

**The Social Economy:  
in search of both  
an institutionnalisation for its own development and  
an appropriate societal development model?**

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# Introduction

- **The general topic of the 4th Conference**  
**( *Social Economy on the move, at the crossroads of structural change and regulation* )**  
**raises at least two interrelated questions which refer to the second part: "at the crossroads of structural change and regulation"**
- **The first question: what type of regulation and kind of institutionalization for the social economy? (part one)**
- **The second question: what structural change and social transformation, the social economy could make possible? (part two)**

# **Intro: theoretical and methodological elements**

- **Our presentation is based on thirty years of research on the social economy and is partly inspired by the presentations made at this Conference**
- **By regulation, we mainly mean the coordination modes (market, hierarchy, reciprocity) with rules and socio-technical devices**
- **By institutionalizing, the processes and mechanisms that allow among others to give legitimate and relatively stable regulation**
- **By transformation, we mean structural changes which concern the model of development, not only the mode of regulation, but also the mode of production and mode of consumption**
- **By development model, we identify a wide configuration of a given country which can be characterized retrospectively by several interdependent elements including a regulation mode (various institutional forms), a mode of production and consumption, and an insertion into the world economy ( ex. Keynesian or fordist model)**
- **By social economy, we include such appellations as solidarity economy, social enterprise, the NPO, if necessary, I will identify them**

# **Part one**

# **Institutionalization and regulation of the social economy**

# Recognition of the social economy as an *inclusive concept*

- **Context of the « discovery » of the social economy: the crisis of fordism and providentialism from the mid-1970s**
- **The civil society and new social movements put forward post-materialist values (like autonomy and creativity) and a critical artist contrasted with the reformist critics of the labor movement (Boltanski and Chiapello, 1999)**
- **Neoliberalism and the New Public Management (NPM) – a great alliance for a competitive regulation, privatization, liberalisation of markets, customer orientation in public services, and reconfiguration of the Welfare State**
- **Social economy was a proposal from highly institutionalized components of the social economy which saw themselves threatened by crisis and transformation of the state and tried to reposition their activities in the late 1970s (ex.mutuals)**

# **Institutionalization: requests from the social economy**

- **Recognition of the social economy as a form of business different from the state-owned and capitalist enterprise and as an actor contributing fully to the development model**
- **Demand for autonomy and support from the state, two sets of justifications**
  - **its activities oriented towards public interest and/or general interest**
  - **its values embodied in the principles , including democratic governance , purpose of services, ability to hybridize resources and plural devices of regulation based on market, redistribution and reciprocity.**
- **Presents itself as an alternative to privatization: well equipped to achieve the socialization of public services with citizen participation: SSE has to ensure the delivery of public services, if the state continues to pay through grants,**

# **The proposal of NPM: reconfigure the state and the regulation**

- **Regard private enterprise as a model for the management of public services to become more efficient and effective**
- **Relieve the state of service delivery so that the elected head of government focus on steering and no longer operational (rowing)**
- **Appeal to the private sector (for profit and non-profit) for the delivery of public services: new market or quasi-market**
- **Using mechanisms to promote competition among public service providers such as tenders and establishing standards and measures, emphasis on the evaluation of results**
- **Seeking greater discipline and parcimony resources: methods inspired by the private sector for engagement and remuneration of staff and greater flexibility in the organization of work**

# Comparison of the two proposals: NPM et ESS

- **Common elements**

- Critics of centralization and bureaucratization
- Decentralization of the social services and utilities
- Bringing services closer to users
- Paradoxically, the reconfiguration of the state driven by the NPM offers numerous opportunities for social economy

- **Main major differences**

- Competitive regulation (NPM) VS a partnership regulation
- Commodification VS Socialization (in french: « communautarisation »)
- Priority to performance in terms of cost and profit (exchange (NPM) VS priority process and relational in the production service to produce in the same time public value and social value (value for the individual and the community)
- Finally, users have the choice of suppliers, but no choice but to leave (exit = high-cost) VS users involved in the co-production services through democratic or participatory governance, reduction of information asymmetry and trust (loyalty)

# Limits of the NPM and its adverse effects on public services in terms of regulation

- Yesterday, the NPM has been applied to public administration since the early 1980s, but today, the NPM management is questioned in countries that were the promoters (UK et NZ)
- Today, the public value approach and collaborative governance is put forward as an alternative to NMP (John Benington and Mark H. Moore, 2010), but the approach of NPM is increasingly applied to social and solidarity economy and to social enterprise engaged in public services
- Perverse effect of competitive regulation and of NPM on the social economy (tendency to merchant isomorphism, non-recognition of public and social value produced by the ESS through processus and relational)

# **Two forms of institutionalization in progress: social economy and social enterprises**

- **Adoption of a framework law on social economy in some countries and statistics (satellite accounts) on the social economy and non profit organisations**
  - **Co-production and co-regulation of this kind of law**
  - **Demand from the less institutionalized components**
  - **Key elements of these laws and limits**
  - **Participatory regulation (partnership) of the social economy**
- **Proposal of programs and financing with control from outside, two variants not to be confused**
  - **National and international governances: competitive regulation**
    - **National Governments: application of NPM to SS engaged in public services**
    - **European Commission: ex. European social entrepreneurship Funds, Social Business Initiative, Programm for Employment and Social Innovation**
  - **Venture philanthropy and impact investing (remote control) and new market in developing countries (market for the poorest – from NPM to financialization?)**

# **Part two**

## **Three proposals: consolidation or transformation of the development model**

# **Structural changes and social transformation: three contrasting development models**

- **Consolidation of the existing development model:  
a regulation of repair**
- **Transformation of the development model: two  
variants**
  - **A reform of the existing model development through a  
plural economy, democratic governance, new forms of  
entrepreneurship and more innovations**
  - **An alternative model of development: from a capitalist  
model to a sustainable development or an ecological  
transition (beyond capitalism)**

# Three national and/or continental trajectories

- **Anglo-American countries: competitive regulation and consolidation of the existing model (dominant models) – social enterprise**
- **Some countries of continental Europe: hybrid regulation and plural economy – social and solidarity economy and social enterprise**
- **Some countries of Latin America – regulation of transformation: towards an alternative model of development - solidarity-based economy**

# Limits of the various proposals for transformation

- **Framework law (for social and solidarity economy)**
  - Insufficient for a change of model development
  - A regulation of transformation requires executive concrete actions
  - Very few countries
- **National and international government programs and subcontracting (for social economy and social enterprise)**
  - Social utility, but only sectoral changes (in the best case)
  - Competitive regulation: external control, reduced autonomy, evaluation of results (not processus), reciprocity not favored
- **Venture philanthropy and impact investing (humanitarian, social enterprise and Yunus social business)**
  - Ambitious goals globally (ex. climate change and overcoming poverty), large investments in the marketing, international networks
  - Regulation of repair, consolidation of the existing model (at best), regressive transformation (at worst), threat of financialization (a profitable market to meet the basic needs of the poorest)

# The social economy as a factor of transformation (1)

## several conditions

- An inclusive **vision of the future** based on current major issues and need of a theory of social economy and social enterprise
- **A broad alliance** for a great transformation and appropriate support for the social economy
- **Sectoral and intersectorial** policies tailored to the needs of the social economy
- Federate the sectoral achievements and networking (intersectoral) economic actors involved in social economy
- Need for an **ecosystem of social and solidarity economy** : a single firm is powerless at this scale (hence my spontaneous preference for a term macro-sounding like that of social economy rather than a term micro-sounding like enterprise)

# **The social economy as a factor of transformation (2): need for an ecosystem**

- **At the local and regional levels**
  - Popular and cooperative technological incubators (ex. Brazil)
  - Regional or local poles of cooperation (social economy (ex. France and Quebec))
- **A national innovation system for the social economy**
  - Appropriate governance involving key stakeholders Investment
  - Funds dedicated to the social economy
  - Specialized services for the social economy
  - Professional training for the social economy
  - Research and R-D: the role of universities (theory, basic reseach, applied research)

# Conclusion

# Conclusion (1)

- **Two processes of institutionalization in progress: one by a framework law; the other, by contractualisation and venture philanthropy**
- **The regulation of the social economy (dominant form) in a country or a continent seems closely related to the model of development put forward, but in very different directions**
  - regressive transformation
  - reforms in the direction of a plural economy
  - possible beyond capitalism through an ecological transition (unlikely at medium term)
- **In a society, it is possible to find these three forms of regulation and transformation but only one of them dominates (hence the importance of putting them into perspective, including by scientific research)**

# Conclusion (2)

- **Diversity and multiplicity of experiments within the SSE suggest ways to produce and live where reciprocity as a means of regulation occupies a special place, an inspiration for a different model of development (like a compass) - A more qualitative than quantitative weight**
- **The social and solidarity economy can not alone ensure the transformation of the development model, hence the need for broader alliance**
- **The social economy can contribute significantly to transformation if it happens to create an eco-system according to its specificity - This will show its full potential**

## Conclusion (3)

- **Last of all, I would like to mention the high relevance of International CIRIEC and its journal, *Annals of Public and Cooperative Economics/Annales de l'économie publique, sociale et coopérative*)**
  - **about its openness to different approaches to civil society initiatives (social economy, solidarity economy, social enterprises, cooperatives and other NPO)**
  - **about its tradition and commitment to put into perspective the social economy primarily oriented toward the collective interest and public economy mainly oriented towards the general interest**
  - **about its international commissions and research groups for international comparative research and for collaborative research involving researchers and practitioners from public enterprises and social economy organizations**

**Thank you for your attention**