

EXPANDED ABSTRACT

The Social Economy: an Economic Institutionalism Approach. Empirical evidence

Objectives

To propose a definition of the Social Economy in a broad sense, based on principles of Economic Institutionalism. Thus, elements such as the habit of Non-Persistence in Personalist Profit Motive (henceforth, NPPPM), and the routines exercised by the bodies that make up the category which is the object of study, such as Social Transfers in Kind (henceforth, STKs), seem to be common principles that satisfy the definition generally accepted by academics: namely the one suggested by CIRIEC International.

To show evidence regarding the existence of STK routines which are the practical consequence of the NPPPM principle.

To demonstrate the lower intensity of the principle of cumulative causality in the case of cooperatives with respect to traditional capitalist bodies, between 2000 and 2012 in the Spanish case.

The methodological design

The proposal for the definition of the Social Economy is based on principles based on the modern focus of Economic Institutionalism and Graphs Theory and Social Networks Analysis tools, both of which are aided by ideas from Ontology of Language by Echeverría (2008).

Defourmy (1992) suggested identifying what distinguishes Social Economy bodies from other organizations as clearly as possible. The diversity of legal languages (of significances and meanings) and sociocultural contexts in different places are obstacles that can be surpassed if it is considered that language is an inseparable part of man, that it exists in order to make it possible to explain human behaviours, and that it is the reason for being of human organizations.

The New Economic Institutionalism (G. Hodgson) can sustain an encompassing Social Economy concept; it maintains continuity with the main contributions of the Original Economic Institutionalism, and assumes that institutions are the uses, customs, norms, routines, or rules by which social and economic relationships between the members of a group are governed. Said categories can evolve to become formal institutions (for example, organizations, norms, and laws, among others).

Thus, proposition P1, which requires axioms A1, A2, and A3, definitions D1, D2, and D3, and assumptions S1 through S4, is demonstrated.

Proposition 1. Social Economy bodies are institutions formed by networks of individuals which make up a typology of relationships based on a common core of empathy and solidarity, both of which are human actions taken to achieve their goals. They can form graphs as long as they are networks.

Definition 1. A graph G is an ordered pair $G = (V, E)$, where V is a set of vertices or nodes and E is a set of ties and links that relate these nodes. The graph is focussed when there are edges that have an origin and a destination.

Thus, without needing to include qualitative variables, attributes, or quantitative variables, the relationships between individuals in a group would be represented by a set of edges between the nodes of the group, "from" and "to" it, as well.

Four assumptions are considered. Assumption 1, the bodies of the Social Economy can be formalized into graphs where the edges are the means or relationships with which the individuals (nodes) act in order to achieve certain ends. Assumption 2, the means or relationships between individuals are the formalization of habits, rules, or routines; in other words, of theoretical (abstract) institutions. Assumption 3, the cause of the formal institutions or organizations is the evolutionary dynamic of the theoretical, abstract, institutions. Assumption 4, empathy and solidarity are representatives of relationships or means and, therefore, representable as edges or nexus between the individuals that belong to a network.

Axiom 1. Language is an institution, a regularity of the habit of human communication, and semantics is a rule of language. Consequently, it is an institution that is necessary for the processes of knowledge, learning and advancement. Therefore, it is necessary for building arguments regarding what institutions are.

Axiom 2. The behaviour of the individual is characterized by regularities such as habits, rules, and routines (for groups of individuals) which can be explicit, like organizations or norms, or could be abstract, like cognitive field values.

Axiom 3. The constitution of an organization is formalized from habits, individual values, and rules, but these do not guarantee its survival.

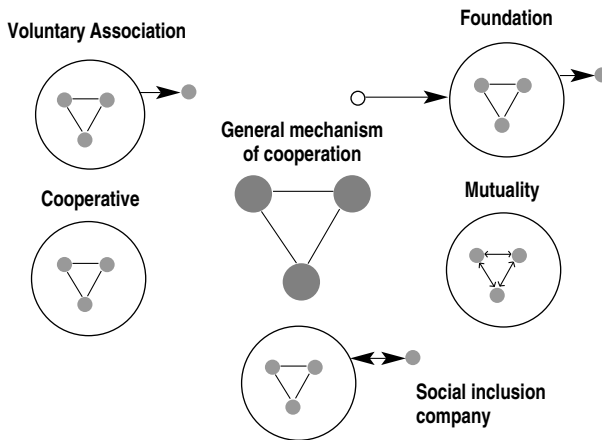
In consequence, the formal guarantee of institutions occurs in accordance with the legal norms current in a society. A legal person may become legally established and not be loyal to its founding principles nor to the current legislation that affects it. The opposite would, however, lead to its own extinction.

Definition 2, organizations are formal institutions and groups of individuals constituted because of a certain relationship defined among them, as well as because of the relationships between organizations, or between organizations and other individuals. These are made effective from individual habits and they exercise routines.

To pinpoint the relationships between groups of individuals (*in* or *with*), we need Definition 3: a clique is a subgroup of a network where the nodes are mutually closer and more strongly connected than with respect to the rest of the members of the network.

Consequently, it is possible to represent the graphs of the five formal institutions which are representative of the Social Economy in Spain (Graph 1). The blue edges represent empathy or solidarity between individuals, the borders and black lines exogenous relationships.

Graph 1. General mechanism for cooperation in the Social Economy



SOURCE: Prepared by the author.

Lemma 1: There is an intersection between the symbols that represent the bodies of the social economy, based on a clique of relationships of empathy or solidarity. Consequently, it is possible to broadly define this common quotient of the group.

Results

The possibility of an encompassing definition of the Social Economy indicates that STKs imply a liberation of resources and certain social savings by quantifying missions traditionally assigned to the public sector. The evidence for Spain between 2001 and 2005 estimates the value of the time dedicated by volunteer work to be between 4.9 and 6.8 billion (thousand million) Euros, 0.75 percent of the Spanish GDP.

Spanish cooperatives delivered an annual average of 50 million Euros between 2000 and 2008, based on the differences between the average salary paid by cooperatives that have maintained or increased their work, and that employed by the general economy per productive branch, broadened to STKs.

Finally, there is a different intensity in “cumulative causality principle” between the general economy (mostly capitalist) and cooperatives. Between 2000 and 2007, non-cooperative undertakings intensified in the general economy, because of they was more open to the game of competition and economic profitability, and participations related to cooperativism were seen to fall; thus, cooperative employment grew less than the general employment of the economy. Between 2008 and 2012, the destruction of employment in the population of the Spanish economy was far greater than that of the cooperative economy: -4.4 percent versus the -0.9 percent cumulative average growth rate.

In the end, the Social Networks Analysis indicates that the density of the network of inter-sector relationships in the general economy is greater than that of the cooperative network. Furthermore, it decreased between 2000 and 2008, while that of cooperativism increased because it adapts to the current productive model, but polarizes the productive activity less because it acts under the NPPPM principles, explaining the softening of the recessive cycle, and complements the group of undertakings.