

# INTRODUCTION: THE CHALLENGE OF SCALING UP SOCIAL AND SOLIDARITY ECONOMY

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## **Introduction**

‘Things can’t go on as they have before’ is a sentiment that was mainstreamed at the time of the Global Financial Crisis. Since 2008, it has been further reinforced by the spike in public and political awareness about climate change (IPCC 2013) and inequality.<sup>1</sup> These and other concerns relating to market and state failures have opened up the space for rethinking ‘development’. Beyond conventional crisis management responses, alternative pathways, once positioned on the radical fringe or considered not to have systemic or structural significance, are suddenly attracting more attention within mainstream knowledge and policy circles.

Such has been the recent trajectory of ‘social and solidarity economy’ (SSE). This umbrella term is increasingly used to refer to forms of economic activity that prioritise social and often environmental objectives, and involve producers, workers, consumers and citizens acting collectively and in solidarity. The broadening field of SSE involves not only traditional ‘social economy’ or ‘third sector’ organisations and enterprises such as cooperatives, mutual associations, grant-dependent and service-delivery non-governmental organisations (NGOs), and community and other forms of volunteering and giving, but also myriad types of self-help groups organising to produce goods and services, fair trade networks and other forms of solidarity purchasing, consumer groups involved in collective provisioning, associations of ‘informal economy’ workers, new forms of profit-making social enterprises and social entrepreneurs, and NGOs that are having to shift from a dependence on donations and grants to sustaining themselves via income-generating activities. Various forms of solidarity finance, such as complementary currencies and community-based saving schemes, are also part of SSE, as are some new digital crowdfunding and sharing schemes associated

with the ‘collaborative economy’. Myriad articulations connect such forms of economic activity to other forms of economy associated with the private sector, the state and the informal economy, as well as to civil society agency in the political realm.<sup>2</sup>

Under the umbrella of ‘social and solidarity economy’ can be found different world views and understandings of ‘development’. Accepting the reality of the capitalist system and its core institutions or ‘rules of the game’, *social economy* is primarily about expanding the economic space where people-centred organisations and enterprises can operate. It is fundamentally a contemporary variant of ‘embedded liberalism’ (Ruggie 1982), i.e. it is about re-embedding enterprise activities in progressive societal norms and creating or strengthening institutions that can mitigate or counteract perverse effects of ‘business as usual’. *Solidarity economy*, for its part, pushes the envelope of social and systemic transformation. It emphasises issues of redistributive justice, so-called ‘deep’ sustainability, alternatives to capitalism and the debt-based monetary system, as well as participatory democracy and emancipatory politics driven by active citizenship and social movements activism. This strand of SSE is very much associated with the alter-globalisation agenda popularised by the World Social Forum (Arruda 2005; Santos 2007a). An inchoate movement is forming that connects these two approaches in a counter-hegemonic project<sup>3</sup> that contests the tenets, instruments and outcomes of the neoliberal agenda.

Taken together, SSE is fundamentally about reasserting social control or ‘social power’ (Wright 2010) over the economy by giving primacy to social and often environmental objectives above profits, emphasising the place of ethics in economic activity and rethinking economic practice in terms of democratic self-management and active citizenship (Gibson-Graham 2006; Dacheux and Goujon 2011; Grasseni et al., Chapter 10). SSE can be conceptualised in terms of a shift towards decommodified economic activities and circuits where, as Vail (2010: 328) points out, ‘the social organization and practices of the circuit constitute an alternative logic to prevalent market processes’. Beyond regulating the market, or redistributing the benefits of growth via the state or labour market institutions such as collective bargaining, SSE ‘root[s] a bias to greater equality and inclusion’ in the organised logic of the economic system and technological innovation (Unger 2006: 21, cited in Vail 2010: 329).

Its potential from both a developmental and emancipatory perspective relates to the fact that the forms of production, exchange and consumption involved tend to integrate some combination of economic, social, environmental and cultural objectives, as well as the political dimensions of participatory governance and empowerment (Hillenkamp and Laville 2013; Santos and Rodríguez-Garavito 2013; Utting et al. 2014).

Rightly or wrongly, SSE has long been regarded as a fringe economy within the broader mixed or plural economy that also comprises for-profit enterprise, public sector production and provisioning, and the so-called informal economy. But data regarding both the scale and growth of SSE activity suggest that significant scaling up of SSE has not only occurred during different periods of contemporary history but has recently acquired considerable momentum. Furthermore, analysis of the drivers of SSE suggests that this trajectory will likely continue.

Recent data indicate that some 761,221 cooperatives and mutual associations in the world have US\$18.8 trillion in assets, US\$2.4 trillion in annual revenue and 813.5 million members. Individual cooperative organisations, such as Desjardins in Canada, Mondragon in Spain and AMUL in India, rank among the largest corporations in their sectors in their respective countries. Some 2.2 million self-help groups in India benefit some 30 million people, the vast majority women. SSE makes up a significant part of plural economies in territories such as Quebec (Chapter 9) and Kerala (Chapter 17). The solidaristic certified Fairtrade market (Chapter 5), supplied by an estimated 1.3 million producers and workers in seventy countries, grew from US\$1 billion in 2004 to US\$6 billion in 2012.<sup>4</sup>

**Integrative scaling up?** Reflecting the recent diversification and expansion of SSE, there has been a surge of interest within scholarly and advocacy circles to explain what exactly SSE is, to analyse its alternative potential, measure its scale, document good practices, examine its regional manifestations and variations, and identify public policies and legal arrangements that can enable SSE.<sup>5</sup> While this volume touches on all these aspects, it focuses more specifically on the question of whether SSE can be scaled up and sustained while retaining its core values and objectives. For convenient shorthand, we refer to this as ‘integrative scaling up’.

As Darryl Reed explains (Chapter 5), the notion of scaling up SSE comprises several dimensions. It may refer to ‘horizontal’ expansion, i.e. the multiplication of numerous, often small-scale, activities at the grass-roots level or in specific sectors – for example, health service-delivery NGOs in Uruguay (Chapter 13), village-level mutual health organisations in West Africa (Chapter 14) and community forestry groups in Nepal and India (Chapter 18). Scaling up may be ‘vertical’, as in the case of individual organisations and enterprises that grow significantly in terms of the scale of economic activity and membership, associate in networks or move up value chains – the case, for example, of big cooperative groups such as Mondragon (Chapters 2 and 8) and India’s largest food marketing corporation, AMUL (Chapter 16), or what was once the world’s largest complementary currency scheme, *El Trueque*, in Argentina (Chapter 12). Furthermore, scaling up may be ‘transversal’, when SSE expands across sectors and becomes an engine for local economic and social development, and a countervailing power to business and political elites. This has occurred, for example, in the Basque region of Spain (Chapter 8) and in Quebec, Canada (Chapter 9), and appears to be occurring in Kerala, India (Chapter 17). Associated with each of these dimensions are different sets of opportunities and tensions.

Understanding the scope for integrative scaling up requires not only espousing good theory and cataloguing good practices but also undertaking a systematic analysis of the challenges involved. Much writing on SSE is promotional. It runs the risk of romanticising the field and glossing over the tensions and contradictions associated with scaling up. Various disciplinary perspectives yield important insights into what can go wrong but often fixate on particular issues. Neoclassical economic or rational choice theory, for example, has emphasised problems of free riders or shirking; organisational theory points to issues of institutional isomorphism as organisations and managers from different (private, public, collective) fields assume similar characteristics; radical political economy cautions about the capacity of powerful actors not only to repress but also to co-opt ‘alternatives’; neo-structuralist analysis critiques so-called neo-populist tendencies within the SSE movement that depict homogeneity and harmony (as opposed to differentiation and conflict) among SSE actors, and ignore the question of how to replace the role of capitalist relations both for developing the

forces of production and for the surplus appropriation needed for industrialisation.<sup>6</sup>

Underpinning the focus of this volume, then, is the belief that:

- while SSE has considerable potential in relation to sustainable, inclusive and rights-based development, the scope for realising this potential is heavily constrained by structural contexts, relations with external actors and institutions, trade-offs between different objectives, and internal dynamics within SSE organisations, enterprises and networks;
- under certain conditions some of these constraints and tensions can be mitigated or managed in ways that allow SSE activities to expand while not deviating from core values and objectives; and
- the field of inquiry and advocacy related to SSE needs to be more reflexive, i.e. cognisant of the tensions and compromises involved. It also needs to be more analytically prepared, in terms of both understanding the complexities and contradictions of change and building the evidence base needed to be convincing in its arguments about why policy-makers, activists, scholars and others should be taking SSE seriously. To enhance reflexivity, knowledge and learning, much can be gained by analysis that is informed by multiple disciplines and interdisciplinary and trans-disciplinary methods of inquiry.

**What's driving SSE?** Various conditions and contexts have emerged in recent decades that are driving the contemporary expansion of SSE. They include heightened risks and shocks related to economic liberalisation and multiple crises, and structural, political, cultural and discursive shifts that have reconfigured power relations, public policy, and people's livelihood strategies and identities. The following are of relevance for the expansion of SSE and the forms it assumes:

- Recurring crises linked to finance, food and energy, as well as awareness of climate change, have fuelled collective and solidaristic forms of coping, producing and provisioning; prompted a repositioning of the role of the state, social protection and regulation in development strategy; and called into question conventional wisdom about growth and industrialisation models (Utting et al. 2010).
- There are new realities and perceptions of vulnerability and

inequality that are linked to processes of deregulation, state retrenchment, financialisation and commodification. These processes have fuelled the growth not only of global corporations, finance capital and the wealth of the '1%' targeted by the Occupy movement, but also of exploitative and hierarchical relations of domination and subordination. Such relations have extended well beyond conventional sites of production to culture, health, consumption and natural resource management (Vail 2010; Jackson 2009).

- New forms of identity politics have reconfigured the subjective preferences of individuals and groups seeking different lifestyles, and the scaling up of struggles for cultural rights, gender and environmental justice are underpinning the formation or expansion of activist and practitioner networks and 'new social movements' (Agyeman 2013; della Porta 2005; Santos 2007a).
- Discursive shifts have elevated notions of equality, rights, empowerment and participation in framings of what ('inclusive', 'sustainable' and 'rights-based') development means (Cornwall and Brock 2005). This can serve to translate perceptions of subordination and insecurity as something 'normal' into awareness of oppression and rights, as well as into concrete forms of resistance (Laclau and Mouffe 1985).
- There has been a social and environmental turn in public policy, manifested in the 2000–15 Millennium Development Goals (MDGs) and the Sustainable Development Goals (SDGs), which are currently being designed via the United Nations, as well as growing attention by governments and international development agencies to social protection programmes, measures to facilitate the economic empowerment of women and small-scale producers, micro-enterprises and entrepreneurs, and alternative pathways to transition from the informal economy (ILO 2013a).
- Ongoing constraints associated with market forces, neoliberal ideology and conditionality have restricted social spending by governments, thereby opening up the space for non-state actors to engage in social service provisioning and 'proximity services' (Borzaga and Defourny 2001; Laville and Nyssens 2000).
- The apparent end of the golden era of NGOs means that such organisations are having to rely less on public grants and more on social enterprise activities that generate income streams through the sale of goods and services.

- Democratic liberalisation has expanded possibilities for active citizenship and claims-making as well as new modes of ‘collaborative’ governance and consensual forms of hegemonic domination (Sum and Jessop 2013).
- The digital revolution has not only facilitated social organisation, mobilisation and networking, but also enhanced the ability of producers, community organisations and small enterprises to manage economic activities and risk.

The political underpinnings of SSE expansion are particularly important. Commodification, liberalisation (economic and democratic) and crises operationalise certain societal laws. From Foucault (1978: 95) we know that ‘where there is power, there is resistance’, and the scope for myriad forms of micro-resistance that may (or may not) coalesce into broader networks. From Polanyi (1944) we know that where there is market liberalisation there is a ‘double movement’ whereby those negatively affected react in various ways to deal with vulnerability and insecurity and to ensure social protection. And we know from Gramsci that elites and intermediary actors located in mainstream knowledge and policy circuits will respond in an attempt to (re-)embed liberalism, (re-)accommodate subaltern interests and (re)stabilise the system (Sum and Jessop 2013). Such developments have major implications in terms of the opportunities, spaces, constraints and dilemmas that relate to the expansion of SSE. The mainstreaming of SSE, then, emanates from interactions among bottom-up contestation and claims-making, technocratic problem-solving and strategising on the part of bureaucracies and policy-makers, and the efforts of political and economic elites to re-accommodate oppositional forces. These dynamics look set to fuel even more the growing interest in SSE as an approach that needs to be enabled through public policy.

**SSE and the twenty-first-century development challenge** The relevance of SSE in the early twenty-first century needs to be situated in the context of the failure of the twentieth-century solution to the multiple crises of the first half of the century, not least the Great Depression and two World Wars. The model of growth and embedded liberalism that extracted some countries and peoples from chronic vulnerability and insecurity is increasingly being questioned,

even within mainstream knowledge and policy circles. The solution was a growth model that, in theory at least, aimed to generate employment under regulated conditions of decent work, an industrialisation model that generated consumer goods for the masses, and a welfare state model that was concerned with social protection and redistribution. This model has failed in numerous respects:

- It is increasingly associated with ‘jobless growth’. While competitive strategies and technological developments fuel informalisation, growth is proving incapable of absorbing so-called surplus labour or ‘the precariat’ (Standing 2011) through conventional formal sector enterprises. The upshot is a situation where the majority of the labour force in Africa, Asia and Latin America make up the International Labour Organization’s (ILO’s) category of ‘vulnerable employment’, comprising some 1.5 billion workers (ILO 2013b).
- At the other end of the spectrum is the ‘1%’ exposed by both the Occupy movement and recent literature on inequality (Piketty 2014). The concern that gross inequality not only poses an ethical issue but also impacts on growth and development has re-emerged as a key issue within mainstream circles (UNRISD 2010; UNDESA 2005; World Bank 2005).
- The mid-twentieth-century growth and welfare model assumed a male breadwinner. ‘Full employment’ meant full male employment and women would be primarily occupied in the private domestic sphere of the home. Eventually women entered the remunerated labour force en masse but often under conditions of ‘indecent’ work, while having to assume the ‘double burden’ of paid employment and unpaid care work (UNRISD 2005).
- This model, and the forms of enterprise and patterns of production, industrialisation and consumption associated with it, generated excessive pollution, waste, loss of biodiversity, degradation of habitats and the commons, and global warming (Jackson 2009).
- By concentrating wealth and ‘development’ in the cities, it generated huge spatial inequalities, siphoning off resources and surplus from sites of local production and surrounding communities, particularly in rural areas, not only to urban centres but also to tax havens, speculative activities and the global North.
- The capacities of welfare states have been undermined by market



forces, neoliberal ideology and fiscal constraints, particularly in contexts of regressive taxation, structural adjustment in developing countries and austerity policies associated with the fallout from financial crises in parts of the global North.

- The model required certain forms of institutional complementarities – for example between finance and production systems, states and markets – as well as social pacts that have been put out of kilter by financialisation and neoliberalism (Boyer 2007), not to mention recurring financial crises linked to deregulation and speculation.

These problems lie at the heart of the twenty-first-century challenge of social development, with its constituent elements of persistent poverty, precarious employment, food and livelihood insecurity, rising vertical and horizontal inequalities, alienation and intergenerational injustice associated, for example, with climate change and debt.

A focus on SSE points to a pathway that not only facilitates coping and needs provisioning and resilience in the above contexts but also interrogates key structural issues. Models of growth and finance, together with social and power relations, need to be addressed head on if the international development community is to do more than tweak ‘business as usual’ and take seriously the stated goals of sustainable, inclusive and rights-based development (United Nations System Task Team 2013).

Other currents have come together to facilitate this increased space within knowledge and policy circles. The growing interest of governments, development agencies and scholars in SSE goes well beyond its role as a coping strategy in times of crisis or a mechanism for poverty alleviation and employment generation. It also fits analytically with changing understandings of how best to achieve development. Such understandings point to the need to broaden institutional horizons and analytical frames beyond ‘states versus markets’ and towards public–private partnerships, collaborative or multi-stakeholder governance and ‘polycentricity’ (Ostrom 2009).<sup>7</sup>

Furthermore, the international context of having to debate and craft a post-2015 development agenda to succeed the MDGs has been conducive to rethinking development. Recognition of the need to address simultaneously issues of poverty reduction, sustainable

development and human rights has opened up the terrain for thinking outside the ‘business-as-usual’ box with its focus on growth, safety nets and market-centred approaches to a green economy. This is reflected in the discursive shifts noted above, where terms that were previously associated with gatherings of social movements and critical scholarship find their way into mainstream circles: for example, ‘social and environmental justice’, ‘food sovereignty’, ‘empowerment’ and ‘transformative change’.<sup>8</sup>

Development discourse is playing catch-up with the real-world processes associated with the scaling up of SSE. Governments and international organisations are having to respond after the fact to both developments on the ground and associated forms of contestation and advocacy. In the process, they are realising that SSE can assist them in attaining key objectives associated with poverty reduction, employment generation, local economic development and sustainable development.

Finally, the mainstreaming of SSE also reflects ideological and political shifts that have occurred within the field itself. Different strands appear to be coalescing, despite their often having been at odds about how to relate to ‘the rules of the game’, structural transformation, the role of the state, collective action and agency. Under the umbrella of social *and* solidarity economy, there are signs that these strands are coming together as part of a broader, more encompassing, movement – or counter-hegemonic project in the Gramscian sense of the term. While some clear differences in approach, ideology and the meaning of development still persist, advocates are now emphasising their commonalities. These relate to the values and objectives of re-embedding markets and enterprise practices in social and environmental norms and reinvigorating the role of communities and citizens in the economy and polity. As Paul Singer, the Brazilian National Secretary for Solidarity Economy, has noted, we seem to be in the midst of the formation of a global SSE movement (UNRISD 2013a).

At a time when SSE is expanding in territories around the world, when civil society networks are positioning SSE as a central plank in advocacy agendas, and when governments and international development agencies are taking greater interest, it is important to examine systematically the tensions and challenges involved in integrative scaling up.

## About this book

The eighteen chapters that make up this volume address a range of conceptual and empirical issues associated with scaling up SSE. While several chapters deal with SSE as a global phenomenon and refer to developments in the global North, there is a strong focus on experiences in developing countries, in particular via chapters dealing with countries in South America, South Asia and Africa. The book also examines a diverse range of organisational forms and types of economic activities, including agricultural cooperatives, fair trade, community forestry initiatives, mutual health organisations and NGOs engaged in healthcare provisioning, forms of solidarity finance, and alternative food networks that promote collective provisioning and directly connect producers and consumers. The chapters are organised in two sections.

Part I, ‘History, theory and strategy’, contains nine chapters dealing with more general historical, philosophical, political economy and strategic questions relating to different forms of SSE or the field as a whole. Part II, ‘Collective action and solidarity in practice’, comprises another nine chapters that examine the challenges and dynamics of scaling up through the lens of particular SSE organisations or types of initiative. In the remainder of this introductory chapter, we review the main arguments put forward by the different authors and conclude by reflecting on what they tell us about the fundamental challenges of scaling up SSE.

**History, theory and strategy** The chapters in Part I examine the question of how the meaning, substance and trajectory of SSE have been shaped by the history of institutional change; the configuration of state, market and civil society forces; and philosophical and ideational currents associated with liberalism. They also address the question of how the prospects for integrative scaling up of SSE are shaped by relations with the state and the market. The chapters provide important insights into strategies and institutional arrangements that may address or avoid some of the tensions that often characterise such relations and may foster a more enabling environment.

*Learning from history and ideas* Historically, the trajectory of SSE has been highly uneven. Periodically, it has expanded; at other

times it has contracted or undergone major variations in form or substance. *Jean-Louis Laville* (Chapter 1) surveys a 200-year history of social economy to reveal key institutional and political conditions and contexts that have produced such an uneven trajectory. In so doing, he provides important pointers for the challenge of scaling up SSE. He traces the different stages of SSE: from early nineteenth-century forms of democratic solidarity via associations that emphasised both economic and political empowerment through collective action; through late nineteenth-century ‘philanthropic solidarity’ that focused on poverty reduction through individual giving; to the resurgence of democratic solidarity in the early and mid-twentieth century, exercised through public authorities tasked with social protection and market regulation. But this latter ‘development model ... was based on the synergy between the market and the state, which had the effect of crowding out various forms of associative activity’. Subsequently, non-profit service delivery or ‘third sector’ organisations expanded to fill some of the social cracks in the system but served a more palliative than transformative function. But combined with elements of the new social movements that had arisen since the 1970s, they paved the way for a resurgence of ‘a strong version of solidarity’. And they were precursors to ‘another world is possible’ – the catchphrase that distilled the essence of both the discourse of the alter-globalisation movement present at gatherings such as the World Social Forum and the practices of myriad SSE organisations engaged in both economic activities and active citizenship. Laville sees SSE as a new theoretical perspective that has developed from ‘the tradition of social economy and the resurgence of associative democracy in the late twentieth century’. This broader concept extends the field of interest beyond cooperatives, mutuals and non-profits to grass-roots organisations in non-market spheres of the economy. Furthermore, it recognises the reality of the ‘plural economy’ and the mix of principles, identified by Polanyi (1944), that govern resource allocation and exchange, including the market principle, redistribution (via the state) and reciprocity (via group solidarity). There is a risk, though, that we are witnessing instead a return to a variant of philanthropic solidarity via microcredit, corporate social responsibility, social business and ‘the Big Society’. Drawing on Mauss, Laville argues that in order to avoid the authoritarian pitfalls of history, to correct for market liberalising tendencies

that generate human insecurity and crises, to avoid isomorphism and counteract tendencies associated with philanthropic solidarity, what is needed is a robust form of democratic solidarity based on ‘a particular relationship between reciprocity and redistribution’, as well as a ‘reciprocal democratisation of civil society and public authorities’. Key in this regard are questions, discussed in various chapters in the book, of participation and democratic forms of associative activity.

If actors and institutions shape the substance and trajectory of SSE, so too do ideas. *John-Justin McMurtry* (Chapter 2) examines how liberalism has shaped SSE. The apparent unity reflected in the term ‘social and solidarity economy’ masks divergent normative perspectives concerning the state, collectivities and, indeed, the meaning of development. Drawing on both the normative theory of Rawls, Habermas and Cohen and the economic theory of Sen, Ostrom and Sachs, he examines the implications of the philosophical framing of liberalism for understanding contemporary tensions within SSE. While it is possible to connect different strands within SSE to three distinct historical roots of capitalism (Anglo-American, Continental European and postcolonial development), such roots have been framed by an overarching liberal perspective that has two fundamental drawbacks for theorising and guiding transformative change. It assumes, first, that ‘the “rules of the game” are set’; and, second, that the agents of change are individuals and communities whose capacities are severely constrained by those rules or structures. Referring to concrete examples of the cooperative movement, microcredit and alternative energy, McMurtry provides pointers as to how the cleavage between structure and the individual might be overcome. The way forward, he suggests, has two dimensions. One is to ensure that communities rather than states and markets position themselves more effectively as agents of change: ‘The purpose here is to articulate both a site of economic and moral activity (the community) and a process (democracy at the community level) that are distinct from the usual drivers of SSE activity’. The other is ideational and procedural, comprising the need for a reflexive process that demystifies the ‘rules of the game’, clarifies their implications for SSE and ‘build[s] towards a more clearly articulated moral position’ by ensuring that SSE organisations make their community value clear, measure that value, strategise to enhance impacts, and

input community governance. Such processes can, to some extent, address the issue of the (in)capacity of weak agents of change, which is prominent within the liberal tradition.

*Neoliberalism and SSE–market relations* Turning from liberalism more generally to neoliberalism in particular, *Suzanne Bergeron* and *Stephen Healy* (Chapter 3) pose the intriguing question of whether neoliberalism should always be seen (as is often the case within critical literature) as a tidal wave that swamps any semblance of progressiveness in its path. Drawing on community economics perspectives (Gibson-Graham 2006) and fieldwork, they identify spaces that potentially can cultivate economic and political subjects ‘who are guided by motivations of care, ethical concern and collectivity’. Referring to an example from the Philippines, they identify three key elements in the process of forming community economies: 1) the scope for ethical negotiation that exists among different actors, internal and external to the community; 2) the scope for ‘bricolage’ (Lévi-Strauss 1966), where diverse elements in an economy can be cobbled together in ways that are socially transformative; and 3) the scope for cultivating relations of interdependence and care and practices of mutual assistance. While cautioning that such developments and outcomes are vulnerable to failure and takeover, not pursuing such a path is a sure guarantee that inequality and social and environmental injustice will be reproduced.

Beyond operating within niches at the local level, could SSE ever ‘occupy Wall Street’ – not in the political sense, but from an institutional perspective? In other words, could SSE assume certain features of big business associated with scale and competitive advantage? And could a more macro-economic or structural shift be envisaged that would be a game changer in terms of the scope for scaling up SSE? These questions are addressed by *Carina Millstone* (Chapter 4). The answer to whether SSE enterprises could compete with publicly traded companies is: with considerable difficulty. This is for two main reasons. First, SSE organisations are not structured to grow in the conventional economic sense; they exist to cater to the preferences and needs of their members: ‘SSE organisations have within their aims, membership structure and financing arrangements characteristics that contribute to their success and resilience – but ultimately hinder their growth.’ In short, there is often a trade-off

between cooperative benefits and identity, on the one hand, and competitive advantage and market share on the other. Second, structural constraints can impede access to credit for SSE enterprises due to their ‘less-for-profit’ orientation or because they are seen as innately averse to reducing costs through restructuring.

Despite significant hurdles, one possibility for future growth lies within the expanding fields of green economy (renewable energy, more environmentally friendly transport, green buildings), digital enterprise, healthy living, and nutrition and community healthcare provisioning, which may provide important opportunities for value-driven, localised and community-centred enterprises. If consumption patterns were to change in ways conducive to sustainability, SSE organisations could position themselves as ‘the natural providers of goods and services to respond to these new considerations of the consumer-citizen’. Millstone also makes the point that even if SSE enterprises could not make any serious dent in the dominance of the corporation, their mere presence in plural economies is a help, given the macro effects of constraining profits that are above the norm, predatory pricing and the creation of oligopolies, as well as facilitating choice, innovations and entrepreneurship.

Beyond the question of whether SSE can compete with big business, there is the even broader question of whether integrative scaling up can occur within the market. Two chapters explore this question by reviewing the performance of agricultural cooperatives and the more recent experience of certified Fairtrade.<sup>9</sup>

Fair trade producers are integrating global value chains dominated by large corporations such as Starbucks and Nestlé. As commercial logic within the Fairtrade system becomes more prominent, and as the balance of interests within governance structures changes, such relations run the risk of diverting fair trade from its original values and objectives associated with small producer and community empowerment, the redistribution of value within value chains and agro-ecology. Indeed, this tension underpinned a major split in the fair trade movement in 2011 when the US labelling organisation Transfair USA split from the umbrella association, Fairtrade International. *Darryl Reed* (Chapter 5) examines systematically the possibilities and tensions associated with the growth of fair trade and its implications for SSE more generally, looking at the three dimensions of scaling up mentioned earlier – horizontal, vertical

and transversal – and the trade-offs involved. Closer relations with corporations, for example, may facilitate horizontal expansion of fair trade but compromise vertical and transversal expansion. The outcomes cannot be predetermined: ‘it necessarily involves questions of strategy dependent upon experiential-based evaluations of specific conditions, and balancing what might be equally important (social) priorities ... versus the promotion of longer-term institutional and structural change’. Drawing parallels with Via Campesina, he identifies as key the need for SSE actors to grow politically in order to effectively engage non-SSE actors on their own terms. This requires autonomous spaces ‘so they can mobilise, organise, discuss, learn and strategise’ and collaborations between SSE actors ‘across different types of spaces and organisations’.

To understand the possibilities and challenges of scaling up SSE, it is instructive to examine the experience of agricultural cooperatives, which have a very long history. This history has been quite chequered, not least due to elite capture at the local level (McGranahan 1975), the contradiction between state or party control of cooperatives in many developing countries, and the principle of autonomy, which is key for ensuring that SSE values and objectives have primacy (Birchall 2003; Wanyama forthcoming). But, as *Roldan Muradian* (Chapter 6) shows in his examination of the experience of farmers’ groups, in particular marketing cooperatives, the co-op question is even more complex. Laying out the evidence about the impacts of agricultural cooperatives in rural areas in Africa, he engages with the theory that farmers’ collective action highlights the mechanisms through which farmers’ groups induce development impacts, and that social dynamics underpin the ‘quality’ of collective action. Drawing on insights from institutional economics, he shows that the well-known advantages of cooperation (relating to productivity, adding value through processing, strengthening the capacities and capabilities needed to access and mobilise resources, economies of scale, integrating markets on fairer terms and competing economically) tend to accrue to certain types of farmers, in particular those with middle-size holdings who produce perishables or cash crops and have some access to road infrastructure. For small-scale producers, collective action can be costly in terms of time, resources and risks. Furthermore, those producers who face relatively high structural marketing transaction costs, due to factors



such as having small landholdings and being a long distance from the road, cannot necessarily expect to be compensated in a significant way through collective action. For larger farmers, the costs of collective action may outweigh the benefits. He therefore puts forward the ‘intermediate transaction costs hypothesis’: ‘collective marketing firms are more likely to emerge and to be effective when farmers face intermediate levels of transaction costs’. Muradian outlines various managerial and organisational challenges facing agricultural cooperatives and other farmers’ marketing groups but notes that ‘there is not a prescriptive sequence of interventions ... since the three domains of action (marketing, know-how and capabilities) are interdependent’. What is clear, he argues, is that the evidence base needed to support effective interventions is seriously lacking.

*SSE–state relations* Increasingly, however, states are intervening to support various aspects of SSE. Indeed, since the turn of the millennium, in particular, there has been a sort of ‘SSE turn’ in public policy in Latin America and Europe, in several African and Asian countries and in certain states and provinces in North America. A growing number of governments have adopted new policies, laws, development programmes and institutions specifically geared towards enabling SSE or some aspects of it<sup>10</sup> (see Coraggio, Chapter 7; Mendell and Alain, Chapter 9; Utting et al. 2014). While advocates of SSE generally see such trends as consistent with their demands for a more enabling policy environment for SSE, they are also hypersensitive to processes of instrumentalisation, bureaucratisation and co-optation – processes that can undermine core SSE principles, not least autonomy. But can SSE practitioners and advocates have their cake and eat it? The remaining three chapters of Part I examine the role of the state in contemporary efforts to enable SSE and ways of addressing the tensions involved.

Referring to developments in several South American countries to institutionalise SSE through legal and political/administrative reforms, *José Luis Coraggio* (Chapter 7) reveals marked differences in approach. Such reforms have occurred in the context of the progressive and popular turn of the past decade and are part and parcel of a shift from policies centred on social assistance to what might be called productive social policy. They are, however, far from similar in content and approach. Examining such reforms in Argentina, Brazil

and Ecuador, he highlights the diversity of relations, drivers and approaches involved. Sometimes they are a response to bottom-up forces and new societal practices and politics; sometimes a top-down process to shape economic behaviour. Sometimes they are focused on the excluded; sometimes less so. Referring to Venezuela as well, he observes the dangers of rapidly scaling up SSE through top-down interventions. More generally, the process of institutional reform aimed at enabling SSE is vulnerable to tendencies in the region associated with ‘neo-developmentalism’, which prioritises an accumulation model centred on resource extractivism, primary exports and industrialisation. It is also vulnerable to electoral competition and the rotation of parties in power, which may put in jeopardy policies ushered in by a particular political party or leader. How might these tensions be addressed? Coraggio insists on the need to look beyond short-term policy and legal reforms to complementarities, articulations and territorial dimensions, i.e. to the ‘meso’ level. State policy towards SSE cannot be merely social policy; it needs to be enabled through multiple policies (macro-economic, industrial, labour market, etc.). Furthermore, to be sustainable, efforts to enable SSE must be part of a broader project of domestic resource and surplus mobilisation and redistribution. Ensuring that the current trend of institutionalisation empowers SSE rather than reduces it to ‘fragmentary forms of self-management’ requires not only this type of broader enabling environment but also pressures from below. A powerful grass-roots current of SSE initiatives and projects needs to be articulated with a political discourse and movements, which in turn are aligned with realities on the ground.

Given that SSE organisations and enterprises are grounded in communities, villages, towns, cities and municipalities, a key player in institutionalising and enabling SSE is local government. *Milford Bateman* (Chapter 8) argues that a necessary condition for solidarity economy and cooperatives to expand is ‘getting the local institutions right’. He points to numerous failures in this regard: the commercialisation of local service provisioning, microfinance that targets individuals and micro-enterprises as opposed to cooperatives, and models of cooperative enterprise development that position cooperatives at the low end of the value chain while for-profit enterprises appropriate the bulk of surplus. Drawing on historic examples in Europe and contemporary Latin American case studies, Bateman

affirms that the mix of cooperatives and enabling local governments has played a decisive role in successful development episodes. In a context where the mainstream development model is in crisis, he insists on the need to learn from history – not only the history of more successful cooperative–local government articulations in Italy, Yugoslavia and Spain, but also that of the ‘developmental state’. Such a state supports particular types of formal-sector economic enterprises of varying sizes through a comprehensive set of policies. This combination of insights suggests the importance of the ‘local developmental state’ as an institutional form that can play a major role in cooperative enterprise development. Referring to examples from Ecuador and Colombia, Bateman shows how local government support policies (credit, training, promotion of farmers’ markets, etc.) as well as more direct interventions and investments associated with so-called ‘build–operate–transfer’ (BOT) models of public investment allow agricultural producers to bypass intermediaries, access export markets and add value through processing. While concerns about capacity and other constraints that often affect cooperatives (see Muradian, Chapter 6) are very real, the ‘transfer’ dimension of BOT incorporates a time period when both proto- and already existing cooperatives can attempt to build the necessary capacities and competencies needed for sustainability.

But how can we get around the ‘can’t have your cake and eat it’ dilemma? The ways in which SSE actors organise, mobilise and network are crucial in this regard, as is the question of how they participate in policy processes. *Marguerite Mendell* and *Béatrice Alain* (Chapter 9) examine in some depth the ‘co-construction’ of policy, where SSE organisations organise themselves and are a capable partner in designing and implementing policies. The chapter discusses the main advantages of such an approach and examines the conditions for effective collaborative processes. It also provides examples of good practices and indicates the limits of existing policies that have not been designed or implemented jointly with civil society. Drawing on fourteen case studies from five continents, they show how co-construction is conducive to effective policy-making by reducing information asymmetry and transaction costs, and by improving understanding of the sector’s needs, resources and priorities. When a range of SSE actors is involved, these effects are strengthened. Optimal co-construction, however, is dependent on the

existence of effective and representative intermediary organisations and networks. Where broad coalitions of SSE actors exist, ‘their leverage with government to obtain innovative policy is increased and their capacity to mobilise partners is enhanced’. As examples from Burkina Faso, Ecuador, Poland and South Africa reveal, often these conditions do not persist. The authors note, however, examples where governments have encouraged their creation or have developed initiatives for SSE sectors to join existing networks. Tensions between subsidiarity and conditionality to comply with regulatory frameworks often require hybrid arrangements that give rise to further issues of accountability and modes of service delivery. Effective co-construction also relies on full commitment by the government, which in turn requires sufficient capacity, coordination and resources in all relevant branches of government at both national and local levels. If the main challenge facing governments relates to capacity and coherence, ensuring that SSE networks and intermediaries are ‘representative of SSE, strong enough to participate ... and able to remain independent’ is the key challenge confronting SSE actors.

**Collective action and solidarity in practice** To examine in more depth the scope for scaling up SSE in ways that are consistent with its core values and objectives, we turn to the concrete experiences of particular organisations and initiatives. The nine chapters in Part II examine projects in four very different geographical, developmental and institutional settings: the United States of America (USA) and Italy in the global North; South America (Argentina and Uruguay); sub-Saharan Africa (West Africa and Uganda); and South Asia (India and Nepal). The purpose, however, is not to understand regional variations in the trajectories and performance of SSE but to identify significant institutional and political economy conditions and contexts that facilitate or undermine the integrative scaling up of SSE.

*Assessing new forms of solidarity in the global North* Citizens in the global North are engaged in what some call post-industrial identity politics, which has yielded new varieties of social movements and community action. As commodification extends beyond the conventional workplace into arenas previously associated with the management of common pool resources, community economies,

the provisioning of public goods and services, culture and care, so too do relations of subordination and processes of disempowerment (Laclau and Mouffe 1985; Vail 2010). What Polanyi (1944) referred to as the ‘double movement’<sup>11</sup> therefore manifests itself in numerous domains. Two such practices involve alternative food networks and solidarity finance.

A prominent feature of SSE in the global North relates to efforts to craft new ways of producing and distributing food that are fairer for producers, healthier – and sometimes cheaper – for consumers, better for the planet and beneficial in terms of social or community cohesion. *Cristina Grasseni, Francesca Forno and Silvana Signori* (Chapter 10) examine attempts in northern Italy to create food networks that re-embed economic practice in social relations via forms of collective provisioning and solidarity purchasing that connect consumers and producers via fair trade. Participant observation recorded significant stumbling blocks relating to issues of delegation, leadership and conflict management, as well as a gender imbalance between the largely male steering committees and working groups and a largely female base. But they see SSE as a socio-pedagogic laboratory – a space for creative ‘contamination’ and cross-cutting innovation, identifying and experimenting with critical issues surrounding delegation and representation, participation and labour division, as well as skill and value construction and ‘ethical learning by doing’.

Another field where new forms of solidarity are manifesting themselves in the global North is that of solidarity finance. It is a field, however, that has undergone significant adjustments. The rise of the global microcredit industry in the 1990s was seen by many as evidence that principles of fairness and solidarity stood a chance of restructuring financial systems in ways that were pro-poor. Fast forward two decades and we find a microcredit industry under critical scrutiny for not only having inflated claims about its impacts on poverty but also for having morphed into a commercialised sector that in some contexts has fuelled over-indebtedness (Bateman and Chang 2012). How might microfinance be reconstituted along more ethical and pro-social lines? *Paul Nelson* (Chapter 11) examines this question by looking at the cases of two social investment schemes – Kiva and Oikocredit – that claim to be doing things differently. He identifies five sets of indicators to assess how solidarity finance

schemes have fared in terms of building and sustaining institutions associated with SSE. They include the way in which risk is shared and, in particular, whether lending institutions in the global North are prepared to adopt meaningful practices that reduce risk for microfinance institutions. Other variables relate to the level of awareness and the intentions of investors, which in turn relate to the credibility of the claims of the investment vehicle. Also important are ‘sustained participation’, i.e. of investors prepared to provide ‘patient capital’ on a regular and long-term basis, and institution-building, particularly to support group or community organisations. In view of the scandals that have rocked the world of microfinance, it is also crucial to assess what these schemes are doing to regulate the industry by setting clear standards for client protection and social impact assessment and to ensure compliance. Nelson notes significant variations in the performance of the two schemes he discusses, but also that both are actively innovating and experimenting with new arrangements aimed at ensuring that pro-social investment can be a component of strategies to build SSE.

*Scaling up SSE in Argentina and Uruguay* Turning to South America, we examine another problematic experience that relates to alternative finance. Referring to what was once the world’s largest complementary currency scheme, known as the *Trueque* in Argentina, *Georgina M. Gómez* (Chapter 12) analyses the tensions that affect SSE initiatives when they grow from small-scale initiatives centred on personal exchange to large-scale, impersonal projects. In the case of the former, exchange is regulated by a variety of mechanisms, including face-to-face interaction that cultivates trust and facilitates monitoring. As impersonal systems emerge, social action needs to be regulated by other institutions. Combining different perspectives from institutional economics, she shows that scaling up was possible only within the limits defined by the interpersonal transfer of trust, the reputation of the leaders to act as a linchpin for the system, and the ability to sustain the process of institutional innovation. In the absence of alternative regulatory mechanisms, such limits eventually caused the system to collapse.

Around the same time that the *Trueque* took off in Argentina, across the border in Uruguay SSE actors, mostly NGOs, started working with the state to provide public social services for the

poorer strata of the population. Since then, these partnerships have become more and more frequent, and seem to have become a key catalyst in the welfare system's capacity to integrate population groups excluded from the traditional welfare matrix. As governments and other development actors around the world are rethinking the nature of welfare regimes in contexts of austerity, pro-market ideology and growing interest in public-private partnerships, it is instructive to examine the role of SSE actors in welfare systems and how the intensification of relations with the state affects SSE. *Cecilia Rossel* (Chapter 13) provides a balance sheet that suggests the following. On the plus side, social protection of excluded groups has improved. This sector of SSE has also expanded as a result of increased financial and human resources, and strengthened professional competencies. Furthermore, SSE organisations now have more influence in policy design. On the down side, Rossel notes that increased competition among SSE organisations for state resources has undermined coordination and networks within SSE. Above all, there is a trade-off between dependency and autonomy that can stifle contestation, critical thinking and innovation, and lead to bureaucratisation 'with a strong tendency towards "routine activity and a utilitarian approach"'. This analysis suggests the need to view with caution the growing role of SSE organisations in welfare provision, a trend that is occurring in many countries. It also suggests that if this role is to yield more positive development outcomes, SSE will need to be 'if not strong, then relatively cohesive'.

*Experiences from West Africa and Uganda* A similar phenomenon, whereby SSE organisations are emerging as significant actors in health systems, is occurring in West Africa. *Bénédicte Fonteneau* (Chapter 14) examines the role and performance of village-level mutual health organisations, which numbered about 500 by the early 2000s, each with between 300 and 1,000 members. Providing a modicum of health insurance and other services, such as health education, governments in the region are now seeing mutual health organisations as crucial future partners in their ambitious plans to extend health cover to large rural and informal economy populations who are currently not covered by private and state systems. The inclusion of such organisations in public policies can be interpreted as recognition of an expanding grass-roots network

that is in tune with local needs and can act as ‘an interlocutor that represents members’ interests vis-à-vis healthcare providers’ and in policy dialogues. However, their weak initial conditions pose a major challenge for realising the social turn in public policy. This is apparent in relation to weak governance arrangements and managerial competencies, low levels of contributions and an inability to expand membership, minimalist insurance packages, and mistrust between mutual health organisations and health providers. Furthermore, networking and organising at scales beyond the local level has proved difficult; this is not helped by the fact that mutual health organisations are widely dispersed and disparate, which is partly associated with their very different models of donor support. As in the case of Uruguay, the close articulation of these SSE organisations with public policy has occurred prior to the consolidation of a cohesive organisational structure at local, regional and national levels. In the absence of such organisation and competencies, public policy aimed at supporting mutual health organisations is often top-down. In such contexts, Fonteneau insists that the mutual health organisation ‘movement’ needs to reflect on how it can scale up and professionalise while staying in tune with members’ demands and preferences; and that governments and donors need to reflect on how their support can enable rather than disable representative structures and effective participation.

Public policy in several African countries is also placing great store on the role of a new generation of agricultural cooperatives. *Justine Nannyonjo* (Chapter 15) examines the effectiveness of public policy in Uganda, which, since 2005, has aimed to facilitate the scaling up, conduct and integration of cooperatives in the development process. This has occurred through the incorporation of cooperatives into various poverty eradication and development programmes and plans, legal and administrative reforms, enhanced support services, adding value through processing, and other capacity-building measures that focus on leadership training, business management and entrepreneurship. The chapter also identifies various institutional challenges that hinder the government in fulfilling its policy commitments and that need to be addressed. These include inadequate financial and skilled human resources, and weak links between central and local governments.



*South Asia: the cases of AMUL, Kudumbashree and community forestry groups* To understand the dynamics of scaling, much can be learned from experiences of SSE in South Asia, even if the term itself is rarely used there. The final three chapters of this volume refer to very different experiences in India and Nepal that shed considerable light on what type of institutional and political economy conditions need to be in place to ensure the integrative growth of SSE.

Bringing in a perspective associated with heterodox management studies, which insists on the need to connect micro and macro levels of analysis and to examine how enterprise strategy relates to the broader socio-political context, *Abhijit Ghosh* (Chapter 16) looks at the early conditions that explain the growth of India's largest cooperative organisation, AMUL. Established as an alternative to a private company that exploited milk producers in the Kheda district in Gujarat, the AMUL dairy cooperative expanded to become the country's largest food marketing corporation, with sales of over US\$3 billion and 630,000 member producers. Drawing on data from the author's extensive fieldwork, this chapter shows how micro-level strategising and leadership combined synergistically with institutional and technological innovations and an enabling political economy environment, often involving informal political relations and alliances. Key elements of integrative growth included political connections that enabled the cooperative to leverage resources and policy influence; the fit between, on the one hand, enterprise leadership and strategy associated with product diversification and technological innovation and, on the other hand, national circumstances and challenges associated with food insecurity and import substitution; and consistent adherence to the overriding strategic goal of 'serving Kheda's farmers'. Innovations in organisational structure and processes of democratic governance safeguarded the farmers' interests and restricted elite capture.

A vital aspect of upscaling SSE relates to moving beyond its dispersion in disparate locations and intensifying or thickening its presence in sizeable territories, so that SSE constitutes a prominent form within the broader plural economy. Well-known examples can be found in Quebec, Canada, and the Basque region in Europe. A similar situation may be emerging in Kerala, India, which is the focus of the chapter by *Ananya Mukherjee-Reed* (Chapter 17).

She analyses the experience of *Kudumbashree*, a socio-economic programme composed of nearly 4 million women below the poverty line. While Kerala has long had the highest human development indicators in India, it still exhibits significant gender and other forms of inequality. Initiated by the state government in the late 1990s as a poverty eradication programme, *Kudumbashree* has since developed into an extensive network in which marginalised women work collectively to enhance livelihood security and well-being through planning and implementing programmes and projects that address the root causes of poverty. Focusing in particular on how women's groups have become important development actors through their active role in both the implementation of the extensive public employment guarantee scheme and some 44,000 small agricultural collectives, she shows how the creation of strong bonds of solidarity and collective agency has enabled poor women to challenge existing power imbalances and establish innovative organisations. 'The key to *Kudumbashree's* success,' she argues, 'has been its ability to generate and access [social, economic and political] resources in a comprehensive and systematic fashion through a dynamic relationship between its community and the state.' While this experience has generated significant gains for women, progress is constrained by structural and other conditions. These include low profit margins in the economic sectors in which they operate, the precariousness of demand or orders from private firms in the value chain, the unwillingness of landlords to rent land, and the lack of certainty about the future of government programmes. Mukherjee-Reed considers the feasibility of a number of alternatives, including, for example, greater specialisation and clustering, moving up value chains, forming solidarity value chains and developing their own distribution channels. Other questions remain to be researched, including how the work of organising impacts on women's time and already burdensome workload, the border line between extensive state support and dependency that may stifle autonomy, and the sustainability of the transfers or subsidies involved.

As noted in several of the chapters reviewed above, SSE holds considerable promise from the perspective of women's empowerment and well-being. But women's participation in SSE organisations can be heavily constrained by traditional gender relations and hierarchies.

How can such constraints be overcome? *Bina Agarwal* (Chapter 18) examines this crucial question by looking at the experience of community forestry groups in India and Nepal. She analyses what is an often overlooked area in institutional and political economy analysis, namely the nature of intra-group dynamics, which can have a major effect on the type and quality of cooperation and performance. How does a group's gender composition affect the ability of women to participate effectively in local institutions of environmental governance and the impact of their participation? It is argued here that, in given contexts, the mere inclusion of a larger proportion of women in mixed-gender groups ('women in themselves') can go a long way to improving outcomes, even without a thrust to create a 'women for themselves' social consciousness – although a shift towards the latter can also enhance outcomes. Agarwal's empirical research on community forestry groups in South Asia yields innovative data to demonstrate 'the power of numbers': increasing the proportion of women representatives in the executive committees of these collective institutions can facilitate both the effective participation of women and the functioning and outcomes of the institution concerned. But this analysis also points to the need to organise and mobilise beyond the local level, at multiple scales where governance takes place. And if the power of numbers within community forestry groups is to make a difference in terms of women's empowerment and equality, it is also crucial to build coalitions involving women in other arenas of SSE, such as women's self-help groups.

*Strategic pillars of transformative change* By way of conclusion, let us return, then, to the central questions and concerns that framed this volume. The first related to the need for a more comprehensive and systematic assessment of the limits, risks, tensions and dilemmas that are associated with the scaling up of SSE. Key elements identified by the authors in this regard include:

- weak initial conditions, assets and competencies, as well as motivational and time-use constraints, that render some SSE organisations not only inherently fragile but also amenable to those populations at the bottom of the ladder in terms of endowments and capabilities (Chapters 3, 6, 8, 10 and 14);
- being locked into commodity and service sectors with low

value-added and limited capacity to mobilise surplus (Chapters 5 and 17);

- disabling environments associated with finance, including restricted or onerous terms of access to credit for SSE organisations, instabilities within financial markets and biases within microcredit associated with individual entrepreneurship rather than group solidarity (Chapters 4 and 11);
- pressures and influences of commercialisation and financialisation that can usher in logics of enterprise activity that swing the efficiency–equity pendulum in favour of efficiency, and can invoke practices associated with the externalisation of social and environmental costs (Chapters 2, 4, 5 and 8);
- related tendencies towards managerialism and institutional isomorphism, where large cooperatives, for example, or ‘co-opitalism’ (Defourny et al. 1999) may start to assume features typically associated with corporate institutional culture and corporate social responsibility (Chapters 1, 2, 4, 5 and 6);
- elite capture of organisations and the gains of SSE (Chapters 2, 3, 14 and 16);
- trade-offs between scale and social capital, and related difficulties of crafting new regulatory and monitoring mechanisms in transitions from systems of personal to impersonal exchange (Chapters 6 and 12);
- conceptions of social economy that disregard the crucial role of the state in development and change, and fail to recognise the complementarities and synergies between principles of ‘reciprocity’ and ‘redistribution’ or democratic solidarity at the level of both groups and the state (Chapter 1);
- limited political will and capacities of state institutions, including local governments, to craft and implement enabling policies, and weak governance arrangements and spaces for the co-construction of policy (Chapters 7, 9, 10, 14 and 15);
- issues of dependency, co-optation, instrumentalisation and top-down interventions related to state policy and programmes (Chapters 7 and 13);
- theories, policies and strategies that ignore structural conditions and contexts that constrain both SSE and the possibilities of designing, implementing and financing enabling policies (Chapters 2 and 7);

- ongoing subordinations of women within governance and leadership structures (Chapters 10 and 18); and
- the challenges of organising beyond the community or local level and engaging in multi-scalar activism and coalition-building (Chapters 9 and 18).

The second concern addressed in this volume relates to the challenge of growing SSE under conditions that support integrative scaling up. Emerging from the chapters are three interrelated sets of explanatory conditions, or what could be called strategic pillars of integrative scaling up: namely, capacity, institutional complementarities and participation.

*Capacity* The first set of conditions relates to questions of capacity writ large, i.e. the scope for strengthening assets, competencies and managerial and governance processes, be they of SSE organisations themselves or of governmental and other external organisations that seek to support SSE. It also relates to the effectiveness of regulatory instruments and systems.

Capacity-building is partly a question of resources and methods: for example, infrastructure, access to finance and market information, technology up-grading and transfer, and education and training relating to literacy, skills development, cooperative organisation, administration and management. Brazil's National Secretary of Solidarity Economy, Paul Singer, notes that if SSE is not simply to be a response to crisis and the contradictions of capitalism, but is to expand and diversify according to its own dynamic, two aspects of capacity-building are crucial: a system of solidarity finance and a knowledge system for technical and values-oriented training (Singer 1996: 117).

The challenge of capacity-building is particularly pertinent in the context of state institutions that are willing to support SSE but have seen their capacities diminished through decades of neoliberal restructuring. It is also relevant in the context of processes of decentralisation that have transferred responsibilities and administrative authority to local governments but without the commensurate transfer of resources or fiscal authority. Both sets of challenges are particularly apparent in Africa (Fonteneau, Chapter 14) and Latin America (Coraggio, Chapter 7; Bateman, Chapter 8).

As Muradian and Bateman show, capacity-building needs to be factored in early on. As seen in the case of agricultural cooperatives in Africa, various constraints may be particularly acute during the initial phases of cooperative development (Muradian, Chapter 6). Policy responses need to focus on such aspects as marketing, know-how or technology transfer, and enhancing managerial skills. Referring to projects in Colombia and Ecuador, Bateman also highlights the importance of interventions that ‘build the required proto-cooperative foundations upon which genuine farmer-owned ... cooperatives can emerge thereafter’ (Chapter 8).

Bateman also insists on the key role of local governments – or ‘local developmental states’ – in capacity-building. Important in this regard are trends associated with decentralisation, noted also by Fonteneau (for Burkina Faso and Senegal), Mukherjee-Reed (Kerala), and Mendell and Alain (Quebec and elsewhere). Under certain conditions, decentralisation can strengthen the capacity of municipal authorities to foster local economic development, promote forms of dialogue and governance that facilitate SSE actors’ access to local decision-making, foster equitable partnerships between local authorities and SSE organisations in social service delivery, and serve to connect local- and national-level institutions. Several authors note ongoing challenges, which are well known: the gap between the transfer of responsibilities or authority to local governments and actual resources, as well as the skewed allocation of resources associated with elite capture and clientelism – challenges that ultimately require political action.

The issue of capacity also relates to the question of institutional and social innovation. This requires having the ideas, strategies and ways and means to learn and adapt to complex and changing circumstances, and not least to external pressures and shocks. It also involves the ability to produce new goods, services and processes that meet social needs or create new social relationships and collaborations (Borzaga and Bodini 2012; Murray et al. 2010). Pertinent in this regard are the rapidly expanding fields of proximity services (Laville, Chapter 1; Mendell and Alain, Chapter 9), Fairtrade (Reed, Chapter 5), alternative food networks (Grasseni et al., Chapter 10) and community forestry institutions (Agarwal, Chapter 18). So too are initiatives that insert SSE-related values into the financial sphere. Furthermore, innovation relates to the need to

adapt regulatory systems, as in the case of the commercialisation of microfinance (Nelson, Chapter 11) or where SSE initiatives scale up via systems of impersonal exchange (Gómez, Chapter 12). This, in turn, relates to the question of maintaining or cultivating trust or so-called social capital.

‘Learning by doing’ can be an important source of innovation. Practices of ‘ethical learning by doing’ were noted by Grasseni et al. (Chapter 10), i.e. when SSE actors expand their preferences beyond material self-interest to encompass other (e.g. environmental or solidaristic) values and objectives. What we might call ‘active ethicality’ has also been emphasised: McMurtry (Chapter 2) suggests that one of the key means to ensure that SSE stays true to its original values and objectives and ‘competes’ with for-profit enterprise is by emphasising its ethical value-added.

*Institutional complementarities* The issue of capacity is intimately connected with a second strategic pillar: institutional complementarities. As Boyer notes, institutional complementarity:

describes a configuration in which the viability of an institutional form is strongly or entirely conditioned by the existence of several other institutional forms, such that their conjunction offers greater resilience and better performance compared with alternative configurations (Crouch et al. 2005).

As Coraggio suggests (Chapter 7), a focus on institutional complementarity takes us from the micro level of organisations to the meso level of inter-actor and inter-institutional articulations.

Various forms of complementarity have been noted. At the level of the broad principles governing resource allocation and exchange (Polanyi 1944), ‘market’, ‘reciprocity’ and ‘redistribution’ need to coalesce to protect against the excesses of market forces, enable democratic solidarity, and mobilise resources for productive and social ends. This implies the need for complementarities or ‘bricolage’ among private, civil society and state actors. Whether in theory (Laville, Chapter 1) or in concrete settings (Bergeron and Healy, Chapter 3; Coraggio, Chapter 7; Fonteneau, Chapter 14; Mukherjee-Reed, Chapter 17), we have seen that integrative scaling up of SSE depends crucially on such complementarities. Bateman’s notion of the ‘local developmental state’, closely articulated with cooperative

forms of enterprise, emphasises the importance of such complementarities at the local level. This serves as an important corrective to some ‘third sector’, communitarian or neo-populist approaches that are prone to downplay the role of the state in inclusive and sustainable development.

A focus on complementarity directs attention to the intersections of policy and questions of more effective institutional design. It also relates to the notion of polycentricity referred to earlier. Under certain conditions the different sets of rules that are associated with different actors can mesh in synergistic ways with positive social, environmental and regulatory outcomes (Ostrom 2009). But such an approach runs the risk of ignoring broader structural conditions and constraints – for example, patterns of accumulation and the distribution of land and surpluses – that can stifle or distort SSE and undermine the possibilities of crafting an enabling policy environment (Coraggio, Chapter 7). Therefore, institutional complementarities that relate to the macro level or structural contexts are also key (Boyer 2007).

This structural dimension has implications for what in contemporary development parlance is often called policy coherence. This involves far more than simply better coordination of design and implementation in different policy areas. More fundamentally, it involves reducing the types of trade-offs and contradictions noted by Coraggio (Chapter 7) when governments promote investment, fiscal, trade and labour market policies conducive to the expansion of monocultures, extractive industries, high-input export agriculture and cheap food imports. Such policies can also facilitate patterns of corporate control of value chains that can undermine small-scale agriculture, food security and the environment. Policy coherence requires placing on the policy agenda often neglected redistributive issues that may be vital for providing an enabling policy environment for SSE: for example, progressive taxation, particular forms of subsidy, land reform, policies associated with the care economy, and the restructuring of government transfers and incentives, not least the massive benefits and loopholes associated with ‘corporate welfare’ (Farnsworth 2012).

Complementarities related to the links between policy at different scales (i.e. at local, sub-national, national and international levels) have also been noted. Referring to Quebec, Mendell and Alain



(Chapter 9) point to the creation of social economy regional poles as a successful example of decentralisation and of designing and instituting mechanisms of information-sharing and coordination between regions and between all regions and the centre.

How financial and production systems connect and interact is another crucial arena of macro-institutional complementarities. Important in this regard is the need for new mechanisms of solidarity finance to facilitate rather than constrain SSE organisations and enterprises (Nelson, Chapter 11; Millstone, Chapter 4; Utting et al. 2014). Traditional gender relations and patriarchy operate in another institutional field that often constrains rather than enables SSE (Hillenkamp et al. 2014). These and other forms of domination, subordination and oppression invoke the need for what Nancy Fraser (2012) refers to as a shift in focus beyond the Polanyian notion of ‘social protection’ via principles of reciprocity and redistribution to ‘emancipation’. Labour market and social (including care) policies that serve to alleviate the double burden of paid work and unpaid care responsibilities, and free up women’s time, are of particular significance here (UNRISD 2010; Hillenkamp et al. 2014).

We can also extend the notion of complementarity to the knowledge and policy nexus. The way in which concepts and ideas inform policy and strategy is important. As seen with the history of both communism and contemporary neoliberalism (Laville, Chapter 1; Bergeron and Healy, Chapter 3), when theory and ideology are in the driving seat, the results can be disastrous; they are likely to include major blind spots on the development and policy agenda, distortions in the way in which reality is understood, and policy interventions that have high social and environmental costs (Ocampo 2006: viii). While certain intellectual and political currents associated with SSE run the risk of perpetuating such incoherence, much contemporary theorising of SSE is grounded in real-world practices. With this sequencing, theory can usefully inform understanding, policy and strategy (*ibid.*). As noted below, ‘co-construction’ of policy (Mendell and Alain, Chapter 9) is a key mechanism for ensuring that policy is effectively informed by knowledge.

Several chapters suggest that complementarity is also crucial within the field of collective action itself. Both economic and political empowerment go hand in hand (Laville, Chapter 1; Mukherjee-Reed, Chapter 17; Coraggio, Chapter 7; Rossel, Chapter 13). The word

‘empowerment’ has become one of the contemporary buzzwords in international development discourse (Cornwall and Brock 2005) but its usage is often depoliticised. It is typically associated with economic interpretations that emphasise the importance of the economic empowerment of women, smallholders and micro-enterprises, and the need to build their capacities as entrepreneurs (Utting 2012). Similarly, much of the literature on cooperatives and other forms of social enterprise or entrepreneurship emphasises this dimension of economic empowerment via, for example, credit, training and legal reforms. Economic and political empowerment are mutually reinforcing: actors who are empowered economically are likely to have greater capacities to enhance competencies, to network and to access markets on fairer terms, while the contestation, advocacy and claims-making associated with political empowerment is crucial for state provisioning, realising rights and holding powerful actors to account.

*Participation* This brings us to the third strategic pillar – participation – understood in the political sense of the term. As defined by UNRISD in the late 1970s, ‘popular’ participation refers to the organised efforts of the disadvantaged to gain control over resources and regulatory institutions that affect their lives (UNRISD 2004). Such a definition encompasses various dimensions of the political, including voice, contestation, advocacy, co-construction, negotiation, networking, and building and sustaining coalitions and alliances. In short, it is about ‘active citizenship’ and reconfiguring power relations (Green 2012; Laville, Chapter 1). This perspective is far broader than that commonly used by mainstream development agencies working within the ‘good governance’ frame, where selected ‘stakeholders’ are invited to the table to be consulted. Such a frame often assumes wrongly that confrontation and negotiation between interest groups are passé, and that now we are all ‘stakeholders’ and ‘partners’ who can collaborate to solve problems (Mouffe 2005).

But such governance arrangements and logics often ignore two fundamental questions. The first is the need for ongoing contestation both within SSE structures and on the part of SSE actors interacting with external actors and institutions. The second is how to ensure that the SSE actor’s ‘voice’, or their seat at the table, actually translates into them becoming a player who can effectively

influence decision-making processes. As seen in the case of fair trade (Reed, Chapter 5), the AMUL cooperative corporation in India (Ghosh, Chapter 16) and community forestry in South Asia (Agarwal, Chapter 18), what matters is the relative balance of social forces or interests within governance structures, as does the presence and institutionalisation of democratic or deliberative spaces within those structures.

In today's networked and globalised world, 'organised efforts' need to play out at multiple scales, well beyond the local level where SSE organisations and enterprises are concentrated. The organisation, mobilisation and advocacy associated with the community forestry groups, associations and federations in Nepal, as addressed by Agarwal (Chapter 18), are a case in point, as are other national movements such the Landless Workers' Movement in Brazil (Santos 2007b). 'Glocal' movements have come to the fore in recent years. These integrate local and national organisations that represent particular types of workers or producers into regional or global organisational and advocacy structures and include, for example, the Global Alliance of Waste Pickers, Via Campesina, Streetnet and Homenet. Moreover, SSE organisations in different countries, regions and sectors are increasingly organising in international networks to exchange knowledge and good practices and to strategise politically. Some, such as the International Co-operative Alliance, have a long pedigree. Others, including the Intercontinental Network for the Promotion of Social and Solidarity Economy and Rencontres du Mont-Blanc, were established fairly recently.

Such alliances point to the possibility of the formation of a counter-hegemonic movement (see endnote 3), which is essential if alternative pathways are to effectively challenge 'business as usual'. The coming together of 'social' and 'solidarity' economy discursively and strategically in recent years is a significant development in this regard. Both liberal and radical currents are accommodated under the SSE umbrella and speak to, rather than past, each other. Put another way, SSE is becoming an arena where two of the most powerful world views that are contesting market liberalism – namely 'embedded liberalism' and 'alter-globalisation' – are finding common ground (Utting 2013c).

As Agarwal suggests, it is crucial to consolidate alliances within the field of SSE itself – in the case she analyses, between community

forestry initiatives and self-help groups in South Asia. Consolidating alliances between SSE actors and other groups struggling for social, environmental and distributive justice, such as trade unions, indigenous peoples, farmers, women and so forth, is also key. Referring to tensions within SSE–state relations in Latin America, which relate to dependency, instrumentalisation and top-down interventions, Coraggio (Chapter 7) and Rossel (Chapter 13) emphasise the importance of overcoming fragmentation within the SSE field and building a more cohesive movement.

Within the critical literature on social change, this is often where the story ends, with a scenario in which different struggles against injustice (Santos 2007a), or ‘the discontented and the alienated’ and ‘the deprived and the dispossessed’ (Harvey 2010), join forces, or should do so. But there are two other aspects related to the concept of hegemony that need to be factored into strategy. The first concerns the possibilities of cultivating ‘common sense’ understandings of terms and goals associated with progressive or transformative agendas.<sup>12</sup> Others must come to accept hitherto ‘radical’ framings as ‘normal’ normative or cultural guides that pattern identity, preferences, behaviour and action (Laclau and Mouffe 1985; Sum and Jessop 2013). Discursive struggle plays a major role in this regard. Counter-hegemonic contestation and agency require that terms and concepts or particular combinations of ‘buzzwords’ are linked up (Cornwall and Brock 2005). Such combinations ‘evoke a particular set of meanings’ (ibid.: 47) that can unsettle conventional wisdom about what is meant by terms such as ‘development’, ‘democracy’ and ‘sustainability’. Such combinations are also key in efforts to forge alliances between subaltern groups and others who feel ‘alienated and discontented’ (Harvey 2010).

The umbrella term ‘social and solidarity economy’ provides ample space for connecting more conventional notions of enterprise, entrepreneurship and social protection with more transformative concepts of rights, equality, active citizenship, ethics, solidarity, emancipation and (social, environmental and distributive) justice. Similarly, under SSE, terms such as ‘green economy’ are reinterpreted to suggest patterns of economic transition that are not dominated by market logic; instead, they provide spaces for diverse actors and enterprises within the plural economy, restructure production and consumption patterns, and are both green and fair (Cook et al. 2012).

Such articulations are important for the task of building broad-based coalitions for change. Keeping these connections in the spotlight can also guard against hegemonic shifts that dilute transformative agendas, such as ‘corporate social responsibility’ and philanthropic solidarity (Laville, Chapter 1) and reveal the limits of state interventions that instrumentalise SSE for poverty reduction (Coraggio, Chapter 7).

The second aspect of counter-hegemonic strategy relates to social pacts and compromises, not only with those struggling for transformative justice but with others whose interests and identities intersect with SSE (Bergeron and Healy, Chapter 3; Mendell and Alain, Chapter 9; Millstone, Chapter 4; Nelson, Chapter 11; Reed, Chapter 5; Yunus 2007). These include those associated with for-profit enterprise who may want a stake in the material, reputational or legitimisation advantages that derive from links with SSE. Political parties may similarly benefit from closer ties with the SSE movement. Potential allies also include elements of the managerial ‘class’ or techno-scientific community connected with SSE, as well as those who relate to SSE principles and actors for reasons more closely associated with ethicality and identity, for example so-called ethical consumers and investors.

Alliances and political strategy, must therefore extend beyond progressive social movements and include certain market and state actors, notably those aligned with embedded liberalism. Such SSE–market and SSE–state relations are liable to generate tensions as outlined earlier: for example, those associated with elite capture, co-optation, marketisation and institutional isomorphism. But if and when significant advances can occur with regard to the three strategic pillars of capacity, institutional complementarities and participation, then integrative scaling up might be a real possibility.