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## SOCIAL ECONOMY POLICIES AS FLANKING MECHANISMS FOR NEO-LIBERALISM

*Trans-national Policy Solutions, Emergent Contradictions, Local Alternatives*

### 1. INTRODUCTION

While early assessments of neo-liberalism stressed its destructiveness in rolling back the institutions of the Keynesian welfare state, recent analyses have begun to assess how its consolidation involves creating new institutions and patterns of governance to extend market relations to new spheres of social life, and to stabilize emergent contradictions. Jessop has crafted the expression ‘flanking mechanism’ to describe attempts at shoring up neo-liberalism in the Anglo-American countries through various Third Way policies. These mechanisms may prove unsuccessful in their task should confusion persist over the proper form of support: is the solution to prop up neo-liberalism with institutions based on other logics, or is it to deepen the spread of market metrics ever more broadly over the social world? Moreover, what happens when both flanking strategies are employed at once?

This chapter tackles these questions by looking at one flanking mechanism that has been floated by supranational organizations, namely the social economy. It pays attention to how the social economy has been presented by the OECD as a policy solution to problems of social exclusion and social cohesion. It unpacks the friction in these policy proposals between an ‘entrepreneurial’ vision that attempts to extend market relations either by creating market-like signals in the social economy or by rolling back state provision and rolling out less expensive third sector provision, and the social capital/social cohesion vision of meeting unmet needs and promoting participation in voluntary organizations. Looking at evidence from several countries, the chapter argues that the tension between the entrepreneurial and social capital visions consistently recurs, and that the former frequently crowds out the latter.

The friction in the trans-national policy discourse about the social economy provides opportunities for alternatives, particularly since the mainstream policy discourse recognizes problems with neo-liberalism (e.g. loss of social cohesion),

yet has difficulty solving them. The state, having made the social economy a realm of policy intervention, is vulnerable to claims for a new set of policies to deal with the issues of work and care that are bound up in this realm. Therefore, the paper's final section will consider the example of how the women's movement in Québec, Canada, developed a counter-strategy of 'social infrastructures' to push the debate about the social economy beyond the flanking role of trans-national policy discourse to being part of a broader development strategy.

## 2. FLANKING MECHANISMS IN TRANSNATIONAL POLICY DISCOURSES

Studying the policy prescriptions of international organizations is useful, since these organizations develop trans-national policy discourses of broadly defined 'best practices' and 'ideas that work'. While the nation-state remains an important locus for policy-making, actors at this scale appear to be increasingly attuned to trans-national policy narratives and their portable, technocratic policy tools (Peck, 2002: 332). While the policy transfer literature exaggerates the importance of supranational policy actors as compared to the impact of national institutions and policy legacies (James and Lodge, 2003: 182–183), there is some evidence of broad policy perspectives (e.g. new public management), reform principles (e.g. around local workfare programming), and slogans (e.g. 'zero tolerance' and 'three strikes' in crime control) circulating in trans-national networks and contributing to some commonalities in reform trajectories, despite the persistence of national diversity (Howlett, 2000; Peck and Theodore, 2001; Jones and Newburn, 2002). The policy prescriptions of supranational organizations thus hold an interest for their contribution in setting agendas and disseminating generic reform ideas.

Organizations like the OECD, the IMF and the World Bank have been characterized as champions of neo-liberalism since the 1980s (Tickell and Peck, 2003: 174). In the case of the IMF and the World Bank, much has been made of the imposition of structural adjustment and of the Washington Consensus on the developing world. It is indeed in reference to these latter organizations that Dolowitz and Marsh apply the term 'coercive policy transfer' (Dolowitz and Marsh, 1996: 347–348). While liberalized trade and investment rules may play a similar 'coercive' role in the developed world, they have yet to reach into the definition of social and economic policy to anywhere near the same degree as the postulates of the Washington Consensus. However, other international organizations, such as the OECD, have played important agenda-setting roles in defining social and economic policy problems, and generic policy solutions. The OECD's 1994 *Jobs Study*, with its neo-liberal blueprint for reforming labour market and social assistance policies, is a much-cited example (McBride and Williams, 2001).

It has recently been remarked that the neo-liberal project put forward in the 1980s and early 1990s no longer plays such a dominant role in international policy