

Fondation Charles Léopold Mayer pour le Progrès de l'Homme  
Alliance for a Responsible, Plural and United World  
Solidarity Socioeconomy Workshop

*REVISED BY MARCOS ARRUDA*

Proposal Paper  
For the XXI century

# **Solidarity Economy**

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## **SYNTHESIS DOCUMENT**

### **1. Observations and breakthroughs : citizen's initiatives in a world in crisis**

Although national and continental contexts can be very different, today both Northern and Southern countries are faced with common challenges brought to the fore more than ever by globalization and the new armed conflict triggered off following the attacks of the 11<sup>th</sup> September 2001 against the United States. The hegemonic model of economic development, rooted in the globalization of capitalism, seems to reach its limits. Although it allows moderate rates of economic growth, it also leads to more and more alarming rates of unemployment and underemployment. We witness an increase in social and economic inequalities within each country and between countries and continental blocks. The crisis of social security mechanisms, the despondency of the youth whose hopes are shattered and the economic and social exclusion of millions of people accompany the unfurling of the neoliberal development model. Furthermore, the latter puts growing pressure on the biosphere, threatening the survival of thousands of plant and animal species. With such structural imbalances, the cooking pot is about to explode.

Short-term individual solutions are not enough. For this reason, in this workshop we have considered a new development model centered on human beings, social justice and sustainability, and rooted in a shared ethical code which must materialize in a renewed socio-economic regulation. A vision in which the economy is rethought. A model in which the solidarity economy has a rightful place instead of being relegated to a marginal position, as it is at present.

Indeed, faced with the aforementioned imbalances, solidarity socio-economic innovations are multiplying in all continents, by initiative of workers excluded from production and from market consumption or by initiative of middle class persons concerned with improving services in everyday life. Over the last few decades, women and men all over the world have allied themselves in thousands of informal networks, associations, non-governmental organizations or collective enterprises in order to find solutions in the area of education, health, housing, food, employment etc. to the challenges posed by the re-emergence of social inequalities in the context of globalization.

Today we find a variety of socioeconomic practices. Some of these refer to particular “moments” of the consumption-production-exchange chain (for example, microcredit to help small companies get off the ground, social finance, workers’ cooperatives, local exchange systems, fair trade, family subsistence production carried out by women, collective kitchens). Others refer to movements of specific social actors (associations of farmers, women, young people, the unemployed, district dwellers). Some are grassroots initiatives, whereas others support or are linked to the grassroots initiatives on a second or third level (groupings of organizations related to local action, to production of fair trade or biological brands, electronic networks). Some are completely independent and self-managed while others are carried out in collaboration with the public sector (employment programs and companies, appropriate work centers, participatory urban management, etc.).

Even though several of these experiments are completely new, the majority are based on a renewal or rediscovery of practices which have been marginalized by formal economic science but which have nevertheless remained alive, even in the context of capitalist expansion. Cooperative and mutual practices, for example, emerged with industrial capitalism in the 19<sup>th</sup> century. In Western Europe and Quebec, initially they were designated by the term *social economy*; practices developed over the last few decades to guarantee personal services, responding to new needs related to the transformation of economies and the Welfare State, are rather described as *solidarity economy* or again *social economy*. In Latin America and in Africa, the notion *popular economy* is used to refer to monetary and non-monetary practices, often “informal”, that are primarily related to a logic of subsistence, as well as that of *labour economy* (that contrasts with capital economy), which emphasizes individual and collective efforts to create activities that generate income or that contribute to reducing the cost of basic goods and services (food, housing, medicine, etc.). These practices are carried out in ways which support the sharing of knowledge, technology or markets and could be described as *labour solidarity economy*. Thus, we can see that there are several ideas, which reflect the local and cultural rooting of socio-economic practices.

In the North, the solidarity economy questions the social State by responding to new non-covered needs and interrogates public and private authorities on the quality of their services and on the consideration for the user. This demand for the anticipation of needs, quality and user participation, far from implying that the State’s financial commitment should be

questioned, implies that the State should become open to negotiation and should share management with civil society networks. The integration of the solidarity economy by certain local governments in Brazil, the creation of a Secretary of State for the solidarity economy in France, the social economy workshop in Quebec or Belgium are encouraging signs in this sense. In the South, the solidarity economy takes part in constructing a Social State that is failing. It is necessary to take advantage of economic and political decentralization movements to invent forms of regulation and the legal framework that officially recognize the solidarity economy (introducing the solidarity economy in local development plans, tax system suited to social companies, opening of public markets, sustainable contracting with territorial collectivities, participatory budgets, etc.).

In short, although the crisis is deep, we also believe that the international situation points to openings within international organizations (like the UNDP or the ILO), national States and local governments. From these breaches it is necessary to build. In such way, even if initiatives of solidarity continue to be marginal and are, often, unrecognized, this does not mean that they are lacking in value and heuristic capacity to imagine a new development model. It is important to establish their validity and share them, so that lessons are taken from them to go further in structuring an alternative to the neoliberal capitalist economy.

Finally, setting up democratic regulation mechanisms which induce solidarity implies vigilance vis-à-vis risks of cooptation by local and national governments, but also by multilateral institutions. This will prevent solidarity economy initiatives from becoming the tools of low-cost management of socio-political impacts of the globalization of capitalism. Faced with everyday difficulties involved in the survival of activities, the actors of the solidarity economy may be tempted to accept a adaptation strategy to globalization which would reduce the solidarity economy to a third sector concerning survival of the poorest, without calling into question the prevailing logic of neoliberal globalization which is the demolition of social States and the development of financial markets.

## **2. Proposals : making the solidarity economy a central element of a development based on another globalization**

For alliance members, *solidarity economy designates all production, distribution and consumption activities that contribute to the democratization of the economy based on citizen*

*commitments both at a local and global level.* It is carried out in various forms, in all continents. It covers different forms of organization that the population uses to create its own means of work or to have access to qualitative goods and services, in a dynamics of reciprocity and solidarity which links individual interests to the collective interest. In this sense, solidarity economy is not a sector of the economy, but an overall approach that includes initiatives in most sectors of the economy.

As it is informed by logic of production, distribution or consumption, it questions the dominant representation of the market society. As a project to defend and promote, it is considered an alternative to the capitalist development model centred on neoliberalism.

The main proposals derived from exchanges which have taken place through the electronic forum, at the Paris Meeting in March and the Findhorn International Meeting in June 2001, concern conceptual representations, practices of individuals, groups and organizations of the solidarity economy and also the means of exerting pressure on local, national and international political and economic institutions.

***2.1 Creating concepts and (multidimensional) indicators of wealth and the economy for another development model and another globalization based on the democratization of economic and political institutions.***

Within this workshop, the notions of solidarity economy and development are intimately linked. Its members *criticize the neoliberal idea* that reduces development to the growth of the GDP, where stock enterprises are the only legitimate economic organization and where the free market is considered to be the only effective model for the production, exchange and distribution of wealth. The workshop participants believe that it is necessary to *rethink development taking into account its various dimensions : political, social, economic, cultural, ecological, ethical.*

This viewpoint presupposes considering non-monetary solidarity activities, amongst which domestic labor, as one of the pillars of sustainable and social development. This form of work is also central to the capitalist economy, but structurally subordinated. It also assumes calling

into question other established economic categories, such as the notion of value, which only recognizes that of goods which have a price on the money market, or even that of wealth, purely centred on the GDP and resting on strictly monetary calculating tools. Representations of an economy limited to the State/market duality still very much prevail, both at the level of public decision makers, actors of the civil society, and general public opinion.

Accepting the challenge of a globalization of solidarity also implies looking for suitable levels of democracy in decision-making. In this case, it involves going from a logic according to which “ the North helps the South ” because it has more or because it knows better, to a logic according to which North and South, and also East and West, are considered to be integral parts of a common transformation project on a planetary scale. Such a commitment implies cultural changes in the North and South and the East and West. Equitable trade, like inter-cooperation projects of international cooperative associations with Eastern European countries show that specific initiatives in this direction are already under way. This viewpoint has, therefore, important implications concerning international cooperation for development.

In a globalized economy, the weight of transnational corporations, which can induce territories and States to compete with each other, requires new forms of regulation. This raises the emphatic question of companies’ social responsibility towards the environment, including the human environment. At this level, the desire of actors of the solidarity economy to broaden company performance assessment criteria comes close to civil society questioning the social and environmental responsibility of transnationals. Working to broaden alternative ethical codes that both profit-making private companies and social companies / solidarity firms would commit themselves to obey, is also a way of forming an alliance with economic actors who, in their business practices, seek to promote respect for economic, social, cultural and environmental rights within the general framework of human rights.

It is clear that the solidarity economy questions the basic principles of the capitalist economy and the political relations to which it gives rise. It calls for a study on representations of the economy, development and wealth. Therefore, we propose to :

- 1) Create theoretical frameworks and methodological instruments to analyze, measure and assess the specificities of solidarity economy activities, such as their social and environmental aims, their aptitude to balance the means and risks, their democratic**

and participatory functioning, the non-monetary dimension of household work or that of its volunteers and users. Notably, develop suitable legal frameworks for promoting fair relationships within the household economy by recognizing the contributions of women and children.

- 2) Consolidate non-monetary indicators supplementary to the GDP in order to take into account the diversity of forms of wealth produced.
- 3) Analyze and systematize significant experiments and/or proposals of the solidarity economy as an alternative to the current development model. Social finance, equitable trade, proximity services, sustainable agriculture, urban management by inhabitants, intercultural restaurants, local exchange systems ...they are specific attempts to respond collectively to new social needs through innovative economic means.
- 4) Rethink international cooperation based on the solidarity paradigm (producers-consumers, workers-entrepreneurs) rather than on financial or technical aid.
- 5) Broaden company assessment criteria (whether they are private, public or derived from the solidarity economy) by including social and environmental impacts of their activity and proposing alternative ethical codes.

*2. Consolidating successful experiments and setting up sustainable production-distribution-consumption systems between the different components of the solidarity economy at local, national and international spheres.*

The ability of the solidarity economy to constitute an alternative to the neoliberal economic model depends greatly on its ability to reinforce its networks and consolidate its economic foundations. Today, solidarity economy activities are in some way divided into sectors: social finance, fair trade, proximity services, collective kitchens, local exchange systems, social currencies, biological consumer cooperatives, etc.

Even if the awareness of the practices of each one of the components who today show little or no recognition as being part the solidarity economy is growing rapidly, economic exchanges of services and know-how are still insufficiently developed. For this reason, it is necessary to encourage synergies between consumption, production, technologies, finance, the exchange of services and solidarity marketing. The actors of the solidarity economy in Latin America yearn for the creation of a “solidarity market”, where the unity of a third sector in Europe would relate today to the demand for more legislative and legal adjustments directed at the recognition of specificities of the solidarity economy.

In a perspective in which different levels (local, regional, national and international) of a globalized solidarity economy build and support each other, the “first development”, which refers to production, exchanges and consumption carried out in a neighborhood dynamics, takes on a special importance. Unwilling to transform it into a utopian image rooted in a nostalgic vision of the past, workshops members reiterate the interest of it being like a paradigm, which enables imagining very specific processes, precisely those that we are aiming at transforming, in another way, by turning them upside down. Thus, the solidarity economy is generally considered by the members of this workshop to be a driving element of an economic dynamics according to which consumption (carried out locally) must determine production (organized globally) and not the other way round as in the economic dynamics related to capitalist globalization.

- 6) Develop areas of exchange and solidarity throughout territories between the different components of the solidarity economy, so that activities are complementary and facilitate the strengthening of self-managed economic units (with, amongst others, the integration of financial and technological elements).**
  
- 7) Link different forms and sectors of the solidarity economy from the local level to the global level by consolidating experiments and networks through solidarity economy circuits, in collaboration and connection with other economic, political and social actors in specific territories.**

**8) Invent new forms of contracting and financing between the solidarity economy and the authorities and/or the private sector, by creating, amongst others, innovative mechanisms for paying non-paid work.**

***3. Encouraging recognition of the solidarity economy as an essential element of multidimensional sustainable development.***

Development of the solidarity economy depends as much on political recognition between actors and networks as on the development of economic exchanges. There are already associations or networks which group together certain experiments or solidarity companies in certain regions of the world, for example, the Peruvian Solidarity Economy Group - GRESP in Peru, Quebec's Solidarity Economy Group - GESQ, the Solidarity Economy Inter-Network – IRES in France, the Brazilian Solidarity Socioeconomy Network - RBSES, and the Solidarity Economy and Local Development European Network. In Quebec, in October 2001, on the occasion of the Second International Congress for the Globalization of Solidarity, a liaison committee formed by organizers from four countries was created with the aim of facilitating closeness between continental networks with a view to holding a Third International Congress. It is extremely important that *the different components of the solidarity economy recognize each other mutually as collective actors of social transformation.*

Proposing another model of economy, development and globalization supposes that the solidarity economy is in line with a broad vision of society, which facilitates and recognizes the expansion of solidarity dynamics that combine redistribution and reciprocity. The *diversity of solidarity economy initiatives* and their *conceptualization* make it difficult to recognize this other way of defining and building the economy and does not prevent a certain competition between actors and networks vis-à-vis institutions and public opinion, that often have the feeling of dealing more with a constellation than with a visible social movement. If, in the North, the criteria of self-management and non-profit making activity or reinvestment in a collective patrimony seem to limit the field of social and solidarity economy relatively well<sup>1</sup>, the criteria are more extensive in the South where a part of individual and family micro-

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<sup>1</sup> The Anglo-Saxon approach resorts to the notion of third sector or non-profit-making sector, which excludes cooperatives.

companies and associations of micro-entrepreneurs are integrated in this vast notion of solidarity. The household economy is also included in the solidarity economy in its broadest sense, but certain approaches exclude it to focus on production for the market.

It is absolutely necessary to publicize existing experiments and the development model which expresses solidarity towards social movements and more broadly towards civil society, so that they integrate the solidarity economy as an essential factor in the construction of an alternative model to neoliberal globalization. Throughout territories, improving the link between the invention of responsible and social economic practices and political resistance to the globalization of capitalism depends on *moving closer to social movements* (trade unionists, consumers/citizens, women, ecologists, farmers...) which, all too often, are unaware of solidarity economy practices. Their contribution is essential and even critical for promoting its activities and avoiding deviations.

The UNO, the WTO, the IMF, the World Bank and the ILO must revise their liberal development paradigm and their financial policies so that the solidarity economy is integrated as an essential component of sustainable development. *This interpellation must be made known on a continental level*, where the integration of economies is conceived as depending, as in the European Union or the future FTAA, on the creation of free trade areas, which leave no room for the public economy or the solidarity economy.

More generally, it means *becoming allies with the "world-wide civil society" in construction*. The movement that is critical to liberal globalization, as it expressed itself in Seattle in December 1999, in Prague in September 2000, in Porto Alegre in January or in Quebec in March 2001, more or less integrates the solidarity economy into its many voices.

In both Africa and South America, the promoters of the social and solidarity economy are often involved in protest movements against the policies of the multilateral institutions, as well as against international trade and debt-cancellation (WTO, IMF, WB) policies and G8 Summits. Alliances between actors are common. In the North, the distance between protest movements and solidarity economy movements is greater. The anti-globalization supporters distrust a solidarity economy in which they perceive "poverty-stricken social services", where wage-earners are underpaid and lacking in skills. The priority is to defend and restore the

powers of the State to regulate and to redistribute, in opposition to the growing autonomy of transnational companies and the extension of free trade.

On the side of social and solidarity economy actors, protest and unrest without proposals backed up by socioeconomic practices and trials at times appear sterile and counterproductive. Reducing the distance first of all implies knowing oneself better in order to avoid misunderstandings. Then the alliance should, on the one hand, result in the recognition of a greater contribution of the solidarity economy to resistance to the mercantilization of social life and, on the other hand, in the construction and the democratization of new rights and new forms of public regulation at an international level.

- 9) Develop the structuring of different solidarity economy actors in local, national, continental and international networks so that they acknowledge each other mutually as collective actors who can participate in the social and economic development of specific territories and as actors of social change.**
  
- 10) Put pressure on multilateral and continental institutions (UNO, WTO, IMF, World Bank, ILO) so that they revise their policies and integrate the solidarity economy as an essential component of sustainable development. Establish an international lobby before the UNDP so that the methodology and indicators of human development incorporate the degree of association and solidarity.**
  
- 11) Put forward public policies from a solidarity economy viewpoint and with the participation of its actors. For example, encourage the development of public programs directed towards the household economy which include dimensions of solidarity and gender.**
  
- 12) Make the solidarity economy known and valued by implementing communication, education and information strategies to influence public opinion and facilitate national and international lobbying.**

12<sup>th</sup> November 2001