europe, a social welfare state emerged that was powerful enough to (somewhat) redistribute the fruits of capitalist accumulation. Voices from the right have argued that these welfare states have created a passive benefits culture of welfare-dependents, whereas voices from the left counter that social welfare has declined over

the last 30 years. Little attention has been paid to the possibilities of left libertarianism. However, with the event of the 'Big Society' and celebration of community organisations, it is worth taking a closer look again.

The organisational structure of contemporary solidarity economy initiatives resembles those cooperatives and associations of 19th century libertarian socialism. Both develop alternative organisational forms that emerge from within a system that they oppose, namely capitalism. For example, Proudhon in France created the French People's Bank ('Banque du peuple'), which was based on local currency. Together with the National Equitable Labour Exchange of Owen in England (1865/1977), it could be argued to have pioneered the concept of LETS. Secondly, Proudhon also theorised credit associations ('crédit mutuel'), the ancestor of the contemporary microcredit. These provided credit to local cooperatives, such the Mutual Credit Bank ('Caisse de crédit mutuel') (1851/1889, 1846/1888). Third, but not least, Proudhon identified the key economic principles (the 'mutualist theory') of the first producer cooperatives, such as 'Le Canuts' in Lyon, France, and consumer cooperatives, such as the Workers Union ('Union des Travailleurs'). The purpose of the latter was to, just as Fair Trade today, link consumers and producers in a local self-help logic. These mutualist principles (Proudhon, 1865/1977, 1846/1888) also defined what could be seen as the first proximity services, such as the Social Workshops ('Ateliers sociaux'). They provided a cooperative alternative to state socialism, which Proudhon's political adversary in the French parliament, the state socialist Louis Blanc, advocated.

Proudhon (1851/1889) synthesised the key principles that guide 19th century workers' associations. In the Stock Exchange Speculator's Handbook (1857/2010), he outlines his vision of a reconstitution of the economy through 'industrial democracy: labour-labour partnership or universal mutuality'. The principles of workers' associations and consumers' associations, which were mostly established in the aftermath of the 1848 French Revolution and of which he cites 17, were derived from various field visits that Proudhon conducted from 1853 to 1856: 'We wanted to analyze the empirical realities, which are more eloquent in their spontaneity than theories. We conclude that these worker associations are spaces of creation, new principles, new models [...]. This movement springs not from utopian theories, but economic necessity. It must successively invade all branches of production' (Proudhon, 1857, p. 68, translated from the French original⁴). For Proudhon, revolution is realised 'here and now' when workers 'amass the capital they are lacking' and 'transform themselves from wage-workers to participants' in an industrial democracy (*ibid.*). In other words, each

worker in a cooperative participates, both politically and economically, in an everyday revolution.

Next, we argue that the imaginary magma of the 19th century libertarian cooperative movement has survived the political failure of the socialist economy. This, we argue, lives forth in the organisational principles of 21st century solidarity economy initiatives.

NINETEENTH CENTURY LIBERTARIAN SOCIALISM ENACTED BY TODAY'S SOLIDARITY ECONOMY

We now illustrate the key political and moral principles by drawing on a larger research project on the solidarity economy that was carried out between 2002 and 2006. This included field observations and 75 interviews with informants from 25 solidarity economy initiatives in France, including Paris, Marseille, Toulouse, Lille, Lyon, Dijon and some smaller cities. Proudhon's writings luminously articulate the pure, universal formulation of the four main principles that continue to stimulate the solidarity economy today and which activists allude to in their justifications.

Creativity

First, a recurring theme in the work of Proudhon is creativity. Proudhon celebrates the creative potential of ordinary workers to escape poverty. At the heart lies a positive conception of work as creative activity. 'In labour the worker can actualise his conception of what he is to be for himself and for the others in his community' (Hoffman, 1972, p. 303). 'If his actions follow freely from his ideas and his entire consciousness, then the effort is creative'. Simple tasks can be potentially creative if the conception of the task is not dictated mechanically by a manual, or the assembly belt – where 'manual skill (is) being replaced by the perfection of the apparatus' and where the human spirit 'has passed into the machine' (Proudhon cited in Hoffman, 1972, p. 303). Even if, as Ansart (1970) reminds us, Proudhon grants too much revolutionary possibilities to the creativity of a workers' elite, this idealisation allows him to maintain that cooperatives provide the adequate organisational form to move from alienation to creation.

In the solidarity economy, people become *future creators* and creation becomes *business*. The idea of *creation* stimulates the passion of using entrepreneurship to help people who are 'in the mess' to start a new, more

fulfilling working life where they can pursue their passions and realise their individual potentials.

From our fieldwork notes:

Manon, an employee of an organization that assists aspiring social entrepreneurs to set up proximity services, discusses how desire for creation becomes the engine for proximity services:

'The people who come to us, they are really in the mess. [...] There are many people who are self-employed, also people who are tired of having a boss. Who had a boss on their backs for years. A boss that fired them like dirt. These are people who don't want to go back to the logic of metro-boulot-dodo [commuting-working-sleeping], but who want to flower up [...]. We really motivate them to set up their projects that they feel deeply about, that allow them to flower up. That doesn't simply mean re-socialization. We are more going into individual self-realization, in the sense of creating a network between project initiators, between creators, between businesses that exist in the Chalon region'.

The dominant theme in this account, 'earning money through passion', 'flowering up' and 'self-realisation' through 'creation', reflects the urgency of immediate action to help people in difficulty 'here and now', but doing so in ways that help people to realise their passions. Here, entrepreneurship is presented not only as a way to avoid dependence on social welfare benefits but also as a way to help people escape the monotony and dullness of their ordinary working life.

Mutuality

Second, the realisation of human potential of cooperative members requires a certain quality of social relations that could be called mutuality, or, as does Illich (1973) later, conviviality. Proudhon (1851/1989, p. 85) asks, 'What reason then could lead workingmen to form a binding union among themselves, to give up their independence ...?' Proudhon's answer is an account of human spirit that consists of mutual dependency and reciprocity, fraternity and amicable social relations in an environment free from machinery domination. Similar to Marx concept of alienation, Proudhon concludes that capitalism, and in particular the organisation of work imposed through machinery, degrades the worker and prevents him from fulfilling himself through his labour.

In order to theorize the mutualist spirit animating cooperatives, Proudhon, despite his hostility to religion as an institution and the authority of the Church, refers to the Jesus in early Christian texts: 'The author of the Gospel closed the age of selfishness, the age of nationality and opened the period of love, the era of humanity. Without a doubt he developed with more energy than it has ever done before the famous principle: "Do unto others as yourself." But it never came into his mind to organise mutuality

economically' (1865/1977, pp. 153–154, translated from the French original). The principle of virtuous friendship as the basis for associations runs through the libertarian thought in the works of Proudhon, Bakunin and Thoreau. But mutuality is not based on charity, but on reciprocal benefit through mutual guarantees (Proudhon, 1848/1888). Charity asks people to give up their interests, work for nothing. The association, on the other hand, achieves a collective force through mutual interest and mutual dependence.

'Mutuality' gives particular importance to the human dimension of organisations and emphasises that economic activity relies on relations between people, their human warmth, comradeship, social links and local responsibility for each other. In the solidarity economy, a climate of comradeship, where people contribute to the collective well-being, can be the *raison d'être* of the organisation itself. Here, workplace relations are held together by affective links as in kinship.

From our fieldwork notes:

Régis, from the LETS in Faubourg, France, remembers the day when he helped a member of his association in exchange for some 'caillous', the local currency:

'I had the opportunity to paint an apartment together with the girl who employed me. She did the painting with me. We did it together. We talked throughout the entire day. We taught different things to each other. She invited me to have lunch at noon. It went very well. And when I left in the evening, I didn't feel I had worked for money, I had the impression of having gained more than money. It was an exchange. There was something that had happened during that day which was very pleasant. Even if I made some money by working'.

Through the principle of mutuality, the collective effort 'ceases to be a source of profit to a small number of managers and speculators: it becomes the property of all workers' (Proudhon, 1846/1888, p. 223).

Self-Management

Even if Proudhon did not use the word 'self-management', one of the main principles of his mutualist theory was that every association and cooperative, independent of size, must be self-managed: 'There is mutuality, in fact, when in an industry, all the workers, instead of working for an owner who pays them and keeps their product, work for one another and thereby contribute to a common product from which they share the profit' (Proudhon, 1857/2010). Proudhon lists the principles of self-management which most importantly require mutual ownership so that 'every individual employed in the association, whether man, woman, child, old man, head of department, assistant head, workman or apprentice, has an undivided share

in the property of the company' (Proudhon, 1846/1888, p. 222). Moreover, decision-making is participative and members have the right to occupation based on skills, successive promotion, elective positions, and pay proportionate to position, talents and responsibility. They also acquire versatile skills in order to carry out different tasks and thus avoid the alienating affects of a functionalist division of work.

'Self-management' aims at workers' re-appropriation of the means of production through collective organisation (Rosanvallon, 1976). It is both opposed to state collectivism, which ignores the managerial competencies of workers, and to the participatory management model, which employs workers 'self-management' without conceding property rights. It is the radical socialist version of Peter Drucker's 'management by objectives' (1954), which reacted to the failures of centralised and hierarchic bureaucracies and wanted to provide a counterbalance to the technocratic rationality of big systems. Requiring that each worker is involved in the collective management of the organisation, self-management reverses specialisation and the division of labour. In the words of Wetzel (2008, p. 83), who comments on the radical self-management activists: 'The assumption is that self-management, having control over your life, having a say over the decisions that affect you, should be central to our vision of a post-capitalist society'.

Solidarity economy organisations implement this model of collective organisation, democratic member control and the elimination of organisational hierarchy: The organisation is jointly owned and democratically controlled so that each member (and some representatives of the local community) owns a share of the organisation, participates in decision making and enjoys equal voting rights in the administrative bodies.

From our fieldwork notes:

Luc is one of the three founders of 'Opale', an organization that promotes the creation of cultural projects. At the time of our enquiry, their principal activity was to support the opening of a series of music cafés all over France. These are small concert halls, which feature world music and alternative rock music. Luc explains the challenges of realizing organizational principles of self-management:

'It is true that we are attentive to the internal organization, the level of self-management. I would say [...]. You know, in music, you got some people who are very "rock and roll". That may mean "only rights and never duties". This is the great libertarian discourse. What is difficult to understand is that, necessarily, in the anarchist-libertarian-communitarian perspectives, you have a lot of duties. To do management is difficult. We are careful to make sure that people have autonomy in their jobs and are responsible [...] An association horrifies us where there is one manager who runs it. [...] At Opal, we are all three the engine'.

Political Engagement

The fourth principle that is present in Proudhon refers to the political dimension that stems from cooperatives. As Proudhon writes on cooperatives, 'these companies were formed spontaneously and against the principles of bourgeois society. [They] exclude the capitalist buy-out and are based on the principles of participation and mutuality' (1865/1977, p. 80). Because these principles are derived from the concept of direct democracy, which establishes political organisation spontaneously, cooperatives must also serve as a role model for the political organisation of society. Beyond the economic, mutuality must also become political.

Again, federalism as a principal of decentralised political association stands in opposition to state socialism, which, according to Proudhon (1863), disregards the autonomy and capacity of the mass to govern itself. As Bancal (1970, p. 215) notes, the state owes its existence to 'the erroneous hypothesis of impersonality and physical, intellectual and moral inertia of the masses. It assumes in principle that society is a being devoid of spontaneity and unity, unable to organise itself and act for itself'. No institution can speak in the name of the whole of society. Federal political organisation emerges when independent communities decide to coordinate their efforts on a higher level. The task of a political party, if at all, should be reduced to that of group coordination and support.

Today's solidarity economy organisations instantiate the political spirit by engaging in managing public spaces in everyday life guided by ordinary citizens (Chanial, 1998). For example, the World (or European) Social Forum provides the platform to connect these otherwise isolated groups of ordinary citizens, who have a political identity without being instructed by a unifying political manifesto.

From our fieldwork notes:

This view is also expressed by Arturo, president of the Fair Trade network 'Artisans du Monde', who explains that a libertarian political model underpins the organizational principles of the solidarity economy:

'The anti-globalization activists call me a libertarian anarchist [...] I do not care if people say I'm a libertarian [...]. You're not only a citizen when you vote in elections. We are also citizens when you get involved in organizing the development of your neighborhood or when you create economic initiatives that enable women in popular neighborhoods to take control of their lives!'

Political identity or a collective being cannot be prescribed by the authority of political institutions. Instead, bonds between people result from feelings of

sociability and mutual dependence on each other (Hoffman, 1972). In contradistinction to Rousseau's idea that a political body is established by principles of universal reason and the 'general will' (leading to a social contract), political relations rest on changeable and somewhat capricious feelings of friendship, sympathy for neighbours or love for one's family. 'There is no general will, for there is no general mind to do the willing', as Hoffman (1972, p. 173) insists, who adds equally that Proudhon's anarchism is not an antisocialism, but an insistence on 'organic' social solidarity that underpins man's capacity to self-government.

CONCLUSION

The aim of this chapter has been to illuminate the political and moral principles of the solidarity economy. By tracing the intellectual foundations of mutualism across time and space, we have interpreted micro-level actions and justifications found in our empirical material through the 'magnifying glass' of material found in historical and philosophical articulations. This has explored how the legacy of the cultural criticism formulated by 19th century libertarian socialism continues to inspire the solidarity economy today. Even though the pioneering associations may have faded, their organisational, cultural and institutional traces remain visible (Schneiberg, King, & Smith, 2008).

It is important to note that our account of the solidarity economy is an ideal-type representation. Those who affiliate with it would agree with the historical legacy and the four principles we identified. However, it is often contested which organisation may legitimately claim to truly represent the solidarity economy as the line is fine between social entrepreneurship and micro-capitalism. Nevertheless, it has helped us to carve out the key difference between the libertarian socialist legacy that inspires the solidarity economy and the neo-libertarianism of the 'Big Society'. The former redistributed not only political power from the state to society, but also economic power. If the neo-libertarianism of the Conservatives really wants to promote 'the radical devolution of power and greater financial autonomy to councils, local residents and community groups' (Conservatives, 2010), it should take seriously the capability and potential of ordinary people, especially those living in low-income communities, to play a direct part in controlling resources and exercising power. However, this would need to break up the concentration of economic resources and power currently held by capitalist corporations. This idea might seem strange and utopian for the libertarian

advocates of a Big Society, who want to pass on the state's responsibility for social welfare to a charitable civil society, without equally passing on economic powers, instead reserving these to the private sector. Nonetheless, it is worth reiterating that an alternative to corporate capitalism is practiced 'here and now', as Proudhon would say. Of course the solidarity economy is marginal, but not utopian. It is realised today, thanks to civic engagement, the values and principles that once gave rise to socialist libertarianism and the first cooperatives and workers' associations. And it works. It is neither the third sector nor capitalism of the poor, nor social entrepreneurship, nor charities, nor a system of social subcontracting of public services. The success of the solidarity economy is due to the fact that it rejects the rules of the market: neither invisible hand, neither free competition, neither the pursuit of private interests nor of unrestrained growth. However, the question is: Can it succeed where its predecessor, libertarian socialism, failed 150 years ago?

NOTES

1. AMAP (Associations pour le maintien d'une agriculture paysanne), see <http://www.reseau-amap.org/>
2. RERS (Réseaux d'échanges réciproques des savoirs).
3. For Marx and Engels, the immediate aim is the formation of a proletarian state: 'The proletariat will use its political supremacy to wrest, by degree, all capital from the bourgeoisie, to centralise all instruments of production in the hands of the State' (Marx & Engels, 1848/1969, ch. 2).
4. We use published translations into English whenever possible. We use our own translations from the French original only when translations were not available.

REFERENCES

- Ansart, P. (1970). *Naissance de l'anarchisme, esquisse d'une explication sociologique du Proudhonisme*. Paris: PUF Bibliothèque de Sociologie Contemporaine.
- Bancal, J. (1970). *Proudhon: Pluralisme et autogestion*. Paris: Aubier-Montaigne.
- Bateman, M. (2010). *Why doesn't microfinance work? The destructive rise of local neoliberalism* (1st ed). London: Zed Books Ltd.
- Boltanski, L. & Thévenot, L. (2006). *On justification. Economies of worth* (Original publication in French in 1991). Princeton, NJ: Princeton University Press.
- Boyle, D. (2000). *Funny money: In search of alternative cash*. New Ed. Flamingo.
- Cameron, D. (2010). Big Society speech. 19 July 2010. Retrieved from <http://www.number10.gov.uk/news/speeches-and-transcripts/2010/07/big-society-speech-53572>. Accessed on 26 March 2011.

- Castells, M. (1996). *Rise of the network society. The information age: Economy, society and culture Vol I*. Oxford, UK: Blackwell.
- Chanial, P. (1998). La délicate essence de la démocratie: solidarité, don et association. *La revue du M.A.U.S.S.*, 11, 28–43.
- Conservatives. (2010). The Conservative Party|Policy|Where we stand|Local Government. Retrieved from http://www.conservatives.com/Policy/Where_we_stand/Local_Government.aspx. Accessed on 26 March 2011.
- Davidson, C. (2008). *Solidarity economy. Building alternatives for people and planet*. Chicago, IL: Changemaker.
- Demoustier, D. (2001). *L'économie sociale et solidaire*. Paris: Syros-La Découverte.
- Desroche, H. (1991). *Histoires, d'économies sociales*. Paris: Syros-CJDES.
- Drucker, P. F. (1954). *The practice of management*. New York, NY: Harper & Row.
- EMN. (2011). European microfinance network – Microfinance in Europe. Retrieved from http://www.european-microfinance.org/europe-microfinance_en.php. Accessed on 26 March 2011.
- European Commission. (1996). *First report on local development and employment initiatives. Lessons for territorial and local employment pacts*. Brussels: European Commission (Directorate-General for Regional Policy).
- FLO. (2010). Annual Report 2009–2010 Fairtrade International. Retrieved from http://www.fairtrade.net/annual_reports/0.html. Accessed on 26 March 2011.
- Frère, B. (2009). *Le Nouvel Esprit Solidaire*. Paris: Desclée de Brouwer.
- Graham, R. (1989). Introduction to the 1989 edition. In *General idea of the revolution in the nineteenth century/Proudhon, Pierre-Joseph* (pp. vii–xxxix). London: Pluto Press.
- Greco, T. H. (2010). *The end of money and the future of civilization*. Edinburgh: Floris Books.
- Gregory, C. A. (1983). Kula gift exchange and capitalist commodity exchange: A comparison. In: *The Kula: New perspectives on Massim exchange* (p. 109). Cambridge: Cambridge University Press.
- Hardt, M., & Negri, A. (2000). *Empire*. Cambridge, MA: Harvard University Press.
- Hardt, M., & Negri, A. (2004). *Multitude: War and democracy in the age of empire*. New York, NY: Penguin.
- Hayek, F. A. (1948). *Individualism and economic order*. Chicago, IL: University of Chicago Press.
- Hoffman, R. L. (1972). *Revolutionary justice: The social and political theory of P.J. Proudhon*. Champaign, IL: University of Illinois Press.
- Humphrey, C., & Hugh-Jones, S. (1992). *Barter, exchange, and value: An anthropological approach*. Cambridge: Cambridge University Press.
- Illich, I. (1973). *Tools for conviviality*. London: Calder & Boyars.
- Jaffee, D. (2007). *Brewing justice: Fair trade coffee, sustainability, and survival*. Berkeley, CA: University of California Press.
- Jouen, M. (2004). *European union action to promote local employment initiatives*. Paris: Groupement D'Etudes et de Recherches Notre Europe. Retrieved from <http://www.notre-europe.asso.fr/>. Accessed on 26 March 2011.
- Kropotkin, P. (2011). Anarchism. In *Encyclopaedia Britannica Eleventh Edition*. Retrieved from <http://www.panarchy.org/kropotkin/1905.eng.html>. Accessed on 9 April 2011. Original publication in 1905.
- Laville, J. L. (2003). A new European socioeconomic perspective. *Review of Social Economy*, LX(3), 389–405.

- Laville, J.-L. (2008). *Le travail: Une question politique*. Paris: Desclée de Brouwer.
- Laville, J.-L. (2010). *Politique de l'association*. Paris: Seuil.
- Laville, J. L. (Ed.). (2007). *L'économie solidaire: Une perspective internationale*. Paris: Pluriel.
- LETSystems. (1996). Frequently asked questions about LETSystems. Retrieved from <http://www.gmlts.u-net.com/faq.html#whatls>. Accessed on 26 March 2011.
- Marx, K. (1969). Manifesto of the Communist Party. In: *Marx/Engels selected works* (pp. 98–137). Moscow: Progress Publishers. Retrieved from <http://www.marxists.org/archive/marx/works/1848/communist-manifesto/index.htm>. Accessed on 9 April 2011. Original publication in 1848.
- Nozick, R. (1974). *Anarchy, state, and utopia*. New York, NY: Basic Books.
- Petrella, F. (2001). Proximity services in Belgium: An analysis of public and nonprofit relations. *Annals of Public and Cooperative Economics*, 72(1), 77–101.
- Polletta, F., & Jasper, J. M. (2001). Collective identity and social movements. *Annual Review of Sociology*, 27, 283–305.
- Proudhon, J.-J. (1977). *De La Capacité Politique Des Classes Ouvrières* (Original publication in 1865). Paris: Éditions du Monde Libertaire.
- Proudhon, P.-J. (1888). *System of economical contradictions: Or, the philosophy of misery* (Original publication in 1846). Boston, MA: Tucker[Proudhon, J.-J. (1846). *Système Des Contradictions Économiques Ou Philosophie De La Misère*. Paris: Groupe Fresnes-Antony de la Fédération anarchiste (Original publication in 1883)].
- Proudhon, P.-J. (1994). *What is property?* (Original publication in 1840). Cambridge: Cambridge University Press.
- Proudhon, P.-J. (2010). Stock exchange speculator's manual. Translated by Ian Harvey. (Original publication in 1857). Paris: Garnier. Retrieved from <http://anarchism.pagea-bode.com/pjproudhon/stock.html>. Accessed on 4 August 2011. [Proudhon, J.-J. (1853). *Le Manuel Du Spéculateur À La Bourse* (5th ed.)].
- Reinecke, J. (2010). Beyond a subjective theory of value and towards a 'fair Price': An organizational perspective on fairtrade minimum price setting. *Organization*, 17(5), 563–581.
- Reuters. (2011). Microfinance must move beyond loans to savings. By Wayne Arnold 18.02.2011|Reuters Breakingviews|Analysis & Opinion|Reuters.co.uk. Retrieved from <http://blogs.reuters.com/columns/2011/02/18/microfinance-must-move-beyond-loans-to-savings/>. Accessed on 26 March 2011.
- Rosanvallon, P. (1976). *L'Age de l'Autogestion*. Paris: Seuil.
- Schneiberg, M. (2007). What's on the path? Path dependence, organizational diversity and the problem of institutional change in the US economy, 1900–1950. *Socio-Economic Review*, 5, 47–80.
- Schneiberg, M., King, M. D., & Smith, T. (2008). Social movements and organizational form: Cooperative alternatives to corporations in the American insurance, dairy and grain industries. *American Sociological Review*, 73, 635–667.
- Scott, N., & Longhurst, N. (2011). Big Society and poor places. In: M. Stott (Ed.), *The Big Society challenge* (pp. 100–111). Cardiff: Keystone Development Trust Publications.
- Smith, M. J. (2011). The intellectual roots of Big Society. In: M. Stott (Ed.), *The Big Society challenge* (pp. 27–35). Cardiff: Keystone Development Trust Publications.
- Spicer, A., & Böhm, S. (2007). Moving management: Theorizing struggles against the hegemony of management. *Organization Studies*, 28(11), 1667–1698.
- Thomas, N. (1991). *Entangled objects. Exchange, material culture and colonialism in the pacific*. Cambridge, MA: Harvard University Press.

- Triodos. (2011). Who we finance – Triodos Bank/Triodos Bank. Retrieved from <http://www.triodos.co.uk/en/business/who-we-finance/>. Accessed on 26 March 2011.
- VanderHoff, F. B. (2008). The urgency and necessity of a different type of market: The perspective of producers organized within the fair trade market. *Journal of Business Ethics*, 86(S1), 51–61.
- Wetzel, T. (2008). From self-managed movements to self-managed city. In: C. Spannos (Ed.), *Real utopia: Participatory society for the 21st century* (pp. 83–87). Edinburgh: AK Press.
- Whatmore, S., & Thorne, L. (1997). Nourishing networks: Alternative geographies of food. In: D. Goodman & M. Watts (Eds.), *Globalising food: Agrarian questions and global restructuring* (pp. 287–304). London: Routledge.
- Woodin, T., Crook, D., & Carpentier, V. (2010). *Community and mutual ownership. A historical review*. York: Joseph Rowntree Foundation. Retrieved from <http://www.org.uk/publications/>.
- Yunus, M., & Jolis, A. (2003). *Banker to the poor: The story of the Grameen Bank (new edition)*. London: Aurum Press Ltd.

COMMENTARY ON CHAPTER 5

Richard Hull

This intriguing and valuable chapter by Frère and Reinecke raises many memories for me of my involvement in various social movement and political groups in the 1970s, and especially the vigorous debates over the precise meanings of terms like 'libertarian' and over the correct interpretation of iconic writers like Marx – there was little discussion, in those days, of Proudhon. Indeed, one of the significant contributions of this chapter is to present Proudhon's ideas to a wider audience of readers and researchers with interests in the Third Sector or Critical Management Studies.

The authors are bravely trying to rescue the Third Sector from its current neo-liberal transmutation into the so-called 'Big Society' in the United Kingdom, or what a number of recent authors call 'neo-communitarianism' (Fyfe, 2005; Jessop, 2002). Their rescue vehicle is driven by Proudhon who delivers a weighty set of principles to the debates.

There is the principle of creativity by which radical co-operative solutions are created by those most in need and most exposed to the alienation of capitalism. The principle of mutuality is described by Frère and Reinecke as 'virtuous friendship' and they argue it was again much later expounded and developed by Ivan Illich under the label of 'conviviality'. The principle of self-management was, they argue, later promulgated during the 1970s by Pierre Rosanvallon who saw enterprises controlled by their workers but also open to other 'local collectivities in co-decision making'. Finally, there is Proudhon's principle regarding the political dimension or spirit of co-operative working, which Frère and Reinecke call the principle of political engagement, which stresses the possibilities for the spontaneous

The Third Sector

Dialogues in Critical Management Studies, Volume 1, 139–142

Copyright © 2011 by Emerald Group Publishing Limited

All rights of reproduction in any form reserved

ISSN: 2046-6072/doi:10.1108/S2046-6072(2011)000001016

autonomous emergence of new forms of association in distinction to top-down imposition.

Frère and Reinecke make the bold claim that:

The imaginary magma of the 19th century libertarian cooperative movement has survived the political failure of the socialist economy. This, we argue, lives forth in the organizational principles of 21st century solidarity economy initiatives.

They first describe four of the most common forms of the solidarity economy in France: fair trade, voluntary social services initiatives, alternative exchange and barter systems, and microfinance associations. They then proceed to justify their claim by illustrating how the principles are now fundamental to many people actively involved in the solidarity economy. They then draw upon interview materials from their extensive fieldwork research into these organisations to more fully illustrate the ways in which the people working within those organisations perceive the values and morals of their activities, and hence exemplifying the four principles of creativity, mutuality, self-management and political engagement.

The chapter thus makes significant contributions to both Third Sector research and to Critical Management Studies. In both fields, it is too easy to forget the substantially radical roots of co-operative and mutual forms of organisation, and to instead treat them as having no history. For Third Sector research in particular, it is imperative to recall these radical roots as a bulwark against the increasingly dominant managerialist and efficiency-driven emphasis. Recalling the radical historical roots is equally important in CMS where there is too often a tendency to think that it is only CMS that is developing critical and radical perspectives upon organisational forms and their management, whereas this chapter reminds us of a long history of experimentation and critique.

A second major contribution the chapter makes to Third Sector research (although perhaps less so for CMS) is their deployment of Boltanski and Thévenot's (2006) sociology of morals and legitimation, which has more recently flowered into a new perspective on the critical sociology of capitalism, one with a distinctly French flavour to it (Boltanski & Chiapello, 2006). The question for some though, is whether this is really 'critical'; certainly Martin Parker's (2008) review is doubtful but see the solid riposte in the accompanying review from Leca and Naccache (2008). One central element of the differing perspectives is a significant difference over the fundamental characteristics of capitalism – interestingly, a very similar difference of view existed between Proudhon and Marx, as ably described by

Frère and Reinecke, and again much of my experience of radical groups in the 1970s echoed these debates – plus ça change!!

In an earlier version of this chapter, the authors linked Proudhon's focus on creativity to Raoul Vaneigem's (1972) celebration of self-realisation through acts of opposition, a linkage that strongly appealed to me. Although many within CMS may pride themselves on their resoluteness in maintaining a 'correct' set of perspectives on capitalism or whatever, there has long been a significant tension between people who write about critical perspectives and people who practise it. The final contribution of this chapter is to significantly support the latter: it provides a useful counter to the tendencies in CMS towards theoretical correctness through its focus on the radical potential and consequences of 'actually doing something instead of just talking about it' (this is an old adage from the 1970s).

However, putting my theoretically correct hat on, I will briefly suggest a few criticisms. Firstly, there is a slight lack of reflexivity in the chapter, although this is thoroughly in keeping with the adoption of the concept of ideal types from Boltanski and Thévenot (2006). Having outlined the four principles the authors do not then suggest how this makes concrete contributions to the organisations within the solidarity economy.

Secondly, I am no scholar of Proudhon but I have always understood that one of his most important arguments focused on the iniquitous consequences of property rights, and yet there is little in this chapter that acknowledges the central role of the state not only in enforcing property rights but in enforcing the very concept of property ownership. After all, if the concept of property ownership were to vanish, so too would all justification of the state's right to own the nation, its GDP, its citizens and its laws; the disappearance of property rights would render the state illegitimate. Hence the state has a massive interest in retaining the very concept of property rights and furthermore it will always strongly resist tendencies away from property rights. That, perhaps, is one of the key reasons the Third Sector is being transmogrified into the so-called 'Big Society'?

REFERENCES

- Boltanski, L., & Chiapello, É. (2006). *The new spirit of capitalism*. London: Verso.
- Boltanski, L., & Thévenot, L. (2006). *On justification: economies of worth*. Princeton, NJ: Princeton University Press.
- Fyfe, N. R. (2005). Making space for 'neo-communitarianism'? The third sector, state and civil society in the UK. *Antipode*, 37(3), 536–557.

- Jessop, B. (2002). Liberalism, neoliberalism, and urban governance: A state-theoretical perspective. *Antipode*, 34(3), 452–472.
- Leca, B., & Naccache, P. (2008). 'Le nouvel esprit du capitalisme': Some reflections from France. Book review of *The New Spirit of Capitalism* by Luc Boltanski and Ève Chiapello. *Organization*, 15(4), 614–620.
- Parker, M. (2008). The seventh city. Book review of *The New Spirit of Capitalism* by Luc Boltanski and Ève Chiapello. *Organization*, 15(4), 610–614.
- Vancigem, R. (1972). *The revolution of everyday life*. (Originally published in 1967). London: Practical Paradise Publications.

CHAPTER 6

NONPROFIT AND GOVERNMENT SECTORS IN JAPAN: COMPARING THEIR ETHICAL ORIENTATIONS[☆]

Rosario Laratta

ABSTRACT

Purpose – this chapter contrasts the ethical climates in government and nonprofit organizations (npos) in japan, a setting where the relationship between these two sectors has been recognized as close and long-lasting. Yet, there has been little comparison of the value difference (or congruence) or discussion of how this may influence their interaction over time. This chapter explains why nonprofit partners may be more attractive partners for governmental contracts, notwithstanding the dangers of "mission drift" and/or high monitoring costs (malloy & agarwal, 2008).

Design/methodology/approach – Using survey data from matched samples of nonprofits (441, 86% response rate) and governmental organizations (321, 64%), the factor structure equivalence and measurement invariance of ethical climates in these two sectors were rigorously tested.

[☆]The data presented in this chapter were partly published in the *Social Enterprise Journal*, 2010, Vol. 6 No. 3.

The Third Sector
Dialogues in Critical Management Studies, Volume 1, 143–164
Copyright © 2011 by Emerald Group Publishing Limited
All rights of reproduction in any form reserved
ISSN: 2046-6072/doi:10.1108/S2046-6072(2011)0000001017