

# **Solidarity Economy in Europe: an emerging movement with a common vision**

*A rapidly growing transformative citizen-led alternative to market-driven economy, for the Commons and a locally rooted yet globally networked shared economy, in search for a European-wide political (but not ideological) framework.*

By Jason Nardi (Solidarius Italia / RIPESS Europe coordinating committee)

## **Missing: democracy in Europe**

Europe is a vastly diverse continent with different cultures, languages, and economies. If there is something that unites it, it is its social movements, the roots of which go far into the origins of the workers cooperative movement, the mutualistic initiatives, the public and private community banks, the consumer groups and networks, the unions and the core of the welfare state development.

Yet things have changed. The European bureaucracies, the European Union and especially the European Commission, which is the governing body of the EU, have become over the last 20-30 years more and more neoliberal. From Margaret Thatcher's time till today, many of its policies have been influenced by market-driven economy and corporate interests. Since the year 2002, there is a common currency in Europe which has brought a certain unity in the Market, but not at the social and cultural levels. It came with a Treaty that brings the banks and economies together, but that was not supported by the people: it was imposed. In the few countries where a Referendum was allowed, the citizens voted against.

We are transitioning from a State-centered economy to a Pan-European economy where the European Central Bank dictates the financial policies that the States must follow. Therefore, we are in the middle of a situation where the people – their governments - are no longer in control of the economy. Sure, this is a simplified statement, but it is not far from reality.

Following the breaking down of the Berlin Wall in 1989, “alter-globalisation” protest movements have risen up against non democratic institutions such as the WTO, the World Bank and the G8. These movements have built up over the years against different issues, raising awareness on the loss of democratic and social rights in favor of a financial architecture oriented by private goals, interests and speculation. In similar ways, today's “Occupy” and “Indignados” movements are resisting and asking for “real democracy” (“democracia real ya”). Real democracy is the only way we can have a real economy, where people regain direct control of the economy from the over-arching financial global system. In a similar way, de-growth, commons and transition movements are asking to change the way we measure our wealth and wellbeing, the resources we use, and to refocus on local development.

## **Differently united: networking the “glocals”**

What does all this have to do with Social Solidarity Economy? Through the SSE movement, we want to go from protest to building alternatives. We want to do it together with the resistance movements, but we want to show that there are concrete, working alternatives, multiplying everyday, spread all over the Continent and linking up together. Examples of these alternatives include:

- Solidarity consumer groups and community supported agriculture
- Ethical banks, mutualistic and sustainable finance and local currency

- Workers cooperatives, recovered factories, co-working and social enterprises
- Co-housing, home exchanges and Right to the City initiatives
- Transition towns, De-growth initiatives, Zero Waste citizens' organisations
- Re-publicizing the Commons (water, essential services, etc.)
- Renewable energies, organic farming, slow food, local production chains
- Shared means of transportation, “smarter” cities
- Fair trade - both north/south and “domestic”

The list can go on – and in fact, every day there are new initiatives in this direction. These are not merely alternatives to the capitalist economy. These alternatives are transforming people and communities. Some of the alternatives are historical. Fair trade, for example, has been practiced in Europe for many decades now. Financial alternatives such as ethical banks, community banks and local currency have been developed since many years. A lot of consumer groups recognize themselves as a movement that supports agriculture and solidarity economy. There are groups in the Degrowth and Zero Waste movements devoted to educating people on environmental justice and sustainability. There are movements that campaign to re-publicize essential services that have been privatized. A huge campaign on returning water conservation & management from commodification to commons is spreading wide in Europe. We also have renewable energies, organic farming, slow food, and a lot of different emerging initiatives, although their adoption by people is still numerically marginal.

The difference from the past is that, slowly but surely (though not easily), these myriads of often very localised initiatives and practices are linking and networking together, starting to create a greater picture and common vision. And trying not to repeat the errors of the past.

That is where they differ from apparently similar forms of alternative economic enterprise: from social business to capitalist cooperatives, from “green” for profit economy to various forms of para-State or private welfare and socially responsible enterprises and corporations. All of these might be more careful and less speculative in their practices, but are substantially following the same economic model that Solidarity Economy is trying to change.

## **Social economy vs Solidarity Economy<sup>1</sup>**

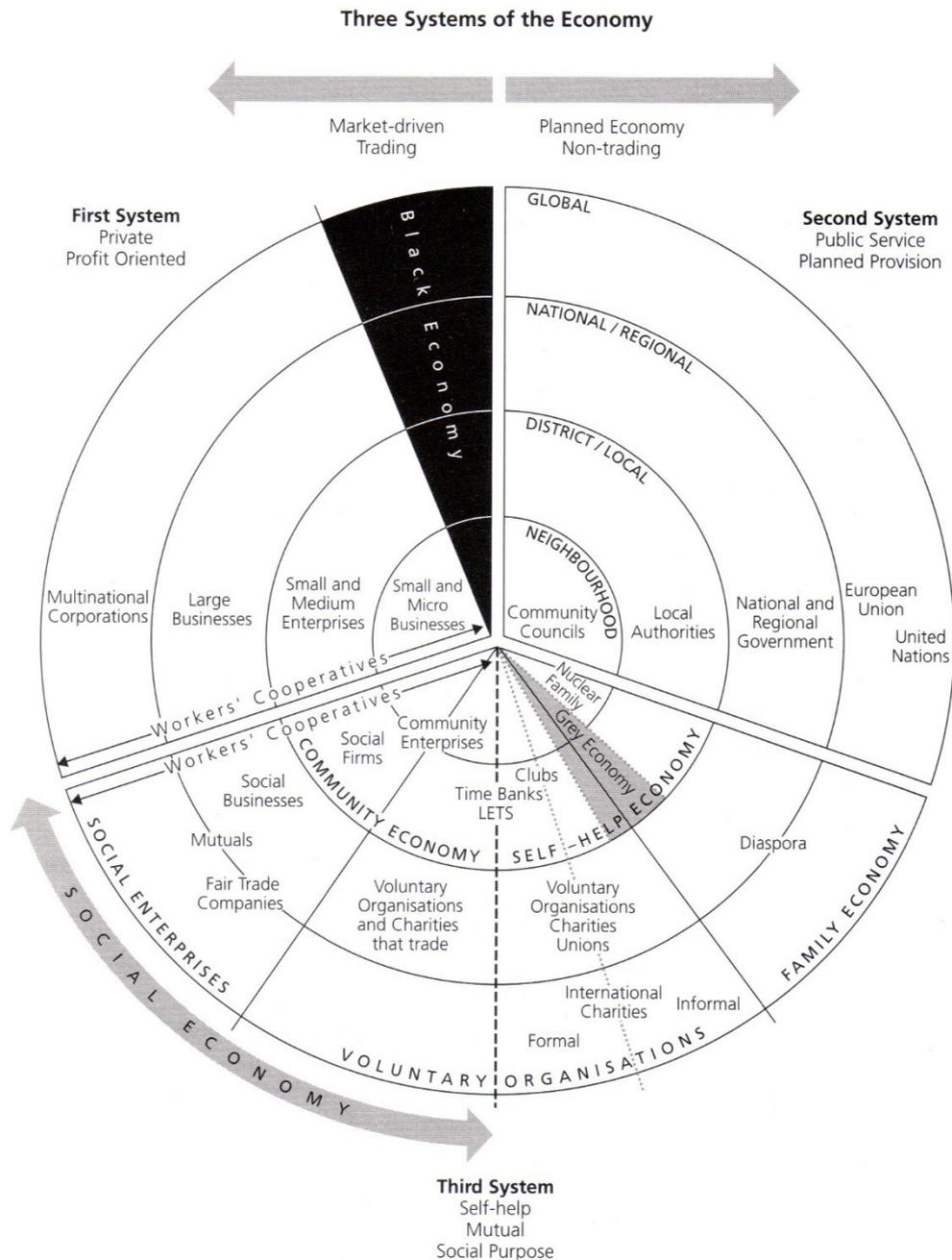
It is very common for the social economy to be conflated with the solidarity economy. They are not the same thing and the implications of equating them are rather profound.

The *social economy* (Diagram 1) is commonly understood as part of a “third sector” of the economy, complementing the “first sector” (private/profit-oriented) and the “second sector” (public/planned). While exact definitions of the social economy vary, a common definition is that it includes cooperatives, mutuals, associations, and foundations (CMAFs), all of which are collectively organized, and oriented around social aims that are prioritized above profits, or return to shareholders. The primary concern of the social economy is not to maximize profits, but to achieve social goals (which does not exclude making a profit, which is necessary for reinvestment). Some consider the social economy to be the third leg of capitalism, along with the public and the private sector. Thus, advocates of the social economy push for it to be accorded the same legitimacy as the public and private sectors, with a corresponding level of support in public resources and policy. Others, on the more radical end of the spectrum, view the social economy as a stepping stone towards a more fundamental transformation of the economic system.

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<sup>1</sup> The following paragraph is taken from the working paper “RIPESS Global Vision”, Manila 2013 – [www.ripest.org](http://www.ripest.org)

**Diagram 1**

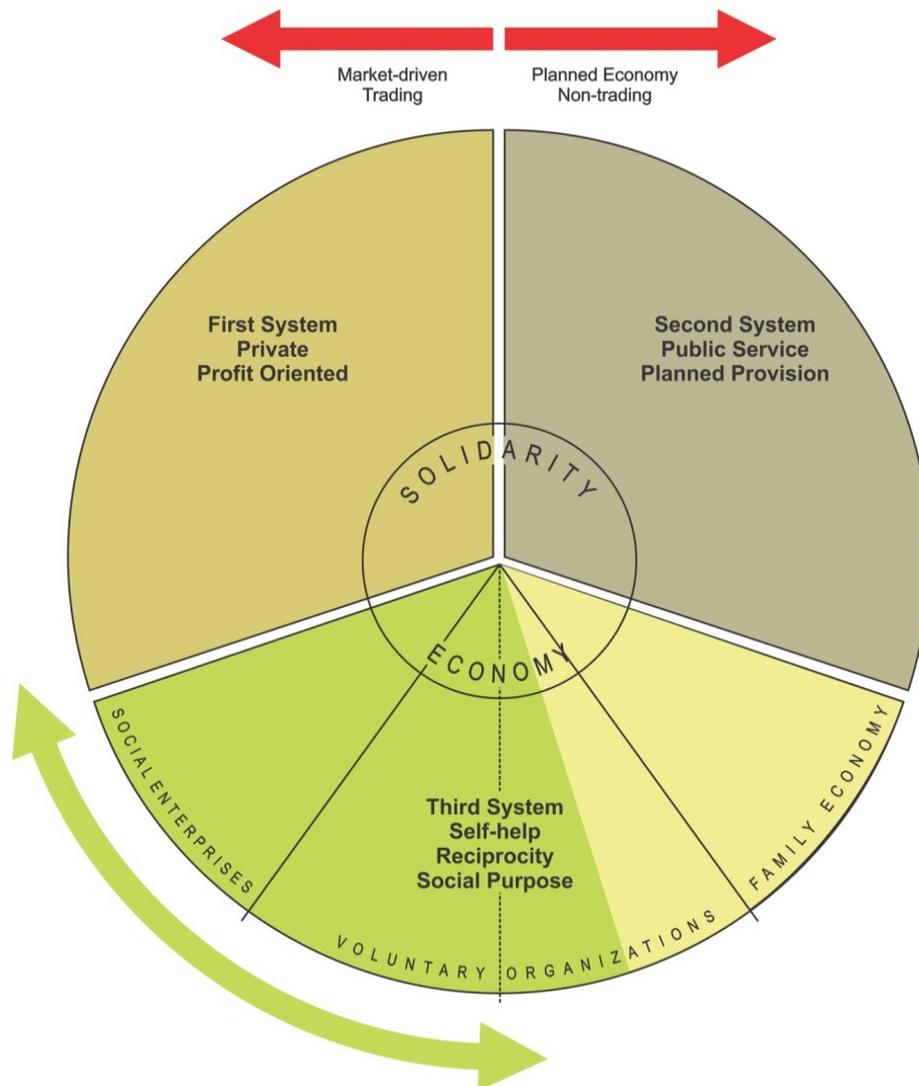


The *solidarity economy* (Diagram 2) seeks to change the *whole* social/economic system and puts forth a different paradigm of development that upholds solidarity economy principles. It pursues the transformation of the neoliberal capitalist economic system from one that gives primacy to maximizing private profit and blind growth, to one that puts people and planet at its core. As an alternative economic system, the solidarity economy thus includes all three sectors – private, public and the third sector. The solidarity economy seeks to re-orient and harness the state, policies, trade, production, distribution, consumption, investment, money and finance, and ownership structures towards serving the welfare of people and planet. What distinguishes the solidarity economy movement from many other social change and revolutionary movements in the past, is that it is pluralist in its approach - eschewing rigid blueprints and the belief in a single, correct path; the solidarity economy also values and builds on concrete practices, many of which are quite old. The solidarity economy, rather than seeking to create utopia out of thin air and theory, recognizes that there currently exists a concrete utopia, a utopia in action. It is rooted in the practices of

participatory democracy and promotes a new vision of the economy, an economy that puts people at the center of the system, an economy that values the links, the relationships rather than the goods.

**Diagram 2**

**The Solidarity Economy - An Emerging Movement**



Thus the solidarity economy explicitly has a systemic, transformative, post-capitalist agenda. The social economy is a sector of the economy that may or may not be part of a transformative, post-capitalist agenda, depending on whom you're talking to.

**Surfing the Financial Crisis**

Since the manifestation of the global financial crisis in 2008, there have been huge debt crunches, bank failures and bailouts (with public funds), and State bankruptcies. Unemployment rose from 8.3% in 2007 to >25% in 2013 in Spain, and from less than 10% to >40% in Greece. Similar patterns are happening in many other countries. Poverty has been increasing in Europe: there are more poor, and these are more poor than before.

In the past, people believed the Margaret Thatcher's saying that "that there is no alternative." But now we have an alternative. It is so obvious, so evident even to the common citizen that we cannot continue to promote and live in an infinite growth model of the economy, which is destructive and raises poverty and inequality levels.

The crisis has taught us that we are all on the same ship. People are now much more aware of what they're consuming, how it is produced, the costs and impact of delocalisation and "competitive" large scale international trade. They perceive themselves more and more as citizens, not just as consumers, and understand their power in shifting from an unhealthy and unsustainable consumption, to a co-production where they have an active role and a relationship with who makes what they use. They are empowering themselves as they come to realize the possibilities of organizing the economy in a different way.

Fair trade, organic farming, renewable energy production, consumer groups / cooperatives, are growing - though slower than in the past. True, they are not exempt from the economic crisis and can be overwhelmed by it (especially if they mimic the competitive model), but they're much more vibrant. And the main lesson learned is that by networking together and cooperating in a more holistic way, the crisis can become a real opportunity to have more people join in and take part of the re-creation of a different economy, which responds to the needs of individuals and communities, and not to the greed of profit makers and exclusive private interest.

In this sense, the ship can split in many smaller ships, which are bridged together and are able not just to survive the wreckage of the crisis, but surf and thrive by the active mutual initiative that solidarity economy represents.

## **SSE in the EU**

Now here it becomes a bit tricky: in fact, we don't have (yet) a clear measure of the diffusion of Social Solidarity Economy. Since it is not a sector of the economy, but a different way of doing economy, it cannot be measured through the official statistics and is therefore still for the most part "invisible". In many countries, if we take as a basis the numbers related to the non-profit or third sector, we get an average of between 5 and 10% of the working population. Sweden, Belgium, France, Holland and Italy: between 9% and 11.5% of the working population is involved in some SSE enterprise.

Workers in SSE enterprises have increased in the last 10 years from 11 millions in 2002-2003 to 15 millions, or 6.5 % of the working population of the EU. This number does not include all the informal ways and the mixed forms of SSE practices and initiatives (from self-production, co-construction, to barter, social currencies, time banks, etc.). Community- supported Agriculture groups, Solidarity Consumer and Producer Groups are multiplying in many forms: from a few hundred in the end of the 1990s and only in two-three countries, to tens of thousands in 2014.

These numbers are still very sketchy and incomplete, and mix social economy (both traditional and innovative, from social business and green economy) with the more radical – and informal – solidarity economy. And they ignore the role of virtuous local public administrations, who promote different forms of social solidarity economic enterprises and initiatives.

## **Laws and policies in favor of SSE in Europe**

In its fairly recent history, solidarity economy has been confronted with its institutional recognition, which in turn have more and more started to include its actors in their political radar. But while the social economy community, with all its families (associations, cooperatives, mutuals and foundations) has already gone far in being considered a part of the market economy (not without limits and contradictions, in trying to affirm its identity between State and Market – participating inside the institutional platforms, with its representatives)<sup>2</sup>, the solidarity economy mostly informal

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<sup>2</sup> In the early 2000s, the actors of the social economy are grouped within the European Standing Conference of Cooperatives, mutuals, associations and foundations (now Social Economy Europe, since 2008) to defend their interests, and write in 2002 the European Charter of the social economy that promotes "a different way of undertaking"

networks, having a very light and non structured and representative organisation, are less prone to being “trapped” in normative definitions and laws, through the debate is quite live and diverse in the different territories. That said, in the positive ambiguity that the Social Solidarity Economy keeps promoting, many institutions – especially at the local level, but some at the national level as well – are ready and have already started to include it in their policy making.

The growing recognition of Social Solidarity Economy in the legislations across Europe is thus more and more a reality. A recent study by the European think tank Pour la Solidarité (“La législation relative à l'économie Sociale et Solidaire”, 2014) outlines the different existing and prospective legislations in the EU member countries, pointing out to many differences and still few similarities and in general to the need of a European legislative framework, given the contradictions in the EU policies. But when they speak of SSE, they are actually looking more at the Social Economy – as a sector – rather than at the Solidarity Economy, as a different way to approach and transform the economy, regardless of the sector. Some countries have a national legislation or are working on it (such as France and Poland), others have a Minister for Social and Solidarity Economy (as in Luxembourg and until recently in France). Others have in addition a series of regional norms (as in Italy, where 10 regions have made different laws for the promotion of solidarity and sustainable economy).

The question that arises here is whether the recognition of the different organisational structures of social solidarity economy is sufficient, or if there are other kinds of legislation and policies that are needed to help its development. A number of people and organisations who practice Solidarity Economy are convinced that norms and regulations can on the contrary be a hinderance and an obstacle to the free expression of alternative economic initiatives, by classifying them and making them homogeneous or mixing them up with more commercial / market-driven forms of enterprise. Others think that there should be a more strict regulation for all forms of economic activity, in order to make them accountable for their social and environmental impact. But Solidarity Economy is not limited to just a better and fairer way of dealing with economic (and financial) matters: it's about changing the whole way we think and practice producing and consuming – and in this sense it is profoundly a political act. Solidarity economy is about re-creating the production chains on a local, democratic, fair and sustainable basis, with an “economic intelligence” created by the high trust relationship among the actors, who network together rather than compete, and with a direct involvement of the consumers. What needs to change is the general framework that can allow a gradual transformation of the economy, back at the service of society and the common good, and not viceversa as it is the case nowadays.

### **Building the network: RIPESS-Solidarity Economy Europe**

After the 4<sup>th</sup> Ripess global meeting in Luxembourg in 2009, a group participants from different networks decided to form a European chapter of RIPESS, the intercontinental network for the promotion of Social Solidarity Economy. Within two years, in 2011 the Ripess Europe founding congress was convened in Barcelona. The second Ripess Europe congress was held in July 2013 in Lille, France. Today, Ripess Europe has 26 official network members (both thematic and territorial networks) from 12 countries. Each of these are national or regional networks, often with another level of cross networking – mainly present in northern and western Europe. Ripess is now looking at Eastern and South Eastern Europe, where interesting developments are taking place.

RIPESS Europe is working on territories and local development (crossing the borders: exchanging and learning visits in East and South of Europe with P'Actes Européens), on popular education in cooperation with the Academics: the University network (RIUESS), and on co-funding of common

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and states that " the social economy includes cooperatives, mutual societies, associations and foundations. "It is in this context that the Regulation (EC) No 1435/2003 on the Statute for a European Cooperative Society was made.

projects among member networks, as well as promoting the information exchange and the work on transversal themes such as food sovereignty. It also pursues links with public / local authorities (RTES) to advance legislation on SSE across Europe.

RIPESS uses the term social solidarity economy to embrace both the solidarity economy and the more radical vision of the social economy. Defining the social solidarity economy framework is a long and ongoing process. For example, Brazil's solidarity economy definition was built by SSE advocates and practitioners over many years through forums, meetings, and consultations. We understand that the political, cultural, and historical realities on each continent, and indeed in different countries, call for a flexible approach to terminology, approaches and entry points.

The RIPESS-Europe network therefore works with both social economy and solidarity economy organizations and includes sectoral as well as territorial organizations/networks.

### **Public policies to promote Social Solidarity Economy**

All we have said can also be seen under the perspective of a new development strategy. In this sense, Social Solidarity Economy is a new actor of development, besides the private and public sectors: it's characterized by a myriad of economic initiatives with social, cultural and environment goals, which are collectively owned or managed by the local communities, workers, citizens. Although they do economic activities, they are mostly non-profit, and therefore are perfectly fit to promote effective sustainable development. They exist in a vast range of sectors<sup>3</sup>.

But there must be deep changes in the development goals, in public policies and in the financial frameworks so that this new actor can play its key role in overcoming the challenges humanity is facing today. This poses an issue for an "enabling environment", which is not what is usually intended as a deregulated system to allow unrestricted action by private corporate economic powers, with little or no intervention by the State; but a series of public policies which help create, promote and give visibility to Social Solidarity Economy initiatives and networks, cross-sectorial and non profit / non speculative in nature.

1. Create **legislative framework** to support access to knowledge/innovation, to capacity building, to markets and to capital. Public policies **that explicitly recognize the Social Solidarity Economy as a development strategy**. Some countries in Latin America (such as Ecuador) are a good example in this matter.

2. Establish **laws giving priority of public procurements from social solidarity economy initiatives in all sectors**. This is not against the freedom to compete, but puts an underlying social, environmental and cultural basis for the nature of the initiatives which will be part of public-private partnerships steered towards promoting sustainable development. There is an urgent need to expand the concept of "public-private" partnerships beyond profit oriented economic actors, which are proven to put their private interests above the public ones. Social Solidarity Economy has in its heart the public well-being, while providing services and goods.

3. Recognize new actors in the financial world, besides traditional banks and for-profit microcredit organizations, as **operators of development funds**. These new actors, which have a clear **mutualistic basis**, can better operate development funds, since they know the reality, the specificities and the needs where they are in.

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<sup>3</sup> The following paragraphs and proposals are based on the work by Ripess International and in particular Daniel Tygel's /former FBES – Brazilian Solidarity Economy Network and RIPESS International executive secretary interventions at the UN SSE Interagency Taskforce meetings.

**4. Reform taxation in domestic and international levels**, incentivating SSE initiatives with lower taxation and raising taxes to the corporate private sector, especially if it does not respect responsible and sustainable practices, so as to stimulate the creation of more social solidarity economy initiatives and to help exclusively profit-driven businesses to rethink their economic model.

**5. Reform development indicators to non-monetary aspects of life**, not related to the consumption power or individual / per capita income. Full citizenship and happiness can not be limited to monetary factors. We need to look at other measures of investment returns than simple economic returns.

**6. Guarantee that development funds be controlled by representatives of the communities which will benefit from them.** Funders must be considered as an actor, and not have a "seat each". In other words, there could be representatives of the corporate foundations as a whole, not one by one trying to represent their own institutional interests. Governments should be considered also as another actor. Civil society can not be reduced to one seat representing all its diversities, but on the contrary should have the majority of the votes in the governance of those funds.

**7. Mechanisms of private sector transparency and accountability to social (and environmental) impacts of their activities.** Corporate accountability should not be reduced to voluntary "corporate social responsibility", but be publicly enforced.

The solutions are there, but insisting in the same market driven rules will not provide the means for them to flourish and have sufficient scale to change the development path to a sustainable future. There is a need, therefore, to make deep changes in the financial architecture, including the recognition of these new actors of financing and of development as better tools to accomplish the targets needed by humanity today.

Europe – the European governments and the European governance, but first of all, the European citizens - can be a positive and innovative policy maker for this soft, radical revolution of the economy, especially at a time of crisis that imposes to rethink what went wrong and how we can fix it. For the benefit of all.

## FROM THE GLOBAL VISION WORKING PAPER

(RIPESS Global Assembly, Manila - November 2013)

### What is Social Solidarity Economy?

The Social Solidarity Economy is an alternative to capitalism, as well as other authoritarian, state-dominated economic systems, in which ordinary people play an active role in shaping all of the dimensions of human life: economic, social, cultural, political, and environmental. SSE is comprised of all sectors of the economy: production, finance, distribution and exchange, consumption and governance. SSE aims to transform the social and economic system that includes public, private and NGO spheres. Thus SSE is not only about the poor, but about the whole economy, and strives to overcome inequalities throughout all sectors of society. SSE has the ability to take the best practices that exist in the present system (such as efficiency, technology, and knowledge) and transform them to serve the welfare of the community, based on values and goals that differ from the capitalist economy.

### What SSE is not

SSE movements must take great care to not be co-opted in its values and practices by non-SSE perspectives. Superficial transformational changes should be avoided, where the core oppressive values and fundamental issues remain the same. We should not romanticize ourselves as "being good", but rather should actively recreate our aspirations, and learn to prevent the reproduction of sexism, racism, homophobia, classism, etc. Ultimately, SSE is about finding new ways to live – in harmony with each other and Mother Earth.

### A “glocal” vision with deep-rooted values

Social solidarity economy is an ethical and values-based approach to economic development that prioritizes the welfare of people and planet over profits and blind growth. The concepts of *gross domestic happiness* and *buen vivir* (living in harmony with other people and Mother Earth) are well aligned with the values of SSE. We re-affirm the values expressed in the RIPESS Charter which include:

**Humanism** - We put human beings, and their dignity, culture and full development at the center of our efforts. We are committed to the construction and promotion of projects aimed at building capacities for the individual and the collective development and well-being of people. For this reason, we promote the unrestricted respect, full exercise and interrelatedness of the civic, political, economic, social, cultural and environmental rights recognized by the various charters and international human rights instruments.

**Democracy** - We believe that the world, with its diverse societies, work and living environments, and organizations, should be built in a participatory manner, based on the respect for the right of individuals and peoples to decide on their own development. We understand politics as a framework for horizontal relations between persons and social collectives in their quest to satisfy their common needs. We promote participatory democracy based on the participation of citizens in political decision-making at all levels of the public space. We also advocate an economic democracy based on the capacity of people to make decisions about subjects which concern them as workers, consumers, producers and reproducers, as well as on the public character of decisions relating to what it is produced, how it is produced, why it is produced, and how profits are redistributed or invested.

**Solidarity** - We emphasize solidarity as an element that allows us to recognize ourselves in relation to others and to be concern about their well-being. This implies mobilizing resources and establishing relations with other social collectives and movements in an effort to form an

extensive network of people and organizations geared toward building a fairer, more democratic and equalitarian world.

***Inclusiveness*** - We are a network open to the range of practices of solidarity in the economy, which emerge from different realities and sectors. In this perspective, we aim at establishing dialogue based on the respect for ideological differences and the quest for consensus.

***Subsidiarity*** - We recognize and value the capacities and knowledge of individuals and groups to solve their problems and decide on their own projects. In our intervention, we seek to assert the grass-roots development, promoting organizations and associations to overcome common problems and openness to ever greater endeavors.

***Diversity*** - We promote respect for ethnical and cultural diversity, and sexual identity. We also promote and respect the diverse expressions of entrepreneurship in responding as best as possible to existing reality. We encourage the diversity of social solidarity economy players of all sectors of society to be represented and able to defend their interests, particularly women and the social groups marginalized by the current system.

***Creativity*** - We promote innovation and the originality of concepts and discourses with an eye to encouraging the construction of innovative and critical practices and experiences that contribute best to social change. We also promote the adoption of appropriate technologies that respond to the particularity of problems, with the resources available in different cultures and contexts.

***Sustainable development*** - We affirm our will to promote sustainable development, while protecting the environment and biodiversity, and favoring more harmonious man-nature and spirit-body relations, in which the resources offered us by nature are rationally used to satisfy the needs of people, while respecting the balance of ecosystems. We therefore question the current neoliberal model of economic growth that threatens life on the planet.

***Equality, equity and justice for all*** - We take our stand as part of the fight against all forms of discrimination and domination. Especially, discrimination and oppression against women, children, young people, elderly people, indigenous peoples, the poor and the disabled, must be eradicated.

***Respecting the integration of countries and people*** - We oppose any type of economic, political and cultural domination of the North over countries of the South. We push for the alternative proposal of integration based on cooperation and complementarity among Northern and Southern countries, with an eye to the globalization of solidarity.

***- A plural and solidarity-based economy*** Faced with a neoliberal economic model that excludes persons and peoples, and reduces the motivations of economic activity to the quest for profit and self-interest, and so postulates the uncontrolled market economy as the only creator of wealth and employment, we propose the validity and action in favor of a plural and solidarity-based economy. We propose and work for an economy that combines and balances logics of accumulation, redistribution and reciprocity, expressed in a democratically regulated market, the equitable reassignment of resources by a participating State, and the affirmation of practices of mutual benefit in the framework of a society and a culture of solidarity.