

# **DRAFT**

Procurement and a People's Centred Economy  
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This paper emerges out of research engaged in by the authors from 2005 to present, funded by the Southern Ontario Node of the Social Economy Research Hub. This research focused on procurement policies for three publicly funding organizations at the sub-provincial level – municipalities, school boards, and universities. The aim of this research was to identify or “map” these policies both on the purely pragmatic level (who has policies) but also on the level of values (what policies do organizations have, why have they developed them, and, why have they not developed them further). This paper will build on this research and contextualize the role of procurement for establishing a people's centred economy in the Canadian context, as well as outlining the challenges and opportunities presented by purchasing policies for the people's centred economy.

It is important to highlight the somewhat speculative nature of this paper at the outset. While our conclusions are based on qualitative and quantitative survey techniques as well as literature reviews, the simple fact is that values-based research is a difficult field of research, and tying values to procurement policies, which are by their very nature compromises, is perhaps even more difficult. The speculative nature of some of our conclusions does not limit in our opinion the value of our research for actors in the Social or people's centred economy. The fact remains that, while values research may be speculative, purchasing policies themselves are an important and emerging tool for Social Economy organizations in their search for transparent practices and market access. They help bring economic values to the forefront of debates and transform economic potential on the ground. Purchasing policies reflect in important ways the effects of the pushes and pulls of socially focused economic and political has had. They are important practical indicators of realized social values in economic policy.

These indicators are importantly in a state a flux. Thus there is great demand for publicly funded or socially focused businesses to justify their allocation to resources according to a vast array of value-based causes – buy local, national, or provincial, organic, fair trade, union, sweatshop free, various independent labeling initiatives etc.. On the other hand, socially focused businesses often do not themselves participate in

progressive procurement because of costs or the belief that procurement is too onerous. Social and political actors therefore target organizations formally or informally, to ensure that “their” Social Economy organizations are fully realizing their potential as agents of change. This paper examines this problematic from both sides, but does so by examining the values that drive both the pushes and pulls which influence purchasing policies. We are operating on the principle that economic activity should be conceived of in service of “wealth” generation within a people’s centred economy.

As this paper is still “under construction”, we have outlined the main components of the paper in point form below. The final version of this paper will be presented at the People’s Centred Economy Conference in Ottawa at the end of May. We look forward to your comments.

#### Research

- One of the key findings is that purchasing policies develop out of stakeholder pressure, including social movements and government, and individual “champions” in administrations
- What we also discovered however was that these policies are rarely (1) implemented universally – the silo effect, (2) a key barrier to universal implementation is the power of suppliers to determine the vista of possibility for purchasing policies – especially around cost concerns, (3) the perceived difficulty in implementing purchasing policies because they “pick winners” and are seen to be anti-competitive
- The paper examines the historical and conceptual conditions which have led to this development, arguing for a more historical and values-based understanding of purchasing policies

#### History

- How did purchasing policies become something which are seen either as technocratic decisions which, once instituted by an organization, are “complete”, or as violating societal and economic values
- This paper takes a “movement” based approach to historical practices of purchasing policies, and specifically movements based on social justice

- We trace purchasing policies back to a variety of social justice movements which targeted the ethical nature of economic policies
- E.P. Thompson's famous essay the Moral Economy of the Crowd for example points, in a European context, both the people's centred economy in the crowd's takeover of markets and grain but also the states role in controlling purchasing through various measures like the Assize of Bread
- The abolitionist movement and the suffragette movement also had targeted economic purchasing through boycotts and ethical arguments
- The anti-colonial struggles were also focused on purchasing policies – most famously Gandhi's salt movement
- The world post-WWII while often seen as a long trajectory towards a free market system based on free trade is full of purchasing policies on various levels ranging from nationalist “buy ...” policies to student run businesses on university campuses
- More recently the natural food movement, environment movement, civil rights movement and alternative trading organizations which led to Fair Trade are the most commonly recognized
- It is in this context that we want to place contemporary discussions on purchasing policies
- We also ask how this social justice movement values have competed with an individual choice model (including ethical consumption) – with the last number of decades decidedly focused on the latter
- The answer is that the values which underlie economic decisions are central to understanding the transformation of the discourse on purchasing policies
- In short, purchasing policies now are largely constructed as individual choice which, as a value, is seen to be superior to social well-being or citizen responsibility

#### Values

- The second argument of this paper is therefore that we should understand all purchasing decisions as being based on values

- What distinguishes purchasing policies, from say individual choice at a supermarket, is that these values are instituted in code of practice
- However these practices are rarely explicitly tied to larger values, but rather are instituted as single product decisions within single institutions at best, and more commonly segments of single institutions
- There is a need therefore to broaden the concept of purchasing policies beyond this individuated level to practices which exceed an organization as a movement
- What purchasing policies are meant to do therefore is make conscious and less arbitrary the supply decisions of an individual, organization, government or trade agreement
- What we propose is that the values upon which these decisions are made need to be articulated as well as, or perhaps more importantly than, particular purchasing decisions
- This brings us to the third point of this paper, the issue of dominant conceptions of economic value

#### Economic Value

- The dominant economic value of the 21<sup>st</sup> century has been the value of capitalism which can be understood as the tendency towards ever increasing private and exclusionary ownership of the means of production for profit
- The vehicle of decision-making of capitalism is the individual, who make economic decisions rationally based on their own understanding of “profit” realized as economic advantage
- Adam Smith for example – It is not by the benevolence of the butcher, baker and brewer that we get our beef, bread and beer, but by their selfish interest
- This dominant understanding of economic value is important for purchasing policies and a people’s centred economy for at least two reasons
- First, purchasing policies are an attempt to modify or replace this economic value with a social value of some kind
- There is an implicit privileging of particular social values in purchasing policies based on an understanding of the inequalities created by the dominant economic value

- This however raises a second issue, purchasing policies confront the problem of individual choice and profit maximization
- To implement a purchasing policy, one is “picking a winner” and reducing competition for social reasons
- Most importantly interfering with the liberty of personal choice
- Many purchasing policies thus take a “soft” rather than a “hard” line on implementation – Fair Trade policies at universities – based on individual choice
- The conflict in purchasing policies is thus that the social and movement nature is crucial to maintaining interest, but also the economic value of individual choice remains and competition against for-profit agents becomes the de facto framework within which purchasing policies are developed
- Further, capitalist economic terms are often the measure of success – is the policy or product targeted by the policy cost effective (what social conditions allow it to be so) – rather than social measures – were good jobs created
- As a result of these two value assumptions of most purchasing policies, corporations become the beneficiaries of purchasing policies often rather than social economy organizations – Starbucks and Fair Trade, Forestry Stewardship Council and Marine Stewardship Council as industry directed labels
- Social Economy organizations are back-grounded in this push for product based purchasing policies

#### Alternative Values/People’s Centred Economy

- This lead to the fourth argument in the paper, there is an alternative
- The need to focus purchasing policies on values rather than products
- By focusing on values, such as Social Economy organizations, as the delivers of products we can direct both capital and attention to these organizations as the agents of a peoples centred economy
- Definition of the Social Economy as “economic activity neither controlled directly by the state nor by the profit logic of the market, activity that prioritizes the social well-being of communities and marginalized individuals over partisan political directives or individual gain” (McMurtry, Living Economics, p. 4)

- The key question becomes how to organize this prioritization of social economy purchasing policies in a practical way
- The paper concludes with two policy solutions, outside of the obvious need to share information between organization
- First, the enormous wealth that “leaks” out of the social economy because of the lack of “linkage” between organizations – John Loxley’s work (Transforming or Reforming Capitalism) is good here but needs to be applied organizationally not just geographically
- In other words, purchasing policies internal to the social economy need to be developed between social economy organization
- The old principle of co-operation amongst co-operatives
- Second, a need to implement measurement tools which can reveal the progress of an organization from its current state to a more ethical organization in terms of its purchasing policies, but also its social practices
- This is what has been called elsewhere “ethical value added” (McMurtry)
- In terms of purchasing policies specifically, organizations need to target areas of development of procurement not as an end state, but as a process towards a series of social value
- Constant process of increasing organizational integration into a people’s centred economy
- Doesn’t mean abandonment of label purchasing or struggles for change within non-social economy institutions, but rather taken leadership in implementing these policies within the social economy as a process of education internally by organizations and externally by society