

Catalogue record

Arruda, Marcos (organisation and editing)

“A Non- Patriarchal Economy is Possible: Looking at Solidarity Economy from Diferent Cultural Facets - Asia – Latin America – North America – Europe”. Rio de Janeiro. Workgroup “Visions of a Responsible, Plural, Solidarity-based Economy”, 2009. 260p.

Includes bibliographical references and index

1. Economics. 2. Solidarity Economy . 3. Solidarity Globalisation. 4. Charter of Human Responsibilities. 5. Community Economic Development. 6. Corporate Social Responsibility. 7. Work Economy. 8. Local Monetary Systems. 9. Popular Solidarity Economy. 10. Political Economy. I Alliance for a Responsible, Plural and Solidarity-based Economy. II Charles Léopold Mayer Foundation for Human Progress. III Institute Alternative Policies for the Southern Cone. IV Title.

Alliance for a Responsible, Plural
and Solidarity-based Economy (ALOE)

Workgroup “Visions of a Responsible, Plural, Solidarity Economy”

A NON-PATRIARCHAL ECONOMY IS POSSIBLE:

Looking at solidarity economy from different cultural facets

Asia - Latin America - North America - Europe

Authors:

Benjamin R. Quinones Jr.

Alfonso Coteria Fretel

Yvon Poirier and Emily Kawano

Pierre Johnson and Tara Delille

Organization and editing:

Marcos Arruda

March, 2009

A collection of essays by the

“Visions of a Responsible, Plural,
Solidarity-based Economy”
– a Workgroup of the Alliance
for a Responsible, Plural and
Solidarity-based Economy

ALOE - Alliance for a Responsible,
Plural and United World

FPH - Charles Léopold Mayer
Foundation for Human Progress

PACS - Institute Alternative Policies
for the Southern Cone

Authors:

Benjamin R. Quinones Jr.
Alfonso Coteria Fretel
Yvon Poirier and Emily Kawano
Pierre Johnson and Tara Delille

Edition:

Organization and final editing:
Marcos Arruda
Graphic project:
Espaço Donas Marcianas
Illustrations: Gabi Caspary
Production: Gilka Resende

contents

Contents	5
----------------	---

A Non-Patriarchal Economy is Possible: Letter of Introduction	8
by Marcos Arruda	

Asia 16

Introduction	17
--------------------	----

What is Solidarity Economy? Goals and Values	19
--	----

1. Responsibility	22
-------------------------	----

2. Plurality	29
--------------------	----

3. Solidarity	35
---------------------	----

4. Asset Ownership	39
--------------------------	----

5. Price Formation	44
--------------------------	----

6. Modes of Exchange	48
----------------------------	----

7. Consumption and Saving Habit	52
---------------------------------------	----

8. Education supported by Solidarity & Cooperation	56
--	----

9. Ecological Conservation and Innovation	59
---	----

10. Social Ties as Wealth (Social Capital)	63
--	----

11. Health as Wealth	67
----------------------------	----

12. Governance	72
----------------------	----

Conclusion	82
------------------	----

References	84
------------------	----

Latin America and the Caribbean (LAC)	86
Introduction	87
1. Context	91
2. Visions Present in LAC	100
3. Evaluating Solidarity Economy Endeavours: Key Aspects and Strategies	112
4. Instruments / Indicators of the solidarity economy (RPSE) ..	130
5. Impact of Solidarity Economy (RPSE) on Development.....	136
 North America	 142
Executive summary	144
Preface	145
Introduction	148
1. Historic background: 19th Century to 1960.....	148
2. From 1960 to 1990: important changes in society	153
3. From 1990 to today: building the alternatives	160
4. Description of the SSE sector in North America: an overview	173
5. Visions and definitions: a North American perspective	181
6. Towards the future: Building the vision and the movement ...	191

The Authors	204
Suggested readings.....	206
APPENDIX 1	207
APPENDIX 2	210
Europe	214
Introduction	215
1. Responsible and solidarity socioeconomic initiatives	216
2. Involvement of the public authorities and companies	227
3. Values, obstacles and driving forces for a responsible, plural and solidarity economy	240
Findings and recommendations	252
Authors	257
Organizations who Answered the Europe Vision questionnaire	257



A NON-PATRIARCHAL ECONOMY IS POSSIBLE:

LETTER OF INTRODUCTION

Dear friends and readers,

I am happy to introduce an unusual, innovative booklet that brings together four different cultural approaches to a Responsible, Plural, Solidarity Economy (RPSE). The essays span four continents and summarize diverse realities within each continent. So they are not complete and they do not exhaust the wealth of practices and theories relating to innovative modes of economy. From the outset I would like to underline a sorely felt absence: due to difficulties in finding people who could take responsibility for the research and writing on Africa, one whole continent is not represented in this booklet.

The booklet is being published at a time of financial crisis in the world of capital, while other crises are being fuelled by the global culture of consumerism, wasteful production, depletion of non-renewable resources and destruction of ecosystems and biomes. It signals that another economy is possible and is already taking

shape in myriads of innovative communities of people who believe in the comprehensive intelligence of the human being. These people and communities realise, explicitly or implicitly, that unequal forms of organisation of society and the economy reflect pathological forms of Ego based on the illusion that individual persons, families, clans, enterprises, races, nations or any other quantum of humankind are islands, disconnected from each other, and thus in permanent competition and confrontation with one another. The natural outcomes are anger, aggressiveness, dysfunction and suffering, leading to unhappy forms of personal and social life. These are aggravated by another illusion, that the more material wealth humans own, the happier they become.

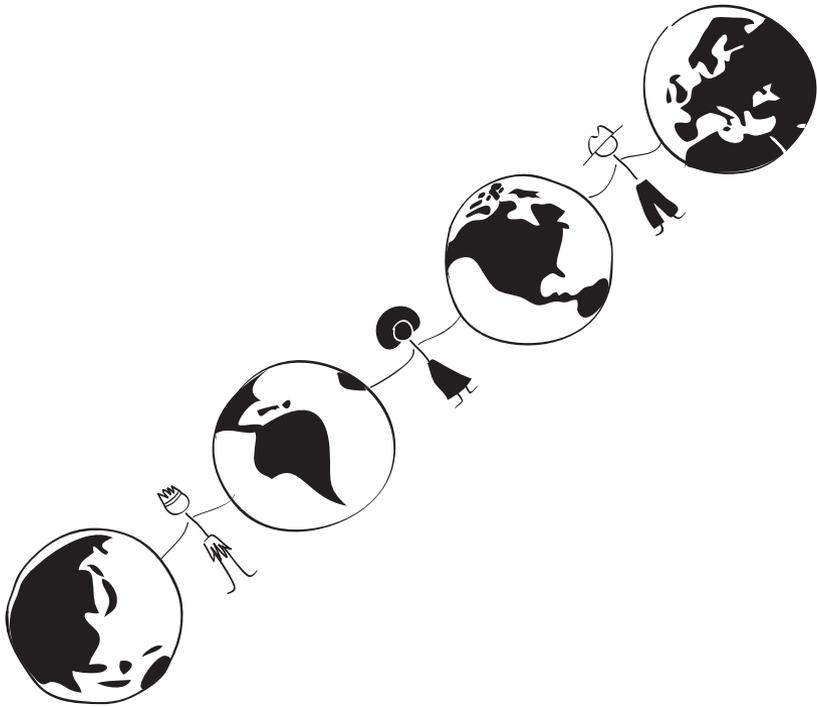
Solidarity means being solidly interconnected, and *conscious solidarity* means being consistent with that perception in each and every relationship of our social life as families, communities, nations and as *homo sapiens sapiens*. Conscious solidarity is the inner motivation for people on every continent to be trying new consumption patterns and new ways of organizing production, trade, finance, technology, education, health, communication, social services, public policies and innovative forms of governance. Ultimately, an evolutionary, developmental revolution is on the

move. A contradiction in terms? In fact, evolution and revolutions are complementary and cannot be separated. In the context of the experiences these essays explore, mutations and new collective organisms are being born and individual and collective dreams are coming true. Utopia is becoming *topia*, that is, what seemed impossible is being made a reality by the creative tenacity of those who know that another world is possible and is urgently needed.

This booklet is a product of the Workgroup on Visions of a Responsible, Plural, Solidarity Economy, which is part of ALOE, the Alliance for a Responsible, Plural and Solidarity-based Economy. It is a product of collective knowledge and collective learning processes that unfolded over the three years from 2006 to 2008. It proves yet again that collective research, work and dialogue generate knowledge that transcends our individual learning and creative capacities. The intention of the project was to establish a dialogue among subjects with different visions and to focus on initiatives that seek to establish processes of change at the community and the enterprise level (micro), at the level of national and regional networks and production chains (meso), and as a system within and at the margin of the dominant system of globalised capital (macro).

It sought to engage social, economic and State agents committed to an RPSE perspective: networks, forums, productive chains; educators; researchers, entrepreneurs; and agents of regional integration processes who work with a perspective of true cooperation and solidarity between countries and regions. The project suggested a brief list of themes so that the visions and practices presented in the individual essays could be held up for comparison. However, as you will see, the essays are methodologically heterogeneous, suggesting that diversity runs even deeper than originally thought. The themes included property and/or possession of productive goods and resources; solidarity price formation; modes of solidarity-based exchange: social market, sharing, exchange of knowledge, of techniques, of goods and services, of emotions; innovations in the forms and roles of money; practical lessons of conscious consumption and the “economy of enough”; contributions by RPSE to the development of an ecological economy; and formal and non-formal education based on solidarity and cooperation.

The project also suggested including quantitative and qualitative indicators to measure and evaluate the RPSE actions and results from a humanitarian, holistic and dialectical perspective, and not in



the narrow terms of the dominant tradition. Those indicators include non-material forms of wealth such as well being; self-development of the physical, mental, psychic and spiritual dimensions of human existence; integral health; renewable sources of energy; biological agricultural methods; and indicators of the socioeconomic and ecological sustainability of initiatives.

The proposal was clearly more ambitious than what was actually achievable at this stage of research on solidarity economy. I am convinced though that, on reading this booklet, people and communities committed to recreating the Socioeconomy on the basis of values such as cooperation, sharing, reciprocity, freedom, equality, sister-brotherhood will be motivated to pursue the research, to fill the gaps and contribute to broader and deeper knowledge of RPSE.

One final remark. As indicated below, the essays on Asia and on Latin America and the Caribbean are summaries of four country papers each, whereas the North American and European essays are the product of research by their respective authors. Before concluding its mandate, the Workgroup on Visions will issue a CD which will make the country papers available to all those interested.

We are sure that overall the products to be included in the CD will help spread the awareness that an economy of abundance instead of scarcity, sharing instead of selfishness, and solidarity instead of separateness will be the scenario in a world where humans can live in happiness, peace and harmony with one another and with Mother Nature.

In solidarity,

Marcos Arruda

Rio de Janeiro, March 2009



FACETS OF SOLIDARITY ECONOMY

*Benjamin R. Quiñones, Jr.*¹

November 2008

Introduction

Inherent in the market economy are diametrically opposed vested interests of economic actors or stakeholders that inevitably cause tensions and conflicts. Consumers want to pay as low a price as possible for the goods and services they buy, but producers and sellers want to charge as high a price as possible for the same goods and services.

Workers, who also constitute the vast majority of consumers, want to receive as high a wage as possible from employers in order to live above poverty and beyond subsistence. On the other hand, employers are out to pay as low wages as possible to the workers they hire so as to keep the patronage of consumers who want

1. The author is the Chairman of the Coalition of Socially Responsible SMEs in Asia. He is a graduate of the University of the Philippines School of Economics, holds a Masters Degree in Agricultural Economics, University of the Philippines at Los Baños and recipient of the UPLB Distinguished Alumnus Award. He is currently pursuing PhD studies at the Southeast Asia Interdisciplinary Development Institute (SAIDI). He acknowledges with much gratitude the substantive contributions of the case writers to the construction of this paper. Nonetheless, he takes responsibility for any error or omission that may appear in this paper.

to buy at low prices. Borrowers want to pay as low interest as possible on the loans they obtain from their creditors, but the latter want to charge as high interest as possible.

This basic conflict of motives is seen many times over among the players in the various kinds of transactions made in any market economy day after day². The modern (market-oriented) economy, it seems, is built on such conflicting motives among its various players. It is an economic model that follows the principles of the zero-sum game theory which states that in any game there are losers and winners, and the winner takes it all.

The contemporary economy's solution to the economic chaos and disequilibrium is monopolistic control of political and economic resources. Two models of economic monopoly have survived to this day – state monopoly and private capital monopoly. Societies throughout the world can be classified between these two models, albeit in various shades and stages of development. Globalization simply hastens the process of monopolization, propelled either by the state or by private capital, or a collaboration of both.

2. Cielito Habito. "Sowing the Seeds of Solidarity Economy in the Philippines" in The Asian Forum 2007 Report, p.111

This paper presents the case of an alternative economic order, one that is based on solidarity among stakeholders. This economic order is called 'Solidarity Economy'.

What is Solidarity Economy (SE)? What features differentiate it from the mainstream, neo-liberal capitalist economy? These and other relevant issues are addressed in this paper with references to case studies in Lao P.D.R., Malaysia, Philippines, and Sri Lanka³.

WHAT IS SOLIDARITY ECONOMY?

Goal and Values

Solidarity Economy is a socio-economic order and new way of life that deliberately chooses serving the needs of people and ecological sustainability as the goal of economic activity rather than maximization of profits under the unfettered rule of the market. It places economic and technological development at the service of social and human development rather than the pursuit of narrow, individual self-interest.

3. The authors of the case studies, respectively, are Graham Harper (Lao PDR), Christopher Shun (Malaysia), Ruben Martinez (Philippines), and Modestus Karunaratne (Sri Lanka).

Solidarity Economy is an alternative economic model to neo-liberal capitalism. This alternative socio-economic order and new way of life inspires attitudes and behaviors with values such as sharing, co-responsibility, reciprocity, plurality, respect for diversity, freedom, equality, ethics, brotherhood and sisterhood⁴.

The *Chantier Economie Sociale* of Quebec cites five key principles to distinguish solidarity economy initiatives. These are⁵:

- (1)** the objective is to serve its members or the community, instead of simply striving for financial profit;
- (2)** the economic enterprise is autonomous of the State;
- (3)** in its statute and code of conduct, a democratic decision-making process is established that implies the necessary participation of users and workers;

4. Marcos Arruda. "Views on Solidarity Economy". Interview conducted in conjunction with the Asian Forum for Solidarity Economy, Philippines, Oct 2007. Arruda is founder and Director of PACS (Institute of Alternative Policies for Southern Cone of Latin America), Brazil and Member of the Coordination and Facilitation Committee (CFC) of the Alliance for a Responsible, Plural and Solidarity-based Economy (ALOE).

5. Cited in Yvon Poirer. "Views on Solidarity Economy". Interview conducted in conjunction with the Asian Forum for Solidarity Economy, Philippines, Oct 2007. Poirer is a Member of the Coordination Committee of the North American Network for Solidarity Economy (NANSE), and Board Member of RIPESS (Intercontinental Network for the Promotion of the Solidarity Economy).

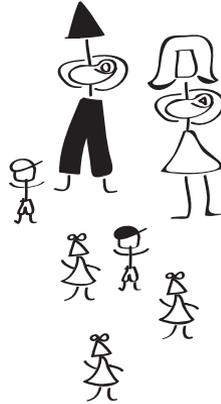
- (4)** it gives priority to people and work over capital in the distribution of revenue and surplus; and
- (5)** its activities are based on principles of participation, empowerment, and individual and collective responsibility.

Solidarity Economy adopts conscious altruism and solidarity, not extreme individualism, as the core of the new socioeconomic culture. It tends to favor cooperation, not competition, as the main form of relationship among humans and between them and Nature⁶.

Solidarity Economy does not constitute a SECTOR of the mainstream economy. It is rather a global APPROACH encompassing initiatives in most sectors of the economy. This alternative approach to socio-economic development operates side by side with the market economy and is capable of sustaining its initiatives and competing in the market logic of traditional markets for as long as its approaches continue to be innovative⁷.

6. Poirer, op. cit.

7. Kyoko Sakuma. "Views on Solidarity Economy". Interview conducted in conjunction with the Asian Forum for Solidarity Economy, Philippines, Oct 2007. Sakuma is the Founder and Executive Director of Sustainability Analysis and Consulting (Belgium).



1. RESPONSIBILITY

Solidarity economy can only be established and sustained when its stakeholders adhere to their social responsibilities.

ALOE (Alliance for Responsible, Plural and Solidarity Economy) advances that Solidarity Economy (SE) is RESPONSIBLE because it anticipates the long-term social and environmental consequences of different forms of economic behaviour and pro-actively engages the stakeholders to accept the consequences of their actions on the basis of the principle that those who have greater resources at their disposal, have greater responsibility towards society and the environment. “The one who pollutes, pays”. SE upholds the value of collectiveness and the sense of co-responsibility of stakeholders for each other, and the necessity of conserving the planet for future generation.

Most people do not feel responsible for the social and environmental consequences of their economic behaviour. This socially responsible behaviour must be inculcated among them.

Among the people of Mindoro, Philippines, the social responsibilities of both the upland Mangyans and the lowland non-Mangyan peasants (the Tagalogs) are embedded in their social norms and practices. With no written record, the customary law, *Batas Mangyan*, is handed down among the Mangyans from generations through oral tradition. Certain aspects of *Batas Mangyan* are embedded in the Mangyan folklore such as *ambahan* (Hanunoo) or *pamuybuyan* (Iraya), and in the value system and attitude of *utang na loob* (debt of gratitude), *walang hiya* (without shame), and *smooth interpersonal relationship*.

In the course of the social and economic interaction between the Mangyan and the lowland non-Mangyan peasants, the value system and attitude of '*utang na loob*' and the concept of *walang hiya* have been adopted by both culture through the process of assimilation and integration. It is on the basis of these value system

that *Sandugo*, an incipient solidarity economy, emerged among the Mangyans. *Sandugo* is a mechanism for reciprocity based on the concept of *utang na loob* and avoidance of '*walang hiya*'. Any assistance provided by the host family to a visiting relative or community member is reciprocated. The reciprocal exchange is based on social responsibility rather than material gain or monetary consideration.

In more recent years, however, these social norms and values have been eroded, considerably affecting the social responsibility of the individual and community. Younger generations no longer see the importance of *Sandugo*. Some of the younger Mangyans perceive *Sandugo* as a tool for exploitation and preservation of the uneven relations between the Mangyan and non-Mangyan. This perception arose from the interaction and experience of Mangyans with the non-Mangyans, where the Mangyan have been systematically exploited by the non-Mangyans.

The other three cases - the Orang Asli of Hulu Langat, Selangor, Malaysia; the Seuang River Community-Based Tourism Project (SRP) in Lao PDR; and the Parakum Farmer Association (PFA) in Wanniamunukula, Sri Lanka - demonstrate how interventions

of development-oriented and socially responsible organizations can change people's perception of their social responsibilities for the better.

In Malaysia, the Yayasan Kajian dan Pembangunan Masyarakat or YKPM (Foundation For Community Studies and Development) devotes its efforts to empowering the Orang Asli (indigenous people) in Hulu Langat, Selangor to conserve and add value to the management of natural resource and to develop an alternative local economy. YKPM adopts four strategies to promote the concept of responsibility among the Orang Asli. These are:

- (1)** Increase the awareness of the destruction of Malaysian biodiversity and engender capacity building through human resource training and incorporate natural resource conservation projects;
- (2)** Develop integrated natural resources management strategies and local economic activity to link the OA economy to markets which guarantee fair prices that can sustain the economic activities such as herbal plants, bamboo, fruit trees and valuable tree planting and conservation or regeneration of forest produce;
- (3)** Set up a Fair Trade market for these natural resources produced by the Orang Asli's; and
- (4)** Expand local economic activities to improve education,

work skills, housing and environmental preservation of the Orang Asli community.

In Lao PDR, the Seuang River Community-Based Tourism Project (SRP) is a cooperative Public/ Private / Community Partnership. The partnership project recognizes the supremacy of the greater good above individual profit. While the short-term monetary profits may be lower, the investment return of training and human development is higher, and the overall, long-term results are worth the risk involved in the project.

All SRP partners recognize that prior to the project the people of the communities have generally not received any benefits from tourism. Profits have gone to outside tour operators and investors. Public welfare has also increased through an increase of government taxes from tourism. However, for those living in poverty and working as upland farmers, the site of air-conditioned mini buses loaded with kayaks and mountain bikes do not signify any potential for helping them individually or as a community.

The SRP partnership was formed to rectify this situation. It recognizes that there is an injustice when the people of the area

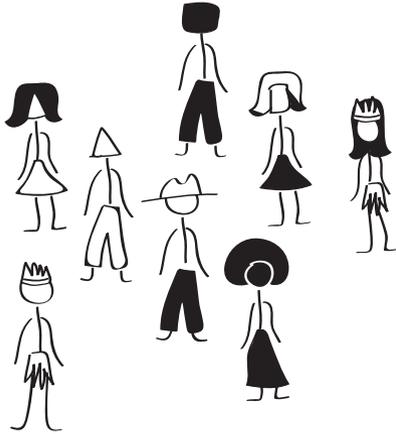
receive nothing. Further, it recognizes that they must be valued as equal partners and empowered to become an active steward in a sustainable tourism product.

Social responsibility in tourism is therefore based on the equality of stakeholders, a long-term perception of business investment and a commitment to assist in the process of empowerment and sustainability.

In the case of the PFA in Sri Lanka, social responsibility was once a neglected practice, and limited to traditional collective farming practices particularly in the area of irrigation water management. Sharing of irrigation water has been an ancient traditionally accepted norm that all Wanniamunukula farmers respect. With the intervention of PODIE (Peoples' Organization for Development of Imports and Exports), the perception of Social Responsibility took a new dimension amongst the farming community.

This was evident with the introduction of a safer farming approach. PODIE educated each farm household on the dangers of using chemical pesticides and fungicides and the long term threats of such practices. This safe method of farming reversed the

process of traditional farming and altered the lifestyles of the entire community. The Wanniamunukula farming community began to accept greater responsibility in minimizing the harmful effects of pesticides and fungicides to the soil and the neighboring farmlands. Today, whenever the situation demands, any farming member of the community who plans to use chemical pesticides will have to inform the neighboring farmers well in advance of such use and the precautions adopted by him to minimize the damage to the soil and the neighboring farmlands. The PFA has also developed its own innovative natural pest control systems (NPS) and farm practices, well aware of their obligations towards nature and society. These innovative methods of pest control are shared freely amongst the members, thus successfully building greater partnerships and linkages with neighboring farming communities.



2. PLURALITY

An economy, be it market-oriented or solidarity-based, requires a high degree of specialization (denoting differentiation or diversity) in order to be efficient. In the market economies of developing countries, there is a great tendency for people to produce the same things owing to capital limitations, low skills and low level of knowledge. As an alternative economy, solidarity economy needs to foster greater plurality among the stakeholders in terms of skills, knowledge, and application of capital.

ALOE (2008) maintains that SE is PLURAL in the sense that it recognises the diversity of socio-economic stakeholders who participate in different initiatives. It also denotes the plurality of

forms of capital resources and the means to produce goods and services to meet people's needs. There is an interplay of three forms of capital that sustain SE: *economic capital*, which engages in the production, financing, exchange, and consumption of goods and services; *social capital*, which includes the values, culture, social relations, networks, institutional arrangements and governance of institutions involved in the development of SE; and *ecological capital* comprising the biodiversity of resources (land, oceans, rivers, metals, energy sources, air, etc). The conservation of ecological capital's productivity serves as the ultimate constraint to the application of both economic and social capital.

The Mangyan case in the Philippines shows how a traditional society opens up to a pluralistic world as it interacts with other communities. The upland Mangyans have diverse role in the production and exchange of goods and services. They produce upland rice, livestock, vegetables, rootcrops, and fruits. In contrast, the lowland non-Mangyan peasants who are largely migrants produce paddy rice, coconut, fruits and vegetables. Some of the lowland peasants are also into fishing. Mangyans trade their surplus production for lowland products such as salt, dried fish, clothes and iron implements manufactured by the

lowland blacksmith. The complementarities of Mangyan and non-Mangyan peasant communities are evident in the trade between the two communities, resulting in a pluralistic economy and social organization as validated by the formation of social institutions such as the Sandugo.

However, the interaction of different cultures also produces unintended problems. For example, Mangyans became victims of land grabbing and other economic exploitation by migrant non-Mangyans. This exploitative situation drove younger generation of Mangyan to adopt a deviant outlook. They have renounced their ethnic identity as Mangyan and they began adopting the habits, demeanor, and the negative aspects of non-Mangyan culture, including vices such as gambling, excessive drinking, trouble making, and other socially dysfunctional behavior. This has contributed to the disintegration of the Mangyan socio-cultural fabric. In the past rape was unheard of among the Mangyan community. In more recent years a number of rape or molestation cases have been recorded. Some of the Mangyans themselves have become party to the exploitation of their fellow Mangyans. The more politically inclined Mangyans have successfully launched their political career as Barangay Kagawad (Village Councilor) with

the assistance of a non-Mangyan Barangay Chairman. They have also developed ritual kinship with other non-Mangyan politicians.

The mixing of different ethnic groups has also resulted in cultural and linguistic diversity in the case of SRP in Lao PDR. All villages in the SRP area are a recent mixing of ethnic groups, producing a rich cultural and linguistic diversity. A decade ago ethnic groups lived separately and were classified according to the geographic elevation where they lived. The majority of the population and dominant group are lowlanders – Lao Lum. Next are the upland people – Lao Tum. Finally, the highlanders – Lao Sung. Each has a different language/dialect and culture. Over the past decade the government has worked to provide road access, water supply, education and health care to rural communities. Due to financial and geographic constraints government projects have been implemented mainly in valley areas. As a result, upland and highland people have migrated to lowland communities.

Such cultural/linguistic diversity presents difficulties. Not all these groups get along with each other and there are some long standing historical differences between Lao Lum and Lao Sung. Cooperation between groups within a community does not always exist.

The government's position is that all ethnic groups and backgrounds are to be valued and given equal opportunity. Further, from the SRP perspective cultural diversity is an important attraction for tourists and should be promoted.

Economic diversity has blossomed in the SRP area with the government promotion of alternative livelihoods to supplement traditional upland swidden agriculture, hunting and work outside the villages. Alternative livelihood has become strategically important in the face of increasing pressure on land for traditional employment as more people migrate to the area. Diversity of world-views is also evident in the SRP area as people from different communities mix with the government officials and tourists from overseas.

In the case of the Orang Asli (OA) in Malaysia socio-economic diversity was deliberately introduced by YKPM through its literacy, livelihood development, and gender equality programs. YKPM with funding from the UNDP (United Nations Development Programme) facilitates the documentation of traditional knowledge on natural resource management before it dies off with the passing of older generation. YKPM seeks to disseminate this invaluable contribution to bio-diversity to the international community and stakeholders.

PODIE adopted a similar approach of developing the productive capabilities of PFA member farmers in Sri Lanka. In the past, PFA members were in their own *comfort zone*, not thinking beyond their traditional technology and producing a common product. With the intervention of PODIE, PFA developed innovative techniques and skills in organic farming. These innovative abilities enabled PFA to continuously supply the markets with organic produce and demand a higher price for their produce. PFA has been recognized as a leader in bio-diversity amongst the micro farming communities in Sri Lanka. This flagship status is the recognition of their commitment to innovative strategies in farming. PFA has also been awarded the following certifications: Organic Food Producer (SKAL), Good Manufacturing Practices (GMP), Sanitary Operational Procedure (SOP), Standard of Sanitary Operational Procedure (SSOP), and Hazard Analytical Critical Control Point (HACCP). PFA is subject to constant audit by these independent certifying organizations. PFA members are now aware that diversity is a means for meeting people's needs and also ensuring sustainability of their markets.

3. SOLIDARITY



Solidarity naturally arises among people who have the capacity and willingness to cooperate with one another. Members of the group have to rise above their self-centered ends and see the bigger picture in order to get motivated to act in solidarity with the others.

SE is said to be SOLIDARITY-based in as much as it embraces the principles of mutual help, reciprocity and cooperation among stakeholders in undertaking collective actions but differentiated responsibilities in sustaining the process of organising SE activity.

The word “solidarity” has an equivalent term in national languages – “Bayanihan” in the Philippines, “Gotong-Royong” in Indonesia and in Malaysia, and “Anyonya Sahayogaya” in Sinhala, the national language of Sri Lanka.

In three of the four cases under study – Malaysia, Sri Lanka, and Thailand - an external agent was responsible for inculcating the

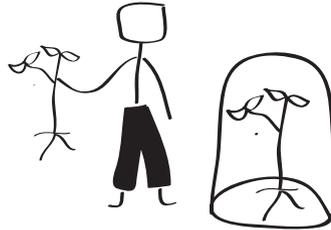
values of solidarity among the local people. In Malaysia, YKPM strives to ensure that every OA family (average of 25 families with approx. 7 people per family) contributes to the success and betterment of their village through specific action oriented projects. To ensure total support and solidarity, YKPM involves the community leaders in soliciting the pledges and written support from each head of family. Using the Grameen Bank microfinance model of targeting women as credit recipients, YKPM disburses the organic farm financing meant for each OA family through the wives to ensure that the funds are spent on purchasing seeds, livestock and small farming implements (shovels, hoes and trowels). This strategy of tapping the wives as finance managers is pivotal to ensure accountability in each family. Most of the OA villages do not understand the concept of Solidarity Community and as such YKPM has to hire full time community workers to live in the village and work with the OA community leaders. YKPM has to employ non- OA workers to show the OA community by example how to inculcate the values of Solidarity Economy

In Sri Lanka, PFA member farmers act in solidarity in many traditional farming activities. PODIE reinforces this traditional solidarity practice by encouraging cooperation and collective

action among PFA members. Land preparation and natural soil sterilization prior to seed planting all require a collective effort of the community. When harvesting, farmers from the neighboring farm lands contribute their labor on a reciprocal basis. Therefore every farmer has his moral obligation to reciprocate and extend his services when the other neighboring farmer is in need of extra labor during harvest. Solidarity amongst the farmers is also displayed when they have to face social obligations such as during funerals, weddings and disasters. When natural disaster strikes, private disputes and differences are set aside and the farming community acts in solidarity with the others.

Solidarity is also promoted proactively in the SRP case in Lao PDR (Harper 2008). One of the project strategies to achieve solidarity is a contribution by each tourist visiting the area to a collectively administered Village Development Fund. This is recognized by the local people as an important tool for equitable distribution of benefits throughout the communities. Although the amount of contribution to the fund is small, the fund itself is highly regarded by the local people as an important indicator of the people's common aspiration towards their greater social good.

In contrast, the case of the Mangyans in the Philippines shows how the lack of positive action by an external development agent can lead to the disintegration of customary solidarity. As noted earlier, customary laws of the Mangyans and the continued influence of the elders influenced the continuity of community solidarity. However the threat of disintegration persisted as a result of the changing attitude of the Mangyan youth and leaders who have been assimilated into the mainstream politics. Their participation in and adaptation to economic opportunities outside of traditional livelihood (including gold panning, logging, contract growing of animals, and ambulant peddling of handicrafts among the tourist) have created new forms of economic diversity. At the same time, however, it led to the erosion of the influence of the traditional leadership and the traditional culture in general. Whereas in the past the Mangyans normally converged in bigger settlement to provide the necessary safety nets to vulnerable households, today socio-economic conflicts have dispersed the once large and united Mangyan community into smaller settlement clusters composed mostly of immediate family members.



4. ASSET OWNERSHIP

Every community of people has a notion of property or possession. Indigenous people, for example, may not truly understand how natural resources could become the private property of private individuals. They could only regard what they have produced as their own possession or property. They may have difficulty understanding how resources of nature which are not made by their own hands could become their own possession.

The indigenous concept of asset ownership among the Mangyans of the Philippines is guided by their customary laws. It is often described as communal and the use of the communal resources such as land is based on usufruct or use rights. The pioneer migrant non-Mangyans peasants believed that the lands in coastal Mindoro were not privately owned nor were they part of public domain. On the basis of this belief, they applied for homestead or registered the land in their name. Thus, the earlier non-Mangyan migrants settled in the coastal areas of Mindoro, mostly

along river banks, where they developed the lands into rich agricultural production areas.

Both the upland Mangyans and lowland peasant non-Mangyan communities identify **'mehura'** as their proof of ownership. **'Mehura'**, a Spanish term for land improvement which has been assimilated into the local language and in particular incorporated into the Mangyan customary laws, is also found in other peasant communities in Mindoro, Zambales and even in Tablas and Panay. Mehura is important in preserving heritage. In the past, the Mangyans were predominantly hunters and gatherers. They did not plant permanent crops. Only in recent years did they begin cultivating their lands and planting perennial crops such as fruit trees.

The integration and assimilation of the Mangyan to the mainstream economy modified their asset ownership. While preserving their own indigenous concept of communal ownership and usufruct rights within their own ancestral domain, they also have to take cognizance of the instruments of ownership issued by the state such as the certificate of land title, stewardship agreement and other instruments that have been used by non-Mangyans to deprive

them of their land. Mangyans have learned that land can be bought or sold through deed of sale or assignment, it can be mortgaged and “papeles” (documents) are proof of such transactions.

In Malaysia, YKPM observes that the communal (cooperative) ownership of property in the form of community land trusts among OA communities is the best model to underpin the Solidarity Economy so that local communities do not lose their main asset — their land. The consequences of losing communal land is disastrous – OA families will have no land to cultivate, and OA children become destitute, having no ready access to fertile land and housing. In areas where OA communities have no legal title to the land they have lived on for many generations, YKPM extends help in the acquisition of land titles. The OAs have a very simple view of land as productive resources. They overwork the arable land until it is exhausted, then they uproot and move to another area several kilometers away. Their nomadic lifestyle gives rise to a wanderer mentality which does not recognize the necessity for land ownership. As they find that the land resources diminish due to reduction of natural forest, rapid urbanization and industrialization, they are forced to return to the land of their forefathers which have become marginal and non productive.

YKPM intervenes by encouraging modern farming practices that maintain the soil nutrient balance via alternative crop plantings, long term agricultural planning and ownership of titles.

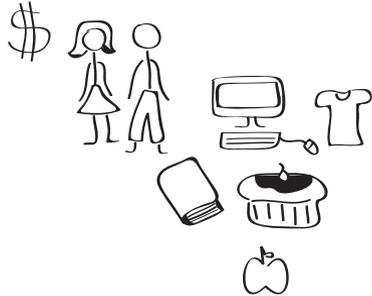
A disturbing obstacle is that once ownership is allocated to each individual family, they tend to become individualistic and selfish. To overcome this constraint, YKPM delineates large acreage of farmlands (50 acres on average) to a cluster of say 25 OA families, have it held in Property Trust by the village cooperative and have all the OA families sign (thumb-print) a pledge to work the land collectively and share the proceeds and fruits of their hard toil equally among the participating families. Those families who did not participate in working the land will not share in the yields. This is to prevent free-loaders from taking advantage of the industry and enterprise of the hard working members of the OA community.

In the SRP area of Lao PDR, community ownership of a tourism program is an important component in the process toward a solidarity economy. Although very few tourism companies want to invest time and money into a product they will neither own nor control – there is a growing niche market driving such socially responsible investment. Socially responsible travelers prefer to go

to places where the tourism benefits accrue to indigenous people, not to tourism companies or the rich people in town centers.

In the case of PFA in Sri Lanka, the perception amongst the farmers is that the land they cultivate is owned by them. In reality it is not. All land habited by the farmers are state owned property that has been cultivated for the past two generations. No title is available to the farmers to prove ownership. Nonetheless, local people have mutually agreed on the boundaries and each one respect the other's territory. After major natural disasters the boundaries tend to shift, but this has not caused much disharmony since local people have adopted the habit of settling disputes in amicable manner and on mutually agreeable terms.

Recently PODIE has commenced negotiations with Central and Provincial governments to transfer the ownership of the farmlands to the farmers.



5. PRICE FORMATION

In any economic system, there are stakeholders in both local and global economy powerful enough to determine the price of products and services. In countries where consumer groups are weak and not well organized, and the government does not have effective consumer protection policies, those who control trade and distribution locally and globally have greater means to determine the allocation of resources and therefore greater influence on price levels. On the other hand, in countries where consumer protection policies are effectively enforced and consumer groups are well organized and have powerful lobbies, consumers or end-users have considerable influence on the kind and price of products that can enter the market.

Like most tribal communities in many developing countries, the Mangyans do not have significant influence over the market price of their products and services. They are largely small independent subsistence producers. The economic exchange in

Mangyan villages is not defined by the market supply and demand mechanism but by their ritual and solidarity relationship with each other. Goods and services are exchanged among Mangyan community members at lower than market price or in quantities considerably more than that in normal market transactions.

The Mangyans do not mind getting less from the products they sell to their neighbors. Maintaining good relationship with their Sandugo is of greater importance. The solidarity relationship in Sandugo provides participants with additional safety nets through the reservoir of natural resources that are available to the entire community.

The same situation holds true for the Orang Asli (OA) of Malaysia. Among the OA communities, hoarding and accumulation of wealth is not the primary objective for the production and distribution of goods and services. With the help of YKPM, and through constructive dialogue and cooperation, OA communities have learned to collectively set the price for their products. Profits are recycled back into community projects that aim to preserve the environment, the local culture and promote social harmony and justice.

Among the OA communities, respect for nature abounds. There is an incipient knowledge that natural resources are not unlimited in supply. But they need assistance in planning and in adopting practices that will preserve their environment for future generations and ensure sustainable use.

In the SRP area of Lao PDR, the local people can set the price of their local products and services but this is subject to the regional market forces. For example one tourism activity being developed in the area is bamboo rafting along the river. Student groups build a raft constructed only of natural materials and float it down the river. Such activities are used as team building exercises and/or nature challenges depending on the group's goal. Villagers supply and set the price for materials as well as the workers and carpenters who teach the students how to build the rafts.

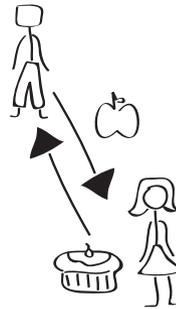
However, the price must fit into a market determined limit set by the tourism market. The villagers can set any price they want but if it is too expensive the customer won't buy it. Similarly, if the price a customer wants to pay is too low the villagers will not want to spend the time and effort to provide the material or service.

Ideally over time as the villagers' skill level increases there will be greater capacity to control more aspects of the entire supply chain of the tourism product – from material resources, supply of services to the ultimate sale of the product to the customer. This will be possible when more members of the community acquire English language and computer ability.

The case of FPA in Sri Lanka demonstrates how solidarity among producers contributes significantly to their ability to set the price for their products. It must be mentioned, though, that this capacity has to be built into the farmers group. This is where PODIE as a Fair Trade organization has played a pivotal role. PODIE has educated the FPA in setting their minimum *farm gate* prices, ensuring favorable returns to its members.

The general pricing policy of FPA (agreed upon collectively with the participation of its members) is to market its produce 25% to 40% more than the prevailing market prices. The economic partnership with PODIE has helped FPA maintain these premium price levels, as PODIE exclusively markets to export destinations. Example: The approximate cost of production of organic chilies is USD 2.00 /kg. However, PODIE pays FPA USD 4.25 / kg of organic chilies.

When market prices fall below cost, FPA is assured of a Fair Trade Assurance price by PODIE. Example: In the recent past due to excess production, the market price of cloves declined to USD 0.40 / kg. However, PODIE's purchase price of organic cloves from FPA was USD 1.40 /kg. FPA received 5% more than the farm gate price.



6. MODES OF EXCHANGE

Modes of exchange facilitate the distribution of goods from producers to end-users/ consumers. The more efficient and effective the modes of exchange are, the quality of products that reach the customer is much better and prices tend to be lower. Modes of exchange may include open public market, supermarket, restricted exchanges among cooperative members, private exchanges among members, etc.

The modes of exchange among the participants of Sandugo cover three types of reciprocal relations. The first type is the *generalized reciprocity* normally associated with kinship and ritual relationship. This is in the same category of the generalized reciprocity between a parent and a child, where the child is expected to pay back the favors and benefits given to them as a child. The second type, *contractual reciprocity*, is the specific exchange transaction similar to barter or sale, where participants are paid in kinds or in monetary terms the products or services given to the other party. The third type, *negative reciprocity*, is not considered as part of any Sandugo relationship. Negative reciprocity involves taking advantage or short changing the other participants in the exchange process. Sandugo participants have the advantage of being a preferred trading partner of the Mangyan over the other partners. Sandugo as a network for exchange can be an alternative to the free market exchange.

In the municipality of San Teodoro, where Sandugo has ceased to exist, negative reciprocity exists between the Mangyan and non-mangyan communities. It is not uncommon for public vendor and store owner to say that in the past it is the Tagalog or non-Mangyan who victimized the Mangyan (“minamangyan ang mangyan”), now

it is the Mangyan who dupes the non-Mangyan (*Minamangyan ng Mangyan ang Tagalog*). This illustrates that in areas where Sandugo has ceased to exist, the Mangyan also finds ways to get back to people whom they perceive as exploitative, or who have taken advantage of their generosity or ignorance, or short-changed them.

The case of the Orang Asli of Malaysia is even more primitive than that of the Philippine Mangyan in terms of the mode of exchange. The OA economy is based on subsistence farming and it supports marginal lifestyles. YKPM is unable to implement any initiatives other than improving the living standards of the OA's beyond subsistence. YKPM plans to establish a network of self sustaining OA villages (approx 30-40) across the Peninsula Malaysia. Once this is achieved, YKPM will implement a Barter Trade system to bypass the middlemen and form a Fair Trade market exchange solely to cater to the OAs and their specific market of goods and services.

The mixed modes of exchange (money-based, barter or communal sharing) found among the indigenous people of Mindoro (Philippines) and Selangor (Malaysia) are also present among the Akha people in the SRP Area. In fact, these mixed modes of

exchange are fairly common in rural communities of Lao PDR that operate with little or no cash.

The case of FPA is entirely different. The FPA has replaced the traditional modes of exchange based on barter and commercial trade controlled by wholesalers with a better system – Fair Trade. It used to be that wholesalers exploited the farming community by bringing in undue binding obligations and imposing very low prices for farm produce. Until recently there was very little opportunity for the farmers to sell their produce through alternative channels.

PODIE introduced the Fair Trade system to the FPA members. With the Fair Trade assurance price, PODIE has established a solid partnership with FPA, providing the latter with unmatched opportunity to exchange their produce at the highest value. PODIE sources semi-processed produce from FPA. The produce is re-processed for value addition prior to export to global fair trade markets.

FPA continues to have the right to sell their produce outside PODIE to ensure they earn a better price. But while traditional wholesalers try entice the FPA members, they cannot match the premium price offered by PODIE.



7. CONSUMPTION AND SAVING HABITS

Every society tries to save something from present resources in order to invest for the future. This requires people to consciously temper consumption so that they could allocate a little bit more for the future.

Sandugo in some ways has affected the consumption and saving habits of the Mangyan. According to the Mangyan informants, older Mangyans did not use money as the medium of exchange in the past. They preferred to barter their goods with the lowlanders in exchange for items they need. However, as they become integrated in the market economy and adapted to the economic transaction based on money, their money transactions with stores and other commercial establishments also increase.

The Sandugo provides some assurance that the Mangyans would not be shortchanged. Even if some Sandugo participants are

taken advantage of, they can always be compensated in the next transaction. In areas where Sandugo cease to exist or not influential, the non-Mangyans tend to entice the Mangyans to spend all their money to buy consumer goods even if they do not really need the goods. In these areas, the Mangyans tend to squander their money on gambling and consumption of alcoholic beverage.

Similarly, the subsistence economy of the Orang Asli (OA) does not support a savings culture. As such the more money they earn from the sale of their products, the more money they are likely to spend on themselves. Often extra household income is spent frivolously on alcoholic consumption and non-productive, consumption goods. YKPM has to intervene by teaching/guiding the OA concerning savings and investments. Attempts to temper their consumption propensities are difficult given their lack of fiscal discipline and also the temptations propagated by a consumerist society. YKPM has initiated a micro-savings scheme wherein agricultural implements, seed stocks and livestock are bought in volume to secure highest discounts and distributed to each family in proportion to their savings. In this manner, OA savings are invested in future productive income producing projects. Also, YKPM helps channel the OA surplus income into the purchase of

agricultural machinery which is purchased on hire-purchase terms and the installment payments are met by future cash surplus from sales of cash crops grown by the OA.

Similar conditions exist among the Akha people in the SRP area. Since more than 90% of the Seuang River people are living in poverty, the priority of government intervention is not to temper consumption but to increase income so that basic needs of the local people can be met.

The story of the Wanniamunukula farmers would have ended with a similar refrain were it not for the intervention of PODIE. The farm households did not have control over their consumption. They were hardly alert to any crop failures or market impediments. As there was no form of banking in the community, they allocated all their earnings to consumption after some replacement investment (seedlings, cattle, and poultry) for the purpose of sustaining their subsistence lifestyle. In the early 1990s debt amongst the farmers was a growing problem in the community. There has been incidence of suicide reported in this community during this period when the farmers were unable to settle their debt due to crop failures.

PODIE introduced a compulsory savings scheme amongst the farmers. This was met with some resistance at the early stages, but now it is a regular pattern of the economic activity. The 10% compulsory savings can be withdrawn by the beneficiaries for investment in farming. The higher-than-market price received by the farmers for their produce has enabled them to save more. PODIE has been very active in educating the community in good consumption practices and facilitated some activities that the community participated at their own expense.

With the boost in the economic activity and the Fair trade prices offered to their produce, farmers in Wanniamunukula have invested more to increase their productive capacities. This is visible with their investments in Solar Energy, Housing, Motorcycles and other livelihood activities.

8. EDUCATION SUPPORTED BY SOLIDARITY & COOPERATION



It is important for a group of people to impart their belief system, acquired skills and knowledge to the next generation to preserve and advance their culture. A highly cohesive community or society is likely to take initiative of creating ways and means of imparting their way of life to their own people, as well as to communicate their culture to the rest of the world.

The Mangyan communities have their own indigenous learning systems which enable them to learn about their culture and tradition. Through this indigenous learning system, Mangyans learn about Sandugo, their customary laws, traditional status and roles. They also acquire skills that enable them to perform essential tasks, rituals and other aspect of culture needed for their day to day maintenance.

The subsistence economy of Malaysia's Orang Asli does not give rise to an indigenous literacy program. Nevertheless, YKPM

observes that valuable knowledge do exist in the experience of OA that can be passed down to the next generation which can help ensure the survival of their culture whilst augmenting their modest incomes. Against this backdrop, YKPM intervenes in order to help enhance OA skills for managing their natural resources and for creating supportive knowledge structures to ensure its sustainability. YKPM introduced and currently implements projects designed to create a diversified and stable economy. Two key planks in the YKPM program are to add value to existing OA strategies for management of natural resources, and to increase their incomes with alternative economic activities which will complement existing natural resources and preserve Malaysian biodiversity.

One of the projects introduced by YKPM involves setting up a Herbal garden which optimizes the OA's indigenous knowledge of herbal remedies and alternative medicines and also their knowledge of flora and fauna conservation in their local environment. Using familiar indigenous knowledge vocabulary, a suitable education programme has been introduced to fast track their ability to pass this knowledge to the next generation and also to integrate the OA into local schools and communicate with regular Malaysian school children.

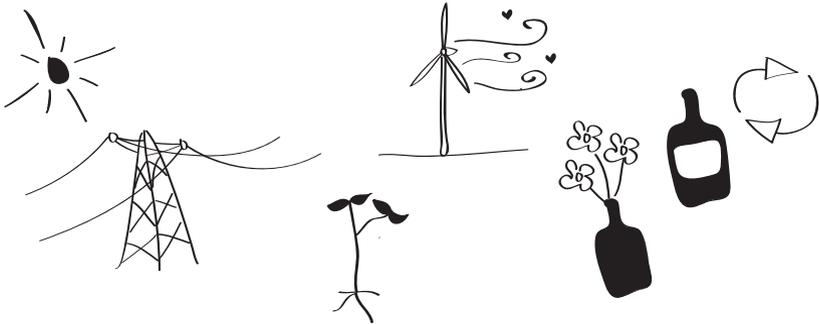
The Akha people in the SRP area are better situated than the OA and the Mangyans. The government provides education for all the children of the local communities. An international school is currently conducting talks with the government to offer volunteer teaching primarily in English and computer literacy.

In Sri Lanka, the general trend in rural farming communities is the existence of traditional linkage between the farm households, the temple, and the school. The temple is not limited to a source of spiritual bond, but also serves as a centre for education. Children from early ages gather in the village temple for their religious education and secular education.

Sadly this practice is not visible at Wanniamunukula. One main reason is that the children join their parents in farming after schooling. One farmer commented that they invest greater effort in using organic methods of farming; therefore they need all family members to spend more time in the farm.

Meantime, PODIE has initiated some programmes to educate the community in family health, sanitation and other important factors. These programmes have improved the overall health standards in

the community. PODIE has been negotiating with the provincial government for many years to establish a school in this village, without tangible results to date.



9. ECOLOGICAL CONSERVATION & INNOVATION

People who depend a lot on their environment for sustenance will naturally protect it. They will also introduce innovations to avert stagnation of, and enhance, environmental productivity. But people who are far removed from the production of products they consume are often ignorant of the impact of their untoward actions on the environment.

Sandugo in itself does not directly influence ecological conservation and innovation. However, Sandugo in a way reinforces cultural

self esteem which in turn reinforces the cultural identity of the Mangyan. As a result, socio-cultural values are preserved such as the influence of the customary laws, the traditional leadership pattern. The customary laws provide innovative measures that can improve the fertility of the soil through the prescribed fallow period or use of sea shells (alkaline source) to improve mineral contents of the soil.

Christian religious organizations have introduced changes in the Mangyan belief system which undermined the application of their customary laws. This in turn affected their agricultural practices, such as disregarding the traditional taboo of kaingin system (slash-and-burn agriculture) in areas that have huge rocks or presence of certain species of plants (among conservationist, these are often considered as endangered species).

In the case of OA in Malaysia, YKPM's Herbal Garden project has shown moderate success as a model for OA community-based management of biodiversity and natural resources. It is envisaged that the surrounding OA communities approximately 40-50 kilometers away will be able to emulate the model, develop and also manage their natural resources to feed into the Fair Trade

market that will eventually be established by the YKPM project. It is hoped that the local Regional authorities will promote such models and partner with the OA villages in the scaling up of such activities to promote eco-tourism and conservation of environment.

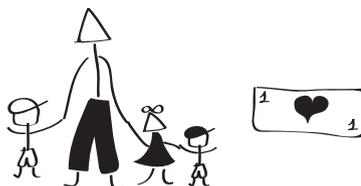
In the SRP area of Lao PDR, people face similar challenges with respect to their environment. Traditionally forest areas are important for food security and the use of resources sustainable at low population densities. Problems are arising from (1) population increase, (2) migration by upland communities to lowland areas , and (3) government corruption leading to overexploitation of resources (over logging etc). If the situation does not change through the establishment of alternative supplemental livelihoods such as eco-tourism, then the Akha communities will become even poorer as they lose the environmental buffer protecting them in times of scarcity.

For the farming community of Wanniamunukula, economic sustainability depends on three critical factors: favorable weather, soil conditions and water. The Natural Soil Treatment programme itself is a good example of the efforts made by the people to protect their environment. In another instance, FPA members observe

“Shrama Danaya”, the traditional practice where every community member is expected to contribute one’s labor to the collective effort of dealing with common threats to society.

For example, Shrama Danaya was employed in restoring the irrigation tank which was old and in a state of neglect for several years. Soil erosion continued for years and there was the impending danger of water shortage during the dry season. Even with constant lobbying and petition to address this issue, there was no support from the provincial or central government in restoring the tank. PODIE and a Fair Trade organization in New Zealand contributed a sum of USD 7,500 while the FPA members contributed their labor to dredge the tank and restore the sluice gates.

The community took turns in providing labor (Valued USD 2,000), working on this project. This is a good example of a collective effort by this community to contribute positively to ecological conservation.



10. SOCIAL TIES AS WEALTH (SOCIAL CAPITAL)

A community or society that thrives on mutual inter-dependence would tend to highly value social relationships/ social interaction / social capital. The overseas Chinese community, for instance, excel in business wherever they go because they value relationships greatly. To them, a good relationship - especially with people who command resources - is wealth.

Close family and tribal relationships are valued above everything else among the Akha communities in the SRP area of Lao PDR. Certain arrangements arising from these social ties establish reciprocal obligations that can be called upon in time of need. It is not a cold, calculating exchange, but rather proof that the relationship is alive and well, providing the basis for social guarantees for the effective enforcement of social and business contracts among the members of the community despite the lack of formal documentation.

Two categories of relationships have endured through time: *moo linh* “play friends”, and *moo tai* “die friends”. *Moo linh* is based on mutual advantage. When mutual advantage ceases, the relationship usually dies. The *moo tai* relationship involves long term ties such as family or growing up together. This relationship means relying on each other 100 percent for both the good and the bad times.

The relationship among stakeholders of contractual obligations can be viewed as *Moo linh*. All stakeholders are expected to work together for mutual benefit. When the benefit ceases, so does the *moo linh* relationship. On the other hand, *moo tai* relationships generally exist among community members who have lived together for most of their lives. *Moo tai* relationships within each of the 12 communities in the Seuang River Valley are quite strong. The villagers are keenly aware that outside companies or government agencies who promise to help them may come and go – but the one that endures is their relationships.

Similarly, social ties among the Mangyans are strong and bolstered by *Batas Mangyan*. In addition, internal social ties among upland Mangyans are reinforced by *Sandugo* which also functions as

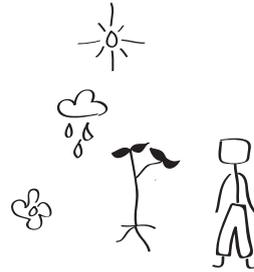
an extension of kinship ties between the upland Mangyans and the lowland non-Mangyan peasants. Both the social ties among Mangyans and the kinship ties between them and the lowland peasants may be considered as additional capital and resource that provides the safety net for both communities to survive in times of economic difficulties. The interdependence and complementarities of roles enables both Mangyans and non-Mangyans to effectively perform and maximize their productive capacities.

In contrast, the case of the OA community of Malaysia shows that Orang Aslis do not seem to value relationships as social capital. They have been very inward looking, self centered and often selfish in sharing their modest possession with their fellow community members. YPKM finds that amongst the over 200 separate OA tribes in Malaysia, there is no communal spirit that propels them forward as a collective group with a common goal.

Unlike the Overseas Chinese and Overseas Indian in South East Asia, there is no overarching communal drive among the Orang Asli tribes to collectively reach out among themselves and unite into a major ethnic group. The Department of Aboriginal (Orang Asli) Affairs of the Government of Malaysia does not help much

in this regard. This apathy could be partly due to the fact that the officers and staff of this government department do not come from indigenous Orang Asli's. Instead NGOs like YKPM, Malaysian CARE, and the Yayasan Strategik Sosial (YSS) have to step in to help Orang Aslis develop a sense of communal unity and cooperation.

At Wanniamunukula, individualism among the farm households describe the character of community activities for the most part of the year, but social ties come into play on special occasions. Members of this farming community have lived in harmony and no major incidence of crime and unrest has been reported in the recent past. Religious values are respected and upheld by the community although there is no strong bond between the community and the temple. Overall, social relations are not strong enough to overpower the individualistic pursuit of community members for material wealth. Every farmer is focused in creating and maximizing wealth within his family. It is mainly during special occasions such as the annual harvest festival, New Year celebrations, and religious festivals when farm households step out of their closeted lives, reactivate social relations, and act collectively with others as one. During these special occasions, community members set aside their differences and actively participate in the events.



11. HEALTH AS WEALTH

A community or society that promotes the health of its people contributes positively to the productivity and well-being of its human resources. The health values held by the community or society also influence the kind of products and services it produces and consumes.

The Mangyan and traditional peasant communities share the practice of traditional medicine which includes the use of herbal medicine, prayer and ritual, massage, bentosa and animal sacrifice or offering. Among the Mangyans, indigenous healers known as *Marayaw* perform various healing methods. Non-Mangyan medicine man or *albularyo* also performs similar methods. In some areas, the Mangyans learn from the *albularyo* and become *albularyo* themselves. In some areas, the Mangyans consult the non-mangyan *albularyo* and in some instances the Tagalog peasants consult the Mangyan *albularyo*, especially if there are no Tagalog *albularyo*.

Traditional Mangyan health beliefs and practices are similar to the Tagalog peasant traditional beliefs, especially those who have been baptized into the Christian faith. This includes belief in *usug*, *pasma* and *kulam* (Tan, 1987). Both Mangyan and non-mangyan *albularyo* also perform *pagtatawas* (determining the cause), *pag-aalay* (animal offering), *dasal* and *oracion* (prayer) and *tapal* (literally, patch). They also observe similar precaution for new born babies and pregnant women. The Mangyan individual or family in health crisis sometimes refer to their Sandugo in case of emergency where traditional remedies do not work and which require a visit to the physician or hospital. In the same manner, the Mangyan gives chicken or other provisions from the forest if their Sandugo is in need of assistance and will require herbal medicine not normally available in the lowland.

In contrast, the OA community does not actively promote the health of their community. Rather, each family is left to fend for themselves in seeking medical assistance especially the Modern – Western Medicines. Occasionally Herbal traditional remedies can be sought from the Village witch-doctor (*shaman*). Such remedies involve some animist ceremony and in-kind payment in the form of chicken and small livestock.

It is through the intervention of YKPM that proper water and sanitation is provided by the Malaysian Government to each village. YKPM ensures that in the event of any major sickness or disease, the District Medical Centre is alerted and medical Doctors and Nurses are sent to administer proper medication. Without direct external intervention, an entire village can be wiped out by an epidemic!

Among the Akha communities, there are 3 types of health care services available – traditional, community clinic and hospitals in town. The choice of which of these healthcare services to take usually depends on the household's capacity to pay. Each community has a traditional medicine person with knowledge of medicinal plants and herbs. Such treatment can be taken on either a barter or honor system. Likewise there is widespread knowledge of common medicinal plants.

For anything more serious than simple treatment, the only recourse is to go to the government-run community clinic which has a government trained nurse on duty. But the medicines and services of the community clinic has to be paid for in cash, hence majority of the Akha people have no access to it. Those who decide to go to the hospital must borrow money and pay high rates of interest.

In Wanniamunukula, health services are extremely poor. The nearest Registered Medical Practitioner operates 10kms away from the village. The villagers have resorted to alternate local (herbal) medicines to treat accidents, ailments and illnesses. When treating chronic ailments the villagers resort to spiritual remedies including blood sacrifices.

Isolation from the rest of the world has acted as a barrier to this community in knowing common prevalent illnesses and dealing with other major illnesses. Out of ignorance, villagers interpret even chronic ailments as a minor ailment that can be cured through alternate medicines. There have been many deaths reported within the community due to wrongful native treatment for chronic ailments. During the early 1990s, for instance, there have been many deaths reported in the Wanniamunukula community due to renal disorders. Many of the patients were ignorant about their illness and they continued to use indigenous medicines for treatment, without any success.

The community was not also aware of the dangers of the use of toxic pesticides and fungicides in farming, and the contamination of their ground water resources. One of the first major steps taken by PODIE in the early 1990's was to educate the community in the responsible use of toxic chemicals and the adoption of organic farming. PODIE educated the community in good practices in the use of ground water for human consumption and sanitation. PODIE provided soft loans to the farming community to re-locate their source of ground water and construct toilets in maintaining hygienic standards and the re-location of the septic tanks.

12. GOVERNANCE



The power structure of a community or society shows the extent to which political power is shared its members. An autocratic political system cedes unlimited power to the ruler who is answerable to no other person. On the other hand, a democratic political system is characterized by free and equal participation in government or in the decisionmaking processes of an organization or group. In some instances, however, democratically elected leaders rule like autocrats. Checks and balances are, therefore, instituted by the community/ society to prevent autocratic tendencies from getting out of hand.

The governance experience of Mangyans and non-Mangyan peasant communities are generally egalitarian. The Americans introduced among these communities an electoral system of governance commonly implemented throughout the country, thus assimilating the traditional system based on traditional leadership into the contemporary governance system. Under this system, the Mangyan Governor and Mayor are elected by the people. Accordingly, the power structures of both Mangyan and non-Mangyan communities have common features. The big difference is that members of the Mangyan community have greater access to

power and community resources compared to their non-Mangyan counterparts. In both communities, women have equal rights to run for office and be elected, although in practice men dominate the political arena.

Sandugo provides a mechanism that connects the Mangyan's governance system with those of the neighboring non-Mangyan communities. In case of conflict, resolution is through mediation by the elders. Among the Mangyans, an informal/ad hoc conflict resolution mechanism is used to resolve conflict. The Mangyans refer to their customary laws, *Batas Mangyan*, to resolve cases of robbery, boundary disputes, injuries and other crimes.

Within the non-Mangyan community, informal leaders who are mostly elders have social functions similar to their Mangyan counterparts. They are consulted and they act as mediator in resolving conflicts within the community. Some of the informal leaders are appointed by the Barangay (Village) Council as community workers or Barangay Tanod (Village Security Officers). Their adherence to community values of "utang na loob" and avoidance of 'walang hiya' help in maintaining their status of leadership and in turn provides the leadership for maintaining community solidarity.

Among OA community in Malaysia, the dominant governance system is democratic with the recognition of a Village Leader (Adun) who is appointed respectfully due to his seniority, general goodwill and sincere interest for the well being of the village community. He is chosen for his knowledge, participative and fair mindedness to each family and as a result a more consensus and paternalistic leader emerges. Autocratic forms of leadership are despised and overtly rejected leading to societal ostracism.

Traditionally the women are regarded as lesser members of the community despite them contributing more in terms of labor, animal husbandry and communal vegetable cultivation not to mention household chores.

YKPM projects involve extensive training in gender sensitization and the need to create space for women to participate in leadership and decision making. YKPM deliberately ensures equal participation by both men and women in project activities. The equal distribution of project benefits to both men and women is very important because traditionally the OA men hunted in the forest while the OA women engaged in subsistence farming, small scale animal husbandry, and backyard crop cultivation.

Traditional relationships between the old and young amongst the OA community are based on respect and complementary skills. The young are more technology savvy and have greater access to computer and internet technology. The old are experienced in subsistence livelihood and assist in supporting the village in ensuring successful harvests and village cohesion.

Although the OA community is still a close knit community, access to technology and wealth accumulation has spawned “self-centered” attitudes which contribute to social breakdown. To this end, YKPM recognizes the need to introduce three specific policies to preserve the social cohesion that exists within the OA community. These are: (1) gender equality in terms of participation in work processes; (2) recognition of the older generation as generational repository of knowledge in herbal remedies while at the same time promoting the transfer of these skills to the younger generation; and (3) enhancing the computer skills of the youth.

The computer literate younger members of the OA community are encouraged to source marketing channel of distribution online whilst their grandparents utilize the proprietary knowledge that

has been handed down the generations in herbal remedies for the benefit of the community.

YKPM hopes to ensure the survival of the cultural legacies and richness of the OA community for the benefit of all future generations of Malaysians of all walks of life and also all ethnic races. For Malaysians to improve their cultural wealth, they must appreciate the role the aboriginal community plays in our multi-cultural larger community.

The Akha communities in Lao PDR shows very similar community governance where relationships are based on age or seniority, position or status. Juniors show deference to seniors or those with a specific social standing such as monks, government officials, and so forth. The Akha people will typically not challenge authority directly. However, this should not be confused with acceptance. There are many quiet ways the Akha will use to deal with authority they do not agree with.

The position of women is complex and not always as it seems. On the one hand, the role of women is traditional. Women carry a great responsibility in the family with little recognition from men.

The inferior position of Lao women is deeply entrenched in Buddhist tradition and is perceived as natural by both men and women.

Yet much of the informal business and merchant vendors are run by women. The family system is essentially matriarchal. Land, house and inheritance are passed on to the next generation through the wife not the husband. However, in greetings, a woman's status derives from that of her husband. For example, if a woman is younger than another but the latter's husband is older or more senior in position then the former would greet the latter by using the term "older sister."

Women in general have considerable freedom and independence. Given the opportunity, Lao women will assume responsibility and demonstrate their competence.

Overall there is good social cohesion among the Akha communities. However, as the migration of upland ethnic communities into lowland villages continues there is increasing discord between various ethnic groups. They do not always understand each other or hold the same values. The contributions to the village, or what should be expected, can vary. The result is that while they will

accept the situation and feel little need to complain, social divisions arising from cultural differences continue to fester.

In the case of FPA in Sri Lanka, their modern governance system was introduced by PODIE in 1990. This initiative was preceded by much effort in educating the community on the benefits and responsibilities of a membership-based organization and how it could facilitate day-to-day activities within their community. PODIE involved the farming community in drafting the constitution of PFA and facilitated in consolidating its management.

Even to this day, the Annual General Business Meeting of PFA is held under the patronage of PODIE. PODIE facilitates the FPA meetings and assists the members in evaluating their own constitution and revising the same. PODIE also functions as the main linkage between the PFA and the state administration in the area.

The governance system of FPA can be described in greater details as follows

1. *The processes by which office bearers are chosen, monitored, and changed.* PFA has a membership of 18 farming families.

All office bearers are elected by the members at an AGM facilitated by PODIE. Members are not allowed to be re-elected to the same position until the lapse of four years, since relinquishing duties in that same position in office. From time to time the Ex-Com of PFA meets at official and unofficial level. Due to the poor literacy levels, no minutes are maintained. PFA tries to hold their official committee meetings during the monthly visits of the PODIE officers, and such meetings are recorded in a book maintained by PFA by the representatives of PODIE. However, this is fast changing feature: the farming members are increasingly getting involved in maintaining their accounts and records of their Society. Members monitor the activities of the office bearers. There have been instances when the members have requested for a change of office bearers, when he/ she could not perform his / her duties. Such changes are decided through a special business meeting of the members.

2. *The ability of the office bearers to create and to implement policy.* Until recently all policy was established by the members in discussion with PODIE. The members were comfortable with this practice as they had placed trust in PODIE as a facilitator of their progress. The PFA now initiates to discuss and decide upon

policies to manage their society. All policy level decisions are made in discussion with the members. However, on critical social issues and issues of common interest, the office bearers discuss the best policy to adopt and communicate such decisions to the members. If there is resistance or rejection of such policy, alternate policy is decided upon with the discussion with members.

3. *Mutual Respect and Relationships*: Elders demand great respect from the younger community. This mutual respect has been imposed upon the younger generation as a cultural norm with an understanding that elders hold more authority over the young. This is an accepted norm within the community, and no section has resisted such a practice. Though the elderly at Wanniamunukula feel that they are of prime importance within their community, they do not fail to respect the younger generation with knowledge.

4. *Role of Women*: Women in the rural Sri Lanka have been under dominant hierarchical rule of men. This is a mutually accepted norm, upheld by the community at Wanniamunukula. PODIE has implemented programmes to obtain equal contribution from both women and men to balance the equality amongst the genders. These moves by PODIE has provided the women at Wanniamunukula a

more participative role in decision making and helped establish a different perception amongst the men and women, about the importance of the woman in their community.

The community at Wanniamunukula is predominantly Sinhala speaking Buddhists. There are no people of other race or religions living in this hamlet or in the near vicinity. Though Buddhism has been passed on through generations, the people at Wanniamunukula respect other religions. This is broadly displayed in some watchman's huts where pictures of other religious leaders are displayed with respect.

Due to the fear and suspicion of the community that some people of Tamil origin being supportive of a separatist group, a visitor or stranger of Tamil origin will always be looked upon with suspicion. When establishing close relations outside the community, the people at Wanniamunukula would accommodate Sinhalese without much suspicion, but would need more scrutiny to accommodate Muslims and will be very reluctant to accommodate persons of Tamil origin.

CONCLUSION

Based on the anecdotal evidence of the four cases from the Philippines, Malaysia, Lao PDR, and Sri Lanka, it can be concluded that Solidarity Economy (SE) emerges out of informed actions of people. SE does not appear in the economic landscape spontaneously. Rather, it sprouts from the struggles of people for a better life in the midst of harsh realities, struggles that are deliberately informed by socially responsible organizations which aspire for a more responsible, more diverse, and solidarity-based economy.

As such, SE needs a governance system that enlightens the citizens on their social responsibility and makes them accountable for it. This is where the CHR (Charter of Human Responsibilities) developed by a Workgroup of the Alliance for a Responsible, Plural, and United World can play a strategic role. The CHR proposes a new social contract which will lead to the creation of new rules for every social and professional group in its relationship with society. Although the Alliance Workgroup that drafted the CHR recognizes the contributions to social development of the UN Charter and the Universal Declaration of Human Rights and United Nations Charter, it also noted the failure of these two pillars of international

conventions to sufficiently address the widening economic gaps within and between nations, the concentration of economic and political power in ever-fewer hands, threats to cultural diversity, and the over-exploitation of natural resources.

The CHR has the potential of informing solidarity economy initiatives of a better way of organizing society based on the recognition by stakeholders of their respective responsibilities towards humans and the environment. The CHR aims to provide a new framework, not only for personal conduct, but for the political, institutional and legal domains as well. The CHR preamble states that all people have an equal entitlement to human rights, but their responsibilities are *proportionate* to the possibilities open to them. The more freedom, access to information, knowledge, wealth and power someone has, the more capacity that person has for exercising his/her responsibilities, and the greater that person's duty to account for his or her actions.

The CHR maps out responsibilities and how responsibilities, at the individual and the collective levels, can be exercised. It is a step towards developing a democratic global governance based on broad acceptance of human responsibilities. The CHR workgroup

seeks to contribute towards developing a supportive social, cultural, economic and political framework within which these responsibilities may be exercised.

The CHR provides a revolutionary framework for a new social contract. But it is not sufficient to transform individuals from being self-centered operators of the old, exploitative social order into socially responsible citizens who purposely create wealth so as to enhance the well-being of all mankind and conserve the environment for future generations.

It is equally important that people who govern under the new social contract undergo a personal transformation that leads them to possess the attributes of a servant leader.

REFERENCES

Alliance for Responsible, Plural & Solidarity Economy (ALOE), 2008. "ALOE Vision, Mission, Strategy & Action", Unpublished manuscript, Paris: June 2008

Arruda, Marcos. 2007. "Views on Solidarity Economy". Interview conducted in conjunction with the Asian Forum for Solidarity Economy, Phiippines, Oct 2007.

Habito, Cielito. 2007. "Sowing the Seeds of Solidarity Economy in the Philippines" in Benjamin Quinones, Jr. (ed.) "The Asian Forum 2007 Report", p.111

Harper, Graham. 2008 "Responsible Tourism – a S.T.E.P. Toward a Solidarity Economy?", Unpublished document, Bangkok: September 2008

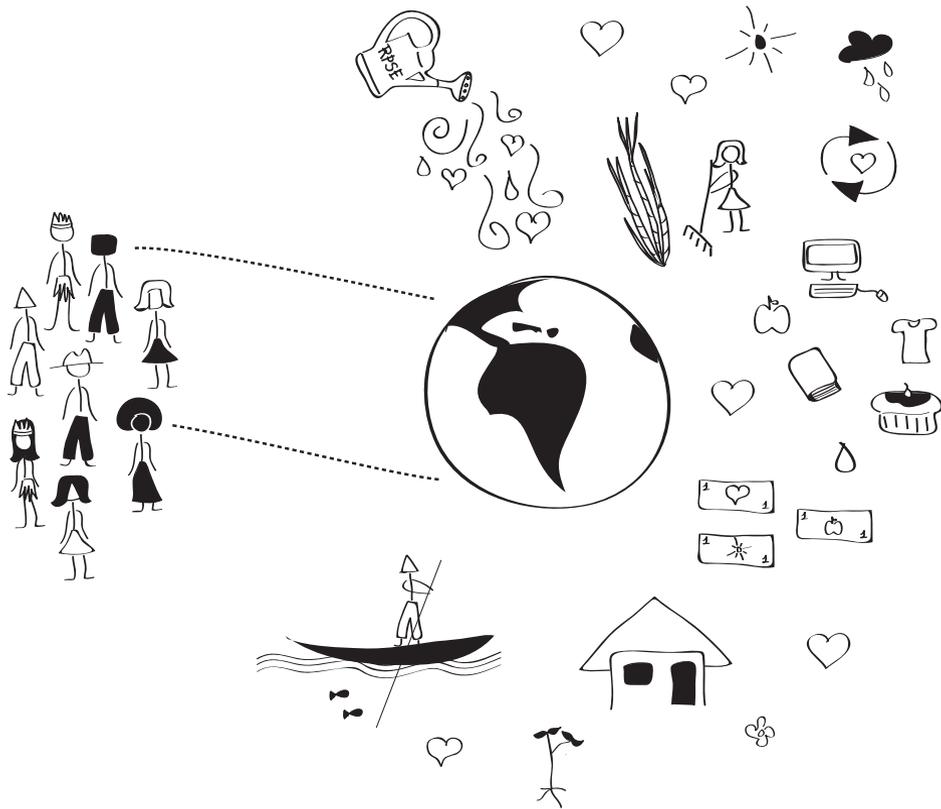
Karunaratne, Modestus. 2008. "Facets of Solidarity Economy: The Case of Parakum Farmers Association". Unpublished document. Colombo: May 2008.

Martinez, Ruben. 2008. "Sandugo: Incipient Solidarity Economy in Mindoro". Unpublished document. Manila: May 2008

Poirer, Yvon Poirer. 2007. "Views on Solidarity Economy". Interview conducted in conjunction with the Asian Forum for Solidarity Economy, Phiippines, Oct 2007.

Sakuma, Kyoko. 2007. "Views on Solidarity Economy". Interview conducted in conjunction with the Asian Forum for Solidarity Economy, Phiippines, Oct 2007

Shun, Christopher. 2008. " Facets of Solidarity Economy: The Malaysian Orang Asli Case Study", Unpublished document, Kuala Lumpur: April 2008.



Summary of the study:

"Visions of a Responsible, Plural, Solidarity Economy in Latin America and the Caribbean"¹

Alfonso Cotera Fretel

Collaborators: *Euclides Mance, Blanca Munster,*

Altagracia Villarreal, Alfonso Veitmeier y Mario Monroy

September 2008

Introduction

Responsible, Plural and Solidarity-based Economy (RPSE) endeavours, together with the theoretical approaches that support them, exist throughout the Latin American and Caribbean region (LAC), demonstrating clearly that the neoliberal model, although hegemonic, is not the only one. This Solidarity Economy comprises ongoing practical actions to fight back and build relationships, and

1. Prepared by Alfonso Cotera Fretel, director of GRESP – Peruvian Solidarity Economy Group, on the basis of bibliographical information from the region and reports on four case studies: Brazil (Euclides Mance), Cuba (Blanca Munster), Mexico (Altagracia Villarreal, Alfonso Veitmeier and Mario Monroy) and Peru (Alfonso Cotera). Commissioned by ALOE.

to improve the conditions of life by creating their own sources of work and income - which many of them have done by recreating ancestral relations of reciprocity, cooperation and mutual aid. These endeavours coincide in that they embody another logic of economic activity: they proceed *with no market / with the market, with no State / with the State*² and they express differing degrees of solidarity, trying to leverage the existing solidarity factor so that, in combination with other factors, they can achieve productivity and efficiency. Rather than accumulating profits, the goal and purpose of solidarity economy is the human person able to find individual and collective social fulfilment, integrally and in harmony with nature.

The vast scale of these solidarity economy practices shows the enormous potential they could have to reorient economic and political processes in the region. Unfortunately, however, they are dispersed and isolated, many not even recognising themselves as expressions of new economic relations, and quite unable to project their capacity to confront sub-national, national or regional processes. Efforts to produce theory expressing the reality and

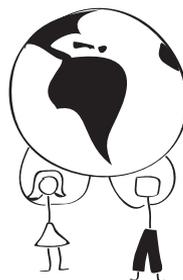
2. Quijano, Anibal, "Solidaridad" y capitalismo colonial/moderno, article in the review *Otra Economía*, Volume II – N° 2, 2008.

proposals of the solidarity economy are still limited, and greater contact is needed with practical solidarity economy endeavours in order to construct a project for real economic and social transformation in the LAC countries and region, with proposals able to address growing social inequity, environmental deterioration and over-exploitation of natural resources, as well as the crisis in the values, towards peaceful, fraternal coexistence.

The challenges for those who support and form part of this process are: a) to foster encounters among the actors of these endeavours and propose alliance-building processes in all spheres; b) to expand the role of these solidarity economy practices in producing change, supported by thinking and formulation of development proposals at all levels; c) to link that process to the overall social movement that is struggling to regain and secure rights plundered by the present neoliberal model; and d) to put forward proposals for radically transforming the economic and political system “from the bottom up and from within”, to reformulate national development projects and interconnect South-South and South-North solidarity initiatives, on a *solidarity globalisation* approach that confronts the colonial/modern Eurocentric view of the exercise of power and the neoliberal model that sustains it.

This study, *Visions of a Responsible, Plural and Solidarity Economy in Latina America and the Caribbean*, seeks to encourage systematisation of the various visions of socio-economy, taking as basic values plurality, responsibility and solidarity, and to arrive at an understanding of strategies able to transform those visions in to realities. The study design comprises five parts: the context in which solidarity economy endeavours arose; the theoretical views present; key aspects and strategies for evaluating those endeavours; tools and indicators for measurement; and the impact of solidarity economy on development. It forms part of an intercontinental study organised by the Vision working group of the Alliance for a Responsible, Plural and United Economy (ALOE).

1.CONTEXT



1.1 Current socio-economic figures:

Latin America and the Caribbean (LAC) are going through a long period of neoliberal economic restructuring and a complex process of political change. For more that twenty years, they have applied the same economic model of absolute openness to the free market, privatisation of their public enterprises and natural resources, financial and labour deregulation and abandonment of sovereign policies, under free-trade treaties (the exception being Cuba, which maintains an endogenous economic model). With left-leaning regime changes in Venezuela, Bolivia, Ecuador, Nicaragua, Uruguay, Brazil, Argentina and Chile, there are visible efforts to demand national economic policies directed to addressing the social problems generated by the system, although without going as far as to question the essence of the current neoliberal model.

Overall, the LAC region grew an average of 5.7% in 2007: Peru (9.0%), Cuba (7.5%), Brazil (5.4%) and Mexico (3.3%)³, maintaining

3. ECLAC, América Latina y el Caribe: Producto Interno Bruto 2007-2008, projections 22 April 2008.

growth over four consecutive years and with relatively low inflation: Mexico (3.76%), Peru (3.93%), Brazil (4.46%) and Cuba (5.7%). These figures show a degree of economic stability, but they do not explain the region's diminutive share of world wealth (4%)⁴ and do not necessarily reflect better conditions of life for the majority of its population, given that there continue to be 190 million poor in LAC⁵. The projections for 2008 show a slight decline, with inflation increasing under the impact of the recession in the United States, affecting the poorest countries more, because of rising food price and diminishing remittance revenues.

Some differences can be seen in social indicators. In Brazil, 1.6 million new jobs were created in 2007, reducing unemployment to 8.2%, and 11 million families came to receive a minimum wage under a family allowance programme (*Programa Bolsa Familia*)⁶. In Cuba unemployment was 1.9% in 2007, the lowest in the region, and life expectancy at birth is 77.7⁷. In Mexico the poor represent 54% to 58% of the population, and only 42% of employed persons

4. Caño, Xavier, Una obscena desigualdad, article at www.solidarios.org.es, February 2008.

5. IDB (Inter-American Development Bank) #Informe en su 49ª Asamblea Anual, 2008.

6. Mance, Euclides, Informe de estudio de caso de Brasil, April 2008.

7. Munster, Blanca, Informe de estudio de caso de Cuba, April 2008.

are entitled to pensions⁸. In Peru the unemployment rate is 9.5% and the poor are 44.5% of the total population, 69.3% in rural areas⁹. In the struggle against illiteracy, little progress has been made: in Brazil illiteracy was reduced from 10.2% to 9.6% between 2005 and 2006; in Peru the illiteracy rate was 11.5% in 2005; while in Cuba illiteracy is almost non-existent (0.2% in 2007).

Regional integration processes suffered some setbacks with the imposition of free-trade agreements (FTAs): Mexico with NAFTA, signed in 1994; Central America with the CAFTA-DR in 2003; the Andean Community of Nations (ACN) is in crisis because of the unilateral measures adopted by Peru and Colombia in negotiating their FTAs with the United States, leading to the withdrawal of Venezuela; the Southern Common Market (MERCOSUR) has remained united and expanded with Venezuela's application for full membership, although internal contradictions persist. On the other hand, countries such as Cuba, Venezuela, Nicaragua, Bolivia and Honduras are constructing an integration project titled the *Bolivarian Alternative for Latin America and the Caribbean* (ALBA); and also

8. Villarreal, Altagracia, Alfonso Veitmeir y Mario Monroy, Informe de estudio de caso de México, April 2008.

9. Cotera, Alfonso, Informe del Estudio de Caso de Perú, April 2008.

ongoing is the Union of South American Nations (UNASUR), a proposal to integrate all the countries of South America.

1.2 Emergence of solidarity economy endeavours in LAC

On being excluded from the benefits of the present economic model, thousands of men and women in urban and rural popular sectors of Latin America have found themselves forced to create their own employment and generate economic income in order to subsist. In 1969 the International Labour Organisation (ILO) coined the term *informal sector* to account for this vast contingent of economic units that had sprung up without regulation by the State or the market. One study by Anibal Quijano¹⁰ identifies three currents in the literature on informality, which regard the “informal sector” as: **1)** a question of relations between capital and labour, that is, the employment market, limited in relation to the labour supply, obliged potential workers to seek revenue in informal occupations; **2)** as a question of relations among capital, capitalists and the State, situating the problem in the State’s inability to incorporate these “new entrepreneurs” into the formal market; or

10. Quijano, Anibal, *La Economía popular y sus caminos en América Latina*, Mosca Azul Editores/ CEIS-CECOSAM, Lima, 1998.

3) as a “new mode of production” or an “alternative economy”, where the aim is to increase income rather than to maximise profit rates, and which arises at the margin of capital and the State.

Questioning the designation *informal economy* and closer to the third of these currents, a number of social scientists and some economists are starting to speak of *Popular Economic Organisations*. Luis Razeto¹¹ expresses the identity of PEOs with perfect clarity when he rejects the term *informal economy* to refer to this sector, as disparaging, pejorative and unreal, and because this is an economy that does have form and structure, and which has been generating both networks and interconnections among them and with the conventional economy, although at times these are not institutionalised or legalised; and also because a large portion of them do have a certain juridical structure, are incorporated into national accounting and their contribution to GDP is recognised.

In the countries where this study was performed, the following solidarity economy endeavours were identified: a) **community economy practices**, present in native, indigenous and peasant

11. Razeto Migliaro, Luis, *Lecciones de Economía Solidaria Realidad, Teoría y Proyecto*, Ediciones UVIRTUAL.NET, Chile, 2007

communities, recreated in popular urban zones and expressed in the shared use of common resources and in collective work being done in common and in solidarity; b) **cooperatives**, associations of individuals who join together to undertake economic actions to solve specific problems, sharing risks and according to a philosophy of mutual help and cooperation in solidarity; c) **associations**, groupings of people who organise to pursue socio-economic actions for their common benefit, often in collaboration with their community and/or some sector of society; d) **non-governmental organisations (NGOs)**, institutions that promote and give technical support to development projects in the countryside and in popular districts of the towns, in many cases replacing the work of the State in its absence from such places; and e) **other forms of solidarity social and economic organisation**, which work on the basis of mutual cooperation, such as: *social solidarity societies, peasant organisations, thrift institutions, worker-recovered firms, family farming, organic farming, community projects, informal collectives, solidarity credit groups, barter groups, community banks, solidarity circuits, fair and community trade initiatives, social solidarity tourism, community kitchens, mothers' clubs, [neighbourhood] milk distribution committees, production workshops, mixed enterprises, municipal local development initiatives* and so on.

1.3 Interrelations among solidarity economy organisations

Most of these solidarity economy endeavours do not yet recognise themselves as such and nor do they consciously espouse solidarity economy proposals as their approach. As recently as the late 90s some of them started moves towards interrelating among themselves and with institutions and individuals that promote solidarity economy, and at present they form part of a solidarity economy movement that is starting to take shape in the region.

In April 1997, the *GRESA* - Peru Solidarity Economy Network Group - formed, and currently comprises social organisations, producers' associations, confederations of cooperatives, artisans' associations, consumer institutions, national producers organisations of working women, children and adolescents, NGOs, religious congregations, cooperation agencies, promoters and intellectuals. They have organised 24 local level *GIES* - Solidarity Economy Initiative Groups; la the Peruvian Fair Trade and Ethical Consumption Network to develop the national fair-trade market; coordination endeavours in solidarity finance and social solidarity tourism; sub-national, national and international social dialogues on solidarity economy and its contribution

to development; as well as building organisational platforms at the regional and international level.

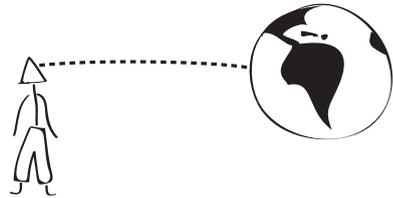
In 1998 the *RBSES* - Brazilian Solidarity Socio-Economy Network was set up; in 2001, the (*FACES*)[Ethical Solidarity Trade Forum was formed; and in 2003 the *FBES* – Brazilian Solidarity Economy Forum was formed, comprising *RBSES*, *FACES*, the *RGPEs* - Policy Managers Network and the *FEES* - State Solidarity Economy Networks. That same year the Brazilian government set up the *SENAES* - National Solidarity Economy Secretariat in the Ministry of Labour and Employment. At present there are five groups: solidarity economy enterprises, support and finance groups, leagues and unions of enterprises, government bodies, and the Brazilian Solidarity Economy Forum.

In 2002 the *EcoSol* - Solidarity Economy Space was set up in Mexico to bring endeavours together, clarify concepts, reconcile and develop strategies and foster a needed mutation in economic association-building and beyond it. *EcoSol* has held five *national meetings*; set up a diploma course, the *Diplomado en Economía Solidaria*; and in 2006, set up the *CMEES* - Mexican Council of Solidarity Economy Enterprises, which together with other

institutions in Spain, Costa Rica and Uruguay established the RIBES - Ibero-American Social Economy Network.

Interconnection of solidarity economy initiatives at the international level passed a milestone in July 1997, in Lima, Peru, when more than 200 endeavours from 32 countries on the five continents met at the First Symposium on the Globalisation of Solidarity. Following the *Second Symposium* (Quebec, 2001) it was agreed to form the *RIPRESS* - International Network for the Promotion of the Solidarity Social Economy. At present a number of thematic networks form part of *RIPRESS* in Latin America Fair-Trade Coordinating Board, Latin American Coordination of Small Fair-Trade Producers, *UITA/UITA* network, and others that are friendly, such as the *RILESS* - Latin American Network of Solidarity Social Economy Researchers, Latin American Community Trade Network, *IFAT LA*, *Latindadd* and others.

2. VISIONS PRESENT IN LAC



2.1 Some approaches to solidarity economy (RPSE)

Luis Razeto regards solidarity economy or the *Economy of Solidarity* as a way of producing, distributing and consuming where relations of solidarity and mutual cooperation constitute the basis for organising enterprises and economic distribution circuits. Solidarity present and operating in the economy paves the way for a special economic rationality¹². Solidarity converted into economic force, termed the *C Factor*, is social energy generated by the union of consciousnesses, wills and feelings of a group working in solidarity that sets itself certain shared goals.

José Luis Coraggio argues that the *labour economy* can only be understood in counterpoint to the capital economy. He sees the economy as a whole in terms of the logic of labour and its efforts to reproduce itself in an extended sense in opposition to the hegemony of capital and capital accumulation. The household, and not the capitalist enterprise, is the elementary form of micro

12. Razeto, Luis, Creación de empresas asociativas y solidarias, UVIRTUAL.NET, Chile, 2006

socio-economic organisation of labour and these households can generate extensions of their logic of reproduction through associations, organised communities, networks of various types, to establish socio-economic organisations directed to improving the conditions of reproduction of their members' lives¹³.

Paul Singer regards the concept of *Solidarity Economy* as alluding to the idea of solidarity in contrast to competitive individualism, and referring to organisations of producers, consumers, savers etc. distinguished by two specific features: a) they encourage solidarity among their members by the practice of self-management and b) they practice solidarity towards the working population in general, with special emphasis on helping the less favoured¹⁴.

Humberto Ortiz agrees that the *Popular Solidarity Economy* that has developed over the past two decades has managed to identify a new economic logic present in the grassroots economic units thrown up as millions of people create their own economic activity in the struggle to generate income and secure subsistence. This grassroots solidarity economy is pursued on the basis of mutual

13. Coraggio, José Luis, *Economía del trabajo in La Otra Economía*, ALTAMIRA, 2005.

14. Singer, Paul, *Economía Solidaria in La Otra Economía*, ALTAMIRA, 2005.

support, cooperation and various forms of sharing (knowledge, markets, technology) and where, to varying degrees, people cultivate and develop the value of solidarity. The strategy in this case is to maximise the solidarity factor in order to meet basic needs and cumulatively to generate development processes, generally from the local level”¹⁵.

Marcos Arruda regards the *Solidarity Socio-Economy* as a system alternative to capitalism, constructed by the development of horizontal and vertical goods and service production and distribution networks, and mediated by a variety of currencies and relations of solidarity among the parties. At the heart of these networks are flourishing production units where human work is the central value and collaboration in solidarity with common ownership and self-management is the main mode of social relation. The same logic extends to relations among the enterprises, where the market is directed more to solidarity than to competition, and where development is planned from the bottom up and the democratised State constitutes the most comprehensive frame of reference¹⁶.

15. Ortiz, Humberto, "Economía Popular, Economía Solidaria, fuerza para el desarrollo humano en el Perú", p. 1, Mimeo, 2002.

16. Arruda, Marcos, Socioeconomía Solidaria in La Otra Economía, ALTAMIRA, 2005.

In Peru¹⁷, the solidarity economy is regarded as comprising cooperation, sharing and collective action, with the human person as the centre of economic and social development. Its project is both economic, political and social; it is directed to transforming the grassroots economy into a common-law economy and to recognising the work of social reproduction; it questions the extra burden of work on women and demands universal human rights; it is framed by development processes which simultaneously involve local, national, international, urban and rural aspects; it forms part of an ethical outlook that seeks harmony between humankind and nature, and to build justice and peace, and happy coexistence of all men and women. In Brazil¹⁸, solidarity economy is characterised by conceptions and practices of collaboration in solidarity, and values that declare the ethical and playful whole human person to be the subject and end purpose of economic activity that is environmentally sustainable and socially just. It favours self-management, cooperation, community and human development, preservation of natural resources by sustainable and responsible management for present and future generations. In Mexico¹⁹,

17. GES-CEP, Declaración de Lima, in 1er Simposio de Globalización de la Solidaridad, Lima, July 1997.

18. SENAES, Acuerdos de la Conferencia Nacional de Economía Solidaria, Brazil, 2006.

19. Villarreal, Altigracia, Alfonso Veitmeir and Mario Monroy, Informe de estudio de caso de México, April 2008.

solidarity economies are a model that offers new democratic governability and arrangements that are highly productive in terms of growth, employment and improved quality of life, as well as new, socially and ecologically responsible forms of enterprise and work, and which address strategic goals such as: local development and social cohesion, full employment, combating poverty, participatory democracy, better governance and sustained development. In Cuba²⁰, the national project itself is solidarity-based and thus is directed to social justice, to eliminating structural positions that favour exclusionary appropriation, and to framing basic needs as citizens' rights, while policy strategies seek to leverage the municipal level in managing local development, to support local actors creatively, to valorise the social utility of initiatives, and promote greater relations among universities, research centres and local actors.

2.2 Opinions from social leaders on the solidarity economy

Most social leaders, although associated with or leading a solidarity economy organisations, are unaware of the solidarity economy proposal and are therefore closer to it in practice than

20. Munster, Blanca, Informe de estudio de caso de Cuba, April 2008.

in theory. Others, meanwhile, who have heard of it, hold diverse and divergent opinions that regard the solidarity economy as: a) a *subsistence strategy* for people at the margin of the economic system; b) a *moral economy*, assisted by religious institutions, but with little feasibility on the real market; c) designed to *sustain or buffer the system*, aiming at social coexistence without questioning power structures; and d) a *alternative proposal to neoliberalism*. Nonetheless, gradually and progressively, the solidarity economy is coming to be a concept that many social organisations are adopting in their discourse and adapting in their platforms of demands and struggles as an alternative to the discourse of the free market and deregulation of the State.

In Peru, some social organisations and networks, who are members of the CONADES - National Social Development Conference²¹, have embraced the solidarity economy proposal as an *economy at the service of people*, crediting solidarity economy endeavours with broader scope and demanding that the State incorporate the social dimension into its economic policies. In Brazil, the CUT -

21. The Conferencia Nacional de Desarrollo Social (CONADES, National Social Development Conference) is a coordination platform among clubs and social networks, NGOs and diverse groups that meets every year to propose alternatives to the country's problems from the civil society standpoint. For three consecutive years the economic issue was the core agenda from the standpoint of "economy at the service of people".

Trade Union Confederation has organized the ADS - Solidarity Development Agency to support development of the solidarity economy, and universities have organised the Network of Technological Incubators of Grassroots Cooperatives.

This shows that the dialogue between managers of solidarity economy endeavours and social and political leaders, together with theoreticians of the solidarity economy proposal, is still weak and needs to be reinforced and developed. It is a dialogue that calls for a great deal of resolve and collective creativity to work together to build a *solidarity economy movement* that has the capacity to organise, mobilise and advance proposals, and is connected with the social and political movement.

2.3 Solidarity Economy (RPSE) presence in the State

States in LAC were constructed under the regime of colonial/modern Euro-centric domination and have not managed to constitute true Nation-States, despite significant efforts by marginalised/dominated social sectors in most of the countries. The logic of capitalism – “*the more market and less State, the better*”, imposed under the so-called *Washington Consensus*

– has reaffirmed the exclusionary and anti-democratic nature of these States, reducing not the apparatus of state bureaucracy, but its role in defending national interests and providing social protection for all citizens. That is why social solidarity economy endeavours are not contemplated by public agendas, although over the past five years some significant changes have occurred in this respect in Brazil, Venezuela, Bolivia and Ecuador, which have adopted specific support policies, although without questioning the pattern of capitalist accumulation and the exclusionary power it structures.

Cuba is the only country that has operated a radical transformation in economic, social and political power relations, seeking to constitute it as a national project, incorporating the various social sectors into building socialism with features such as social justice, removal of structural positions that offer the possibility of exclusionary appropriation, and an omnipresent, centralised State, very often without considering the differences among sectors as regards ownership of the means of production and cultural diversity. Brazil set up a *SENAES* - National Secretariat for Solidarity Economy, reporting to the Ministry of Labour and Social Promotion and devoted exclusively to promoting and supporting

solidarity economy endeavours, while some local governments, as well as state and federal governments, have solidarity economy programmes and laws. In Mexico, State promotion of the solidarity economy takes three strategic directions: an in-depth review of economic policy and international agreements; a legal framework to foster solidarity economy, for which a bill, the General Law on Social Solidarity Economy, is under consideration; and an agenda of other initiatives to enable local development, social policy and the national development plan. In Peru²², the solidarity economy movement has adopted a multiple strategy to influence public policies: a direct relationship with local governments by way of joint actions, with a view to having these converted into local agreements, programmes and public policies; monitoring and reviving implementation of sector laws containing provisions on the solidarity economy; and a review of bilateral and multilateral agreements, to defend local producer and consumer interests, food sovereignty and security by demanding changes in international rules in favour of trade with justice.

22. Given a State that, abdicating its role as economic player and chiefly responsible for national development (1993 Constitution of the Republic), had taken a subsidiary role to private investment.

2.4 Presence of the solidarity economy approach in academic circles

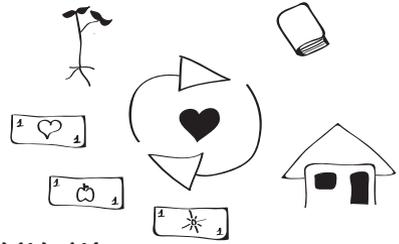
The neoliberal ideology widely adopted as a *universal mindset* results partly from the prevalence in Western rationality of the dualist separation of man and nature, where natural goods are regarded as *resources* to be used in favour of people (*rational subjects*), who by developing science and technology manage to master, transform and use resources to benefit humankind – or, to be more exact, to benefit the groups that control the means of production and existing power mechanisms planet-wide, converting other men into resources to be exploited and inputs for reproducing the system. This ideology was encouraged by the overthrow of so-called *Real Socialism*, which brought down ideological walls and myths intended to construct other social relations controlled and managed from the State apparatus, with centralised planning of the economy and repression of all economic, political and cultural dissidence. Also contributing to this dominance was the defeat of anti-colonial movements, which – unable to establish a different alternative, even though most of the countries are grouped in the Non-Aligned Movement – have been drawn into the current unipolar order.

In this scenario, the social sciences have found it hard to formulate theoretical and political alternatives to the total primacy of the market, the most coherent defence of which is given by neoliberalism, mainly because neoliberalism is debated and addressed as an economic theory, when it should be understood as the hegemonic discourse of a model of civilisation, an extraordinary synthesis of the basic assumptions and values of modern liberal society²³. In most LAC countries, the traditional academic sector trains professionals to reproduce the modern capitalist system, without much criticism or confrontation with the realities. It does not yet show the necessary interest in questioning this ideology's economic model or in offering university training in social solidarity economy, except in some universities in Brazil, Argentina and Chile which have programmes, diplomas and master's degrees on the subject.

In Brazil, dozens of universities have specific actions on the subject. A Google search returns 2,000 documents in Portuguese and 143 books, doctoral and masters theses and monographs, as well as solidarity economy studies connected with food security, health, gender, development sustainable, subjectivity, social

23. Lander, Edgardo, "Ciencias Sociales: saberes coloniales y eurocéntricos" in *La colonialidad del saber*, Editorial de Ciencias Sociales, La Habana, 2005.

movements, education and public policies, and although there is a university network of grassroots incubators and another one work-related, there is still no systematisation strategy. In Mexico, the neoliberal logic is ingrained in economists trained at the major private universities and is a hegemonic presence. Nonetheless, a minority are researching economic processes on another logic, and supporting and advising cooperatives and alternative economies with publications and a media presence. In Peru, the universities have no academic programmes on solidarity economy, although there are a number of intellectuals in the various branches of economic and social sciences who do contribute to thinking about certain aspects, while existing publications are few but interesting and are now contributing to guiding alliance-building processes in the solidarity economy movement. In Cuba, studies and research relating to solidarity economy practices are rare and the academic debate on solidarity economy endeavours at the national and international levels is insufficient.



3. EVALUATING SOLIDARITY ECONOMY ENDEAVOURS: KEY ASPECTS AND STRATEGIES

3.1. Ownership and/or property in solidarity economy endeavours

The subject of property and property type are key to identifying and differentiating solidarity economy endeavours from other economic enterprises. However, the solution is neither simple nor straightforward and does not come down to an facile definition such as: “if ownership is collective then it is a solidarity endeavour, and if ownership is individual, then it is capitalist”. The difference between capitalist, private ownership of the means of production and the possession (individual or collective ownership) of the instruments and means of production by managers of solidarity economy endeavours is that, to the former, they are resources to be used in favour of increasing profits (reproduction of capital), while to the latter, they are instruments to be used in work and to assure economic revenues for subsistence and to improve conditions of life (reproduction of the work force).

In Peru, property can function in the form of associated individual ownership or collectivised ownership of the means of production, where the majority have little in the way of means of production: in *workshops and family enterprises* the main property is – often precarious – housing and some basic tools or machinery, mostly home-made, which are useful for production but not liable to capitalisation; in *cooperatives* ownership is shared among the members according to the amount each contributes, but where decisions are taken on an equal footing – one member one vote – regardless of the amount contributed; in *non-profit associations* property is not liable to individualisation nor transferable to members; in *grassroots social organisations* property is collective and not liable to capitalisation. In Mexico, the basis is shared community ownership, where the most appropriate and accepted legal personality is the cooperative or “triple S”: all members share in and distribute surplus value equally; there is also family property and enterprises in which families associate in solidarity to improve the quality of their production, commercialisation and interaction with others. In Brazil, there is collective ownership or possession, administered under self-management, with no subordination of labour to capital. In Cuba, forms of property and sources of

revenue have multiplied and economic agents have diversified, giving prominence to mixed ownership, cooperative ownership and small private property.

3.2. Fair solidarity prices and fair trade

Formation of what are termed *fair prices* considers costs of inputs and raw materials, interest on capital (cost of credit), maintenance of the employed labour force (in proper conditions) and distribution and sales costs. In *fair trade*, to these costs must be added environmental and social costs, consequently raising product value and price. In fact, these prices hold only in established fair-trade circuits and in some market segments that value these constituents and the quality of the products. For *fair prices* to be feasible on a mass scale it would be necessary to develop efficient resource use and run powerful consumer awareness campaigns, as well as securing some degree of State subsidy and support from cooperation institutions.

Fair trade is understood as the commercial network that integrates *production, distribution and consumption* in keeping with the principles of sustainable human development in solidarity,

establishing a harmonious relationship between producers and consumers, respecting the environment and human (economic, social, cultural and environmental) rights, seeking a fair price for producers and quality for consumers. Every day, most solidarity economy and fair trade initiatives have to confront market prices, which mainly affect the decent wage, besides competing in better conditions, cooperating with their peers and cutting costs by economies of scale by associating and coordinating their efforts in joint ventures.

In Brazil, “fair price” has an ethical connotation taking into account the possibilities and needs of whoever is buying or selling, but is generally not grounded in a proper awareness of all the costs, especially depreciation of equipment or ecological trends, among other things. The main modes of fair solidarity exchange have developed on the basis of direct producer-buyer relationships, in the form of markets and shops for sale and barter. In Mexico, fair trade has concentrated almost exclusively on coffee, i.e. solidarity production and export of a quality organic product, although significant efforts are under way to open up a domestic market for this produce through churches that run national campaigns to promote consumption of solidarity and fair-trade products. In Peru,

adopting a “fair price” in trade relations would mean a veritable ideological and economic revolution which will only be possible if a harmonious relationship is achieved between producers and consumers. Involved in this task are the Peruvian Fair Trade and Ethical Consumption Network, whose goal is to develop the local fair trade market, defend food security and sovereignty, and leverage local production and markets. In present-day Cuba, various types of retail market coexist: a State market in national currency, at fixed, subsidised prices; a free market in national currency; a formal market in convertible Cuban pesos; and an informal market in convertible Cuban pesos and national currency. Fair trade exchanges operate by two basic mechanisms: by popular markets of various producers at solidarity prices and by sale of industrial products to the general public at advantageous conditions.

3.3. Solidarity finance, forms and roles of money

The main goals of solidarity finance are: to promote local saving, provide access to credit at low or zero interest rates, offer services that help strengthen social economic actors, galvanise the territorial economy and bring the current financial system into question by working for a new international financial architecture. It differs from

so-called micro-finance due to the latter's uncritical assimilation into the conventional financial system and individualist patterns of conduct of the free-market.

In Peru, solidarity finance comprises a broad range of organisations: *savings and loan cooperatives, rural and municipal thrift institutions, NGOs, community banks, savings groups* which are key actors in local development, because they provide the financial resources necessary for local economic activities to grow and diversify; to this is added *barter*, an ancestral practice of exchanging goods and services without the intermediation of money, which is still conserved in some localities. In Brazil, as regards solidarity finance, there is the ABICRED - Brazilian Association of Microcredit Institutions and various types of arrangements using official money, either alone or in combination with social currencies, as in the Palmas bank project in Fortaleza, which extends micro-credits to consumers and producers in an integrated system that permits conversion between the social currency issued by the community and national currency. In Mexico, there are Cooperative Savings and Loan Societies and various other solidarity micro-finance initiatives, community banks, the Ethical Bank which is under construction, as well as a series of interrelations-interactions that use and

foster “social money” or even “alternative money” using vouchers in a multi-barter system. In Cuba, there is a credit instrument in freely-convertible currency called the FRIDEL - Revolving Fund for Local Economic Development Initiatives, designed for state- and municipal-level economic actors interested in creating employment and developing local economic potential.

3.4 Conscious, responsible and/or ethical consumption and the Economy of Enough

Criticism of consumerist alienation, which drives dissatisfaction and the permanent pursuit of superfluous new products and services, and opposition to the depletion and depredation of our natural resources (*goods of creation*), environmental pollution and the degradation of human quality of life fostered by the voracity of capital in its indiscriminate hunger for accumulation, has generated a variety of arrangements designed to defend the right to food and to preserve a healthy life in harmonious relations between humankind and nature. Among these are organisations of conscious, responsible and/or critical consumers in solidarity. The first step in building society with an “economy of sufficiency” (neither opulence, nor superfluity, nor want) is ethical, responsible

consumption in solidarity, planned on the basis of the real needs of individuals, families and communities. What is it necessary to produce? With what technology? In what quantity, with what quality and at what price? This means consuming goods and services that meet consumer needs and wishes; seeking to foster fulfilment among the workers who process, distribute and commercialise these products and services; maintaining the balance among ecosystems; and contributing to the construction of just, solidarity-based societies.

In Peru, there are *self-managed community kitchens*, which are organisations of women from urban popular sectors who join together to feed the hungry and to defend their families' right to food collectively, also offering educational and capacity-building activities for their members and the community. Also what are known as *consumers committees*, *consumer rights organisations*, *ecological consumers*, *consumers for development* and so on, have come together to work in capacity-building to defend and mobilise agro-ecological production and consumption and to build consumer awareness in favour of local and natural products. Some of these are connected by the GMO-free Peru Platform in defence of biodiversity, health and food sovereignty. In Mexico, the logic of

“responsible consumption” is regarded as cutting across sectors, where all are consumers willing to consume healthy, organic products produced by solidarity organisations, and thus to pay fair prices. Promoting responsible consumption entails a difficult educational effort including responsible consumption of the mass media, where churches play an important part, because they wield great educational influence and have the ability to run national campaigns. In Cuba, solidarity energy consumption entails citizens’ adopting new sustainable energy use practices and behaviour, permitting: a) in economic terms, electric power savings in the residential and State sectors (these budget saving to be applied in social projects); b) in social terms, improved conditions of life for families and reduced household electric power consumption; and c) in energy and environmental terms, reduced electric power demand on the country’s generation system, reducing the burden of atmospheric pollutants and related environmental impact. In Brazil, the solidarity economy promotes the strengthening and practice of conscious, ethical, fair consumption in solidarity. It helps society see that the act of consuming is not just a question of *taste*, but is also an ethical and political act. There is a need for understandings between producers and consumers, leveraged by educational communication, based on solidarity and dialogue, to

experiment with a new relationship between solidarity producers and consumers, to generate conscious consumption and fair trade, thus forging closer relations between town and countryside.

3.5 Solidarity economy and respect for the environment and defence of ecology

The solidarity economy fosters a comprehensive, sustainable approach to development in which nature is a good to be used and renewed, a space for coexistence and transcendence, reinstating and recreating diverse ways of producing and consuming without pollution, respecting and protecting biodiversity, consuming as necessary and administering resources efficiently. On that perspective, in LAC a process of dialogue and approximation has begun between the solidarity economy and movements in defence of the environment, agro-ecological production, healthy consumption and other ways of protecting ecology.

In Cuba progress is being made in constructing an ecological economy with interaction between national and local actors, operated by way of the following instruments: the National Environment Strategy, the National Environment and Development

Programme, Law N° 81 on the environment, environmental licensing, environmental impact evaluation, environmental information and inspection systems, environmental education, scientific research and technological innovation, economic regulation and the National Environment Fund. In Mexico, where indigenous cultures value the earth as a mother, there is increasing sensitivity towards ecological issues and a growing synergy between solidarity economy and ecology organisations, expressed in commercialisation and responsible consumption through *tianguis* open-air markets and/or fixed retail outlets for organic produce, while agro-ecological production is being fostered in opposition to the genetic manipulation of maize. In Peru, where the Andean worldview establishes a respectful, harmonious relationship between humankind and nature, considering the latter the mother that provides food and resources and which must be cared for and respected in order to keep life in balance, there is a growing agro-ecological and environmental movement, while the State – despite the existence of laws and an Environmental Protection Ministry – has been and continues to be permissive with regard to pollution and depredation by mining and logging companies. In Brazil, the solidarity economy and the environmental movement share values, principles and practices in favour of sustainable development and

the preservation of natural resources and ecosystems. Solidarity economy should thus be encouraged as an appropriate strategy for production, sustainable management of nature, solid and liquid waste treatment and recycling in urban and rural areas and for strengthening agro-ecology by interconnecting actions for nature preservation and conservation in all biomes and ecosystems.

3.6 Presence of solidarity and cooperation in economic action (C Factor) and the role of education and culture

It is important to stress that solidarity is not synonymous with gratitude, donating, charity or welfare, although these may also be forms of solidarity. "Solidarity, in the most genuine sense, refers first and foremost to the fact of being and doing together for common or shared benefit..."²⁴ On the economic plane, this is expressed in horizontal relations and a commitment among those engaged in an activity to face problems together, reconciling interests, developing proposals and sharing points of view. Solidarity, when it enters into economic relations, becomes a force of production and an economic factor, enabling wills united in pursuit of economic

24. Razeto, Luis, "Factor C: la solidaridad convertida en fuerza productiva y en el factor económico", p. 29, Globalización de la solidaridad: un reto para todos, Lima: CEP, 1997.

goals to influence the development of productivity and efficiency in operations. Thus, solidarity generates a social energy which, when applied in economic activity together with other factors, develops efficiency and productivity. This energy, known as the *C Factor*, is present in the processes of cooperative and solidarity activities in economic endeavours that incorporate the social dimension into their operations²⁵.

Education in these values and principles is fundamentally important to ensuring human coexistence in peace and justice. That is why solidarity economy has to insist on demonstrating and promoting these values in economic activity, influencing the educational system and establishing greater dialogue with opinion leaders. The solidarity economy process cannot be conceived of without a parallel process of education that contemplates these five aspects: a) strengthening mutual help practices in everyday culture, including habits of ecological responsibility and responsible consumption; b) practising cooperative principles and values in solidarity endeavours; c) integrating a solidarity economy circuit at the local and/or micro-regional levels; d) building responsibility towards the environment and future generations, using appropriate

25. Ibid

technology; and e) accepting civil co-responsibility with a view to reconciling public policy with the struggle for solidarity policies at the organisation or network level.

In Peru there is a culture of community reciprocity, expressed in the *ayni* and *minka*. These ancestral forms of cooperation and mutual aid recreated in urban communities or in social collectives that share common needs and require concerted efforts to meet them. This is how the problem of basic services has been addressed in poor neighbourhoods, food by community kitchens, financing by cooperatives, the need for a market by street fairs and shared shops etc. In Mexico, there are popular education methods and workshop-courses at the regional and national levels. Four years ago a *Diplomado en Economía Solidaria* [diploma course in solidarity economy] was designed and has been offered in five regions with the idea of producing a better-prepared core leadership with more interrelated forms of organisation. At present, undergraduate and masters programmes in solidarity economy are being designed by the UNAM – National Autonomous University of Mexico, and the work of the *Ñõño Intercultural Institute*, which seeks to strengthen and ensure the dignity of Ñõño indigenous communities. In Cuba, solidarity practices are not restricted to the economic

sphere and investment in the “social” domain is necessary for the country’s development. The ALBA - Bolivarian Alternative for the Americas - is directed to putting together cooperation actions and establishing complementarity arrangements, and the TCP - Peoples’ Trade Agreement - recognises the sovereign power of countries to enact regulations designed to coordinate trade and industrial complementarity to favour small-scale production sectors.

3.7 Role of technology in the solidarity economy and exchanging knowledge

Technology, *know-how*, is inherent to the development of humankind and social collectives. The use of the simplest tools and the most sophisticated machinery makes it possible to do ever better things more efficiently, and should yield improved quality of life for individuals and society. Sadly, modern technology has become an end in itself, directed to enhancing productivity to produce large profits for the companies that develop the technology or buy it, and regardless of the social or environmental problems it may give rise to. This capitalist logic has led to major differences and asymmetries among countries, dividing them into *developed and*

developing countries, and also between *modern or backward sectors*, according to their intensive use of capital in technology.

The solidarity economy, on the contrary, supports *appropriate technology*, suited to the realities and needs of each of the societies that demand it. In this regard, it should be appropriate in four basic dimensions: economically, it should be oriented to achieving efficiency and productivity; socially, it should offer utility for everyone; ecologically, it should not pollute nor deplete natural resources; and culturally, it should reinstate ancestral knowledge and respect the diversity of peoples' ways of life. Restoring these kinds of knowledge and leveraging the intergenerational and intercultural *exchange of knowledge*, broadening it towards cooperation in solidarity among organisations of countries of the North and of the South; for example: the *Caja de Ahorro Desjardins* [Desjardins Credit Union], in Quebec, shared credit technology with twelve savings and loan cooperatives in Peru, and the organisational experience of the community kitchens in Peru was useful in setting up community kitchens in Quebec.

In Peru, there is a wealth of experience developed by the Incas in the use of soils and the atmosphere, managing a wide variety of

food products and medicinal plants, which has been saved and utilised by oral transmission among peasants and promoted by some institutions. Amazon indigenous peoples employ sustainable technologies where the human and natural dimensions are deeply united on the social, productive and spiritual planes, assuring the social reproduction of peoples and communities, maintaining the Amazon's hydrological balance and preserving the values intrinsic to biological diversity and soil conservation. In Cuba, technology – conceived as a body of knowledge – is an essential factor in the sustainability of local level solidarity economy endeavours. There is a diffusion plan for socialising experiences and knowledge through the SADEL - Local Economic Development Support Subgroup, FRIDEL - Revolving Fund for Local Development Initiatives, UNIVERSITAS for training and capacity-building and IDEASS - Innovation for South-South Development and Cooperation. In Brazil, a growing number of organisations offer advisory services and financing to the solidarity economy, achieving technological developments in agro-ecology and software, which are shared through the Internet, forums and networks. There is a perceived need “to guarantee research and extension activities by universities,

technical schools, technical assistance and rural extension services, research institutes and centres towards producing and spreading technologies appropriate to the solidarity economy, extending (...) financing programmes and sector funds in support of research for social inclusion, as well as ensuring that the solidarity economy is represented on the Science and Technology Forums.



4. INSTRUMENTS/INDICATORS OF THE SOLIDARITY ECONOMY (RPSE)

The solidarity economy faces the challenge of formulating indicators for measuring the comprehensiveness and sustainability of development. These must go beyond capitalist indicators such as GDP, which conceal differences in the distribution of economic growth and slant measurement towards economic-industrial growth while disregarding social and environmental effects; and should complement the Human Development Index (HDI) – which contemplates some social aspects in measuring social development, but ignores the environmental situation – and the GINI index and so on.

The debate over solidarity economy indicators is associated with how solidarity economy is understood. When it is seen as an overall development concept, the tendency is to bring together all indicators of sustainable human development, and

reinterpret them in the light of the principles of solidarity economy. When the aim is to evaluate self-managed forms of production, commercialisation and consumption, other indicators will be given prominence. Generally speaking, the results of solidarity economy also associate non-monetary indicators to reflect the diversity of socio-economic forms and activities, of wealth and the social and environmental effects produced.

In Cuba, advances have been made in constructing the *Social GDP*, which seeks to go beyond the tendency for GDP to undervalue service activities such as transport, which the country affords its citizens but which is not mediated by any payment. Another important experience is the use of *territorial development indices*, designed to quantify and discriminate human development in Cuba's states, contemplating five dimensions: longevity, education, income, health and basic services. Also important is the Territorial Human Development and Equity Index, which contemplates eight development-related dimensions: economic development, personal consumption, level of education, state of health, access to basic services, access to energy, quality of housing and political participation. Lastly, *gender indicators* are also incorporated to highlight the gender gap or degree of justice achieved as

regards opportunities, by using quantitative indicators such as: a) working-age population by sex; b) economic activity rate by sex; c) distribution of workers by category of occupation and sex; d) unemployment rate by sex; and e) distribution of workers by age, category of occupation and sex.

In Brazil, overall, socio-economic, political and cultural indicators may be taken into account. *Socioeconomic*: needs met; increase in quality of life and human development; access to information and participation in decision making; access to diversity of cultures; volume and quality of goods and services produced; smaller number of poor; more equitable income distribution rates; reconstitution of production chains; degree of feedback to the network from the initiatives as a whole; decreasing environmental impact; existence of fish and healthy waters in rivers; waste treatment, higher rates of recycling and renewable energy use; reduction in the ecological consumption trend; reduction in violence and criminality and so on. *Political*: greater participation by individuals and grassroots social organisations in local, regional and national political matters; mechanisms for direct grassroots participation in governments (participatory budget, participation in public policy making); capacity for social mobilisation in favour of the democratisation of

the State; introduction of mechanisms for combating and actually reducing corruption (budget execution transparency via Internet) and so on. *Cultural*: greater solidarity within families, communities, neighbourhoods and municipalities; spread of values such as justice, equity, honesty and the promotion of peace; rising levels of schooling; expansion of peoples' and communities' capacity for cultural expression and increasing intercultural dialogue.²⁶

In Peru, for some time now, the solidarity economy movement has accepted and stressed the need to consider at least six aspects or dimensions to evaluate progress or setbacks in attaining comprehensive, sustained human development²⁷: a) an *economic dimension*, considering economic growth, increase in resource use efficiency and share in the distribution of wealth; b) a *social dimension*, regarding improved quality of life (health, education,

26. Editor's note: at least one Federal Government agency – IPEA – and one state administration – São Paulo – are leading experiments with new indicators. A connection between Brazil and Bhutan (Himalayas) is developing around the GNH (gross national happiness) index and methodology. The GNH includes nine dimensions and has indicators for each one of them: standard of living, good governance, health, education, cultural diversity, ecological resilience, community vitality, balanced use of time and psychological well-being. For more information see: Arruda, Marcos, 2009, "Profiting without Producing: The Financial Crisis as an Opportunity to create a World Solidarity Economy", PACS, Rio de Janeiro. www.pacs.org.br and http://www.tni.org/list_page.phtml?&&keywords=FINS

27. These aspects were proposed by Denis Goulet, *Desarrollo Económico, desarrollo humano ¿Cómo medirlos?*, Fundación Friedrich Ebert, Lima, 1996.

housing and food) and structured social participation; c) a *political dimension*, which considers strengthening of the decentralised, participatory democratic system, development of citizenship and the formation of social and political actors for development; d) a *cultural dimension*, the restoration and promotion of community identity, respect for and promotion of diversity and peaceful coexistence; e) an *ecological dimension*, considering preservation of the healthy environment, natural resource use without depredation, protection of biodiversity and the ecosystem; and f) an *ethical dimension*, contemplating personal fulfilment in harmony with others and with nature, the affirmation of values of justice, solidarity, respect, responsibility, combat against all forms of corruption, and transcendence.

In Mexico, some organisations consider five aspects relating to permanence and five to sustainability. The permanence factors are: a) *economic*, includes self-sufficiency, feasible design, balanced production, market feasibility, integrating labour force; b) *political*, including defence of collective knowledge, democracy, gender dimension, empowerment, governance, equity, social mobilisation, participation, communal ownership, usage and custom; c) *social*, contemplating self-management, characteristics

of the participants, administrative efficacy, planning process, social yield and appropriate technology; d) *ecological*, with biodiversity used appropriately, spatial diversity, energy used, technological innovation, ecosystem integrity, production reciprocity, ecological yield; and e) *cultural*, considering capacity-building, collaboration, collectivity, distribution, festivities, cultural impact, memory, meaning of work, earth as mother. The dimensions of *sustainability* are: a) *economic*, attitude towards financing, clarity of requirements, control and surveillance, intergenerational equity, C factor, broad economic impact, economic justice; b) *political*, self-determination, autonomy, complementarity, consensus, correlation of forces, fraternity; c) *social*, quality of life, peasant-indigenous knowledge, comprehensiveness, participation, social reciprocity, solution of controversies; d) *ecological*, proper worldview, creative production, consumption habits, ecological impact, exchange value, use value; and e) *cultural*, celebration of the project, sharing, cultural strengthening, recuperation of historical memory, meaning of production, meaning of work, land as life.



5. IMPACT OF SOLIDARITY ECONOMY (RPSE) ON DEVELOPMENT

In LAC, even though homogeneous criteria have yet to be established for classifying solidarity economy endeavours and their impact on development, it can be said that millions of jobs (self-employment) have been created and the economic revenues of the families have been expanded, in some cases enabling them to subsist and in others, to improve their quality of life. In addition, by virtue of association-building and mutual cooperation, conditions of life have improved in surrounding areas and local economies have been galvanised, contributing in some cases to increased foreign exchange earnings and tax revenues for the State. Besides the economic impact, there is greater care for the environment and biodiversity, as well as promotion of values and principles of human coexistence and restoration of cultural identity, which are integral to the philosophy of these endeavours. In the four countries where this study was carried out, different conceptions were found as to what impact to measure.

In Cuba, it was chosen to measure the impact of restoring the Historical Centre of Old Havana, where the Office of the Official Historian of Havana was empowered by Decree-Law 143 to set up an entrepreneurial system with solidarity purposes and mechanisms. The assessment by Portieles³⁴ reports that new care services have been implemented for the elderly, disabled and children, by rehabilitating family doctors' surgeries, schools, polyclinics, playgrounds, auditoriums and museums and cultural institutions, with a cultural programme that benefits both Cubans and tourists. All of this had economic support from organisations in the Historical Centre, which, from 1994 to 2004 generated income and profits of more than US\$ 180 million and created 10,000 jobs which benefited 60% of the local resident population, 34% of whom are women. Doing the work on a solidarity and participation basis, using participatory planning made it possible to increase international cooperation support from US\$ 1 million (1994) to nearly US\$ 17 million (2004). Experiences like the project of the Belén Embroiderers and Weavers Association, and the promotion of workshops to restore traditional crafts of gold- and silverwork, cabinet making, mural painting, garments and textiles

and so on, have yielded benefits in terms of employment, improved income and restoration of objects of patrimonial and economic value in the Historical Centre.

In Brazil, impact is perceptible in many places where solidarity economy is a major presence. It contributes to *living well, well-being and doing and being*, by integrating into the social fabric large portions of the population that used to be excluded from opportunities for a decent life. As a result of social mobilisation it has been possible to generate a number of programmes and public policies in support of the solidarity economy, the results of which have heightened the endeavours' sustainability to some extent, by assuring lasting social benefits and generating thousands of jobs, a supply of products and services without worker exploitation and with less environmental impact, greater integration of community life, culture and territory, besides increasing the number of enterprises and their production and commercial capability. In political terms, a National Solidarity Economy Council has been set up with ample civil society representation and a National Conference has been held and a mapping carried out to be input into a recently-created National Solidarity Economy Information System. The debate on solidarity economy as a conception of development has expanded

and in recent years²⁸ construction of a national movement with that outlook has gained strength, expanding social recognition for the solidarity economy, which is beginning to form part of the media agenda.

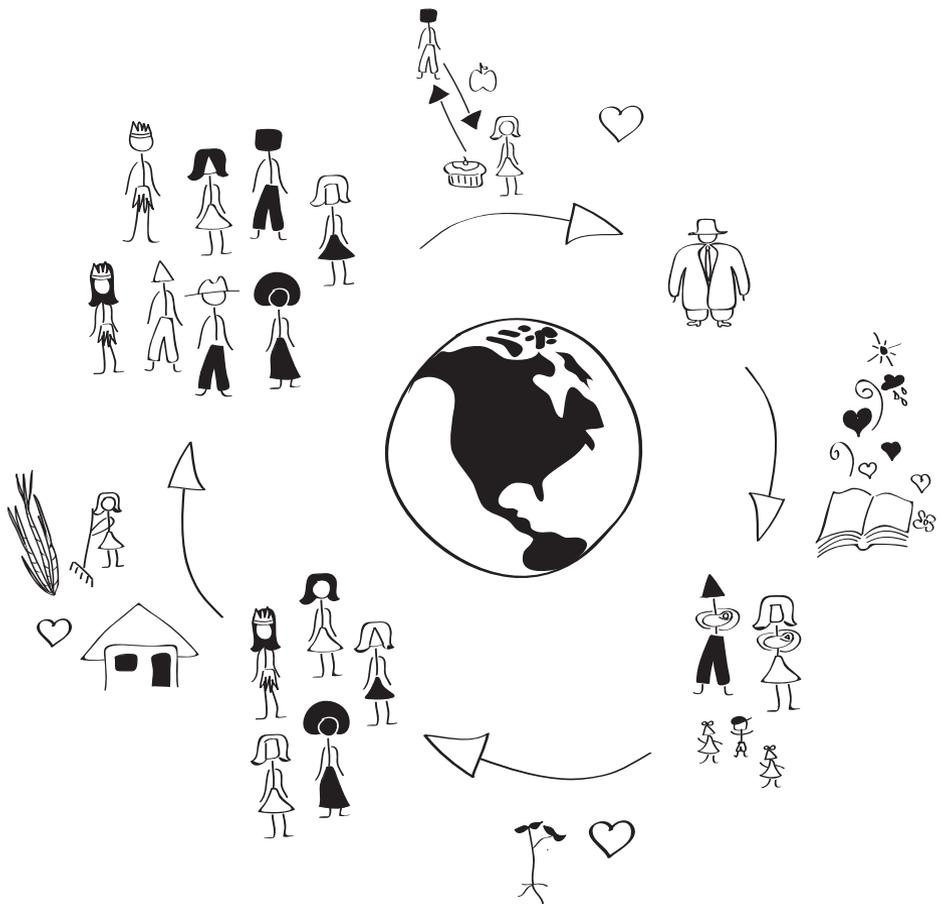
In Mexico, in the seven years that solidarity economy initiatives have existed, the favourable changes are: **a)** *socially*, the freshness and creativity of numerous communities and organisations, which has strengthened individual and family self-esteem, especially among women, and greater social and civil participation; **b)** *economically*, in some regions primary-level social enterprises have been set up, as well as secondary-level integrating enterprises, social finance systems, local development agencies, business centres and specialised agencies, social-cooperative business groups, middle and higher intercultural educational systems; also intelligent, responsible use is being made of new technologies, and forms of participatory certification are consolidating; and **c)** *politically*, there are new projects that are ensuring governance, that is, that they continue true to the values that gave them life, over and beyond

28. Portieles, J., El apoyo de la cooperación internacional a procesos de desarrollo local en curso. La experiencia del Centro Histórico de la Habana, Oficina del Historiador de la Ciudad de la Habana and United Nations Development Programme, Cuba, 2005.

the tensions and disputes among leaders, advisors, cooperative members and associates.

In Peru, the official statistics indicate that at least 70% of jobs have been created by grassroots economic units or micro and small businesses, which are 98% of businesses at the national level and contribute around 30% of GDP, although it remains to differentiate those that incorporate the social dimension and equity in revenue distribution. One qualitative impact is having managed to revalue labour, as a result of which economic revenues have been generated to improve conditions of life and skills by permanent capacity-building. Also, the values of cooperation, responsibility, justice, dignity and self-esteem have been strengthened, contributing to *well-being, doing well and living well*, albeit to a modest extent. Activity over the past four decades by social sectors in popular neighbourhoods in the struggle for housing, food, education and health expresses clearly a positive impact on broadening access to basic services, although the quality and costs of such services are not yet sufficient to improve their lives. Association-building in economic activity by these popular sectors has permitted significant impacts on productivity; by making efficient shared use of resources, thousands of farmers in cooperatives and craftsmen

in associations who participate in solidarity and fair-trade markets, as well as the conventional market, have managed to increase their revenues and secure more stable markets, which has influenced prices. The political impact has been limited to the local level, in places where some solidarity economy organisations participate in governing their territories and have become social development actors in alliance with other social and political actors.



ANOTHER ECONOMY IS POSSIBLE!

**Visions related to building the solidarity economy
and related alternatives in north america**

Paper submitted to

***Alliance for a Responsible, Plural
and Solidarity-based Economy (ALOE)***

and

RIPSS North America

Yvon Poirier

In collaboration with

Emily Kawano

July 2008

EXECUTIVE SUMMARY

From the time of the first giant corporations in the 19th century, there has been popular resistance to corporate power: by workers through labor unions, by small producers through campaigns against monopoly power, and by citizens who banded together to form economic alternatives and cooperatives. Many organisations that exist today, such as coops, have struggled and survived over all this period.

Present day initiatives to build economic alternatives have been gaining ground since the 60's and 70's, all over North America. Some started from very idealistic roots (like the return to nature movement) while others were more ideologically driven (anti-capitalist programs). Others grew out of sheer necessity and survival needs such as small alternative farms, non-profit day care facilities or community based economic development.

Since the early 90's, more and more of these alternatives have coalesced together, in many different ways. National organisations such as the Community Economic Development Network in Canada or the Chantier de l'économie sociale in Québec have become

quite strong proponents of alternative economic approaches. In the U.S. the local economy and some strands of the community economic development movements have brought together various economic alternative elements. The use of the *Social and Solidarity Economy* as a framework to unify the wide array of people-centered concepts and practices started being used in Québec in 1995, in other parts of Canada since about the year 2000 and in the US since 2006-2007.

There is still a large uphill struggle to build a movement that encompasses all sectors which are committed to building a social and solidarity approach as an alternative to the present day neoliberal driven economy.

The organisations involved in this effort recognise that they absolutely need to do this in partnership and in collaboration with others, all over the world, who have a similar agenda.

PREFACE

This paper has two distinct purposes, which I think are complementary.

I was asked to produce a paper for the Vision workgroup or the Workgroup on Solidarity Socio-Economy (WSSE) of the Alliance for Responsible, Plural and United World (Alliance 21). Within the context of transforming WSSE to an organisation called *Alliance for a Responsible, Plural and Solidarity-based Economy (ALOE)*, has decided to produce continental studies on Visions of a Responsible, Plural and Solidarity-based Economy. I agreed to this proposal made by Marcos Arruda during the Asian Solidarity Economy meeting in Manila in October 2007.

I am also producing this paper for the members of *RIPESS North America*, previously named the *North American Network for the Solidarity Economy (NANSE)*. Solidarity Economy and Social Economy are related concepts which are used more and more in North America. The networks are starting to look at North America as a region since the economies have become increasingly integrated, especially since the passage of NAFTA (North American Free Trade Agreement.)

However, for the purpose of this paper, North America will be limited to only Canada and to the US, even if Mexico is geographically in North America and part of NAFTA. There are two reasons for this.

My knowledge about Mexico is too limited to include it in this paper and culturally Mexico would be more part of the Latin American solidarity economy sphere.

This study will be produced mostly with acquired knowledge as an activist in this sector for over 15 years, within Québec organizations, Canadian organizations and in recent years with United States organizations.

Lastly, I must specifically mention that this is not an academic paper. For example, no review of literature was done for this paper. Most of the knowledge comes from involvement in social movements and organizations.

My thanks are for all those who I have worked and exchanged with over the years. And, I specifically want to thank Michael Lewis from the Center for Community Enterprise (CCE) who has inspired me much with his writings and comments. I also thank Emily Kawano from the Center for Popular Economics (CPE) for the valuable input concerning the U.S. and for future perspectives for SSE in North America.

INTRODUCTION

To understand where we are today and where the opportunities and challenges lie, we must look at the history of past struggles and innovations in building alternatives all over North America.

1. HISTORIC BACKGROUND: 19th CENTURY TO 1980



Early resistance and alternatives

During the 19th Century, the capitalist driven economy became the dominant force in the United States and in Canada. This type of capitalism had few checks and balances. Thus, while it was very dynamic in terms of growth, it was also tremendously destructive and exploitative. The abuse of communities and workers was limited only by popular resistance and the organizational and political power of workers and citizens. This was a period in which labor became a commodity (for sale) in the market as self employment declined and wage labor became the norm.

As in other parts of the capitalist world, mainly in Europe at that time, resistance and alternatives popped up all over in the second half of the nineteenth century. Unions in particular became the driving force in the resistance to exploitation. Despite a strong anti-union environment, unions spread and grew. Many of them had a radical vision and explicitly espoused socialist ideas. National strikes for an eight hour work day and the Haymarket riot in Chicago in 1885 led to the establishment of International Workers Day on May 1st in commemoration of the anarchist Haymarket martyrs. International Women's Day also has socialist roots from that era. Even in those days, internationalism was present. American and European Socialist movements established links and shared visions. Many other organizations worked to end exploitation. For example, in Canada, child labor (like in coal mines) was abolished after pressure from progressive movements, including churches, forced the Canadian government to act. Similar campaigns in the U.S. led to restrictions on child labor. By the late 1800s, states and territories in the U.S. had passed over 1,600 laws regulating work conditions and limiting or forbidding child labor, although it wasn't until 1938 that child labor became nationally regulated.

At the same time, economic alternatives were also being built to serve the needs of communities that were ignored by mainstream capitalist businesses and banks. For example, in Québec province, the vast majority of French Canadians had no access to bank accounts. This led the visionary Alphonse Desjardins to create the first savings and loans credit union in 1897. Nowadays, credit unions cover all the province and they have close to 5 million members, or over 80% of the adult population. The Desjardins Credit Union is the largest financial institution in Québec.

In the U.S. there is a long history of economic alternatives. There were many utopian communities that were established in the mid-1800s including Robert Owen's socialist experiment at New Harmony, Indiana, that set up the first kindergarten, trade school, free library, and community-supported public school in the US. The credit union movement was introduced in the in the early 1900s and grew rapidly. There are presently over 10,000 credit unions in the U.S. serving over 78 million members

In the late 1800s, some labor unions such as the Knights of Labor advocated for worker cooperatives as a solution to class exploitation.

They also encouraged social initiatives in the community such as mutual aid societies and access to education.

Shifts in economic thinking

The Great Depression of the 1930s marked a turning point in economic thinking. As the Depression dragged on and on, it shook classical economic assumptions of “self-equilibrating markets” – the notion that the economy would always right itself if the government didn’t interfere. The Great Depression convinced policy makers that intervention was needed to “jumpstart” the economy and thus Keynesian policies were ushered into respectability.

Unions flourished in this period, including the new Congress of Industrial Organizations (CIO) often led by progressive, socialist inspired leaders, in the US and in Canada. The Depression triggered another great wave of coop organizing including worker and consumer cooperatives, “self-help” cooperatives to provide mutual health and life insurance, and agricultural coops that enabled farmers to pool their resources for marketing, purchasing and services provision. Franklin Roosevelt’s New Deal supported

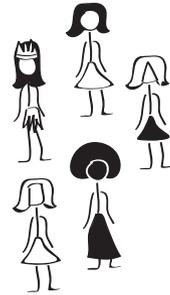
urban co-ops with technical assistance and established protections and loan funds for agricultural coops.

Keynesian prescriptions worked. Government spending on public works and employment schemes, and ultimately WWII, eventually lifted the economy out of the Depression. Over the next four decades Keynesian policy ruled. Government intervention in the economy, regulation of industry and finance, and social programs were seen as absolutely legitimate and necessary. Monetary and fiscal policies were used with relative success to tame business cycles, generally trading off inflation and unemployment.

After the end of WW II, the U.S. emerged as the dominant military and economic power and as the British before them, took on the mantle of empire. During the McCarthy era, using the pretext of the Cold War and the Red Scare, radical forces in unions and social movements were crushed during the McCarthy period.

Even during this period of rapid capitalist expansion and growth, economic alternatives continued to survive and sometimes flourish. In Canada and the U.S., for example, agricultural and fishing coops spread in the 1945 to 1960 period.

2. FROM 1960 TO 1990: IMPORTANT CHANGES IN SOCIETY



The 1960s were a period of tremendous social upheaval and mobilization. John F. Kennedy inspired hope for a better world for the “ordinary citizens” not only in the U.S. but in French and English speaking Canada as well. Martin Luther King and the civil rights movement galvanized a tremendous force of resistance and many other struggles of liberation were inspired by its example, both in the U.S. and abroad. The riots in inner city African-American communities (in particular Los Angeles and Detroit) had a deep impact and were an impetus to anti-poverty and community development programs that form the basis of modern day community and economic development programs in distressed urban areas. In Canada, universal health care became a reality in the early sixties and Canada developed a welfare state resembling that of many of the European states. Quebec province took it even farther emulating the more generous and comprehensive welfare policies of the Scandinavian model.

Economic, social and cultural alternatives such as organic or bio farming, communes, coop housing, and non-profit, cooperative

pre-schools sprang up all over North America, There was another wave of consumer co-ops in the 1960s and 70s, though many foundered on the perennial problems that plague cooperatives - insufficient capital, inadequate membership support, an inability to improve operations, a lack of business skills, and resistance to consolidation.

The women's movement challenged patriarchal relations and demanded equal rights. Students formed the basis of the "new left" which took a pro-civil rights, anti-establishment and anti-war stance. It provided and drew inspiration and energy from the student uprisings throughout the world, particularly those of May '68 in Paris. The Vietnam War mobilized hundreds of thousands of people against U.S. imperialism. When the U.S. lost the war, its aura of global dominance was dimmed. U.S. and other colonial powers were challenged by independence movements throughout the global South. The Allende election in Chile (1970) brought great hope and inspired many activists, especially in Quebec, not only because of the politics involved, but also because of the effort to build another economy, under the control of the Chilean people and not foreign multinational corporations. Many study tours were

organized and the Popular Front became a sort of model for many. The CIA led coup d'état on September 11, 1973 brought about great anger towards U.S. policies.

OPEC (Organization of the Petroleum Exporting Countries) also challenged the dominance of the U.S. and western countries and when they flexed their muscle the result was the oil crises of 1973 and 1979 with far reaching consequences.

By the 70s the economic dominance of the U.S. was challenged by other industrialized countries and a long period of plant closings hollowed out the manufacturing sector. The 1st oil shock of 1973 saw oil prices quadruple. The skyrocketing cost of production caused prices to rise (inflation) and also forced businesses to lay off workers (rising unemployment). Put the two together and you have *stagflation* – inflation and unemployment rising together. This flew in the face of the economic wisdom, according to which, inflation and unemployment move in opposite directions. Keynesian macropolicies, which traded off inflation and unemployment to smooth out business cycles, were increasingly discredited. This coincided, for a number of reasons, with a political shift towards conservatism.

In the U.S., the Federal Reserve tightened the money supply thereby causing interest rates to rise sharply. Other Central Banks followed suit and this precipitated the '81-83 worldwide recession during which unemployment rose to levels not seen since the Great Depression. Inflation was finally tamed due to the severity of the global recession.

A new ideology had overthrown Keynesian interventionist, social welfare oriented policies. Call it Reaganomics, Thatcherism, supply side, or neoliberalism, its hallmarks were: worship at the shrine of free markets and free trade, minimalist government (cuts in social welfare programs, privatization), de-regulation, tight monetary policy, and union-busting. This is the dominant ideology in the global economy today and commonly referred to as neoliberalism.

As plant closures and downsizing became more and more common in the late '70s and '80s, workers in some places responded by trying to buy out factories and to run them democratically. Rank-and-file movements arose throughout the organized Labor Movement challenging the accommodations with corporate power accepted by many union leaders. Movements like Teamsters for a Democratic Union, Miners for Democracy, and openly revolutionary

groups in the United Auto Workers struggled to put radical change back on Labor's agenda.

For the most part, however, the struggle to build new and stronger economic and social initiatives retrenched and focused on resistance to save what had been gained. In Canada, the Mulroney Conservative government tried to get rid of parts of the universal social programs. Resistance and social mobilization was so strong that Mulroney backed down. However, the Mulroney government changed tactics and joined the Reagan administration in negotiating a first Free Trade Agreement (US and Canada) in 1988 and then the North American Free Trade Agreement (NAFTA) with the inclusion of Mexico in 1994. These free trade accords and those that have been adopted since by the World Trade Organization (WTO) seek to "liberate" transnational corporations (TNCs) from labor, environmental, and investment regulations and provide greater access to markets and investment opportunities for mega-corporations.

However, even as the neoliberal juggernaut continued to trample its way across the globe, it sowed the seeds of resistance. NAFTA provided a tremendous boost to social movements opposed to

corporate-led 'free' trade. Increasingly the international institutions – the WTO, World Bank and the International Monetary Fund (IMF) – that had become major promoters of the neoliberal agenda, were dogged by massive protests whenever they met. The 1999 Battle in Seattle in which tens of thousands of demonstrators converged to protest World Trade Organization (WTO) negotiations, rocked the world and was a watershed moment in the blossoming of the 'alter-globalization' movement.

At the same time, communities throughout N. America felt the squeeze of neoliberal policies at home that favored the rich and powerful, gutted social, environmental and financial regulations, cut social welfare programs, pushed for privatization and undermined unions. Many formerly prosperous areas bled jobs as manufacturers moved or outsourced abroad. Hard hit communities worked to offset the devastation through various local economic development strategies.

The end of the conservative Mulroney government in 1992 brought in policies that were more open to local initiatives, including non-profit or cooperative business initiatives. Community economic development (CED) corporations became important actors in large

cities such as Montreal. *Community futures* corporations were set up in rural regions all over Canada. These organizations were not only working on economic alternatives, but in many places social movements such as unions got involved... The growth of the non-profit day care centers in Québec province were strongly supported by the women's movements and by the unions.

In the U.S., community economic development has grown steadily from its roots in the civil rights struggles, from around 30 community development corporations (CDCs) in the early 1970s to 4,600 in 2005, and work to create affordable housing, commercial industrial space and jobs.

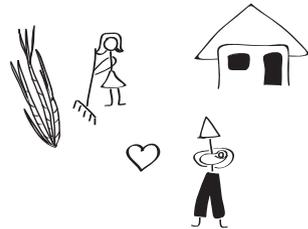
CDC INDUSTRY PROFILE	2005	1998	1994	1991	1988
Number of CDCs	4600	3600	2000-2200	2000	1500-2000
Housing production (units)	1,252,000	¹ 650,000	400,000	320,000	125,000
Commercial/Industrial space (sq.ft.)	126 million	² 65 million	23 million	17 million	16 million
Number of jobs created	774,000	247,000	67,000	NA	26,000

¹1998 reported total has been adjusted upward by 100,000 units because of undercounting

²1998 reported total has been adjusted downward by 6.7 million to remove square footage developed by non-CDCs

In summary, this 30 year period saw the ascendance of a particularly brutal and cut-throat model of capitalism. At the same time, many of today's alternative economic and social initiatives have their origins in that period.

3. FROM 1990 TO TODAY: BUILDING THE ALTERNATIVES



When *Social economy* and *solidarity economy* concepts and practitioners meet

Until 1990-1995, practitioners in North America did not have an overarching framework that could bring together alternative practices that found a place under rubric such as cooperative, non-profit organizations (NPOs), community economic development, local development, etc.

Expressions like *social economy* or *solidarity economy* were not used by anybody, except by some academics who used the latter term. The expression comes from economy textbooks in France. At least in Québec; it was also used in French speaking universities.

Social and solidarity economy practices have been around for a long time, some have roots in the dawn of human civilization, but the expressions are recent.

These expressions gained acceptance and use among practitioners in Québec from 1993 onwards, in other parts of Canada around 2002-2003 and in the United States in 2005-2007. A historical overview of the spread of these frameworks will lay the groundwork for promoting their use.

In **Québec**, the expression *solidarity economy* started spreading through different channels by academics and practitioners. *Community economic development practices in Quebec: from social experimentation to the emergence of a solidarity economy* the first paper that talks about the concept was published in November 1993. The authors examine how this new concept, as defined by Jean-Louis Laville in 1993 in *Cohésion sociale et emploi: l'économie solidaire en perspective*, can strengthen the community economic development approach.

Since Laville's description of the solidarity economy has long characterized the way people understand the concept, it's

worthwhile to reproduce the key elements of his description (my translation):

Solidarity economy is «a whole series of economic activities... that favor a dynamic of social-solidarity ... It's supported by the mobilization of the actors themselves, and relies on a synergetic combination between the economy and the social,... promotes citizenship through social networks, in concrete economic exchanges, and the opportunity for groups to become more autonomous...It can specifically become concrete... (by) involving the user of the service in the conception and the functioning of the services.... (and) the pooling of different types of resources (market, non-market and non-monetary)... contribution both to social cohesion and job creation... The originality of these solidarity services is based on a sustainable articulation between reciprocity, the market and redistribution that they seek to attain within micro-economic units.

The key thing to understand is the close links between the economic and social factors. The *solidarity economy* initiatives exist because of close ties between market activities, volunteer efforts and activist practices (such as fairly similar wages, direct democracy in the organization). Many of these activities were with welfare recipients,

programs to train them for work. In other words, there was a very strong objective of working with people living economic and social exclusion.

Practitioners were also influenced by direct contact with their counterparts in France. The expression *solidarity economy* started being used in France in the late 80's. In November 1993, within a France-Québec exchange program, I met some of the leaders of REAS (Réseau des l'économie alternative et solidaire) in their Paris headquarters. This association wanted to directly build economic alternatives. When I met them, they were in an old abandoned factory transformed into offices and a restaurant (for training young disadvantaged persons). REAS members included people involved in Green party politics and disillusioned communists or socialists throughout France. REAS had to declare bankruptcy after 7-8 years, but inspired many people, who are still active within the «movement». The initiative had spinoffs; for example, there is still a REAS in Spain.

Another historic moment in Québec was the women's *Bread and Roses* march in June 1995. Women's associations and allies organized this march to pressure the government on social and

economic issues facing women such as poverty and lower income. For example, since more women than men occupy minimum wage jobs a 50% increase in minimum wage was proposed to help women get out of poverty. In the politic platform they handed to the Prime Minister (PM) of the province, another important demand was for funding of what they called *social infrastructure*. The PM promised his government would commit 25 million dollars for this purpose. When the government announced the program some months after, it announced that the funds would be used to create not-for-profit (NPOs) enterprises, including coop businesses. There was much disillusionment within the feminist movement. They felt their movement had been hijacked since what they really wanted was funds for women's organizations such as health centers for women, centers for abused women, etc. This was in all the more frustrating because the government did not agree to the other demands such as raising the minimum wage.

As some leaders of the movement have acknowledged later (in private conversations), the request for *social infrastructures* was not 100% clear, even for them. Recognizing the situation, this "error" or "misunderstanding" was repaired some years later when the government created a new program to fund the organizations

prioritized by the women's movement such as women's health centers and shelters for abused women.

Also in October 1995, an *Appeal for a solidarity economy* was published in *Le Monde* in France. I was then on a second exchange visit in France. I remember quite well that this public Appeal in a large newspaper had an impact in France, and in Québec.

In 1996, events brought the concept of the *social economy* into the awareness of all the social movements as well as the public. Under pressure from bond rating institutions such as Moody's, the provincial government decided to reduce the budget deficit to zero, in a time of fairly high unemployment. In other words both unemployment and the budget deficit were quite high. One of the reasons for the deficit was the interest on public debt, which was higher per capita than in other Canadian provinces. As mentioned previously, Québec had created a strong welfare state, but this did increase the debt considerably.

In particular, the government asked the public sector unions to renounce the wage increases in the recently signed contract. The Prime Minister Lucien Bouchard, of the Parti Québécois

(nationalist and social democrat party) called an «Economic and social summit». For the first time in history, social and community organizations were invited as full partners alongside the traditional tripartite partnership of government, business and unions. Different workgroups were set up, including one on the social economy. At the final meeting in October 1996, all social partners adopted the *social economy* as a priority for job creation and for fighting poverty. The unions agreed to renounce to the wage increases because the government, and the private capitalist sector, agreed that social economy would be supported by government policies. Some large corporations even agreed to give a few million dollars for a venture capital fund to support startups in Non Profit Organizations (NPO). They thought it was a handout. But today, most of the capital outlay is still there, and proves that social economy enterprises are quite successful. The only discordant notes were from some social movements who said this was too reformist and from some sectors of the union movement who were afraid the government would privatize some services. These fears were dissipated in good part over the years.

To coordinate implementation of the program, the government supported the creation of the *Chantier de l'économie sociale du*

Québec. Twelve years later, government programs supporting social economy still exist.

Since then, the movement in Quebec has been lively, not only in creating social enterprise business as we will see later, but also in the promotion of this other approach to the economy:

- There were 40 participants from Québec who attended the first *Globalisation of Solidarity* meeting Lima in 1997. This was the largest delegation outside of Peru;
- In June 1997, the **L**ocal **E**mployment and **E**conomic **D**evelopment (LEED) program of the OECD organized a *social economy* conference in Montreal. Many social economy practitioners;
- In May 1998, an «Appeal for a Social and Solidarity Economy» was signed many academics and practitioners and published in a *Le Devoir* newspaper (a Montreal daily).
- ARUC-ES (**A**lliance **R**echerche **U**niversité **C**ommunauté - **É**conomie **S**ociale);
- The *Groupe d'économie solidaire du Québec (GESQ)* hosted the second *Globalisation of Solidarity* meeting in Québec city in October 2001. GESQ became a founding member

of the International Network for the Promotion of the social solidarity economy (RIPESS) which was formally proclaimed in December 2002 at a meeting in Dakar (Senegal);

- Québec organisations were very active in the World Social Forums in Porto Alegre in Brazil. For example, in collaboration with international organisations such as WSSE and the Brazilian Forum on the Solidarity Economy, the solidarity economy was one of the 11 main themes at the 2005 WSF;
- Over 115 people from Québec attended the third Globalisation of Solidarity meeting in Dakar Senegal in 2005. This was 10% of all participants.

Finally, in November 2006, ten years after the 1996 Economic and Social Summit prioritized the social economy a Summit of the Social and Solidarity Economy was held in Montreal. Over 650 participants, including 50 from other countries took stock of the progress made and identified the challenges for the future. The event made the news in all public media and the leading politicians, included the Prime Minister of the province, came to the Summit and promised further support.

In other parts of **Canada**, the expressions *social economy* and *solidarity economy* are becoming more and more widely known. The use of the concepts was in good part inspired by the strong Québec experience, and by increasing participation in international networks using the social solidarity economy framework. For example, the Canadian Community Economic Development Network (CCEDNET) got involved in the *Intercontinental Network for the Promotion of the Social Solidarity Economy (RIPESS)* in 2002.

Another important moment that boosted public awareness of the *social economy* was the official support that it received from the Canadian government in 2004. The then Prime Minister Paul Martin included a «Social economy initiative» in the federal budget to fund research and investment (patient capital). After he lost the elections in 2005, the new Conservative government abolished this initiative. Only the research (a five year funding) and the patient fund for Québec province were funded before the government changed. In other regions of Canada, organisations were not able to get together and agree on a common proposal for the use of the funds before the elections.

Nevertheless, this government initiative gave much impetus to the concept of the social economy and in the last two years, «solidarity economy» has also become more widely known. The presence of close to 30 participants from provinces other than Québec in the Dakar 2005 international meeting also helped as has the creation of *Économie solidaire Ontario* in 2005 in the French speaking minority (almost one million out of ten are French speaking).

In the article *Social Economy & Solidarity Economy* authors Michael Lewis and Dan Swinney, articulate the differences between the two concepts of the social and solidarity economy, and show how *Solidarity Economy* can be a transformative concept for the economy as a whole. It helps practitioners in *social economy*, and in related sectors, understand what their role is and/or can be for the transformation from neoliberal globalisation to an economy centered on humans and their communities.

In the **United States**, *social economy* and *solidarity economy* concepts were not known, except for a tiny few until recently, although many components existed and some, for example, community economic development initiatives such as the Dudley Street Neighborhood Initiative provided a model for grassroots

control of local revitalization in other countries. There were a handful of articles such as *Other Economies are possible* by Ethan Miller which presents the *solidarity economy* as seen in Latin America.

Dan Swinney from the *Center for Labor and Community Research (CLCR)* in Chicago (www.clcr.org) has also played a key role in introducing *solidarity economy* in some US circles. He has been involved in the RIPESS intercontinental network since 2002. The 3rd RIPESS meeting in Dakar in November 2005 was also the occasion for some US participants to become more familiar with these concepts.

Since 2004, CLCR, CCEDNET and GESQ have worked together to create the North American Network on the Solidarity Economy (NANSE). This network has not been very active; however, it has provided the opportunity for exchange and collaboration within North America.

The Center for Popular Economics (CPE) initiated the organization of a track of 75 social-solidarity economy workshops at the first United States Social Forum (USSF) in Atlanta in June 2007. CPE and other organizations such as CLCR, the U.S. Federation of

Worker Coops, the Institute for Agriculture and Trade Policy, Grassroots Economic Organizing, the Democracy Collaborative and Guramylay also organized a series of meetings at the Social Forum on the solidarity economy.

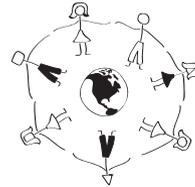
The workshops were a big success, with hundreds of participants' altogether. A book, *Solidarity Economy: Building Alternatives for People and Planet* has been published that documents many of the workshops from the track and videos of a number of them are available at: www.usсен.org

The Solidarity economy meetings, attended by fifty people resulted in a decision to launch the U.S. Solidarity Economy Network (SEN). In the past year, SEN members have created a website (www.usсен.org), developed teaching curriculum about the solidarity economy, facilitated a dozen SE workshops, offered an online SE course, published a book, received media coverage in the print and radio media, built organizational and individual membership, created a map of local SE initiatives in W. Massachusetts, and two or three local affiliates are in the process of formation. SEN is planning its inaugural conference in late 2008 or early 2009. It is also noteworthy to mention that two influential alternative media/

organisations, Yes Magazine and *ZNET* have published news about the solidarity economy and have raised awareness about these frameworks.

Now that a U.S. network is being built, the three networks – U.S-SEN, CCEDNET and GESQ – decided in March 2008 to change the name of NANSE to RIPESS North America, in order to be more in line with international networking in other continents.

4. DESCRIPTION OF THE SSE SECTOR IN NORTH AMERICA: AN OVERVIEW



It is beyond the scope of this paper to delve into a detailed description of the all the activities in the sector, in part, because good data does not exist. For example, in Québec province, a lot of work has to be done with government statisticians to estimate the importance of the sector in the GDP, the number of jobs, etc.

Without going into a detailed description, interesting examples of successful social and solidarity economy activities in Canada and in Québec are noteworthy.

- As mentioned previously, day care centers started spreading in Québec province in the early 70s. After a 30 year building process, Québec has the only **universal day care program** in North America. Universal means that all parents have access to this service at a reasonable fee of 7\$ per child per day. The government subsidizes day care as the full cost amounts to approximately 30\$ per day per child. Altogether, the government budget for this is over \$1 billion per year. About 2/3 of the day care centers are non-profits (a few are coops). The members are largely parents and they elect most members of the Board. The national association of day care centers is proud of the fact that the non-profits receive fewer complaints than the privately run sector day-care centers (who also receive government funding and also charge a maximum of 7\$ per day. When the Liberals were elected in 2003, they wanted to get rid of the preferential treatment of the non-profit day care centers, such as only creating new day care through non-profits. Within weeks, the Chantier de l'économie sociale was able to organise a protest march of 25 000 people in Montreal. There was such a strong mobilisation, from most sectors of society that the government backed down.

- Another noteworthy initiative came out of the 1996 Summit. In order to help the growing number of elderly people stay in their homes as long as possible, there was a need for services such as housecleaning, meals preparation, and transportation. For low income people, such services were unaffordable. One of the proposals the Chantier made during the 1996 Summit, was the creation of non-profit businesses to offer this service. Now, with the help of a government program, people can access this service, at a very reasonable rate (a sliding scale depending on income.) Very low income people pay as little as 4\$ per hour for the service. The service covers the entire province, and more than 6 000 full time jobs have been created, mostly employing people who were previously on welfare. The wages are still low, but there is now a struggle to improve the working conditions.
- Since large American corporations were buying out funeral services all over the province, the government gave support to the existing funeral coop sector. Over 1/3 of all funerals are now coops.

The **coop** sector is quite strong all over Canada, and provincial governments provide considerable support. This is even more the case in Québec province where this is important government policy, independently of the political party in power.

One important example:

The Desjardins movement (550 credit unions) is the main banking service in Québec, and in other French speaking parts of Canada (Ontario and New-Brunswick). Totals assets are over 120\$ Billion. Vancouver City (Van City) credit union is the largest single credit union with over 10\$ Billion in assets.

In Canada, the following statistics give a good insight into the cooperative sector:

The cooperative and non-profit sector in Canada already plays an important role in the economy:

- *the co-operative sector in Canada alone has assets of some \$250 billion*
- *17 million Canadians are members of cooperatives*
- *170,000 Canadians work in cooperatives in 2001 non-profit sector represented 2.5% of the overall economy (25.4\$ in GDP)*

Workers funds (pension funds) are a very important feature in Québec province. Two such worker's funds were created in Québec. They were proposed by the large unions (Québec Federation of Labor and the CSN – an independent union confederation). The provincial and federal governments agreed to give fiscal support to help workers save for retirement (especially in the private sector where there are few pension funds), and because the purpose of the funds are also to save and create jobs. Today, they are the largest venture capital funds in Québec province, and are run by union representatives. The largest fund (started in 1984) now manages a 7.5 \$ Billion fund, and the other fund (set up in 1996) manages 850\$ M. Only a small part of these funds are directly invested in social economy enterprises, but these funds also empower workers within private companies that the funds invest in. For example, no funds are invested in anti-union businesses.

However, in terms of social and solidarity as the paper depicts, the sector is much wider in all parts of Canada and it is beyond the scope of this paper to provide a full account.

In the U.S. data is sketchy, but there is evidence that, despite fact that the term solidarity economy is hardly known, elements of it are

substantial in size and scope. These elements vary greatly in their explicit commitment to solidarity economy principles, but all of them are potential partners in the project of building an economy centered on people and planet.

Some examples of pieces of the solidarity economy in the U.S. include:

- ➡ Cooperatives - today, more than 120 million Americans are members of at least one cooperative or credit union. Credit unions alone have assets of over \$600 billion.
- ➡ As of 2005 the assets of social enterprises, commercial operations of non-profits, or businesses with a core social aim, have grown to \$1.6 billion.
- ➡ Community land trusts were developed to create and maintain affordable housing, parks, and businesses. They began to take hold in the 1960s and today there are over 200 operating in the U.S.
- ➡ Community Development Corporations emerged out of the 1960s War on Poverty Program to promote economic development. They have grown from less than 200 in the late 70s to 4,600 today and manage billions of dollars in assets such as housing, real-estate and small business investments.
- ➡ Community Development Financial Institutions emerged around

25 years ago with a mission of promoting community development in disadvantaged areas. Today, there are 550 CDFIs that manage more than \$6.5 billion in assets.

➡ The non-profit sector includes 1.4 million organizations that account for 5.2 percent of the gross domestic product (GDP) and 8.3 percent of wages paid in the U.S.

➡ Fair trade sales in N. America have grown from \$125 million in 2001 to a projected \$359 million in 2004. Expectations are that the sector will continue to grow rapidly, and expand to include new goods such as jewellery, apparel, and textiles.

➡ Community supported agriculture (CSA) started up in the U.S. around 20 years ago and now number slightly more than 1,000. About 10 percent are operated by non-profits such as food banks.

➡ The commons movement is growing as a way of thinking about and governing resources that communities hold or produce in common. Clean air, water, culture, care work (e.g. child rearing and elder care), and the accumulation of knowledge – these are all part of our common resources. There are attempts by businesses to capture these resources, for example by patenting ‘indigenous’ medicines, or exploit them for free, for example by dumping harmful emissions in the atmosphere. The commons movement seeks to protect the commons against such private exploitation.

- Complementary currency systems have been proliferating throughout the world. There are an estimated 1,900 communities throughout the world that issue their own currency, with 100 of them operating in the U.S.
- The re-localization movement often includes principles that are consistent with the solidarity economy such as sustainability and local democratization and the movement as a whole is opposed to corporate dominated globalization.

These 'alternatives' are some of the obvious elements of the solidarity economy, but there are other aspects that are less visible because they are part of the mainstream economy, like the public sector and some government policies, socially responsible investment, and corporate social responsibility. 'High road' strategies promote businesses and economic development that are in line with solidarity economy principles of equity, participatory democracy, and social welfare. Social movements such as the environmental, trade justice, anti-racist, immigrant rights, and women's movements are natural allies insofar as we share an opposition to various forms of inequality, oppression and environmental destruction. Many of them combine opposition with mobilization for economic alternatives.

In summary, there is a vast array of practices and policies upon which to build the solidarity economy. The challenge is to foster self identification and engagement of these elements with the solidarity economy framework. This will require an appeal to principles and practicality.



5. VISIONS AND DEFINITIONS: A NORTH AMERICAN PERSPECTIVE

The concept of **solidarity economy** has evolved since the definition that Laville wrote in 1993 (page 8). In a 2006 paper, *The social economy: Diverse approaches and practices in Europe and in Canada*. Margie Mendell, Benôit Lévesque and Jean-Louis Laville relate what researchers have observed in the last years:

Researchers in this school define the solidarity economy as 1) a plural economy because of the plurality of principles and resources mobilised (Roustang, Laville, Eme, Mothé and Perret, 1997); 2) a component of a mixed economy of social welfare, meaning that it occupies an intermediate space between private enterprise, the State and the domestic sphere, thus highlighting both its socio-

economic and its socio-political dimensions (Evers and Laville, 2004: p. 15); 3); a third sector which, while distinct from the State, private enterprise and the informal domestic economy, nonetheless overlaps with each of them because the boundaries between them are blurred (Pestoff, 1998).

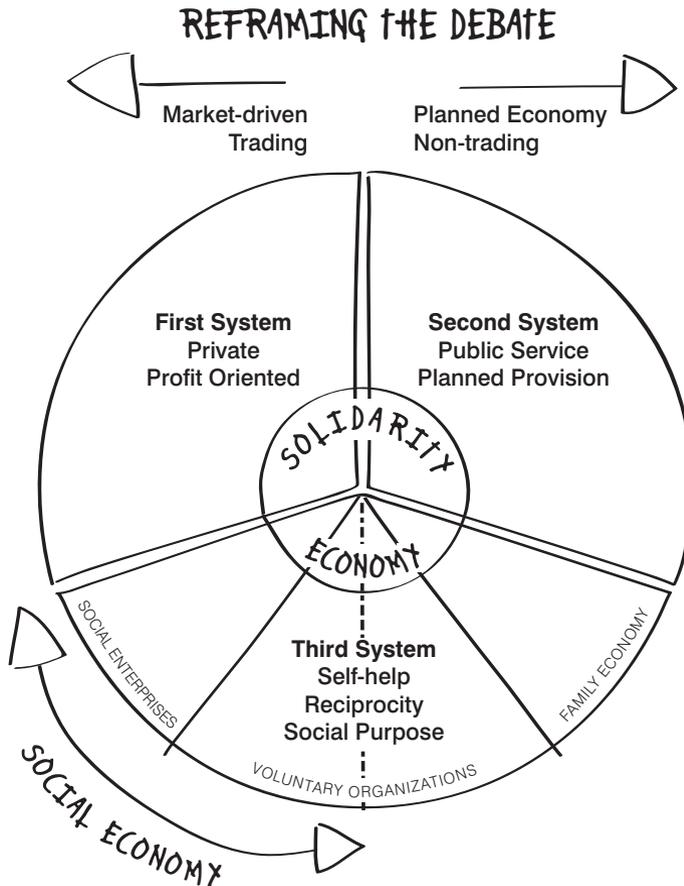
On the socio-economic level, the solidarity economy approach is supported by research showing that the economy cannot be reduced to the market, but that it includes the principles of redistribution and reciprocity. Instead of considering the economy from a formal neo-classical perspective, (rational calculation in situations of scarce resources and unlimited wants), the solidarity economy approach is inspired by Karl Polanyi (1944), and defines the economy from a substantive perspective, that includes the three economic principles of the market, redistribution effected primarily by the State, reciprocity and the gift in which civil society engages voluntarily (Mendell and Salée, 1990).

The Alliance definition is widely know and considered quite useful in understanding the concept of social solidarity economy.

“They are activities of production, distribution and consumption which contribute to the democratization of the economy based on the involvement of citizens at a local and global level. It takes form through different modalities on all continents. It encompasses the different forms of organizations that a population adopts to create its proper resources for work or to access quality goods and services; this is accomplished through a dynamic socially responsible reciprocity which articulates individual and collective interests. In this manner, social/solidarity economy is not per se a sector of the economy, but rather a global approach encompassing initiatives in most sectors of the economy”. International Forum of the Alliance for a Responsible, Plural and United World, 2001.

In the last two years, the **solidarity economy** vision has been refined by two practitioners, Michael Lewis from the Center for Community Enterprise (CCE) and by Dan Swinney from the Centre for Labor and Community Research (CLCR) in Chicago. In the paper SOCIAL ECONOMY? SOLIDARITY ECONOMY? EXPLORING THE IMPLICATIONS OF CONCEPTUAL NUANCE FOR ACTING IN A VOLATILE WORLD, another way of seeing solidarity economy suggest new approaches for a solidarity economy vision that show paths of action that have an intent to change the whole economy.

The following diagram and definition depicts well the vision developed by Lewis and Swinney:



The solidarity economy as a conceptual framework in progress may have significant theoretical and strategic implications for actors in the social economy. The distinct boundaries most social economy actors draw to set themselves apart from the private and public sectors shapes their perception of the terrain upon which action is viewed as either desirable or possible; the “third” sector is the primary locus of strategy and action. In contrast, the solidarity economy thrusts social economy actors into the spaces among and between the three economic sectors and inserts reciprocity as the dominant animating driver, creating a space for expanding solidarity.

At the *Social and Solidarity Economy Summit* held in Montreal in November 2006, an event celebrating the 10th anniversary of the social economy initiative launched in 1996, over 600 participants clearly linked the *solidarity economy* concept to the *social economy concept*. Two excerpts from the **Declaration** show well this more global vision.

Collective enterprises are not alone contributing to the democratization of the economy. We are delighted to acknowledge the ever growing strength of responsible investments, union

*engagement to economic development, public policy in favour of sustainable development, responsible consumption practices and social corporate responsibility. Indeed, social economy takes part within a larger movement whose actions contribute to the construction of alternatives to neo-liberalism, and to the construction of an **economy based on solidarity and democracy**.*

*We invite women and men in Quebec to join us and to take part in this social movement that supports solidarity based economy, where there will be a more legitimate balance between the social, the economic and the environmental imperatives. We encourage innovation and the adoption of more responsible consumption practices. We, **the actors and partners of the social and solidarity economy**, are determined to reinforce the contribution of the social economy to the sustainable development of Quebec, and through our partnerships, to sustainable development in others parts of the world.*

The new United States Solidarity Economy Network (SEN), born at the occasion of the U.S. Social Forum in Atlanta (June 2007) uses the following working definition:

The solidarity economy is an alternative development framework grounded in practice and the following principles:

- *Solidarity and cooperation*
- *Equity in all dimensions (race, ethnicity, gender, class, etc.)*
- *Social and economic democracy*
- *Sustainability*
- *Pluralism, grassroots-level organizing, diversity*
- *Puts people and planet first.*

However, this evolution in vision brings about a radical change in the way of seeing UPFRONT solidarity. Instead of seeing itself as a sub-sector of social economy, or even of the third sector, this vision sees solidarity economy as an approach that has the potential to change all the economy. Said otherwise, instead of seeing itself as just a sector doing economic activities with values and principles of solidarity which are different, this vision also shows the way for transformation of the economy as a whole. This approach also allows, and even encourages, joining forces with all social movements who want a different economy, driven to satisfy human needs instead of being driven first of all for profits.

Social economy enterprises are clearly at the heart of the solidarity economy (SE) approach, even if some organizations might not yet recognize themselves as within Solidarity economy, in part because we are at a very early stage working with these concepts.

The principles that were adopted in Québec, principles officially recognized by government policies, as proposed by the **Chantier de l'économie sociale du Québec** in 1996, are very well accepted, and now fairly well known in all spheres of society, and are fairly well known within the international SSE movements.

These are:

- *the objective is to serve its members or the community, instead of simply striving for financial profit;*
- *the economic enterprise is autonomous of the State;*
- *in its statute and code of conduct, a democratic decision-making process is established that implies the necessary participation of users and workers;*
- *it gives priority to people and work over capital in the distribution of revenue and surplus;*
- *its activities are based on principles of participation, empowerment, and individual and collective responsibility.*

At this point, a critical point has to be clarified. Many practitioners and organizations such as the OECD mistakenly equate the **social economy with the third sector – the non-profit voluntary sector**. This vision comes from certain institutions, like OECD and different researchers who assimilate social economy to the third sector, or social sector. This other vision more or less presents social economy as economic activities related to charity work, volunteer work, or non-profit activities with the poor, the excluded, etc. Some people feel that this vision implies that these activities are not *real* economy, which is more the private sector (capitalist). On the other hand, the Chantier or the ICA (Appendix 1) approaches contend that they are part of the *real* economy, as much as other economic sectors.

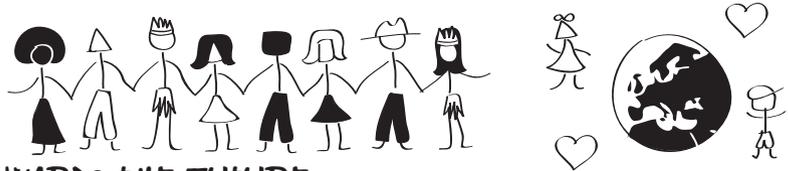
Others define *social economy* strictly on the legal status (non-profit status). They consider that all non-stockholder corporations or associations as social economy. They therefore consider that hospitals, universities, associations such as a chamber of commerce, airports, etc, as social economy. In this sense, even conservative or neoconservative think tanks, would be considered social economy, as long as they have a nonprofit status. This way of seeing things completely ignores values and principles. For most

practitioners in our field, this is a quite irrelevant way of presenting things. However, when one considers are values and principles, some of these non-profit corporations or associations could be considered social economy. For example, quite a few universities outreach and develop partnerships with community organizations working with citizens and not only with private business. The same could be said for community health services that help poorer neighborhoods get organized.

Others organise around concepts such as *non-profit enterprise*, *non-profit entrepreneurs*, *social entrepreneurs* or *enterprising non-profits*. These initiatives have gained ground all over North America and in parts of Europe over the last years. They are quite varied in nature. Some adopt economic activities as a way of raising funds for their charity or social purpose. One example of this would be the Salvation Army. On the other hand, *social entrepreneurs* are presented as individuals who were innovative in developing an enterprise (an ordinary business), will a social innovative mission. Organised in movements such as *Social Enterprise Alliance* (mostly US), *Enterprising Non-Profit* (mostly Canada) or the international

association *Ashoka*, have greatly advanced the idea that non-profits can do business and work for social purposes at the same time. (Appendix 2 presents some of these approaches).

A final note of caution. Legal status is only part of the equation. A cooperative could be very conservative and be very anti-union, and on the other hand, a private stockholder business can be very progressive in approach and open to union, and/or worker participation.



6. TOWARDS THE FUTURE: BUILDING THE VISION AND THE MOVEMENT

The fundamental question is whether SE economy and related approaches can forge a new vision and approach and built it, from the ground up. Is this just some minor reform and will just tame the worst excesses of neo liberalism globalization; and can it succeed to bring about a peoples centered economy, sustainable and ecologically sound?

Many people are skeptical about the possibility of fundamentally changing present day capitalism. Others prefer a more political approach, i.e., taking political power to change the economy. Or some still dream of a revolution to overthrow capitalism and oppression.

The dominant feeling within North America social economy and solidarity economy practitioners is that no real change will come about in the economic system unless economic alternatives are built from the ground up. Building concrete alternatives provide examples that show that there are other economic paths: that worker owned and run enterprises with good working conditions and environmentally sound practices are achievable and viable. No amount of protests or demonstrations, or even elections, will change the “system” by itself. In other words, we must roll up our sleeves and get our hands dirty to show that this other economy is possible.

Indeed, more and more people feel that this is the only way. After all, other changes in economic systems did not come out by sudden upheavals or revolution. Capitalism did not replace feudalism by a sudden revolution. It took something like 3 to 5 centuries for

the bourgeoisie to overtake feudalism. It was a long process and they fought hard to take hold of the economy. In other words, they strengthened their class until it got stronger than the old forces. Of course, this way of explaining fundamental changes in society is open to debate. But, certainly this is a possible, or plausible, explanation: we need to have a long term approach. Even if we could all hope for rapid and radical changes, we must recognize that they could take a long period of time.

The society and economy we strive for is a people's centered economy. By definition, this means that this new economy will be governed to the greatest extent possible through direct participatory democracy at all levels...

For the first time in history, these changes will not be driven by an elite minority, like the monarchy during feudalism or the bourgeoisie for capitalism. One of the main differences today is that there is an unprecedented level of scientific and technological knowledge, global communication, and educational achievement throughout the world. In other words, for the first time in history, scientific knowledge in all fields is advanced enough to tackle most of humanity's problems. There are solutions for sustainable

communities, for solving the global warming problem, for eliminating poverty, for fair trade, etc.

However, the knowledge about how to change the world, of how to organize and mobilize the social forces and the population, are much weaker. There is no blueprint for changing the world.

There cannot be a blueprint, since this will be a fundamental change that can only happen through the involvement of the population itself.

The struggle will be tough since this also means getting rid of historic trends in humanity such as domination of the rich and powerful, patriarchy led models, the discrimination of minorities, hyper individualism, and the idea that humans dominate nature.

There will be setbacks, and nobody can predict the time it will take (decades or centuries).

However, as in all large societal changes, the forces that have already started building the other economy are at work in all countries of the world, even if in some countries there are setbacks.

Since this movement is rooted in local communities, the challenge is how to coalesce these forces, to consciously and purposely involve themselves in working with others doing the same thing in other communities, regions and countries.

At this stage in history, networking, at all levels, is the approach that most practitioners agree upon to go forward.

Opportunities and challenges

Opportune fractures

There is a great deal of raw discontent amply fueled by the spreading financial crisis and recession, widening inequality, the sky-rocketing price of oil and food, the quagmire of war and threat of expansion into Iran, and worries about global warming. The neoliberal model, which has led to many of these alarming developments, is ridden with fractures. It is increasingly under attack for its failure to alleviate poverty and inequality, or to deliver stability and growth in most of the global south. This is a good time to talk about root causes and the need for fundamental change in our economic system. It is a good time to talk about the concrete

models of hope provided by the solidarity economy and the substantial foundation upon which to build.

Awareness and politicization

We need to raise awareness about the solidarity economy amongst the general public as well as among practitioners who do not necessarily see themselves as part of the solidarity economy. This is partially due to the fact that the solidarity economy is a new concept, particularly in the U.S. But it is also due to the fact that many solidarity economy practitioners do not see themselves as part of a transformative agenda. Rather than seeing themselves as part of an alternative model of economic development, they see themselves as complementary – redressing some of the ills of capitalism, or gentling its harsher aspects. For example, many cooperatives, credit unions, social enterprises, green businesses, re-localization efforts, and socially responsible investment funds are happy enough in their niche within the mainstream economy, serving the needs of their members and community. We need to politicize and make the case that they can expand beyond their niches, join together and create a fundamentally different economic system in which they can not just survive, but thrive.

We need to find language and framing that resonates with the various sectors.

Defining the solidarity economy

Another challenge that we face, and about which we have already had many spirited debates, has been about how to define the solidarity economy. Where is the boundary? Given the core principles of the solidarity economy, what about enterprises that are consistent with only some of these?

For example, is a producer cooperative necessarily part of the solidarity economy by virtue of collectively owning say an agricultural processing facility. What if they hire migrant labor under poor working conditions, or engage in unsustainable agricultural practices.

To take another example, there is a great deal of overlap between the principles of the solidarity economy and the re-localization movement which fosters greater sustainability, democracy, and accountability, but perhaps not equality, anti-oppression or workers rights. At a recent conference in the U.S., the director of

an organization that has been very successful in promoting local sustainable agriculture stated that they didn't address labor issues, but assumed that because migrant workers returned year after year to pick crops that they must be happy enough with working conditions. By this argument, sweatshop workers who return to work day after day must be proof of worker satisfaction.

What about areas such as socially responsible investment (SRI) funds? SRI mutual funds screen investments according to various social and environmental criteria, but ninety percent of the Fortune 500 companies are included in a number of SRI fund portfolios including Coca-Cola, Raytheon, Wal-Mart, Halliburton, McDonalds, Monsanto and Dow Chemicals. This is not to say that SRI campaigns such as the anti-apartheid Sullivan principles have not been effective in promoting social and economic justice, but it is also critical to remain alert to the creep of cooptation and 'greenwashing'.

For the moment, the solidarity economy in N. America has erred on the side of inclusion, recognizing that if we only work with those elements that are 'perfectly' aligned with all of the principles of

the solidarity economy; we would have a very small base indeed. We understand the solidarity economy as a process in which all its constituent parts help each other learn, grow, evolve and advance. At the same time it is important to continue to have these discussions and debates in order to better understand the areas in which we need to work together to improve alignment with the principles of the solidarity economy.

Data

There is a great lack of data about the solidarity economy. Good data is a tool with which to substantiate the value of the solidarity economy – how many jobs, at what wages, how much does it produce, what does it produce, what's the economic multiplier effect, how much social capital does it produce, is it particularly well suited to alleviate poverty or marginalization. In order to convince the public, practitioners, and policy makers that the solidarity economy deserves support, we need good data.

The paucity of data is part due to the problems of definition and the fuzziness of the boundary. Still there are sectors that could be measured such as cooperatives, community development financial

institutions, social enterprises, land trusts, local currencies, and the care economy. It is evidence of the newness of the concept that there are no aggregate measures.

Growth, Expansion and the State

There is a lively debate about the extent to which social movements should work with and through the state. The Zapatistas represent one end of the spectrum, rejecting the pathway of seeking state power, state support, or even engaging in voting. The Zapatista movement has been inspirational and influential throughout the world, but it is also heavily beleaguered both internally and externally. On the other end of the spectrum is Venezuela where the state is actively promoting the social solidarity economy and has massively expanded the cooperative sector, community councils and other forms of participatory democracy.

If the solidarity economy is ever going to contend with the dominant economic system, it needs to expand into mainstream sectors of the economy, including complex, high skilled manufacturing. Ultimately, we need policies and institutions that support the solidarity economy. In the U.S., for example, the \$125 billion in corporate tax breaks and subsidies would be better spent on enterprises that put

social and environmental aims front and center. The \$265 billion that the government spends each year on goods and services could likewise be channeled towards producers in the solidarity economy. While one of the strengths of the solidarity economy is that it doesn't wait on the government to provide solutions, at the same time, the state should be obliged to create an environment that not only doesn't undermine solidarity economy, but supports it. To ignore the role and power of state is to leave it in the pocket of the biggest and most powerful corporations and wealthy elites.

Resources

The solidarity economy as a movement in N. America, and particularly in the U.S. is operating on a shoestring. Again, this is in part due to the newness of the concept and we expect that this will change over time as awareness and public support grows. At the same time, we face a chicken and egg problem of trying to raise awareness and engagement largely on volunteer time. Many SE practitioners and activists are also quite stretched for time. We have heard from some cooperative worker-owners that they have their hands full just running their business and don't have time to engage in building a larger social movement. In the long run, strengthening the solidarity economy means helping the cooperatives, the social

enterprises, credit unions, green businesses, land trusts and so forth scale up and move from the margins into the mainstream. Still the immediate pressures of survival can absorb the time and energy of practitioners.

Social movements

Many progressive social movements are quite aligned with the principles of the solidarity economy. In the U.S., however, there has been a divide between the social movements which have focused more on protest and those engaged in building the solidarity economy. While there is still a considerable gulf, there is an increasing openness on the part of social movements to integrate elements of economic development partially driven by the survival needs of their constituency. For example, an immigrant rights group in Arizona is organizing against draconian measures to deport undocumented immigrants, but is also looking for ways to survive in an increasingly hostile world – forming cooperatives, establishing community gardens, farmers markets and community banking.

Those social movements that are not engaged in economic development, but that focus on protest or advocacy, also have

an important role to play in pushing for common goals of social/economic justice and sustainability. Equally important, they have a role in holding SE practitioners accountable to these principles. In Canada, the social movements have been closely involved with the development of the social economy and have been able to push and aid social economy practitioners to improve performance in areas such as sustainability, gender equity, or community accountability.

In **conclusion** to this paper, both authors feel that the opportunities for building another economic approach are greater than ever. More and more people, in most parts of the world, realize that neoliberal, or elite globalisation, has shown its limits. Global warming, the energy crises, the food crises, get people realising that another approach is not only needed, but has become an absolute necessity.

We are convinced that the solidarity economy approach already has answers that are working. As we have shown, this economy already exists, but it needs to grow in scale and become a full fledged answer to problems in communities, in countries, and in the world.

THE AUTHORS

Yvon Poirier

Yvon Poirier is the Chair of the International Committee of the Canadian Community Economic Development Network (CCEDNet), a member of the Board of Directors of the Groupe d'économie solidaire du Québec (GESQ) and a member of the coordination committee of RIPESS North America. He has been actively involved in the International Network for the Promotion of the Social Solidarity Economy (RIPESS) since 2004. He is also co-publisher of an International Newsletter on Sustainable Local Development. In 1998, he was on the organization committee of an International Meeting on local development held in Canada. He was founding president of the Quebec City Community Economic Development (CED) organization in 1993-1994.

After his university studies in political science, he was a teacher in a college for 29 years, until his retirement. During those years, he was very active in the union movement in Quebec province and was involved in many social movements (for example against the North America Fair Trade Agreement – NAFTA).

He is a member of the Workgroup on Solidarity Socio Economy (WSSE) of the *Alliance for a responsible united and plural world* since 2005.

Emily Kawano

Emily Kawano is the Director of the Center for Popular Economics (CPE) and the U.S. Solidarity Economy Network. She is also a member of the coordination committee of RIPESS North America. She received her Ph.D in economics from the University of Massachusetts, Amherst. She has been a member of the CPE collective for twenty years and has served as the director since 2004. Prior to that, she taught economics at Smith College and worked as the National Economic Justice Representative for the American Friends Service Committee. While working in N. Ireland, she founded a popular economics program with the Irish Congress of Trade Unions, served on the N.I. Social Economy Network Working Group and worked with two Belfast Community Development Agencies to develop and deliver a social economy training program for community groups seeking to start up social enterprises.

SUGGESTED READINGS

The social economy: Diverse approaches and practices in Europe and in Canada. Margie Mendell, Benôit Lévesque and Jean-Louis Laville, in the OECD publication *The social economy: Building inclusive communities*, Chapter 5 (pages 155 to 182), 2007

CED & Social Economy in Canada, a people's history, Mark Cabaj, Making Waves, Volume 5, Number 1, 2004)

Social Economy & Solidarity Economy by Michael Lewis and Dan Swinney, published in Making Waves (Volume 18, number 4)

Other Economies are possible by Ethan Miller in the magazine *Dollars & Sense* (July August 2006)

Solidarity Economy: Building Alternatives for People and Planet, Papers & Reports from the 2007 US Social Forum, Editors: Jenna Allard, Carl Davidson and Julie Matthaei (March 2008), 427 p.

APPENDIX 1

The Seven Principles of Cooperatives

The cooperative principles provide a common purpose, based on values, for economic activity. They foster solidarity and place value on meeting peoples' needs rather than simply making and spending money. These principles are a powerful vision for how to structure our economic relationships based on solidarity.

1st Principle: Voluntary and Open Membership

Cooperatives are made up of members who come together to meet their needs through some kind of economic activity. Anyone can be a member of a cooperative, and no one can be forced to become a member.

2nd Principle: Democratic Member Control

Cooperatives are owned and controlled by their members. This means that members, who share a common purpose, make the decisions that will affect their daily lives and that purpose. In a worker cooperative, the members are the workers in the business, and the workers make the decisions about the business. This is a

very different social and economic relationship from the traditional hierarchical owner vs. employee structure. Shared democratic decision-making power is the foundation for creating new social and economic relationships based on common purpose: democracy is critical to the solidarity economy.

3rd Principle: Member Economic Participation

In worker cooperatives, the members are worker-owners. They have an economic stake in their business. Usually this means they own a part of the business, but it can also mean that they share some of the surplus (profit) or have some other kind of shared investment in the cooperative. This sharing of ownership means one person can never control the cooperative, one person will never get rich at the expense of others, and the owners will continue to act with their common interests in mind.

4th Principle: Autonomy and Independence

The principle of autonomy and independence ensures that cooperatives' clear purpose to meet the needs of their members is always foremost and that they are not controlled by any outside group or force for others' gain.

5th Principle: Education, Training and Information

Cooperatives are committed to continuous education for their members, because they believe that people will make better decisions and work better to advance their common purpose if they are educated, informed and properly trained. Education also helps cooperative members grow and develop as people and as co-op members.

6th Principle: Cooperation among Cooperatives

Solidarity in cooperatives extends beyond just the members of an individual cooperative. Cooperatives value working together toward a larger common purpose, and creating a network of interdependence and cooperation among cooperatives.

7th Principle: Concern for Community

Cooperatives consider their common purpose to include the health and welfare of the community in which they operate and do business. They build solidarity with and are committed to doing what's right for their communities.

APPENDIX 2

Other approaches

The **Enterprising Non-Profit Program** uses the term “social enterprise” to refer to business ventures operated by non-profits, whether they are societies, charities, or co-operatives. Others often use a broader definition that includes privately owned ventures that have a very strong blended financial and socially responsible return on investment.

For non-profits and charities, operating an enterprise is nothing new. Museums and art galleries have operated gift shops as a way to generate revenue to support their exhibits and promote art. Service organizations such as the YMCA and YWCA have used fee-based programs to support their charitable activities. Girl Guide Cookies were first baked and sold in Regina in 1927. And many non-profit social service or relief agencies have operated thrift stores as a means of generating revenue for their activities and providing low-cost goods to their clients.

There are many different reasons why non-profits think about starting a social enterprise. They range from the purely financial to purely mission-based. Most often they are some combination of the two.

There are three major reasons why non-profits and charities have started social enterprises in recent years: diminished government funding; the understanding that there are some needs the market will never meet on its own; and the opportunity to advance mission-related goals.

<http://www.enterprisingnonprofits.ca/>

Social entrepreneurs are pioneering individuals who generate innovations that benefit humanity. Such innovations may come from the fields of technology, finance, philanthropy, medicine, or any other kind of field.

Social enterprise has generally referred to mission-based commercial activity by nonprofits, which may include for-profit subsidiaries of these organizations. Increasingly, it also encompasses new forms of for-profit businesses launched to serve a social purpose. Either

of these arenas may be fertile ground for social entrepreneurs to realize their innovations. SEA welcomes social entrepreneurs into our community to learn about business models currently generating social value, to share their ideas and passion, and to develop mentorships and partnerships for translating their ideas into impact.

<http://www.se-alliance.org/>

Ashoka

Vision

Ashoka envisions a world where Everyone is a Changemaker: a world that responds quickly and effectively to social challenges, and where each individual has the freedom, confidence and societal support to address any social problem and drive change.

Mission

Ashoka strives to shape a global, entrepreneurial, competitive citizen sector: one that allows social entrepreneurs to thrive and enables the world's citizens to think and act as changemakers.

<http://ashoka.org/home/index.cfm>

TOWARDS A RESPONSIBLE, PLURAL, AND SOLIDARITY-BASED ECONOMY IN EUROPE

Pierre Johnson and Tara Delille

*Contributions from: Pia Valota, Eric Dacheux and Margrit Kennedy,
plus the institutions listed at the end*

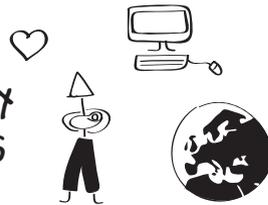
September 2008

Introduction

This work is a first collective summary of the socioeconomic approaches in Europe using responsibility, diversity and solidarity as values. The European continent has a special place in the ongoing dialogue and discussions comparing the practices and values being expressed in the economic field. First, it is one of the continents where economic players have turned the values of co-operation and solidarity into a large diversity of socioeconomic practices. It is also one of the world regions where a supra-regional

construction based on certain principles and an overall objective has been at work for several decades. It is therefore of particular interest to observe how, in Europe, local and collective initiatives are articulated or positioned with respect to the institutional rationales of the different scales of European governance. These movements are described below, along with the values on which they are based, following which a few proposals are briefly formulated for a responsible, plural and solidarity economy in Europe.

1. RESPONSIBLE AND SOLIDARITY SOCIOECONOMIC INITIATIVES



Responsible and solidarity economy has its modern origins in nineteenth-century European mutual help societies and co-operatives, which were constituted as defence and solidarity by workers and craftsmen facing the social violence of the industrial revolution. During the second half of the nineteenth century and the twentieth century, these were diversified into consumption, production and credit co-operatives, mutual insurance schemes, etc. These organisations are powerful in Western Europe, where they represents at least 8% of GDP and 10% of jobs. They have

been completed by a second wave of solidarity initiatives since the 1970s, as a response to the new upheavals of the economy in the context of globalisation. These later initiatives have taken a more local form. They are local-exchange trading systems, social-integration initiatives through economic activity, solidarity finance, and finally fair trade, which links up with producers of the South.

Responsible, plural and solidarity socioeconomic initiatives today are found at different levels:

- At the citizens level, responsible consumption is returning to the front as an emerging ethical trend. It was however originated in Europe as early as the late nineteenth century in the ideas and actions of persons such as Charles Gide.
- At the interpersonal level, short producer-to-consumer distribution channels and local-exchange trading systems are developing and providing solutions to the shortage of financial resources amongst a skilled population.
- Territorial authorities and a few institutions have taken on their share of responsibility in the past years by reforming the codes

for public contracting, through environmentally responsible government procurement, and by applying new criteria for the subsidisation of economic activities.

- Private enterprise is also part of the picture with its increasing commitment to the concept of “corporate societal responsibility”.

1.1. Individual responsible and solidarity practices

a. Short producer-to-consumer distribution channels

Short producer-to-consumer distribution channels make it possible to diminish the importance and weight of intermediary economic brokers, providing a more direct relationship between producers and consumers. In Europe, like in North America and Japan where they were started, these practices mostly involve relations between urban consumers and farmers, but the model is spreading to other types of production. These practices are aimed at: maintaining family farming, intra-regional food sovereignty, health, developing social links, environmental and civic education, and the fight against exclusion.

In Italy, the GAS (*Gruppi di Acquisto Solidale*, or consumer co-operatives) network is a system for placing group orders to get better prices on organic or high-quality products. In France, the national AMAP (*Associations pour le maintien d'une agriculture paysanne*, or associations for the maintenance of family farming) network is built around organic farming and has grown rapidly since the beginning of the years 2000. In England and in the Anglo-Saxon world, these practices are known as "Community Supported Agriculture". The international network that federates participatory agricultural practices, mostly organic and organised on consumer request, is the URGENCI network.

In Spain, "social services co-operatives" are being set up to meet new social needs through a co-operative form of organisation.

b. Solidarity with the South: fair trade

Born simultaneously in the Netherlands, the United Kingdom and the United States, fair trade has been spreading for about fifty years the concept of consumers' responsibility to the countries of the South. Owing to its retailing through supermarkets, fair trade has had a turnover with two-digit growth rates in the 1990s and

2000s. It is estimated that in Europe there are more than 3,000 local fair-trade organisations today, run by nearly 100,000 persons, mostly volunteers.

The European Parliament issued a resolution in July 2006 acknowledging the benefits of fair trade for consumer education through solidarity with the South, and for poverty reduction. Public procurement of fair-trade products can take place within the framework of decentralised co-operation trade as well as through the financial support of existing fair-trade distribution channels.

c. Ethical investment and solidarity savings

Socially Responsible Investment (SRI) is an individual or collective investment made in application of social, environmental, ethical and corporate-governance criteria without neglecting financial performance. Funds in Europe are now using indexes such as DJSI Europe Composite and FTSE4 Good Europe to measure SRI performance. SRI in Europe is greater than 1,000 billion euros, i.e. 10-15% of total European debt in nine European countries.

Institutional funds amount to 94%, as against 6% for private individuals. Solidarity savings are mainly directed at local development or development in countries of the South, through microcredit, environmental or social programmes, absence of reprobate social or technological practices, exclusion of enterprises that manufacture harmful products (tobacco, arms, pesticides, etc.). Choice of where the funds are allocated and the information given in return allows solidarity savers to become more involved and interested in how their money is allocated.

1.2. Complementary currencies: new tools for solidarity trade

a. Complementary currency: a socioeconomic local-relinking tool

Many practices place value on social-involvement time, volunteering for organisations, etc. Local currencies are certainly appropriate for this use, provided that their circle of acceptance is broad enough. In the French SEL (local trading systems), the British LETS (Local Exchange and Trading Schemes), the German Regio (regional currencies) and in other time banks, multiple activities have been

recognised for a long time. They are organised according to a catalogue of supply and demand of skills, Web sites, etc. These systems allow whole regions and especially economically fragile populations – or those in a situation of exclusion – to build a form of social and economic network. Links are generated through trading amongst players who had no previous practice with relationships, which encourage a social mix and help to maintain a supportive circle of interrelationships.

Most trading systems work on a basis of mutual credit, where identical value is attributed to all hours that are traded, whatever the service. Creating its own currency allows a community to assume its responsibilities and discuss its values in order to produce a common framework or charter. Local currency makes it possible to revive the role of political regulation of the former national monetary channels before the creation of money was privatised and disappeared from democratic oversight. This channel can also act as incubator for activities, offering players an independent space to develop their own project.

Entering this space commits the responsibility of all the stakeholders, which requires discussion and adapting to the common objective.

Local currencies facilitate local relinking: companies communicate on their values and obtain customer loyalty, while customers give their consumption meaning and often get a better price. Public authorities can be part of this virtuous circle by allocating part of this currency to the benefit of the most precarious populations in order to support them in their consumption in a non-discriminatory way.

b. A few major examples and development perspectives in Europe

The **Eco-plus card** in Heidelberg provides information on the local ethical market and grants discounts on its products and services. The regional currency **Chiemgauer** has been in circulation in Bavaria since 2003; it supports not-for-profit organisations and local production (organic produce, renewable energy, etc.). More than 500 companies are involved in the circuit. It is “currency based on demurrage”, which means that it loses value regularly (negative 8% per annum or), 2% every three months. In France, the **SOL card** also works with units that are bought in euros coupled with a bonus system and has created a community that is identified by the application of its charter.

It appears that the circulation of these new currencies needs to be framed by charters of shared social responsibilities, which are regularly renewed amongst customers, employees and the authorities of the regions in which they are used. This allows collective preferences to be jointly built and the social participation of the economic players (companies, consumers, public services) to be renewed. These new spaces of public debate should make it possible to circulate information on the social impact of economic choices and could become places for education to responsible consumption and to social responsibility.

A major obstacle lies in the lack of information amongst economists and the population about monetary mechanisms and the growing opacity of the European Central Bank, which continues to apply its logic and to pursue its objectives, far from the interests of the population and from state oversight. "In Europe, money is still a taboo subject." (B. Lietaer).

Local monetary systems thus represent a complementary solution for financing regional development: in these times where jurisdiction is transferred to regions without providing the corresponding budget, regions can, through these systems, fulfil

their public-service mission. These systems have a positive impact on social cohesion and local development. They make it possible to support a local, non-protectionist fair economy, open to any company applying their social and environmental criteria.

1.3. The evolution of values on the World Wide Web

The development of the Internet world computer network is an unprecedented sociocultural fact in Europe, as in the rest of the world. In the past fifteen years, it has redefined the conditions of access to knowledge, and the possibilities of interaction and collaborative work.

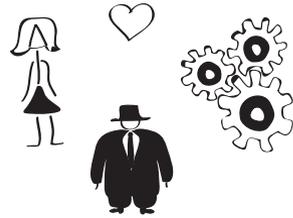
New practices are emerging on the Internet, which can enhance the development model of solidarity economy in the direction of liberalising uses for all and of mutualising productions. They are however also seeking an economic yield, the primary aim of which is to become self-sufficient.

The movement initiated with the advent of freeware, towards the mutualisation in an open space of ownership models, is spreading to all digital production. Amongst the most significant examples

of this is Wikipedia: a collaborative encyclopaedia in about forty European languages. The User Generated Content (UGC) model produces Web sites in which the content is provided and updated by the users themselves, which paradoxically is a safety net for information and offers real-time updates. This movement, aiming at providing or trading goods and services, mostly free, although it is currently a minority movement, is growing swiftly; it is supported by the idea of *interactive* responsible and solidarity consumption and is a manifestation of the greatest modernity, where consumers' power increases as it becomes globalised and interdependent, and universal access to information becomes a reality.

In the dominant economic context, the development of a culture where things are for free does not have only positive aspects. It offers a new playing field for the traditional, non-responsible marketing techniques of big and small companies, such as cross-subsidisation or the complete capture of a market through a free product or a free phone service.

2. INVOLVEMENT OF THE PUBLIC AUTHORITIES AND COMPANIES



2.1. Solidarity economy and the public authorities: towards a socio-responsible market

Public contracts represent between 10 and 15% of the national GDP of European countries. They can therefore foster a drive to call upon the ethics and solidarity of the companies that answer their invitations to tender.

a. Responsibility in distant production

Public buyers can take action through their orders by encouraging companies to survey their subcontractors according to International Labour Organisation (ILO) norms, or even by suggesting that they should obtain certification from an international label such as the SA8000 norm. It is in the interest of public buyers to pool and harmonise their practices in order to decrease oversight costs and to act as a single block so that companies are motivated to adopt this type of approach.

As an example, the township of Munich launched a campaign against child labour with a few NGOs and the Agenda 21 One World coordination network. A document was drawn up to allow companies to audit their subcontractors on the subject and independent oversight was requested from a fair-trade organisation. In Tuscany, a regional ethical commission was constituted by township, consumer and employer organisations, NGOs, the labour inspectorate, immigrant organisations, trade unions, etc., to work on corporate and environmental responsibility. The regional authorities provide financial backing for certification expenses and for studies on relocation practices and compliance with social criteria by subcontractors.

b. Internal social practices

Public authorities can request societal assessments by European organisations. Regional authorities are increasingly providing joint backing for this type of approach amongst SMEs, something that, even though it is not binding, at least has an educational value. In Belgium, the first European socio-label was created in 2002 by Belgian legislation with the aim to guarantee decent

working conditions throughout the entire chain of production, from the European territory to the subcontractors of the countries of the South.

Social clauses in public contracts offer a co-operation area to the sector of integration through the economy by reserving a share of their activity to their population. They can be effective at the level of conditions for assignment of a public contract (and therefore be part of the contract objective) or at that of the conditions for its execution (not be part of the selection criteria for the public contract but be made mandatory in its implementation).

Recent rulings of the European Court of Justice have set precedents in the area of responsible practices of public authorities. The “Beentjes” ruling (Netherlands) validated the possibility of public buyers to require hiring unemployed persons as a condition for the execution of a public contract. The European Court ruled in favour of the Nord-Pas-de-Calais region in France, which had been accused by the European Commission of having included social criteria in its criteria for awarding a public contract.

In France, the new code for public contracts makes it possible to assign part of the market to social performance in terms of integration of populations in conditions of social hardship, provided that the contract integrates the concept of social integration. In Catalonia, administrations are obliged to reserve 20% of their contracts to social reintegration or aid-through-work enterprises: a Web site gathers on the same portal the companies that have the greatest social and environmental value added in the region, including fair-trade ones.

***c. Facilitating the access of small companies
to public contracts***

Public commissioning can serve to privilege local activity in order to ward off unemployment and relocations. Being able to allot public contracts also makes it possible to stake out a share of them adapted to SMEs. Beforehand, there is dialogue amongst the stakeholders to assess the possibilities of the local market to respond to needs and to avoid sterile markets. This practice contributes to the conservation of economic biodiversity (or ecodiversity) and to social dialogue. In Great Britain, a task group on sustainable buying identified the need to encourage SMEs to

bid on public calls for tender because recovery of the economy is one of the criteria of sustainable development. A users' guide has been made available to SMEs: the "e-Training Package".

The European Commission has only recently begun to worry about the position of SMEs and their access to public contracts, although it still prohibits local preference. Its "Small Business Act" aims at promoting preferential access by SMEs to European public contracts and to the Community market in general by proposing a European Private Company (EPC) framework intended for small unlisted companies.

***d. Public subsidies conditioned
to Corporate Social Responsibility***

An emerging practice in the European regions is to condition financial aid to companies through a mutual commitment contract. The latter stipulates the number of jobs to be created, and if these jobs are prematurely eliminated, the company is to reimburse the aid. Aid can even be turned into repayable loans unless from the start, the companies take on social or environmental value-added features or they are already recognised as companies

operating in social or solidarity economy. These measures are efficient in prevention of the socially deleterious secondary effects of production relocation.

2.2. Corporate Social Responsibility

a. Corporate Social Responsibility and sustainable development

Corporate Social Responsibility (CSR) is a voluntary approach in which companies integrate the social, environmental and economic concerns of society into their activities. Ever since the Johannesburg Earth Summit of 2002, CSR has thus appeared as the company version of the sustainable-development concept.

Ubiquitous today, the CSR concept covers several types of approach. Insofar as it integrates ethical, environmental, social and civic dimensions, and that of including all stakeholders, which are features of a responsible and solidarity economy, the “sustainable development” approach of CSR appears to us as being amongst the most complete.

The Societal Responsibility of the Economic Actors workshop of the WSSE established a “scale” for economic players to understand CSR. The scale highlights differences in CSR application scopes, in the company itself for all its stakeholders (including in particular subcontractors and the immediate environment), and in the procedures, implemented or not, for their application, from simple application of the law and/or charity actions to setting up efficient management systems.

The main sectors involving CSR in Europe are: agribusiness, arms production (necessarily subject to controversy in terms of sustainable development), the automobile industry, the pharmaceutical industry, sports, information and communication technology, and tourism. Most of these industries are facing ethical and/or ecological challenges and debates, and are sometimes offering interesting initiatives.

b. Evolution of voluntary and binding reporting

The first attempt to standardise CSR was initiated in 1997 by the United Nations Environment Program (UNEP) and the Coalition for Environmentally Responsible Economies (CERES). This resulted

in the Global Reporting Initiative (GRI), which defines a number of guidelines and the standards for writing environmental and social reports. Global Compact, launched in January 2000 during the Global Economic Forum by Kofi Annan, is on its part a code of conduct comprising 10 principles that companies are to commit to applying.

France is the first and only country so far to have made company societal reporting compulsory, since 2001-2002, via Article 116 of the new economic regulations (NRE) law. The article involves about 700 companies under French law, listed in the stock market, which are held to reporting on their social and environmental impacts annually. The law does not impose an obligation to take any new actions, only to report.

A 2004 report from the French study centre for CSR, ORSE, observed that the smaller the size of the company, the less it provided information on sustainable development in terms of numbers of themes and pages. To help SMEs to take into consideration the challenges of sustainable development in their company strategy and management, France developed the SD 21000 norm, published in May 2003.

Europe has been working since 2000 on developing a few tools to set CSR norms. The European Union's Community eco-management and audit scheme (EMAS) details the procedures for companies' voluntary participation in this audit system and for their publicising their results. European Union Member States all promote EMAS within their countries.

There have been many normalisation efforts. The US norm SA (Social Accountability) 8000 is very popular. It deals with working conditions and the prohibition of child labour. The ISO 14001 norm of the International Organisation for Standardisation aims to measure the impact of corporate activity on the environment. The ISO 26000 norm on social responsibility, governance and ethics, is currently being developed. The development of "soft law", however, and in particular the scope of ISO norms, once again raises the question of the participation of society and States in the evolution of the corporate-responsibility process.

c. Non-financial ranking and responsible shareholding

Set up in the late 1990s and the early 2000s, "non-financial ranking" agencies assess and rank companies' social and environmental-

responsibility policies, most of the time for use by investors. This sector today features about thirty players in Europe, North America and Asia. This type of agency assesses institutional (company, administration, community) commitment to social-responsibility goals. The very fact that the social, environmental and governance aspects of companies should come under the “non-financial” category underscores the fact that financial considerations remain prominent in large corporations.

Hailing from North America, responsible-shareholding practices aim, through the active participation of responsible shareholders in their general assemblies, to contribute to the development of an economy at the service of human beings – all human beings – that is respectful of their environment. Shareholders for a Sustainable Economy (Actares) was set up in Switzerland in 2000 for this purpose.

d. From responsible companies to social entrepreneurship

A concept originated in the Anglo-Saxon countries, social entrepreneurship is based on the idea of using market forces to solve ecological and/or social issues. This approach aspires

to transcend the cleavages between the corporate world and the social world so as to benefit from what both worlds have to offer. Ashoka, an organisation found in many countries and since 2006 in Europe, was set up to provide support to the best social entrepreneurs.

Social entrepreneurship can thus enhance the concept of a responsible, social and solidarity economy, by giving greater weight to the capacity for self-sufficiency of a person or persons at the start of a project aiming to respond to social and/or ecological needs. It is otherwise also an application of the solidarity principle when it is organised into a business network, whether virtual or set up on actual sites for the incubation of social companies.

2.3. Towards new wealth indicators for European society

a. Putting GDP into perspective

Using Gross Domestic Product (GDP) exclusively as the major indicator of the current situation of a society has been questioned since the seventies in Europe and in North America. What has been questioned is the practically mythical fixation on accounting

for progress through numbers, with a clear bias in favour of overall and summarised quantities. There are already different attempts in the United States and in Japan to correct GDP by factoring into it an indicator of well-being, which includes subtracting expenditure related to repairing the damages inflicted by growth itself and adding the benefits of community facilities, household goods, leisure and household work.

In several European countries, discussion and research is also starting up with the purpose of drawing up and testing “new wealth indicators”. Anglo-Saxon think tanks like the New Economics Foundation are developing, in a research-action approach, indicators for social progress, “community progress” or “sustainable livelihoods”. In France, the court of audit commissioned a study in this area to Patrick Viveret, which resulted in the early 2000s in the report, “Reconsidérer la richesse” (reconsidering wealth).

b. A social debate

Discussion on alternative indicators to the GDP should not be limited to specialists, even enlarged to other disciplines than economics, to which it is usually gladly confined. On the contrary, options

should be selected in terms of each society's collective values and be validated by citizens through participatory processes such as citizens' panels, discussion forums, consensus conferences, etc.

Thus, each region could choose its own indicators of well-being, which might be different from those selected by others. This then begs the question, however, of comparison amongst regions and at the international level. The European Commission has initiated an international discussion by convening an international conference of major importance, "Beyond the GDP", jointly organised with a number of NGOs.

At the Council of Europe, the Directorate General of Social Cohesion encourages the development of local indicators and has put up the concept of "responsible territory for social cohesion and sustainable development", which it defines as a "territory in which all the players, not least citizens themselves, co-operate and are committed to meeting expectations regarding well-being and social cohesion" according to indicators developed jointly with citizens and with shared responsibilities defined in common. It has facilitated the emergence of a European platform for dialogue on ethical and solidarity initiatives by citizens, IRIS, to fight

against poverty and social exclusion. A methodological guide is offered to help territory players to develop social-cohesion indicators collaboratively.

3. VALUES, OBSTACLES AND DRIVING FORCES FOR A RESPONSIBLE, PLURAL AND SOLIDARITY ECONOMY



3.1. Values upheld by solidarity initiatives

The values upheld by initiatives under the concept of social solidarity economy are part of a consistent whole. All the initiatives refer to the following values, presented in pairs of complementary concepts:

a. Diversity and solidarity

Most initiatives claim diversity as an essential value in their approach. The diversity of practices must however be balanced by solidarity amongst these practices, to show the added value of joint and co-operative action.

In a responsible solidarity economy, solidarity is expressed from the local to the global level. Many initiatives in social solidarity economy or social entrepreneurship aim to reinforce local solidarity, as is the case for local currencies (SEL, LETS, etc.). Fair trade extends solidarity to relations amongst countries, in particular between those of the North and those of the South. The current aspect of this value is shown by the fact that the practices of Internet users are very often based on the concepts of mutual exchange and solidarity.

b. Participation and Subsidiarity

The concepts of participation and Subsidiarity characterise the expected type of relations between citizens and institutional actors, and amongst the different levels of governance. Participation is expressed as much on the political level as on that of socioeconomic practices. The subsidiarity principle is one of the foundations of European construction. It also applies to socioeconomic initiatives. Subsidiarity means that responsibility should be exercised at the most relevant level and as close as possible to the local level.

c. Self-sufficiency and responsibility of the players

The players of a responsible, plural and solidarity economy claim self-sufficiency of their actions, a condition for the development of initiatives and companies. The challenge for these initiatives is to demonstrate that it is possible to set up companies that are responsible and work in solidarity while remaining cost-effective. Yet this is no easy task, and the obstacles are numerous; in particular they require greater support from the authorities than do traditional, so-called capitalistic companies, as well as an effort to educate the public, something that remains to be developed.

Self-sufficiency also has to be practiced along with responsibility, which appears as a major challenge to European companies and communities. The concept of distribution channel and the extension of responsibility to subcontractors introduces the idea of sharing in responsibility: the more important the player, the greater the responsibility.

Thus administrations and companies have particular responsibility for the implementation of eco-responsible purchasing policies. Citizens' freedom to exercise responsibility is limited by their

purchasing power and by the information available to them. Nonetheless, responsible citizens claim responsibility for their economic acts.

d. Social well-being and environmental sustainability

Social well-being appears as the main purpose of a responsible, plural and solidarity economy. It supposes another general objective: the sustainability of all activities. This latter is perceived as a major challenge in Europe, as much by the institutions as by civil-society organisations, territorial authorities and social entrepreneurs.

From this point of view, social and solidarity economy can be seen as the economy of sustainable development and not as a palliative social-reintegration economy.

3.2. European construction: engine or obstacle for a responsible, plural and solidarity economy?

a. The European social model

The “European social model” constitutes a sort of smallest common conceptual denominator for the social practices of companies and states in the context of market economy. According to the Economic and Social Council, the European social model consists of a vision of “sustainable economic growth with more and better jobs and greater social cohesion”. “Sustainable economic growth” is no longer in sight, and this model – where management and unions should be forming an alliance – is in crisis.

For the Belgian economist André Sapir, the European social models carry some efficiency in terms of solidarity and equity in terms of two basic objectives: full employment and the eradication of poverty. It should be noted, however, that European countries are not learning from one another, and that institutional Europe takes very little account of these “models”.

b. European institutions, social economy and sustainable development

Europe is one of the cradles of the modern and institutionalised forms of social and solidarity economy. According to the European Economic and Social Committee, “Social economy enterprises represented 8% of all enterprises and employed over 9 million people in the EU before its enlargement on 1 May 2004, affecting 25% of the population of Europe.” The daily activity of these companies proves that it is possible to reconcile economic, social and environmental dimensions.

But the European Union remains based on a mainly economic and monetary construction. Its institutions are under much pressure from many lobbies, mainly economic ones (15,000 lobbyists listed in Brussels). Overall, the European Union is more involved in environmental issues than in social ones. Recognition by the European Commission of social economy is coming in late. A European status of co-operative society was recently adopted, a status of mutual society is being developed, but the discussion for a European status of non-profit organisation and foundation has made very little progress.

After drafting a strategy for sustainable development for the EU, the Council of Europe proposes to integrate for the first time European social, economic and environmental policies into a single framework. This was hailed by the European Trade Union Confederation. The strategy identifies seven challenges with a view to a sustainable Europe, more particularly in the area of social inclusion, global sustainable development, reduction of global warming, and sustainable production and consumption.

c. Territorial communities: the players of a responsible Europe in solidarity

Local-community players committed to a responsible and solidarity economy are organised into a network and linked up with players on the field. The commitment of territorial authorities often goes further than that of states. They are also sometimes combined, as when, in May 2007, the ministers in charge of sustainable development of the Member States met in Leipzig to sign a charter on sustainable European cities.

Cities are also increasingly identifying with the concept of social and solidarity economy. In France, the network of territories for

solidarity economy (RTES) intends to be the meeting place for territorial authorities committed to a solidarity-economy approach. At the European level, the European Network of Cities and Regions for the Social Economy (REVES) includes over fifty territorial authorities from about fifteen European countries. Its objectives are: to establish long-term co-operation and joint programming of local-development policies between local authorities and the social economy, to generate and foster a new culture of social entrepreneurship, to develop territorial social responsibility and to contribute to the establishment, through collaboration with the European institutions, of a legal and fiscal framework conducive to the expansion of social economy in Europe.

3.3. Inventory and diagnosis

a. Gradual networking of the players

An international movement of solidarity economy has been developing for about ten years. Interaction amongst the new continental and international players of social and solidarity economy takes place in the framework of the international platform, Globalising Solidarity, set up as a result of the first

meeting of the Intercontinental Network for the Promotion of the Social Solidarity Economy (RIPESS) in 1997 in Lima, Peru. RIPESS is preparing to organise a fourth international meeting called “Lux 09”, which should be an opportunity for all European networks for a responsible, plural and solidarity economy to meet previous to the event.

At the European level, the organisation IRIS, founded in January 2007, began to draw up a European inventory of the different ethical and solidarity initiatives in the economy, and argues for a participatory method for the development of the indicators of well-being these initiatives are aimed at. It is the only arena that includes within the same organisation several large European networks such as those working on fair trade (IFAT), responsible consumers (ASECO), responsible finance (FEBEA and INAISE), integration through economic activity (ENSIE), and short distribution channels from producers to consumers (Urgenci). A new European network of social-economy leaders has also just been set up, called Euclid. This latter is interested in the development of social economy in the new states of the European Union and aims to bring social-economy organisations closer together by facilitating contacts amongst the leaders of these organisations.

In Europe and in South America, solidarity economy seems to be aiming for the institution of a democratic solidarity, i.e., chosen freely and making it possible to become emancipated from ethnic or religious communities through the public arena. In Africa, solidarity economy aims, on the contrary, to vitalise existing communities and to reinforce community links in order to generate the kind of economic development that will allow all community members to live in dignity.

b. Communication: a strategic challenge

The term “solidarity economy” is not very widely known amongst the general population. It is basically perceived as no more than a series of diverse activities aiming to weave social links. One of the strengths of solidarity economy (its presence in very different activity sectors) is also one of its main media weaknesses. In the absence of a recognised unifying concept, the different initiatives of solidarity economy are seen as pertaining to the realm of microeconomics. This partial invisibility of solidarity economy is also explained by the absence of official numbers in this field. There are no reliable statistics at any level.

This invisibility is also due to self-censorship on the part of the players and to the partitioning of sectors yet so close, to the inability of the players in solidarity economy to gather behind a few common ideas suggested by activists yet using the tools of solidarity economy (solidarity savings, microcredit, short distribution channels, etc.), such as is the case for activists in humanitarian aid, in international co-operation or in alterglobalisation.

Solidarity economy runs up against dominant representations. However, it is not self-evident to question that which is self-evident. It takes time to change representations. Solidarity economy is qualified today as Utopia, which is a handicap in the symbolic battle it is waging in the public arena. Solidarity economy is lacking a systematic dimension, and solidarity economy is Utopian discourse without the symbolic strength of a Utopia. On a more pragmatic level, solidarity-economy activists are finding it hard to promote solidarity economy in the public arena for two essential reasons. The first is financial fragility and the amount of militant energy the initiatives require. Between the time devoted to seeking additional funding and that devoted to heeding singularities, not much time is left to inform the general population. The second reason is related to the nature, participatory and innovating, of solidarity economy.

As a result, it is very difficult for the players to stand back and give a clear vision of what they are doing.

**c. Policies in favour of a responsible,
plural and solidarity economy**

Progress of public policies in favour of an economy that will guarantee social cohesion and sustainable development is one of the stated concerns of local powers and of the Council of Europe and its Social Cohesion division. This is testified to in the main lines of the resolutions and recommendations of the report commissioned from Tara Delille on consumption and socio-responsible practices of the public institutions intended for Member States, and local and regional powers.

The report recommends that the Council of Europe should become involved in building a Europe of shared and social responsibilities, amongst others by undertaking actions to strengthen citizens' sense of social responsibility, in particular in their jobs, in their forms of consumption and investment, and in their lifestyles. The resolutions voted provide suggestions of specific measures to turn these principles into action.

FINDINGS AND RECOMMENDATIONS

1. Seeking convergence amongst complementary initiatives

Social economy has a long history in Europe. Nonetheless, its recognition by European institutions is very recent, having only begun in the last ten years. Although the way it is expressed varies depending on the place, its consistency is found in its values. Corporate Social Responsibility and its most active expression, social entrepreneurship, today constitute another movement in favour of sustainable development, converging with the rise of social and solidarity economy, and its recognition by territorial authorities and a number of institutions.

There are therefore in Europe many resources in terms of practices, but also in terms of intellectual considerations and research, in favour of a responsible, plural and solidarity economy. There are however a number of powerful obstacles still slowing down its development. There are solutions at several levels, in particular: better communication amongst existing initiatives, mainly those of social and solidarity economy, for companies and entrepreneurs know how to publicise their responsibility and/or

social commitment; articulation amongst the different initiatives and setting up arenas where they can interact; and finally, taking on European construction and the European market, still insufficiently open to these emerging values and practices.

2. Towards better communication on responsible and solidarity initiatives

To develop communication in solidarity, our recommendation is to enlarge the audience of a responsible, plural and solidarity economy gradually. This involves: an internal mobilisation of the activists in such a way that they will become communication channels for solidarity economy on a day-to-day basis; mobilising, in succession, all the civil networks that are sensitive to the theme; contributing to what is known as alternative media and social media (newsletters of social-economy organisations and associations), supporting the circulation and continued existence of media specialised in solidarity economy (newspapers, Web sites, etc.), contributing to existing solidarity-economy sections in mainstream media, etc.

Good communication throughout the entire chain that goes from production to consumption/use of a product or service and amongst

the different activity sectors is the cornerstone for developing a vision and overall strategy for a responsible, plural and solidarity economy, and the prerequisite for cross-cutting projects and tools; this involves all the stakeholders, including fund providers, territorial authorities involved in solidarity activity, users/consumers (private, public or individual) and service providers.

3. Building a sustainable interaction area on the basis of existing networks

The idea is to decompartmentalise the different players and to organise contact-building and a working area for the stakeholders of sustainable and solidarity economy. From the operational point of view, the regional level seems to be the most relevant in which to introduce or consolidate a sustainable and responsible market, to organise multi-stakeholder dialogue and to perform open and participatory diagnoses. The latter would aim to propose solutions and/or experimentations, to give greater public exposure to the possibilities of the market, to encourage use of legislative possibilities such as social and environmental clauses in public contracting, etc.

This process can rely on the existing networks: IRIS networks, Euclid, social-entrepreneur networks, REVES, etc. The dynamics for the organisation of the Forum Lux 09 can be an opportunity to build it.

How would it be organised? A flexible, self-sustaining, decentralised structure in which the market is not the only priority would also be a good reflection of the way a responsible, plural and solidarity economy works.

4. Responsible, plural and solidarity economy, a factor of democratic renewal in Europe

Through its economic and political influence, Europe can contribute to regulating the increasingly unchecked globalisation of financial and economic flows. It could thus weigh upon the international arena to bring social-responsibility, environmental-conservation, public-health and security values to the front of the stage.

Putting “community preference” forward makes it possible to set social responsibility as a mandatory rule for non-European partners to enter an ethical common market. Before setting itself

up as a model for the rest of the world, however, Europe would have to embrace a social and environmental approach that goes beyond simply stating its intentions. Indeed, Europe is suffering from a serious democratic shortfall, even though this is the subject of constant denial despite the evidence. Can social and solidarity economy have the force of a proposal for official European social policies by rekindling economic and civil participation in Community affairs? Its capacity to take root in local, responsible, participatory and solidarity development, while at the same time being articulated through international networks, should inspire Community policies.

AUTHORS

Co-ordination and main authors: Pierre Johnson, Tara Delille

Contributions from: Pia Valota, Eric Dacheux and the institutions mentioned below.

ORGANISATIONS THAT ANSWERED THE EUROPE VISION QUESTIONNAIRE:

- Wuppertal Institute (Germany)
- Pour la Solidarité (Belgium)
- Strohalm Institute (Netherlands)
- Peer to Peer Foundation (international)
- Vodo (Belgium)
- Mouvement pour une Economie Solidaire (France)
- Action Consommation (France)
- ASECO (European network)
- APRES, Association pour la Promotion de l'Économie Sociale et Solidaire (Switzerland)
- Asociación de Economía Social Briante (Spain)

