

## **Karl Polanyi and Instituted Process of Economic Democratization**

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The scholar's endeavor must be, first to give clarity and precision to our concepts, so that we may be enabled to formulate the problems of livelihood in terms fitted as closely as possible to the actual features of the situation in which we operate; and second to widen the range of principles and policies at our disposal through a study of the shifting place of the economy in human society... Accordingly, the theoretical task is to establish the study of man's livelihood on broad institutional and historical foundations. The method to be used is given by the interdependence of *thought and experience*. Terms and definitions constructed without reference to data are hollow, while a mere collecting of facts without a readjustment of our perspective is barren. To break this vicious circle, conceptual and empirical research must be carried *pari passu*. Our efforts shall be sustained by the awareness that there are no short cuts on this trial of inquiry. (Polanyi, 1977:iiiv)

Karl Polanyi's concept of an 'instituted economic process' describes the paradoxical need for a social and political apparatus to install the 19th century self-regulating market economy. It also describes other social systems, or sub-systems that structure economic activity to correspond with and reflect a variety of norms, patterns of integration - social, cultural, political. The richness of Polanyi is found in his historical analysis of economies governed under very different principles, economies that feature production, consumption, exchange, but are not coordinated by the market system. His foray into non-market societies, (with extensive reference to the literature in economic anthropology) documents economic activity embedded in societal forms, an instituted economic process that can only be understood in its larger societal context. This is familiar to Polanyi scholars. What is perhaps less familiar and resonates with the objectives of this volume to examine processes of institutionalization and de-institutionalization, are earlier writings by Polanyi in which he addresses the process of social transformation through another lens. In these writings, many foundational questions are also raised that in today's context, are helpful in understanding socio-economic and institutional transformation. In particular, Polanyi's insistence on *agency*. As he would write much later in *The Livelihood of Man*:

For the dogma of organic continuity must, in the last resort, weaken man's power of shaping his own history. Discounting the role of deliberate change in human institutions must enfeeble his reliance on the forces of the mind and spirit just as a mystic belief in the wisdom of unconscious growth must sap his confidence in his powers to re-embodiment the ideals of justice, law, and the freedom in his changing institutions. (*Ibid*)

In contrast to both the atomistic individual in neo-classical theory and the socially

embedded individual underlying network analysis, Polanyi adopts the Aristotelian conceptualization of the societalized individual. His foundational argument, influenced by Christian philosophy, is that each individual is social in essence. Among contemporary thinkers, Charles Taylor contributes most to our understanding of the societalized individual. It is our social, indeed, our dialogical nature that governs our lives as individuals, that determines how we identify ourselves in the context of and with others, as well as our membership in social groups. (Polanyi,1935; Taylor, 1989,1991)<sup>1</sup> This is markedly distinct from the current instrumentalist approach to social capital and trust. (Coleman,1988; Putnam,1995, 2000; Fukuyama, 1995) In Polanyi, the emphasis is on the constitutive elements that define us as social beings. The atomistic individual motivated by self-interest is a social artefact. "Society is not something between men, nor over them, but is within them....so that society as reality ....is inherent within the consciousness of each individual". (Polanyi Levitt and Mendell,1987:24). Relationships are the 'key loci' of the self. This is a powerful conceptual tool with which to reject methodological individualism that denies the essence of individuals as socially constituted. Moreover, it does not slide into a collectivist approach that erases individuality.<sup>2</sup>

Individuals are also agents of social change; they are not passive actors constrained by their institutional settings. Today's reality increasingly confirms this as new institutional arrangements emerge and become part of a complex and interwoven institutional order that is increasingly fragile, despite pretences to the contrary. It features a great deal of experimentation "with old and new forms of politico-economic rearrangement" that cannot easily be reduced to any simple notion of transition. (Amin, 2001:570) This is true whether we consider institutional change at local or national or, for that matter, international levels.

We have a rich legacy of institutional thought to draw upon with which Polanyi is associated, that addresses the processes of institutional change or transformation and considers the impact of institutions on patterns of behaviour and habit as well as the impact of individual action on institutions, thereby taking account of pressures on existing institutional arrangements from below, so to speak. Despite this literature, J. Rogers Hollingsworth, in a recent article on the implications of doing institutional analysis for the study of innovations, states that we do not really have a consensus within the social sciences on what we mean by institutions or by institutional analysis. Although we talk a great deal about institutional change, we can neither measure the pace of this change nor understand how new institutions emerge. "One of the reasons for these

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<sup>1</sup> John Dewey also began with "sociable individuals". Today, there is a great deal of interest in Dewey's "deliberative democracy". His notion of the "public" must, however, not only be understood as functional, as people coming together to reduce the "burden of their separate actions" <sic> and to engage in "collective self-regulation" but as foundational in his recognition of the "unbreakable distinction between individuals and society". (Sabel, 1997: 182).

<sup>2</sup> Philosophers, theologians and more recently, feminist scholars address this in ways that economists and other social scientists do not. Julie Nelson, in her book, *Feminism, Objectivity and Economics* emphasizes that "...connection and relation do not necessarily imply the dissolving of individual identity... and the need for...the reconfiguration of selfhood as including both individuality and connectedness or relatedness". The "feminist approach to economics" she is proposing "is by no means only 'more sociological' than current economics, if what is meant by that is a turn to analysis assuming that agency lies entirely outside the individual". (Nelson, 1994:33-34)

shortcomings is that the social sciences are deficient in a theory of institutions. The building of new institutions and redressing the decline of some of the most important institutions of our societies are among the most important problems of our time". (Hollingsworth, 2000: 598,600)

### ***Order, Disorder and Social Innovation***

Considering the morphology of adaptation and transformation, a given model centers empirically on a core of actors whose behaviour conforms most closely to it; outside it there are successive layers of increasingly variability, which protect and legitimate the core model, but are themselves more exposed to external pressures....Under external pressure for change, core actors may first be driven to a more fervent assertion of the model, because of the way they have become 'locked in' to particular modes of behaviour, while *peripheral actors are more likely to innovate and adapt. Over time, the pressure for change is then transmitted to the ever more exposed core.* (Radice, 200:732)<sup>3</sup>

Societies are coordinated by many institutional arrangements and patterns of governance – by markets, hierarchies, networks, associations, communities, clans, the state – calling for "configurative analysis" to describe the relationship between these institutional arrangements and the rules and norms that govern a society. (Hollingsworth, 2000:605) These arrangements intersect and constrain each other; they generate inter-institutional tensions that force change in modes of societal governance or regulation. This is rare in societies with little institutional diversity, such as the former Soviet Union. The greater the diversity in institutional arrangements within society, the greater its capacity to adapt to new circumstances, the greater the probability for institutional innovation. "In sum, the robustness of institutions often depends on multiple and diverse principles and logics of actions, on the inconsistency of principles and procedures, on patterned forms of disorder". <sup>4</sup>(*Ibid*: 613) What Hollingsworth refers to as "incoherence in governance" is destabilizing in that it provokes ongoing change. It is this incoherence or instability that inspires social and institutional innovation. If we now consider agency, we may have the basis for a conceptual framework to understand institutional innovation as the product of complex, continuous and extensive interaction between individuals in different institutional settings, that both responds to and shapes the larger institutional context in which they reside.

For those engaged in dynamic social change occurring within civil society in a variety of institutional contexts and their uneven but visible impact on societal modes of coordination, this proposed analytical framework captures the processes of institutional change at local, regional, national and international levels. It reveals the incoherence within apparently stable governing institutions and opens the way for theorizing the role of actors in disturbing established patterns of governance. This is a powerful tool as it goes far beyond the more common appeal to engage in a linear, bottom-up analysis to evaluate the impact of social groups, movements on public policy and institutional

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<sup>3</sup> Emphasis, M. Mendell. Radice reinforces our argument that "...state centered analysis tends to beg the question of what agencies in society shape the agenda of the state". He concludes that institutional variation should be approached via historical political economy. Only this way can we analyse, to borrow from Polanyi, "the shifting place of the economy in human society" as institutional variation does imply a variegated set of relationships between economy and society.

<sup>4</sup> Emphasis, M. Mendell

innovation. It forces *continuous* analysis of *continuous* change. Unlike technological innovation, itself a complex field, social and institutional innovation is more difficult to evaluate as it is an iterative and interactive process that challenges power relations embedded within institutional settings at all levels.

Hollingsworth's analysis of institutional innovation is extremely useful as current empirical research demonstrates that social innovation that is transmitted to a macro policy regime is, in fact, occurring within micro and meso settings or sub-systems of regulation that are challenging norms through successful practice. Even if their larger impact remains incremental, they are contributing to a process of institutional reconfiguration. His insistence on the need for more descriptive studies to document institutional complexity, resonates with Polanyi's proposed method to study "man's livelihood" by combining "conceptual and empirical research", by conceptualizing lived realities.<sup>5</sup>

Our interest is in the impact of so-called civil society on policy or institutional innovation, on the pre-conditions that institutionalize, so to speak, those practices that are then transmitted across institutional sub-systems and vertically to macro or governing institutions. The innovation that results in instituted processes of economic democratization, the focus of this paper, is rooted in civil society and is generating the tension that Hollingsworth claims is the source of innovation. Our focus is on the actors, on agency and their role in constructing institutional settings, or sub-systems that contribute to the diversity of institutional spaces that have multiplied in recent years. In particular, the social innovation associated with community or civil society based sub-systems that are institutionalized territorially (local and regional intermediary or meso institutional settings) and/or sectorally (regional, national and supra-national movements).

Our job is to document these diverse and often divergent experiences as they emerge and evolve in their respective societies and cultures. In so doing, we are constructing an analytical framework, a methodology that combines *thought and experience*, leaving behind the barren conceptual world of axiomatic reasoning for a more complex analysis of social systems and their economies. (Polanyi, 1977) The institutional complexity of contemporary society, the co-existence of many sub-systems that often compete with or contradict the dominant order, challenge prevailing institutional structures. Their

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<sup>5</sup> In an article published in 1997, J. Rogers Hollingsworth and Robert Boyer provide an extremely useful portrait of the many "modes of governance" within various levels of society and how institutional arrangements that were previously "congruent at national levels are now more dispersed at multiple spatial levels". They are increasingly "nested" in regimes at regional, national, continental and international levels. In Hollingsworth's article written in 2000, he examines the institutional contexts themselves to evaluate their potential for innovation. By taking his analysis further to explore the role of actors in this changing institutional environment, we may be able to answer the question Hollingsworth and Boyer raised earlier in 1997. Does this institutional complexity, the "nestedness" to which they refer, affect our capacity to govern ourselves democratically? In other words, how does democracy express itself in this complex environment? (Hollingsworth and Boyer, 1997:470-477). Similar questions are being raised by those attempting to conceptualize the increasing political role played by social movements that are not only spatially dispersed, but are often in contradiction with each other. How they "displace contradictions" and work together to transform both their traditional "fixed positions" and their impact on policy regimes is another ways of exploring the issues with which we are concerned. (Hardt, 2002:117)

increased visibility and impact on patterns of coordination strongly suggests that “disorder within order” (Amin, 2001:567) or “patterned forms of disorder” (Hollingsworth, 2000:613) more accurately describe contemporary reality. As these sub-systems become more numerous, complex and effective, we follow Polanyi’s guidance and simultaneously describe and conceptualize this institutional complexity. And we recall Polanyi’s emphasis on agency, of the capacity of social actors to construct, modify and transform their institutions.

### ***Deconstructing Polanyi***

In re-reading Polanyi, especially his writings in economic anthropology and economic history, one returns to the heated debates between so-called formalists and substantivists he inspired in the 1960’s, creating two rival schools of thought. In these writings, Polanyi confirmed the uniqueness of nineteenth century liberalism. The market system is one of many possible institutional forms. Markets had existed throughout history as ‘accessories of economic life’; the economy was always ‘submerged in social relationships’. His search for a comparative economics led him to study the social arrangements that distinguish societies, to discover ‘the place of the economy in society’, thereby abandoning the artificial identification of the economy with its market form. In 1947, he wrote that the student of social anthropology is well equipped to understand the reality of society and to resist the universal application of economic determinism to all societies.

Polanyi’s critique of market liberalism is well known and increasingly adopted within mainstream thinking.<sup>6</sup> Ideas do eventually have to catch up with reality. What is less often referred to are the principles that underlie his critique - the foundational principles that challenge both utilitarian and collectivist views of individuals. Polanyi’s writings both before and after the publication of *The Great Transformation* provide the basis for a methodology that we can only begin to explore. These writings, in a sense, foreground the powerful analysis and critique of market society in *The Great Transformation*, of systemic breakdown, as the separation of the economy from society calls for continuous intervention to ensure the survival of the system, and for what we may call instituted sub-systems or “liberatory alternatives” that are the result of a different conceptualization of humanity. (Harvey, 2000:186) These are alternatives that, for the time being, exist within the dominant system but are forcing change, however uneven this may be. Their emergence or visibility (many have existed for a long time) is now being documented extensively around the world.<sup>7</sup>The conceptual work remains to be done. But for this, we

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<sup>6</sup> The Karl Polanyi Institute of Political Economy, located at Concordia University in Montreal is currently researching the web for references to Polanyi since 1989. There are approximately 25,000 references in this period alone. A similar search will be conducted for the 1980’s. It is not surprising that there was a surge of interest after 1989.

<sup>7</sup> Some experiences, such as the participatory budget in Port Allegre or the Grameen Bank in Bangladesh are well known. These are often showcased to demonstrate the capacity of civil society to successfully initiate alternative socio-economic strategies and institutions. The experiences and initiatives are so numerous that many analysts increasingly refer to the emergence of a parallel economy. Others speak of a citizens economy. Still others continue to maintain that these experiences remain on the margins. Clearly, we disagree. Whether we address the growing social investment movement worldwide and its international networks, individual experiences such as Mondragon in Spain, the social economy and its supporting institutional context in the North and in the South, as well as new instruments, tools and practices such as fair trade, while these are, in many cases, fragmented and differentiated, they are

need to join those who are calling for a broader interdisciplinarity. With few exceptions, those theorists who refer to themselves as heterodox economists have not reached out sufficiently to philosophy, epistemology and feminist studies.<sup>8</sup>

Polanyi provides important guideposts for such a methodology. Moreover, to Polanyi's insistence on the need for conceptual and empirical work, we must add strategy. The gathering of experiences that are contesting the dominant paradigm through lived realities is itself a strategy for change in different settings. While differences distinguish experiences from each other, they share the capacity to build alternatives within a larger institutional setting and force change when reality is increasingly in conflict with theory and policy. Polanyi's analysis also helps to understand why barriers to change are erected, but as Hugo Radice states, the contrast between innovative practices by "peripheral actors" and the tenacious grip on a model that corresponds less and less with reality and reveals the intransigence of its advocates, eventually gives way, even if a coherent new model is yet to be invented, let alone applied.

### ***Instituted processes of economic democratization***

How do institutional arrangements emerge, interact with each other? How do they survive within the larger society? What gives rise to this institutional hybridity in the first place? We know that interaction between these various institutional settings is key to larger social innovation and transformation. Do the same conditions hold within each of these individual institutional settings, that is, the need for interaction between social actors committed to designing new institutional spaces? The literature extends from those such as Hollingsworth who are particularly interested in innovation, to those who address the question more politically to consider the design of democratic participatory institutions that exist within a larger institutional configuration but challenge its norms through different structures of governance and practice (Fung and Wright, 2001), to those who examine spatial institutional arrangements from the perspective of learning environments and sites for territorial transformation that call into question market dominated strategies (Harvey, 2000; Stohr, 2000; Torjman, 2003). While the impact of these institutional arrangements on larger institutional change varies, their increasing visibility and success contributes to growing pressure for broader institutional change. How is this transmitted? What are the processes of transmission and transformation at each level? As we try and answer complex questions such as this, we discover quickly that a binary view of the world is not helpful. Systemic breakdown does not reveal the institutional complexity and processes of adaptation and transformation of contemporary society.<sup>9</sup>

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increasingly networked internationally are influencing policy at national and supra-national levels, the European Union, for example. Many of these experiences emerged in the South; many of these have inspired alternative strategies in the North.

<sup>8</sup> Feminist economists are contributing to this work. Cf . Marianne A. Ferber and Julie Nelson, eds., 1993.

<sup>9</sup> Jane Tooke, in a recent interesting article on community involvement, contributes to this argument from a different and very useful perspective. She explores transformative politics within "spaces for community involvement" and concludes that the capacity for community organizations to challenge power relations is demonstrated in their ability to simultaneously acquiesce and rebel. While they must comply with regulations, norms, etc., they have the ability, through practice, to transform these. Drawing on Foucault, Tooke suggests that "governmental power is an 'open and strategic game' rather than simply a question of imposing laws". This is another way

Karl Polanyi's writings on economic democracy, his proposal for a functional democracy (functional socialism), influenced by the guild socialism of G.D.H.Cole, the writings of Robert Owen, and especially those of Otto Bauer and the experience of 'Red Vienna' (1917-34), and his writings on education, contribute towards a conceptualization of contemporary processes of institutionalization, in particular, to what I have called *instituted processes of economic democratization*.

Polanyi provides a framework, however incomplete, that allows us to explore how he envisaged a transformation to a functional democracy might come about. The seeds were there. Vienna had constructed a municipal socialism that was participatory, inclusive and democratic. In response to Ludwig von Mises who insisted that a socialist economy was impossible, Polanyi argued that a democratic associative model of socialism was indeed feasible and contrary to Von Mises, that a system of prices and a well functioning economy could be built on principles other than the free market. I recall this socialist pricing debate briefly because of its contemporary resonance. (Mendell, 1990) Today, these writings by Polanyi provide an important historical reference for the current references to associational democracy or democratic associationalism that try to capture many alternative institutional arrangements.<sup>10</sup> Community based or locally organized socio-economic initiatives are developing viable organizational forms with functioning economies that challenge the prevailing model through practice. Like the many contemporary writers who are conceptualizing these democratic sub-systems of regulation or parallel systems of socio-economic organization, that exist and co-exist within a larger institutional context and in sharp contradiction with the dominant paradigm, Polanyi was engaged in debates to dispel the impossibility of socialism thesis and in conceptualizing an alternative grounded in the lived reality of socialist Vienna.

In his proposal for a functional democracy that was dynamic and interactive, Polanyi designed an institutional arrangement of associations of producers and consumers and an overarching "kommune", a citizen's assembly of sorts, to work in the collective interest. For this functional democracy to succeed, it required both the commitment to the collective well-being as well as the "effective performance of each individual within his particular occupation and function". This, however, is only possible if each individual is conscious of his particular function.

Consciousness of particular economic functions requires, as its precondition, an overview and collective comprehension of all the elements of the economy....Bauer is absolutely correct in his insistence that the educational work to be done is the problem of social organization....consciousness without context, without specific circumstances, without - in the case of a collectivity - *Ubersicht* (overview) is an impossibility. (Polanyi, 1922).

Polanyi emphasized the need to study the processes of transformation in which people participate and how these processes respond to needs. He referred to this as the 'inner-overview' or democratic surveillance *ubersichtleitung* - from the inside out - in which our lives and our lived experiences are foundational. Associations, trade unions, can provide this information, as civil society organizations (social movements, community groups)

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of saying that within institutional contexts or sub-systems, innovation is possible. Our question is when and how this gets transmitted to coordinating institutions. Tooke, 2003:234.

<sup>10</sup> See Cohen and Joel Rogers, 1995 and Amin, 1996.

are well placed to do so. This data is essential to an 'overview' *ubersichtsproblem* of the economy- the macro picture. The link between the micro and the macro is provided by associations. This resonates with the emergent and hybrid institutional sub-systems that, in many cases, reconfigure relations between the private, public and community sectors, often in the form of partnerships. And with the key role that social groups are playing in constructing a body of knowledge in which people are the agents of socio-economic organization and transformation. Today we speak of capacity building, empowerment, learning environments and so on. While one has to carefully evaluate how these concepts are being applied, I believe that they help to understand dynamic processes of institutional change; they do matter. Polanyi's emphasis on collective learning provides us with a very important strategic and transformative tool. And his insistence that the laws of the economy can be negotiated applies to market liberalism as well in which laws of the economy are negotiated to serve the imperatives of the market economy.

### ***Democracy and Social Learning***

In an article on the international crisis, written in 1933, Polanyi wrote that a reconstituted democracy requires an active citizenry; in an alienating environment, this can only occur through social learning. "Knowledge" of the situation is both necessary and sufficient to dispel the myth of inevitability and powerlessness. "Knowledge" of the prevailing political and economic environment and the realization that one can resist, mobilizes individual and collective action. This requires institutional innovation. In Polanyi's words, "the more richly, deeply and diversely the institutions of democracy are cultivated, the more realistic it is to devolve responsibility on the individual". (Polanyi, 1933)

The market as an instituted process relies on a social construction of knowledge that reinforces the prevailing orthodoxy through text, through interpretation, through language, through the media and the formation of public opinion. Polanyi argued passionately for curriculum reform and universal access to education. In the 1940's, he participated in the debates on educational reform in the UK, on socialist education within the labour movement, and on adult education. He spoke of the need to develop the intellectual and cultural equipment of the working class to enable it to transform society, to construct a body of valid knowledge that denies the inevitability of a class society and the impossibility of democratic planning. This required a radical reorganization of knowledge to reflect the reality of working-class experience. This is very close to the critical and vital work of feminist scholars and their legitimation of everyday experience as their corpus of basic knowledge and as a mobilizing force for women in transforming the lives of both men and women.

Lived reality challenges the dominant paradigm. Equipped with this knowledge, "the individual is himself, economically as well as epistemologically, a different individual".<sup>11</sup> But let's have a look at different ways in which education or knowledge construction can be seen. Geoffrey Hodgson writes that "...learning takes place through and within social structures and ... involves adaptation to new circumstances and ultimately to the reconstitution of individuals" such that, "...institutions and cultures play a vital role in establishing the concepts and norms of the learning process."(Hodgson, 2002:176-177)

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<sup>11</sup> Douglas Vickers. *Economics and the Antagonism of Time. Time, Uncertainty and Choice in Economic Theory*. Ann Arbor, University of Michigan Press, 1994:115, quoted in Hodgson, 2002:177.

Polanyi examines the nature of those institutions and cultures and whether people can recognize themselves in the learning process. If they cannot, they are disempowered and indeed, disengaged. Once again the experience of Red Vienna and its commitment to culture, social issues and education, played a critical role in his analysis, having seen the powerful impact of a socially situated educational experience.

In Vienna, “the leading idea was to create a new environment for human life by institutional means at the center of which was school reform, rooting the child’s mind in its cultural setting”. The social democrats took this further to transform citizens into a ‘socialized humanity’ through a ‘politics of pedagogy’. (Mendell, 1994) The objective was to transform the ‘outlook’ of the working class. Education, the reappropriation of knowledge was critical for an emancipatory politics. Or in the words of Raymond Williams, it is necessary to mobilize imaginations; people need to believe that change is possible<sup>12</sup> We need to construct ‘discursive regimes’ - systems of knowledge and ways of thinking to define a different kind of imaginary and different modes of action that reflect our daily lives and the world in which we live. (Harvey, 2000:214) We read this and think of course, of popular education and the important work of Paolo Freire and the politics of pedagogy. But as Veblen insisted, this also applies to technological change that requires a “change in how people think”. It is not enough to embed knowledge in those implementing technological change; the “acquisition and transmission of knowledge is a social process”. (McCormick, 2002:274) Today, knowledge as a social process underlies the growing references to ‘situated knowledge’, to learning environments that describe socio-economic innovation in communities, localities, regions. These innovations are the outgrowth of a collective learning process as individuals and groups engage in successful strategies to transform their economies. (Torjman, 2003)

Most of these recent experiences emerged in response to economic restructuring in the 1980’s, and to a critique of a clientelist approach of the welfare state leveled by many progressive groups, though some have a longer history. As these experiences become more numerous and more visible today, they appear less as fragments and more as institutional sub-systems that are the result of negotiation, collaboration and partnerships between stakeholders - private, public and popular or social movements. Social entrepreneurship, collective ownership, social investment, compete effectively with market based structures of private ownership and individual profit. These initiatives are occurring within new hybrid institutional settings, often at the meso level. They are creating horizontal linkages between different social actors and the state and vertical sectoral linkages. They are locally or regionally based; they may be represented by larger associative networks that negotiate on their behalf with different levels of government. These initiatives depend on co-evolution, a combination of learning and resilience on the part of those involved. (Paquet, 1999) But the foundation for these initiatives rests with local actors, who are transforming their communities by reclaiming knowledge, by denying the narratives of inevitability through practice. The result is a mix of political, social and economic mechanisms that vary from community to community and between countries. What some refer to as an innovative learning process is, in fact, a radical cognitive project, out of which a new conceptual discourse based in action is emerging, forcing the state to react, to participate and, in many cases, to itself engage in institutional innovation. These new institutional arrangements are reconfiguring social relations and are having an impact on the larger agenda, on transforming regimes of

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<sup>12</sup> Raymond Williams, *Resources of Hope* quoted in David Harvey, 2000:17.

governance.

For Polanyi, working class education was about more than access, though this was certainly critical in the debates in which he took part in the 1940's. A working class education was essential for capacity building, for mobilization, for social transformation. Today, "citizens and community have in associative forms the process of production and management as well as a field for democratic learning and experimentation, a mechanism of autonomy in the face of market alienation and bureaucratic power of the state". (Carpi, 1997:265) The institutional settings that consolidate these initiatives become strategic learning environments as they bring together actors previously situated in hierarchical institutional arrangements.

I would like to take this further and suggest that today, there is a *process* or, rather, there are *processes of economic democratization* under way that are re-embedding the economy in social contexts and that these are taking many forms; community and local economic development, the social economy, industrial districts, new instruments of capital accumulation, participatory budgets, to name a few, with demonstrated socio-economic objectives. One would have previously considered these as a catalog of counter-movements in response to the (predictable) failure of the neo-liberal agenda. While this is certainly true, they are also demonstrating the importance of *process* as they emerge and evolve. This is generating debate among political scientists with growing reference to deliberative democracy to describe the impact of these initiatives on institutional innovation.

An interesting challenge by Chantal Mouffe questions deliberative democracy as an appropriate theory of democracy since its ultimate goal is to resolve crisis and achieve consensus, which she says, is not the essence of democracy. For Mouffe, agonistic democracy better captures this environment and reflects the dynamic tensions and negotiations that define and enrich democracy. (Mouffe: 2000) These are important conceptual debates that bring us closer to understanding how systemic change occurs, at the micro, meso and macro level. The actors are, in a very real sense, writing the script. Within the reality of society, the many experiences occurring in the North and in the South challenge any notion of institutional isomorphism or inertia as institutions are forced to react, however slowly, however incrementally. Indeed, these experiences occur within a larger institutional setting that maintains its grip on the economy. That said, processes of change originating in civil society, are influencing individual and collective behaviour and institutional transformation. What may appear as disaggregated double movements spread over time and space or as differentiated, isolated and marginalized socio-economic innovations, are, in fact, located within new and intersecting institutional sub-systems. They demonstrate, in Polanyi's words, "the role of deliberate change in human institutions" of the "freedom to change institutions". (Polanyi, 1977)

These processes of change are forms of resistance that move beyond claims for resources and political space, beyond a politics of contestation to negotiating new social arrangements within a plurality of institutions that intersect and overlap and in so doing, increasingly blur the boundaries between civil society and governing institutions.

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