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Looking forward to convergence in social economy: A tale of two continents

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Abstract

Some insights with regards to Social Economy suggest a trend towards convergence in relation to concept, scope and the modalities that it adopts in different countries. Nevertheless, there are practices that reveal that the gap to overcome differences is greater than what is obvious to the naked eye.

The aim of this paper is to research the different approaches with regards to Social Economy and its conceptualization in the various contexts, countries or regions, as well as the public policies that stem from them.

The report on Social Economy in the European Union held by Monzón and Chaves in 2012, shows similarities and differences with regards to the main theoretical approaches of the subject, finding a sort of convergence between solidarity-based economy and social economy. Our aim here is to widen the vision proposed by that approach and find a contrast with it in relation to the Latin American vision.

In some places of Europe, Social Economy is considered a tool to achieve reincorporation into the labor market. Within the Latin American perspective, nonetheless, it is seen as an 'alternative to capitalism' with greater emphasis on self-management. But there is also a broad mix in this continent with visions that are more tinted by mercantilism in those countries marked by traditional cultures.

The interest in convergence/divergence of approaches stems from the experience the authors have had in the field of Social Economy –from teaching and research as well as work projects–, participation in various international conferences, and the theoretical and empirical approximation to the universe of Social Economy in Argentina, Colombia and Belgium. The methodology includes analytical tools, case studies and the experience of participating in theoretical discussions that help to confirm the hypothesis about the existence of important differences in the approach and comprehension of Social Economy.

Keywords: convergence - democracy - equality - justice

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Introduction

The Social and Solidarity Economy is crucial to the statement *another world is possible*. There is a trend towards convergence in relation to that concept, in what concerns the meaning of the social and solidarity economy and the organisations involved. The criterion that distinguishes these multi-faceted forms that span cooperatives, mutuals and other non-profit organisations and various different types of what is called the new social economy, is the convergence in the scope and the modalities that it adopts in different countries. Still, there are practices that reveal that the gap to overcome differences is greater than what is obvious to the naked eye, due to diverse and deep cultural issues.

In this paper we will try to research the different approaches with regards to Social Economy and its conceptualisation in the various contexts, countries or regions, as well as the public policies that stem from them. We can easily see all around the world that there is strong support to the idea that Social and Solidarity Economy (SSE) can be a suitable approach to organise work in different places in order to develop activities to achieve a better quality of life.

“The participants in the Assembly of Convergence ‘Another World already exists here and now’ declare that Social and Solidarity Economy in its various forms throughout the world represents the alternative to the global capitalist system. It is an economy conceived by citizens for citizens; the objective is to democratically ensure a decent life and food sovereignty for all people, and to preserve the natural resources that are currently being destroyed and wasted” (World Social Forum, 2013).

There is increasing international recognition of the importance of Social and Solidarity Economy, including cooperatives and many new different ways of organisation whilst respecting the delimitation criteria that distinguishes SSE as a core identity. And this is because it has been proved that SSE provides resilience in financial crises, superior social capital and the means for the development of a more democratic, fair and inclusive society.

“Multiple global crises and heightened concerns about the social and environmental consequences of market and corporate-led development have reignited interest in ‘alternative’ production, finance and consumption. Increasing attention is focusing on social and solidarity economy (SSE), a term that is gaining traction in many regions and forums around the world.” (UNRISD International Conference, 2013)

The report on Social Economy in the European Union (Monzón and Chavez, 2012) shows similarities and differences with regards to the main theoretical approaches of the subject, finding a sort of convergence between Solidarity-based Economy and Social Economy. The aforementioned report sees Social Economy as part of a plural economy but also composed of a great plurality of actors or organisations. Our aim here is to widen the vision proposed by that approach, expose some considerations and yet find a contrast with it in relation to the Latin American vision.

The concept of Social Solidarity Economy is under construction, although its history goes back to the history of mankind, by its very nature of associability and solidarity. *“It is a relatively new framework and as such there is still a wide variation in concepts and definitions between, and even within, different regions”* (Kawano, 2013).

As explained in the aforementioned report, Social Economy appears historically linked to popular associations and cooperatives, which represent its backbone. The values and principles of these associations, which would be a symbol for the historic cooperativism, have been the basis of the modern concept of Social Economy, which consists of three large families of organisations: cooperatives, mutuals and associations.

According to Laville (2004), the survival of the market society proved to be impossible to achieve. Society reacted to this perspective, resorting to the notion of solidarity in various forms: by mobilising other economic principles, enacting rules or creating institutions which limited the sphere of the market, or adopting different forms of capitalist property.

In Belgium, the 1990 report of the Walloon Social Economy Council saw the SE sector as part of an economy that is made up of private organisations that share four features: “a) the objective is to serve members or the community, not to make a profit; b) autonomous management; c) a democratic decision-making process; and d) the pre-eminence of individuals and labour over capital in the distribution of income (CWES, 1990).

The mentioned report proposes the following working definition of the SE:

“The set of private, formally-organised enterprises, with autonomy of decision and freedom of membership, created to meet their members’ needs through the market by producing goods and providing services, insurance and finance, where decision-making and any distribution of profits or surpluses among the members are not directly linked to the capital or fees contributed by each member, each of whom has one vote, or at all events take place through democratic and participative decision-making processes. The social economy also includes private, formally-organised organisations with autonomy of decision and freedom of membership that produce non-market services for households and whose surpluses, if any, cannot be appropriated by the economic agents that create, control or finance them.” (CWES, 1990).

As per the definition above, we will use the term *Social and Solidarity Economy* (SSE) to refer to a broad range of forms of production and exchange that share both economic and social goals. They reconnect economic activity with ethical values and social justice, try to satisfy human needs, adopt workplace democracy and promote ways of living and producing that are more caring to both people and the environment.

As Emily Kawano says: “The Social Solidarity Economy is actually a marriage of the solidarity economy and the more radical end of the social economy. Both of these exist in multiple dimensions: as a theory or framework, as a social movement and as concrete practices, policies and institutions. At the level of theory and framework, proponents, practitioners and academics seek to develop a coherent articulation that draws together concrete practices. As a social movement, proponents, organizations, and enterprises connect with each other to strengthen the social or solidarity economy. At the level of practitioners, some will identify with the framework and movement, and some will not, due to a lack of either awareness, interest or agreement” (Kawano, 2013).

Social Economy and Solidarity-based Economy mean almost the same since both terms put forward important elements of convergence and include the same multifaceted group of organisations. The majority of these associative experiences contained in the *alternative economy* or *popular economy*, hold a shared core identity that distinguishes them from other institutional sectors in a plural economic system.

But here we have some considerations to make: the expression *popular economy* is not the same as Social Solidarity Economy. We can see certain practices that belong to Popular Economy and yet are not called SSE. Informal and/or illicit activities, i.e. the ones that fall into copyright infringement, are in the range of Popular Economy but do not belong to the SSE. They fail to show the core identity required for this qualification.

The fact that it is a concept under construction, not only involves a difficulty when addressing a delimitation of the organisations that currently make up the Social Economy and its features. There is also evidence of little agreement about its characterisation as an economic order, understood as a set of co-existing forms of production and distribution.

Organisational forms in the Social Solidarity Economy

Concerning the characteristics of organizations operating within the scope of Social Economy, the recent report by CIRIEC for the European Economic and Social Committee mentions various approaches which refer to the sector as: the third sector, non-profit organisations, solidarity economy, social enterprises, and finally the social economy as understood in the European Union today.

The authors emphasise the main similarities and differences between the approach and concept of Social Economy and the one of Non-profit Organisations. Both perspectives agree in describing the entities of the social economy as private organizations with autonomy of decision and voluntary membership; while they differ on the criteria of non-profit objectives, democratic control and service to people. These similarities and differences, together with the existence of a common space for organizations belonging to both approaches, make it possible to appreciate important conceptual and methodological differences that don't allow us to think of the sector as a simple sum of entity groups covered by both approaches (Monzón and Chavez, 2012)

It should be noted, however, that a proper interpretation of these conceptualisations need them to be contextualised based on the historical, political, social and cultural needs of each country or region. Whilst the theoretical developments about Social Economy organizations come from Europe, currently various authors and perspectives from Latin America approach their study according to the singularities and associative experiences that were carried out in the countries of the region.

Furthermore, the diversity of SSE organisations, resources and agents leads to differences in the dynamics of their behaviour and their relations with their surroundings. This also brings an extensive and assorted range of approaches to it.

Different approaches with regards to Social Economy

Returning to the various approaches to the subject, a particularly important difference stems from the weight of the role of the Social Economy sector in the economies of nations. From the perspective of Nonprofits, this "third sector" exists between the state and the market, and its mission is to satisfy a significant amount of social needs neither satisfied by the market (due to a lack of solvent demand with purchasing power) nor by the public sector (due to public provision inability). Therefore, it is necessary to use a third type of resources and

motivations. The Anglo-Saxon approach, based on volunteers, charities (in Britain) and foundations (United States), insists on the values of philanthropy and the non-profit criterion. It is then a vision of the "third sector" as a charitable one, based on welfare, with a mission to fill the gap in a limited public social protection system and the excesses of a market system that is dynamic, but exclusive.

In regards to the Social Economy approach, following Monzón and Chaves, the sector is not to be found between the market and the state, but rather, between the capitalist market and the public sector. The sector is positioned as a pole of social utility made up of a broad set of private organizations that are created to meet social needs rather than to remunerate capitalist investors. Thus, *"it is not considered as a residual sector, but as an institutional pole of the system which, together with the public sector and the capitalist private sector, is key to consolidating welfare in society, helping to solve some of their more relevant problems as social exclusion, mass long-term unemployment, geographical imbalances and unequal distribution of income and wealth"* (Monzón and Chavez, 2012).

Unlike the Anglo-Saxon approach, which assigns to the third sector a charitable, philanthropic and one-way function, Social Economy promotes the generation of synergies based primarily on social networks. There is reciprocal solidarity amongst its promoters, with a value system based on democracy in decision-making and the priority of people and their work over capital in the distribution of surpluses.

Nonetheless, in some places of Europe Social Economy is considered a tool to achieve reincorporation into the labour market. According to its nature and purposes, these institutional arrangements reflect a *marginal* conception of the Social Solidarity Economy. According to the analytical types developed by the literature, this way of understanding SSE is reflected in the State through targeted public policies (García Delgado, 2004), which are directed exclusively to the most vulnerable sectors through subsidies acting as a form of unemployment insurance, or by searching for the re-integration of beneficiaries in low-skilled jobs, belonging to the same labour market which had previously dismissed them. In this regard, government action is reduced to the minimal essential to ensure the proletarianization of the workforce (Isuani and Nieto, 2002).

A distinctive feature of these type of policies is the isolated way in which the problems of employment and development of people are addressed. This perspective emphasises the strengthening of capacities of the recipients in individual terms, via passive incorporation of technical tools that allow them to compete for available jobs in the traditional employment market. This viewpoint is guided by the underlying logic of competition, which contrasts with the cooperative and associative principles inherent in social programmes whose design, purpose and implementation fall under the paradigm of the SSE. These focused policies are also characterised by being designed with a subsistence criterion. They operate in this regard as *"a form of containment and social compensation that does not intend to contradict the logic of concentrated accumulation, but acts on it in a functional way"* (García Delgado, 2004).

In contrast, SSE is seen within the Latin American perspective as an 'alternative to capitalism', involving non-exploitative social relations, collective ownership and alternative ways of appropriation and distribution of surplus (Barkin and Lemus, 2013) But there is also a broad mix in this continent with visions that are more tinted by mercantilism in those countries marked by traditional cultures.

In the UNRISD Conference in May 2013, various speakers emphasised the “non-capitalist” essence that is present in SSE. As a matter of fact, SSE also provides efficient means of fighting unemployment by creating jobs for young people and women.

Public policies in Latin America and particularly in Argentina are based on a distinctive view of Social Solidarity Economy (SSE) with greater emphasis on self-management and aligning with the above-mentioned non-capitalist principle. This has strengthened the vision linked to the statement “*Another world is possible and it’s happening*”, and it is visible through the number of organisations and networks that have increasingly expanded in the past 12 years.

Argentina’s case

The model implemented by the Argentine Government in the last twelve years, extending to the present, no longer views people in need as passive beneficiaries of social philanthropy, but as rights holders and active protagonists of their own destiny.

The Social Development Ministry has historically provided social assistance, focusing on vulnerable populations. Since 2003, this particular state agency has been promoting policies in order to strengthen SSE organisations and its networks. This Ministry has mostly driven the mentioned policies, although there are other government agencies that also actively support SSE.

Beyond these considerations, in Argentina there are also different approaches for addressing the Social Solidarity Economy, which bear some correlation with the aforementioned ideas. The first corresponds to the general principles that currently guides the policies promoted by the State at national level. This view framed the practices of the "Social Solidarity Economy" within socio-productive policies in order to create jobs and employment to improve incomes and quality of life of the population living under socio-economic vulnerability.

A second perspective considers it as an "economy for the poor," and resembles the paradigm of targeted social policy and welfare; analogous to the Anglo-Saxon approach. This view is also defined as marginal or functional (García Delgado, 2004), in the sense that it does not constitute a real transformation alternative versus capital accumulation models that tend to concentration.

The third perspective sees the Social Economy as an alternative mode of production, which places the human being at the centre of the scene. From this viewpoint, a re-organisation of social relations in the production, distribution and consumption of goods and services is proposed, which involves prioritising reproduction of life over any other rationality. It promotes and particularly appreciates the creation of mechanisms for participation, democratic decision making, equity in income distribution and the collective construction; elements that promote social cohesion. It is considered a real alternative, to the extent that it rejects certain patterns in the capitalist economy, i.e.:

- The structural inequality of resources and power, which does not end with the subordination of the working class to the capitalists but also operates as inequality between genders, ethnicities and countries.
- The social relations structured by the competition, where the pursuit of individual interests prevails over other possible motivations. These competitive relationships exist not only in the

market but are colonizing all aspects of peoples' lives, through the phenomenon of 'social pedagogy', present in every economic system (Olivera, 1995).

- The unsustainability of production and consumption globally, that destroys the environment and the potential for replication of the human race itself.

This approach rejects the trend to accept these patterns as natural in human life, and proposes to understand them as social constructions subject to change.

From a comprehensive view, in Argentina, Social Economy organizations are considered social units with unique characteristics of democratic governance and equity, taking various forms of association to carry out activities that are for the community and of a productive nature. These organizations, with cooperatives as the backbone, have their identity values and principles that represent an educational tool for participatory democracy (Haddad, 2007).

The legal framework and legislation established in Argentina supports cooperative and social economy enterprises through solidarity finances and other strategies (Haddad and Stein, 2013) But the relationship between SSE organisations and government structures is always complex and sometimes strong efforts made can be detrimental to the goals of SSE. And this is because intervention can foster dependency and threaten managerial autonomy. This is what happens in a Program like "Programa de Ingreso Social con Trabajo" (2009) where cooperatives are driven and organised by the government as a way of including vulnerable people and in order to promote and strengthen the democratic system.

Therefore, in the mentioned CIRIEC report (2012), there is a conclusion: "The SE does not just see people in need as the passive beneficiaries of social philanthropy; it also raises citizens to the status of active protagonists of their own destiny".

We can see this is the same perspective assumed in Argentina in the last years, although some policies are even detrimental to it, as we said before in this paper. Anyway, the aforementioned conclusion is great convergence we want to emphasise.

Conclusions and challenges

The interest in convergence/divergence of approaches stems from the experience the authors have had in the field of Social Economy – from teaching and research as well as work projects –, participation in various international conferences, and the theoretical and empirical approximation to the universe of SSE in Argentina, Brazil, Colombia and Belgium. But mostly, it is rooted in the deep belief that SSE is the right way to guarantee decent income for all people as well as universal access to basic services such as healthcare, justice and education.

Some case studies and the experience of participating in theoretical discussions have helped to confirm the hypothesis about the existence of important differences in the approach and comprehension of Social Solidarity Economy.

In spite of the divergences, it is a fact that citizens around the world are organising themselves in order to create possibilities and networks to exchange ideas and goods without intermediaries and to build alliances between producers and consumers as well as supporting solidarity among all people in the world. This capital is not merely material, but social, based on relationships between people and related to nature.

Multiple voices rise together to express the urgency to organise and bring pressure to public authorities from local to international level, to shift their economic policy to a people- rather than capital-centred economy.

“The Assembly calls upon all civil society actors to network their actions at global level in order to enable people all over the world to assert their rights, and to replace the current system that is based on individual selfishness, over-consumption of resources, competition, male hegemony and war, by a peaceful, fraternal sober economy of cooperation and peace between all humankind.” (World Social Forum, 2013).

Social Economy organizations have been given an unprecedented boost from the state, both in Argentina and Latin America generally. Since the turn of the century, Brazil, Bolivia, Ecuador and Venezuela have begun to see a process of recognition of Social Economy, not only as an inclusive strategy but also as a project that is able to confront neoliberal capitalism, consolidating a plural economy. These ideas are reflected in the constitutional reforms of Bolivia (2009, art. 306), Ecuador (2008, art. 283), and Venezuela (1999, art. 118).

This process was possible due to the fact that the logic of competition that characterised the neoliberal period began to be disputed during this stage of development at regional level, through cooperative efforts among nations, strengthening trade ties in the context of MERCOSUR and generating new areas of cooperation and political dialogue through the creation of supranational institutions of vital importance, such as UNASUR and CELAC.

In Argentina, over the past decade, the Social Economy organizations have multiplied, expanded and consolidated their networks, while globally more and more voices support this economic and social model as the only one able to ensure a long-term sustainable development. Even consultants such as McKinsey, traditionally oriented to a business model based on freedom for the financial system, begin to refocus their discourse and vision towards the Social Solidarity Economy.

It is therefore considered, as already mentioned, that the citizen is a subject of rights and a protagonist of the transformation, and no longer a passive recipient. The main actor of cultural change is the Social Solidarity Economy, as a way of transition to another economy with genuine development and broad social inclusion.

Yet, there is a lot to do to encourage participation through cooperative teaching methods from an early age and throughout the learning process as well as in production and distribution in order to promote solidarity, cooperation and equity in all activities.

In terms of the environmental criteria of SSE, for example, it is necessary to establish a legal framework at international level that restrains damaging economic activities and begin to promote useful ones, particularly in the sector of essential goods and services such as organic agriculture, renewable energies, equitable sharing of water, forestry and other natural resources.

Hypothesis:

Developed countries have not yet lost faith in the capitalist system and hope it will still provide full employment. Therefore, a great portion of the Social Economy Sector aims to

people's reinsertion into the labour market, as it is believed that it can still fulfil the needs of society.

But economic history in emerging countries has shown people that they cannot rely on that model. They have been pushed to think of alternatives, deploy creativity, not only to work together and form associations but also to do it by taking a political stance and confronting capitalism.

Furthermore, governments in Latin America have acknowledged the current model's failure to provide full employment and have therefore adopted the promotion of the Social Solidarity Economy as a strategy to create jobs (plural economy...)

It can be observed how different interpretations through which the nature, purpose and scope of the Social Economy is understood, define the orientation of the policies carried forward within the public sphere. These concepts or paradigms also rely on a broader base of support through which stakeholders interpret social reality and define the role that the State plays in the general socio-economic development of the country and its citizens.

In this sense, the virtuous link between a State wishing to balance asymmetries and favour the development of socio-productive networks within the internal market, with a competitive, innovative and socially responsible corporative sector, and the wide world of Social Solidarity Economy, comprising NGOs and non-productive business ventures, promotes the recovery of a social and anthropocentric dimension that transits the path towards a model of inclusive and sustainable development.

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