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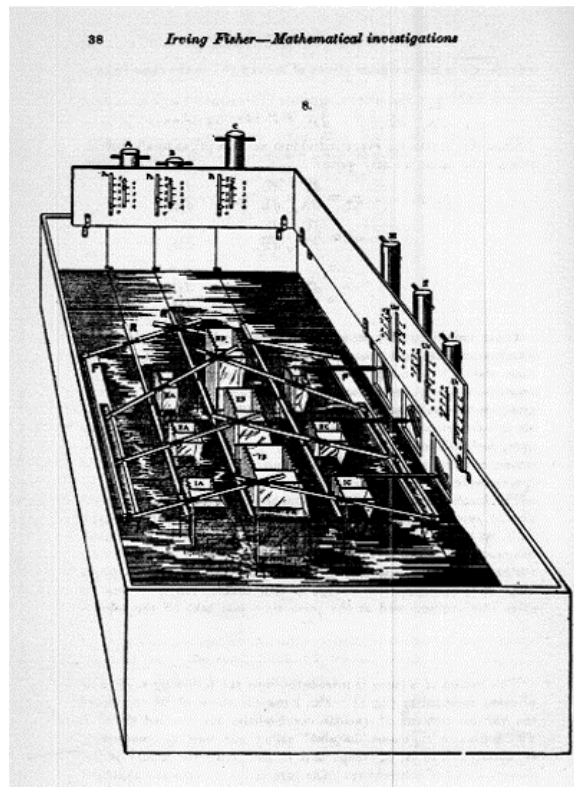
In this paper I will argue that transactions should be considered as means to convey sociality and social values through mutual knowledge. This imply that there is a social process of trust building which is a consequence of transactions as communicative processes and which goes beyond the usual reputation mechanism used by standard economic theory. Through the social relations of exchange every party learn more of each other's circumstances, interests and needs, and create a more integrated community. Such relations give birth to the creation of a new partnership economy that is fundamentally different from the ruling market economy. As a consequence embeddedness, in this sense of social connection, communicative transactions, reciprocity and trust, can be seen as the hallmark (and comparative advantage) of a partnership economy. It imply the understanding that individuals are fundamentally connected with each other in a web of relationships that are integral to any proper understanding of the self, and that any talk of autonomy or search for personal identity must be qualified and located within this more organic and relational sense of the world. This implies a transformation of the conception of the social relations of exchange (what is often called "the market") in which activities are best expressed in term of communication, collective action, and reconciliation, and where decisions results from solidarity, moral commitments and communicatively shared understandings rooted in caring relationships. I will develop an original theoretical framework to deal with such questions.

I-Transaction as a communicative process

Exchange as transmission

The central feature of economic life is the exchange of good or services. The usual conception of exchange in mainstream economics is rooted in a mechanistic metaphor which is still now underlying current descriptions of economic life though it has progressively introduced more refined frameworks. In such a vision of the world, exchange is reduced to a simple transmission, or transfer, of goods or services from one individual separable well defined entity to another individual separable. The following image taken from Irving Fisher's thesis (1965 [1892]) will illustrate this perspective:

¹ Some developments included in the present paper originate from S.Kesting and M.Renault [2006] "The benefits of transaction", Y.Renou and M.Renault [2006] "Une approche pragmatique de la firme partenariale" et M.Renault [2005] "Une approche communicationnelle des relations sociales d'échange-Le cas de la vente directe de produits agricoles"



Fisher models a system of exchange as a system of communicating vessels filled with water representing money or physical quantities of the goods considered². His model illustrates the mode of reasoning underlying neo-classical approaches to transactions. What is of interest for us, is that in such a representation everything is given: individual tastes, quantities of goods, quantity of money etc... and the exchange is reduced to its material side.

Exchange as communication

To consider exchange as transmission is to forget another tradition which evolved from Adam Smith. This stream of thought considers exchange as communication. We will shortly develop this point of view which can serve as a guide for our further developments. From his book "The Wealth of Nations" (1965[1776]) it is well known that Smith considered the human propensity to talk and converse with each other as the origin of the propensity to truck and barter, bargain and exchange. In Smith's own words: "*Every one is practicing oratory on others thro the whole of his life*" (Adam Smith, as quoted in McCloskey and Klamer, 1995: 193). According to him this is at the very heart of the economic process and of the division of labour. Thus, the exchange process is a communicative process involving "moral" individuals, that is individuals incorporating other regarding behaviour in a specific institutional framework. In "The theory of moral sentiments", Smith developed his own conception of human nature and of the formation of the self, communication being the vector of the socialisation and valuation process. Exchange or transaction gives way to a negotiation process orientated toward persuasion and founded upon the exchange of arguments. A transaction cannot thus be reduced to a simple process of transmission but involves a rhetorical process based on language. For example Smith talks about the language of the market place (Brown, 1994). Hence, an exchange constitutes not only a change in each individual's stock of goods or money but an agreement about the definition of the situation the actors are involved in. That is to say there is a grammar of exchange which is applied and interpreted in every particular situation and which gives way to new meaning through the communicative process. Value is not some pre-existing magnitude towards which actors are automatically driven but it is the product of a

² For further details see Brainard and Scarf (2005)

valuation process. This is a process of definition, re-definition and of mutual understanding of the situation, of the goods or services, and of the selves involved in the transaction. Such a perspective can also be found in old institutional economics, especially in works by Commons who is inspired by the communicative and relational framework of the pragmatic philosophy of John Dewey and Georg Herbert Mead (Albert and Ramstad 1997, 1999 and Renault 1999). In such a perspective we can consider the benefits of transactions and not only the costs of transactions. Commons underlines the fact that transactions are not the exchange of commodities in the sense of "delivery" but are more complex social relations within a relevant social framework (Kemp, 2006: 46). What is of relevance for the understanding of transaction is that Commons allows for and distinguishes two different types of inducements by which an agreement or mutual understanding can be elicited: coercion and persuasion (Ramstad, 1996: 419). With persuasion or communicative action, words (as well as visual symbols and gestures etc.) and not only goods are exchanged during a transaction.

A transactional approach

It is now well documented that original American institutional economics, and especially Commons, was inspired by pragmatic philosophy through the works of John Dewey and George Herbert Mead to quote just the most influential scholars. Today, Jurgen Habermas's theory of communicative action refers clear to Dewey and Mead as well. As Mustafa Emirbayer [1997], Jens Beckert (2002) and Elias Khalil [2003] recently argued, the pragmatic framework developed by Dewey and Mead call for a new theory of action and of the actor in economics and sociology. As a matter of fact, in their ([1949] 1973) book Arthur F. Bentley and John Dewey made a distinction between three modes of considering action.

Two of them are:

-inter-actional approaches (rational choice theories): individuals act according to preferences bounded by constraints. Such a perspective is dominant in economics.

-self-actional approaches (normative theories): individuals act according to constraints moulding preferences. Such a perspective is (or has been) dominant in sociology.

The common characteristics of these approaches is their consideration of fixed pre-given entities such as "constraints", "preferences", "goals", "individuals" etc. which remains unchanged through the action process³. For Dewey and Bentley these approaches are the product of the Cartesian quest for certainty.

However, Dewey and Bentley define a third approach which they call "***trans-actional***" and which provides us with interesting insights concerning what a transaction is. They define the third one as follows: "*where systems of description and naming are employed to deal with aspects and phases of action, without final attribution to "elements" or other presumptively detachable or independent "entities," "essences," or "realities," and without isolation of presumptively detachable "relations" from such detachable "elements."*" (Dewey and Bentley [1949]1973: 133)⁴. In such a perspective individual preferences are defined in a context (a situation) and action exists in a context. The accent is on the *relation* and not only on the fixed entities involved. It is reminiscent of Commons's definition of transaction: "*These individual actions are really trans-actions, that is actions between individuals as well as individual behavior. It is this shift from commodities, individuals and exchange to transactions and working rules of collective action that marks the transition to the institutional school of economic thinking. The shift is a change in the ultimate unit of economic investigation from commodities and individuals to transactions between individuals*" (1934: 73, emphasis added). The transactional perspective gives way to the consideration that things are not assumed to be fixed and independent but gain their being and individuality in and with the relations

³ For example in Fisher's model, the process of exchange produces nothing by itself. Individual preferences incorporated in the form of the communicating vessels remain unchanged. This is what Mark Granovetter calls an undersocialized account of human behaviour (Granovetter, 1992: 6).

⁴ In addition, note their clarification: "Dewey's early employment of the word "transaction" was to stress system more emphatically than could be done by "interaction." (See his paper "Conduct and Experience" in *Psychologies of 1930*. [Worcester, Mass.] Compare also his use of "integration" in *Logic, the Theory of Inquiry*.) The beginnings of this attitude may be found in his paper "The Reflex Arc Concept in Psychology" (1896). Bentley's treatment of political events was of the transactional type in his *The Process of Government* (Chicago, 1908), though, of course, without the use of that name. *John R. Commons* has used the word comparably in his *Legal Foundations of Capitalism* (New York, 1924) to describe that type of economic inquiry in which attention centres on the working rules of association rather than on material goods or human feelings. *George H. Mead's* "situational" is often set forth in transactional form." [Dewey and Bentley [1949]1973: 133, emphasis added).

they are involved in (Emirbayer 1997: 287). For example, according to Dewey⁵: "[A] transaction determines one participant to be a buyer and the other a seller. No one exists as buyer or seller save in and because of a transaction in which each is engaged. Nor is that all; specific things become goods or commodities because they are engaged in the transaction. There is no commercial transaction without things which only are goods, utilities, commodities, in and because of a transaction. Moreover, because of the exchange or transfer, both parties (the idiomatic name for participants) undergo change; and the goods undergo at the very least a change of locus by which they gain and lose certain connective relations or "capacities" previously possessed. Furthermore, no given transaction of trade stands alone. It is enmeshed in a body of activities in which are included those of production, whether in farming, mining, fishing or manufacture. And this body of transactions (which may be called industrial) is itself enmeshed in transactions that are neither industrial, commercial, nor financial; to which the name "intangible" is often given, but which can be more safely named by means of specifying rules and regulations that proceed from the system of custom in which other transactions exist and operate"⁶ (Dewey and Bentley [1949]1973: 185). These are the fundamental philosophical assumptions we refer to when we deal with the communicative nature of transactions.

Identity and the transaction process

The consideration of relations between individuals⁷ means that the inquiry should focus on the communication process arising in a specific situation. We are thus conduced to abandon the idea of fixed entities remaining unchanged through the transaction process. We are thus inclined to abandon the idea of fixed entities which remain unchanged through the process of transaction. To consider transaction as a communication process implies that individuals have a common language and define a situation in a common way, things that are not pre-existing or given. Individuals themselves should not be considered as given entities but are the product of a self-definition process which contributes to define (and redefine) an individual identity⁸. To posit such a framework corresponds to travelling back to fundamental questions raised in economics by its founder Adam Smith. Economics has been driven to forget these initial intuitions and tends to consider transaction as mere transmission. But what Smith initiated in economics was what Commons meant when he defined transaction as the "*ultimate unit of economic investigation*" that is the relation *between* individuals. To Smith the consideration of isolated given entities was non sense, as he wrote: "*Were it possible that a human creature could grow up to mankind in some solitary place, without any communication with his own species, he could no more think of his own character, of the propriety or demerit of his own sentiments and conduct, of the beauty or deformity of his own mind, than of the beauty or deformity of his own face. All these are objects which he cannot easily see, which naturally he does not look at, and with regard to which he is provided with no mirror which can present them to his view. **Bring him into society and he is immediately provided with the mirror which he wanted before***" (Smith [1759]1966: 162, emphasis added). The transaction process thus not only conveys instrumental meaning (to satisfy needs for example) but also contributes to the definition of the individual self. A transaction considered as a communication process implies other regarding behaviour and a specific human quality: the capacity to take the role of others, to look at a situation through the eyes of others.

Embeddedness and the transaction process

For Smith: "*We suppose ourselves the spectator of our own behavior, and endeavour to imagine what effect it would, in this light, produce upon us. This is the only looking glass by which we can, in some measure, with the eyes of other people scrutinise the propriety of our conduct*" (Smith [1759]1966: 164). Smith called such a capacity "sympathy", and this concept has been developed in a pragmatic way by Mead and the Chicago School of Sociology, especially Charles Horton Cooley who provided us with a useful definition of the process of developing sympathy: "*To converse with another, through words, looks or other symbols, means to have more or less understanding or communion with him, to get common ground and partake of his ideas and sentiments. If one uses sympathy in this connection – and it is perhaps the most available word-one has to bear in mind that it denotes the sharing of any mental state that can be communicated, and has not the special implication of pity or other 'tender emotion' that it very commonly carries in ordinary speech*" (Cooley, 1922: 136). In some sense, being involved in a transaction means being involved in a communication process. As we pointed out before economics largely neglects this topic

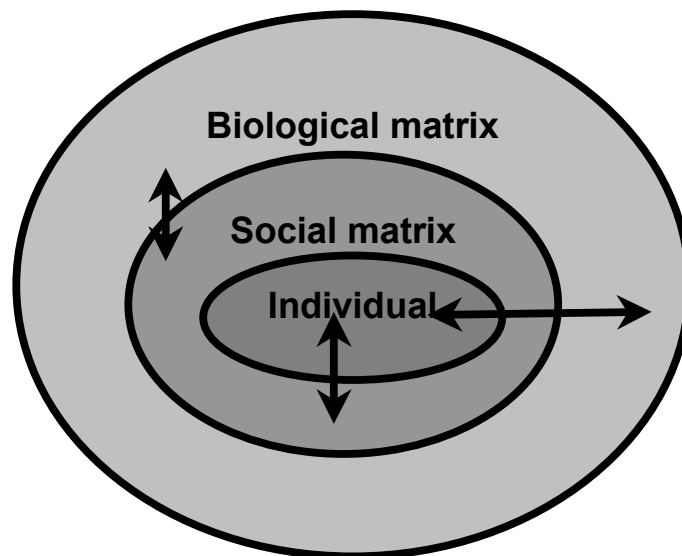
⁵ Chapter ten in Dewey and Bentley's book was written by Dewey alone.

⁶ The words in italics appear in the original text.

⁷ If we are to consider individuals as such and not as mere mechanical constructs like the communicating vessels of Fisher's model.

⁸ A transactional framework includes the "self" as defined by Mead.

and thus sees transactions as being only costly and not potentially beneficial. Instead, however, an important feature resulting from a transactional process is the "togetherness" it implies. As Dewey wrote: "[...] *Human life (itself), both severally and collectively consists of transactions in which human beings partake together with non human thing of the milieu along with other human beings, so that without this togetherness of human and non human partakers we could not even stay alive, to say nothing of accomplishing anything*" (Dewey and Bentley [1949]1973: 185, emphasis added). Moreover, the individual and individual action cannot be well understood if the individual is separated " [...] *from the fact of participation in an extensive body of transactions – to which a given human being may contribute and which he modifies, but only in virtue of being a partaker in them*" (ibid: 185). Language and communication are fundamental instances of this "togetherness". The individual, and the transactions he is involved in, thus can be considered as embedded into two matrices:



II- The multi-dimensional nature of transactions

Reciprocity

In some sense, the communication process involved in every transaction illuminates Smith's invisible hand right before our eyes. The co-ordination process co-existent while transacting is also a communication process and needs to be more carefully defined:

- Every transaction includes the resolution of a problem of co-ordination of action of agents who are in a situation of mutual dependence in order to realise interdependent or common ends.
- A transaction, undertaken to reach these goals, is a communicative process which rests on the triple reciprocity of perspectives, motivation and images.
- reciprocity means that the action of one actor is always connected with the action of another actor in a social process, reciprocity involves⁹:

-the *reciprocity of motivations* means that the ends pursued by every individual in the transaction process are interdependent, and that their actions are connected.

⁹ This consideration can be found in Dewey's work. As a matter of fact as Park and Burgess wrote: "Dewey's description of what takes place in communication may be taken as description of the process by which (these) *collective representations* come into existence; «To formulate an experience» as Dewey says, «requires getting outside of it, seeing it as another would see it, considering what points of contact it has with the life of another so that it may be gotten into such form that he can appreciate its meaning»" (1922: 38).

-the *reciprocity of perspectives*: authorises every participant in a transaction to believe that they are able to co-ordinate their interpretation (or definition) of the situation in the framework of a common social knowledge.

-the *reciprocity of images* means the similarity, or at least the compatibility, of the definition of the world held by the individuals¹⁰.

Thus reciprocity, in a nutshell, means the sharing of common worlds of knowledge and is both a condition and a result of the transaction process. In such a perspective, it is not only contracts that are incomplete but also individuals. Another major benefit of the transaction process is related to the self-definition process affecting every individual or entity involved in the process. For example, contracts should not only be considered as instrumental means to resolve problems of opportunism like in mainstream economics but as contributing to the self-definition of each participant in the transaction, as equally contributing to the definition of a common world, and as promoting reciprocity of motivation, perspectives and images. Contracts can hence be considered in a communicative way to be "knowledge repositories" (Mayer and Argyres 2004) resulting from a mutual learning process¹¹.

Institutional embeddedness

The institutional side of the transaction process is thus a central feature of the communication process. For Cosgel and Langlois, for example, economic transactions imply that habits of producers meet those of consumers. The problem of production thus becomes a problem of co-ordination: "[...] *discovering or, rather, helping to create- an interpersonally shared structure of transaction. Just as **conversation** cannot take place without **shared structures of meaning**, transacting cannot take place in an institutional vacuum*" (1998: 112, emphasis added). In the case of inter-firm relations, if contracts are considered as knowledge repositories, we need to take into consideration the (mutual) learning process occurring through the transaction process and which is, at least partially, translated through contracts. Moreover, Mayer and Argyres write: "*The firms [...] could not learn to contract with each other without also learning how to work with each other*" (2004: 403). Communication appears to be a major feature of this learning process and appeals to the definition of "communicative transactions" to capture this specific feature of a transactional/contractual relationship.

Thus a transaction should not be studied in a social vacuum but should take a situation into account which consists of actors forming mutual expectations according to their respective intentions, needs, strategies etc. (Joas and Beckert 2002: 2)¹². Jens Beckert (2002 and 2003) underlined that embeddedness refers to the social, cultural, political, cognitive, structuration of individual decisions and manifest the connection of the actor with his social environment: "*Embeddedness then refers to the social structuration of world of meanings whose enactment is based on interpretation*" (Beckert 2003: 771). Thus, decisions are crucially dependent upon the definitions of the situation held by actors and of their mutual convergence through a mutual learning process:

"Such definitions constitute the intelligibility of the complex environment and are reached through contingent interpretations which are based on judgments about material conditions, causal relations, the future actions of relevant others, and assumptions about changes in technology and markets. Interpretation is a social process in the sense that judgments on the relevant parameters of the situation are based on generalized expectancies which are, at least in part, intersubjectively shared" (Ibid.: 773).

Communicative transactions

So, we can propose a definition of what can be called ***communicative transactions***:

¹⁰ These definitions are taken and adapted from Alfred Schütz (1962, 1964) and from Pierre Bange (1992).

¹¹ Mark C. Suchman wrote: "[...] *in addition of embodying a set of governance technologies every contract embodies a set of "significant gestures" [Mead 1962 (1934)] carrying particular meaning within particular discourses. Like other symbolic tokens, contracts convey identifiable messages, and an observer can gauge the sophistication of any given contract design not only by its efficiency and effectiveness but also by its comprehensibility and evocativeness- criteria of **communicative** rather than technological efficacy*" (2003: 100, emphasis added).

¹² Commons was aware of the importance of mutual expectations (1934 and 1950).

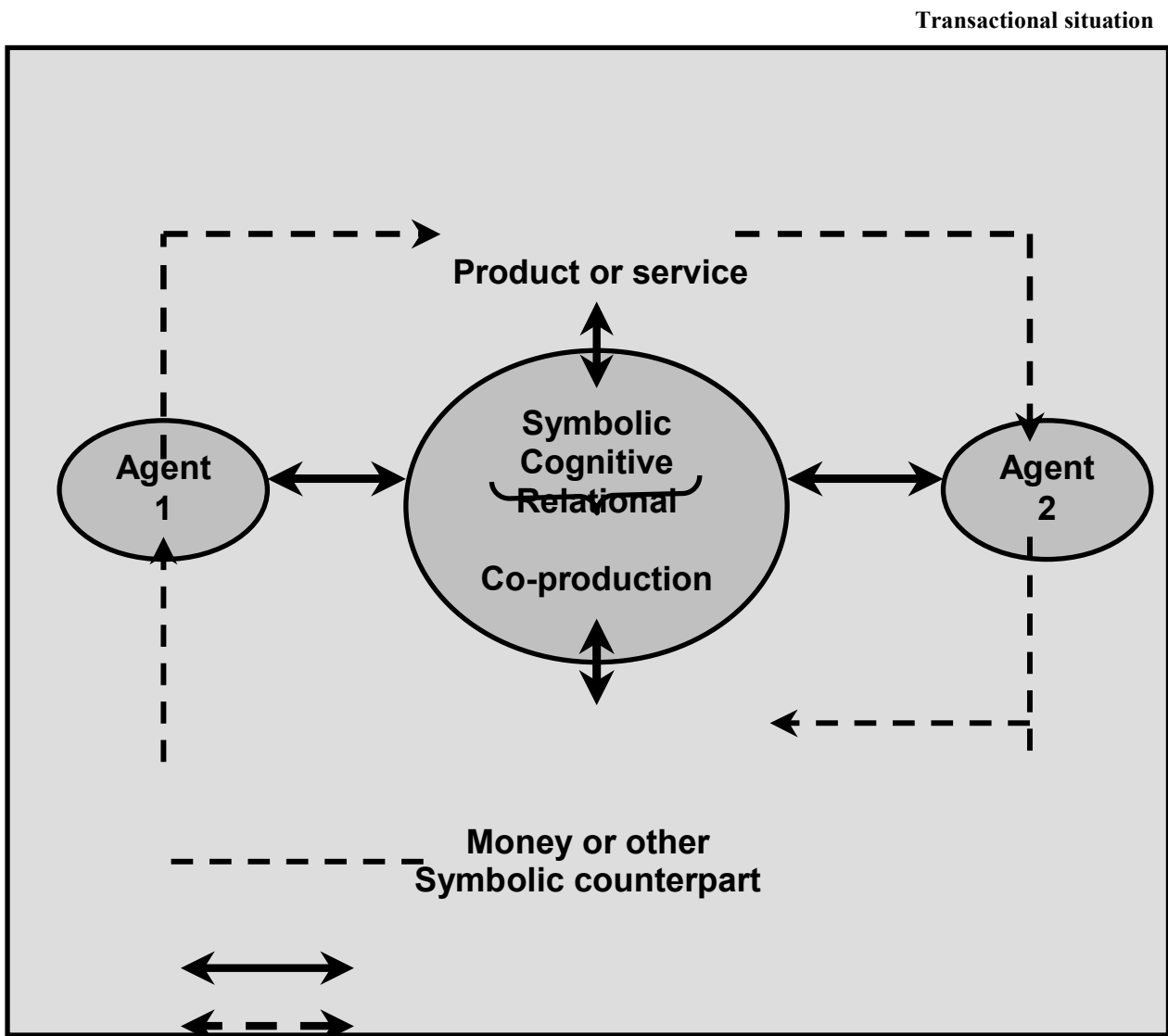
transactions between cognitively interdependent actors enable them to generate a common definition of a particular situation and to create new inter-subjectively shared meanings and expectations with the aim of reducing their mutual uncertainty and directing their activity¹³. Communicative transactions can be mediated and supported by symbols or artefacts such as contracts¹⁴ (see figure 1). These communicative transactions run parallel and co-exist with the material side of a transaction (transfer of a good or service).

Thus, such an understanding of communicative transactions could enrich the usual approaches in significant ways.

¹³ This definition is based on and adapted from Zacklad (2004).

¹⁴ Suchman's (2003) conception of contracts is close to my definition.

Figure 1: Communicative and material transactions:



As it can be summarised by figure 2 transactions occur in a specific transactional situation and manifest three dimensions:

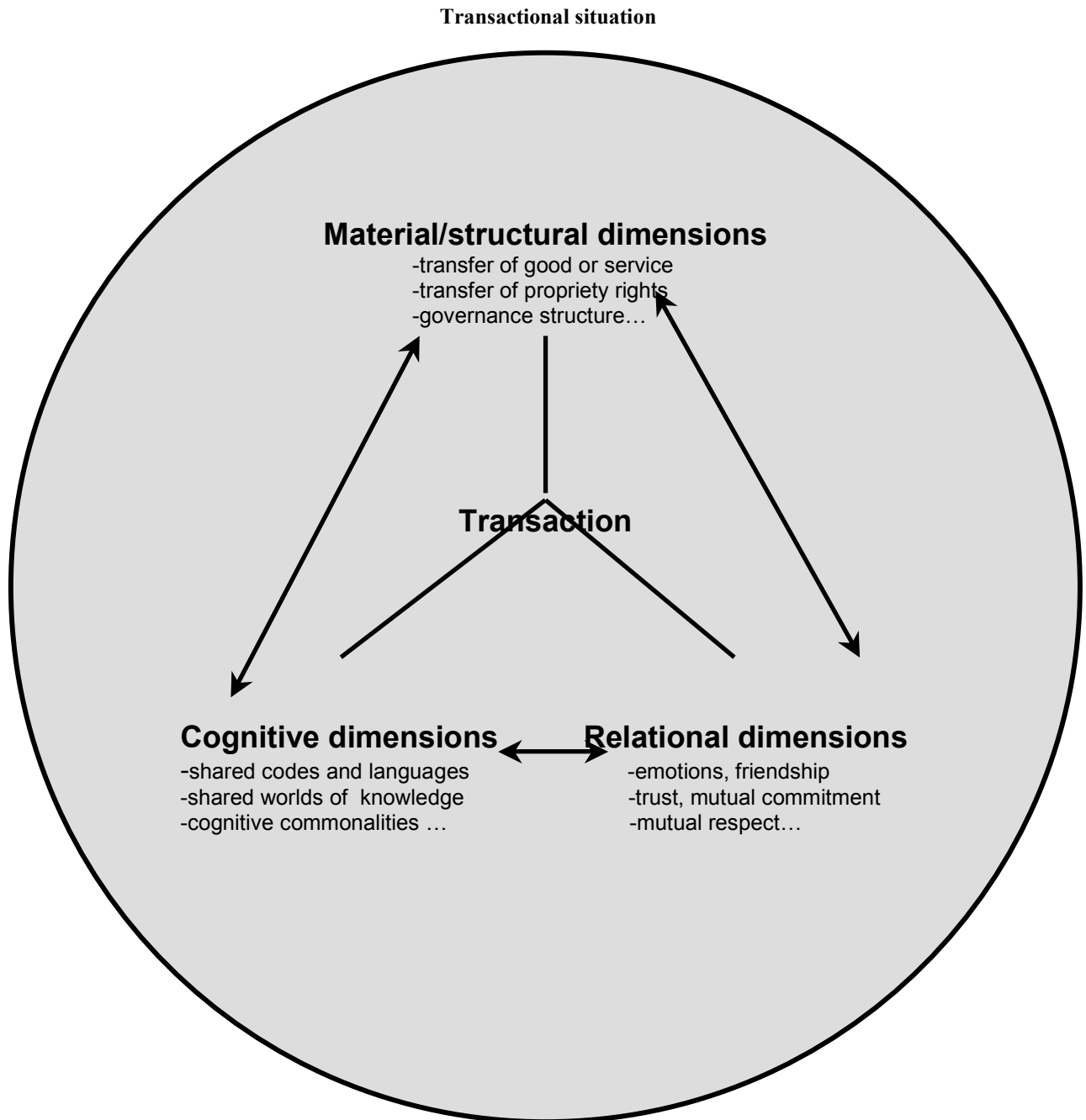
-material/structural dimensions: they refer to what is the object of the exchange and how, from a material point of view, the exchange is performed, that is to say: the good or service, the governance structure, the exchange web, the ways frontiers of the web are defined... It should be added that in our framework, goods or services and the end of the transactional process are not pre-given entities.

-Cognitive dimensions: they refers to the co-production by the actors involved in the transaction of cognitive commonalities, of shared world of knowledge, of shared codes of language...It captures the learning process underlying every transaction process. It involves the definition/redefinition of each actor

(self) involved in the transaction. It is a major source of transaction benefits. In such a perspective symbolic by-products, contracts or other artefacts supporting a transaction are not seen as technical devices to designed to protect each parties against potential opportunism but manifests communicative and cognitive properties and are the evolving product resulting from mutual learning.

-Relational dimensions: they refers to the sentiments, feelings, emotions...included in transactions considered as social relations involving human entities. Thus the learning process leads the actors to a better knowledge of each other and thus may open them to trust, mutual respect, friendship, mutual commitment...This can potentially be another important source of transaction benefits.

Figure 2: The structural, cognitive and relational dimensions of transactions



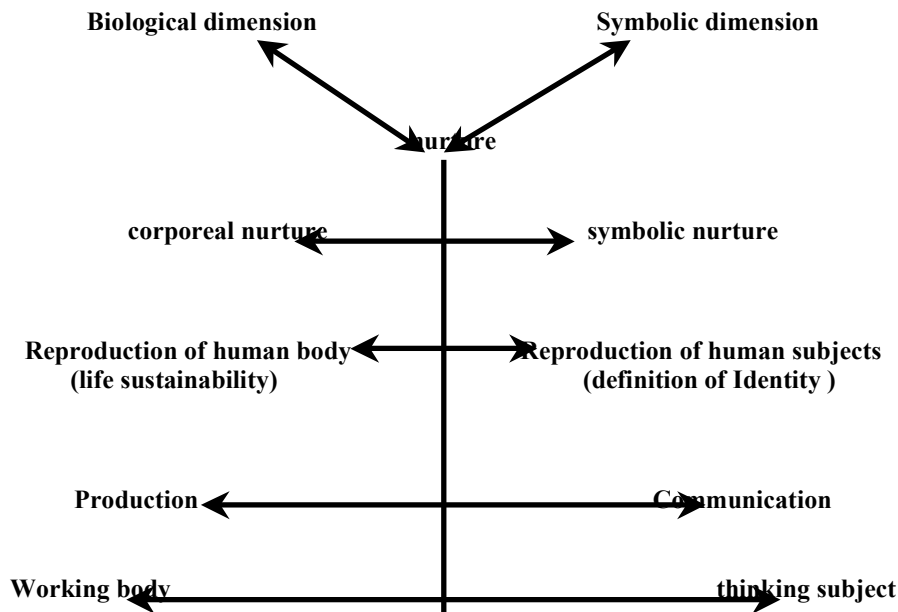
The multidimensional character of goods

In Our framework goods are not only material things oriented towards the satisfaction of well-defined pre-given needs but involve communicative, relational and symbolic dimensions. As underlined by M.Douglas and B.Isherwood we cannot understand demand by only considering the physical properties of goods: man needs goods to communicate with others and to give sense to the world around him. I agree with G.Simmel who argue that to have a good theory of exchange we need a good theory of sociality. Exchange should thus be considered as a complex relational activity [Pietrykowski 2004]. For example food consumption is invested by specific dimensions related to the biological and social matrices:

-to consume foods is a biological necessity to sustain life and is thus linked with the biological matrix and to the corporeal dimensions of human life

-to consume food is a social activity and include meanings, participate in the definition of personal and cultural identity...as such it is a part of the social matrix.

Moreover, food consumption and production is linked to what has been called consumption institutions [Cosgel 1997 p.154], that is to say *socially designed systems of rules generating regularities in the food (or good) consumption by individuals*. The following picture, inspired by the work of J.Gutman [2002] illustrates the multidimensional character of goods and the inclusion of food consumption/production into the two matrices of Dewey:



In some sense, as it has been the case in other domains of production/consumption, the modern agro-food system has lead to a complete separation of the biological and symbolic dimensions of food consumption/production by reducing the symbolic dimensions to a simple instrumental device designed and manipulated to satisfy the needs of advertising.

III-Re-inventing a civic space for exchange: toward a partnership economy

Economy as a civic space of discourse: the social relations of exchange

The perceived reduction of exchange to a simple instrumental a-social relation has generated the perceived necessity to re-invent new form of exchange and new kinds of relations between producers and consumers. For example, the development of the Teikei system in Japan and the corresponding forms of exchange in United States (Community Supported Agriculture) or in France (Associations pour le Maintien d'une Agriculture Paysanne) shows that individuals endowed with civil rights are able to design together new relations of exchange mutually satisfying and

funded upon reciprocity, norms of fairness, mutual knowledge and mutual learning. Such social relations of exchange are based upon communication between individuals and the communicative dimensions of exchange are in some sense more important than the material side; what is exchanged is not only goods or money, it is friendship, mutual recognition, definitions and re-definitions of identity...that is to say non-instrumental dimensions of exchange. Through such relations separated individuals become a community. As C.C.Hinrichs [2000 p.300] wrote: "CSA is seen as a way of promoting individual and community development (DeLind and Ferguson, 1999). Accordingly, the CSA model, as developed in the US, usually incorporates seasonal farm festivals, "eld days, on-farm work or educational experiences, and often children's activities. Through such interactions, farmers and consumers learn more of each other's circumstances, interests and needs, and create a more integrated community centred on food and a common identity as eaters. CSA advocates themselves see the creation of `a new associative economy that is fundamentally different from the ruling market economy (Groh and McFadden 1997, p. 34)." In John Dewey's pragmatic framework citizens are facing problems or uncertainties from the existing economic system and engage in a social inquiry process to find collective solutions to these perceived problems: the economy becomes thus a civic space of discourse. As J.Dewey said [2003a p.168], society is synonymous with association, interactive meeting... and the socially designed structures governing production and exchange are not ends in themselves they are only means to promote sociality, meetings, mutual knowledge...What I call **social relations** of exchange means that exchange is a complex multidimensional relational activity implying individuals as citizens of communities, embedded in biological and social matrices and seeking not only the satisfaction of needs but dialogue, mutual self-definition, reciprocity and fairness. As C.C.Hinrichs says, in attempting to construct alternatives to the "market" economy individuals are building communities, shared relationships, and move toward the decommodification of goods. In the domain of direct agricultural markets which are developing everywhere in the world: "*Embeddedness, in this sense of social connection, reciprocity and trust, is often seen as the hallmark (and comparative advantage) of direct agricultural markets.*" [C.C.Hinrichs 2000; p.296].

In search for legitimacy: the need for a partnership economy

It is now well documented that the existing economic system doesn't work satisfactorily, for example the Enron or Worldcom scandals have put into the front that the usual governance system of firms need to be changed and that in some sense the firm is not only a private device orientated toward the maximisation of shareholder value but a "quasi-public" actor endowed with multiple social responsibilities. The same is true, beyond the monetary side of the economy, of the impact of firms in environmental domains, in the exploitation of the work of children...The capitalist economy and its main actors (firms, governments...) are faced with a major legitimacy problem. For M.C.Suchman [1995 p.574] legitimacy means: "*a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions*". G.Palazzo and A.G.Scherer made a distinction between three forms of legitimacy:

-pragmatic (instrumental) legitimacy: resulting from the egoistic self-centred calculus of individuals belonging to the audience of the entity (the corporation for example) or of the system (the "market" economy). When M.Friedman wrote that the only social responsibility of firms is to make profit, he refers to such a form of legitimacy.

-cognitive legitimacy refers to the existing taken-for-granted assumptions underlying the existing economic system. The shared ideologies and mental models lead to the consideration that an organisation, governance structure, or the functioning of the economic system as a whole are necessary and inescapable. For example, globalisation impose constraints toward which we should passively adapt without questioning such an evolution in itself.

-moral legitimacy result from conscious moral judgements upon the functioning of existing entities or upon the actual relations between entities. Moral legitimacy is socially constructed through a social process of communication and refers to socially warranted assertions. Moral legitimacy is the result of explicit public discussion and entities or practices should gain legitimacy through their participation in those discussions.

Today, the pragmatic (instrumental) and cognitive legitimacy are eroding and the necessity to enlighten economic practices widely recognised. We should thus consider moral legitimacy as a major feature in the design of economic systems. The economy should thus be considered as a civic space open to a political process of deliberation. By **political** is here meant a process in which people organise collectively to regulate or transform some aspect of their

shared social condition, along with the communicative activities in which they are included. So "[the process of deliberation] evokes an emergence of a unified preference out of competing preferences [which is] intentional and which is based on consciousness of the values which deliberation has brought into view » [Dewey, Tufts ; 1932]. And "[...] [In making this moral choice] the self should be wise or prudent, looking to an inclusive satisfaction and hence subordinating the satisfaction of an immediately urgent single appetite" [Dewey, 1922 ; p 285]. Through the progressive building of this civil space of communication and deliberation we enter the domain of what I have called a **partnership economy**. Thus a turn toward a moral legitimacy implicates a turn from the usual utility driven and output-oriented view on economic activities to a political communication-driven and input oriented economy. What I mean by a partnership economy could be illustrated through the following figure:

	"Market" Economy	Partnership Economy
Goal (s)/End(s)	Maximisation of utility, profit, shareholder value, material well being. Possession.	Action directed toward mutual understanding, the creation of communities, the reconciliation of the economy with the social and biological domains
Governance structure and regulation process	Principal-agent model: managers are the agents of shareholders, employees are the agents of managers, citizens are the agents of governments... The regulation process occurs through control and through contracts	Team or community structures based upon trust, mutual commitments and reciprocity. Co-ordination, co-operation and the resolution of conflicts are the key activities of the regulation process through deliberation
Performance measure	Profit or shareholder value sufficient to guarantee the implication of parties and their co-operation	A fair distribution of socially created value. The measure of value is socially defined through a political process of deliberation informed by values and ethical dimensions.
Residual claimants	Shareholders	Every one concerned by a specific situation
Power and legitimacy	Shareholders and financial institutions hold alone the legitimacy and the power to decide.	People as citizens hold the legitimacy to participate to the economic decision process with respect to the degree in which they are concerned
Origin of legitimacy	Property rights	Civic rights

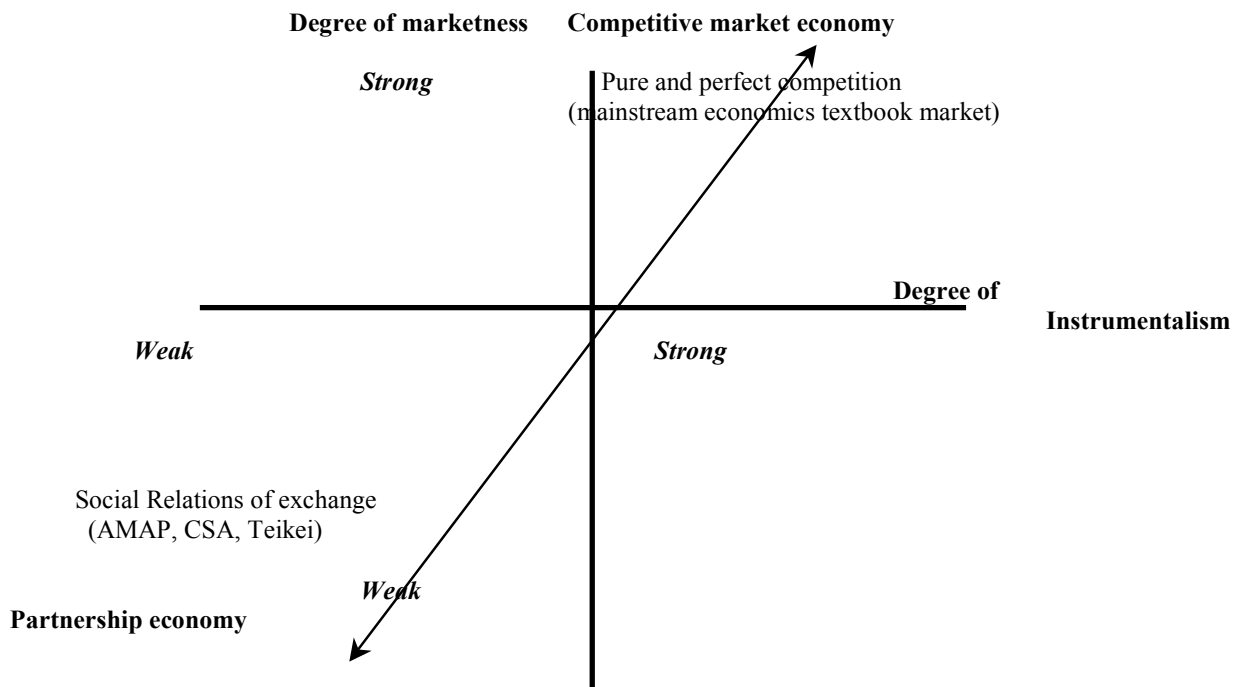
I am of course aware of the limitations of such a schematic framework and of the normative bias it exhibits. But, as in the pragmatic framework it should be considered as a guide for understanding and action and not as a mere description of reality. I think that the pluralisation of modern society (individualisation, globalisation, devaluation of

tradition...) appeals for a re-design of economy in a more benevolent orientation towards citizens and our common "co-world". The existing relations of exchange can be distinguished by two criterions:

-the degree of marketness: the relations of exchange can be considered from the point of view of the relative importance of price regulation and of communicative regulation. So there is a continuum of types of relations of exchange from a low degree of marketness (strong communicative regulation/weak price regulation) to a strong degree of marketness (strong price regulation/ weak communicative regulation). This is also a translation of the degree of impersonality of the economy.

-the degree of instrumentalism of individual (or entities) behaviour: individuals involved in relations of exchange can be characterised by a strong degree of instrumentalism (strategic behaviour, maximisation of profit, utility, orientation towards economic needs) or by a weak degree of instrumentalism (action oriented toward mutual knowledge, dialogue, personal relations, moral legitimacy). This is also a translation of the degree of individualisation of the economy.

The figure below shows the multi-dimensional character of relations of exchange and allows to represent the different types of exchange relations under consideration:



For economics our framework leads to a reconsideration of the theory of action underlying the dominant conception and a move toward a transactional/communicative approach.

To conclude , the following figure summarise the main differences between mainstream economic approaches and what could be a transactional/communicative framework. As a normative framework it is an appeal to a really democratic economic process.

	Transactional approaches <i>Partnership economy</i>	Contractual approaches <i>Competitive "market" economy</i>
Definition of the relations of exchange	<i>Social world</i> <i>Communicative interactive web</i>	<i>Nexus of contracts</i>
Organisation	<i>Socially designed (social relations of exchange)</i>	<i>Pre-given (market)</i>
Individual	<i>Socially embedded actor</i>	<i>Pre-given isolated entity</i>
Individual/ organisation relations	<i>Personal</i> <i>(Communicative transactions)</i>	<i>Impersonal</i> <i>(Material transactions)</i>
Forms of relations	<i>Trust, dialogue</i>	<i>Incentives</i>
Motivations	<i>Endogenous</i> <i>(self definition, identity making, mutual commitments)</i>	<i>Exogenous</i> <i>(monetary rewards)</i>
Origins of legitimacy	<i>Civil rights</i>	<i>Property rights</i>
Legitimation process	<i>Deliberation upon competing propositions or definitions to solve a problematic or uncertain situation</i>	<i>Exercise of power due to the possession of Property rights</i>
Legitimacy criterion	<i>Social process of valuation taking into account competing values of the parties</i>	<i>Profit, shareholder value, utility, maximisation</i>

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