

The humanization of the economy through social innovation

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Abstract

In his book *The Great Transformation* (1944), Karl Polanyi introduced the concept of a *double movement* in society. The first movement is towards marketization: the spread of market thinking and market-based forms of allocation throughout society, driven by international trade and naturalist ideas of competition and utilitarianism. The second movement consists of social protection against the negative consequences of that same marketization through state-based social security systems. This second movement has taken several forms, such as the creation of factory regulations (offering protection against work place hazards and worker exploitation), social security of some sort (state-based poor relief and support for the old and sick), and rise of (nationalistic) fascist parties (promising protection from threats to culture or country).

In this paper, we argue that Polanyi’s two-movement model is best reformulated as a three-movement model of i) marketization, 2) state-based social protection and 3) the humanization of the economy. The third movement is a countermovement to the first movement and to some elements of the second movement. Like its two cousins, the humanization movement reaches across sectors, and is based on specific organizing principles that shape the characteristics of formal and informal governing institutions. The three movement model helps to make sense of current developments: the rise in humanization initiatives, against the background of marketization and reform of the welfare state.

We view this third movement as a process of humanization and re-embedding as the opposite of dis-embedding: the loss of social ties and sense of purpose in individualistic societies. It is not re-embedding in the sense of restoring the past, which in our view, was not a time of happily embedded people. Efforts at or processes of re-embedding can, however, involve the re-discovery or restoration of old organisational forms, which are then recreated in a modern form.

The paper makes a contribution to the literature on transformation and social innovation. It is based on a dialectic view of the world containing different logics which interact with each other but also have their own vehicles for change in the form of institutions, networks, practices, and self-legitimation. Empirically the focus is on Western countries and social innovation initiatives that are based on a positive appreciation of social ties (human bonds), the commons, practices of sharing and collaborating with an important role for personal integrity and intrinsic motivations.

¹ This paper is based on research for the TRANSIT project and is an attempt at theoretical generalisation. TRANSIT is an international research project that develops a theory of Transformative Social Innovation that is useful to both research and practice. It is co-funded by the European Commission (grant agreement no 613169) and runs for four years, from 2014 until 2017. The TRANSIT consortium consists of 12 partners across Europe and Latin America. For more information, see <http://www.transitsocialinnovation.eu/>. We thank Pieter Glasbergen for offering critical comments on an earlier version.

1. Introduction

In his book *The Great Transformation* (1944), Karl Polanyi introduced the concept of a double movement in society. The first movement is towards marketization: the spread of market thinking and market-based forms of allocation throughout society, driven by international trade and naturalist ideas of competition and utilitarianism. The second movement as a *counter movement* consists of social protection against the negative consequences of that same marketization. This second movement has taken several forms, including both progressive and regressive manifestations. Examples include the creation of factory regulations (offering protection against workplace hazards and worker exploitation), social security of various sorts (state-based unemployment benefits, poor relief, and support for the old and sick), and the rise of (nationalistic) fascist parties (promising protection from imagined threats to culture or country).

Here we argue that Polanyi's two-movement model is best reformulated to a three-movement model of 1) marketization, 2) state-based social protection and 3) the humanization of the economy. The third movement is a countermovement to the first movement and to some elements of the second movement. Like its two cousins, the humanization movement reaches across sectors, and is based on specific organizing principles that shape the characteristics of formal and informal governing institutions. The three movement model helps to make sense of current developments: the rise in humanization initiatives, against the background of marketization and reform of the welfare state.

We frame the 'humanization of the economy' as *the development of economic and social activities and relationships that help to satisfy basic psychological needs for autonomy, social relatedness and personal competence with an important role for serving a great cause* (the well-being of others and nature). We hypothesize that the current economic system largely fails to satisfy basic psychological needs; and that there is a societal movement of alternative economic activities which can better express and meet those needs. We refer to such alternative economic activities as 'social innovation initiatives' for the reason that they involve new social relations and new ways of doing, organizing, framing and knowing (Haxeltine et al. 2013, 2016; Avelino et al. forthcoming). In this paper we focus on social innovation initiatives that can be understood as aiming to 'humanize' the economy. Examples are working arrangements enabling self-determination; communal ways of living; organizational forms based on trust, common ownership, social purpose orientation and mutuality; open source production; scientists' involvement in transformative action; makerspaces; participatory budgeting; and other forms of citizen participation, social impact organisations (such as Ashoka and Impact Hubs); alternative currency systems at the local level and different forms of engaged citizenship (Jørgensen et al. 2016).

We view the third movement as a process of re-establishing the social ties and sense of purpose removed or curtailed in individualistic market societies, often also impelled by a concern for nature. We view the third movement as transcending state-based forms of social protection and the competition and individualism of the first movement. This understanding of social innovation phenomena, as a historically emerging third movement responding to the societal challenges created by or met insufficiently through marketization and bureaucratic social protection themes, has only been partially addressed in literature on the social economy, the solidarity economy and the third sector (Defourny & Develtere 1999; Moulaert & Ailenei 2005; Defourny & Nyssens 2013; Laville 2016). Rather than viewing it as a form of communitarianism we view it as being grounded in basic psychological needs for autonomy, relatedness and (exercising and developing) competence.

The paper makes a contribution to the literature on socio-economic transformation. This is not a field of study but a topic studied by historical sociologists of work and living (Tilly 1992; Sennett 1998, 2012; Schor 1992, 2010) and political economy scholars (Polanyi 1944; Block and Somers 2014). It is also touched upon in transition studies about sociotechnical system change (Geels and Schot 2007; Grin et al. 2010; Smith et al. 2010; Swilling and Annecke 2011; and responses to it, for example, Stirling, 2014); modern variants of long-wave theory (Freeman and Louca 2001; Perez 2000) and the literature on social innovation (Franz et al., 2012; Howald et al. 2013; Moulaert et al, 2013; Westley et al. 2006; Westley and Antadze 2010).

To these literatures we offer a deeper consideration of individual motivations and the psychological needs behind them as well as a new scheme of societal transformation in the form of a model of three interacting movements. For this we draw on positive psychology, especially self-determination theory (Ryan and Deci 2000a, 2000b; Sheldon & Ryan 2011; Vansteenkiste & Ryan 2013).

Empirically the focus is on European countries (especially Western-Europe) and includes social innovation initiatives that aim to contribute to a more sustainable, just and resilient world. The cases discussed are European cases studied in the TRANSIT project and two cases of social innovation from the book *Reinventing Organizations* by Laloux. They have been chosen because they are believed to constitute cases of social innovation offering humanization benefits. The case material is integrated in a theory-based narrative.

The structure of the remainder of this paper is as follows. Section 2 describes self-determination theory. Section 3 explains how we build on Polanyi's double movement. Section 4 describes dehumanizing aspects of the marketization of society (the first movement): how market thinking has entered domains of family life and systems of care and undermined values of equality, responsibility and justice. At the same time, positive aspects of marketization are appreciated (wealth-enhancing efficiency and voluntary exchange). Section 5 describes elements of de-humanization in the social welfare and care system related to interpenetration of marketization and bureaucratization (the second movement). Section 6 describes social innovation networks and initiatives based on mutuality, and discusses the underlying principles and motivations. The final section examines the interplay between the three movements. Attention is paid to hybrid forms/syntheses and antagonisms between these movements and the mutual influences that they exercise on each other.

2. Self-determination theory

Self-determination theory (SDT) based on the elements of autonomy, competence and relatedness is an essential part of the framework of positive psychology (Sheldon & Ryan, 2011). Autonomy refers to the ability to choose one's own acts and to act in line with personal values and identity, and it is experienced as volition (Ryan & Deci, 2006); relatedness is about feeling part of a social group and the experience of care by others (Baumeister & Leary, 1995), and competence is related to the perception of effectiveness in carrying out action to achieve one's goals, thus involving a search for stimulation and optimal challenges (Bidee et al., 2013). In order for pro-active and engaged behaviour to be possible, satisfaction of needs for autonomy, competence and relatedness is necessary, and the quality of their satisfaction is related to both positive and negative outcomes. The need for autonomy, competence and relatedness and their importance for wellbeing have been extensively documented in cross-cultural research (e.g. Chen et al., 2013 for a recent example).

Different contexts can either foster need satisfaction, and thus actualize our potentials for growth, creativity, intrinsic motivation, effective functioning and well-being, or lead to need frustration and/or need thwarting, and thus activating our vulnerabilities towards defensiveness, pathological functioning and ill-being (Vansteenkiste & Ryan, 2013).

Intrinsic motivation is a natural human propensity towards choosing and performing activities that are experienced as enjoyable and pleasurable, thereby helping to maintain high levels of effort and persistence over time. It mediates the relationship between psychological need satisfaction and human well-being, which explains why it is considered the highest autonomous form of motivation. Although a natural propensity, intrinsic motivation is sensitive to contextual conditions that can either foster and support it, or hinder it. The value of fostering intrinsic motivation is recognized by Teal organizations (Laloux, 2014) through, for example, choices not to grant bonuses or other extrinsic rewards (beyond salaries) to employees. In other types of organizations, extrinsic rewards may hinder intrinsic motivation for an activity, by externalizing the locus of causality (Ryan and Deci 2000a).

Autonomy may be fostered or undermined by the organizational context. Autonomy support allows individuals to transform organizational values into their own (Ryan and Deci, 2000b). Autonomous forms of motivation are also more likely to be sustained in contexts characterized by a sense of security and relatedness. Feelings of competence in action also contribute to persistence of self-determined motivation. Contexts that are controlling, critical and rejecting rather lead to controlled forms of motivation, which are harder to sustain over time, entail higher organizational costs (e.g. in terms of supervisory effort and low employee engagement) and also lead to the experience of ill-being and lack of a sense of meaning for employees. In general, first & second movement contexts are insufficient, ineffective, and even counter-productive, in providing for psychological need satisfaction contexts, which facilitate personal growth, well-being and actualization of people's potential (contexts for thriving). Dissatisfaction with such contexts may lead people to look for or create other contexts for work and living that are more fitting with and supportive of their needs for autonomy, competence and relatedness.

The very few attempts that exist to look at these relationships in social innovations have found that members of initiatives instinctively understand the importance of the three psychological needs and actively seek to provide support for them to other members, in order to ensure commitment and persistence (Reznickova & Zepeda, 2016; Zepeda, Reznickova and Russel, 2013).

The needs for autonomy, relatedness and competence are not higher level needs (as suggested by Maslow), which become important once needs for nutrition and shelter are satisfied: they are basic psychological needs (Sheldon & Ryan, 2011).

In the paper, we will examine the ways and degrees to which those needs are adhered to or undermined by marketization, state-based protection systems and in humanisation of the economy initiatives.

3. The double movement identified by Polanyi

During the Second World War Polanyi worked on a book about the marketization of society. He traced this back to the industrial revolution causing social dislocation and demand for social and economic protection. The book published in 1944 was unusual in several regards. It offered:

- a historically informed discussion of how markets depend on the liberal state and the institution of the gold standard;
- the critical discussion of market liberalism and an economic system entirely based on self-interest;
- the critique of the commodification of labour, land and money (causing the market economy to have a disproportional influence on society);
- the interdependence of the markets for goods, labour and money, how markets give rise to demand for protection (with demands coming from business, land-owners and unionised workers) that are taken up by the state;
- how the state is ideologically driven towards market liberalism but actively concerned with offering protection to business and workers, and
- how the operation of free markets can give rise to strong states and to fascism and international conflict.

Polanyi saw the market economy as an instituted process with the gold standard as a central institution, forcing austerity programmes and inducing beggar-thy-neighbour policies. He developed the notion of double movement which combines the need for protection with *laissez faire* and free trade. Polanyi saw Fascism and the New Deal as responses to the same phenomenon: economic downturns and insecurity.

The book is rich in discussing the political economy of markets and the ideas of liberal market protagonists (especially their views on human nature as driven by self-interest and economic calculus) but short on describing the dehumanization of life in any detail. As a solution, Polanyi proposed "democratic politics" resulting in an embedding context for the economy, but the details of that are not very well worked out. The demand for social protection led to the creation of a welfare state and use of tariffs and other trade barriers.

4. The first movement: marketization of human life

In Europe, the rise of capitalism brought about a change in social relations. Initially, the "social relationships between capitalists and workers ranged from various purchase arrangements in which producers owned the tools, premises, raw materials and finished goods to various putting-out arrangements in which the merchants owned some or all of them" (Tilly, 1992, p. 54). Over time, workers became less the masters and owners of their work and tools, but workers "in large shops under centralized time-discipline" (ibid, p. 54).

The marketization of the economy was based on the philosophy of classical liberalism which attributed a positive role to individual freedom. Classical liberalism came in two forms, the form of social Darwinism which is anti-poor relief and more humanitarian forms with a positive role for poor relief and education. An economic translation of liberalism was provided by Adam Smith in *The Wealth of Nations* (1776), where he argued that the pursuit of self-interest in free market exchanges would promote the wealth of a society better than if people tried to improve it directly out of

altruism for the sake of the common good. None of the classic libertarian philosophers fully anticipated the extent to which markets sustain values of self-interest and competition, especially in the era of weak labour unions.

In the evolution from a market economy towards a market society, classical liberalism, which is concerned with freedom and rights, was supplanted by neoliberalism, the economic ideology seeking an enhancement of the role of the private sector in the economy through privatization, fiscal austerity, deregulation, free trade, and reductions in government spending. The argument in favour of a free-market economy arises out of utilitarian principles. Utilitarianism is the normative theory according to which the best moral action is the one that maximizes utility. It has its sources in Jeremy Bentham's *An Introduction to the Principles of Morals and Legislation* (1789). Neoliberalism has its sources in the works of Friedrich Hayek, Milton Friedman and Ayn Rand. The title of Hayek's most well-known work *The Road to Serfdom* is an ardent warning against government control of economic decision-making.

Echoing Polanyi's ideas, several philosophers have in recent decades expressed their concern about the marketization of society, such as Jürgen Habermas (1984), Michael Walzer (1983), Elizabeth Anderson (1990), Michael Sandel (2000, 2012) and Debra Satz (2010). According to Sandel, professor of political philosophy at Harvard University, in the last three decades we drifted, without realizing it, from having a market economy to being a market society. A central point in Sandel's analysis is the idea of *corruption* which occurs through two mechanisms: first, markets have the potential to corrupt the traded goods themselves, such as the sanctity of the body in the case of kidney sales. Second, markets have the potential to corrupt ourselves by crowding out our altruistic motivations for performing certain actions. Satz agrees with Sandel that markets shape our culture, foster or impede the development of human capacities, and sustain or undermine valuable forms of human relationships. We need to maintain some non-market sector where people can relate to each other on terms outside the cash nexus, a place where people can exercise their civic virtues.

In *Together: The Rituals, Pleasures, and Politics of Cooperation* (2012) Richard Sennett takes up the theme of competition and high performance in the market place. He argues that people are losing the skill (or 'embodied craft') of cooperation because of structural inequality, job insecurity and new forms of labour. Why emotionally invest in your colleagues, employer and company if you know that your involvement will be brief? According to Sennett, "short-term teamwork, with its feigned solidarity, its superficial knowledge of others" represents the very opposite of cooperation. Sennett cites George Soros on how monetary transactions and interactions have displaced sustained relationships in the marketplace. Short-term jobs and temporary teamwork undermine loyalty to others and sustained relationships in which cooperation is practiced. It alienates employers from both the product of their work and their colleagues. According to Sennett, the modern globalization of the economy alienates individuals from one another and is 'de-skilling people in the conduct of everyday life' (2012: x).

The negative side of materialism and individualistic ways of life has been confirmed by psychological studies of people's well-being. It is being found that people with materialistic values are less satisfied with themselves and have more shallow and superficial relations (Kasser, 2002). They also feel pressured, compelled and controlled rather than free and autonomous.

In a market environment, self-actualization is possible within the constraints of the organization context (its culture and orientation to shareholder value maximization). Work for pay can be

satisfying and fitting with one's values but oftentimes it is not. According to a Gallup survey in 2011-2012, across the world only 13% of the workers are engaged, in the sense of psychologically committed to their jobs and goals of the organization. 63% are not engaged and 24% are actively disengaged.²

5. The second movement: state-based social protection

In Europe, welfare systems have been created to deal with problems of economic insecurity, inequality and pacification (to circumvent communism). For social care and medical care, systems of provisioning have been developed, funded by the state through the tax system and through (obligatory) insurance payments. Besides creating social welfare systems, countries in Europe and the US and Japan introduced important environmental legislation and workplace safety regulations for workers in the 1970s and 1980s.

Polanyi describes the second movement as inherently intertwined with the emergence of the first movement of marketization:

“While on the one hand markets spread all over the face of the globe and the amount of goods involved grew to unbelievable dimensions, on the other hand a network of measures and policies was integrated into powerful institutions designed to check the action of the market relative to labor, land, and money. While the organization of world commodity markets, world capital markets, and world currency markets under the aegis of the gold standard gave an unparalleled momentum to the mechanism of markets, a deep-seated movement sprang into being to resist the pernicious effects of a market-controlled economy. Society protected itself against the perils inherent in a self-regulating market system - this was the one comprehensive feature in the history of the age. [...] [This countermovement] was a reaction against a dislocation which attacked the fabric of society, and which would have destroyed the very organization of production that the market had called into being.”
(Polanyi, 1944, p. 136)

From the point of view of self-determination theory, the social welfare systems, through income transfers to those without a job, allowed recipients to live independently (compared to the old system of poor relief). This is to be positively valued. Inadvertently, however, state-based support undermined family-based systems of support, and contributed to more individualistic ways of lives.

In an attempt to get more people into paid jobs, in Europe, governments have introduced a series of welfare state reforms in terms of restricting access and accelerating exit, segmentation of participants, introduction of contractual obligations, and application of diverse incentives for recipients of public assistance, disability, and unemployment (Gilbert, 2005). For social welfare claimants, the reforms had some dehumanising aspects (next to the earlier mentioned positive effects). Unemployment claimants are coerced to apply for jobs which include jobs they have little interest in. Failure to comply with requests from welfare officers lead to punishment in the form of financial sanctions, undermining the “freedom of the self to assume life in such a way that it is expressive of his or her integrity as a self” (Yeatman et al., 2009, p.4).

² <http://www.gallup.com/poll/165269/worldwide-employees-engaged-work.aspx>

In broad terms we identify three main types of unintended consequences of the welfare system that are becoming increasingly critical, and as such form the context conditions, together with the negative systemic consequences of private marketization, for the emergence of the third movement:

1. **Erosion of community resilience:** the emergence of a co-dependence on both market-based solutions and state welfare, at the cost of traditional forms of social relations and informal modes of exchange.
2. **The limited success of policies aimed at addressing social exclusion** because reintegration activities are too much oriented towards the market economy and too little towards solutions that treat people as human beings, valuing their capabilities and values.³
3. **The persistence of long-term, sometimes trans-generational, unemployment among a significant minority of the working-age population,** combined with treating unemployment benefit receivers in a non-human way, through the use of bureaucratic rule, orders and the use of sanctions in case of violations of those orders (providing proof of job applications, taking a course...).

The situation of treating individuals as statistics to be managed has the effect of reinforcing their disempowerment.

6. The third movement: the humanization of economic life

The process of marketization and dehumanizing effects of the welfare state received a great deal of attention by critical scholars. Less attention is being given to the humanization process in the form of less hierarchical forms of decision-making in business and public organizations, new and non-profit ownership models, greater self-determination in work, ethics-based forms of consumption, humanistic education and science (representatives of which are Rudolf Steiner, Abraham Maslow, Charles Reich and Fritz Schumacher), science shops and *pro bono* legal help, commons-based peer production, social enterprises, alternative currencies, communal ways of living and working, the sharing of urban spaces and participatory budgeting. They are not occurring in a separate sector of the economy (such as the third sector), but in all sectors (in different ways and at different degrees).

Below we offer a description of a number of activities based on values of sociality, autonomy and self-effectiveness as third movement elements. The activities discussed are: time banks, eco-villages and transition towns, home care, and family group conferences.⁴

Timebanks are a service exchange system using time as the currency. It allows receivers of help to do something back, whilst providing services of choice to providers of help. It fosters self-esteem (selfworth) for those who lack this and turns an isolated exchange transaction into an ongoing relationship (Cahn, 2000). Communities get rebuilt through activities fitting with people's needs and capabilities, without state interference (Weaver et al., 2015).

Eco-villages are places for self-realization and for strengthening immaterial values like enjoying nature, community and cultural, creative life (Kunze et al. 2015). Relating to Elinor Ostrom's research

³ This effect is distinct from but combines with a growing disenchantment with political leaders and elites of all kinds in much of Europe today.

⁴ The choice of cases is based on cases we have been studying in the TRANSIT project and well-documented cases we came across. They have not been selected in a systematic way.

of commons, ecovillages are an example of re-inventing commons in a new ‘third movement’ manner. They are not created on the basis of a template but democratically designed by the members. Many ecovillages use ‘sociocracy’ and related alternative decision-making (Kunze and Avelino, 2015). As intentional communities they seek to ‘re-humanize’ social relations with the help of trustful and community-based organization allowing individuals to thrive in a community setting. Differences are tolerated and respected, and the members involved strive for mutual understanding. Compared to the traditional forms of community life, they are modern in the sense of valuing individual freedom and equality.

In Transition Towns Initiatives groups of activists engage in projects within a locality, to “actively and co-operatively creating happier, fairer and stronger communities, places that work for the people living in them and are far better suited to dealing with the shocks that’ll accompany our economic and energy challenges and a climate in chaos” (Longhurst and Pataki, 2015). People are not living together (as in eco-villages) but engaged in cooperative action of their own choice and desire. According to a survey under 276 Transition Towns, the majority cooperate with local government, local business, NGOs and other transition initiatives (Feola and Nunes, 2014). They are largely based on unpaid work. Overall, conflicts were minor and generally resolved.⁵ In arriving at decisions, Transitions Towns moved from a consensus based approach to a consent-based approach. They also have a health check tool as well as other tools to make sure people’s needs (especially their inner needs) are adhered to.

The three initiatives described differ in terms of the attention given to inner transformation, use of prices, currencies and use of formal and informal forms of regulation.

Humanisation initiatives can be observed in different areas, including the public sector and commercial business. The idea of people gaining control over their life with the support of others is a guiding principle for reforms in social care in the Netherlands, which seek to make people less dependent on care provided by professionals and involve them in productive activities fitting with their capabilities. An example is people with a disability working in a (neighbourhood) restaurant.

In the book *“Reinventing Organizations”*, Frederic Laloux’s offers a detailed description of 12 organizations, ranging from 100 to 10 000 employees, non-profits, for-profits, schools, healthcare organizations and firms that can be regarded as socially innovative in terms of their non-hierarchical, inclusive and purpose-driven organizational structures and cultures. Laloux (2014), using a color-code to designate different organizational paradigms, calls these “Teal organizations”, which are characterized by self-management, evolutionary purpose and wholeness. These represent a striking contrast to the power hierarchies, silos and ego-conflicts prevailing in numerous organizations today.

In each of the organizations described in the book there has been a shift from extrinsic motivations to intrinsic motivations, thanks to a more facilitating context for people to experience relatedness

⁵ In 10 out of the 276 networks one or two persons left the initiative. The element of conflict begs deeper analysis. The sources for conflict according to the survey are: i) strategy, direction and priorities of the transition initiative (55 transition initiatives), ii) decision-making, responsibilities or internal management (including time management and leadership) (36 transition initiatives), iii) issues in a specific project (e.g. how to develop an activity) (25 transition initiatives), iv) personalities (9 transition initiatives).

and exercise competence and autonomy, as fundamental psychological needs besides safety, security and sustenance.

An example of an organization that offers a supportive context for exercising autonomy and competence and experiencing relatedness is Buurtzorg (“neighbourhood care” in Dutch), a Dutch non-profit healthcare organization with 7000 employees offering care at people’s own home to more than 80,000 people (see Laloux, 2014 for more examples of this kind) that offered a radical alternative to the dominant healthcare providers (see the illustration of the marketization of healthcare in section 3). In Buurtzorg, nurses work in self-organized teams without leaders, in which they decide collectively on all relevant issues of care:

“not only for providing care, but for deciding how many and which patients to serve [...] the intake, the planning, the vacation and holiday scheduling, and the administration. [...] They determine how best to integrate with the local community, which doctors and pharmacies to reach out to, and how to best work with local hospitals” (Laloux, p. 65).

The results achieved by Buurtzorg are remarkably positive: patients are more satisfied with the care they receive, they heal faster and hospital incidence is one-third less (Laloux, 2014, based on information from a 2009 Ernst & Young study). Buurtzorg has been elected “employer of the year” in the category of companies with more than 1000 employees for the fifth successive year (2011 – 2015).

In connection to related cases, Paul Mason speaks of “Post-Capitalism” and Restakis and Bauwens of the “commons transition”, where post-capitalism refers to the socialization of capital and cooperative production by people with the help of cheap info-tech, and the commons transition to a “commons-centric society in which a post-capitalist market and state are at the service of the citizens as commoners”.⁶

As we see the commons transition as belonging to a larger movement of affiliated phenomena, based on similar underlying principles and institutional aims, we prefer the term **humanization of the economy** as an umbrella term for activities of living and working based on values of reciprocity, responsible citizenship, integrity and autonomy, connectedness and trust. Social relations based on sociality, civil responsibility and mutuality serve higher purposes than personal gain. They experiment with new, alternative social relations, and new ways of doing that operate on a different logic and principles such as trust-based cooperation, mutuality, autonomy, and respecting the environment.

Compared to the initiatives of the 1970s, there appears to be a greater role for self-actualization and individualism, but the precise motivations as well as the degree of commitment and level of need satisfaction amongst members are in need of further analysis. One constraint to the wider diffusion is the need for material gains next to immaterial gains. Linda Hogan, co-founder of hOurworld (a software system for Timebanks), says that you can’t keep riding on a “passion wind”. Conflicts and power struggles happen in these initiatives as everywhere and many initiatives die.

⁶ Bauwens in “Commons Transition. Policy proposals for an open knowledge commons society”.

7. A world of three movements

In the last two centuries, but especially the last 20 years, Western societies became more market-like. Market thinking entered government (through new public management) and the lifeworlds of people (Habermas 1982). The rise of marketization was part of a technological and cultural process of modernization that besides generating wealth, freedom and social mobility led to the colonialization of the life world (Habermas 1984). The third movement is partly a reaction to marketisation and phenomena related to it (consumerism, individualization, job-based social mobility), and partly a movement of its own, building on people's need for autonomy, social bonds and meaningful relationships with others, and desires to engage in meaningful activity (paid and unpaid) and contribute to a better world that is more equal, fair and respectful of people and nature. It involves people from different walks of life: individualists interested in making a difference to social ills, communitarian-minded people who start a co-op and engage in activities outside the market economy, social entrepreneurs seeking positive social impacts, academics and municipalities who are experimenting with citizen participation and the collective management and use of public spaces (as urban commons).

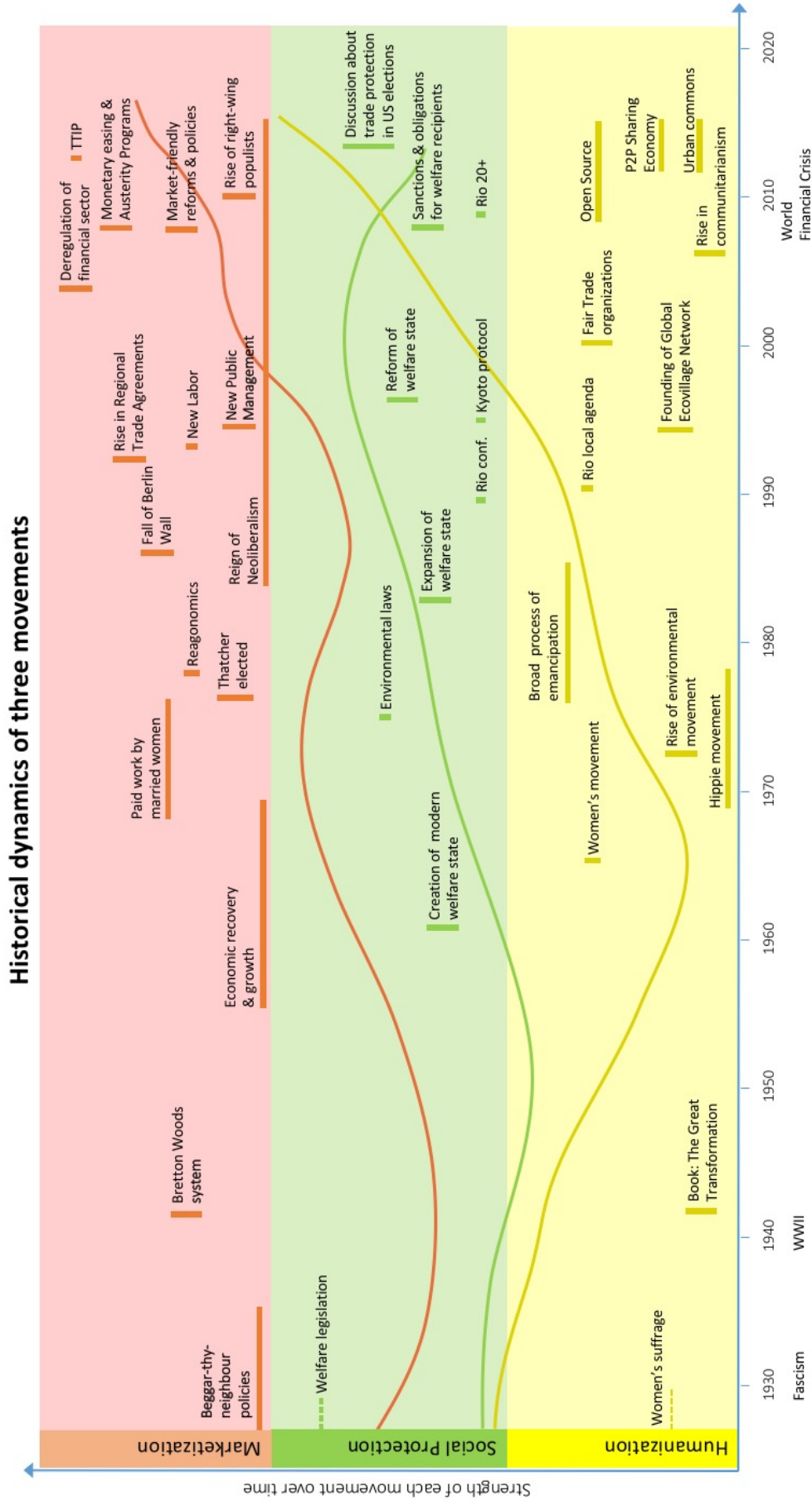
It is not a political movement in the traditional meaning of the word: protest events, demands for political reforms and the creation of new political parties. The movement consists of disparate initiatives which are not politically united and may never become so. Same as with humanism there is no leader and no program.⁷

A broad-brushed attempt to delineate the three movements is given in Figure 1. Marketization is viewed the dominant phenomenon since the Second World War, the election of Reagan and Thatcher in the late 1980s, and the rise of new public management and trade agreements. The high point of protection was reached in the 1970s, in terms of environmental and occupational health and safety regulations and expansion of the welfare state. The humanization process of transformative social innovation is believed to show a rising trend in the last 20 years, after a decline during the expansion of the welfare system, with a proliferation of initiatives in the last 10 years in the West.⁸

⁷ It is being observed in TRANSIT that the networks of social innovation are involved in "social movement" activities of *de-legitimation* (the identification of areas of stress and the attack upon the legitimating mechanisms associated therewith), *dis-alienation* (the presentation of an alternative cognitive universe and an explanation of the means by which desired changes might be produced) and *commutation* (the communication to an audience of a realistic alternative interpretation of the world sufficiently flexible to encompass changing circumstances) (Rootes, 1990).

⁸ An indication of a proliferation is that 9 out of 20 social innovation initiatives studied in the TRANSIT project were created or deepened in a formal sense in the last 10 years (between 2005 and 2015). From 2005 onwards there has been a steep increase in newly founded cooperatives in the Netherlands (de Moor, 2013).

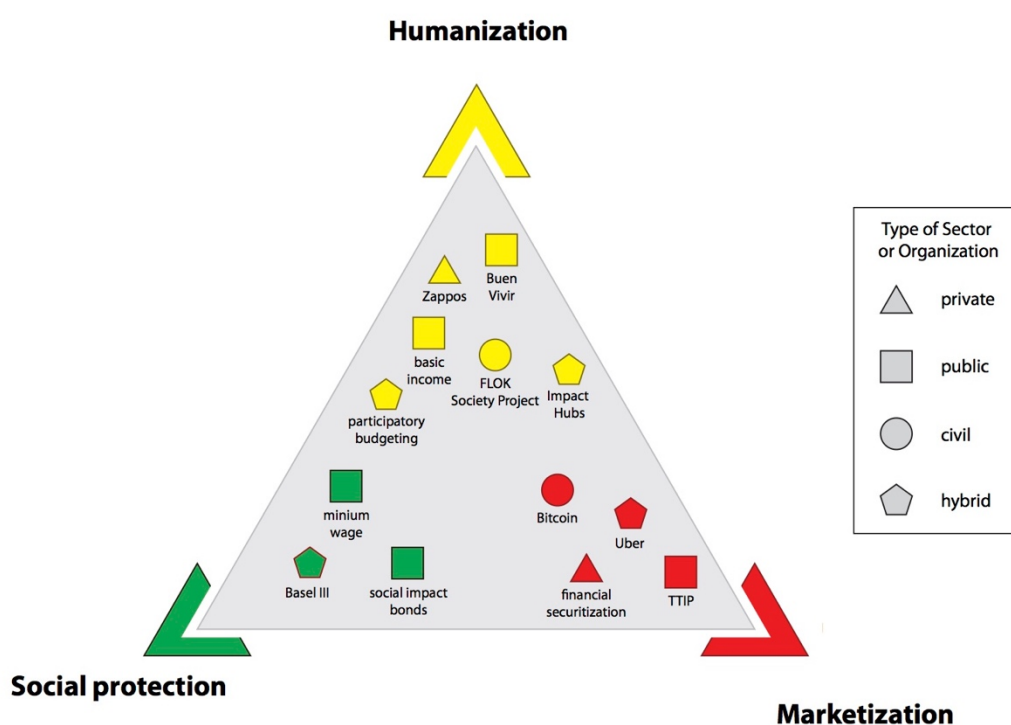
Figure 1. Historical instances of the three movements and the overall evolution



Humanization of the economy is a diverse and dispersed phenomenon which is taking place mostly in the social economy but also in the market economy as well as the public sector, something that is typically overlooked in the literature (for example, Moulaert and Ailenei, 2005). We also think that Sennett (1998) paints a too negative picture of work in the market economy. It is entirely possible to thrive as a human being in the market economy, especially if you are an individually minded, career-seeking professional. In the market economy there are pronounced elements of cooperation.

Different from Polanyi we contend that markets and state-based forms of protection can foster or impede human development and humane relationships, depending on the underlying principles, values and methods that constitute the way markets or state-based forms of protection are structured as contexts for economic activities. This makes humanization a cross-cutting topic and a matter of structuring markets, state-based, civil and hybrid institutions in more humane/humanizing ways. The movements can be seen as forces that exercise pull (they act as attractors in the language of complexity theory) with extreme and mixed forms. This is visualized in Figure 2.

Figure 2. Plotting of cases across the three movements that push and pull society



The links between actual social innovations and the transforming social context are complex. In combination with other developments, marketisation give rise to cycles of political economy, disembedding and stress, shown in Figure 3.

Institutional aim	Establishment of a self-regulating market	Conservation of man and nature as well as productive organization	Re-embedding of values of mutuality, social purpose and respect in economic relationships, in a way that offers conditions for humane human development and ecological thriving
Support of social forces	Trading classes	Those most immediately affected by deleterious action of the market: primarily, but not exclusively, the working and the landed classes	Those who are disenchanted by present arrangements for work and welfare state duties and seek to enhance human well-being through autonomy-enhancing solutions
Organizing principle(s)	Laissez-faire and free trade	Protective legislation, accountability demands and other instruments of intervention	Self-organization and purpose-orientation, generating a fitting context for autonomy, relatedness and competence.
Emerged in response to...	Inefficiency, feudalism, and oppressiveness of state-based rule	Dis-embedding effects of laissez-faire economic (neo)liberalism: i.e. objectification of man & nature and economic stress cycle	Inadequacy of protection- and hierarchy-based responses to dis-embedding effects of neoliberalism
Attitude towards hierarchy and centralization	Minimal state which upholds property rights and safeguards public goods.	Unproblematic. Subordination of individual behaviour to organizational and societal goals	Hierarchical control causes human disempowerment and alienation; natural "actualization hierarchies" based on competence and purpose are catered for
Dominant type of motivation	Extrinsic motivation based on acquiring status position above others in competitive social hierarchy	Extrinsic motivation based on functional roles for the interest of bureaucratically managed social value.	Autonomous motivation (internalized, integrated or intrinsic motivation) based on personal values & meaningful purpose.
Consequence for (concept of) selfhood	Celebration of individualism with little consideration of alienated or egotistic self	Individual as statistical fact. Not much attention is given to the authentic self in the application of bureaucratic rule	Authentic, self-actualized self. Important role for self-fulfilment through serving a greater cause / acting for the collective good
Welfare concept	Economic growth & "trickle-down"	Economic growth with top-down welfare	A good life (e.g. Buen Vivir) ¹⁰ with important role

¹⁰ A good life is defined by Skidelsky and Skidelsky (2012) as consisting of the following seven elements: health, security, respect, personality, harmony with nature, friendship and leisure.

	justification for the super wealth of individuals	redistribution to those in need	for personal growth and well-being: society benefits from human/social wealth; no primacy of material wealth
View on freedom	Freedom of individuals from interference from others (bonds are seen as ties and instrumental means)	Freedom within constraints (to avoid exploitation)	Social bonds based on trust and mutuality constitute the means of our freedom

Whilst, each of the movements harbors a distinctive logic, no movement exists in a pure form. Each movement is subjected to selection pressures, which are: competition in the case of the market economy, resourcing and maintaining integrity in the case of a more social economy, and austerity pressures and citizen demand for sustenance of public services in the case of government-based protection. Of the three movements, the third movement is the weakest, because of the dominance of the other two movements which have the power of markets and the state behind it. If the third movement is to have a big transformative effect, it should *express itself stronger politically, as a social movement to re-embed the economic system on a systems level, not just individual level.*

7. Conclusion

This paper we reformulate the double movement model of Polanyi into a three movement model, with humanization of the economy as the third movement, next to marketization and state-based protection. The three movements are dialectically engaged with one another. The “humanization of the economy” process is a response to pathologies of marketization and bureaucracy, which undermine innate psychological needs leading people to engage in activities that are more fulfilling and purposeful. The pathologies stem to varying degrees from their conflict with basic psychological needs for autonomy and integrity, purposeful activities and experiencing sociality. Things from the past (especially sociality) are being revived and recreated in a novel way. Political philosophies of liberalism (the humanistic version with an important role for self-actualization and ethics) and communitarianism are being combined (to different extents in specific cases).

Humanization of the economy as a movement should be seen as a force that plays out within and across each of the three sectors (market, state and civil society), whereby a humanized version of ...

- marketization expresses itself in a social market (stakeholder & stewardship values),
- state-based protection expresses itself in a facilitating / enabling state: e.g. basic income (allowing people to engage in TSI activities on a larger scale), participatory budgeting (based on trust and letting go of full control),
- civil-based socialization expresses itself in empowering forms of cooperatives, social enterprises, NGOs, etc.

whereas a less or even de-humanized version of

- marketization expresses itself in a private profit market (solely shareholder values)

- state-based protection expresses itself in an overly bureaucratic, disabling state: traditional welfare leading to poverty trap, forced employment (based on distrust and paternalistic control)
- civil-based socialization expresses itself in disempowering forms of egalitarianism where “some are more equal than others” or autonomous & efficient decision making is overshadowed by excessive consensus, and shadow hierarchies.

With this paper, we invite further research into the motivational elements and background factors behind transformative social innovation practices and the dialectics of the three movements. Our own views about the humanization of the economy process are summarized in three propositions: First, that humanization activities occur across society (and not just outside the market economy and government). Second, that social innovation initiatives and networks are part of a broader overall humanization movement that is a response to processes of marketization and coercion in the form of regulation and managerialism. Third, that all movements have valuable elements and that the challenge of creating a better world does not lie in the wholesome limitation of any of the underlying logics (efficiency and control versus autonomy and sociality) but in a humanized and hybridized re-articulation of market, state and civil-society-based institutions. This is a difficult task which must be taken up continuously since the three logics involve tensions. A challenge for the third movement is to bring about major institutional change in the political economy of the world. It is wrong to compare it with communal initiatives of the 60, because there are some important differences (especially the individual freedom element and room for self-actualisation and the extension to work next to living). As any movement, it will experience downfalls and retreat, but the motivations on which it is based are not those of a special group of people (green communarians) but basic human needs, which therefore can be expected to assert themselves also in business and government.

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