

# What is the SOCIAL ECONOMY?

**Linking, Learning, Leveraging  
Social Economy Prairie Node Symposium  
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## Starting points

- Outside Québec and until recently, the social economy has not been organized as such.
- Academics and volunteers are becoming more familiar with the term.
- We should be clear what we mean and why we are using the new language.
- It is important for public agencies to define where their interests lie.

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## Social economy: structural / descriptive definitions

- 1970s-80s, France and Belgium
- Co-operatives + mutuels + associations (Desroche 1984)
  - People before profit
- Expanded definition (Quarter 1992)
  - Mutual-interest organizations
  - Nonprofits in public service
  - “near-government” and government organizations

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# Social Economy: Normative / integrative definitions

- Vienney 1994; see Lévesque and Mendell 2004
  1. Actors — those involved are relatively dominated in their daily lives
  2. Activities — socially necessary activities where state and market have failed
  3. Rules:
    - Democratic practice among members
    - Members determine the activity
    - Use of surplus
    - Collective ownership

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## Social economy: Normative / integrative definitions

- “Social enterprise” approach (e.g. Defourny)
- Combine a social purpose with entrepreneurship
- Tends to exclude traditional users’ co-ops
- Tends to exclude advocacy-oriented nonprofits and near-government organizations
- See PRI 2005

# Social economy: Normative / integrative definitions

- Chantier de l'économie sociale
  - Goal of service to members or collectivity
  - Autonomous management
  - Democratic decision-making
  - Primacy of people over capital
  - Individual and collective participation, control, and responsibility
- Nonprofit character not key to definition
- Stresses democratic/participatory aspects
- Lévesque and Mendell, 2004

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## PRI working definition 2005

- The social economy encompasses NGOs that do not aim to maximize profits but instead to advance common interests and [or] public service.
- Social-economy enterprises:
  - Involve a diverse collection of stakeholders
  - Reinvest any profits to advance their mission
  - Are citizen-led and community-based
  - Combine market and nonmarket resources
- Vs. social-economy organizations

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## Points of agreement

- For-profit and government-controlled organizations are excluded
- Entrepreneurship or a market aspect is important
- Autonomy, democracy, citizen participation are important
- Service to marginalized/excluded groups and involvement of multiple stakeholders may be of special interest

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## Related ideas: Community Economic Development

- Forms of development that benefit depressed communities or marginalized groups
  - Regional development organizations: Community Futures, CDCs, etc.
  - Group development organizations: women's CED, Aboriginal ec. development corporations
  - Social housing, health initiatives
- Development and empowerment
- CED vs. CD

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## Related ideas: Third / voluntary sector

- Everything that is not for-profit business or the state (nonprofit character is stressed)
  - Religious
  - Charitable and philanthropic
  - Artistic and cultural
  - Sports
  - Trade and economic interest
  - Public education and lobbying
  - Service and commercial
  - NGOs, nonprofits, “non-owned” institutions

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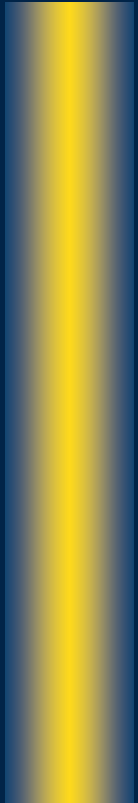


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## Related ideas: Social Capital

- Term introduced and debated by academic community (Putnam)
- Relationships (norms, values, trust) that can be mobilized
- High levels provide a community resource for development
- Can be measured
- Social-economy organizations employ social capital (volunteers, stakeholders)

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## Related ideas: Social Cohesion

- Term introduced by policy community
- Shared values and commitment to community
  - Inclusion, reducing disparities (Jenson 1998)
- Contrast to social capital: an emergent property of society? (Dayton-Johnson 2003)
- Social-economy organizations increase social cohesion

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## Summary so far

- There are existing discourses about CED, voluntarism, social capital & cohesion
- Social economy overlaps these and appropriates portions of them
- It represents a distinctive combination: entrepreneurial and social, sectoral, participatory

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## Social economy as discourse

- Another way of conceptualizing much CED and parts of nonprofit/voluntary sector
- A way of building social capital and cohesion
- Invites focus on a sector that can be organized and can recognize self as a unit
- Common interests include participation, shared organizational issues

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## Social economy and policy

- Are policy makers interested in the social economy, or only in what it does?
- Why work through the social economy if policy goals can be achieved by government action or regulation?
- Does policy make the social economy?  
Does the social economy make policy?  
(*policy engagement as model?*)

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# Social-economy research in Canada

- Québec: CIRIEC, CRISES  
Prof. Benoît Lévesque
- Prof. Marie Bouchard (CRC) - UQAM
- Researchers of co-operatives, CED,  
voluntary associations, health etc.
- CURAs
- New SSHRC social economy regional  
nodes and national hub

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# Co-operatives within the social economy

- Co-op = association + enterprise
  - “An autonomous association of people united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.”
- Invented by ordinary people
  - Woolwich and Chatham, UK — 1760
- Mature, highly institutionalized component of social economy
- Also new co-operatives

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# Co-operatives in Canada

- 9,271 co-operatives
- 40% of Canadians are members
- 70,000 volunteers
- \$160 billion assets  
(Co-operatives Secretariat, 2004)

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## Co-ops and other nonprofits compared

- “Co-ops arise from need”
- Co-ops serve only their members and are controlled only by their members
- By contrast, charitable, philanthropic, and public-service organizations are run by one group to serve a distinct group
- In reality, mixed forms have always existed

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## Economic focus of co-operatives

- All co-ops are built around enterprises
  - Substantial pragmatic focus
- Some co-ops have clear social purposes
  - “Social co-ops” (solidarity co-ops)
  - Co-ops that conduct social audits
- Many co-ops do not
  - Differential social impact: ownership group
- Historical experience is useful: social movements, public policy, issues of autonomy and governance

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## Examples

- Antigonish Movement in NS (1930s)
- Acadian co-operative communities (Évangeline, Chéticamp)
- Small Prairie towns
- Arctic communities
- Aboriginal co-operatives
- Urban housing co-operatives
- (many international examples)

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## Issues: autonomy

- Autonomy from government
  - International experience
  - Outside influence reduces co-operative character, effectiveness, and efficiency
  - Both hostile AND controlling policies are damaging
- Citizen control, civic participation, and good governance
  - Foucault: “governmentality”

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## Governance issues

- Enterprises governed by boards who are not expert managers/technicians
- User and worker interests
- Roles of volunteers, citizen-activists, community leaders, professionals
- Education, training, social infrastructure
- Legal and financial issues
- Directors and managers
- Multiple stakeholders

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## Business issues

- Public and private resources focused on for-profit businesses
- Business-development issues
- Access to financing
- Importance of sectoral organizations

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## Issues: defining and counting

- How do we know things if the state does not measure them?
- Sectoral organizations
- Public research and reporting

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# What co-ops can learn from the social economy

- Democratic renewal
- Issues of multiple stakeholders
- Entrepreneurship in public services
- More intense policy engagement, wider alliances

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## Conclusions: social economy

- Outside Québec: not well-defined
- Need to engage existing discourses
  - CED and CD
  - “Third sector,” Voluntary sector, NGOs
- Policy engagement model
- Learning from experiences
  - Autonomy, governance, enterprise development, financing, measurement
- Distinctiveness of citizen-driven enterprise

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# ***Comments and Questions Welcome***

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