



Methodological and Ideological Options

A practice approach to the institutionalization of economic degrowth

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ABSTRACT

The degrowth literature is rich in critical debate about the unsustainability of the growth-economies and in normative envisioning of a transition. It lacks analyses on actual materialization and the nature of the change required. There have been calls for research that pay attention to institutional constraints and possibilities of implementing a democratic process of sustainable degrowth. This paper introduces a practice approach to institutional agency as a fruitful tool for future studies and politics of degrowth. The potential of this approach is demonstrated through a struggle between Finnish Timebanking activists and the tax authorities. The cultural and institutional transition promoted by radical bottom-up initiatives requires a disruption of existing institutional arrangements some of which may be very persistent and supported by defenders who want to maintain the present institutional order. In the case example, the authorities and politicians managed to preserve the mechanisms through which certain sanctions are associated with the non-compliance of Timebanking with the income tax law. A practice approach to institutionalization increases our understanding of institutional persistence and makes visible forces that support the present 'status quo'. It also enhances understanding of the opposing dynamics and gives tools to engage in more effective efforts to change institutions.

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1. Introduction

Degrowth thinking has acquired prominence in the scientific community of ecological economics and related fields. Degrowth is a normative concept which is used for both academic research and a practical social transformation process (Martinez-Alier et al., 2010; Kallis, 2011; Demaria et al., 2013). It is a joint effort of scholars and practitioners to advance a democratic and redistributive downscaling of production and consumption to assure that society's throughput – resource use and waste – stays within safe ecosystem boundaries (Schneider et al., 2010; van den Bergh and Kallis, 2012; Asara et al., 2015).

The rising interest in degrowth reflects a renewed concern that in a world of finite resources constant economic growth is not a sustainable option (Fournier, 2008; Jackson, 2009; Latouche, 2009; Martinez-Alier et al., 2010). Degrowth scholars see technological and efficiency improvements as insufficient to reach environmental sustainability (van den Bergh and Kallis, 2012) and question the possibility that economic growth can be decoupled from material and energy flows (Jackson, 2009). Growth is questioned also on the basis of evidence from happiness research that denies the long-term positive correlation between subjective well-being and income growth (Easterlin et al., 2010; Dittmer, 2013). Degrowth thinkers urge “re-examination of the dominant economic values of affluent societies” (Martinez-Alier et al., 2010: 1743) and highlight that human progress and a high quality of life are possible without economic growth. The pursuit of GDP growth

instead of true well-being has led to the problem of “uneconomic growth” (Daly, 2007, 2013). Moreover, ever-greater portions of people's lives and free gifts of nature – many of which are hard to quantify and impossible to express in money terms – are subsumed to the logics of market and commodification without giving enough space for democratic political deliberation (Johanisova et al., 2013; Nørgård, 2013). Degrowth scholars advocate a vision of prosperity that does not require a constant increase in consumption and material gains (Kallis et al., 2012: 174). An incremental and democratic transformation process is seen as a proper way to bring this vision into practice (Cattaneo et al., 2012; Demaria et al., 2013).

Degrowth debate is suffering from a wide gap that exists between its radical, normative ideas and analyses about how to bring these ideas from outside the cultural norm into mainstream thinking and practices (van den Bergh, 2011). The critique of the growth economy without a logical description of an alternative (degrowth) policy development is likely to strengthen the current status quo in economic policy and reassert the position of the growth paradigm. Concrete policies for setting the required ecological limits for the economy in a democratic way are difficult to envision. Few institutional actors are able to endorse degrowth in practice because it would mean very ambitious targets in the mainstream politics. In Finland these targets would include, for example, the balancing of the power of the Ministry of Finance with respect to other ministries, and increasing the power and role of bottom-up, community-based initiatives in policy making. (Berg and Hukkinen, 2011: 157–158.)

Degrowth is faced with a very challenging institutional task which arises from its strong commitment to justice and democracy in

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economic relations and “its confrontational position towards the fundamental powers of our societies” (Martinez-Alier et al., 2010: 1746). Yet the growth-critical literature has paid little attention to the ways in which institutional features of degrowth societies may differ from the current institutional orders and to how a radical institutional change could be implemented (van den Bergh and Kallis, 2012; Klitgaard and Krall, 2012; Buch-Hansen, 2014; Fritz and Koch, 2014). In a rare example, Buch-Hansen (2014) utilized a typology of different institutional models of capitalism and highlighted that degrowth transitions “will in all likelihood be hybrids that combine radically new elements with elements from the institutional configurations characterizing currently existing forms of capitalism” (Ibid., p. 172).

Lack of careful institutional analyses is unfortunate because we cannot escape the fact that non-growing economies have to be built from existing institutions. As stated by Herman Daly (1991), “a realistic discussion of a transition cannot assume a blank slate, but must start with the historically given initial conditions currently prevailing” (Ibid., p. 190). This paper responds to the calls for studies on such market economy institutions that require changes and on the institutional dynamics of the emergence of alternatives (van den Bergh and Kallis, 2012: 917; see also Demaria et al., 2013; Buch-Hansen, 2014). I argue that a practice perspective to institutional agency offers a new and useful approach to investigate important dynamics and challenges involved in the radical social change aspired to by degrowth.

Institutional theory has gained popularity for exploring a wide variety of topics in many domains ranging from sociology, institutional economics and political science to organization theory (DiMaggio and Powell, 1983, 1991; Meyer and Rowan, 1991; Scott, 2007; Bruton et al., 2010). Institutional economics defines institutions as “humanly devised constraints that structure political, economic and social interaction. They consist of both informal constraints (sanctions, taboos, customs, traditions and codes of conduct) and formal rules (constitutions, laws and property rights)” (North, 1990: 97; see also Pacheco et al., 2010). The institutionalist approaches applied in ecological economics are diverse (Gendron, 2014). They have represented an important reaction to the a-historical conceptualizations of neoclassical environmental theory and its narrow understandings of, for example, ‘economic agency’, ‘economic efficiency’ and ‘rationality’ (Myrdal, 1978; Swaney, 1987; Söderbaum, 1992, 1994, 2000; Paavola and Adger, 2005; Røpke, 2005). In organization studies, institutional theory has become a dominant macro perspective (Greenwood et al., 2008; Suddaby, 2010). Institutional theory is devoted to understanding how and why organizations tend to “behave in ways that defy economic logic or norms of rational behavior”, and “adopt processes and structures for their meaning” – i.e. values, norms and taken-for-granted assumptions – “rather than their productive value” (Suddaby, 2010: 15). In this paper I introduce and examine a particular institutional approach which draws from the sociology of practice and focuses on the situated, creative and knowledgeable work of social actors aimed at creating, maintaining and disrupting institutions (Lawrence and Suddaby, 2006). It subscribes to particular ideas of how to explain social order and social change. Through my investigation I wish to demonstrate that this approach carries great potential for future scientific analysis and the everyday politics of degrowth.

Next I review degrowth as an institutional transition forwarded by bottom-up re-organization of economic activity. Then a practice perspective to institutional agency is presented and subsequently applied to an illustrative example – a real-life struggle between Finnish Timebanking activists and the tax authorities. With this example I try to elucidate how this approach helps to understand processes and challenges involved in the (grassroots) attempts to change dominant institutions, such as income tax. Finally, I discuss the implications and draw conclusions.

2. Institutional Transition Through Alternative Bottom-up Initiatives

Supporters of degrowth share a dissatisfaction with the optimistic promises of ecological modernization (Spaargaren and Mol, 1992;

Hajer, 1995) and call for a change that is less technocratic and largely cultural and institutional in nature (Fournier, 2008; Jackson, 2009; Latouche, 2009; Martinez-Alier et al., 2010; D’Alisa et al., 2014). According to Kallis (2011), we need “an intertwined cultural and political change ... that will embrace degrowth as a positive social development and reform those institutions that make growth an imperative” (p. 873). A fundamental reworking of our economic institutions and imaginaries (Ibid., p. 876) consists of a “matrix of alternatives” (Latouche, 2010) which radically moves societies away from lifestyles and institutions that are based on instrumental rationality, consumerism, utilitarianism and productivism (Fournier, 2008; Kallis, 2011; Martinez-Alier et al., 2010; Muraca, 2013; Sekulova et al., 2013). Degrowth is seen not only as a strategy to deal with inevitable limits but also a project to search for autonomy such as freedom from large techno-infrastructure, centralized bureaucracies and wage-labor (Kallis et al., 2014: 8).

Degrowth scholars point to the need to separate the concept of economy from the monetary (professional) market and re-define it more broadly as including also the non-monetized core economy and the natural ecosystems (Johanisova et al., 2013; Nierling, 2012; Nørgård, 2013). This call has come with a renewed interest in the revaluation of the forms of work that have traditionally been seen as “informal” or “amateur” work, such as family, household and voluntary work (Nierling, 2012; Nørgård, 2013; D’Alisa and Cattaneo, 2010; Bauhardt, 2014), and in non-monetized practices which are driven by the logic of producing social “use value” rather than monetary “exchange value” (van den Bergh and Kallis, 2012). The revaluation and (re)legitimation of the non-monetized spheres can change the direction of development towards true prosperity and efficiency measured in broad terms with alternative indicators (van den Bergh, 2009). They also offer a future-oriented way for citizens to cultivate craftsmanship, creativity and social relationships, and take back control and responsibilities of their time and activities (Jackson, 2009; Schor, 2010; Nørgård, 2013). Various community-based initiatives – such as local food production networks, cooperative enterprises, time banks and community currencies – have a key role in our attempts to disrupt the current (progrowth and for-profit) economic models and to change the economic system from below (Latouche, 2009; Johanisova et al., 2013; Asara et al., 2015).

A practice approach has been acknowledged as an important tool for investigating transformations in consumption and other market activities (Røpke, 2009; Järvensivu, 2013). Practice theory conceptualizes the social as ‘a field of embodied, materially interwoven practices centrally organized around shared practical understanding’ (Schatzki et al., 2001: 3). Its key benefit lies in the ability to overcome problematic divides between actor/structure and micro/macro explanations of social phenomena. Actors generate patterns of social relations through practices that are reproduced by actors across time and space. These patterns have structural properties, or institutional features, that give ‘solidity’ to social systems. They also offer rules and resources that actors draw on in their practice. (Røpke, 2009: 2491). Actors are seen as the crossing point of practices (Reckwitz, 2002: 256). This helps to take distance from more conventional economic models that conceptualize individuals narrowly as, for example, ‘homo economicus’ (wo)men (see e.g., Bloemmen et al., 2015) or ‘consumers’ of products (Røpke, 2009: 2495). Practice theory carries great potential for the critical assessment and disruption of the status quo. Järvensivu (2013) described how a proactive use of an alternative, investigative practice encouraged social actors to question the habitualized goals and means of engaging with forest-based markets. It had potential in disrupting established unsustainable practices and transforming the ways in which actors think about and behave in relation to nature.

My investigation extends this research agenda to practices as manifestations of institutional dynamics. Non-capitalist grassroots initiatives carry the potential to rupture the unity of growth-oriented institutions and their dominance in society. But there is a need to investigate and respond to institutions that enable or constrain the functioning of

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