

CURRENT APPROACHES TO SUSTAINABILITY IN SOCIAL ECONOMY: THE FUTURE PROJECTIONS OF A UNAVOIDABLE DEBATE

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ABSTRACT

In this paper we propose a deeper analysis of the convergences and divergences that warn positions on central issues of Social Economy.

Here we seek to identify some central themes especially in the debate about these projections, rather than develop comprehensive analysis to exhaust it. The documentary analysis elaborated in Latin America warns strongly critical of the models developed in the core countries thought. This presupposes strongly disputes over any pretense of a common vision, but also the need for a mutually enriching dialogue if you intend to design appropriate policies and tools that give a strong support to alternative positions held. The central purpose of this paper is to contribute to the initiation of this debate.

KEYWORDS: Convergences; Divergences; Nominations; Projections; Sustainability.

INTRODUCTION

The recent widespread economic crisis afflicting the central countries has especially challenged the root hegemony of neoliberal economic and social thought, indisputable vision for a vastly generalized at least since the 90s (Castreje Suárez, 2011).

One of the central premises of that thought was the supposedly indisputable market laws as yet inescapable framework for delineating the projections for the Social Economy's own reference force. It is recognition or not that force the issues to happen increasingly to become a watershed between the positions in dispute.

Let's go to what for us is the central issue in debate. Long before the outbreak of the current crisis, Rosanvallon and Fitoussi (1996) had abounded in the foundation of the final exhaustion of

lines of development grounded in what they described as a social engagement, and that resulted in the current Welfare State during the glorious thirty years after the Second World War in much of the European continent. The literature on the social economy originated in Africa in recent years which strongly ignores that and continues projecting depletion scenarios, in the light of the conflicting political, economic and social projects in hegemony today, they at least deserve further reflection and openings we did not take into account.

We made reference to previous works even taken in their proper magnitude objections from thinkers such as Bauman (2001), Castoriadis (1996), Bourdieu (2008). Interpellations regarding the low of the academic objectives of all conflicts that emerged in recent decades, and that largely justify all kinds of challenges to the founding premises of systemic rationality of contemporary societies. It seems as if, with respect to these assumptions, it was essentially moving towards a single thought, and as such exhibits biases that formally at least all agree to criticize.

In our continent evolution was quite different. Progress towards similar levels of social engagement than those stressed in Europe not only had to face more unfavorable internal forces, but also the open intervention of external forces were ordered to abort other development alternatives, even those which promised greater similarity to those developed in Europe.

After repeated advances and retreats, allegedly hybrid projects emerged in Latin America, which are not prematurely dismissed as populist, - though of little relation to traditional populism-, and that in many cases radically question the validity of indisputable market laws as ultimate determinants of the fundamental aspects of modern life in society.

DEVELOPMENT

Previous developments

In treating the problem of cooperative entities traditional assumptions of approach contributed to a reasonable consensus on the main guidelines of the way it was intended to undertake. Firstly, the most pressing challenges for our institutions in their business dimension were imposed by the recognition of the indisputable dominance of profit companies with private equity, with those which had to compete to secure their livelihoods. The simultaneous demand for them was to retain certain distinctive features in their partnership dimension to justify their belonging to a distinct socio-economic area.

In the first stage of its evolution, an important current within the thinking and cooperative management objected, as the main tool to sustain their identity and their aspirations for social change, to affirm their membership in a social movement that struggled to transcend their actions

the purely economic level, incorporating its ideas for global claims it was an important consensus on vast popular sectors. These consensuses were solidly supported contradictions in public all the pretensions of hegemonic sectors engaged the latter in turn the central premises of the market economy in the exclusive organizing principle of the functioning of contemporary societies.

This position has been clearly neglected in recent decades, at least on the significance achieved in the cooperative movement itself; and this shift coincided in time -without this dimension it serves to force the end of causalities- on offense throughout the line of the neoliberal ideology. In terms of the ideology, not a few of the leading theorists of cooperative thought admitted expressly subordinated to the claims made by one thought that ideology, at least in what it does to business activity of our entities.

Many of the conflicts that emerged then were not new; recognized treatments and had long been a source of enduring antagonisms within our entities. However, the shift observed in recent decades was severely eroded, strengthening the sense of belonging to the majority of partners and openly contradicted much of the cooperative principles were proclaimed. Repeated hybridization processes that were manifesting in management are the fullest expression of that shift.

Originally, the theoretical framework for these processes was sought in studies of bureaucratic and corporate behavior. Within this framework, the obligatory references to non-profit private organizations were Robert Mitchel developments of the early twentieth century. These developments were taken up in the second half of that century, culminating in views of organizational evolution involving a deep skepticism about the weight of the associative problems in global management.

The well-known scheme of Meister schematized in phased the evolution of the behavior of our organizations: in its initial stage it would be dominated by an open vocation change ones environment, then turning decidedly efficientist and survival purposes, and culminating in the progressive and inexorable concentration of the powers of administration and management of corporate and partnership activities in the hands of the manager.

Drawing on the institutional transformation of the Argentine agricultural cooperatives, Lattuada and Renold (2004) to relieve these entities, in a way commendably creator, an evolution of the forms of organization with unconcealed touch points which were reveled by Meister (1974). Thus the following steps are identified:

1. Consistent Institutional Organization: Minimizing friction between institutional practices and cooperative values and principles. Elevated levels of opposition and confrontation with the external environment...

“The forms of organization adopted correspond more to a social movement to corporate or

formal organizations”. [Lattuada and Renold, 2004, p. 84]⁽¹⁾

2. Paradoxical Institutional Organization (PIO): Moved by significant levels of growth in the operational dimensions and the number of people involved, and therefore the significant increase in the complexity of the technical and administrative processes, PIO would have been out of the characteristics of associations with social movement type.

“...To establish themselves as institutions to meet explicit and formalized objectives, through a system of the conduct of its members and through streamlined and planned actions, taking into account internal criteria hierarchy, coordination and peremptory norms of behavior”. [Lattuada y Renold, 2004, p. 88]⁽²⁾

3. Institutional Mutation Organization: Search for organizations that can implement various mechanisms to ensure a tight and oiled compromise between the different components of the operational chain. A neuralgic center makes decisions and coordinates the entire process.

As an organizational mutating form to arrive at that stage a central debate about whether to return to previous forms or to take a step forwards. The latter positions us in the following phase:

4. Institutional Organization of Economic Competition Dynamics: Trend to one macro-cooperative model...

“Aimed at introducing corporate governance formulas which prevail in the criteria of economic efficiency at the expense of solidarity. Search to narrow differences between cooperatives and venture capital, in order to overcome the restrictions that would prevent them responds more effectively to the challenges of the new competitive environment”. [Lattuada y Renold, 2004, p. 95]⁽³⁾

At this stage it was increasingly emphasizing important sources of competitive disadvantage for our entities in comparison with those in the nonprofit sector, which were not easily liftable in the framework imposed by the dominant socio-economic system mode. We refer, among others, the differential access to capital and technical progress, the conformation and the requirements of different markets dependent growth and development, the system of priorities established centers where more decision gravitates brewing public policy. As if all this were not enough, meet the renewed demands of professionalism in the various fields of management, the proclaimed advantages of democratic and participatory nature of associative entities in a contrasted condition did not fully exploit it: i.e., translated into to fighting everyday effective competitive weapons.

In turn, from the Management of large corporations, Henderson (1980) anticipated in the early 80's the consolidation of a new type of behavior that would operate as a powerful catalyst for the business development, and that had to do to face the new competitive framework. We are referring here to the advent of the Strategic Competition. Unlike the Traditional Competition -which

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the author renamed as Natural-, and generally sought to adapt to the general market trend proceeding by trial and error, small increments, and minimizing the risk; Henderson in the Strategic Competition deliberately tries to provoke continuous significant changes in all competitive relationships (Henderson, 1998).

The new European experiences

In Europe, the sustained process of economic development of the region during the aforementioned 30 glorious years undoubtedly eventually generate a majority consensus on a central issue for political processes, even the most acute problems of social exclusion and inequality - one of the cornerstones of the merits of alternative ways of organizing economic activity - could gradually go surpassing the tools available to progressive sectors, under the guidelines imposed by the system, and all this was achieved essentially from the establishment of social protection. In terms of Fitoussi and Rosanvallon (1997), the main expression of the demand for social justice would be expressed in the coordinated development of growth and full employment in the market sphere, and a powerful state apparatus of control (management) production (sector and utilities) and redistribution (welfare state) in the non-market sphere. Despite repeated attempts of the most concentrated of the economy sectors to revert, holding these regimes came with reasonable levels of stability to the emergence of the last crisis.

In Europe, a key focus of regulatory policies was the agricultural sector, which received strong support from public policies. That support had a permanent presence in the first period, and the post was specially reinforced and extended to other areas of particular social sensitivity from the generation of specific structural funds from the European Community intended especially to new countries which were incorporated with the Community. Those funds advanced long-term strategic objectives, and clearly resulted significant to the usual market patterns in their scope alterations.

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There stand on this level the role of cooperative active entities in the process of territorial development, as economic agents, and the fact that the European Union has recognized our

institutions as a primary role in regional development, not only by the business side of these organizations, but for its contribution to a better integration and social cohesion. Formulation is consistent with the orientation of the funds distributed, where agricultural cooperatives accounted for more weight in the total amounts allocated to that sector.

What also deserves special consideration is the tax treatment of Social Economy entities. This treatment was always the subject of widespread debate and became an issue of ongoing demand in the context of the European Union Treaty governing the Union which provides a start gravitating to these claims obstacle. Article 107 of the Treaty requires:

“...they will be incompatible with the internal market, as far as it affects trade between Member States, any aid granted by the State or through State resources in any form, which distorts or threatens to distort competition by favoring certain undertakings or productions.” [Merino Jara, 2009, p. 116-117]⁽⁴⁾

The different types of claims raised in the member states, pointing to specific treatments that favored Social Economy entities, had mixed fortunes given the lack of a precise definition of the term aid within the Treaty and the high level of discretion to be granted to the enforcement entity.

The impact of the last global crisis

With the crisis in 2008, supposedly bounded to the financial sphere first, then quickly showing its overflow to projected generalized way most of the economic and social fields, it did not lead home in central countries substantial changes in organizational strategies, and perceptions towards our entities. It seems like the spirit of survival in the frameworks described above remained the almost exclusive aspiration, even when those same frames in any way today exhibit sufficient strength to justify abandoning them.

The nature and scope of the current crisis leads us to take us back to the debates of previous decades about the sustainability of the existing social formation, and the spaces that open to those advocating new scenarios. We want to bring here some explanations made first in the mid 70's by one of the most notorious representatives -we refer to Jürgen Habermas- the controversial Frankfurt School. At that time Habermas renewed questioning traditional capitalism, this time warning legitimation problems of what he called late capitalism. In discussion with open systems theory, a debate that is strongly recommended stated:

“...Crises systems societies do not occur by way of contingent environmental alterations, but because of constraints of the system, inherent in its structure, which are incompatible and cannot be arranged in a hierarchy...Such structures should be able to distinguish system elements that allow the system to change without losing its identity as such ". [Habermas, 1974, p. 17]⁽⁵⁾

The deepening of the root causes of the crisis generation of social systems leads later to introduce the concept of social formation, recently subject of repeated questioning, but that we still provide essential points of reference to contextualize and project our analysis. This framework highlights:

“The formation of a society is determined in each case by a fundamental principle of organization, which provides an abstract space of possibilities for social change...The principles of organization restricted the ability of a society which has to learn without losing its identity”. [Habermas, 1974, p. 23]⁽⁶⁾

Karl Polanyi, in a text of profound influence on large sections of thought today advocates the Social Economy in Latin America, gives us a closer understanding of the organizing principle of the actual hegemonic social formation.

“A market economy is an economic system controlled, regulated and operated only by market prices, the order in the production and distribution of goods is entrusted to this self-regulating mechanism. An economy of this class derives from the expectation that humans behave so as to reach the maximum monetary gains” [Polanyi, 2011, p. 118]⁽⁷⁾

Since the start of their treatment in the quoted text that author faced ahead dilemmas never solved by the imposition of such an economy as the dominant contemporary society:

“Our thesis is that the idea of a self-regulating market implies a total utopia. Such an institution could not exist for a long time without annihilating the human and natural substance of society it would have physically destroyed man and transformed his environment into a desert”. [Polanyi, 2011, p. 49]⁽⁸⁾

Meanwhile Wallerstein, another author in our region, when characterizing the current global human society makes the following generic description of the crisis:

“I will use the term ‘crisis’ to refer to a rare circumstance, the fact that a historical system has evolved to the point where the cumulative effect of its internal contradictions prevents the system to solve their own dilemmas through adjustments in their patterns institutional force”. [Wallerstein, 2007, p. 146]⁽⁹⁾

He later states:

“While existing structural processes in a historical system has great acceleration to accommodate the contradictions arising from the will, at the time of crisis or change the role of political and moral choice is extended considerably. At such times it can be said in all fairness that ‘man causes his own history’”. [Wallerstein, 2007, p. 146]⁽¹⁰⁾

In several recent publications, identified with the sector, the claim that the area of Social Economy was giving effect to the most pressing problems generated in the post-crisis crises stage arises. To be honest, this is not a too strident tone. We reserve a cautious skepticism about this

claim, especially when you consider the ambitious proclamations formulated in terms of space that would be designed to fill the social economy as a whole in the future that reaches roughly what immediately suggested.

Developments in Latin America

The evolution of the cooperative movement in the region was significantly marked by the lowest degree of development of the economy, by the permanent presence of a social problem to which the functioning of the market economy never gave enough responses, and by the repeated interference from the outside of the hegemonic powers, that throughout the twentieth century, with favoritism and support of civil-military coups clearly regressive state, prevented a fairly autonomous channel management and resolution of conflicts between the various internal forces in conflict. That tool exhausted in the '80s and '90s were the blows that came to market to exercise that role. The swords are still high, and look good for any means to that end, even the most villainous of them.

In this evolution it became obvious through decades the signals which blew the market were not sufficient when strategic decisions should be taken at both the state level and at the level of social groups interested in active participation in the solution of the most pressing problems.

There are common features between these developments and observed in European countries after World War II, and this is especially referred to the role of the state in this stage of development of the capitalist system. For better accuracy on that community traits again turn to Habermas, who made a sharp characterization of these processes:

“The recoupling of the economic system to the political system in a way that re-politicizes production relations, intensified, moreover, the need for legitimacy: the state apparatus, which is no longer limited, as in liberal capitalism, to ensure the general conditions of production (in the sense of keeping the premises of the reproduction process), but involving them actively; needs... standing only in extraordinary and temporary conditions may dispense mechanism for universal suffrage legitimacy”. [Habermas, 1974, p. 53]⁽¹¹⁾

The recent European developments were marked -at least until the outbreak of the recent crisis- by the force of social commitment we made reference to above. These presences moderate processed of social exclusion, while permanently providing powerful impulses to economic growth and social advancement. In these processes the distinctive features was the new role of the State concerned, far from passively accompanying the economic activity generated by supposedly anonymous agents involved continuous on it, correcting deficiencies and imposing developments that the market economy, left to its own devices, was unable to generate. These developments were also largely responsible for the unprecedented spaces that could provide the Social Economy

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- including the activities of the cooperative movement- in those years, without even it, it could be visualized as a clearly differentiated relationship to the socioeconomic hegemonic alternative.

Developments in Latin America in recent years were marked by very significantly autonomous political processes, inducing distinct to those followed in the immediately preceding period strategies. But they still reached substantial changes in their economic and social structures, however undoubtedly promoting and facilitating the search for alternative ways to address the economic and social unrest. The promotion of these changes happening in the first place by imposing active state policies, i.e. policies rather than to subordinate to the activities of private economic agents seeking to maximize their profit, aiming to consolidate national strategic projects to gradually overcoming the multiple bottlenecks still existing in our economies, and to remove the main obstacles to any process of sustained growth.

Are our institutions willing to position themselves in this context and play an active role in promoting the changes that are specified?: A first look at the current situation today shows a colorful stage where progress is too modest if you stick to the potentials which are predicated. We had to watch closely the development of agricultural cooperatives in southern Brazil, and this development is pointing a mirror where we would expect to see reflected in a generalized way the rest of the region.

The historical development of the cooperative movement in Argentina, at least in the ideology of its leading actors, followed the distance we summarized in the developments in European countries, but not to be supported by public policy to a similar extent to that we described for Africa. Our entities were only sporadically included in these policies. Anyway, that that ideology counted on the loyalty of broad popular sectors, which also led to the commitment and active militancy towards initiatives of varying scope, made it out by extending its scope, culminating in a visible presence, and still significant in some areas.

The developments of the 90s were particularly devastating. The processes of denationalization, deregulation and indiscriminate liberalization of the economy led to accelerated scaffolds on which were based the claims hitherto relatively autonomous developments decommissioning. Then one attended the almost total subordination of strategic projects entrepreneurs called portfolio management, where the rules of the game were predominant imposed by international capital markets now released from all inhibitions.

CONCLUSION

Challenges facing our movements today are multiple, vastly different, and yet much more

ambitious than in other historical periods. An obvious fact: in the proclamations there often is a promising visualized future, denied only by the stubbornness of those in charge, unable to perceive all our potential public policy. The current reality in our countries provides sufficiently precise requirements, and facing it today is no longer just about providing a purely symbolic presence. Be assured that the presence and outlook reasonably assume leading roles, only if our movement is able to provide truly innovative solutions to the growing demands of countries whose economy struggles to finally emerge, after a full historical development of frustrations.

Thinking especially for the reality in Argentina, we can already anticipate some relevant features of the immediate context, suggesting their stay for the coming years:

- Internationally, too many changes are not expected in the evolution of the core countries traditionally hegemonic both in their policies and their current growth rates. Given their productive potential and control they wield global centers of the international financial system and the distribution structures of the currents of trade in goods and services, will inevitably assume that using the power that are implied to try to continue subordinating the interests of their corporate strategies in emerging countries.

- What's new in this context is represented in all cases by new developments in recent types, especially larger, in the potential they acquire in their economies, and the willingness to commit to common policies. So they are open, with all their complexities, new alternatives for self-development for all. This is especially visible in the region.

- The current stage is also characterized by a growing importance of natural resources, and therefore, the raw materials from that source on everything. His gradual exhaustion makes them critical. The favorable effect of this factor is strongly influenced by the absorption of a significant portion of those international surpluses in derivatives markets -futures- (hegemonies especially large financial corporations and speculative capital) and the oligopolistic control the distribution structures of international trade. The gradual minimization of these factors is one of the great challenges of the time for producing countries. It is worth mentioning in this regard that the core countries, as key markets for these products, have lost a significant part of their traditional bargaining power as buyers.

- Development strategies of large corporations that were consolidated in the last quarter century pointed especially to the differentiation in the search for markets, and minimizing business risk. The consequent enthronement of the previously mentioned portfolio management led to further questions until the then central ones such as the Enterprise Identity which remain relegated behind narrow, scarcely encompassing financial goals. The transmission strategy is summarized in a high recovery of active entrepreneurs in the short term over any other consideration, moving from

the traditional absolutism of cost minimization-based accelerated growth rates of capital allocated to productive infrastructure and marketing, resulting in economies of scale and standardization of processes as a key-management methodology to a complex engineering management consistent in finding niche market segments-maximum-profit, in the formation of strategic alliances of short and medium range, the outsourcing of activities that involved significant shares of assets freeze and the high diversification of business lines. With the new dimensions reached by globalization, outsourcing we noted was initially oriented towards activities that primarily absorbed unskilled work. Eventually it extended to other higher-rated ones, but always trying to keep a tight grip on innovation activities. For emerging countries, hope to compete based on costs in these conditions is the worst possible strategy.

- Within our countries that are still crossed by deep structural deformations, generating severe bottlenecks in their processes of development economics. It is at these bottlenecks, rather than the supposed natural laws of economics on crushing neoclassical economists thought, where the main obstacles to sustainable growth lie. There is an advanced consensus that it is almost impossible to reconcile three objectives considered desirable for almost all companies: high growth and employment in a context of low inflation, while improving income distribution.

Around the validity and improvement of the trilemma is currently developing an intense debate, and that is where the main challenges for the near future are concentrated.

Our ambition is to see significant movement currents operative movement committed to the achievement of this trilemma, where everyone feels that their achievement should not be foreign to our thinking and our assumptions for action. There we would find the real media to support the sustainability of our institutions, without entailing obviously to give up the diversity of positions, strategies and lines of action to be followed by forming an unavoidable part of our distinctive heritage.

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BIOGRAPHICAL ABSTRACT

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