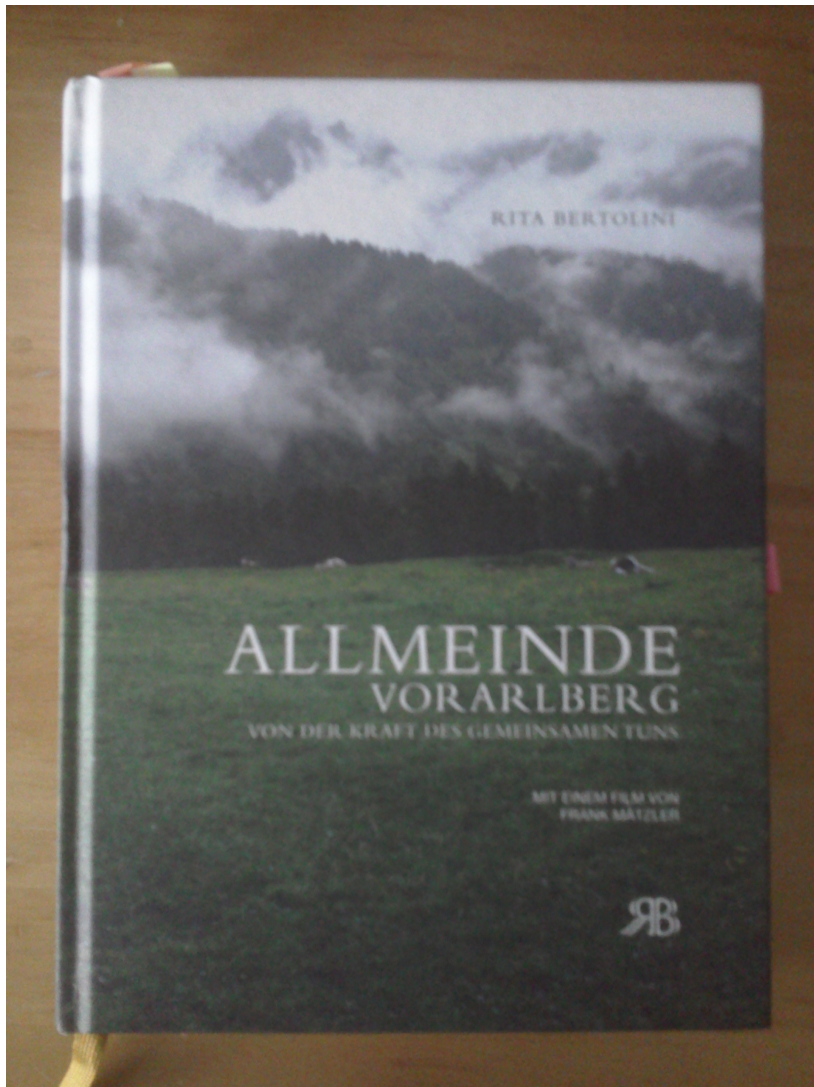


Economic and financial systems in transition

**New alternative projects in economy and financing:
marketization or emancipation?**

Dr. Silke Ötsch
Department of Sociology
Innsbruck University

New alternative projects in economy and financing: marketization or emancipation?



Purpose

- Preventing the capture of alternative projects for other realms.
- Introducing a set of criteria for alternative economy based on the analysis of structural causes of growth for the evaluation of recent projects and modes of financing.

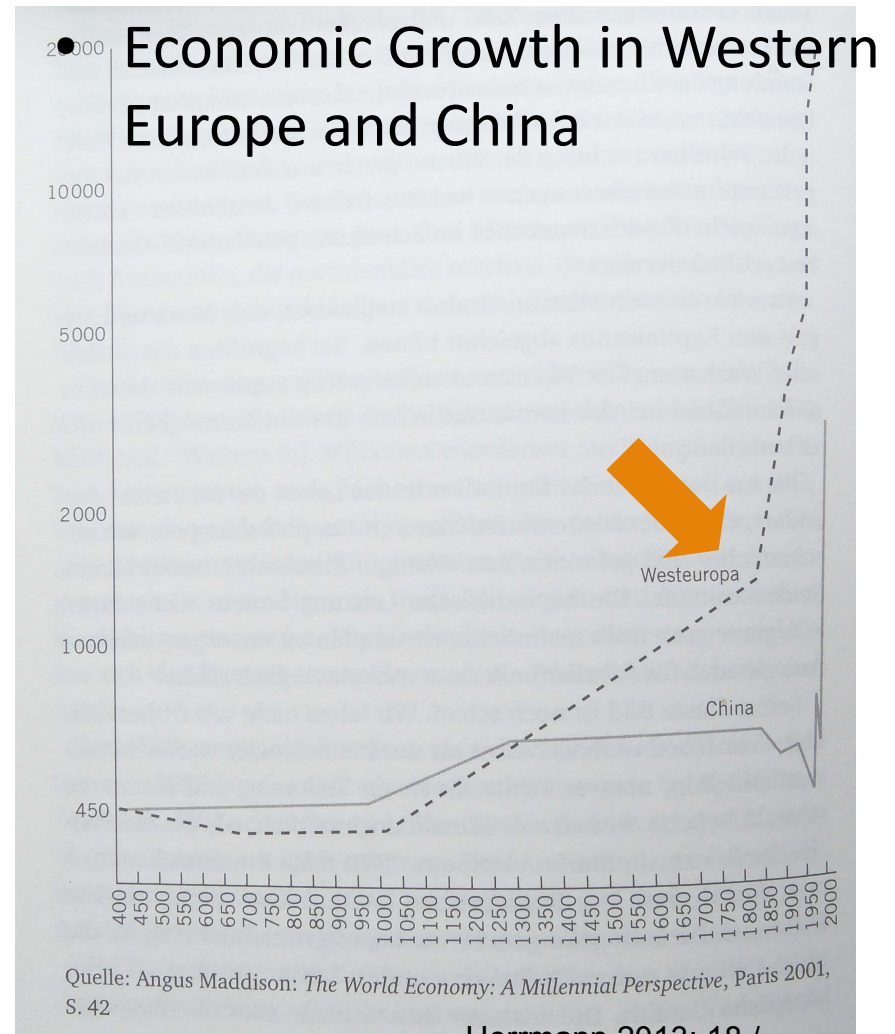
Overview / Methods

- 1) Deduction of criteria for alternative economy based on the analysis of structural causes of growth (or “disembedment”) in the sense of Karl Polanyi and recent literature on transformation;
- 2) Empirical studies on the performance and development of projects and forms of financing.
 - a) Typology of alternative projects and forms of financing from literature studies;
 - b) Media analysis about the contents of recent reports about alternative economy;
- 3) Conclusions.

1) Transformation and Disembedment

Polanyi (1944, 77, 79): Capitalism as the replacement of a need satisfying society by a market society.

- Need oriented modes of provisioning: householding, reciprocity, repartition.
- Capitalism = replacement of need satisfying provisioning by profit driven provisioning.
- Non marketable institutions of labour, land/nature and money become a tradable good ('disembedment').



Herrmann 2013: 18 /
Maddison 2001: 42ff

1) Recent literature on transformation

Today's need for transformation

(WBGU 2011: 81ff):

- A transformation comparable to the neolithical revolution or industrialization is necessary;
- technological innovation is not sufficient;
- life styles need to change;
- there must be a 'global revolution in cooperation';
- political struggles must be overcome.

Policy recommendations:

- economic system: no issue.

→ focussing on need satisfaction and profit orientation.

1) How to transform? Key Criteria

Key Criteria for “Progressive Projects”:

- Replacing profit orientation by satisfying needs (to a certain extend).

Further conditions:

- Ecological justice: the same use of ressources by person (Thie 2013);
- Democratizing economy and society.

1) How to transform? Strategies

Strategies to transform (Wright 2010):

- Symbiotic transformation (reform);
- Ruptural transformation (revolution);
- Interstitial transformation (niche strategy).

Transformation theory (Geels; Haxeltine/Seyfang)

- Key concepts: Transformation from a niche and 'resilience'

Projects at the micro-level:
Transition Towns etc.

The diagram consists of a light blue oval containing the text 'Projects at the micro-level: Transition Towns etc.'. A teal arrow points from the text 'Transformation from a niche and 'resilience'' in the 'Transformation theory' section down to the top of the oval. Another teal arrow points from the text 'Interstitial transformation (niche strategy)' in the 'Strategies to transform' section to the left side of the oval.

- How present are the principles of need satisfaction/profit orientation, ecological justice and democratic control in projects of alternative economy?

2. Typology of projects and forms of financing based on literature studies

Data base: Synoptic literature on alternative projects in economy and finance (German language):

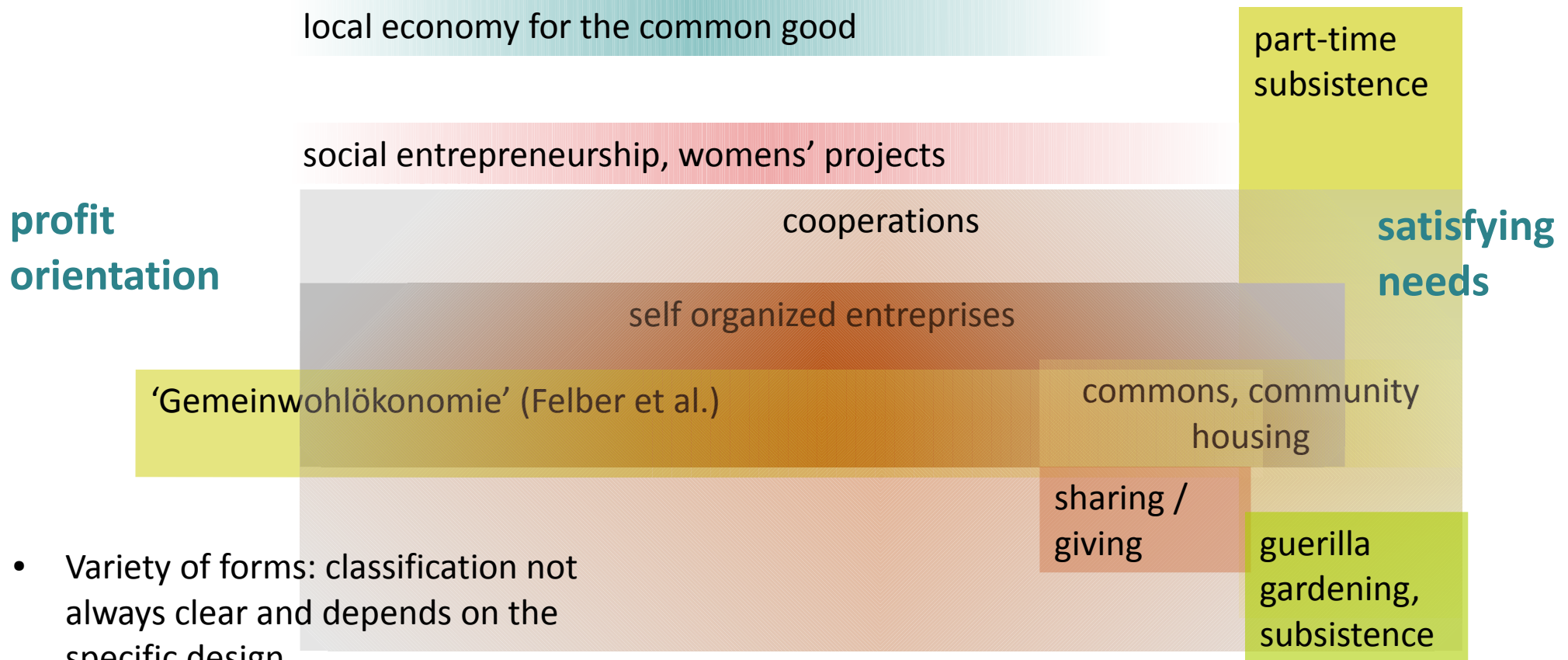
- **Elsen, Susanne** (2007): *Die Ökonomie des Gemeinwesens. Sozialpolitik und soziale Arbeit im Kontext von gesellschaftlicher Wertschöpfung und -verteilung*. Weinheim u.a: Juventa.
- **Notz, Gisela** (2011): *Theorien alternativen Wirtschaftens*, Stuttgart: Schmetterling-Verlag (Theorie.org).
- **Voß, Elisabeth** (2010): *Wegweiser Solidarische Ökonomie*, Ulm: AK Spak Bücher.

Background information:

- **Gubitzer, Luise** (1989): *Geschichte der Selbstverwaltung*. 1. Aufl. München: AG-SPAK-Publikationen.
- **Enjolras, Bernard** (1995): Comment expliquer la présence d'organisations à but non lucratif dans une économie de marché? In: *Revue française d'économie*, Volume 10 N°4, pp. 37-66.
- **Ostrom, Elinor** (1999): *Die Verfassung der Allmende. Jenseits von Staat und Markt*, Tübingen: Mohr Siebeck.
- **Vallat, David** (2011): Les finances solidaires. In: **Jean-Louis Laville** (Hg.): *L'économie solidaire*. Paris: CNRS-Éditions, S. 67–79.
- etc.

2. Typology of business models

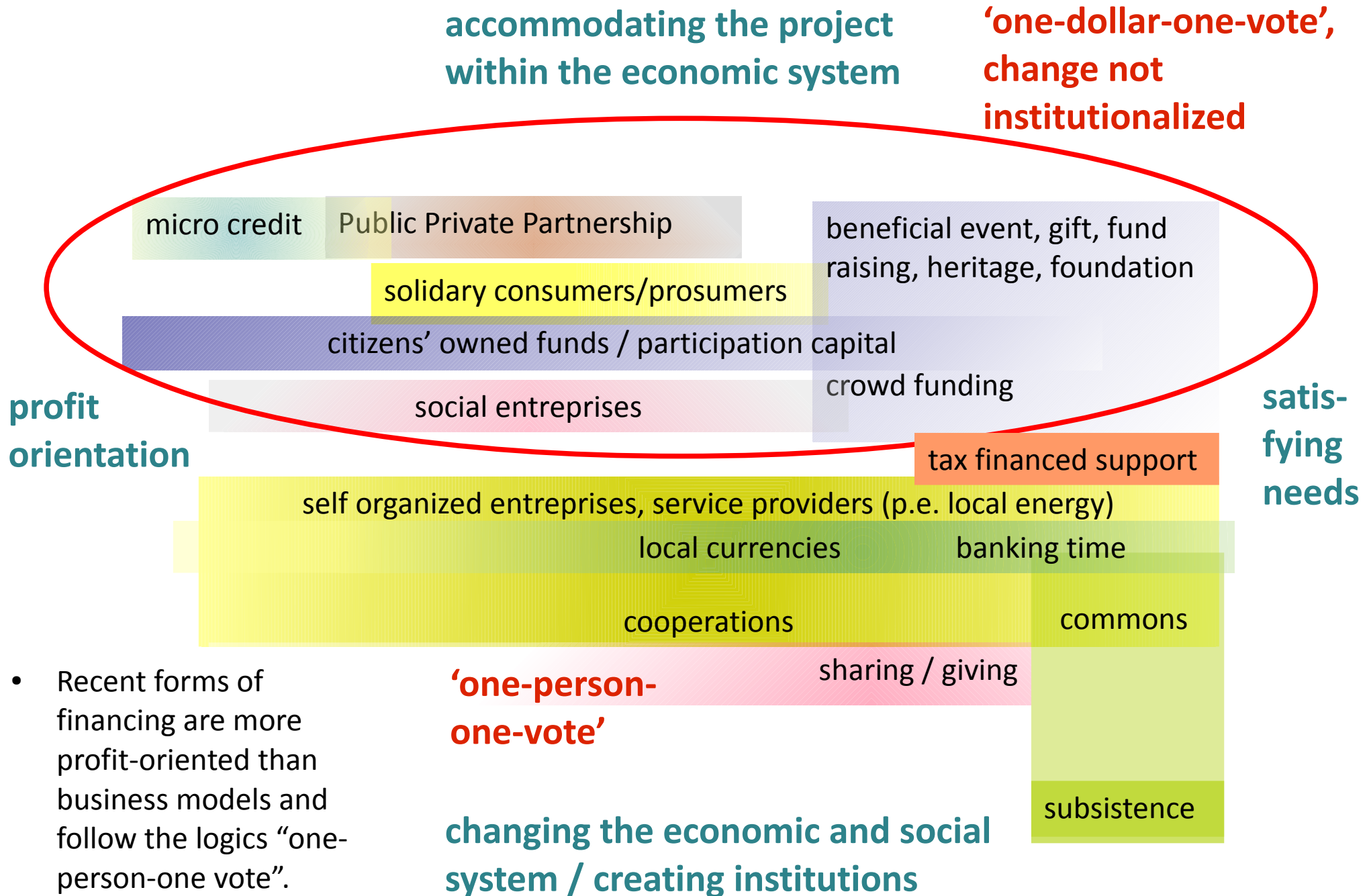
accommodating the project within the economic system



- Variety of forms: classification not always clear and depends on the specific design.
- Tendency towards marketization, but also projects that persist for decades.

changing the economic and social system / creating institutions

2. Typology: forms of financing



- Recent forms of financing are more profit-oriented than business models and follow the logics "one-person-one vote".

2b) Media analysis (content analysis) about the perception of recent projects;

Content analysis

- Data: Articles in leading journals Standard (AT) and ZEIT (D)(appearing daily and weekly). Readers: seen as middle-left.
- Keyword: 'alternatives Wirtschaften', 'alternative Wirtschaft'.
- Media: ZEIT: 25 Articles, 2011-2014, Standard: 100 Articles, 2011-2014.

2b) Media analysis

Topics addressed, Keyword 'alternative/s Wirtschaft/en':

- Use of technology:
 - green technology;
 - digital technology.
 - Structural changes in policy;
 - Structural changes of the monetary system (interest, currency);
 - 'Gemeinwohlökonomie'
 - New values and change agents;
- Alternative economy and finance:
 - alternative investment funds, venture capital, banking without banks, bitcoins etc.
 - share-economy, gift economy
 - self-providing (at the local level);
 - prosumers and CSA;
 - cooperations.
- topics different from those discussed in literature

2b) Media analysis

Perception of recent projects in media:

- Most of the presented forms are profit oriented and even alternative in the sense they are even more radically market oriented. Most projects: 'one-dollar-one vote'.
- Ecological justice only plays a role in interviews with supporters of the degrowth movement.
- Notions central to the Transition movement such as 'resilience' do not appear under the keywords.
- Also reports about projects which fulfill "progressive" criteria: Self-provisioning because of missing regulation (food), market failure and profit making on behalf of the community (privatization of energy etc.).

3. Conclusions

Alternative economy and modes of finance:

- Weak criteria: wanted because of inclusiveness.
→ criteria are more weakened in media reports.

Shift from public investment to alternative sector:

- - Misuse of labels of alternative economy and finance. Marketization pressure because of “convention trap” and profit oriented investors.
- - Market-friendly atmosphere. Loss of achievement of systems of repartition (steering by taxes, one person one vote, public know how etc.).
- + Policy reform fails → possibility to engage at the micro-level.

→ **twofold strategy is necessary focussing on the micro and the macro-level, taking care of the design of specific projects.**

2. Empirical studies on the performance and development of projects and forms of financing.

Mission shift according to the Weber-Michels-model:

“As an MO [movement organization, d.A.] attains an economic and social base in the society, as the original charismatic leadership is replaced, a bureaucratic structure emerges and a general accommodation to the society occurs. The participants in this structure have a stake in preserving the organization, regardless of its ability to attain goals. Analytically there are three types of change involved in this process. The three types of change are goal transformation, a shift to organizational maintenance, and oligarchization.” (Zald/Ash 1966: 327)

Empirical studies on ‘mission shift’ in non-profit organizations:

- Non-profit organizations do not necessarily undergo a mission shift (Zald/Ash 1966) but develop differently (Minkoff/Powell 2006).
- Organizations face difficulties once financial support is provided by parties with different aims (M/P 2006).
- Shift from ‘agency’ to ‘service’ (M/P 2006).