Social empowerment as a way to transform the economy –
A reconsideration of Jean-Louis Laville's research on Social
and Solidarity Economy

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Introduction

During the last decades France has witnessed an increasing interest in what is called „Social and Solidarity Economy (SSE)”\(^1\). Policy-makers on the national, regional, and local level as well as business and civil society are (re)discovering ways of (re)organizing the economy that are rooted in what could be called civil society initiatives. The spectrum of these initiatives is quite large and heterogenous. Both analysts and actors in France conceive SSE as the combination of two families that share the same principles\(^2\). On the one hand the Social Economy, that consists of cooperatives, mutual societies and associations that emerged during the nineteenth century as grassroots initiatives based on self-organization and collective ownership of the means of production to respond to new socio-economic needs and the distress triggered by the development of modern capitalism. Many of these organizations have proved durable and successful and can be considered as an integral part of the French economic system today, even though their political nature has, partly as a result of their institutionalization, changed compared to the nineteenth century. On the other hand, there is the Solidarity Economy, a proliferation of new citizens' initiatives in the last two decades that are very localized, spontaneous in appearance, and focused on very specific socio-economic issues. These initiatives are barely institutionalized, very experimental, and usually much more politicized in nature than the Social Economy. They comprise local collective action on solidarity finance, local exchange trading systems\(^3\), reciprocal knowledge exchange networks\(^4\), fair trade, complementary or local currencies, and a whole set of initiatives that provide a wide and diverse range of local services in the area of health, child and elderly care, as well as socio-professional reintegration.\(^5\) French analysts and researchers, namely Jean-Louis Laville, blend the Social Economy and the Solidarity Economy into one, the Social and Solidarity Economy (SSE), arguing that they both derive from the voluntary association of citizens to collectively (re)organize economic activities in a democratic, solidary, and egalitarian manner. Because of this shared logic of action and organization, it is argued that they represent a potential alternative to free market capitalism that, because of its exclusionary and individualistic logic is considered destructive of social ties and ultimately democracy. In short, the SSE has the potential to humanize the economy by placing the principles of solidarity and common good at the center of economic

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1 Economie Sociale et Solidaire, ESS, in French.
2 In Belgium and Québec the term SSE has also gained increasing recognition. However in these two countries SSE is not conceived in the same way as in France. Analysts such as Yves Vaillancourt and Louis Favreau, for example, observe that Belgium and Québec have a preference to just use the term Social Economy, that include both dimensions of the French SSE.
3 Systèmes d'échange local, SEL, in French.
4 Réseau d'échanges réciproques de savoir, RERS, in French.
5 Services de proximité, in French.
Although the large majority of both French analysts and SSE actors seem to defend the idea that SSE has the vocacy to become an alternative to the contemporary economic system\(^6\), it can be observed that: 1.) this objective of becoming an alternative is only very vaguely defined and 2.) that the enabling conditions regarding this objective are laid out in a vague, if not to say in a very suggestive and allusive manner. The normative starting point of this paper is to take this idea – that SSE has the potential to become an alternative way of organizing economic activity in present day society - seriously. In order to do so, this paper will attempt to enrich Laville's SSE theory by drawing on Erik Olin Wright's theory of social empowerment. Although their might be slight differences in the way SSE is conceived by French analysts and actors, most of them have a way of reasoning about SSE in a manner that can be said congruent to Laville's conception. That is why this paper chose to focus on his account as a representation of the French SSE concept. His concept has been already laid out in the beginning of this introduction and can be found in articles such as „L'économie sociale et solidaire en Europe“ (2000)\(^7\), „Du XIXème au XXIème siècle : permanence et transformations de l’économie solidaire“ (2008), „Economie, démocratie et solidarité“ (2009)\(^8\), „Solidarity Economy“ (2010)\(^9\) and „Economie et Solidarité“ (2011). For reasons of space, the paper will not engage in an exhaustive analysis of Laville's concept, but directly outline its main weaknesses as a theory of social transformation. To do so, the analysis will examine how Laville responds to two radical critiques. In a second step, the paper will examine how these weaknesses can be resolved by integrating elements of Wright's theory of social empowerment into Laville's SSE theory.

I. SSE as an alternative to the contemporary economic system?

To answer the question whether Laville's SSE concept can be considered a theory of transformation of the present day economic system, we proceed by outlining two critiques that reject the idea of SSE as an alternative economy. Then we take a look at to what extent Laville's theory is capable of responding to these critiques.

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\(^{6}\) This is what emerges from an analysis of SSE discourse. Sources listed in „References/Sources used to map the discoursive field of SSE“.

\(^{7}\) Laville, Jean-Louis. 2000.

\(^{8}\) Ibid. 2008.

\(^{9}\) Ibid. 2009.

\(^{10}\) Ibid. 2010b.

\(^{11}\) Ibid. 2011a.
I.1. Two critiques of SSE as an alternative economy

This paper would miss the point if SSE discourse never addressed the question of SSE being an alternative economy. Hence it is necessary to start from what can be empirically identified in discursive practice. Although such a task precludes the possibility of exhaustiveness, the ambition was to cover the discursive field as extensively as possible.\(^\text{12}\)

How do the sources consulted\(^\text{13}\) answer the question if SSE is an alternative to the contemporary economy? On the one end, no source has been encountered where a positive answer has been given in a definite and unconditional manner. In between, the vast majority of the sources give a nuanced and conditional answer. There are, on the other end, analysts that give a definite and unconditional negative answer, namely Alain Accardo\(^\text{14}\) and Jean-Marie Harribey\(^\text{15}\). For Accardo, talking about alternatives means talking about an alternative to capitalism. According to him, solidarity initiatives\(^\text{16}\) can in no way be considered a serious alternative to as they repair its harms but do not address their fundamental causes. They are inherently reformist in nature and therefore in line with current capitalism, which has integrated reformist policies into its very functional logic. These initiatives operate within the interstices and at the margin of capitalism, they do not touch at its heart. The only way to genuinely challenge capitalism, for him, is through the bundling of social forces and through state power. Harribey develops a similar argument, by highlighting that SSE is just an old social-democratic dream that hides the resignation that capitalism is the end of history\(^\text{17}\). He differs from Accardo in that he addresses the concept of plural economy, saying that it could be acceptable if it would represent a dynamic inversion of the tendency of capital to dominate society.\(^\text{18}\) This is not given as SSE supporters confound market and capitalism, viewing plural economy as a way to re-embed the market into society in order to put an end to the market society. For Harribey, wanting to build a society with the market instead of a society that is the market means just missing the point, as we are not living in a market society, but in a capitalist society that relies on markets.\(^\text{19}\) For Harribey, as long as SSE confines its claim for solidarity and economic

\(^{12}\) Of course this endeavor is doomed to insufficiency, as discourse analysis needs to take into account the social positions and underlying structures governing the production of discourse – a depth hermeneutics as developed by John B. Thompson, drawing on Paul Ricoeur.

\(^{13}\) The sources consulted to analyze SSE discourse are listed under „References/Sources used to map the discursive field of SSE“

\(^{14}\) Lefebvre, Cédric. 2009a.

\(^{15}\) Harribey, Jean-Marie. 2002.

\(^{16}\) „Initiatives Solidaires“

\(^{17}\) Harribey, Jean-Marie. 2002, p. 10.

\(^{18}\) Ibid., p. 7.

\(^{19}\) Ibid., 2002, p. 10. Harribey is implying that capitalism needs the market, but not the other way round.
democracy to a third sector, it will remain an appendice to capitalism. In order to transform
capitalism Harribey defends a systemic concept of solidarity and economic democracy, understood
as structuring principles that have to gain the entire private sector, i.e. through universally binding
legal status.20

These two critiques can be summed up in three points. According to these critiques, SSE can not be
considered an alternative to present day economy (meaning capitalism) because:

1. It confounds market economy and capitalism
2. It leaves out (state) power as parameters of social transformation
3. It has reformist logic. To transform capitalism, a radical logic has to be adopted.

The next part examines how Laville's SSE concept responds to this criticism.

I.2. Capitalism, (state) power, and radical change – blind spots of Laville's
theory?

I.2.1. SSE and capitalism

Regarding the first criticisms, two observations can be made: 1.) Laville prefers to use the term
„market“, he rarely uses the term „capitalism“; and 2.) he does not make an explicit distinction
between the two.

Obviously market and capitalism are not the same, as the market is an intrinsic element of
capitalism, but not the other way round. A market without capitalism could be imagined, a
capitalism without markets not. The fact is the present day economy is not just simply a market
economy, but a capitalist market economy. But Harribey might be too quick to assume that Laville
is missing the point by failing to make an explicit distinction between the two. Instead a more
thorough understanding of Laville's account is needed to clarify how he conceives the relationship
between SSE on one side and the market and capitalism on the other. Let us assume that Laville is

20 Harribey, Jean-Marie. 2002, p. 10. To enlarge this French discoursive spectrum, the Austrian author Andreas Exner
goes the same direction by underlining that SSE (he examines Solidarity Economy, in a slight different sense as
Laville) as a project of economic transformation will remain meaningless as long as it does not define the necessary
parameters of a non-capitalistic production and the factors that would allow these parameters to strengthen against
and gradually extend within capitalist environment. Exner, Andreas. 2009.
aware of the difference between capitalism and the market but does not consider it necessary to make an explicit distinction. One one way to interpret his account would be to assume he is preoccupied with markets in general, as an ahistoric theoretical model and that he does not care about the present day, capitalist economy. As a consequence, his SSE theory would to be considered purely theoretical, without any practical relevancy and he would, as Harribey says, be missing the point. Such an assumption would however be nonsense as Laville's research is empirically founded and unequivocally making a case for an alternative economy to the current existing one. It would make much more sense instead to assume Laville is preoccupied with real existing market economy, meaning a capitalist market. This is most likely the case, as the structuring principles of SSE - democracy and solidarity - are in obvious contradiction with the capitalist market. However, a re-embedding of the capitalist market into a plural economy seems still to unprecise as a tool to conceive economic transformation. Harribey is right in that plural economy can be simply conceived of as a recognition of the fact that a plurality of economic principles exist in the present economy. In order to become a tool of transformation, plural economy has to be conceived as a dynamic inversion of the domination by the capitalist market.

There are two options to this. In the first option, re-embedding is to be redefined as a generalization of the structuring principles of SSE to all of the economy. Markets would not vanish, but be subjected to the principles of democracy and solidarity – they would become acapitalist. SSE and the third sector must no longer be conceived as a sector alongside the market, but as variables. In other words, the more the market functions according to SSE principles, the more it can be said to be acapitalist, and speaking of transformation would make sense. This generates a paradox that Laville's SSE conception has to consider: if markets really can be redesigned so fundamentally that they lose their contemporary characteristics, talking about „market society“ would no longer make sense.

The second option consists in gradually reduce the sphere of the capitalist market, if not make it disappear. Some SSE authors, such as Alain Caillé, seem to allude to this idea when they advance the idea of „quitting“ the market. However the wordings they use remain highly ambiguous and vague. What could it mean to „quit“ the market? It could mean for example gradually extending reciprocity, meaning a non-monetary way of organizing the economy as an alternative, autonomous sphere to the market, so as to reduce the market sphere. In fact contrary to the market and state, the recognition of non-monetary activity is proper to SSE. This is however an option that Laville does not seem to envision, because he conceives the SSE as a hybrid between monetary (market and non-market, meaning the state) and non-monetary economics, which is different from seeking to establish reciprocity as an autonomous sphere. On the level of pure logic, if SSE is by definition a
hybrid of the three sectors mentioned, then it logically entails the conservation of these three sectors, and the disappearance of one would result in the disappearance of SSE as such. From that it follows that the economic effect of SSE is to preserve the integrity of each of the three sectors through its hybridity, avoiding that one of the sectors swallows the rest. Hybridity in this sense would to be conceived not as the result of an overlapping of the three spheres, but as an active variable that preserves the distance between each sector. This is making the case for an inversion of the market to incorporate the non-monetary sphere.

The problem is that nowadays economic practices can be observed that show that demarketizing the economy is in fact possible. In France, a case in point are organized sharing of objects of utility through websites like Zilok or Livop that connect borrowers and lenders. This type of practices are anchored into civil society and are put under the label of functionality economics by Christophe Cesetti.21 Another example are Local Exchange Trading Systems (LETS). The problem is that these practices reflect a way to demarketize the economy that is excluded form Laville's concept. In a similar vein, Laville's conception of a monetary sector as either market or state is contradicted by practice. Indeed a number of practical experiences show that money can be designed in ways that neither reflect a market or state logic. This is the case with complementary currencies that put human needs, not profit at the center. This seems to be also the case with the commons in Elinor Ostrom's sense. Indeed, the Commons Strategies Group conceives the common as a general and generalizable way to organize economic activity, in fundamental opposition to the market22 Therefore Laville might be wrong in assuming the monetary sphere might be necessarily statist or market. In fact non-market economic forms that are monetary, but not necessarily statist.

As to the initial question, to what extent Laville's conception is able to take Accordo's and Harribey's first criticism into account, three points emerge: 1.) Laville's account as such is ambiguous and interpretation is needed to integrate the criticism raised; 2.) this interpretation calls for a redefinition of certain elements of Laville's theory; and 3.) the criticism raise general interrogations of the validity of Laville's SSE concept as such. Indeed, in the same manner as there is no absolute market, there is no absolute monetary sector, and apparently no absolute non-market sector neither – both have myriad faces and can be designed in myriad, in this case, more democratic and human-centered ways (the question if capitalism can, will be addressed in section II). SSE as a hybrid between the market, non-market, and non-monetary sector both contradicts the idea of general transformation of the (capitalist) market and its quitting.

On the practical level, it has to be said that Laville's SSE theory might be of limited use to SSE

21 Cesetti, Christophe. 2011, p. 138.
22 http://www.commonsstrategies.org/ We refer to a presentation hold by CSG member Silke Helfrich at the World Social Forum in Dakar in February 2011.
actors in France. What can be observed on the discourse level is the same lack of distinction between market and capitalism. The current debate on whether social business (or social enterprise) are part of the SSE movement or not reveals up to which point this ambiguity can become problematic. To demark SSE from social business, actors and analysts engage in lengthy discussions on the difference between solidarity and charity that might be interesting for social philosophers but sound too abstract and meaningless for people that are experiencing exclusion, precarity and economic hardship in their everydaylife. Perhaps with a clear focus on capitalism and its undemocratic nature this debate would never have emerged. At the same time, there are SSE analysts who make an explicit distinction between capitalism and the market, such as Thierry Jeantet and Sandrine Rospabé. The latter for example considers market as a tool and capitalism as end (profit-maximization).

I.2.2. SSE and (state) power

Concerning the second criticism, two observation can be made: 1.) SSE is considered as an autonomous sphere alongside the state and the market economy – the third sector. The state is not seen as a driving force of SSE. Laville argues that SSE actors should rather act with the state than through the state. Moreover Laville makes a distinction between two arenas of political action – on the one hand the political scene in Max Weber's sense, meaning that of binding decisionmaking in a hierarchical top-down manner where state power is on top; and on the other the political scene in the sense of Hannah Arendt and Jürgen Habermas, where political relations are conceived in a horizontal manner, a political scene where citizens can freely enter to debate and decide together. Laville locates the third sector and SSE within the latter; and 2.) Laville focus lies on what unites rather than what divides people. Whereas the market isolates people through its invidualistic logic, SSE is driven by the desire of people to freely associate to build a „common world“.

So what does this imply regarding the criticism? The structural conditions that frame economic activity in a capitalist system are up to a certain point instituted by law. The state enforces contracts, protects property rights, and through labor market and social policy seperates the labor force from the means of subsistence. So state power is a tool by which the economy can be transformed (we are not refering here to state socialism, which is one (exteme) way amongst many others). Laville's focus lies on political action whose effects are produced within Arendt's and Habermas' sphere. The

23 Sandrine Rospabé expressed this view during a „discu'sciences“ session organized by the petits débrouillards on 21st of September 2011.
objection can be raised that civil society members can of course freely associate to build alternative economic institutions alongside the existing capitalist ones, but as long as the institutional environment remains capitalist, they will remain secondary, if not marginal in importance. Ultimately they will have to find ways to transform the very environment into one that supports SSE economic activity so as to generalize this type of economy. To imagine that this would happen without that the state will play a role would be more than unrealistic. Ignoring the state would make the SSE project also seem anarchist in nature, a line of thinking that Laville and the arge majority of SSE authors, as well as SSE actors, do not at all follow. Instead, Laville is definite about that SSE is not about „the substitution of civil society for the state“24. The real question for him is „the way the democratic process in civil society and democratization of public institutions reinforce each other“25. For him, associations combine both political spheres: „on the one hand, non-institutional politics centered on citizen's potential for action if they make use of the positive freedom to which they are formally entitled and, on the other hand, institutional politics as defined by the exercise of power“26. State power is thus not excluded in Laville's analysis – on the contrary: instead of conceiving transformation in a top-down manner through state power, Laville highlights the democratization effect civil society has on the state and that makes the state more permeable to bottom-up social dynamics for change – politics are co-constructed between public authorities and civil societies, integrated as complementary parts into one public sphere.

Regarding the second observation, it can be objected that civil society might only be partially able to build that „common world“ and thereby exercise true political power, because associations might not always function along democratic lines. They might not be defending democracy or aspiring for universal solidarity with all members of civil society, but be exclusionary and racist, thereby weaken the democratic character of civil society and SSE. Laville is aware of that and proposes that the state would have to democratize civil society27. In all, he suggests a reciprocal democratization by public authorities and civil society. The objection can be raised that this is falling prey to circularity: the democratization of the state by civil society depends on the democratization of civil society by the state – is not this a begging the question?

25 Ibid., p. 234.
26 Ibid., p. 232.
I.2.3. SSE – radical change or reformism?

How Laville responds to the third criticism? To start, Laville is unambiguous about the fact that he considers SSE as a reformist project. For him, „any programme to make an economy more human is thus not in itself a revolutionary exercise. It builds on what is there already and seeks only to gain recognition and legitimacy for what people do for themselves“.28 By pretending to „start from the real economic movement“29, he puts forward a „concept of social change as self-expression“ which would be (here he quotes Mauss) a type of change „by no means comitted to revolutionary or radical alternatives, to brutal choices between two contradictory forms of society“, but which „is and will be made by a process of building new groups and institutions alongside and on top of the old ones“. Laville rejects „an abstract appeal to an alternative economy“, and suggests instead (here he quotes to Mauss and Polanyi) „a concrete road to „other economies“ based on the field of possibilities already open to us“.30 He even argues that the „limits of society“ can be „[pushed] outwards“, i.e. Through heroic gift-exchange.31 Laville says that the „far left wants to break with capitalism, but has no definite programme for the transition. A revolution in that sense is an illusion“.32 For Laville, two great lessons may be drawn from history fo the twentieth century. First, market society sustained by a concern for individual freedom generated huge inequalities; then submission of the economy to political will on the pretext of equality led to the suppression of freedom.“33 He concludes that any return to old compromises is doomed to failure and any reflection on how to reconcile freedom and equality, which remains the goal of democracy in a complex society, can only make progress by taking into account the reactions of people in society“.34 Finally, Laville is explicit about the fact that he rejects an „an over-detemined view of our societies as being merely „capitalist“ in nature“.35

To summarize these arguments in five points, it appears that for Laville:

1. radical change or revolution neither start from already existing social forces of change nor from what people are concerned with in their lives
2. the far left nowadays does not know how to radically break with what is (revolution = illusion); SSE does, as it knows how to build something by starting (or preserving) what is

28 Hart, Keith, Jean-Louis Laville and Antonie Cattani. 2010, p. 6..
29 Ibid., p. 8.
30 Ibid., 2010, p. 8.
31 Ibid., p. 8.
32 Ibid., p. 11.
33 Ibid., p. 9..
34 Ibid., p. 9..
35 Ibid., p. 10
3. social change is not a process of antithetical choice, but a process of creating something new (meaning that the opportunities and possibilities social reality allows cannot be fully known in advance; rather than considering social reality as a predetermined closed system, social reality needs to be considered as an open space to be explored, with space for creation whose perimeter cannot be defined in advance)

4. both the market and economic planification have proven incapable of reconciling freedom and equality; SSE avoids these extreme forms

5. social reality cannot be reduced to capitalism, meaning capitalism is only part of the problem, but not *the* problem

A intensive examination of these propositions would stretch the scope of this paper, but it is possible to highlight some key interrogations. On the level of internal consistency, there appears one weakness in Laville's reasoning: If revolution and radical change as the far left nowadays proposes, have to be rejected because the nothing is said about the way to achieve them (proposition 2.), then why should Laville's idea of „pushing the limits of society outwards“ (through SSE supposedly) be retained (proposition 3.)? Does not the idea of creating something new, the idea of innovation, entail the idea that the future is not (entirely or partially) know in advance? Why should not a radical break with what is be considered a radical creation of something new, namely a reality where structures and conditions that framed this reality vanish to give way to something new? Another contradiction appears between proposition 4.) and 3.): How can it be known if both the market and planification definitly failed to reconcile freedom and inequality, if the limits of society can be pushed outwards? Nobody knows if there is a future way to design the market or planification in such a way that they allow the reconciliation between freedom and equality. Withdrawing this possibility from the „field of possibilities already open to us“ contradicts the emphasis Laville puts on innovation and creation.

The two propositions that survive the test of internal consistency are 1.), 3.), and 5.). Historical evidence contradicts proposition 1.), because their have been of course many revolutions that have been carried by broad consent by the people who judged their their living conditions as unacceptable. Proposition 5.) is very strong argument that to test would at least require an entire research programme, if not to be judged impossible to test at all. Let us just highlight the fact that the answer to the question „Can SSE transform the economy?“ depends on whether social and economic reality is considered to be fundamentally determined by capitalism (as Accardo and Harribey seem to entail) or whether it is considered to be only partly determined by it. The concept of plural economy as Laville outlines it seems to entail this idea that the market is only one
dimension of economic reality. At the same time Laville clearly considers the market as the dominant sphere today. The question, again, is whether Laville means capitalism when he uses the term market. If no, then indeed a radical/revolutionary transformation of capitalism is not needed. And as a consequence SSE a theory of economic transformation is weakened, because capitalism is not addressed. If yes, then there is no point continuing to discuss proposition 5.), because all in all Laville agrees a systemic transformation is needed. We already highlighted in section I.2.1. that SSE as a project of transformation presents several weaknesses. Here, the focus lies on the role of the state: whilst radical transformers advocate a shock therapy-like rupture with capitalism through state power in a top-down fashion, Laville advocates a gradual, bottom-up transformation driven by civil society in a bottom-up fashion. The difference is that Accardo and Harribey are pessimistic about the potential of such a strategy to succeed. For them, attempts at transforming capitalism will inevitably provoke backlash from elites whose power is rooted in the state and economy. SSE would only be tolerated so long as it is not a threat to basic power relations of capitalism. Therefore SSE's ideas of solidarity and democracy would impossibly become structuring principles, or institutions in a society in which capitalism remains the dominant form of social organization of economic power. That is why it could be argued that the power of capital and of the capitalist state has to be decisively broken in a system-level rupture in order for SSE to be possible. As we said, Laville has an innovative way to resolve this problem, by highlighting the fact that state and civil society need not to be mutually exclusionary choices of transformation. Instead, the observation shows that the public sphere in modern society is one where state and civil society are overlapping and permeable between them. Through a virtuous cycle of mutual democratization of the state by civil society and vice-versa, democracy can gradually gain all of the economy.

Proposition 3.) is harder to tackle than 5.) Its nature is epistomological and hence probably impossible to test. Here again, the answer to the question „Can SSE transform the economy?“ depends on whether social and economic reality is considered closed and determined, or open and full of opportunities that cannot be know in advance. Here Laville makes a choice, but does not justify it.

To conclude on how Laville responds to the third criticism made by Accardo and Harribey, it is to be emphasized that Laville's account: 1.) seems to contain certain internal inconsistencies; 2.) contains certain unclarities that need interpretation to be clarified; and 3.) could be strengthened through a clear epistemological position.
II. Social empowerment – How Wright's theory can be used to enrich Laville's theory

This section will proceed in two steps: In a first step, the main trait of Wright's theory will be outlined. In a second step, it will be shown how his theory can be used to overcome the weaknesses and ambiguities of Laville's theory.

II.1. A theory of social empowerment over the economy

Wright's endeavor is very similar to Laville's and other French SSE authors: He develops a pragmatic road to democratic alternatives. But unlike Laville and other authors, he explicitst from the start that he envisions an alternative to capitalism (as he says, he envisions „real utopias“\(^{36}\)). Fundamental to his approach is the acknowledgement of „the limitations of our scientific knowledge of the real possibilities of transcending capitalism“\(^{36}\). But he insists that „this is not the same as embracing the false certainty that there exist untransgressable limits for constructing a radical democratic egalitarian alternative“\(^{37}\), because „the absence of solid scientific knowledge of limits of possibility applies both to the prospects of radical alternatives and to the durability of capitalism“\(^{38}\). The road map he elaborates (the „socialist compass“\(^{39}\)) is consequent in the application of this epistemological position. It consists in leaving „the well known world with navigational devices that tell us the direction we are moving and how far from our point of departure we have traveled, but without a road map which lays out the entire route from the point of departure to the final destination“.\(^{40}\) This implies that it is impossible to „know in advance how far we can go“. But he argues that „we can know if we are moving in the right direction.“\(^{41}\)

This „socialist compass“ entails a fact an entirely new conception of socialism. Socialism in Wright's understanding does not mean a binary opposition to capitalism, but as a contrast to two alternative forms of economic structure: capitalism and statism\(^{42}\). Said differently, „capitalism, statism, and socialism can be thought of as alternative ways of organizing the power relations“\(^{43}\) through which economic resources are allocated, controlled, and used.\(^{44}\) He defines the power

\(^{36}\) Wright, Erik Olin. 2006, p. 29.
\(^{37}\) Ibid., p. 24.
\(^{38}\) Ibid., p. 24.
\(^{39}\) Ibid., p. 25.
\(^{40}\) Ibid., p. 24.
\(^{41}\) Ibid., p. 24.
\(^{42}\) Ibid., p. 26.
\(^{43}\) Wright defines power in two ways, as structural power and instrumental power. Wright, Erik Olin. 2009, p. 74.
\(^{44}\) Ibid., p. 26.
dimension of these three concepts as follows:\(^\text{45}\)

1. Capitalism is an economic structure within which the means of production are privately owned\(^\text{46}\), the allocation and use of resources is accomplished through the exercise of economic power by owners of capital (Wright calls this also „the power of capital“\(^\text{47}\)).

2. Statism is an economic structure within which the means of production are owned by the state, the allocation and use of resources is accomplished through the exercise of state power through state officials.

3. Socialism is an economic structure within which the means of production are owned collectively by the entire society, the allocation and use of resources is accomplished through the exercise of what Wright terms „social power“

It is fundamental to highlight the fact that Wright considers the three forms of power as ideal types, that in real life could not exist alone – meaning that none of these three forms, could alone exist as a stable, reproducible form of social organization.\(^\text{48}\) For Wright, „feasible, sustainable forms of large-scale social organization, therefore, always involve some kind of reciprocal relations among these three forms of power within economic relations.“\(^\text{49}\) These three forms of power over economic resources are not only ideal types for Wright, but also variables that his socialist compass takes into account: „The more the decisions made by actors exercising economic power based in private ownership determine the allocation and use of productive resources, the more capitalist is an economic structure. The more power exercised through the state determines the allocation and use of resources, the more the society is statist. And the more power rooted in civil society determines such allocations and use, the more the society is socialist.“\(^\text{50}\) This means that qualifying present-day economies as „capitalist“ means that „economically-based power plays the predominant role in determining the use of economic resources.“\(^\text{51}\)

Now, how does the Wright's road to socialism operationalize these three variables? On a general level, Wright identifies three main directions anchored in each of the three forms of power\(^\text{52}\):

1. Social empowerment over the way state power affects economic activity;

\(^\text{45}\) Wright, Erik Olin. 2006, p. 25.
\(^\text{46}\) Wright defines ownership as the „right to transfer property and the rights over the surplus“. Wright, Erik Olin. 2009, p. 76.
\(^\text{48}\) Ibid., p. 27.
\(^\text{49}\) Ibid., p. 27.
\(^\text{50}\) Wright, Erik Olin. 2006, p. 27.
\(^\text{51}\) Ibid., p. 26.
\(^\text{52}\) Ibid., p. 29.
2. Social empowerment over the way economic power shapes economic activity; and
3. Social empowerment directly over economic activity.

These three directions of social empowerment yield an array of pathways through which social power can be translated into power over the allocation of resources and the control of production and distribution, as illustrated in this figure:

Figure 1: Pathways to social empowerment


The arrows in this diagram represent the effects of power from one social domain on another and the effects of power directly of the economy. These linkages can then be combined into a variety of different configurations through which social power – power rooted in civil society – affects the allocation of resources and the control of production and distribution in the economy. Thus, for example, the arrow from social power to state power means that power rooted in civil society directly shapes the exercise of state power. He then declines this diagram into seven sub-types, where only a certain number of arrows are retained. In each sub-type, the direction flows from social power to the center (allocation of resources and control of production and distribution) or economic power, either indirectly through state power or economic power, or directly. The only exception is the model of “Associational Democracy”. For each route, Wright then examines

empirical cases to explore what institutional designs are needed to foster the route. SSE, in his model, is conceived as direct social empowerment over production and distribution.

II.2. A reconsideration of Laville's SSE theory in the light of the socialist compass

This section will examine how Wright's theory can be helpful to overcome the weaknesses and unclarities that have been identified in section I.2.

II.2.1. SSE and capitalism reconsidered

Concerning the first criticism highlighted in section one, Wright clearly makes a distinction between capitalism and the market. Whereas in the Marxist tradition, the term „socialism“ has been usually treated as a nonmarket form of economic organization (central planning) the definition of socialism Wright proposes in terms of social ownership and social power „does not preclude the possibility that markets could play a substantial role in coordinating activities of socially owned and controlled enterprises“54. Democratizing the entire economy is overcoming capitalism. What matters is the capitalist nature of markets, not markets themselves. As we have seen, to conceive Laville's theory as a theory of transformation of capitalism, the structuring principles of SSE need to be redefined as variables. But this has the price of abandoning the very concept of the market in Laville's sense, because its nature changes once these structuring principles rule over the market. This can be avoided by focusing, as Wright does, directly on capitalism. Contrary to Laville, he does not make a case against „market society“. In fact Wright does „not think we know enough to in fact know how a complex economic system organized through decentralized planning councils without any markets would actually function, or even whether such a structure would be even minimally viable“55. Whereas some critical authors see markets „as inherently entailing not simply voluntary, decentralized exchange, but also things like hierarchy and remuneration according to output and bargaining power“, Wright sees „those as consequences of unregulated markets, not markets as such“56. For Wright, even „if markets are corrosive of egalitarian and democratic values it does not follow that it is impossible to impose upon markets forms of social and political regulation that would largely neutralize these corrosive effects“57. Whereas we know from experience what markets

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55 Ibid., p. 183.
56 Ibid., p. 184.
57 Ibid., p. 184.
in a capitalist system are like, Wright insists that „we don’t know what the effects of markets combined with other forms of economic organization would be“\(^{58}\). Wright's focus lies on the contradiction between democracy in its radical egalitarian sense and the hierarchical and oppressive nature of capitalism. His concern is not to re-embed a capitalist market, but to transform it. Whereas Laville's theory, understood as a theory of transformation, could be meant to envision the idea of „quitting“ the market while at the same time contradicting this possibility (the hybridity of SSE excludes the idea of quitting the market), Wright is clear that he does not envision this option.

Section I.2.1. highlighted that both from a theoretical and empirical viewpoint, Laville's sectoral conception of SSE – market, non-market, and non-monetary, SSE being a hybrid of the three – is narrowly valid as a theory of transformation. The reason for this might be that Laville considers democracy rooted in civil society as a structuring principle of SSE, but not of the three sectors SSE combines. However, as soon as this structuring principle is redefined as a dynamic variable, it can be generalized to all three sectors, and SSE would no longer be a distinctive sector. The point is that the idea of democracy rooted in civil society can therefore no longer be considered to a distinctive feature of SSE, or the „third sector“. Reframing Laville's theory in Wright's terms could resolve these contradictions. Wright does not claim that organizing economic activity democratically is special to SSE. He claims it is special to civil society in general – that is what his concept of social power implies. He does not classify the economy according to the four principles of Polanyi, but though one unifying criteria: the power over the allocation of economic resources and production and distribution. Within his ideal-type framework, this power can be exercised though three forms: through capitalist enterprises, through state power, and through social power, meaning democratic power rooted in civil society. Unlike Laville, he connects the idea of hybridity not to one of the different economic forms, but to the economy as a whole. For him, hybridity implies that none of the three (power) forms of organizing the economy could exist alone, because they would not be stable. His normative position is that a stable economic systems can only be a hybrid of the three forms. The point is that a transformation of capitalism would consist in inverting the dominancy of the power of capital and subjecting it to social power. A social empowerment over the economy can happen through various pathways. It can happen by empowering society over the way the state shapes the economy, or over the way the capitalist sector shapes the economy. SSE, for Wright, is the direct and empowerment of society over the economy, it is just one way to democratize the economy. Wright's pathways to social empowerment are multiple and complementary ways by which a systemic democratization of the economy can be achieved, whilst Laville's focus on SSE

remains partial and leaves the impression that somehow automatically democracy and solidarity, will spill over from SSE to all of the economy. For Wright, SSE is one path of social empowerment over the economy among seven paths. He names this pathway „Social Economy“ - the pathway „in which voluntary associations in civil society directly organize various aspects of economic activity, rather than simply shape the deployment of economic power“59. This pathway is illustrated by the following diagram:

Figure 2: Social economy

Wright precises that SSE alone would be insufficient to transform the economy: „Taken individually, movement along one or another of these pathways might not pose much of a challenge to capitalism, but substantial movement along all of them taken together would constitute a fundamental transformation of capitalism’s class relations and the structures of power and privilege rooted in them.“60 Unlike Laville, Wright highlights that SSE must not be considered as the privileged way to democratize the economy. In fact social power over the economy could be greater in the state than SSE. He observes that if „the state is controlled in a deeply democratic manner,“

60 Ibid., p. 92.
then state ownership may become very much like a specific form of social ownership.\textsuperscript{61}

In general therefore it follows from this analysis that Wright's account allows: 1.) to overcome certain deficiencies of Laville's theory; and 2.) rethink it as one necessary, but insufficient pathway towards the transformation of the economy.

Wright's focus on social power over the economy can also be helpful to reframe the debate between social enterprise and SSE. The French debate is rooted in the fact that SSE discourse does not consequently apply the idea of democratization to the capitalist sphere. Insofar as its focus lies on the alleged social aims, social enterprises can claim to be part of SSE. In Wright's account, this is missing the point. The challenge is not to make capitalist enterprises behave like SSE enterprises, but to change their nature by subjecting them to social power. In his seven pathways, he suggests „Social Capitalism“ as a way to do so:

Figure 3: Social Capitalism

![Figure 3: Social Capitalism](image)

Viewed from this perspective, social enterprises cannot be part of SSE, but are complementary to it, and this under the condition that they are subject to democratic power rooted in civil society.

\textsuperscript{61} Wright, Erik Olin. 2009, p. 77.
Concerning the second criticism, integrating Wright's theory would allow two things: 1.) breaking with out of the circularity Laville seems to commit by arguing for a reciprocal democratization between state and civil society; and 2.) suggesting concrete pathways towards a democratization of the state by civil society. Wright does not fall prey to circularity, because he puts democratic power rooted in civil society at the center of his analysis. He combines the linkages illustrated in figure 1 into a variety of different configurations through which social power – power rooted in civil society – affects the allocation of resources and the control of production and distribution in the economy. In all of his seven pathways, the arrows that flow from civil society to the three other poles are the most important. Wright is aware that nasty and exclusionary associations might contradict the democratic nature of civil society and present serious obstacles to its empowerment. Wright views democracy as a chain link that connects state power, and social power in an hierarchical manner: In the ideal of democracy, state power (over economic resources) is fully subordinated to and accountable to social power. From that, Wright argues that whereas democracy subordinates state power to social power, socialism subordinates economic (meaning capitalist) power to social power. For him, the challenge is „how to devise institutional rules of the game of democratic deepening and associational empowerment which would foster the radical democratic egalitarian conception of emancipation“\(^{62}\). He argues that „moving along the pathways of social empowerment will provide a more favorable terrain on which to struggle for these ideals than does either capitalism or statism“\(^{63}\). So basically, Wright avoids Laville's circularity by arguing that the democratization of civil society arises from those forces in civil society that defend democratic egalitarian ideals and manage to generalize them by designing adequate institutions. The state can be a tool, but it remains subject to social power.

Laville suggests an innovative way to consider civil society and the state together as a public sphere; Within that sphere, a virtuous cycle of reciprocal democratization of state and civil society can lead to the democratization of the entire economy. As for the democratization of the state by civil society, Laville's weakness seems that he does not further concretize how this could happen. Wright's account offers three possible concrete solutions: 1) Social Democratic Statist Economic Regulation; 2.) Associational Democracy; and 3.) Participatory socialism.
This pathway centers on the ways in which the state constrains and regulates economic power, i.e. Through pollution control, workplace health and safety rules, product safety standards, skill credentialing in labor markets, minimum wages and other labor market regulations. For Wright, all “of these involve state power restricting certain powers of owners of capital, and thereby affecting economic activities. To the extent that these forms of affirmative state intervention are themselves effectively subordinated to social power through democratic political processes, then this becomes a pathway to social empowerment”\textsuperscript{64}. 

\textsuperscript{64} Wright, Erik Olin. 2009, p. 87.
In this model associations in civil society directly participate in various kinds of governance activities, along with state agencies and business associations. Wright highlights that to „the extent that the associations involved are internally democratic and representative of interests in civil society, and the decision-making process in which they are engaged is open and deliberative, rather than heavily manipulated by elites and the state, then associative democracy constitutes a pathway to social empowerment“\textsuperscript{65}. The case that most corresponds to this model are tripartite neo-corporatist arrangements in some social democratic states.\textsuperscript{66}

\textsuperscript{65} Wright, Erik Olin. 2009, p. 88.
\textsuperscript{66} Ibid. p. 88.
In this model, the state and civil society jointly organize and control various kinds of production of goods and services. Here, the role of the state is more pervasive than in the pure Social Economy. It does not simply provide funding and set the parameters, it is also directly involved in the organization and production of the economic activity. But as social power is directly involved in production, the risk that this model degenerates into a sort of state socialism (in the sense of the communist regimes during the Cold War) is avoided. Example of this model are found in Spain, where the governance of the school is largely shifted to parents, teachers and the community. It is questionable whether all of these three forms are applicable to France. Namely Associational Democracy might cause problems, as France, unlike countries like Germany, has a weak tradition of corporatist arrangements in the economic realm.

II.2.3. SSE – radical change or reformism? reconsidered

How does Wright resolve the third criticisms that Laville is confronted with? Wright puts forward an epistemological position that is congruent with Laville's. The difference is that he explicitly justifies it. With his conception of the economy as hybrids between state power, economic (capitalist) power and social power, Wright is in line with Laville's rejection of an overdetermined view of society as

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68 Ibid., p. 91.
being merely capitalist in nature. Wright is aware of that Marxists could criticise his theory by arguing that „within such hybrid forms, one type of economic structure (or “mode of production”) would have to be unequivocally dominant in order for the society to be stable. The basic intuition here is that capitalism and socialism are incompatible since they serve opposing class interests, and thus a stable, balanced hybrid would be impossible.”

Wright replies by saying that „is important, however, not to feel too confident that one knows in advance everything that is possible “under heaven and earth,” for there are always things that happen that are not, in advance, “dreamt of in our philosophy.””

This is not to say Wright get caught in wishful thinking. He considers science as the only „adequate basis for transforming the world in ways that actually produce a sustainable emancipatory alternative“.

Taking science seriously then means acknowledging „our scientific knowledge of the real possibilities for transcending capitalism“ as being limited. He notes that „this is not the same as embracing the false certainty that there exist untransgressable limits for constructing a radical democratic egalitarian alternative. The absence of solid scientific knowledge of limits of possibility applies both to the prospects of radical alternatives and to the durability of capitalism.”

Wright moreover introduces a further justification for his preference of a reformist, gradual transformation of the economy rather than a radical break through class conflict. He argues in fact that historic experience has shown that a radical break is uncapable of transforming capitalism in a durable manner. He underlines three points:

1.) a bundling of social forces along class against the power of capital is ineffective, as the development of capitalism has generated an increasing complexity and heterogeneity of class structure; 2.) the independency of the working class has fallen prey to instrumentalization and collusion with the capitalist class through various forms of compromise; and 3.) revolution can be brought about by large, democratic support, but those

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69 Wright, Erik Olin. 2009, p. 84.
70 Ibid., p. 84.
71 Wright, Erik Olin. 2006, p. 5.
72 Ibid., p. 24.
73 Ibid., p. 24.
74 Ibid., p. 5.
75 Ibid., p. 22.
revolutions that brought along a ruptural transformation with capitalism proved incapable of sustaining an extended process of democratic institution-building. In the light of these three observations, Wright considers a radical, revolutionary break as an „ineffective means for construction a democratic egalitarian alternative“.

Conclusion

This work started from the observation that although in France, the discourse by analysts and actors makes abundant references to SSE as an alternative to the contemporary economic system, this discourse appears often ambiguous and contradictory. Noticing that Laville's theoretitization of the SSE field appears largely congruent with this discourse, it then chose to closely analysis to what extent Laville's account allows to unmeddle these ambiguities and contradictions. On the basis of a non-exhaustive mapping of the discoursive landscape on SSE in France, two critiques have been identified that unequivocally reject the idea of SSE having the potential to become an alternative to the present day economy. These two critiques, made by Accardo and Harribey, have then been crossed with Laville's account in order to examine how it replies to it. The focus lies on three criticisms:

1. that SSE confounds market economy and capitalism
2. that it leaves out (state) power as a parameter of social transformation
3. that is has reformist logic. To transform capitalism, a radical logic has to be adopted.

From this examination, it emerged that Laville's theory does not seem robust enough to be saved from them. Laville seemed only partially able to take these criticisms into account, and in general his theory responded to the criticism made in a very ambiguous way, which to clarify required some interpretation. By setting Laville's theory into the context of the three criticisms, further ambiguities and contradictions emerged, which can be summarized in the main points:

- the hybridity of SSE seems to oppose a general transformation of the capitalist market economy, as hybridity entails conservation of the market
- Laville's focus lies on re-embedding the market. But if markets can be transformed so that they lose their capitalist nature, they do not need to be re-embedded any longer
- Laville's sectoral conception seems unable to take into account current alternative economic

76 Wright, Erik Olin. 2006, p. 23.
practices (such as monetary activities that are neither market nor non-market)

• the reciprocal democratization of civil society and state appears circular

• Laville's conception of society as an open field of possibilities, that cannot be reduced to
capitalism appears affirmative and lacks an epistemological grounding

In a next step, the basic outlines of Wright's theory of social empowerment have been drawn. Then it has been examined how the above mentioned ambiguities and contradictions could be overcome by integrating Laville's and Wright's theories. Several opportunities emerged from that:

1. a clear distinction between capitalism and market economy to clarify what it means to
democratize the economy

2. conceiving democratic power rooted in civil society (= social power) not as being confined
to a special sector, but as a key variable of transformation that can be generalized to all of
the economy

3. outlining concrete complementary pathways of how social power can become the overriding
principle of the economy

4. acknowledging SSE as a one way among others to democratize the economy

5. acknowledging that only all pathway taken together might be able to transform capitalism

6. basing the democratization of civil society not on the state, but on the capacity of democratic
forces within civil society to generalize democratic principles by institutional design

7. acknowledging the limitations of scientific knowledge of the real possibilities for
transcending capitalism; and base this acknowledgement on the difference between social
and natural sciences

8. acknowledging, with a view on historical evidence, ruptural transformation as an ineffective
means for construction a democratic egalitarian alternative

Having made these conclusions, the reader has to be aware that they arise mostly from an attempt to
interpret Laville, and that this interpretation is one possible among others and by no means lays
claim to exclusive validity. It is a first attempt in need of further elaboration, criticism, and
comparative analysis to gain in relevancy.
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