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### Substantivist economy as a starting point for reflection. Learnings from a co-operative inquiry

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### 3rd EMES-Polanyi Selected Conference Papers (2018)

#### **Substantivist economy as a starting point for reflection**

Learnings from a co-operative inquiry<sup>1</sup>

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#### **Abstract**

Solidarity economy is often referred as a collective and transformative action toward a more fair, just and equitable society where economic activity is (re-)embedded into society (Coraggio, 2016). Social innovation can also present a process of radical or transformational changes toward an alternative, ethically just economic system by altering the dominant structures (Smith – Stirling, 2016). Recent researches (Lemaitre – Helmsing, 2012; Telles et al., 2017) have shown however, that these initiatives often face trade-offs between social, political and economic goals and legal and technological aspects can overrule solidarity goals. These processes can lead solidarity economy initiatives to lose their plural, diverse and transformative characteristics and become dominated by market logic in their functioning (Coraggio, 2016). What makes solidarity initiatives and social innovations to resist against the power and domination of the market? How can the abundant academic field support these initiatives in a meaningful way?

This paper aims to present the results of a co-operative inquiry in which members of a grassroots, degrowth-inspired solidarity initiative engaged themselves to better understand the resilience mechanism of the organization. This organization called Cargonomia being a cooperation between environmentally and socially conscious social entrepreneurs operates as a food distribution and cargobike sharing point. It also offers an open space for community and educational activities related to degrowth, well-being, ecology and sustainable transition while experimenting an alternative and democratic way of organizing economic activities.

Co-operative inquiry within the family of action research allows the members of this initiative to explore their world, find new ways of looking at their contradictions and to improve or change their actions in order to do the things better (Reason, 1999). During the co-operative inquiry presented in this paper the lenses of the substantive economy (based on Polanyi, 1957) were used to reflect on the diversity of the activities and the drivers behind and to understand how to re-embed economic activity into its socio-ecological context.

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The process of co-operative inquiry has shown how the substantivist economy offers a platform for self-reflection and that it can support grassroots solidarity initiatives in orienting and planning their activities without losing plurality and transformative dynamics, and how economic activities can be re-appropriated in a democratic way.

## 1. Introduction

An insightful observation of modern ecological and socio-economic crisis draws attention to the failure of an economic model guided by the rules of neoclassical economics. A foundational declaration of ecological stress induced by “Limits of Growth” was issued by the Club of Rome in 1972. Since this primary observation, ecological problems have become decisively worse and more apparent, accompanied by social and economic crisis in the 2000s. The market centered neoclassical logic for economics became dominant in the 19<sup>th</sup> century. This economic dogma has not only governed economic activity but consequentially impacted social relationships and behaviour, spawning a market centered society. Across the globe in recent decades civic resistance movements have appeared as oppositional forces to formerly accepted definitions of economy and society. At the same time complimentary research has attempted to elaborate alternative pathways. This research attempts to contribute to the growing body of academic work which identifies organizational logics which can achieve meaningful social, environmental and economic sustainability. It is argued that such organizational logics can lead to a higher level of well-being than in scenarios where profit-maximizing is prioritized.

This research builds on the social movement based solidarity economy enrooted mainly in Europe and Latin America. The concept is based on social movements and practices which aimed to resist and defend people’s rights against the ‘wildness’ of market centered economy and created alternative ways to satisfy human needs while fighting against poverty and social inequalities (Coraggio, 2013). I also take ecological economics epistemological approach, according to which market centered economy is a subsystem of the social and the natural domain – parallel to solidarity economy and in contrary to neoclassical economics.

By definition organization of social and solidarity economy have a strong social and economic dimension, however the needs of the members of its organizations and of the community are always prioritized over profit. It aims to ensure the material and immaterial conditions for “buen vivir” and for a just and fair society (in harmony with the nature) (Coraggio, 2016). Nevertheless, according to Laville (2009) and Coraggio (2013) the concept of solidarity economy goes beyond its role in searching for new economic models. Solidarity economy is a collective and transformative action against the pre-existing economic system and the values which it represents. It is a still evolving concept, including all the practices and strategies which aims to establish an alternative, ethically just economic system (Coraggio, 2016).

It is called alternative, because according to solidarity economy, economic activities are not reduced to market exchange. All those activities which through people interact with each other and with the natural environment in order to satisfy their needs can be considered as economic activities. These activities however are not necessarily happen at the market and according to the logic of the market; but informal economy, reciprocity, self-sustaining activities can be included in this logic. Thus solidarity economy refers to the economic activities through a substantive understanding of the economy (Laville, 2009; Polányi, 1976) while seeking structural changes in the dominant economic system.

Recent studies (Lemaitre & Helmsing, 2012; Telles, Macedo, & Bittencourt, 2017) show that however, this logic is not applied in the practise consequently by initiatives considered as solidarity economy initiatives, and a gap seems to rise between theory and practice. Numerous solidarity economy initiatives intend to solve immediate problems such as fight against unemployment, help vulnerable groups, create job opportunities or empower disadvantaged people. In these situations however, an instrumental solution is often preferred over diverse and plural economic activities. These type of solidarity economy initiatives intend to reduce their activities to fit to the market logic and the transformative dynamics disappear. They can produce other problems and can risk to reproduce the system which has created the problems they intend to solve (Coraggio, 2016; Landriscini, 2013). Such contradictions happen because these initiatives often lack to reflect, analyse and explore the consequences of their own actions (Landriscini, 2013). To resolve such contradiction theoretical approaches could offer broader understanding, but it requires approximation of theory and practice.

In my research I aim to support an organization through a co-operative inquiry. Via this research the goal is to help to targeted organization to find answers how to be reflective and how to face contradictions between solidarity and the dominant market economy based on the actions of the organization. For that purpose I participate in a co-operative inquiry through which me and my research partners can take an organization under detailed analysis and conceptualize the processes while being practitioners at the same time. The research is also used to establish a better way of understanding and communicating the organizational logics which drove this initiative. The plurality of activities have always been the objective and also a strength of the organization, but it failed to explain its “model” in terms of neoclassical economic goals and in terms of third sector actor as well. Solidarity economy invites us to better understand and explain the plurality of the organizing logics behind these activities and also our social and economic context through different lenses than the ones offered by neoclassical economics.

## **2. Theoretical background**

Various theories have been established to outline sustainability goals. One part of them however, intends to solve the neoclassical economics’ problems by its own toolbox. This text argues that the failure of the neoclassical approach goes beyond its conceptual framework, and that a different paradigm is required to reach a better balance between society, economy and environment. Fortunately, alternative economic theories have arisen which provide a firm basis to find more sustainable pathways. One of them which has had the greatest influence on this text is Karl Polanyi’s substantive economy (Polányi, 1997). Polanyi’s relevance can be attributed to the fact that he articulates how economy could be organized in many different ways, and the market economy is only one of them. He also highlights that one organizational logic cannot dominate because it results in externalities, and the domination of one logic is unsustainable. His findings are even more relevant nowadays than when he published because of a greater understanding of environmental, social (and economic) crisis.

Ecological economics is strongly connected to these points, and this research builds on these concepts by stating that inter- and multidisciplinary approaches are necessary to understand the role of economy in our society, and to find solutions outside of the neoclassical approach. Ecological economics follows a co-evolutionary view on society and nature. This interdisciplinary approach articulates that society and other social processes as economy are embedded in nature, meaning that society – and economy – are subsystem of nature. Natural resources allow life on Earth, however, at the same time creating limits as well and a strong

interdependence between these subsystems (Georgescu-Roegen, 1971). Thus economic production faces a finite and not-growing natural ecosystem (Daly, 1991).

Besides the biophysical limits of the scale of the economy (or the economic production) ecological economists highlight the social consequences caused by present economic system. This second issue of ecological economics addresses the question of just distribution of wealth and income, equity and allocation (Daly, 1991). In contrary to neo-classical economics, ecological economists argue that the market centered neo-classical economy leads us to increasing differences between developed and developing countries creating intra-generational injustice, and to inter-generational injustice as well between present and future generations (Martinez-Allier, 1995; Spash, 1993). Ecological economics question the role of economic growth, regarding the fact that the growth of GDP or wealth does not accompanied by the same level of growth in well-being.

Ecological economics also question the utility maximizer individual who is at the heart of the neo-classical economics. According to the mainstream approach individuals have an infinite and never satisfied desire to always possess more and more and these individuals decide based on a rational way. In contrary to that ecological economics highlight that utility maximization is a social construction and not an unquestionable characteristic of the humankind. In addition to ecological economics other concepts and theories seek to find alternative logic of the economy to reach better relationship between social institutions and environment.

It is important to lay down ecological economics fundamentals to better understand solidarity economy. Solidarity economy fits into ecological economics epistemological approach, since solidarity refers both to social and to social-natural relationships.

Solidarity economy is based on the plurality of the economy which refers to Polanyi's substantive economy. Further developed by Sauvage and Lévesque, the plurality of the economy – in contrast to neo-classical economic system – refers to that various types of economic activities can take place in addition to market exchange. Sauvage completes neo-classical economy's unidimensional<sup>2</sup> activities with domestic production, local non-monetary exchange system, informal trade activities, individual or collective microcompanies (Andion & Serva, 2007). Laville (1999) conceptualizes plural economy based on Polanyi's understanding and links market exchange to commercial activities, redistribution to non-commercial activities and reciprocity to non-monetary activities. He also articulates that economic activities should recognize social values. The recognition of social values could bring an unlimited combination of initiatives among the three poles what would result in creating well-being, employment and social cohesion (Laville, 1999). The idea of the plurality of economic activities forms the basis of social and solidarity economy, since the organizations attributed to this approaches should carry out such plurality of economic activities (Laville & Nyssens, 2001). According to Lévesque (2009) the social or solidarity economy's difference from the present economic system is that it accepts non-commercial and non-monetary economic activities too. Organization of social and solidarity economy have a strong social and economic dimension as well, but the needs of the members of the community are always prioritized over profit. In addition to these characteristics social economic organizations are led in a democratic and autonomous way

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<sup>2</sup> In fact according to Sauvage the economic system used a dualist classification of economic activities: commercial/non-commercial, formal/informal, public/private, etc (Andion & Serva, 2007).

(Defourny & Develtere, 1999; Laville & Nyssens, 2001). Autonomous is defined in this sense as being independent of the state of other private organizations.

Such practices emerged in Europe in the 19<sup>th</sup> century and later in Latin America in the 20<sup>th</sup> century as an answer for the failure of the capitalist production system. In both continents social and solidarity economy organizations were initiated by those who were left out from the labor market. They developed alternative ways of working and satisfying their needs. These practices result in plural economic activity, where the economic activities were not reduced to market exchange but let space for other type of institutionalized interaction. They combined their conventional economic activities with other types of non-monetary resources such as public benefits or mutual help often through informal economy (Gaiger, 2009).

In Europe, the motorization of the production system during the industrial revolution made the production process more efficient but drove workers into vulnerable situations and at the same time excluded people from the labour market. (Coraggio, 2011; Gaiger, 2009). At this time cooperativism, workers movement, mutualism arose to defend workers right against the “wildness” of capitalism. As an answer for this situation workers joined in unions, and as an alternative to the capitalist companies created cooperatives to recover their independency (Singer, 2006). Cooperatives refused the separation between capital and work – which are basis of capitalism – and instead created organizations based on equal rights, mutual ownership and democratic decision making. These movements are associated to social and solidarity economy because in addition to protect the rights of those excluded from the labour market, this initiatives intended to establish alternative ways of working, experiencing autonomy, democratic management, just share of work and of income (Coraggio, 2011; Gaiger, 2009).

In Latin America solidarity economy also has roots in workers movements, however the origins are much more diverse. It refers to the pre-Columbian period where the economic activities did not fit with the market centered economy, and also to the popular movements and informal economy which existed parallel to the capitalist system. Practising informal or solidarity economy was not an ideological choice for many; obtaining income and satisfying basic needs through informal economy was the only way to survive for a significant part of the society in this region (Landriscini, 2013). As an answer for the economic crises, unemployment and social differences solidarity economy per se was only conceptualized in the 1980' and 1990's (see Coraggio 2013)<sup>3</sup>. (Landriscini, 2013; Hillenkamp, 2016). In this period (1980-1990's) formal and informal groups, organizations operating based on voluntary solidarity and democratic decision making processes multiplied (Hillenkamp, 2016) because after the fall of dictatorships in the region, the introduction of democracy and mostly neoliberal politics did not solve social problems either, but instead the structural adjustments led to hyperinflation and let thousands outside of the labour market (Coraggio, 2013; Hillenkamp, 2016). The economic crisis of the 2000s made solidarity initiatives re-gain significance, and in some of the Latin American countries, such as Ecuador, Bolivia and Brazil as well solidarity economy became a social movement. Unfortunately it is the (international) economic conjuncture which strengthen the importance of these initiatives and makes lots of the Latin American states recognize the role of solidarity economy in fighting against poverty, social inequalities and for empowerment (Coraggio, 2013). The recognition of solidarity economy embodies in – different forms of –

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<sup>3</sup> The concept of solidarity economy was first used by Felipe Alaiz, an anarchist journalist in 1937 during the Spanish Civil War (Miller, 2010).

institutionalization of solidarity economy in some of the countries of the region. Solidarity economy according to Latin America is not a utopia, but a political project.

Solidarity economy is not limited being a social movement and looking for alternative types of organizational practices. According to the main authors of solidarity economy the concept goes beyond its role in searching for new economic models and it seeks institutional changes (Laville, 2009; Coraggio, 2016). Compared to mainstream unidimensional economics, it is a multidimensional, complex set of cultural, political, social practices and theories (Coraggio, 2016). It argues for the plurality of economy, and also for the diversity of organizations: economy should not be limited to specialized and private organizations outside of the democratic arena, but all types of organizations of the civil society should participate and form the economic domain. “Other” economy is only possible however, if organizations of the civil society embrace a fundamentally critical thinking and create new values and new institutions (which differ from the unidimensional, individualist and utilitarian economy) (Coraggio, 2016).

These quite ambitious goals are not completely applied in the practice. Organizations considered solidarity economy initiatives often do not seek structural changes. The most common goal is the (re)integration of unemployed and vulnerable citizens who are not yet on the labour market. These initiatives can have a significant role in being very effective to eliminate (income) poverty, but at the end instead of representing plurality of the economy, they reproduce the dominant economic system they intend to question (Coraggio, 2016). Unluckily, these initiatives contribute to the process of commodification of those activities which remained outside of the market system, and they tend to reduce the diversity of the economic logics to the dominant market logic.

Solidarity economy is not a set of actions complementary to neoclassical economics, but a social, cultural and political project at different levels, a movement questioning the status quo. Often there is a lack of promotion of democratic and political participation what could allow questioning the hegemony. Nevertheless, solidarity economy does not offer a set of tools and concrete methods to establish such organizations. Public policies which favour and allow the emergence of solidarity economy should be co-constructed via democratic and deliberative processes based on the legitimate needs of local actors. Thus solidarity economy must be contextualized according to territorial needs. It also implies a change in public (and economic) policies which should not be formed (only) by experts and technocrats but by local actors, citizens recognizing the diversity of knowledge (Coraggio, 2016).

It is an immense work for organizations to comply with all those conditions, especially considering that solidarity economy means a whole new set of approaches which are different from the surrounding dominant environment. Recent studies show that initiatives operating within the framework of solidarity economy and considered as solidarity economy organizations does not necessarily are alike in the academic or in the political discourse. First of all, they represent heterogeneous organizational practices regarding economic and political engagement. Being part of the solidarity economy movement and recognized as a solidarity economy initiative “does not completely defines (the) economic practices” of the solidarity economy organizations (Lemaitre & Helmsing, 2012: 760). Some research also demonstrate that relational values (human work, solidarity and reciprocity activities) are somewhat undervalued in these initiatives which should be in the core of these organization (Telles, Macedo, & Bittencourt, 2017).

It requires fundamental reflection in the organizations to face their contradictions by questioning the status quo at the same time being part of it. Acting and reflecting on your actions calls for action research method, when both researchers and practitioners can deepen their knowledge and experiences reflecting on theoretical foundations.

### 3. Methodology

A well-established method within the family of action research, co-operative inquiry offers a practical way to deepen understanding about our world, our socio-economic context, our actions and to learn how to change them. Co-operative inquiry allows systematic knowledge creation through practical activities and academic literature (Greenwood et al. 1993).

In co-operative inquiry as in participatory action research, all the participants are co-researchers and co-subjects (Reason, 1999). Co-researchers refers to that practitioners, members of the targeted community or organizations and all the participants of the research process are considered as researchers. The research designed in a collective way, everybody's opinion and thought can contribute to the research process. At the same time all the participants are co-subjects as well carrying out actions and activities which are being researched (Reason, 1999). It means that the researchers are emotionally involved practitioners or even activist, living in the field, facing the multi-diversity of the reality.

This approach moves away from the positivist research approach which argues on one hand for the objectivity of the researcher and on the other hand for a passive role for the research subject (Reason, 2006). In contrary to that co-operative inquiry – as most participative inquiries – use a constructivist argumentation. It considers practitioners being capable of actively participate in the process of conceptualization of theoretical findings, and at the same time construct useful knowledge which is meaningful in their context as well in (Reason, 1999).

During co-operative inquiry a group of people who have similar interests work together in order to explore their world, find new ways of looking at things and to improve or change their action in order to do the things better (Reason, 1999). Systematic knowledge creation is ensured by the cycles of planning, acting, reflecting and learning. These cycles offer opportunity for the researchers to reflect on their actions in a critical way and to learn from those. Thus, the validity of the co-operative inquiry is not ensured by the objectivity of the research, but on the contrary by accepting the emotional involvement in the field and the subjectivity toward the studied field and critically reflecting upon the personal impact, behaviour and even thoughts (Levin, 2012). This paper presents the process of co-operative inquiry carried out among members of a grassroots, civil organization located in Budapest, Hungary.

### 4. Case and context

The targeted organization called Cargonomia was founded in 2015 by five friends and active citizens engaged in local sustainable transition movements in Budapest, Hungary including the author of this paper. The organization was created as a cooperation between social enterprises and cooperatives located in Budapest, Hungary. It aimed to formalize the pre-existing cooperation between socially and environmentally conscious organizations which deal with complementary activities. These three main founding partners are a bike messenger company (Kantaa); a do it yourself bicycle workshop (Cyclonomia) and an organic farm situated in Zsambok (Zsambok's Organic Garden), a village under 50 kilometres from Budapest. The mission of Cargonomia aimed at supporting the activities of these founding members by



promoting sustainable urban-transport solutions and local, organic vegetable consumption. This partnership operates as an informal group without any legal entity even though it obtains a logo, website and social media platform including a physical space serving as the headquarter of the activities. Since its opening in April 2015 Cargonomia carries out the following activities as illustrated in figure 1:

- redistribution and pick up point for local, organic food;
- promotion of sustainable transport logistics by being a centre of cargo bike sharing system and supporting cargo bike deliveries;
- organization of educational events about organic food production and consumption, sustainable mobility, bike repair workshops as well as about transition and degrowth;
- organization of community events and participation in research via its open space. It seeks to serve as an incubator which can enable synergies between emerging and currently existing social and environmental projects.



Figure 1. Activities of Cargonomia.

Source: own illustration

In the coordination of Cargonomia at least one person is involved from each founding organization, and some others time to time who voluntarily participate in the management. Among the management team none receives any direct income from Cargonomia, however its activities can help the economic performance of the participant organizations.

As a redistribution point of organic food, at Cargonomia each week an average of 15-25 boxes of vegetables are distributed among customers who ordered previously on the online platform. In addition to the vegetables, the customers can select other organic products such as bread or organic wine from other partners. What can be added to the boxes, or in other words the selection of partners is a crucial point for Cargonomia. The partners which are selected to work with have to comply with a set of principles regarding ecological and social questions.

Cargonomia operating as a cargo bike centre promotes sustainable transportation and usage of cargo bikes. Cargo bikes offer numerous advantages especially in urban context compared to

motorized vehicles, e.g. they are emission free, help to avoid noise pollution, occupy less space compared to cars and at the same time they are able to transport goods up to 60-120 kg depending on their construction. Cargonomia aims to increase accessibility of cargo bikes for citizens through educational events where participants can try and train how to drive a cargo bike, and parallel to that the collective develops a cargo bike sharing system.

Cargonomia as 'an open community space' hosts In average every month around three activities/workshops, such as Repair Café, do it yourself furniture building workshop, Energonomia (do it yourself workshop to create beer collector), etc. Cargonomia also welcomes projects and groups, which do not have the possibility to utilize their own place yet, who share goals are complementary to Cargonomia's. One of these projects is Varronomia, a sewing workshop organized monthly. The same applies to selection of the events and projects as to the selection of the products: the programs hosted in Cargonomia have to be both socially and environmentally conscious, to promote autonomy, self-sufficiency, solidarity. The most welcomed activities are skill building workshops or for example discussions about transition. These event organizers and participants are asked to contribute to Cargonomia's maintenance with a small donation; however the goal of hosting such events is not to gain profit but to provide space and opportunity for meaningful activities.

The cooperation between the partners and the organization itself continues to navigate challenges during its operation. These relate to how to

- comply with the complex set of principles set by the founders;
- increase impact without outgrowing the original vision or threatening the core principles of collaboration; and how to
- maintain a non-profit partnership while surrounded by ongoing financial pressures.

(Strenchock, 2017)

During the action research process the five core members of the organization aimed to explore and/or answer these question through cycles of planning-acting-reflecting-learning.

## **5. Research goals and research cycles**

During this research five members of an organization engaged themselves in a co-operative inquiry process between December 2016 and February 2018 in order to practice self-reflection and go through collective learning process. The aim of the research process defined by the participants were (1) to better understand the principles and driving forces behind the diverse activities of the organization; (2) to explore resilience mechanism of and to experiment an alternative form of social organization with economic activities.

This research process consists of cycles during which participants of the research went through the phases of planning, action, reflection and learning. As illustrated in figure 2, the research process consists of three cycles, each one building upon what has been learned during the previous one. This paper presents the results of the first and the second cycle which provide basis for the third one. They are presented in a linear way however, the research process in practice rather took a non-linear, organic way. Heron (1996) calls it a Dionysian inquiry which compared to a rational, linear way of planning-acting-reflecting takes "more imaginal, expressive, spiralling, diffuse, impromptu and tacit approach" (Heron, 1996:46).

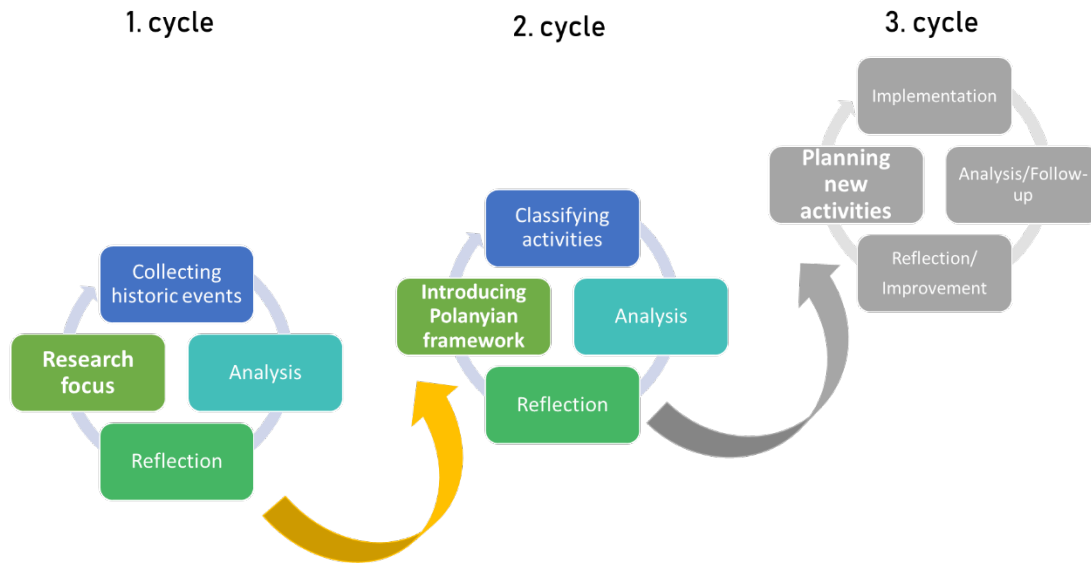


Figure 2. Research cycles of the co-operative inquiry in Cargonomia

Source: own illustration

The aim of the **first research cycle** was to understand (1) what a co-operative inquiry is, and (2) the main principles of the organization which determine its activities. To combine these two goals, after a short introduction into participatory action research, the research group decided to experiment this critical analytical framework in practical way. In order to do that, the participants collected all the events and activities which had occurred in the first 2 years of the collective's existence and analysed it looking for the driving principles. These tasks took place between December 2016 and May 2017 via participatory workshops, online data collection (e.g. events) and discussions<sup>4</sup>. As a results the participants:

- unfolded the main driving forces, motivations, and principles around which the organization is constructed and give the backbones of the collective (see in more details in section 6.1);
- but also realized that the activities and the organization itself could not have been explained by conventional and mainstream business terms.

Based on these findings, the research group in the **second cycle** introduced the substantivist understanding of the economy as a 'Polanyian framework'. With the help of this analytical framework the group revealed the different types of economic logics which are present within the collective. During a half-day workshop on the 17<sup>th</sup> of August 2017 the co-researchers mapped the activities the organization achieved, and also the resources which makes the organization functioning. They used visual support to illustrate this 'Polanyian framework' presented in figure 3. This exercise helped to explore some of the advantages and disadvantages and supported plans and development of new activities which led to the next research cycle. The results of this step are discussed in section 6.2.

<sup>4</sup> As in most participatory action research process and due to the fact that the co-researchers are involved in field activities for a long time informal discussions are also part of the data. These data are collected in the author's research diary.



comfortable service for those who does not have time to pick up their boxes. The bike distribution contributes to achieve low carbon performance of the distribution system as well.

Low-technology solutions can be found during the partners' food production or during distribution too. Low-tech solutions are tools for certain problems with the lowest use of material, energy and emission. Such tools are used in Zsambok during the agricultural production made by Cyclonomia, Cargonomia's other partner. But the best examples for such tools are the cargo bikes which are used for the distribution. Some of the events hosted by Cargonomia also have such approaches, e.g. the beer collector workshop. Briefly these are the steps and approaches how Cargonomia intends to achieve ecological sustainability.

Concerning social sustainability social justice, equity, democracy and autonomy can be discussed. Equity and social justice characterize not only Cargonomia but the partner organizations as well. Cyclonomia is a social cooperative which mean that the profit is equally shared among the members of these organizations. The members also work in equal positions concerning responsibilities and tasks. At the Zsambok Organic Garden labour is essential. They employ inhabitants of Zsambok creating local jobs in a countryside area. Zsambok Organic Farm is also committed to transparency and offers a fair living wage for employees. At the farm instead of modernization they rely on manual labour as much as possible with the goal of maintaining vitality within the soil and greater ecosystem. They avoid the usage of agricultural machines which in addition to destroying the soil would decrease reliance on human labour. In Kantaa, despite of being a profit-oriented company each employee receives the same salary and tasks and responsibilities are shared. Kantaa also relies on transparency and the involvement of employees in important decisions. New partners of Cargonomia can be selected among the potential ones if the same characteristics are shared by the potential new partner; namely if there is a preference of human labor against profit-orientation and high technology development.

Democracy means in the case of Cargonomia that the decisions are made in a deliberative way. Strategic decisions are always discussed among the coordination team e.g. involvement of new partners, media appearances, etc. Autonomy is also in the core of Cargonomia. The name *Cargonomia* embraces Cornelius Castoriadis' notion of autonomy (in French 'autonomie'). First of all, it refers to that Cargonomia aims to re-appropriate the knowledge and the know-how of a re-localized economic and production activities within an urban area. First of all, the knowledge of how are vegetables are produced, where are they coming from, what's their ecological impact are all part of becoming autonomous about our food production system. The same implies for the bike-delivery and sharing system: to re-appropriate the capacity of free movements against the oil-based transportation system. Secondly, it also describes how the tasks are organized in Cargonomia. Each person – not only in the coordination team but among the partner organizations – is trusted in what they do, and their abilities are not questioned. The main goal is to involve the participants in as much activities as it is possible – or desired, thus a constructivist and helpful environment is provided. It is required however, to be independent and pro-active.

## 6.2. Cargonomia through the lenses of substantive economy (2<sup>nd</sup> cycle)

During the workshop on the 17<sup>th</sup> of August 2017 addressed to introduce the substantive understanding of the economy, the institutional logics introduced by Polanyi were re-defined and contextualized according to the activities of the organization by the co-researchers. In this



exercise the participants first tried to understand and define these institutional logics according to the context.

From a substantive economic point of view reciprocity, redistribution, market exchange and householding logics can exist to satisfy needs. Concerning Cargonomia reciprocity, redistribution and market exchange was applied. During the exercise, it soon arose that there are overlapping fields which are not defined in theory but enrich the diversity of economic practices and lead to a plural model. Therefore the research group created its own definitions according to the context and the concrete activities, as illustrated in figure 4:

- MARKET exchange involves obtaining goods and services by exchanging for money. Money and profit are the driving forces of these activities;
- Redistribution or FUNDS are resources which are collected centrally (by a central authority) and after redistributed in the form of subsidies or through applications.
- RECIPROCITY refers to obtaining resources (goods, services but also knowledge, network and experience) based on personal relationship and solidarity.
- VOLUNTARY REDISTRIBUTION involves activities when the resources are funds but the usage of these resources requires personal commitment.
- Free DONATIONS are exchanging goods and services based on personal relationship.
- Funding SUPPORTED MARKET activities are project which are supported by applications but aiming carry out market activity (selling goods or offering services).

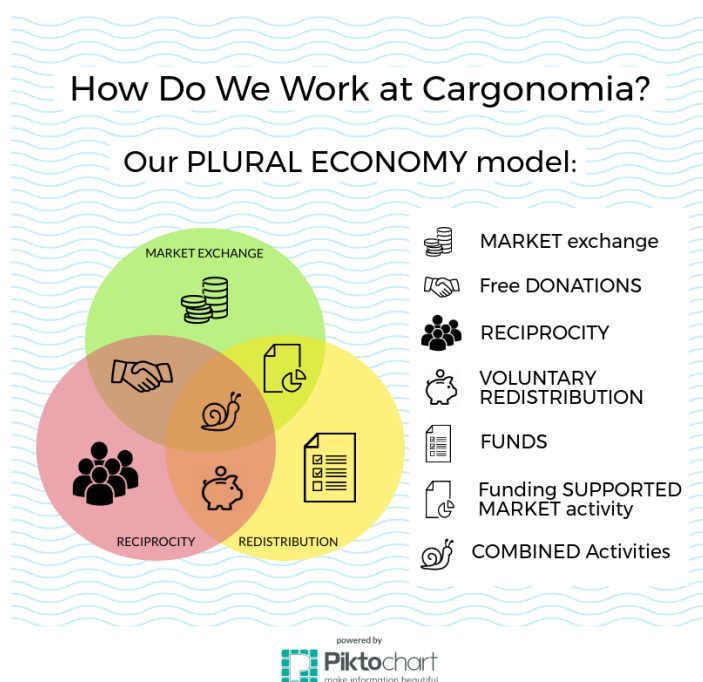


Figure 4. Result of applying Polanyian framework in Cargonomia's activities

Source: own construction

The dominating logic of the economic system, market exchange in case of Cargonomia refers to the vegetables boxes and other products which are sold through Cargonomia. The income coming from these sales goes to the partners and Cargonomia gains some income from distributing and storing the goods. One of the motivations to create Cargonomia was to increase the number of box orders and to promote bike deliveries, which are clear profit

oriented goals. The sale of these products however, would not work without other types of logic because Cargonomia does not generate enough income even for one salary for one person, or nor have budget for marketing activities, etc. The coordination team and other participants work on a voluntary basis, offering their free time to manage the distribution, the communication with the partners and with the customers, organization of events, advertisements and media appearances. These relationships are representation of reciprocity activities.

Certain marketing activities are organized in a reciprocal way too. Main media appearances are result of personal relationships, networking, friendships. Since its opening, Cargonomia were present in several – mainly online – national and foreign media, e.g. HVG; Felelős Gasztrohős in Hungary; Cafebabel in UK and Italy; Bastamag; Hu-lala and others in France; and it is invited to several events and workshops mainly about transition. These articles and opportunities in events are both useful for the publishers/organizers because they can present a meaningful organization or an interesting story, and also for Cargonomia to promote its activities.

Other reciprocal practices concern the work in Cargonomia. People involved in Cargonomia gain a lot of non-monetary advantages. It provides a friendly working place, dynamic and open minded group; its events provide space for intellectual discussions and debates and provide opportunity to do meaningful activities what can be very challenging in the present economic system. Some of the participants can also get some of the goods in a reciprocal way, e.g. if more vegetable boxes are delivered to Cargonomia than it is needed, or somebody forgets go pick up her box, the vegetables are distributed among the participants who help during distribution.

Redistribution according to the theoretical part of this essay is a tool to achieve equity and social justice. In practice it could mean state subsidies and donations. Every year Cargonomia launches a campaign to get the 1% of personal income taxes, and every year it receives a certain amount. In addition to that the organization get subsidized by some EU or the Hungarian State supported projects.

The overlapping area between redistribution and reciprocity was named as voluntary redistributions. It involves state funds or benefits from central authorities but the usage and the activity involves personal commitment and personal cooperation between Cargonomia and these agencies. Some of the member of the collective often participates in conferences or lectures funded by state agencies related to sustainable transition, degrowth or similar areas. In these cases members often take the opportunity to present Cargonomia and promote its activities. This is based on the logic of reciprocity according to the co-researchers because the promotion of Cargonomia is not expected or not priority in this cases. In addition to that during some EU funded projects the volunteer time of the members was required in order to realize the project.

Free donations are exchanging goods or services based on donation. Such goods or services can be renting a cargo bike, renting the community place, organizing bike repair workshop, educational event for a school about organic farming, organic food and drinks offered at community events, etc. Most of these activities are paid by individuals or partners. These exchanges belong to the market in the logic of using money however, the amount to be paid is usually result of a friendly negotiation taking into consideration the financial capacity of the partner and their will to support Cargonomia.

Funding supported market activities supposed to be projects which are supported by funds but also involving market activities. In this area however, the co-researchers could not identify any activities because:

“Here we do not have anything because we do not have a financial viable activity which we could apply to get funds.” (one of the member)

## **7. Discussion and conclusion**

Cargonomia is one of the few organizations which achieve environmental and social goals at the same time by applying market exchange practices. This is result of a very careful and complex organization and also a strong intellectual background. Its norms which define the processes of the organization are carefully planned and discussed. This careful planning and conscious choices led Cargonomia to apply different kind of institutional logics. In spite of that the application these diverse types of logics was not among the main goals of Cargonomia, they developed as they are essential to achieve the mission of the cooperation. The continuous reflection on these practices are essential to comply with the initial goals of the organization.

To measure the stake of each type of logic among the activities were not part of the co-operative inquire process yet, however undoubtedly the reciprocal part plays a big role in the organization. The discussion among the co-researchers during the research process revealed that the fact that Cargonomia does not generate income to enumerate the participants has a lot of advantages regarding the achievements. How the dominance of market logic changes the relationship between people and their social, material and natural environment in a negative way that is how voluntary job changes the approach toward work in an opposite way. But working in Cargonomia is not only work: participants can take part in the events, and can benefit from its several non-monetary advantages, and it is also a political act. Voluntary work means freedom from the pressure of the profit. Also gains from redistribution processes relieve the financial difficulties. The independency from monetary terms allows that decisions can be made based on norms, social values and ethics instead of profit. Instead of self-interest common values are taken into account. That is how economic activities can be socially embedded and characterized by social values. From this point of view, it is not the profit generated by the production which is important, the ownership or the accumulation of goods, but the production itself, or according to Laville and Salmon (2015) the finality of the activity: the value which is produced, and also the way how that value was generated, and the process in which this value is created with its social and environmental consequences.

Regarding the plural economy model, the co-researchers expressed their positive surprise by seeing visually the diversity of type of activities which exist in the organization. Co-researchers also concluded that this diversity might ensure the existence of the organization and to be resilient it needs to develop further activities in all the domains.

In addition to carrying out various meaningful activities and complying with a complex set of values and goals, Cargonomia faces limits and several challenges. Its main limit comes from the fact that it has to exist in a market centered economy, it still has to pay rent among other costs, and the people working in it needs to generate income to cover their expenses. Coordinators and other participants rely on salaries of second/third jobs and it is a question of commitment how much one is able to contribute in Cargonomia's activities. It makes the organization quite exclusive at the same time. It is challenging to join such a group and certainly not every citizen can organize their every-day life to offer free-time to such activities. This challenge also limits



the ability to up-scale such a project unfortunately. Long-term functioning of Cargonomia remains a question and needs to be further investigated along with the ability of upscaling such a model.

This paper aimed to present the result of a co-operative inquiry which uses the framework of the substantive economy to review and improve the activities of the targeted organization. The research process has revealed so far how diverse types of institutional logics can contribute to achieve social and environmental goals and offer an alternative pathway to the dominant approach. It was presented what social and environmental goals mean to Cargonomia, and also how the different institutional logics was analysed through the activities of the organization. In the future the colective plans to develop further activities when the results of the analysis will be used and also to continue with the co-operative inquiry to support the activities.

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