"The Social and Solidarity Economy in the European Union: The Basis of a New Political Economy"

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The social and solidarity economy (SSE) is not short of either tangible evidence of its utility or people to manage its development. In 2010, it employed over 14 million people in the European Union and operated in all 27 Member States. It has helped to increase the feminisation of the workforce and is composed essentially of white-collar workers, although it also employs blue-collar workers and executives. Having grown from a small group of professionals claiming to descend from the 19th century associationist tradition – a tradition sustained by opposition to industrial capitalism – it now has a very diverse structure: associations, cooperatives and mutuals, not to mention the countless initiatives seeking to firmly establish the economy in local areas. Generally speaking, it is characterised by a variety of institutional tools and contexts.

However, the term “social and solidarity economy” does not refer simply to a group of several different activities. Because of the “non-profit” criterion, which may also be referred to as “controlled profitability”, there is a focus on initiatives that are not of immediate practical utility. In most cases, the explicit objectives of such initiatives are oriented towards solidarity and citizenship. Whereas the market uses social cooperation to achieve a return on investment, the goal of the SSE is the opposite. It aims to finalise economic action in accordance with the principles of the democratic pact. According to Bernard Emé and Jean-Louis Laville, the SSE is a set of practices combining economic exchanges and citizenship commitments (Emé, Laville, 1994, 2005). It is anything but straightforward social philanthropy. Despite this decisive contribution, several well-informed observers – Quebeckers in particular – argue that this “economic giant” is still a “political dwarf” at Europe-wide level. In fact, while the social and solidarity economy is steadily gaining strength in the European political sphere, recognition of its specific characteristics is still shaky: “professional activists” or “dedicated professionals”, a dual economic and social objective, a hybrid funding model and disparate institutional environments. Everything speaks in favour of seeing the SSE as an unusual political object, one that is struggling to find its rightful place in a European landscape shaped by half a century of unequivocal sharing between State and market.

At the same time, however, Europe’s civil societies have never given up: they have been energetic in their efforts to break through an increasingly porous barrier, to meet the challenge posed by new social needs (care for vulnerable people, support for artistic creativity, digital development, etc.) and to invent new strategies to stave off the threat of a “market society”, which governments are no longer able to contain. This

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1 In 2009/2010, the social economy provided paid work for over 14.5 million people in the EU, i.e. 6.5% of the working population in the EU-27 and around 7.4% in the 15 “old” Member States. In countries like Sweden, Belgium, Italy, France and the Netherlands, it accounts for 9 to 11.5% of the working population (EESC, 2012).
capacity for action has given rise to a number of different cultural orientations: in some places, the role played by the social and solidarity movement is regarded as being an inherent component of national identity, while in others it is still marginal. In any case, a set of practices has emerged capable of creating a link between economic challenges, social needs and political commitments.

For a long time, the European Union viewed these practices with disdain, describing them as an “exception”: in fact, they derogate from the “competition law” that governs trade, without being identified with public action which falls within the exclusive competence of States and their local units of government. But, over the years, as these practices have continued to develop and to weave themselves into the social fabric, and as both markets and States have sunk into a deep crisis, this restrictive approach has seemed increasingly disconnected from reality.

The apparently “exceptional” nature of the social and solidarity economy is not a flaw or a failing: it is a vehicle for social and economic innovation and for the revitalisation of the public sphere. Its strength lies precisely in the fact that it challenges the legal and institutional architecture of contemporary societies at their neuralgic point, that is to say the “unthought-of” boundary between State and market.

THE CONTEXT OF THE UNION IN 2013.
THE AFTERMATH OF THE “SINGLE MARKET ACT FOR A HIGHLY COMPETITIVE SOCIAL MARKET ECONOMY”.

Has the introduction of the Single Market Act (SMA) in 2010 opened up new perspectives? On the 20th anniversary of the Single European Act, initiated by Jacques Delors in 1992, the Commission decided to lay the foundations for a new, job-creating single market, capable of addressing issues of social cohesion and sustainable development (European Commission, 2010, p. 4). The project is organised around three objectives: to pursue strong, sustainable and balanced growth; to put citizens at the heart of the single market; and to promote better governance and dialogue in the single market (ibid., p. 5). In addition to the original, recurring themes (protecting consumers, supporting entrepreneurs and in particular SMEs, improving the tax system, particularly regarding VAT), there are now several new ones including:

- the idea that the single market should be driven by a “services economy”;
- support for “long-term” financing and investment;
- the improvement of “public services”, in view of providing more efficient and innovative services oriented more towards sustainable development;
- the reform of the “Professional Qualifications Directive”; and
- support for “social entrepreneurship”.

Obviously, it is the last point that interests us here. Is the importance that the European Commission seems willing to attach to the extremely broad “social business” sector sufficient to put Europe on the path to structural reforms commensurate with contemporary challenges? Does the term “social entrepreneurship” refer to a new segment of market capitalism, a responsible but limited gesture on the part of some employers, or a much broader movement? Should we go so far as to see “social business” as a turnaround in Community doctrine, in acknowledgement of the efforts to restore solidarity within civil societies?

Such questions are not innocuous. The crisis that is shaking the old nations of Europe to the core is not just an economic, social and ecological crisis. It is also fundamentally political. It reflects a crisis in the way civil societies influence the course of their own development. According to Philippe Herzog (Herzog, 2012), whereas the Greek crisis could have led to a strengthening of financial cooperation mechanisms and, perhaps, to the emergence of a system of financial federalism, the measures taken by the EU have fallen far short of those that would be required by a long-term European action plan centred on requalifying the production system, linking education and employment and creating “European public goods”. The EU has also proved incapable of thinking about the conditions of production or of the buy-in to the new financial regulations by the public, regarding the civil society as a mere adjustment variable in a time of crisis. Austerity is no longer a means to an end; it has become an end in itself.
Given these reductionisms, the movement impelled by the SSE is taking on a specific quality and meaning. It provides only a partial answer to the current problems. But its scope extends much further than the practices specifically associated with it. It indicates that economic recovery scenarios are intrinsically linked with the definition of a new global strategy for regulating capitalism, with and beyond the State. It is also a reminder that, in this area, there is no point trying to wipe the slate clean: it sets up all-or-nothing politics against the realism of citizen practices combining economic rationality and socio-political dynamics.

This is where the notion of “trust” really comes into play. Market efficiency requires the existence of cooperation based on mutual trust. However, left to itself, the market pushes aside the principles of courtesy needed to establish what Durkheim referred to as “moral conscience”. It thus undermines the conditions for its own operation. In response to this, welfare states are called upon to play a decisive role. But given the bureaucratic contradictions that they have to deal with, the weakening of their sovereignty by globalisation and the opening up to competition of their social systems, they cannot fulfil this role alone.

Fully restoring the bonds of trust within society is therefore a crucial challenge. As Jürgen Habermas repeatedly pointed out through the theory of “communicative action”, the emphasis placed on interaction means creating a framework for deliberation that is not influenced by power and money, a framework that enables the reform of the democratic pact in line with modernity (Habermas, 1983, 2003).

In a recent text, Philippe Herzog argued along the same lines: he stressed the necessity of both developing the “social capital” of private-sector players and creating new “public goods”: “platform and network economics are creating [...] configurations with the clustering of information and the leveraging of social capital by private players, whereas the competition doctrine would like to chop up business in which coope-
ration and integration are consubstantial. It is fighting the coordination of funding activities, yet this contributes to the clustering effect. There is evidence that competition policy can only have a positive effect on innovation if it is tailored to individual sectors, and if it pursues a fresh public-good approach” (Herzog, 2012, p. 3).

The movement impelled by the social and solidarity economy extends this reasoning by giving it a concrete existence. Following in the footsteps of Hannah Arendt, it represents a new form of “common action” capable of finalising economic rationality in a context of crisis and contributing to a new definition of collective action centred on solidarity (Arendt, 1988).

Hence it is increasingly urgent to create a legal and institutional framework that recognises this movement: it is important not only for the European Union’s economy, but also for the development of a public arena for discussing economic issues. This is essential to creating a European civil society, which does not exist at present. It is with this in mind that Confrontations Europe decided, in January 2011, to create a working group on “social economy, social cohesion and local development”. The group was put into place within the framework of the 2012 Entretiens Économiques Européens (European Economic Debates): Better appropriation of the European market for a more united social market economy.

Originally led by Matthieu de Nanteuil then Nicole Alix, its goal from the outset was to organise an exchange of ideas to better understand the complexity of the fast-expanding sector that is the social and solidarity economy, and also to get a good grasp of its scale of operation in Europe². This special edition of L’Option by Confrontations Europe reports on these activities. Published in both French and English, it aims to draw the attention of European decision-makers to practices that showcase the engagement of citizens and the growing economic vitality at the local level. Before presenting the overall organisation of this special edition, a short explanatory introduction is required.

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² In addition to those having contributed to this special edition, the following people participated in the working group: Marie-France Boudet, the then Secretary General of Confrontations Europe; Guillaume Filhon, then from the Representation of French Social Security Institutions to the European Union (Représentation auprès de l’Europe des Institutions de Sécurité sociale française, Ref); Claude Fischer, President of Confrontations Europe; Laurent Ghenié, Head of EU Office, Union Sociale pour l’Habitat; Philippe Herzog, Honorary President of Confrontations Europe; François Michaux, former Director of Forecasting for the Renault Group, policy officer at Confrontations Europe; Véronique Ollivier, the then manager of the Brussels office of Confrontations Europe.
SOCIAL ENTREPRENEURSHIP, SOCIAL AND SOLIDARITY ECONOMY: A TENSION TO BE EXPLORED

Publication of the SMA presupposes removing any ambiguity regarding the scope of the social and solidarity economy. By using the broader and much vaguer term “social business”, the European Commission’s reference document overlooks the difference between: (a) capitalist type organisations that aim to use social action as a vehicle of *profitability* (which we suggest considering to be «social businesses”); (b) social enterprises that have a social dimension to their objectives, but which employ operational rules that help them achieve these objectives as efficiently as possible (“social enterprises”) and (c) the other social and solidarity economy initiatives that aim to change the dominant economic process through the *democratisation of the economy*, by adjusting their management methods in line with the specific features of partnerships and with the governance methods that they imply (“social and solidarity economy”).

This classification, which is quite succinct, would benefit from being explained in greater detail. It should be presented within the context of structural change, resulting from the fact that market capitalism has become the source of specific initiatives (category a above). As several researchers have shown (Janssen and Schmitt, 2011), these initiatives have a critical dimension to them: they challenge the idea that entrepreneurs are calculating, omniscient and single-mindedly focused on obtaining an immediate return on their investment. Such initiatives involve behaviours wherein profitability is often *deferred*. Nonetheless, they are still strongly attached to the general rules of market capitalism, where the pursuit of new objectives – “social” objectives in this case – does not mean that the underlying economic culture has to change.

The different approaches (a, b and c above) are all useful, provided their scope is clearly specified. For example, it is important to distinguish between:

- “social enterprises”, which are guided by the principle that commercial activity is a means of achieving social or societal objectives. In this case, the profits are mainly reinvested with a view to achieving this social objective; the method of organisation or ownership system reflects their social mission;
- “collective” social-economy enterprises (legal groups of individuals: mutuals, cooperatives, associations), at the origin of the social and solidarity economy movement. In this case they are governed democratically by their members and the profits are not distributed, or only partially; part of the added value is held in reserve, reserves are assigned to common interest, and ownership is shared (no individual owner). Such organisations apply the principle of “double quality”, according to which a person is both employee and shareholder, consumer and shareholder or citizen and shareholder. In practice, this highlights the conflicts of interest that pervade our lives and create tensions that affect us all (Herzog, 2010).

At the same time, some research has shown that in some countries, for a certain time, the term “social economy” referred to quasi-public operators who helped to implement the Welfare State, while the solidarity economy maintained its working-class origins: its originality lay in a tradition of working-class associationism, which aimed to stem the tide of dehumanisation associated with industrial capitalism by creating local trading communities (Castel, 1995; Laville, 2010). Generally speaking, more research is needed into the close links between the social and solidarity economy and the labour movement.

Therefore, in view of these different approaches, we propose a European conceptualisation of the social and solidarity economy that encompasses the full range of non-capitalist, economic initiatives aimed at increasing solidarity and citizenship, without under-estimating the sizeable differences between them. This definition is similar to the “ideal type” of social enterprise proposed by Marthe Nyssens and Jacques Defourny in one

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1 A normative definition of social enterprise is provided in the regulation on European social entrepreneurship funds: a social enterprise has a “primary objective of achieving a measurable positive social impact” with regard to “vulnerable, marginalised, disadvantaged or excluded persons”, or through “a method of production of goods or services that embodies its social objective”, provided that the “distribution of profits does not undermine its primary objective” and that it “is managed in an accountable and transparent way, in particular by involving workers, customers and stakeholders affected by its business activities.” Source: Regulation (EU) no. 346/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds.
of the articles in this special edition *infra*. Nevertheless, it underlines just how important the method of economic action actually implemented is as a means of distinguishing between organisations. As these authors point out, social enterprises derive from the social and solidarity economy, which means that their principles are largely inspired by the values of the associative sector; however, not all the organisations in the social and solidarity economy are social enterprises.

Differences in terminology and approach may also be considered from a historical perspective. According to Benoit Lévesque, great crises spawn new “social economy clusters” (Lévesque, 2009): This perspective is a reminder that the social and solidarity economy has always provided answers in times of crisis; it has made it possible to provide specific solutions, not only over the short term in response to emergencies but also over the long term to pave the way for the future economy. Championed by social groups seeking local solutions to their needs, the social and solidarity economy has always been a child of necessity as much as a motor for social diversity.

Therefore, the social and solidarity economy must be fully involved in market regulation and in the new social model that the European Union is being called upon to establish, especially since the revolution in the digital and energy sectors has required that it assume new roles.

On the whole, the SSE is based on citizen participation in the economic sphere with a view to promoting solidarity and citizenship; such participation is non-mandatory and the benefits, as well as the costs, are shared. However, in certain Member States and at the European level, these citizen-based initiatives are still often suspected of being amateurish, are considered inadequate by large corporations and are sometimes tarred with unfair competition accusations from the

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(1) Responses to emergencies created by the crisis:
- unsatisfied basic needs
- need for retraining and economic transition
- more self-employment possibilities
- higher debt and desire to overcome difficulties
- abandoned or neglected regions and sectors

(2) Desire for transition and transformation:
- *Local and virtual products and services:*
  - culture and leisure, services for people
  - creative economy, open innovation [user participation]
  - virtual economy involving skills, knowledge and experience
  - products of craftsmanship
  - local products, local buying, relocation of the economy
  - social innovations
- *Search for growth through quality products and services and low energy consumption*
viewpoint of “pure” market principles as they mix private, public and local resources. The time has nonetheless come to implement them.

As far as financial asset portfolios and entrepreneurship are concerned, diversity is a factor of stability; it also promotes social cohesion in a world where networking prevails and vertical integration by nation states is well and truly over. This special edition has been put together with these factors in mind.

FROM CRISIS TO SOCIAL CHANGE

It is divided into four parts:

- The first part (“Pointers and explanations”) includes four articles. After explaining the stakes involved in developing an “economy of trust” (Hugues Feltesse), it describes the legal framework needed in the European Union to take into account the specific characteristics of the SSE, and points out the difficulties of such an undertaking (Jean-Claude Barbier). The third article retraces the genealogy of different “schools of thought” and thus describes the respective roles of the “social enterprise” and the “social and solidarity economy” in the evolution of economic practices with a social objective (Jacques Defourny, Marthe Nyssens). The final article focuses on the French consultation on a draft SSE bill (2012-2013) (Emmanuel Verny);

- The second part (“Debates and standpoints”) gives the floor to those actually on the ground, who give substance to the SSE in all its diversity. Their contributions were all presented at the various meetings of the “social economy, social cohesion and local development” working group. The presentations gave rise to a great deal of discussion, showing just how much potential the SSE harbours in regard to societal issues. Four topics were selected, and the first three are followed by a summary of the debates:
  - “The digital economy and common goods:” Discussions on “Digital technology and the SSE: the obstacles and paths to progress” (Jacques-François Marchandise), “Protecting digital commons” (Bastien Sibille), “Sharing my experience as a member of the commons movement” (Frédéric Sultan), and “The digital revolution driving the SSE” (Nathalie Parent);
  - “Generations” and demographic changes: The role of the SSE in “Adjusting society to the ageing of the population” (Bruno Drevet), and “Promoting a do-it-together attitude in the new generation of 55 to 75 year olds” (Philippe Chabasse);
  - New forms of employment and of social protection: The standpoint of mutuals, “Innovative social enterprises” (Arielle Garcia), and “Europe and the social responsibility of employers” (Sébastien Darrigrand); and
  - Funding methods and solidarity-based finance: The link between “Social infrastructure and the internal market” (Claire Roumet), the movement “For a social and solidarity economy consortium in prisons, in favour of reintegration” (Hervé Bompard-Eidelman), the links between the SSE and “Complementary local currencies” (Pascale Delille), the evaluation of “Intangible assets” by associations (Bernard Bazillon), and “The expectations of social and solidarity economy enterprises in a context of financial crisis” (Jean-Louis Bancel).

- The third part (“Anthropological perspectives”) aims to place these contributions in the longer perspective of anthropological debate. It points out that these initiatives are taking place in the midst of an “anthropological crisis”, that of the individuation process characteristic of modernity. Individuation marks the end of traditional forms of solidarity – linked to the church and family – and the establishment of “organic” solidarity links. For a long time, such links were maintained by the market and the State, particularly the “Fordist State” later destroyed by liberal productivism. They have not however withstood the dual pressure of ageing and solidarity. They now need to be re-established alongside hybrid economic and political forms, at the local level (Alain Lipietz). The second article adopts a global approach to the crisis, based on Karl Polanyi’s “disembedding” theory (Polanyi, 1983). It discusses the three fundamental pillars of the SSE: reciprocity, proximity and recognition. From an anthropological viewpoint, these pillars provide a means of establishing an economy of trust: through them, the goal is to develop a global strategy for regulating market capitalism based on the recognition of alternative economic practices, whose objectives help
renew the democratic pact (Matthieu de Nan-teuil, Jean-Louis Laville);
- This is why, in the final part, ("By way of conclu-
sion"), the aim is to ensure that the legal and
institutional recognition of the SSE is a priority.
"Creating a European enabling framework for
social and solidarity economy solutions" does
not only mean inventing new economic recove-
ry scenarios. It means undertaking to transform
social relationships to change our approach to
living side by side and develop policies that are
commensurate with Europe’s ambitions (Nicole
Alix).

The crisis has led to the rehabilitation of count-
less hybrid economic forms, which Europe had
previously excluded from its vision of society
in favour of a reductive perception of the links
between State and market. While the construc-
tion of the European Union institutions is today
taking place against a backdrop of anomie and
fragmentation in civil societies, one consequence
of the crisis is that economic practices oriented
towards solidarity must be taken into account in
future European policy.

Democratisation of the economic sphere is es-
sential to increasing political democracy: such is
the practical and theoretical challenge that this
special edition of L’Option by Confrontations
Europe aims to address.

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