

**Second Conference on Economic Degrowth  
for Ecological Sustainability and Social Equity  
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**Working group 3. Social economy, changing the corporation status**

What are the options for collective production action (non-profit organization, limited profit organisation (Limited Corp etc.), for-profit cooperative status, etc)? What types of non-profit status models can we develop and how?

**‘STIRRING’ PAPER**

**The social economy or solidarity economy, an embryo-tool for a sustainable economy**

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We understand social economy or solidarity economy as that set of production, trade, consumption and credit practices that pursue the satisfaction of needs rather than the maximization of profits. Social Economy is organized according to the values of cooperation, solidarity, democracy, equality and sustainability. Thus, we are talking about cooperative or collective production, fair trade, ethical consumption, and ethical finances.

When these practices become permanent and collective, they generate organizations, formal or informal, of various types: cooperatives (of workers, consumers, agricultural, services, education, cohousing...), associations for social intervention, worker societies and others mainly participated by workers, enterprises for social inclusion, foundations of social intervention, fair trade shops, networks for exchange of goods, services and knowledge, free software movements, community gardens, popular canteens, communitarian microeconomics ...

The organizational culture of these organizations draws especially from the co-operativism movement (especially in Northern countries). The cooperative is the first associative form of solidarity economy emerged from the popular classes reaction to capitalism. Over its almost 200 years of existence, co-operativism has been distilling a strong unified culture. This culture manifests itself in its ends, values, principles and organizational traditions, very different than capitalist business culture.

The social economy or solidarity economy, may be a reference to outline the economic model for a post-capitalist society that would be ecologically sustainable and socially just. Social economy can be as well a driving engine for the process of transition to this new society, to the extent that although being imperfectly, it constitutes a pre-existing form or precursor.

We emphasize here some of its virtues associated with a degrowth strategy:

1. The solidarity economy enterprises or solidarity enterprises fit better within the framework of a sustainable economy. Indeed, while commercial companies need to grow continuously to provide new benefits to capital, cooperatives and other enterprises

under democratic management do not have the same tendency to the expansion, as growth involves the admission of more workers, with which the benefits must be shared. So, these companies tend, in any case to expand to capture economies of scale, but have no incentive to expand further, so they also compete less with each other than the capitalist enterprises. This behavior, which already can be observed nowadays, would be even more pronounced in a post-capitalist economy, where markets would be more regulated than today.

2. The solidarity economy is an economy of proximity, rooted in the territory. A cooperative of work, for example, could not be de-localized, because associate members should migrate. Therefore, an economy that better fits into a strategy of relocalization activities.

3. The social economy organizations are societies of people (not of capital), governed democratically (one person one vote). This allows you to introduce other rationalities into collective deliberations, besides the economic rationality. It becomes easier to set goals related to the concept of “buen vivir” (good living) (working less hours, the commitment to social causes ...) than to the maximization of economic benefits.

4. Responsible consumption practices and ethical finance organizations are two other very important branches of the solidarity economy. The former clearly points towards a decrease in consumption and the latter points towards a social, ecological and local use of savings and investments.

### **Towards the creation of social markets**

The social economy, in its dual aspect, of social movement and socio-entrepreneur sector has not stopped growing since the 1980s. Nowadays extends worldwide, with special emphasis on Latin America, some regions of Asia, and countries of the North such as Quebec, the Basque Country, some French and Italian regions... Only considering cooperatives (just a part of the social economy), it is estimated that in 2002, 12% of world population, some 725 million people, was a member of a cooperative, while in 1975 cooperative population represented "only" 326 million people, 8% of world population.

But despite its importance, the solidarity economy is still a minority and its influence politically marginal. This is mainly due to the fact that the different initiatives of the social economy are poorly articulated with each other. They have little awareness of belonging to the same movement and constituting a real economic alternative. Therefore, besides the need to multiply the experiences of solidarity economy around, to advance the process of awareness and strengthening the sector, one of the key strategies can be the creation of social markets.

We could define the market as a large social network of stable exchange of goods and services produced with democratic, equitable, ecological and solidarity criteria. The network would allow participants to cover a significant part of their economic needs. The nodes would be solidarity enterprises (producers, traders or lenders), responsible consumers and ethical savers and investors (individuals, companies, organizations or institutions). The flows would be the money and the goods and services exchanged.

Currently, there are experiences of social markets in some regions of Brazil and Argentina.

The stirring concepts to build social markets should be:

a) Integral production-consumption-credit, i.e. it is needed a triple economic commitment of each entity and its members as individuals to produce, consume and finance at the maximum extent within other solidarity enterprises.

b) Domestic demand: solidarity enterprises should cover, first of all, the domestic demand in the same sector.

c) “Buen vivir” (Good living), as the purpose and criteria to evaluate the success of projects.

d) Collective investment strategically oriented: most of the surpluses generated by the economic activities of the networks’ nodes, have to get together in collective funds (credit unions or other similar instruments) and allocate them to the networks’ growth. These funds would promote new initiatives that either close production chains within the solidarity economy, or enter into strategic sectors with low or zero presence of the social economy.

e) Territoriality: the social market must be local or regional

f) Mutual inter-cooperation: building social markets is about applying to a large-scale the cooperation between cooperators.

The development of a social market in a particular territory needs to meet several requirements: a critical mass of producers, consumers and solidarity savers, a ground of prior practices that provide inter-cooperation experience and mutual trust. It needs as well a set of indicators of social responsibility, eco-labels and social balances and a collective actor who promotes purposefully the social market. Some specific tools to build it are necessary such as holding regular exhibitions of social economy and the creation of discount coupons or social coins to buy at and between solidarity enterprises. Traders and promoters of the social market are needed. They would be people or enterprises that work under commission basis for their work. They would be dedicated to facilitate agreements for inter-cooperation within the sector, to detect new viable and strategic economic projects and to offer them to enterprises in the sector capable of promoting them. It will be done similarly as the way of *impanatore* in Italian industrial districts. Finally, a situation like the current crisis that pushes sector enterprises to coordinate efforts is required.

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