China-USA Business Review, July-Sept. 2024, Vol. 23, No. 3, 158-164
doi: 10.17265/1537-1514/2024.03.005

The French Social and Solidarity Economy: Historical Evolution, Theoretical Origin, Institutional Innovation, and the Global Echo

CUI Shaozhong
China Foreign Affairs University, Beijing, the People's Republic of China

Abstract: The adoption of the French Social and Solidarity Economy (SSE) Law in 2014 marks the recognition and support at the national level of this economic model spontaneously created by civil society as an important part of its national economy. With "cooperatives, associations, mutuals, foundations and social enterprises" as the main forms of organization, and the theories of "social economy" and "utopian socialism" as the ideological source, complementing to that of the laissez-faire market economy proposed by Adam Smith, the SSE is committed to reflecting on the shortcomings of the laissez-faire capitalist market economy and to building a model of economic development characterized by symbiosis, co-construction, and sharing on the basis of seeking social utility. The development of the SSE has largely made up for the absence of the state and the market, and has become a driving force for stimulating institutional innovation and optimization of both of them. The SSE in France is part of a global solidarity economy movement that pursues innovative economic development models. The resilience of the French SSE in the face of such major economic fluctuations as the economic and financial crisis of 2008 has led to an international consensus on the reform of the laissez-faire or neoliberal development model and the creation of a sustainable and inclusive development path.

Keywords: SSE, cooperatives, associations and mutuals, laissez-faire market economy

Introduction

In 2014, France officially adopted the Social and Solidarity Economy (SSE) Law, establishing the SSE as an important part of the national economy. At the same time, it is emphasized that this economic model is a model of economic and industrial development adapted to all areas of human activity. Since then, the SSE as the practice of civil society, which accompanied the industrial revolution and the laissez-faire market economy and which is committed to compensating for the absence of the state and the market, has become the entry point for the adjustment of the global development model of the countries or economies of the world. The development of the SSE reflects the interaction, the cooperation and the symbiosis between the state, the market, and the society.

CUI Shaozhong, Ph.D., Associate Professor, School of International Economics, China Foreign Affairs University, Beijing, the People's Republic of China.
Correspondence concerning this article should be addressed to CUI Shaozhong, No. 24, Zhanlanguan Road, Xicheng District, Beijing, the People's Republic of China.

Definition and Historical Evolution of the French SSE

The SSE brings together a set of entities or enterprises that seek to reconcile social utility, solidarity, economic performance, and democratic governance, with the ambition of giving society greater social cohesion. They are not companies pursuing only profits but companies seeking partnership, which operate collectively and democratically, and give priority to the local community. They are united around a few main principles: a goal of general or collective interest, democratic governance, limited profit, the primacy of the human person over capital, a strong link with community, and usually free membership. The entities recognized by law as belonging to the SSE take various forms: associations, cooperatives, mutual societies, foundations, social enterprises, etc. The majority of them are associations.

The SSE has ancient roots. Men and women had long ago had the idea of helping each other, of associating, of pooling their ideas and their money to survive, to live better, or to organize themselves professionally. This solidarity could be found as early as the Middle Ages in such particular organizations as guilds, corporations, brotherhoods, companionships, etc.

However, it was in the 19th century, in reaction to the difficulties and injustices generated by the industrial revolution, that what was to become the SSE really took root. The ideas that emerged at that time took such different forms as workers' associations, mutual aid societies, agricultural cooperatives, workers' production cooperatives, and credit cooperatives.

It began to be theorized by thinkers such as Charles Gide (1847-1932), for whom the SSE was "a different organization of political and social life". This was how the statutes of cooperatives and mutual societies were born at the end of the 19th century, and then associations in the 20th century. For a long time, the SSE referred to three families, which were particularly active in social protection, insurance, banking, social action, popular education, sport, culture, agriculture, etc.

In its modern definition, the SSE as a "different collective way of doing business" was institutionalized in the early 1980s in France, after a long period of withdrawal from the public arena. The multiplication of initiatives, particularly in response to the effects of the social and environmental crises, gave it back a visibility, which has continued to develop ever since, until its legislative recognition by the law of July 31, 2014.

A few milestones of the French SSE include the following:

1830: The term Social Economy first appeared when Charles Dunoyer publishes the "New Social Economy Treaty".

1850: Mutual Aid Societies Act.

1885: Creation of the first French federation of consumer cooperatives.

1898: First charter of the Mutual Insurance Company.

1900: The World Fair hosted a pavilion for the social economy.

1901: Freedom of Association Act.

1947: Law defining the status of cooperation.

1980: Publication of the Social Economy Charter, defining its principles and values.

1981: Creation of an Inter-ministerial Delegation for the Social Economy.

2000: A Secretariat of State for the SSE is created.

2001: Constitution of the CEGES (Council of Enterprises, Employers and Social Economy Groupings), the sector's representative body. The European Charter for the Social Economy is promulgated.

2004: Creation of the CNCRES (Le Conseil National des Chambres Régionales de l'Economie Sociale et Solidaire), which brings together all the CRES(S) (Les Chambres régionales de l'économie sociale et solidaire).

2006: Creation of the Higher Council for the Social Economy, a consultation body between the public authorities and the sector.

2014: Law relating to the SSE, known as the Hamon Law.

The Theoretical Origins of the SSE: Reflecting on the Shortcomings of a Laissez-Faire Market Economy

The French SSE follows the socio-economic tradition of Europe in opposition to the laissez-faire market economy supported by Adam Smith. Scholars such as Sismondi, Saint-Simon, Proudhon, et al., in the face of the social disasters caused by the Industrial Revolution and capitalist expansion, believed that the purpose of economic development was not to create wealth, but to improve human well-being. Laissez-faire market economic theory blindly emphasizes the production of wealth and ignores how to distribute wealth for the benefit of the people, leading to the deepening of social crises and the recurrence of economic crises. They believe that the central assumption of the classical liberal economic theory represented by that of Adam Smith was untenable to a large extent. That is to say, the pursuit of individual interests sometimes does not lead to the realization of social interests in a laissez-faire market economy; the key problem lies in the separation of property and labor rights and the unlimited recourse of capital to profits. On this basis were born Owen and Fourrier's theory of utopian socialism, Saint-Simon's theory of social reform, and Proudhon's theory of social solidarity. The central idea they defended was to establish a common, symbiotic, and shared system of production and distribution where profit was not the main goal. In the second half of the 19th century, the Manchester Rochdale Cooperative in the UK, having learned the ideas and experiences of "utopian socialism", successfully applied the socio-economic theory for the first time in the operating principles of cooperatives, one of the main forms of SSE. The International Cooperative Alliance, which was established in 1895, enacted seven principles for the operation of cooperatives: voluntary and open membership; democratic control; economic participation of members; autonomy and independence of cooperatives; shared education, training and information; cooperation between cooperatives; etc.

The SSE, particularly represented by cooperatives, is committed to rethinking the limits of the laissez-faire capitalist market economy, which, based on economic rationality and self-regulation, has succeeded in creating wealth, but has been hampered greatly in improving the well-being and social cohesion of the people. The Great Depression of the 1930s and the global economic and financial crisis of 2008 are typical examples.

Émile Durkheim repeatedly stressed that the economic model based on market competition and growing monopoly was the root cause of social dysfunction, and the "demoralization" of the economy can lead directly to the disintegration of society. Durkheim drew inspiration from medieval guilds, arguing that only by establishing professional groups on the basis of voluntary participation could a common moral space be created between the state and the individual, preventing the individual from falling into the blind pursuit of profit and the law of the jungle, and preventing society from drifting into such sociological disaster as a large, bloated, high-ranking state governing a plate of individuals scattered. The contribution of professional groups to the "moralization" of the economy lies in the fact that, in the process of interacting with others, everyone learns to heed the welfare of others, to coordinate and cooperate with others, and to feel the joy and results of solidarity

and joint efforts. Durkheim's definition of professional groups corresponds perfectly to the main forms of organization of the SSE, such as cooperatives.

Similarly, Polanyi explicitly refuted the assumptions of the classical liberal economic thought, arguing that historical and anthropological research had fully proven that the goal of human economic activity was not to pursue the material benefits of individuals, but social gains, i.e., the maintenance of individuals' social relations and the cohesion of the group to which they belong. The classical economic thought and later on the neoclassical economics ignored the "substantive meaning" of the economy and only emphasized the "formal meaning" of it. The substantive meaning of the economy stems from the fact that human's survival depends on the natural environment and fellow citizens, and that economic activity is the interaction between humans and the natural and social environment in which they live. From the point of view of safeguarding morality, it is necessary to ensure that the "substantive meaning" has absolute primacy over the "formal meaning", and only the substantive meaning of economic activities can ensure cooperation and reciprocity among people. In this sense, the SSE restores the "substantive meaning" of the economy according to Polanyi. That is to say, the purpose of the economy is to get integrated into society and to rebuild the community or the community of social life.

The official promulgation by France of the law on the SSE in July 2014 marked the reflection on the laissez-faire market economy at the national level, breaking the dominance of a single economic model. As stated in the report "The SSE: Another Way to Achieve Growth and Employment" done by the French National Assembly during the drafting of the law,

> The SSE carries a historical and philosophical tradition completely different from the laissez-faire market economy, trying to combine economic activity with an objective of social good, emphasizing the logic of management based on participation and responsibility, and defending the ethical values of individuals and groups. (Vercamer, 2010, p. 115)

This economic form prompts us to rethink and adjust the existing development model, and to reflect on the ultimate purpose and meaning of human development. And the performance of the SSE in economic growth, wealth creation, and employment proves that it is possible to better combine efficiency and humanity.

Institutional Innovation in the French SSE: Community Reconstitution

According to the SSE Law in France, SSE legal entities are required to meet the following conditions: non-uniqueness of the pursuit of profit; implementation of democratic management; ensuring the right to information and participation of all members; the interests of partners, employees, and other participants not being totally related to the capital investment; most of the profits used for the activities and development of the institution; etc. The common feature of the three main French SSE institutions—cooperatives, mutuals and associations—is that they are based on the principle of voluntariness, that individuals participate in the management and decision-making of institutions on the basis of equality, democracy, and mutual assistance, and that the development of institutions is not profit-oriented, but is committed to meeting the needs and well-being of individual members and serving social utility or efficiency. The threefold meaning of "social utility" according to the law embodies the purpose of the SSE, i.e. safeguarding the equal rights of all members of society, strengthening the bonds between different members of society and the cohesion of the whole, and promoting cooperation between different societies as well as symbiosis and co-prosperity between human society and the natural environment. In other words, the SSE promotes harmonious coexistence between people, and between people and nature, respecting each individual.

The SSE adheres to the fundamental starting point of the socio-economic tradition of "putting people first", which coincides with the international trend from emphasizing quantitative economic growth to pursuing human development. The SSE pursues a new development model based on the principles of symbiosis, co-construction, and sharing. Symbiosis was originally a biological concept proposed by the German biologist De Berry, which refers to the phenomenon of interdependence and mutual benefit between different organisms, and then was extended to other social domains, including the economy, i.e., the relationship of coexistence and co-prosperity between all people, and between people and organizations. The symbiosis, co-construction, and sharing of the SSE are characterized by two main levels: the functioning of social solidarity institutions and the relationship between social solidarity institutions and the communities in which they operate. A social solidarity institution is an organization in which all members are co-owners and stakeholders, and the well-being of the individual and the development of the institution are mutually reinforcing. The establishment and operation of social solidarity institutions are linked to the needs and resources of the communities in which they operate and serve the sustainable economic, social, and ecological development of communities. Community monitoring, support, and feedback also help to maintain cohesion and sense of purpose among members of social solidarity institutions. In short, a symbiotic, co-constructed, and shared society and a solidarity economy offer new ideas for balancing economic development and social solidarity.

The SSE was born out of a social context in which the state and the free market ignored the basic needs of citizens. Whether it is the independent development of cooperatives, associations, and mutuals, or the concept of the SSE as a new economic form "promoted as a team" after the concept of the SSE was officially proposed in the 1980s, the SSE has always adhered to the needs of citizens and strives to compensate for the shortcomings of the state and the laissez-faire market. As Jacques Moreau points out, the SSE, although engaged in activities similar to those of capitalist companies or states, differs from them in two essential ways: "Refusing to act arbitrarily like the state, nor to submit to the laws of the capitalist market" (2005, p. 168). More specifically, the SSE, located between the state and the laissez-faire market, has unique advantages, and the values of symbiosis, co-construction, and sharing make it deeply rooted in daily life and can acutely perceive people's needs. The pursuit of social well-being rather than material gain for individuals gives them ample creative space. This economic form thus became an important channel for the state and the market to grasp social needs and achieve institutional innovation. The SSE offers the most convenient institutionalized path to meet the needs of grassroots society, not only by ensuring that people's needs can be met in the absence of the state and laissez-faire market, but also by laying the foundation for state and market intervention.

Since the 1990s, in the face of individual atomization and social exclusion caused by neoliberalism, the SSE has focused on rebuilding the sense of community in which human and nature live in harmony, especially in areas where ecology is fragile and where communities are on the verge of decline. Cooperatives, associations, and other organizations explore endogenous development models based on local people's needs and resource endowments, take into account economic and social benefits, and reduce the negative impact that rapid cross-border capital flows can have on local development and employment in the context of financial globalization. The SSE has proven to be effective in terms of economic growth, wealth creation, and employment promotion. Today, the SSE represents about 10% of France's GDP and the associated employment represents about 14% of France's total private employment. The SSE is the French sector with the greatest growth potential and the greatest capacity to create jobs. SSE employment has not only increased by 25% since

2000, but it is the only area to achieve employment growth in France in the face of the global economic difficulties of 2008.

The Global Echo of the French SSE

Looking back over the two centuries that have passed since the creation of the French SSE, cooperatives, associations, and mutuals have evolved from their respective establishments towards convergence to create an SSE, each evolving in a major way in a crisis situation. Going through the social crisis caused by the laissez-faire market economy during the first industrial revolution, the oil crisis of the 1970s, the economic depression caused by the subprime crisis in 2008 and the economic and social difficulties triggered by COVID-19, the SSE, rooted in the grassroots and at the service of the people, has moved from spontaneity to consciousness, reconstructing the concept of harmonious symbiosis among humans, and between human and nature.

Whether in the theoretical tradition or in operational practice, the SSE has complemented the capitalist private property system and the laissez-faire market economy from the very beginning. With the values of mutual aid, cooperation, and symbiosis, as well as the mode of operation of democracy, co-construction, and sharing, the SSE has developed crisis after crisis, becoming more and more aware of its own mission and responsibility, and promoting practical innovation and conceptual changes in the interaction between state, market, and society. The concept of reforming the development model and creating a new society of mutual assistance and symbiosis is deeply rooted in people's hearts. The unprecedented scale of the COVID-19 "health war" has finally become an opportunity for Western society to reflect on the limits of liberalism and laissez-faire market economy, and to build a more sustainable, inclusive, and ecological development path based on the SSE.

The process of the French SSE from the periphery to the centre is not unique, but is part of a global solidarity economy campaign that pursues innovative economic development models. Since the 1980s, the flourishing SSE across the world has shown that a laissez-faire capitalist market economy aimed at maximizing profits at the expense of the majority and the ecological environment is by no means the only option.

Since the beginning of the 21st century, SSE represented by cooperatives has received more and more attention in multilateral institutions such as the United Nations and the International Labor Organization, as well as in Western countries represented by the United States and Europe and developing countries. Key milestones of SSE at the global level—global/regional processes or agreements already underway to support SSE—include the following:

- In 2002, the International Labor Organization (ILO) adopted Recommendation No. 193 on the Promotion of Cooperatives.
- The UN General Assembly declared 2012 as the International Year of Cooperatives, "highlighting the contribution of cooperatives to socio-economic development, particularly their impact on poverty reduction, employment generation and social integration".
- In 2013, the UN Inter-Agency Task Force on SSE (UNTFSSE) was established. The UNTFSSE aims to raise the visibility of Social and Solidarity Economy (SSE) within the UN system and beyond. The Task Force is comprised of members (18 UN agencies) and observers (15 international and regional organizations working on SSE issues).
- On December 4, 2020, the International Summit on Social Economy for an Inclusive, Sustainable and Fair Recovery was organized in Toledo, Spain, by the Spanish government. At the summit, the Toledo Declaration

on "The Social and Solidarity Economy as a key driver for an inclusive and sustainable future" was adopted with the support of 19 EU Member States.

- In 2021, the 341st Governing Body (GB) of the International Labor Organization (ILO) decided to place on the agenda of the 110th Session (2022) of the International Labor Conference (ILC) an item related to "Social and Solidarity Economy (SSE) for a human-centred future of work" for general discussion.
- The Commissioner for Jobs and Social Rights of the European Union has published a European Action Plan for Social Economy in December 2021, after a year-long process of consultations with citizens and stakeholders. The Plan follows other initiatives by the European Union to support the development of social economy enterprises, such as the 2011 Social Business Initiative (SBI).
- In June 2022, the 110th International Labor Conference adopted a Resolution and Conclusion concerning decent work and the social and solidarity economy (SSE) which affirmed the role of the social and solidarity economy in contributing to balanced, inclusive, resilient, and sustainable economies and societies.
- In June 2022, Organization for Economic Co-operation and Development (OECD) adopted Recommendations on SSE and Social Innovation to promote the social economy's potential to pioneer new business models, provide essential services, contribute to a fairer, green, and digital transition, engage youth, and build communities.
- At its 66th plenary meeting, on April 18, 2023, the United Nations General Assembly adopted the resolution "Promoting SSE for Sustainable Development" (A/77/L.60). The resolution provides an official definition of SSE and recognizes that it can contribute to the achievement and localization of the Sustainable Development Goals.

References

Braudel, F. (2014). *La dynamique du capitalism*. Paris: Flammarion.

Dreyfus, M. (2017). *Histoire de l'économie sociale: De la Grande Guerre à nos jours*. Rennes: Presses Universitaires de Rennes.

Durkheim, E. (2017). *De la division du travail social*. Paris: PUF.

Gides, C., & Rist, C. (2000). *Histoire des doctrines économiques depuis les physiocrates jusqu'à nos jours*. Paris: Dalloz.

International Cooperative Alliance. (2017). *Guidance notes to the co-operative principles*. Retrieved from https://www.ica.coop/en/media/library/research-and-reviews/guidance-notes-cooperative-principles

Moreau, J. (1983). *"Pour une économie sociale sans ravage", Une doctrine pour l'économie sociale*. Nanterre: Crédit Coopératif.

Moreau, J. (2005). *"Pour une économie sociale sans rivage", les Cahiers de l'économie sociale*. Nanterre: Crédit Coopératif.

Polanyi, K. (1957). *Freedom in a complex society*. Montreal: Karl Polanyi Archive, Concordia University.

Polanyi, K. (2001). *The great transformation: The political and economic origins of our time*. Boston: Beacon Press.

Proudhon, P.-J. (1840/1994). *Qu'est-ce que la propriete?* Paris: Brocard. English Trans., *What is property?* Cambridge: Cambridge University Press.

Sismondi, S. (1819/1827/1991). *Nouveaux principes d'économie politique, ou De la richesse dans ses rapports avec la population*. Paris: Delaunay; 2nd ed., Paris: Treuttel et Würst. English Trans., *New principles of political economy*. New Brunswick, NJ: Transaction Publishers.

Sismondi, S. (1847/1826-1837). *Political economy and philosophy of government*. London: Chapman.

The Social and Solidarity Economy in France. (n.d.). Retrieved from https://ied.eu/project-updates/the-social-and-solidarity-economy-in-france/

UNTFSSE. (Juin 2020). Quel rôle pour l'économie sociale et solidaire dans la relance post-crise COVID-19? Déclaration de l'UNTFSSE.

Vercamer, F. (Avril 2010). *Rapport sur l'Economie Sociale et Solidaire*. Retrieved from https://www.avise.org/sites/default/files/atoms/files/20140204/201004_Vercamer_RapportESS.pdf