

Sociology 292. The Social Economy
Reading Interrogations, Session 2, 9/8/2001
DIMENSIONS OF THE SOCIAL ECONOMY

1. João Alexandre Peschanski

My commentary highlights initial motivation as an important dimension to explain the building and evolving of social-economy organizations. Readings for this week put the emphasis on environmental and structural influences.

The readings for this week look at interactions with other sectors as fundamental to explain the emergence and development of social-economy organizations. Evers and Laville claims that those organizations are in an intermediate area among three sectors: market, state and private households. Those sectors have specialized norms and values, and specialize respectively in profit, redistribution and personal responsibility. Social-economy organizations “balance” and “bundle” functions of those three sectors. That perspective takes an ecological perspective: social-economy organizations adapt to their environment, and variations occur based on intensity and strength of interactions with other sectors.

Quarter, Mook and Armstrong also build their argument around the importance of interactions with other sectors (market and state) to explain the emergence and development of social-economy organizations. At some point, they come up with underlying characteristics of social-economy organizations -- social objectives, social ownership, volunteer/social participation and civic engagement --, but they do not explain how those characteristics influence actions of social-economy organizations: are they values and ideologies that people shared and led them to build organizations or are they unintended consequences of environmental constraints?

Those two accounts do not emphasize the initial motivations for the building of social-economy organizations. Their debate around hybridity puts much of the emphasis on environmental influences and structural constraints. Yet, motivations may be important to explain variations in the evolution of organizations. I can imagine at least two ideal-type scenarios: (1) A social-economy organization can emerge just like a social movement, as a collective action that challenges some form of prevailing institutional arrangement; (2) social-economy organizations could be triggered by the state, and people involved in them would be indirect and informal functionaries. Those two scenarios, one would expect, might lead to different forms of organizational strategies. Initial motivations might be an important dimension to specify types of social- economy hybrids.

2. Trevor Young-Hyman

First, I have to admit that I was not able to do all of the readings this week, because I have been traveling. I did not have access to the book by Quarter, Mook, and Armstrong (2009), so I can't comment on their ideas. So, here's what I have. A primary purpose of the discussion and readings this week is to define the social economy, and so my questions relate to this topic.

Should the social economy be defined independently of the state or is the support of the state a defining characteristic of the social economy?

The working definition for the class negatively defines the social economy as “economic activity that is not...statist”. Salamon et al. define the non-profit sector as “institutionally separate from the state” (1999; 3) What is the theoretical importance of defining the social economy as a realm of economic activity that originates outside of the state?

In practice, as Evers and Laville write, “it is difficult to demarcate clearly the boundaries with the state sector when third sector organizations operate for the public good and as part of a guaranteed system of welfare services” (2004, 14) Salamon et al. themselves acknowledge that the non-profit sectors in many countries are largely funded by the state, which would seem to establish a strong institutional linkage.

The state may also play a legitimizing role for organizations of the social economy. “For a ‘civil’ society, defined among other things by the right to associate and speak freely, democratic politics and state guarantees are constitutive.” (Evers and Laville 2004, 22) In what sense are they constitutive? What are the necessary resources that the state provides in support of the social economy?

Should the social economy be defined as generating positive externalities for a particular constituency, as opposed to some abstract notion of the common good?

It seems potentially misleading to suggest that organizations of the social economy function for the “public good”. Organizations of the social economy have a constituency, which is defined by a membership, and the organization supports the generation of economic activity that benefits those members. Some organizations of the social economy may generate economic activity with positive externalities, but should this be a defining characteristic of the social economy? Salomon et al. emphasize that the membership is “voluntary” and that contributions of “time or money” define the boundaries of membership. Evers and Laville argue that fundamental to the European third sector model is the direct participation of citizens in the development and provision of public services, and the responsiveness of these public services to the needs of that constituency.

Is it possible that, at least in the provision of social services, that the social economy helps to recast democratic politics so that the constituents of a polity are those who participate in governance?

3. Ian R. Carrillo

Under market reforms and the transition toward neoliberal economic policies, it is understood that the State will play a smaller role in providing social services, leaving the market and the non-profit sector to fill the newly empty space. Many proponents of market-based economics

suggest that where the market cannot provide, the non-profit sector would be better equipped to provide needed social services than the State. The authors seem to imply that inadequate access to social services indicates a market failure, when, in fact, these failures have been predictable and/or inevitable, which calls into question whether or not they are truly failures. Is “market failure” the appropriate term when the failure is expected and the Third Sector solution is logical and complementary (in the instances when it is not challenging fundamental capitalist practices)?

The theories behind orthodox capitalism and the Social Economy developed alongside and influenced one another since their inceptions. With the recent expansion of the Third Sector amidst a neoliberal transition, could it be true that neoliberal proponents have come, arguably inadvertently or on purpose, to rely upon the Third Sector to fill in the predictable short-comings of a market-based, commodified economy?

4. Matthew Kearney

Evers and Laville, along with everyone we have read so far, seem to agree that social economy organizations are defined at least in part by having as their goal some form of solidaristic community benefit. Evers and Laville further argue that, "the third sector is not defined as a clear-cut sector and is approached more as a component of the economy based on solidarity and a hybridization of different economic principles" (20). Those "different economic principles" are market selfishness, family reciprocity, and state redistribution. But why should we regard action based in solidarity as nothing more than a combination of these other three? Does the concept of solidarity reduce to combinations of selfishness, reciprocity, and rights?

If it does not, then it is proper to think of the social economy as an analytically distinct sector. This is quite different from saying that there is often no clear-cut separation in practice, either on the level of institutional forms (market, state, family, and social economy) or on the level of motivations (self-interest, rights, reciprocity, and solidarity). If the social economy and its motivational basis, solidarity, are conceptually distinct from the other three types of economic relations, then we should use a four-fold, square model of economic action – indeed of social action in general – rather than the three-fold, triangular models that Evers and Laville present.

5. Anne Reynolds

In his discussion of social economy businesses, Quarter focused on the structure of the organizations, their level of democracy, and the role of capital/profits within the organization. Users of social economy organizations often have complex relationships with the organizations, which may include providing capital, gaining financial rewards (e.g. dividends), using the organization for employment or to market/ obtain products, and participating in decision-making. What is the interplay of these relationships? For example:

- If it's relatively easy for a user to monitor the quality of an organization (for example, a credit union) will participation in governance be low? Does this make it less of a "social economy" organization?
 - Does a high level of investment increase members' use of an organization and/or their interest in governance?
 - If users depend on an organization for their livelihood and have very few alternatives, will they participate more in decision-making?
 - If users have a right to residual returns upon dissolution, how will it change the nature of their relationship to the social economy business?
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6. Nina Baron

In "Understanding the social Economy – a Canadian Perspective" the authors are discussing what types of businesses and organisations can be seen as a part of the social economy. One of the types of organisations, that they argue to be a part of the social economy, is business associations. They argue that this kind of associations can be seen as a part of the social economy because it is a group that is set up to serve the interest of its members. But when businesses in this way decide to work together, their main focus will often be on increasing of there profit. A business association can have a great interest in working against new environmental laws or a rise in minimum wages for workers, because their focus on profit always will make them work to keep their expenses down. This kind of associations can therefore often be seen as working against what normally will be seen as the best for the public at large. The question is then, "Are they still a part of the social economy?"

On the other side, the book clearly states that businesses with focus on CSR (corporate social responsibility) can not be seen as a part of the social economy, because it is still profit that is the business' first aim, and the social responsibility is only an add-on. What if the business use nearly all its profit on charitably causes, are they still not a part of the social economy?

What I will like to discuss is therefore the role of profit in the social economy. Can you be part of the social economy if your main focus is in profit, and not other social or environmental factors? And do you have to use all your profit on charitably courses, to be a part of the social economy or can it be less?

7. Taylan Acar

The first two pieces of this week's readings raises an important issue of the European conceptualization of civil society, which can be further articulated with respect to the issue of hybrids. It is clear that social economy organizations overlap with both public and private sectors

in terms of funding, target groups and governance. In Western European context for instance the existence of a historical, strong welfare state leads to intertwining of the social economy and state economy sectors in several cases. As a tiny example, in Germany, parties, foundations and unions run in a loosely organic whole generating impact on different spheres of life, which is not only peculiar to social democrats, I think, in terms of developing a theory on social economy, the conceptualization of 'hybrids' is of crucial matter. We should 'pack our bags' in scrutiny.

That brings me to another question. Quarter, Mook and Armstrong provides a very informed and detailed analysis of social economy not only on Canada, but on several regions of the world with a comparative-historical perspective. However, they cannot escape to put every single organization into the sack of social economy including a huge variety of organizations. They develop almost no critical perspective at all regarding the issues of ideology and dilemmas of the social economy organizations they classify (Canadian Chamber of Commerce, Eva's Phoenix employing youth without even paying them, Grameen Bank and Yunus on a very controversial microcredit issue). On this regard I have two questions, which should be dealt with different theoretical levels:

1) From a Marxist perspective, how should we analyse the conceptual relationship between social economy organizations and class organizations, which are exclusively formed to serve interest of a specific class, whatever that particular interest at a given historical moment is? (In terms of formulating an answer to this question, I am tended to embrace Erik's limited definition of social economy in ERU).

2) In the course of the seminar, how 'much' or how often we should refer to our grand theoretical question of niche within capitalism or non-capitalist form? How much this question should guide us, when we are reading a new piece, or a discussing a particular point?

8. Ayca Zayim

In the last couple of decades, the 'third sector' or the 'nonprofit sector' in Europe is argued to be expanding. In terms of employment growth, welfare services such as education, health and social services have been dominant, especially but not exclusively in Western Europe. Evers and Laville comprehend this growth as a "trend towards an increasing mixing of structural elements of market and state" (p.242), as welfare states increasingly become purchasers of these services from 'non-profit organizations' and private firms. While this might bring benefits to social service recipients (for example, in terms of solving information problems, enhancing participation, being more responsive to needs etc.), this has also been seen by critics as the state's transferring of its responsibilities to the market in the context of neoliberalism. To what extent should we be skeptical of this trend? Can it be seen as the gradual commodification of these services?

In the readings, there was the case study of Scotsburn, a 'marketing cooperative' in dairy processing and distribution. This cooperative, with 3,150 members (who are independent producers), employs 700 full-time and 250 part-time 'workers'. I am curious about the relationship between these employed people and the members. As far as I understand, these

people are not members so they do not have ownership claims -similar to wage workers-. In this case, does this make these types of cooperatives a hybrid? And to what extent do the 'marketing cooperatives' really have a transformative power since they seem to reproduce exploitative relations day-to-day?

I would also like to talk about the scope of the social economy. It seems to me that a lot of the examples given as part of the social economy do now allow for a complete break with capitalism.

9. Joo-hee Park

What are the limitations of the neoclassical approach on the third sector? Evers & Laville (2004, p20) points out that the discourse on the third sector in the USA is dominated by the contributions from economic theory. Especially, they criticize the explanation of the existence of a third sector by Hansmann and Weisbord (the explanation that "the third sector emerged from market failure to reduce information asymmetries and the state's failure to respond minority demands") reflects neoclassical approach.

It appears that Evers & Laville's criticism is based on several arguments: "the approach naturalizes the hierarchical structure in which the market and the state are viewed as pillars of society and the third sector as an auxiliary force"; it is based on functionalist explanation; the third sector is not only a goods and services provider but also the important expression of civil society.

Does this summary cover all of their arguments? I am not sure whether I understand their points correctly. What are the other limitations of the approach?

10. Nate Ela

I'm curious about what people in the seminar feel are the stakes – sociological, political, economic, etc. – involved in getting the "social economy" concept "right." There are many different terms, concepts and typologies (European, Unitedstatean, Canadian, Quebecois, ErikOlinWrightian, more or less grounded in history/genealogy, coined by academic theorists, used by practitioners, etc.) floating around in the literature, perhaps in competition, perhaps simply talking past one another. Are you drawn to or repelled by one or another? Do you think some are wrong? How do they serve to clarify what's *really* going on, and how do they obscure?

For my part, I find myself attracted to those accounts (e.g. Moulaert & Ailenei, Evers & Laville) that seek to trace a history of some concept of "social economy", and made uncomfortable by those that try to find some appropriate location for positioning the social economy on a triangle that divides the world into three sectors that may or may not overlap in Venn-like ways. Is the world really a triangle? Does the triangle model used by so many theorists clarify, or obscure? And am I kidding myself in thinking that the historical accounts are preferable to the geometric

visions – since it may be impossible to understand the historical development of these terms without reverting to thinking in terms of triangles?

11. Tatiana Alfonso

The first issue that I would like to address in the discussion is what I decided to call here the “consensual character” of the account of the social economy provided by Quarter, Mook and Armstrong. It refers basically to the underlying assumption of a consensual society in which you can have Social Businesses, Social Economy Businesses, Civil Society Organizations, organizations of charity and social assistance, organizations “alleviating poverty”, regular businesses and the State, dividing peacefully economic resources, political spaces and revenues in the same society. Instead of having that, it seems to me that the emergence of social economy organizations is frequently the result of social and economic struggles of organized people who are usually excluded of the regular market and the public sector. Social Economy is a highly contested arena. I think that taking the emergence process of the social economy organizations (and its correspondent struggles) and their effects into account is relevant to draw the line between the social sector and the “non-social” sector.

Quarter, Mook and Armstrong provide a meticulous description of the social economy sector in Canada and so many different types of organizations that you can find within that broad spectrum. They use the level of dependence between the organization and the Private sector –the market- and the State as the criteria to differentiate types of organizations. Even though this criterion seems useful to describe how the organizations survive, it seems to lack of a strong and clear principle to categorize the organizations.

The effect of that absence can be seen in the following example. According to the explanation of Quarter, Mook and Armstrong you could have an organization that executes strategies for the alleviation of poverty as well as a cooperative of owners in the same group, depending on the level of dependence that they have with the State or with the private sector. For example, both of them can “balance their economic and social mission and earn either all or a sizable portion of their revenues from the marketplace”, so both of them could be Social Economy Businesses according to Quarter et. Al. However, if you include in the picture how and why they appeared in the society and, what are the effects of each of them on their worker’s and client’s lives, you will have them in extremely separate groups.

Let’s think about the process of emergence. The organization for the alleviation of poverty can exist in a capitalist society without facing opposition from the traditional businesses in the market and getting aid from the government. It’s neither challenging any assumption of the market nor competing for the profit, so the resistance is not likely to be high. Moreover, sometimes these organizations (as non-profit or charity organizations) are direct products of the logics of the market or of the regulation of the State (i.e. when companies get exemptions of taxes donating money or creating foundations). On the other hand, the workers coop is –

allegedly- breaking the structure of oppression and exploitation that the regular labor market could imply; it's challenging the basic assumption of the individual surplus for the employer; it's creating a democratic space for the workers; a stronger opposition –passive or active- could be expected from the private sector and from the State (through regulations for example) during the formation and stabilization of the coop.

On the side of the effects with the same example: The organization for the alleviation of poverty (i.e. cash transfers founded by the government and invested in the stock market) is not likely to contribute to any structural change in the economic conditions of its clients whereas the workers coop will –more likely- contribute to create different conditions of life in the economic and the social sphere. Moreover, the organization for the alleviation of poverty will reproduce a scheme in which its clients are outsiders to the market and to the State, maintaining them as marginal and passive actors in the economic and political order. On the other hand, the workers coop would contribute to the social empowerment of its members. These distinctive features could be understood as products or correlations of different paths of emergence, or at least, as differentiated effects in the social sphere. The path of emergence and the effects of the organizations on people's lives as well as in the economic and social structure seem to be the “blind spots” of Quarter, Mook and Armstrong's explanation. Working on those issues could give us a better sense of what should be included or not in the social economy sphere.

The second issue I would like to discuss is the relevance of collective institutions (or collective organizational arrangements) for the social economy. Basically, to what extent the collective character of the organizations is relevant to define them as “social economy initiatives” and to guarantee that there is some redistribution of the surplus that challenges the individual profit and favors the collective wealth.

12. Lindsey Twin

Within the readings, there is a tension between either defining social economy organizations (SEOs) by how they produce or by what they produce and for whom. The authors elude this tension by focusing on the good intentions of the actors. However, good intentions do not define the opportunities, constraints and dilemmas which structure and reproduce the way people coalesce in economic activity. Private property and competitive markets drive accumulation in a capitalist economy. What are the arrangements which define these parameters within a social economy?

If SEOs are based on voluntary association, they entail qualitatively different collective action problems based on how they relate to the class structure. The forging of SEOs within and across class lines shapes the relative accessibility of resources versus people as inputs. While productive resources can be combined and directed seamlessly, people possess “insuperable individuality,” with which organizations must organize a “willingness to act” amongst a diversity of interests

(Offe and Wiesenhal, 1980). How does the composition of inputs of an SEO reflect the class origin of its participants?

How does the availability of inputs to an SEO determine its outputs? Whether SEOs organize direct action or direct service determines the relative importance of organizing people versus resources. Direct service addresses symptoms of a bigger problem [capitalism] by providing goods and services to people who do not have them. With direct service, there is a disconnect between production and consumption. This produces an asymmetrical relationship between producers and SEO members/recipients, whom are typically passive.

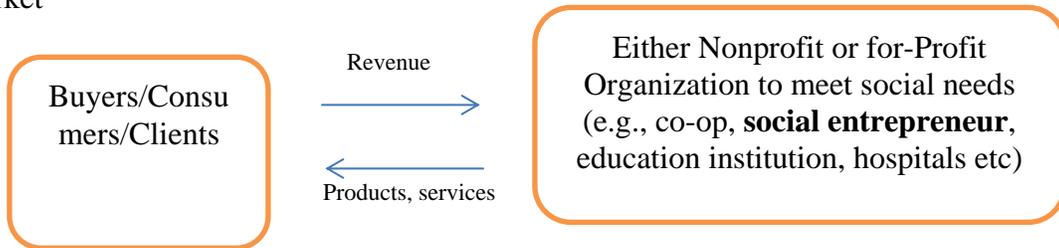
Direct action is based on the power of people to take collective action on their own behalf to address their problems. With direct action, there is a connection between control over productive resources and labor, and between production and consumption/exchange. This defines a symmetrical relationship based on labor effort because these SEOs structurally depend on the engagement of members. What kind of implications does the distinction between direct action and direct service have for the factors which define the structure and practices of SEOs?

13. Eunhee Han

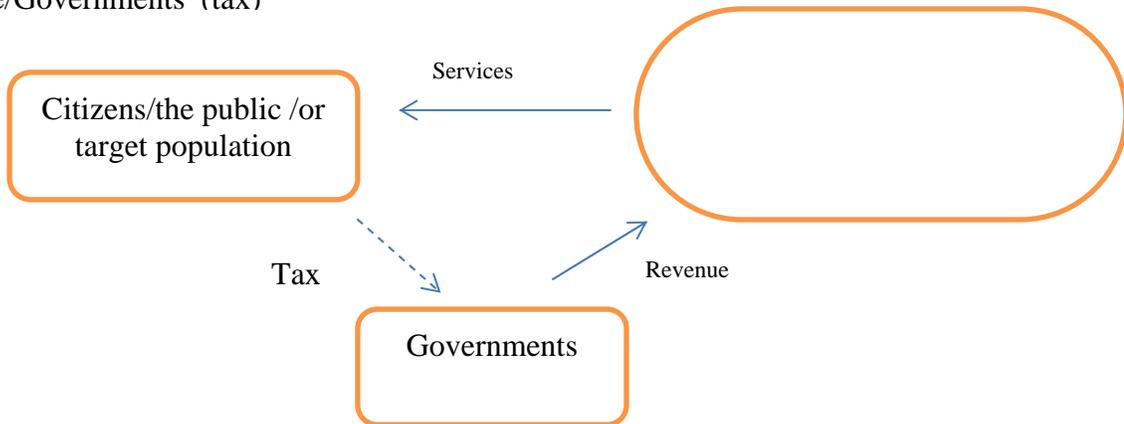
From the last week discussion, the social economy can be negatively defined as economic activity which is not capitalist market economy, government business or family economy. This week readings by Quarter et al., however, suggest that the boundary between the social economy and other forms of economic activities is not distinct; and their argument sounds like social economy complement capitalist market economy, government business and family economy to meet various human needs. When I think of the source of revenue for organizations in the social economy, it becomes clear that how social economy is different from and similar to other types of economic activities. The diagram below may be an explanatory version of the figure 1.1 by Quarter et al. (p.7). Distinguishing main source of revenue in the social economy may help think about the multiple characteristics and dimension of the social economy. Probably, many organizations rely on more than one source of revenue (even all three) depending on the nature of their social missions, services they provide, and macro factors (e.g., development of welfare state, socio-political context p15, 17, 21 in “global civil society”). The source of revenue, on the other hand, can limit their missions or activities. For instance, if the main source of revenue is only government contract or market income, it is almost impossible for an organization to initiate progressive/innovative activities to subordinate dominant economic power. It may be too obvious that the source of revenue is an important factor in understanding how the social economy works and investigating its social impacts.

Figure. Three sources of main revenue in the social economy

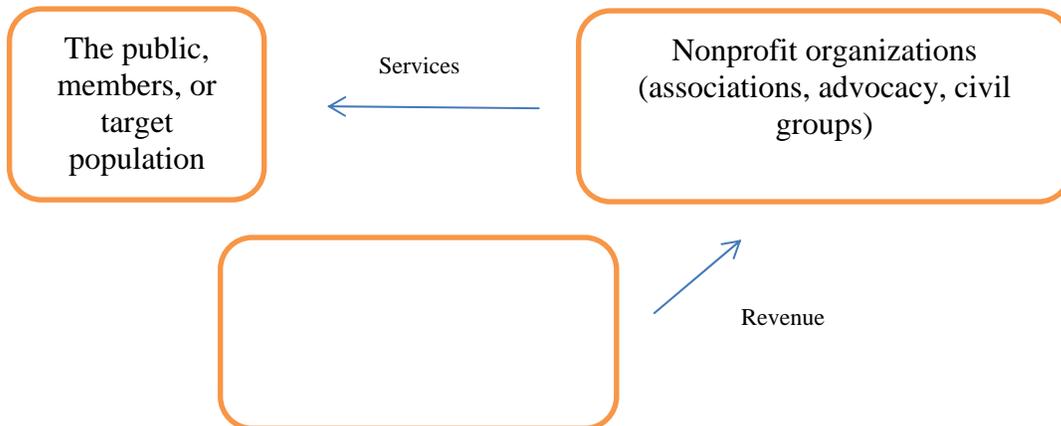
1. Market



2. State/Governments (tax)



3. Third Party: Private Funds (Donation, Philanthropy foundations, membership fees, etc)



14. Michael Billeaux

Main points:

- Social businesses and social economy
- Civil society organizations

I found the “social business” category in the Quarter/Mook/Armstrong to be unclear and unsatisfying. For example, it's unclear what it means to meet an urgent “social need.” The example given is private businesses which work in green technologies. However we can think of other social needs met by other private businesses driven primarily by profit-making. Where is the distinction, and what is meant by a social need? Wal-Mart provides necessary goods at highly affordable prices, for example. We could choose any number of other companies that don't so egregiously violate our own moral standards, but there is no obvious reason to include them under the category of social economy. They make the further argument that not only is a social need provided, but companies have made a shift away from *simple* profit-motivation, having included some or other social goal. I'm not convinced this represents anything worth distinguishing from traditional capitalist firms; it is likely that they are occupying a profitable niche market and/or attempting to maintain legitimacy with the preferences of the customer base, both of which are essentially profit-motivated.

At least as problematic is the discussion of civil society organizations, wherein the authors argue that groups as varied as business associations, labor unions, and recreational sports clubs are basically alike. There is a token admission that labor unions and business associations have opposing interests at times, but this is brushed aside for their *essential* similarity that they are all organized on the basis of mutual aid, where “civic engagement” is facilitated. This completely ignores the political and economic content of such groups. Their class composition, their political and economic goals, their functions, their consequences—in a word, their social importance—is neglected almost totally.

15. Emanuel Ubert

In my view, none of this session's readings offer a satisfactory method to translate their differing conceptual definitions of the Social Economy into universally testable, empirical definitions. There seems to exist a tradeoff between the multi-dimensionality and scope of the definitions that can be applied to the Social Economy, and the quantifiability of the components of such definitions. The John Hopkins Project definition, for example, restricts itself to the non-profit sector, whose most fundamental (economic) dimensions seem to be readily quantifiable (revenue, employment, etc.), and therefore testable with regard to specific theories about the Social Economy's role and development in different socio-economic systems. Quarter, Mook and Armstrong's “interactive approach” definition of the Social Economy, on the other hand, contains a more complex typology, large parts of which seem not quantifiable in either their socio-economic or socio-political dimensions (e.g. Civil Society Organizations' activities). My concrete questions concerning above are thus twofold: First, is an empirically measurable definition of the Social Economy necessary to construct meaningful theories about it, and if not, how could one test such theories' validity? Second, what would, and practically could, such an

empirically based definition of the Social Economy look like?