
Fighting Poverty, between market and gift

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David Ménascé

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Introduction

Fighting Poverty, between market and gift

David Menasce

HEC, affiliate professor at the *Social Business / Firms and Poverty* Chair, Azao, general Manager

Aid or trade: that is often the alternative considered in the fight to relieve poverty. The debate also regularly swings between market solutions and publicly—or privately-funded aid mechanisms.

In reality, this alternative is over-simplistic. The daily reality for the world's poor seems to consist primarily of a tangle of aid-based and market-based relationships, and the survival strategies deployed by poor communities take no account of this distinction.

At the same time, and as if mirroring this situation, the policies applied to combating poverty combine elements of both aid and trade.

This special issue of FACTS aims to step beyond this apparently antagonistic state of affairs and seeks to understand how these two approaches interact and complement each other in the cultural, historic and geographic contexts.

The essential challenge is to analyze the continual oscillation that exists between the concepts of aid and market in the strategies adopted to combat poverty, and to understand the nature of any differences between them. It is through the lens of these specific local features that we can construe and understand the political economy systems at play.

This issue also attempts to clarify and analyze how market strategies and aid strategies—whether public or private—are renewed today.

Such goals may, of course, seem overly ambitious, but the quality of the contributions featured and the profile of their authors give this issue of FACTS a very special intellectual purpose.

We begin with an analysis of the population groups described—sometimes too sketchily—as poor. In practical terms, it is essential to begin with the strategies of the people themselves.

Laurence Fontaine introduces us to “the challenges posed by the market for the survival strategies of families in pre-industrial Europe”, with particular focus on women in the 18th century, giving us a clear understanding of how the market is also a social conquest.

Jonathan Morduch's article provides a contemporary echo in its analysis of the situation experienced by those living on less than two dollars per day in many of the world's emerging countries. Over and above the contextual differences, the entanglement of aid and market is clear to see.

The contribution by Frédéric Dalsace, Charles-Edouard Vincent, François Dalens and Jacques Berger then illustrates the obscene phenomenon of ‘double jeopardy’: for profoundly different reasons, the poor population groups of developed countries also suffer from the ‘penalties of poverty’. The truth is that by its nature and without any particular malice on the part of market players, the market penalizes society's poor by requiring them to pay more per unit of consumption than other households for the same goods and services.

Alternative routes to giving: innovative mechanisms for aid

Part two seeks to analyze how giving can be refocused to combat poverty more effectively. The J-PAL article begins by arguing against the current trend of shared cost concepts to highlight the economic importance of giving. Giving—especially in vital sectors like healthcare—remains an effective route to combating poverty. Nevertheless, Luc Rigouzzo sees it as crucial to introduce pricing systems, even for poor people, arguing that these are the only solutions for building long-term economic models.

Jean-Michel Severino then draws a critical assessment of public aid mechanisms, and sets out a general framework for their review and reconsideration.

The next two articles use practical experience as the basis for understanding and analyzing the aid mechanisms essential in today's world—direct cash transfers with strings attached—by analyzing one of the most high-profile social welfare programs (the Bolsa Familia in Brazil) and aid policies in Africa.

Alternative ways of doing business: new market-based approaches to combating poverty

Part three focuses on market-based approaches to combating poverty and the way they interact with giving. Cécile Renouard begins by considering the responsibility of the private sector in combating poverty, and suggests an analytical framework for examining the levers for action available to companies wishing to become involved in development.

There follows a series of articles on the role played by the market in improving access to goods and services.

Two case studies provide an insight into the strategies applied by two major corporations (SC Johnson and Veolia Environnement) to ensure access to essential services.

The contributions of Tatiana Thieme and Justin DeKoszmovszky on the one hand, and Muhammad Yunus

Thierry Sibieude and Eric Lesueur on the other, demonstrate that over and above the significant differences in terms of sharing added value (social business being based on the principle of no loss, no dividend; whereas BoP strategies apply a more traditional outlook), these two types of practice achieve a similar degree of success in the field, and in many instances depend on the ability to incorporate solidarity networks judiciously into market models.

Erik Simanis, Mark Milstein and Reuben Abraham offer a critical analysis of market models that specifically target the fight against poverty by means of a partial return to the traditional liberal ideal.

“It is not from the benevolence of the butcher, the brewer or the baker that we can expect our dinner, but from their regard to their own interest,” was the oft-cited view of Adam Smith. Their view is that we should no longer persist in confusing the market with the fight against poverty. A contribution to development is certainly an impact, but merely an impact generated indirectly by any efficient company.

Over and above this debate, all these models rely on partnership, and Philippe Lemoine and Marjorie Carre draw on the Clinton Global Initiative experience to explain how practical alliances can be forged between market players with different mandates, cultures and strategies. The key issue here is to define the practical methods by which giving-based and market-based approaches can interact to combat poverty more effectively.

This issue ends with a series of different perspectives that complement our understanding of the problems of poverty.

By comparing the approaches taken to measuring poverty at international, European and national (French) levels, Julien Damon’s article highlights the gradual convergence of these methods.

Alain Marie offers an anthropological perspective via a fresh reading of Marcel Mauss’s arguments on the subject of giving. Against this background, he reminds us that a gift very often conceals a debt, and that solidarity is also a system of power over, or even coercion of, individuals.

Alain Supiot develops a legal analysis, demonstrating the confrontation between two opposing political concepts of poverty: one that sees it as a social blight whose effects we can combat, but not its causes; and the other that views it as a manifestation of social injustice that must be eliminated root and branch.

Philippe Kourilsky then closes this issue with a new perspective on altruism by proposing the concept of ‘altruity’.

Although giving and the market are seen traditionally by many as having their origins in selflessness and self-interest, both concepts raise questions about our shared conception of living together as part of a wider community.

The complementary nature of all these contributions creates a new perspective on the issue of combating poverty.

They remind us of the importance of cross-disciplinarity between academics from a broad range of different backgrounds (historians, jurists and anthropologists), management scientists working alongside management practitioners, and the private sector alongside the non-profit and public sectors. It is this plurality of views that is perhaps the most valuable contribution of this issue.

This issue also provides a forum for debate, giving voice to many different—and even contradictory—interpretations of the central concepts that flow through today’s debate on interactions between the private sector, solidarity and public initiatives. These debates are constructive, because they reflect the vitality of this area of research and the importance of always questioning new ideas, however generous, to ensure that they do not turn into ideological straitjackets.

We hope that the plurality of voices heard in this issue will spark new debates and inspire all those who work on combating poverty every day.