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SOLIDARITY-BASED AND CO-OPERATIVE ECONOMY AND ETHICAL BUSINESS

Trends, Innovations and Experiences in Europe

INTRODUCTION

This research on an alternative economy, based on co-operatives and solidarity, and on ethical business, points out opportunities for social transformation at a time of deep economic recession, financial instability, and loss of trust in the dominant capitalist economic model. It is particularly relevant as it aims at finding new ways to build common ground for a political alliance with a new left in Europe in these fields.

The first chapter of the research analyses how to build on this new social and economic context to create new opportunities for transforming society towards more economic democracy, more collective ownership, and more citizen participation as a precondition for more social justice and fairer wealth distribution.

Chapter 2 gives an overview of recent alternative economic theories and other relevant recent researches, such as deglobalization theory, Paul Hawken and the theory of ecology in business, of Serge Latouche, Harry Shutt and Anielski, and the respective theories of *décroissance*, overaccumulation and sustainable well-being, which are all influencing recent evolutions in the *Social and Solidarity-based Economy* sector (SSE). The works of Amartya Sen, Joseph Stiglitz and Elinor Ostrom, all recent winners of Nobel prizes in economics, and of Noam Chomsky, that consider co-operative models as

alternative forms of economic and social organization in a new pluralistic economic order following the actual crisis, are also cited in this research.

References to these research fields, to recent trends, to relevant evolutions, and some remarkable innovations particularly in the SSE, are given in the third chapter, which has a main focus on research of co-operative and social and solidarity-based economy, such as Jean-Louis Laville's work on the third sector and Carlo Borzaga's study on social enterprises. The chapter also examines case studies and models of good practices in the areas of alternative finance, of innovative responses to unemployment and restructuring, of social enterprises of general interest and of local development and democracy.

Based on the outcomes of the European seminar in Palermo on alternative economy, the conclusions outline proposals on how these new trends and experiences can build the ground for political action of a new left at European and global level.¹

CHAPTER 1:

SOCIAL AND ECONOMIC CONTEXT

Leading economists have called the current economic crisis the worst financial crisis since the Great Depression of the 1930s. The current crisis contributes to the failure of key businesses, to a decline of consumer wealth by trillions of US\$, to damaging long-term consequences due to necessary substantial financial commitments by governments, and to a significant decline in economic activity. Many causes of the current crisis have been evaluated, with varying weight assigned to them by experts. Both market-based and regulatory solutions have been implemented or are under consideration, while significant risks remain for the economy. Mainstream media and Wall Street have reached a consensus in denominating the credit crisis the worst crisis in the post-war period. Analyses differing from mainstream explanation point out that the financial crisis is merely a symptom of another, deeper crisis, which is a systemic crisis of capitalism itself.

According to Noam Chomsky, the current crisis goes back to the financial liberalization that started in the 1970s. Markets have built-in inefficiencies, which are well known. "One of them", explains Chomsky, "is that transactions in a market do not take into account what are called 'externalities', so if you and I make some sort of a deal, say you sell me a car, we may make an arrangement that is good for us, but we don't take into account the costs for others. But there are costs, traffic jams, pollution, the price of gas, and so on. They may seem small, but they're not. They add up and they can be quite large". In the case of financial institutions, they are very large. A financial institution has the task of taking risks, and if it's a well-run institution, like Goldman Sachs, it

¹ Seminar Alternative Economy: Trends, innovations and experiences - Co-operative and solidarity-based economy, ethical business: Opportunities for a new Left in Europe? Palermo, 11-13 June 2010, organized by Rosa Luxemburg Foundation Brussels.

will try to cover the potential losses for itself, but only for itself. It does not take into account what is called systemic risk, the effects of its failure on the whole system.²

Establishment critics of market fundamentalism, including Nobel Prize Winners Joseph Stiglitz and Paul Krugman, are carrying out endless debates over how large stimulus programs should be, and whether or not the state should retain an interventionist presence or, once stabilized, return the companies and banks to the private sector.

While some economists, such as Stiglitz, continue to believe in the economic benefits of globalization in spite of its social costs, others, like Nouriel Roubini, believe that “the global economy is now literally in free fall as the contraction of consumption, capital spending, residential investment, production, employment, exports and imports is accelerating rather than decelerating.”³ Roubini, who is the only economist to have anticipated the Lehman blow and the Wall Street collapse, has said, that the current financial crisis lays bare the weaknesses and failures of western-style capitalism.⁴

In his last book, Psychotherapist Oliver James⁵ defines the three main characteristics of “selfish capitalism”: The first one is that businesses are evaluated by their quotations on Wall Street rather than their contributions to society and economy. The second one is a strong pressure to privatize goods and services belonging to the collectivity, and the third are government policies strongly favouring company owners and their opportunities to make profits, making it easy for them to exploit workers, employing them at disadvantaged conditions.

The Reagan ideology of a market without limits, based on Milton Friedman’s principles and the Chicago School, is definitely collapsing, writes Massimo Gaggi in the *Corriere della Sera* at the 9th of May 2010: “To rely on the capacity of markets to self-regulate is no longer possible”. While highlighting the damages that this situation causes, Gaggi adds that there is an increasing awareness of this situation: Obama had to intervene with public funds to save banks and industries, but he is also trying to prescribe a new code of behaviour. He demanded, for instance, that General Motors builds smaller and less polluting cars in return for receiving government subsidies.

However, nothing seems to be really changing: after the collapse of Lehman Brothers, it was unanimously believed that the world would never be the same again. Yet, a year after, the push towards change has already ended, as the *Wall Street Journal*, points out: “The Lehman catastrophe left many things unchanged. The resistance of the bankers has defeated the effort to reform market rules. Huge salaries are coming back, as well as high-risk speculations. Exotic financial products, very similar to those which in the autumn 2008 caused the collapse of markets and the global economy, are starting to circulate again”.⁶ It is business as usual.

² Daily Banter Exclusive: Interview with Noam Chomsky. In: *The Daily Banter*, 30 October 2008. Interview by Ben Cohen.

³ Nouriel Roubini: Laissez-faire capitalism has failed. In: *Forbes*, 19 February 2009.

⁴ It is interesting to mention Roubini’s opinion on the current Greek crisis, expressed in April 2010 at the Annual Conference of the Milken Institute: “The measures taken by the EU and the International Monetary Fund will not avoid the disaster, as the problem is not of lack of liquid assets, but rather of insolvency”. The alternative, according to Roubini, is “to employ public resources for the restructuring of the Greek debt and drive Greece out of the European Union”.

⁵ Oliver James, *The Selfish Capitalist*, Ebury Publishing, 2008

⁶ Quoted by Oliver James, *ibid.*

Asking Joseph Stiglitz to revise national statistics, French President Nicholas Sarkozy summarized the general mistrust of people towards institutions: "Citizens all over the world believe, that we are deceiving them, that statistics are deceitful, and numbers are manipulated. They are right: behind the religion of numbers and complex calculations lays the dogma which says that the market is always right".⁷

According to Stiglitz, we are using the wrong indicators. "They do not reflect sustainability, either in an environmental, social or political sense, and they do not reflect broader sets of values and concerns, including job satisfaction and a sense of well-being. GDP is a very misleading indicator as even the money used to repair the damages caused by misgovernment is indicated as an asset, so if, for example, an earthquake destroys a town, it will be recorded as a collective profit".⁸ This opinion is shared by the Italian Foundation "Symbola", which is in the process of launching an alternative indicator to GDP, called "PIQ" (*Prodotto Interno Qualità*), able to measure not only the quantity but also the quality of the economy of a Country. The new indicator was conceived by a team of over 150 experts, supervised by Luigi Campiglio, chancellor of Milan Catholic University. According to Antonio Cianciullo, "the team's task is a very difficult one, because quality is not easy to define. It is a dynamic concept related to the well-being and happiness of individuals as well as to an active balance sheet and ecosystem stability."⁹ The well-being of citizens largely depends on values that are not economically measurable, such as the quality of education they have, and the level of criminality around them. "Symbola's" research, which defines quality in relation to the competitiveness of the system, analyses 27 economic sectors, assessing their contribution in terms of human resources, knowledge, product or service development and the building of national and international networks.

The deterioration of democracy

Already 75 years ago, the Great Depression showed that markets do not necessarily work well. How could one think markets work well, when in Europe and the USA, one out of four people was involuntarily out of a job? With words that have a very contemporary ring, British economist Keynes expressed his doubts about a global economic model at the height of the Depression: "I sympathize ... with those who would minimize rather than with those who would maximize economic entanglement between nations. Ideas, knowledge, art, hospitality, travel – these are the things which should of their nature be international. But let goods be homespun whenever it is reasonably and conveniently possible; and, above all, let finance be primarily national."¹⁰

Global competition, migration flows and the cultural standardisation caused by globalization have changed the basis of societies, leading in many cases to the collapse of solidarity and to the worsening of human relations, which constitute the essential foundation of social well-being. People are isolated, divided, facing problems without a

⁷ Joseph Stiglitz is currently working with Sen e Fitoussi on a "Report on economic performance and social progress" requested by French President Sarkozy to devise alternative measures of GDP and economic performance.

⁸ Joseph Stiglitz, Paper presented in opening session of the 27th international congress of CIRIEC, Sevilla 22–24 September, 2008.

⁹ Antonio Cianciullo, "Goodbye GDP, Hello PIQ – wealth is made of quality", *Repubblica*, 19 May 2010.

¹⁰ John Maynard Keynes, "National self-sufficiency", 1933.

possible solution alone. "Because it is geared to the interests of private power, manufacturing corporations and financial institutions, closely linked to powerful states", writes Chomsky, "globalization is detrimental to the health and true progress of the vast majority of the world's people".¹¹

Sharing Chomsky's opinion, Edward S. Herman points out that the globalization of recent decades was never a democratic choice by the people of the world: "the process has been business driven, by business strategies, and tactics, for business ends".¹² The consequence is a steady weakening of democracy, as the containment of labour costs and the scaling down of the welfare state has required the business minority to establish firm control of the state and remove its capacity to respond to the demands of the majority. Welfare states in many countries increasingly define themselves as purchasers and regulators of services provided by private business, following the same rules as private enterprises. "In a democracy, in a functioning democracy", writes Noam Chomsky, "what would be happening is that popular organizations, unions, political groupings, others, would be developing their programs, putting them forth, insisting that their representatives implement those programs? And there are possible programs that might make a difference, but none of this is happening. And the reason this isn't happening is because there is no functioning democracy."¹³ Lack of democracy leads to lack of participation and consequently, lack of collective action, at social level but also in workplaces. Democracy in enterprises is just as important: greater internal democracy can foster not only a better workplace, but also a more innovative workplace and a more innovative society. Part of this is based on the notion that with more participation, more openness, and more transparent management, there is a better flow of information, which is necessary for a well-functioning economy and well-functioning enterprises. Says Chomsky: "It's ridiculous to talk about freedom in a society dominated by huge corporations. What kind of freedom is there inside a corporation? They're totalitarian institutions - you take orders from above and maybe give them to people below you. There's about as much freedom as under Stalinism... boards of directors are allowed to work together, so are banks and investors and corporations in alliances with one another and with powerful states. That's just fine. It's just the poor who aren't supposed to cooperate".¹⁴ The only solution to overcome the crisis, according to Chomsky, is to "overcome the marginalisation and atomization of the public so that they can become 'participants,' not mere 'spectators' of action."¹⁵

Altering this anti-democratic state of affairs is difficult, not only because of the power of its beneficiaries, but also because it operates within the framework of nominally democratic structures and musters plausible arguments.

If globalization fails to take into account the relations between economy, enterprise, development and ethics, social unrest and environmental emergencies will get out of control. "In a globalised planet", writes Nobel Prize winner Amartya Sen, "the challenge is turned toward the economic world as much as the cultural one. We must give

¹¹ "Globalisation and its discontents. Noam Chomsky debates with Washington Post readers", Washington Post, 16 May 2000.

¹² Edward S. Herman, "The Threat of Globalisation", In: *New Politics*, Vol. 7, No. 2 (new series), 1999.

¹³ "Daily Banter Exclusive: Interview with Noam Chomsky", *The Daily Banter*, October 30, 2008.

¹⁴ Noam Chomsky, *The Common Good*, Odonian Press, 1998.

¹⁵ Daily Banter Exclusive: Interview with Noam Chomsky, 30 October 2008.

globalization a non destructive form, toward employment and the traditional way to look at things". The participation in the market economy is radically influenced by social arrangements for education, health care, microcredit, land reform, and other public policies and therefore, "the sharing of the benefits of globalization also depends on social institutions."¹⁶ The presence of civil society and social enterprises in what has been termed the *hybrid* structure of many social services organizations represents a possible answer to the present trend towards decentralization and "devolution" in social welfare. What is needed, according to Amartya Sen, is not a rejection of the positive role of the market mechanism in generating income and wealth, but the important recognition that the market mechanism has to work in a world of many institutions, such as popular and local organizations, such as institutions of the co-operative and solidarity-based economy, ethical business and service providers. We need the power and protection of these institutions, provided by democratic practice, civil and human rights, a free and open media, facilities for basic education and health care, economic safety nets, and, of course, provisions for women's freedom and rights.

CHAPTER 2:

THE PATH TO SUSTAINABLE DEVELOPMENT: ALTERNATIVE ECONOMIC MODELS

New trends are fast outpacing both ideologues and critics of neoliberal globalization, and local, alternative forms of developments are becoming more popular. According to Stiglitz, "success, broadly defined, requires a more balanced economy, a plural economic system with several pillars to it. There must be a traditional private sector of the economy, but the two other pillars have not received the attention which they deserve: the public sector, and the social cooperative economy, including mutual societies and not-for-profits."¹⁷ Diversity should be expected and encouraged, both in studying the different alternatives of collective action and in promoting a multidisciplinary methodological approach. "The integration of the world economy is in retreat on almost every front," is written in *The Economist*.¹⁸ "The deglobalization paradigm also asserts that a 'one size fits all' model like neoliberalism or centralized bureaucratic socialism is dysfunctional and destabilizing."¹⁹ An increasing number of economists, politicians and social scientists are convinced that what is needed is an economy promoting cooperation between the public and the deregulated market. Many call it a "new socialism", a socialism which does not want to abolish the market, but simply to remove its sovereignty and give it back to the people who will collectively set the objectives to be reached for the benefit of the whole community. The market would no longer represent an aim, but would become a mere instrument to attain democratically set objects.

¹⁶ Amartya Sen, *Global Doubts*, Harvard University, 2000.

¹⁷ Opening session of the 27th international congress of CIRIEC, Sevilla 22–24 September, 2008.

¹⁸ "Turning their backs on the world", *The Economist*, 19 February 2009 (no author mentioned).

¹⁹ Walden Bello: "The virtues of deglobalization", *Foreign Policy in Focus*, 3 September 2009.

A multidisciplinary approach for a more effective economic theory

While economics is fundamentally a social science that explains social phenomena, such as cooperation or trade, in terms of individual choices and motives, social psychology and cultural anthropology see individuals as situated, embedded beings rather than autonomous rational welfare maximizers making choices according to their stable preferences.²⁰ Recent literature on economic sociology and the notion of identity in economic and non-economic activities has shown that the non-economic identities of individuals (such as belonging to a group) strongly influence their behaviour in economic spheres.²¹ It is becoming increasingly clear that economists put their predictive power at risk by ignoring the embedding of economic life within the larger social dynamic, such as personal rather than monetary rewards and punishments, and the nature of the information that social networks can provide.

As Edgar Morin so clearly underlines, “the discourse of social science, and organization theory in particular, has historically privileged objective over subjective, rational over emotional and theory over experience.”²² Emphasizing the relevance of psychoanalysis to organization studies, Yiannis Gabriel points out that we still think of organizations as “orderly places where people behave in a rational, business-like way.”²³ This is particularly interesting when we consider our own lived experience of organizations. Today, more than ever, the complexity of the globalised world and of intergroup dynamics shows that if we want to find solutions for the current economic crisis we need to analyze its causes from different perspectives. For years psychoanalysts and psychologists have looked for answers to overcome the feelings of unease of individuals within capitalistic society. The Frankfurt School of Social Analysis explored as one of its major themes the decline of the individual, and the eroding process which operates in societies upon his autonomy. This analysis centred on the idea that the individual was becoming irrevocably a part of the consumer society, and his social and cultural habits were determined by the mechanics of capitalism. Autonomy gives way to a seduced and de-centred individual, manipulated into becoming a passive consumer of the culture industry. In his essay on the Frankfurt School, Thomas Krogh writes: “In this industry not only the products but the producers and the consumers are produced and reproduced.”²⁴ The distinction between work and leisure disappears, leisure and recreation

²⁰ This difference of perspective is clearly expressed by Bonacich: “with respect to the future, my feeling is that sociologists don’t know game theory, and that economists who do, are hopelessly naïve about social structure. The best work remains to be done by those who have mastered both disciplines.” E. Bonacich quoted by Swedeberg.

²¹ George A. Akerlof & Rachel E. Kranton: “Identity and the Economics of Organizations”, *Journal of Economic Perspectives*, 2005.

²² Edgar Morin, quoted by Alfonso Montuori: “The complexity of improvisation and the improvisation of complexity; social science, art and creativity”, *Human Relations Journal*, 2003.

²³ Yiannis Gabriel, *Storytelling in Organizations, Facts, Fictions, and Fantasies*, New York: Oxford University Press, 2000. Recommending a psychoanalytical approach in organization theory and management studies, Gabriel points out that people both within and outside of organizations are emotional beings, with personal and family histories. Through work, they seek to fulfil deeper unconscious desires. As parts of society, organizations become places where broader social and cultural dynamics are enacted. They offer certain defences against anxieties and they also open up possibilities of realising collective visions and stimulating contentment and creativity.

²⁴ Thomas Krogh, *Cultural Analysis - the Frankfurt School*, 1992

become forms of forced compulsion based on the impulse to repeat. This “moral crisis of the self”, caused by consumer capitalism engenders individual enjoyment rather than advancement. English psychotherapist Oliver James gives a clinical diagnosis of contemporary capitalism.²⁵ He points out the negative aspects of the current economic model using a psychological approach. In all the nations where the most advanced version of capitalism were introduced, writes James, the majority of workers became poorer, while a minority of privileged has become richer. Selfish capitalism is a source of anxiety and psychologically destructive not only for its emphasis on productivity and competition, but also because it supports unrealistic and unhealthy expectations. So the neo-liberal economic policies, justified by a sort of social Darwinism, are creating huge gaps between wealthy citizens and the rest of the population and are putting more pressure on individuals.

A review of alternative economic theories

Alternative economic theories developed in the last decade have many points in common: They emphasize the relationships among people and to the environment and insert values of solidarity into these relationships (co-operative, egalitarian, democratic, locally based, and sustainable). They support an economy based on human needs rather than profit, and aim at breaking down oppressive economic hierarchies of all types, the development of human potential, and the preservation of local communities and the environment. Some recurrent concepts are shared by most of these theories. Decentralization is one of them, as it is common belief that the creation of networks of democratic local initiatives is more effective than that of a “world government”, even a democratic one.

Enterprises are no longer seen as organized forms of production of goods and services alone, but as subjects bound to be increasingly socially responsible. Strictly for practical reasons, the theories presented in this paragraph are divided into three main groups: The first group includes economic theories centred on individual and social well-being, like Anielski’s “Genuine Wealth Model” and Manfred Max-Neef’s School of “Human Scale Development”. The second group includes theories supporting Karl Polanyi’s concept of deglobalization, aiming at “re-embedding” the economy in society, instead of having a society driven by the economy. This group includes Bello Walden’s “deglobalization”-model, Serge Latouche’s theory of “degrowth”, and Harry Shutt’s theory of overaccumulation. Jean-Louis Laville’s research also belongs to this group, but it will be extensively analyzed in the next chapter, where alternative and SSE economic models and practices will be examined. The last group includes economic theories based on sustainability that promote development without compromising future generations. They are based on the belief that economic, social and environmental issues are strictly connected. Paul Hawken’s ecological model belongs to this group.

What clearly emerges from the review is a common objective shared by all these theories: the integration of the local and the global, of people, nature and technology, of individuals and society, the private, the state and civil society. The answers they provide are all based on sustainability, i.e. supporting the development and diffusion of envi-

²⁵ James is a psychotherapist specialised in children pathologies and violence among teenagers.

ronmentally congenial technology (“deglobalization “Model), eco-capitalism (“de-growth” theory) and a system of commerce that is geared to basic ecological principles (ecological model).

Deemphasizing growth and maximizing equity is another common purpose, as is preserving communities and promoting democracy and social responsibility. However, while all theories agree on the need to increase the role of civil society in monitoring and supervising the private sector and the state, none really indicates how this can be achieved. Bello Walden suggests that the property complex needs to be transformed into a “mixed economy” that includes community co-operatives, private enterprises, and state enterprises, and excludes transnational corporations, and both Latouche and Shutt believe that enterprise should be made answerable to the public, and that the power to regulate should be entrusted to an external body. But there is no clear view on how this objective can be attained.

The economics of happiness: well-being

The Economics of Happiness is the study of a country’s quality of life by combining economists’ and psychologists’ techniques. It relies on more expansive notions of utility than conventional economics does. Although its usefulness is yet to be determined, it has become a subject of interest and often a measure of comparison with the traditional forms of measuring market health such as GDP and GNP. Historically, economists have said that well-being is a simple function of income. However, it has been found that once wealth reaches a subsistence level, its effectiveness as a generator of well-being is greatly diminished.²⁶ In fact, despite unprecedented economic prosperity, in the last 35 years people in developed countries do not necessarily feel better individually or as communities.

Data shows that whilst economic output in the UK has nearly doubled since 1973, levels of happiness have remained flat. Beyond a certain level of income and material stability, more money has a negligible and even negative impact on the quality of our lives. “The basic goals of development can be conceived of in universalistic terms where individual well-being can basically be viewed as entailing certain basic freedoms, irrespective of cultural context”, writes Amartya Sen in *Development as Freedom*.²⁷ These freedoms, which have both intrinsic and instrumental values, include: “freedom to engage in political criticism and association; freedom to engage in market transactions; freedom from the ravages of preventable or curable diseases; freedom from the disabling effects of illiteracy and basic education; freedom from extreme material privation”.

Manfred Max-Neef shares the same opinion: According to the school of “Human Scale Development” he developed, fundamental human needs, are seen as ontological (stemming from the condition of being human). They are few, finite and classifiable (as distinct from the conventional notion of conventional economic “wants” that are infinite and insatiable). They are also constant through all human cultures and across historical time periods. What changes over time and between cultures are the strategies by which

²⁶ This paradox has been referred to as the Easterlin paradox by Carol Graham, *The Economics of Happiness*, 2005.

²⁷ Amartya Sen, *Development as Freedom*, New York, Alfred Knopf, 1999

these needs are met? It is important that human needs are understood as a system - i.e. they are interrelated and interactive. "Human Scale Development" is defined as "focused and based on the satisfaction of fundamental human needs, on the generation of growing levels of self-reliance, and on the construction of organic relations of people with nature and technology, of global processes with local activity, of the personal with the social, of planning with autonomy, and of civil society with the state."²⁸

However, economic policy proposals to improve well-being are typically directed at altering the socioeconomic environment but not at changing individual preferences. It is assumed that each individual is the best judge of his/her own interest. Once it is recognized that individuals are unaware of some of the forces shaping their choices, it will no longer be certain that they will successfully maximize their well-being. The research on subjective well-being should therefore be taking into account the dynamic interplay between life's events, individual personality and the psychological, social, biological and evolutionary mechanisms which are the basis of individual functioning.

The Genuine Wealth model

Economist Mark Anielski²⁹ has developed a new economic model called *Genuine Wealth*, to measure the real determinants of well-being and help redefine progress. The objective is to rediscover the original meaning of the language of economics that dominates our consciousness, and to enquire how economics, capitalism, accounting and banking, can be reoriented towards the pursuit of genuine happiness. In his book, *The Economics of Happiness*, Anielski explores the nature and spirit of the current economic system in order to better understand why many in the sustainability movement seem to be unable to move towards a genuine, living and sustainable economic system. Anielski also observes that Adam Smith's *The Wealth of Nations*, the point of reference of all classical economics, failed to consider the Old English origins of the word "wealth," which literally means "the conditions of well-being".

Anielski introduces the concept of *Genuine Wealth*: a new model for managing our personal, household, and business and community well-being in accordance with the values that define our quality of life. *Genuine Wealth* is a practical system, which measures and manages for sustainability the total capital assets of a community or organization. Synthesizing emerging concepts like natural capital and social capital, *Genuine Wealth* creates a more comprehensive accounting system, in which human, social, natural, built and financial capital are all integrated into the balance sheet. This vision of a living, sustainable economy is founded on the mutually reinforcing and integrated principles of efficiency, equity and reciprocity and was inspired by the co-operative economy of the Emilia Romagna. Anielski provides examples of applications of the *Genuine Wealth* model at the personal / household, corporate / business, community, state/provincial and national scales and examines the nature of money and the current debt-based banking system. Mountains of unsustainable debt and the practice of charging interest on loans actually lead to the destruction of living capital and fundamentally undermined sustainable economies of well-being and happiness. Anielski offers exam-

²⁸ Max-Neef et al., 1987.

²⁹ Mark Anielski is Professor at the University of Alberta, School of Business where he teaches a course in Corporate Social Responsibility and Social Entrepreneurship

ples of alternatives to the current banking systems like the JAK Members Bank in Sweden, a co-operative member-owned bank that does not charge interest on loans and presents *Genuine Wealth* money and banking model that returns the power of money creation to the people in the community. *The Economics of Happiness* holds out hope that a genuine renaissance of fair economics, accounting and business practices is possible, and that we can build communities of genuine well-being and happiness.

The deglobalization model

Elaborated mainly as an alternative for developing countries, the *deglobalization* Model has become relevant to the central capitalist economies. Its aim is to move beyond the economics of narrow efficiency, in which the key criterion is the reduction of unit cost, never mind the social and ecological destabilization this process brings about. An effective economics, it shows, strengthens social solidarity by subordinating the operations of the market to the values of equity, justice and community, by enlarging the sphere of democratic decision making. The key points of the *deglobalization* paradigm include:³⁰

- Encouraging production for the domestic market rather than for export markets,
- Encouraging production of goods at community and national level, in order to preserve community,
- Promoting trade policy that grants protection to the local economy,
- Promoting measures of equitable income redistribution and land redistribution, deemphasizing growth and maximizing equity,
- Supporting the development and diffusion of environmentally congenial technology.

According to this model, decision-making in the economy should be expanded so that all vital questions – such as which industries to develop or phase out, what proportion of the government budget to devote to agriculture, etc. – become subject to democratic discussion and choice.

In this scenario, civil society should constantly monitor and supervise the private sector and the state, in a process that should be institutionalized. The property complex needs to be transformed into a “mixed economy” that includes community co-operatives, private enterprises, and state enterprises, and excludes transnational corporations.

Centralized global institutions like the IMF and the World Bank should be replaced with regional institutions built not on free trade and capital mobility but on principles of co-operation that, “transcend the logic of capitalism.”

³⁰ Bello Walden, *Deglobalization: Ideas for a New World Economy*. Bello is a Senior analyst at the Philippine think-tank “Focus on the Global South”, a TNI fellow and Akbayan representative in the Filipino Congress.

Serge Latouche and the theory of *décroissance*

According to Serge Latouche³¹, *décroissance* (*degrowth*) appeals for “a move towards progressive and reasoned deceleration in world growth, under particular social conditions, as the first step towards reducing predatory and devastating production in all its forms”. Latouche envisions a society of *degrowth* instead of growth, in which people will work less and consume fewer products, but of better quality; in which people will rediscover the gift culture besides commodities and products. The problem is that the economic bodies that hold real power (for example multinational companies) do not exercise that power directly. Some of the main responsibilities of the state in a market economy, such as the safety of the environment, are no longer borne by anyone today. Eco-compatible capitalism is conceivable in theory, but unrealistic in practice. The market system, dominated by huge multinational corporations, will never depart down the virtuous path of eco-capitalism of its own accord. It is a system made of anonymous, utilitarian machines for generating dividends. These will not give up their consumption of resources unless they are forced to do so. Even where company directors support self-regulation, they cannot impose it upon the majority of free-riders who are guided by a single principle: maximizing the company’s share value in the short term. The answer, according to Latouche, is to entrust the power to regulate in the hands of an external body (the state, the people, a union, an NGO, the United Nations). The power would be enormous and the holder of it could rewrite the social rulebook. It could put society back in charge.

Consumer democracies are dependent on growth, for without the prospect of mass consumption, the inequalities would be unbearable (and they are already getting that way, due to the crisis in the growth economy). The foundation myth of modern society is that the trend is towards more equal conditions. Inequalities are provisionally accepted, since many goods that were once reserved for the privileged are now widespread, and the luxuries of today will be accessible to all tomorrow. For this reason, many doubt the capacity of democratic societies to take the measures that our environment needs. The strategy of *degrowth* economics is different. It wagers on a stick-and-carrot combination: regulations designed to force change, plus the ideal of a convivial utopia, will add up to a decolonization of minds and encourage enough virtuous behaviour to produce a reasonable solution: local ecological democracy.³²

Latouche also emphasizes the advantages of re-localizing all forms of activity and promoting a democratic management of common goods: “it is the strategy of the Zapatistas in Mexico. They have reinvented the notion of communal goods and spaces -

³¹ Professor of Economics at University of Paris XI and at the Institut d’études du développement économique et social (IEDS).

³² According to this model, setting the virtuous circles of degrowth in motion requires some simple measures: Reducing our ecological footprint so that it is equal to or less than the sum of Earth’s resources. That means bringing material production back down to the levels of the 1960s and 1970s; Internalising transport costs; Relocalizing all forms of activity; Returning to small-scale farming; Stimulating the production of “relational goods” - activities that depend on strong interpersonal relationships, such as babysitting, caring for the bereaved or terminally ill, massage, even psychoanalysis, whether traded commercially or not, rather than on the exploitation of resources; Reducing energy waste by three-quarters; Heavily taxing advertising expenditure; Decreeing a moratorium on technological innovation, pending an in-depth assessment of its achievements and a reorientation of scientific and technical research according to new aspirations.

“commons” - and regained real popular control over them. Their autonomous management of the Chiapas bioregion is one illustration, in one context, of how local dissidence can work.”

Harry Shutt and the crisis of overaccumulation

Starting from Marx’s conception of capitalism, dissident economist Harry Shutt³³ explains the crisis in terms of *overaccumulation* of capital: “The only way you can successfully recycle extra profits is to either expand your existing business or diversify into another business.”, says Shutt. “The problem is that as profits are invested into the market, generating more profits that in turn have to be reinvested, production expands until it reaches a level that can no longer be absorbed by consumers. The market is glutted, and recession results. But the destruction of capital and jobs creates pent up demand for the whole process to begin again in time.”³⁴

Shutt’s argument is that western political leaders have, for years, based their economic strategy on avoiding or limiting the downside of the cycle. Credit expansion has been fuelled, household debt recklessly encouraged, state services privatized, financial institutions subsidized and regulations banished, all in order to find profitable outlets for a burgeoning ‘wall of money’ generated by the system. A high rate of growth is needed to maintain this process, but cannot be sustained because of the weakness of demand in the economy.

The consequence is that money, frustrated in its search for productive activities to invest in, has turned to speculation. “When you get to the point that you can’t actually make profits by producing more stuff – organic growth – profits get recycled into speculation,” says Shutt. And once speculation takes hold, it becomes advantageous to bring even more money into the market, because that pushes up the value of assets. Hence, the “leveraging” by speculators – the borrowing of more and more money to speculate on financial assets.

According to Shutt, enterprise should be made answerable to the public interest. “I wouldn’t say abolish private property. If people want to invest in risky ventures, such as gold mining in Angola and they want to maximize profits from that, that’s fine, go off and do it. They can even do it in Scotland, provided they adhere to environmental standards. But if it fails you’re on your own.” Investors should no longer enjoy the protection of limited liability, which restricts their financial liability to the amount they have invested. To ensure the legal privilege of limited liability, enterprises would have to demonstrate that what they were doing was in the public interest: “As an entrepreneur, you must tailor your policies and what you do in terms of investment, employment, wages and prices in the interests of the public, and we should have a veto over what you do.”³⁵

³³ Harry Shutt worked for the Development and Planning Division of the Economist Intelligence Unit and the Research Department of the General and Municipal Workers' Union. He has also been Chief Economist at the Fund for Research and Investment for the Development of Africa.

³⁴ Cited from: “Prophet of doom”, Interview with Harry Shutt by Mat Little, January 2009.
<http://www.martinfrost.ws/htmlfiles/jan2009/shutt-prophet-doom.html>

³⁵ International Development Economics Associates, 17 January 2009.

Growth would cease to be seen as a public good. Any bank, which sought public funds, would be subject to these conditions.³⁶

Crucially, any alternative system must be geared to determining economic priorities and allocating resources based on criteria other than the profit maximization as determined by the market. A huge share of added economic value, that is at present wastefully diverted to serving the priorities of the owners of capital, can be more usefully devoted to serving the needs of the wider public.

The ecological model

The severe ecological crisis that we are going through is forcing a profound shift in human consciousness. A radical increase in eco-efficiency is required to meet people's legitimate needs while dramatically reducing environmental impacts. Waste is eating up our planet: the 2010 report of the *Worldwatch Institute* shows that in the last five years waste and consumption have grown by 28%. The world's richest 500 million people are responsible for 50% of global carbon dioxide emissions.³⁷

It is becoming increasingly clear that the global environmental and economic crises have common origins and must be tackled together. They share the same roots, namely a narrow pre-occupation with short-term gain at the expense of long-term sustainability. Solving both of them requires technological tools, radical policy innovations, and a new solidarity across borders, social classes, and generations. At the recent Copenhagen Summit, politicians were supposed to talk about climate changes and ended up discussing about the economic crisis. The Copenhagen summit may have ended in disappointment for most climate activists, but it marked a historic high point for a global movement supporting a greener and fairer economy. An estimated 45,000 people attended the climate negotiations.³⁸ Responsible consumption is rising in all developed countries, changing the purchasing habits of millions of people and challenging the cul-

³⁶ According to Shutt, the key principles and features for an alternative vision of the future would be: Downgrade / abandon the growth objective; Give priority to stability and security (economic and social) consistent with equity and maximum economic efficiency (long-term lowest economic cost); Subject the corporate sector to proper public accountability; Adopting a different system of income distribution, based on a) universal entitlement to a citizen's income (at a flat basic "survival" level) regardless of means or employment status and b) more regulated labour (and product) markets designed to prevent any groups or individuals gaining an unfair share of national or global value added in a world of more limited growth; Abandoning "free" trade in favour of explicitly managed trade. Scrap the WTO system in favour of regulated multilateral structures - and severely restrict the free movement of capital. A key principle here would be that - in a world of more limited scope for growth - investment, production and trade must be organized so that value added is redistributed in favour of the most disadvantaged (particularly in the Third World). Initiate international action to stabilize commodity markets and limit price fluctuations - This applies most obviously to foodstuffs, where we must now re-learn the once familiar lessons of the destructiveness of uncontrolled commodity markets and the disastrous effect of crop price cycles on consumers and small farmers alike. (see Harry Shutt: "Redistribution and Stability: Beyond the Keynesian/Neo-liberal Impasse", *The Monthly Review*, 27 February 2009, <http://mrzine.monthlyreview.org/2009/shutt270209.html>)

³⁷ Worldwatch Institute: State of the World 2010: Transforming Cultures from Consumerism to Sustainability. January 2010.

³⁸ Ben Block: Despite Disappointment, Climate Summit Marks High Point for Activist Movement, Worldwatch Institute, 28 December 2009. <http://www.worldwatch.org/node/6355>

ture of *cheap capitalism* that has engulfed human culture and harmed the earth's ecosystems, bringing about low salaries, loss of social progress, waste and pollution.³⁹

This cultural system, that encourages people to define their happiness and success by how much they consume has proved to be maladaptive and threatens to cause significant disruptions to the earth's climate and ecosystems. The market based on wild consumerism is slowly being replaced by a new market, where more people are looking for quality and are less ready to buy products that can damage their health and increase the possibility of an ecological disaster. Public opinion is changing fast, regardless of social status: wasting is becoming an unpopular behaviour even among the wealthiest. A positive sign of this new trend comes from Italian schools. According to the Worldwatch Institute, 67.5% of the food served in Roman school canteens is organic, and most of it comes from specialized local chains, is certified fair-trade or is produced by the social co-operatives working on land confiscated from the mafia.

The urge to change the global energy model is also challenging the lobbies related to the traditional sources of energies. As Jeremy Rifkin recently said, sustainable development has moved from the periphery to the centre of economic planning in corporate boardrooms as industries and firms adjust their business activities to accommodate the environmental challenges ahead.⁴⁰

The most frequently quoted definition of sustainable development comes from the World Commission on Environment and Development (WCED): "Sustainable development is a development that meets the needs of the present without compromising the ability of future generations to meet their own needs". The pursuit of sustainable development is based on the interactions regarding the environment, society and the economy. It emphasizes the need for concern for equity and fairness and a long term vision.

Sustainable development strategies usually highlight the interplay between the local and global, the developing and the developed, and the need for cooperation within and between. It is well known that developing countries are paying a heavy price for western countries' development and lack of respect towards our planet. However, inequalities do not only happen between developed and developing countries. Studies have shown that not only are minority groups within western societies more likely to live in environmentally degraded and dangerous places, but the amount of environmental and public health protection provided for these groups is substantially less than the one generated for wealthy people. Sustainability is, at its very heart, a political rather than a technical concept. It represents a belief in the need for societies to adopt more sustainable patterns of living and it is both a focus for political mobilization of individuals and organized interests and a policy goal for Governments. Climate change will disproportionately affect the disadvantaged, poor and excluded. The third sector has a central role to play in this context, working with communities and governments to promote sustainable development that delivers both environmental and social justice.

³⁹ Ellen Ruppel Shell, *Cheap: the High Cost of Discount Culture*, New York: Penguin, 2009.

⁴⁰ In his lecture, "The Global Environmental Crisis: The Path to Sustainable Development".
<http://www.foet.org/lectures/lecture-global-environmental-crisis.htm>

Paul Hawken and the ecological model

In his book *The Ecology of Commerce*, Paul Hawken highlights the need to create a restorative economy.⁴¹ He argues that we have to rethink the fundamental purpose of business, which “is to increase the general well-being of humankind through service, creative invention and an ethical philosophy”. According to Hawken, our current economic model has three basic issues to face: what it takes, what it makes, and what it wastes, i.e. the harmful way it exploits natural resources; the excessive amounts of toxins and pollutants it produces and the excessive energy it consumes in the process; and the extraordinary largeness of waste it leaves behind. According to the author, a system of commerce that is patterned according to basic ecological principles should be developed, which would imply that all waste has value to other modes of production so that everything is reclaimed, reused, or recycled. It would depend not on carbon but chiefly on hydrogen and the sun for its energy. And it would be highly varied and specific to time and place.

Elinor Ostrom and the theory of common good

The serious environmental issues that we are facing today underline the importance of common goods, which have become essential to master the repercussions on climate changes, the supply and demand in agriculture, and food safety. The main question is how to make common goods effectively “good”. While many economists continued to assume that collective action just didn’t work, political scientists at the University of Indiana in Bloomington began to study several decades ago when and why it did work. 2009 Nobel Prize Winner Elinor Ostrom showed that a lot of ordinary, not very well educated people, who had never read about free-rider problems, basically developed institutional arrangements. Groups of fishermen figured out how to limit their catch, while farmers collaborated on irrigation problems. Why did other economists miss this part of the picture? “Economists didn’t pay attention to ethnography”, says Nancy Folbre, an Economics Professor at the University of Massachusetts, that is, they didn’t observe actual people at work. “Why go out in the field when you have a nice theory?”⁴²

“Common good” is usually thought of as having two main features: It is shared, and it is also “rivalled”, meaning that one party’s use of the good limits someone else’s. Ostrom uses the term “common pool resources” to denote natural resources used by many individuals in common, such as fisheries, groundwater basins, and irrigation systems. Such resources have long been subject to overexploitation and misuse by individuals acting only in their own best interests. Conventional solutions typically involve either centralized governmental regulation or privatization of the resource. But, according to Ostrom, there is a third approach to resolving the problem of the commons: the design of durable co-operative institutions that are organized and governed by the resource users themselves.

Ostrom had recently participated in a National Research Council study of common-pool resources, i.e. shared goods such as watersheds, irrigation systems, and fishing grounds. Through the project, she had collected a vast number of examples of shared

⁴¹ Paul Hawken: *The Ecology of Commerce*. HarperCollins 1993.

⁴² Cited from: Elisabeth Eves: Why Elinor Ostrom matters, *Forbes*, 10 December 2009.

resources from across the globe. Her goal was to compare how different common-pool resources were managed at local levels and to hopefully uncover the rules that defined successful common-property arrangements. Unfortunately, it is not simple. "I tried like mad to find some common set of rules," she says, "but I just couldn't find them. I found private property that worked, communal property that worked, government property that worked, and all three that were failures."⁴³

Although she discovered no set of common-pool resource rules, she found that ideas such as maintaining clearly defined boundaries and collective efforts to monitor inappropriate behaviour repeatedly presented themselves in successful common-pool resource regimes. In 1990, her collected efforts appeared in her book *Governing the Commons*, a work that once again set aside conventional wisdom that either privatization or government control was the best arrangement for managing common property.

In 1992, the United Nations Food and Agriculture Organization (FAO) asked Ostrom to study forestry resources. The most fantastic addition to her repertoire has been to include in that study the use of remote satellite sensing, which allows for direct observations of how different management regimes affect forest areas and conditions. Ostrom again notes that concepts such as local-level monitoring help ensure forest sustainability. This recurring theme of user-level management is especially promising for sustainability, she says, because it counters the gloomy future envisioned by the "tragedy of the commons", a concept wherein human desires to maximize individual rewards inevitably destroys long-term resource viability.

"Now I've seen in laboratory settings and in field settings that some people can be a real son of a gun, but most individuals are nuanced beings [who] can have real preferences about the welfare of others. If presented a situation where they can evolve trust and reciprocity, they will do so", she says. This nuanced aspect is critical, however, because Ostrom is wary that some people may apply her findings too broadly. "Some people have told me that our work is the reason they are advocating decentralization", she says, "but I'm not too happy with that because they're advocating it in too simplified a way."⁴⁴

In their article *Insights on linking forests, trees, and people from the air, on the ground, and in the laboratory*, Ostrom and Nagendra provide an overview of findings from a long-term interdisciplinary, multi-scale, international research program that analyses the institutional factors affecting forests managed under a variety of tenure arrangements.⁴⁵ This program analyses satellite images, conducts social-ecological measurements on the ground, and tests the impact of structural variables on human decisions in experimental laboratories. Satellite images track the landscape dimensions of forest-cover change within different management regimes over time. On-the-ground social-ecological studies examine relationships between forest conditions and types of institutions. Behavioural studies under controlled laboratory conditions enhance our understanding of explicit changes in structure that affect relevant human decisions. Evidence from all three research methods challenges the presumption that a single gov-

⁴³ Nick Zagorski, Profile of Elinor Ostrom, December 2006, published by the National Academy of Sciences, <http://www.nasonline.org/site/PageServer>

⁴⁴ Nick Zagorski, *ibidem*.

⁴⁵ Centre for the Study of Institutions, Population, and Environmental Change (CIPEC), Indiana University, Bloomington, IN 47408, USA

ernance arrangement will control overharvesting in all settings. When users are genuinely engaged in decisions regarding rules affecting their use, the likelihood of them following the rules and monitoring others is much greater than when an authority simply imposes rules.

The Contested Commons: Conversations between Economists and Anthropologists, written by senior scholars in economics, anthropology, sociology, and political science, is a valid example of a multidisciplinary approach, which is fundamental for an in-depth analysis of common goods.⁴⁶ It explores the theme of common environmental resources from the perspective of two disciplines: economics and anthropology, focusing on methodological and epistemological approaches to the analysis of local common-pool resources. This is a topic that touches upon economic security, ecological sustainability, identity formation, and participatory decision-making – particularly in the developing world.

CHAPTER 3:

TRENDS, RELEVANT EVOLUTIONS AND INNOVATIONS IN THE ALTERNATIVE ECONOMY IN EUROPE

In the field of social and solidarity economy

On 17th May 2010, European Parliament members Rebecca Harms and Daniel Cohn-Bendit, speaking for the Greens/ALE, proposed a resolution within the frame of the new EU 2020 Strategy for employment and growth, that calls for “the full recognition and promotion of the social economy as an alternative economic model”, underlining like Stiglitz the need for two other pillars (in addition to the traditional private sector of the economy) which have not yet received the attention they deserve: the public sector, and the social economy. If we define the Social and Solidarity-based Economy as to be mainly composed of cooperatives, mutuals, and not-for-profit social enterprises, as people-based enterprises, collectively and democratically managed, based on peoples’ needs and with strong local and community roots, we will find a strong link with many concepts developed by the new alternative economic models we looked at, like economic democracy (Chomsky), an economy based on human needs rather than economic wants (Latouche), with a radical change in the purpose of business, such as concern for equity, fairness and a long-term vision (Rifkin) and a strong concern for the community, the common goods and the general interest (Ostrom).

But despite that fact that the SSE is widespread and in evident evolution and expansion in Europe, the concept is not homogenously understood in all European countries. There are regions, in which the concept is not applied at all, and others, in which it co-exists with similar concepts. In the EU we can distinguish between three groups of countries, with regards to the SSE: The countries with the greatest acceptance of the SSE concept are: France, Italy, Spain, Portugal, Belgium, Ireland, Sweden, Poland;

⁴⁶ Ed. Pranab Bardhan and Isha Ray, 2007.

countries with a relative level of acceptance of the SSE are: Cyprus, Czech Republic, Denmark, Finland, Germany, Greece, Luxembourg, Latvia, Malta and the UK; countries with little recognition of the SSE concept are: Austria, Estonia, Hungary, Lithuania, Slovenia, and the Netherlands.

From a macroeconomic point of view, the Social and Solidarity-based Economy in Europe is consistent in both human and economic terms, employing over 11 million people, equivalent to around 7% of jobs in the EU. Major studies have highlighted the considerable growth of the SSE as a whole in Europe. One of the most significant of these studies, carried out by CIRIEC for the European Commission within the framework of the "Third System and Employment"-Pilot Scheme (CIRIEC, 2000), highlights the increasing importance of co-operatives, mutual societies and associations for creating and maintaining employment and correcting serious economic and social imbalances.

After the Soviet bloc crumbled, many co-operatives in Eastern and Central Europe collapsed. Furthermore, they were severely discredited in the eyes of the public. Lately, however, a revival of citizens' initiatives to develop SSE projects has been taking place and is being reflected by proposals for legislation to boost the organizations in this sector.

Spectacular growth in the SSE has taken place in the field of organizations engaged in producing what are known as "social" or "merit goods", which are mainly work and social integration related, and which are providing social services and community care. In this field, associationism and cooperativism seem to have retrieved a common path of understanding and co-working in many of their projects and activities. One example are the "social enterprises", many of them co-operatives, which are already legally recognized in countries such as Italy, Portugal, France, Belgium, Spain, Poland, Finland and the United Kingdom (CECOP, 2006)⁴⁷.

Beyond its quantitative importance, the SSE has in recent decades not only asserted its ability to make an effective contribution to solving new social problems, but has also strengthened its position as a sector necessary for stable and sustainable economic growth, fairer income and wealth distribution, matching services to needs, increasing the value of economic activities serving social needs, correcting labour market imbalances and, in short, deepening and strengthening economic democracy. At the same time, this quantitative importance of the Social Economy needs to be relativized, when we are looking at its potential for transforming society, as an important part of the traditional SSE has lost its more radical origins, its values, and is contaminated by a "*pensée unique*"-ideology it is surrounded by. In many cases, it is no longer possible to distinguish the social and economic behaviour of SSE enterprises from that of their competitors. This became clear in the recent debate on Social entrepreneurship in France, which showed that the legal statutes of SSE enterprises alone are not sufficient to guarantee a real value based economic and social behaviour. At the same time, the ownership and governance structures of even traditional SSE enterprises remain essentially different to the capitalistic sector.

⁴⁷ Cooperatives and social enterprises: Governance and normative frameworks, Coordinated by Bruno Roelants.

Qualitative evolutions and trends of the Social and Solidarity-based Economy in the last decades

If the historical and more traditional sectors of the Social and Solidarity-based Economy (SSE) went through a major crisis and important demutualization processes in the 1970s and 1980s, with very important decreases in sectors like the consumer and retail co-operatives (Germany, Belgium, France, NL, UK etc.), the co-operative banks (UK, BE etc.), the co-operative housing sector (UK, DE, IR etc.), and the insurance sector (UK, DE etc.), or were transformed into state-controlled instruments in the former communist Eastern and Central European states, or were even forced to go underground in European dictatorships like Greece, Portugal and Spain, the late 1980s, the 1990s and the new millennium are marked by a strong renewal of the SSE. In the more classic and mature sectors this renewal is marked:

- By important trends away from locally rooted small scale cooperatives, and toward huge co-operative holdings. Examples of these trends are the integration processes of most of the co-operative Banks (Credit Mutuel, Popular Banks, Credit Agricole, Raiffeisen Banken, Rabobank etc.), the mergers and vertical integration processes in the Consumer and retail sector (Coop in Italy, The Co-operative in the UK, Copernic (EU), Leclerc in France etc.), but also in the worker co-operative sector (MCC in Spain), that built big co-operative and mutual groups that act in highly competitive markets, with the risk of a strong cultural contamination by the other for-profit competitors;
- By the privatization processes of state-controlled co-operatives that became private co-operatives in the Eastern and Central European States;
- By the strong development of co-operatives in Spain and Portugal after the end of dictatorships in both of these countries. Today, Spain has the strongest worker co-operative and worker-controlled business sector in Europe with more than 40.000 worker-owned (Co-ops) and worker-controlled enterprises (SAL).

Also remarkable however is the emergence of new values, needs, sectors and forms of SSE-organizations and enterprises over the last two decades, as a reaction to the dominant economic model. Several major trends can be observed that link the SSE to most of the recent alternative economic developments and theories, such as:

- The reduction of the public sphere and privatization of public services and the build-up of more complex and mixed welfare systems with the emergence of social enterprises (Borzaga, Laville, EMES);
- New ethics, new solidarity. The development of reinforced ethical criteria in traditional SSE business sectors, new forms of responses to new forms of social exclusions, new forms of solidarity (solidarity economy, ethics in business, Chomsky, democracy in enterprises);
- Green economy, sustainable development, new live quality (theory of *deglobalization*, ecological economy, economy of happiness);
- Restructuring, delocalization, closures, increased unemployment, and new forms of responses from the SSE.

Jean-Louis Laville: Alternative economic models in Europe and the third sector as part of the social and solidarity-based economy in Europe

Jean-Louis Laville's *The Third Sector in Europe* explores non-profit organizations and providers of social services such as mutuals, co-operatives, associations, voluntary organizations and charities, all important elements of a civil society that have not received the attention they deserve.⁴⁸ Historically, the third sector in Europe is associated with the expansion of public intervention, as this sector is the source of a number of models that have generated public services. It includes all organizations with a legal status that places limits on private, individual acquisition, and accumulation of profits. According to Laville, there are two main sources of the European third sector, both referring to the concept of solidarity: The first source is organizations created for others, general-interest organizations for the benefit of a distinct class of beneficiaries. The second source is self-managed organizations: developers who created a mutual-interest organization to provide services for themselves. They gradually won greater acceptance from public authorities and led to the development of legal frameworks for the social economy.

Mutual aid societies, health and social services associations and protective regulations

The emergence of the welfare state brought about a profound change in the role played by mutual aid societies and by associations active in health care and social services. We can identify three types of relationships between associations and public authorities:

- The first is the social democratic system of Scandinavian countries. Broad reliance on the State as an organizer of the national society finds expression in a “collectivization of needs” in the social services sector and a concomitant promotion of social integration and gender equality. In this context, associations have exerted social pressure by acting as channels through which to voice demands, and have mobilized networks to foster the delivery of services by public organizations.
- The second type are the liberal and the dual systems, where services are generally not provided. In the liberal welfare state of the UK, for instance, public assistance is concentrated on the most disadvantaged sectors of the populations. The weakness of non-market services regulated by public authorities is also characteristic of the dual system of Southern Europe. This system emphasizes money transfers, neglects services and provides social insurance for those who have successfully integrated into the labour market, at the expenses of groups who do not have employment securities. According to Ferrera, “access to rights is neither universal nor egalitarian, but operates on the basis of personal knowledge, privilege and patronage”.⁴⁹ In both of these two welfare regimes, the third sector as a goods and service provider is very limited.

⁴⁸ Adalbert Evers and Jean-Louis Laville Ed.: *The third sector in Europe*. Edward Elgar, Cheltenham, 2004.

⁴⁹ Ferrera (1996) cited from Laville, Borzaga et al.: *Third Sector: A European Definition*, 1999.

<http://www.istr.org/networks/europe/laville.evers.etal.pdf>

- The third type is the corporatist regime, which, in contrast to the other two, assigns a significant role to the third sector and the regulatory system. In this system of interaction between initiatives and public authorities, services are considered to be an integral part of a social policy based on taxes or social security resources. The state sets rules for service-delivery procedures as well as for the employment of salaried workers in the different sectors. If the rules are followed, funding is provided through redistribution. The corporatist system has two variants; one is the *social orientation*, as it exists in France and Belgium, where the priority is the institutionalization of non-market services outside the family unit and in which the Government fully plays its regulatory role. The other variant is the *family orientation* variant as illustrated in Germany and Austria, which focuses on providing financial means to women to assume their domestic role.

Co-operatives and regulated markets

Co-operatives in Europe were integrated into the market economy, occupying sectors of activities in which capitalistic activity remained weak. They helped a variety of players to mobilize their own resources for the activities they needed to carry out and which had been dropped by prospective investors. Co-operatives contributed to a redeployment of existing services, as much as to the creation of new services. The “co-operatisation” of social services is designed primarily to increase the role of users, and has been accepted because of the financial pressures on the public sector.

In the final decade of the 20th century, co-operatives banded together to establish a number of social enterprise agencies which have moved to adopt the multi-stakeholder cooperative model. In the last 15 years (1994-2009), the EU and its member states have gradually revised national accounting systems to “make visible” the increasing contribution of social economy organizations.

Third system experiments and experiences have proven that co-operatives were capable of creating original ways of fostering the trust that is required to allow certain activities to succeed. Building trust often depends on the commitment of stakeholders, a commitment facilitated by structures that limit the opportunities for increasing personal wealth. As Stiglitz points out, the first reason for the success of cooperatives is that democracy, just ordinary democracy, is a value in itself. As socially-oriented enterprises, co-operatives are less inclined to exploit those with whom they interact: their workers, their customers, and their suppliers. According to Borzaga, Mittone and Pestoff, within the “multi-stakeholders dynamic”, mutual trust is built through the development of reciprocity-based activities, in which strategic, instrumental and utilitarian factors are secondary and where there is room for collective reflection. Laville describes these spheres as “community-based public spaces”, which means that tasks, once thought to be limited to the private sector, can be brought into a new environment and be debated in view of defining the common good, which can then be used as a frame of reference for users and professionals.

The experience of social co-operatives in Italy, of childcare co-operatives in Sweden, of community care associations in the UK, and of proximity service associations in Germany, France and Belgium, go far beyond co-production. It is a joint development of supply and demand for services with the purpose of not only soliciting individual users

as consumers or taxpayers within a private or public functional framework, but also of addressing them as citizens in the political arena and as family and community members in an informal environment. The impact of the socio-political dimension of these new spheres of economic services must be underlined. It helps to reconcile the economic and the social sphere by coupling the spirit of entrepreneurship with social purposes, combating the culture of clientelism and passive dependency on welfare. The 1998 legislation for social solidarity co-operatives in Portugal brought together salaried members, the recipients of services and voluntary members, the non-salaried providers of goods and services. Socially orientated co-operatives appeared in Spain at the same time. On a regional level, there are mixed co-operatives for social integration in Catalonia and the Basque countries and in the Valencia region.

As a part of a mixed welfare system, otherwise made up of the market, the state and the informal private household spheres, the SSE appears as a dimension of the public space in civil societies: an intermediate area rather than a clear-cut sector. SSE organizations can be considered as polyvalent organizations whose social and political roles can be as important as their economic ones; they can be seen as *hybrids*, combining varying balances of resources and mixes of governance principles usually associated with the market, the state, and the civil society. In the present policies of “welfare pluralism”, the emphasis is consequently more on “synergetic” mixes of resources and rationales than on mere issues of substitution processes between different sectors of provision.

The last decade has seen an increase in public and political concern with the role of society at the interface of state and markets. The voluntary sector, civic associations and local communities have been playing an increasingly significant role in safeguarding cohesion in democratic market societies. Furthermore, the crisis of traditional welfare policies has led to the use of non-state resources to guarantee public welfare. In order to understand the potentials of such *hybrid* organizations, it is important to define their nature. Organizations in which citizens can organize themselves in social service providers, playing an active role along the state and the market, are labelled as *social enterprises*. Unlike for-profit enterprises and government organizations, social enterprises can count on a mix of resources of different origins. They finance their activities not only through the sale of social utility services and goods, but also with public non-commercial subsidies and resources and private donations. Following Alter’s definition, a social enterprise is a socially oriented venture (non-profit/for-profit or hybrid), created to solve a social problem or correct a market failure through entrepreneurial private sector approaches that increase effectiveness and sustainability while ultimately creating social benefit or change.⁵⁰ In their study on the character of *hybrid* organizations in the context of mixed welfare systems, Evers, Rauch and Stitz emphasize four dimensions⁵¹:

- The first dimension of *hybridization* concerns resources. Usually, in the debate on the TS, only two elements of social capital are mentioned: volunteering and dona-

⁵⁰ Alter, Kim, Social Enterprise Definition, Virtue Ventures, 2005. Cited from: <http://www.4lenses.org/Definitions>.

⁵¹ Adalbert Evers, Mixed Welfare Systems and Hybrid Organizations, Justus-Liebig Universität Giessen, Germany, 2004

tions. However, there are many more resources to be taken into account, including the organization's connections with foundations, various kinds of public-private partnerships, and the impact of special support associations.

- The second and third dimensions are goals and steering mechanisms. The fact that neither a state-public nor TS service provider is directed by the sole goal of making profit constitutes a chance and a challenge at the same time: the chance to create a complex agenda formed by various goals, but the challenge to balance and to keep the diversity of goals compatible. Steering mechanisms operate simultaneously according to the goals. There are market mechanisms, hierarchical mechanisms, but also mechanisms allowing civil society to have its say (boards, associations etc).
- The last dimension is a corporate identity that reflects the multiple roles and purposes of an organization. It is vital for a *hybrid* organization to have a clear identity, outside the traditional ones of being a public service, a private enterprise or a TS organization.

The definition of social enterprise that takes shape by *hybridization* would then be as follows:⁵²

- It has a considerable degree of autonomy;
- It is taking up in practice the chance to develop an entrepreneurial style of action;
- It is prepared to balance its social goals against its market relations and to "steer" inputs as they come simultaneously from state-based and local civil society-based stakeholders;
- It is safeguarding positive social effects not only for the individual users but also for the larger community.

The need of new, alternative models of social services and forms of governance and regulations clearly emerges from the real state of the debate on welfare politics in Europe. However, despite the fact that the time of "pure" market orientation seems to be over, it is not certain whether this will imply the willingness to include those inputs from civil society that stem from networks and actors that either manage services for them or take part in their public provisions.

The operational working title of *social enterprises* suggested in the UK debate and taken up by cooperatives or networks of scientists, describes the present reality and

⁵² *Mixed Welfare Systems and Hybrid Organizations – Changes in the Governance and Provision of Social Services*, Paper given by Adalbert Evers, Professor at Justus-Liebig-University Giessen, Germany. In this paper, Prof. Evers cites the example of the *hybridisation* of the German school system, which, while staying clearly public and state based, has incorporated some market elements as well as the social capital of contributions from the local society and community life. This process has opened schools "internally and externally": "Internally" by giving a real saying and a more responsible role to all those taking part in the daily running of the schools, especially the students; "Externally" by increasing the role of parent support associations, and thus contributing to symbolic identification with the school mission. Furthermore, opening up to the outside also means to develop partnerships with the business sector and TS organizations operating in the area, in material and financial terms, for example, by supporting the school day care services, which is not provided by the state in Germany.

points to a future where the civil society and its social capital can gain more acceptances through the provision of public services.

While a lot of the debate on the civil society and governance restricts itself to the impact of people's associations upon participation in matters of politics, the debate on the TS has always been more focused on social and economic participation – on people's roles in voluntary work, material self-help and mutual support. These forms of a seemingly apolitical social participation are in reality an important complement of political participation. The contribution that can be made by these networks is critical: governance for a more civic society needs to include a higher degree of active citizen involvement that must be a part of the design of the everyday mainstream services of a welfare society – in health, social care, education and culture.

Social enterprises as a response to the reduction of public welfare systems: the Italian example

A particularly successful form of multi-stakeholder cooperative is the Italian “social cooperative”, of which some 7,000 exist.⁵³ “Type A” social cooperatives bring together providers and beneficiaries of a social service as members. “Type B” social cooperatives bring together permanent workers and previously unemployed people who wish to integrate into the labour market. A few years ago the third system in Italy had been smaller than elsewhere because the State played a dominant role in services such as education and healthcare. In recent years, it has grown considerably, proving that, instead of relying on the non-redistribution principle as the only guarantee for a non-profit orientation, co-operative characteristics, such as the involvement of stakeholders and the joint action of entrepreneurs and workers can as well be seen as principles which help to safeguard the dominance of a not-for-profit orientation.

Case Study: Libera Terra (IT)

In 1995, the Association “*Libera*”, (uniting more than 1200 national and local associations, schools and co-operatives) together with many relatives of mafia victims collected over a million signatures for the approval of a law introducing the possibility of utilizing the land confiscated from the mafia for social advantage. Approved on 25 March 1995, the law 109/96 provides the allocation of goods, land and properties of illicit origin to all those subjects, i.e. associations and co-operatives able to return them, to the citizens through services and socio-economic activities. Ten years later, over 2500 confiscated estates (from a total of 6500) have been allocated.

⁵³ Italian social cooperatives are legally defined as follows: no more than 80% of profits may be distributed, interest is limited to the bond rate and dissolution is altruistic (assets may not be distributed); the cooperative has legal personality and limited liability; the objective is the general benefit of the community and the social integration of citizens; those of type B integrate disadvantaged people into the labour market. The categories of “disadvantaged” they target may include physical and mental disability, drug and alcohol addiction, developmental disorders and problems with the law. They do not include other factors of disadvantage such as race, sexual orientation or abuse; type A cooperatives provide health, social or educational services; various categories of stakeholders may become members, including paid employees, beneficiaries, volunteers (up to 50% of members), financial investors and public institutions. In type B co-operatives at least 30% of the members must be from the disadvantaged target groups, voting is one person one vote.

In 2001 in Sicily, some of these estates which used to belong to the mafia, have been given by the Council, with a free loan, to social co-operatives of type B, who started producing pasta, oil, wine, legumes and cereals following organic farming methods. These co-operatives, supporting the work integration for social disadvantaged people, are members of "*Libera, associazioni, nomi e numeri contro le mafie*", the association funded by Don Luigi Ciotti, that supports civil societies fighting against the mafias, and that at the same time is committed to the creation and the development of an alternative community.

The activities carried out by these social co-operatives do not only benefit workers and associates but all members of the community, particularly the young local unemployed and local organic farmers, thus promoting a socio-economic development for the whole area. Their collateral activities today involve a large number of people: the chance of getting back what had been stolen from them by the mafia represents to these people a concrete possibility to create a different future for their children, in their own territory: a future free from the culture of violence, corruption and privileges.

In 2001 the first social co-operative, the *Cooperativa Placido Rizzotto - Libera Terra* was created in Sicily by a group of youngsters, thanks to the *Libera Terra* project promoted by the Association *Libera* in collaboration with the Prefecture of Palermo: the land confiscated from the mafia bosses of the Corleonese area, after years of neglect, started to be cultivated again.

Other co-operatives followed in Sicily and later in Calabria and Puglia. *Libera Terra* is the brand distinguishing the products of these co-operatives. They are all environmentally sustainable and are made with respect to the traditions of their territory of origin, combining high quality with an unquestionable ethical profile. The work of these co-operatives is a further demonstration that sincerity, hard work, passion and commitment always yield good results

Libera Terra is a very positive example, showing how co-ops can encourage young people to take the future into their own hands. However, forming these co-operatives has not been easy.

Gianluca Faraone, President of the *Placido Rizzotto* Co-operative, remembers that at the creation of the co-operative, 120 job applications were received for 15 vacancies. Only half of them came from people living in the community where the co-operative was formed. Today, owing to this experience, the situation has significantly improved. At the recent creation of *Coop Pio La Torre*, over 300 young people applied for work, 80% of them living in the Corleone area, 8 km away from the "holiday farm" managed by the co-operative.

The young people who started up the co-operative were all unemployed, with no economic means. They applied for a loan at various banks, but got no positive results, as the land they were allocated was owned by the State, and was therefore not accepted as a guarantee for a loan. For this reason, the support given by other co-operatives and other organizations has been very important. *Legacoop* and C.N.A. have created a *Consorzio Fidi* together with *Coopfond*, *Unipol* and *Banca Etica* to help with access to credit. The constitution of the agency *Cooperare con Libera terra*, promoted by CONAPI, *Don Ciotti* and *Legacoop* Bologna has the objective of promoting development. Last year, the products sold to *Coop Italia* amounted to 1.200.000 Euro. *Coop*

Adriatica, a sponsoring member of *Placido Rizzotto*, purchases about 40% of the co-operative overall production.

In starting these co-operatives, young co-operators have shown a spirit of sacrifice, skills, commitment and courage. In many cases, they worked for months without being paid, allocating their entire income to investments in land and equipment

Libera is also committed to pursuing objectives of justice, legality and protection of people rights at the European and international level and, to this aim, has promoted a European network involving all citizens, particularly young people, in the fight against the mafia. The traffic of human beings, drugs, weapons, the recycling of bad money, can only be effectively fought by an international network willing to speak out, to promote new policies, and to educate people to legality and democratic participation.

Created by *Libera, Associazioni, nomi e numeri contro le mafie*, and by *Terra del Fuoco*, a NGO from Turin, *FLARE* (Freedom, Legality and Rights in Europe) is an International network formed by over 50 associations and NGOs based in Eastern and Western Europe, united in the fight against the mafia. One of its main objectives is to promote a greater collaboration between EU member states, and to endorse more effective policies and strategies against organized crime at transnational level. To this end, FLARE is working for the approval at European level of the Italian law providing the possibility of utilizing the land confiscated from the mafia for social advantage.

Ethical criteria in business: new forms of solidarity

“For the globalization of economic activity to lead to universal and sustainable prosperity, all those who either take part in or are affected by economic activities are dependent on a values-based commercial exchange and cooperation. This is one of the fundamental lessons of today’s worldwide crisis of the financial and product markets. Further, fair commercial exchange and cooperation will only achieve sustainable societal goals when people’s activities to realize their legitimate private interests and prosperity are imbedded in a global ethical framework that enjoys broad acceptance. Such an agreement on globally accepted norms for economic actions and decisions – in short, for “an ethic of doing business” – is still in its infancy. A global economic ethic – a common fundamental vision of what is legitimate, just, and fair – relies on moral principles and values that from time immemorial have been shared by all cultures and have been supported by common practical experience. Each one of us – in our diverse roles as entrepreneurs, investors, creditors, workers, consumers, and members of different interest groups in all countries – bears a common and essential responsibility, together with our political institutions and international organizations, to recognize and apply this kind of global economic ethic.”⁵⁴

This is the Preamble of the *Manifesto for a Global Economic Ethic* launched in 2009 in New York during a business ethics symposium at the UN Headquarters, and signed by leading economists, CEOs, University professors, and representatives of government and non-government organizations.

⁵⁴ Küng, Leisinger, Wieland Ed.: *Manifesto: Global economic ethnic consequences for global businesses*, 2010.

A way to do business globally for mutual benefit with an ethical background is possible. It is based on true co-operation, sharing resources, technologies, knowledge and wealth. The fundamental differentiating factor between the various forms of enterprises is the ethic of responsibility. However, all kind of business enterprises today are expected to meet standards of responsible business conduct that go beyond what had been expected traditionally. Although people still speak of business in terms of products, jobs and profits, it is understood and accepted around the globe that a business enterprise remains a member of its community. The pursuit of profit is no longer a license to ignore community norms, values and quality standards. The success of a business today also depends on its ability to meet the expectations of their primary stakeholders – customers, employees, suppliers, investors and the environment. Private business and multinationals are very aware of this social aspect of enterprising, which is increasingly becoming an important competitive advantage. “There is a new phrase appearing in business language” says the CEO’s of New Zealand’s Hubbard Foods Ltd., “it is the concept of ‘Triple Bottom Line’, and that’s about People, Planet and Profits. It recognizes that a company cannot be judged by financial performance alone”⁵⁵.

Officially, most of the big multinational organizations like Coca Cola and Pepsi today have a commitment of corporate responsibility toward the environment and solidarity, human rights and local communities, while in most cases, their way of actually doing business remains far away from entrepreneurial and social responsibilities. Nestlé, together with many other private companies, is leading the privatization of water, buying a lot of water sources and water-plants, and subsequently selling the water purchased as mineral water all around the world. Yet, at a recent press conference organized by the “2030 Water Resources Group”, even Peter Brabeck-Letmathe, Chairman of Nestlé and member of the Group, voiced the following concern: “We must face the future of water in view of sustainability. If no concrete initiatives will be carried out, in 2030, the global demand for water will exceed the effective availability by 40%”.

Luckily, a new concept of sustainability has developed over the last decades in several sectors, the most important of which is perhaps agriculture. It is a concept which focuses not only on sustainable (fair-trade) products, but sustainable and fair enterprises. It focuses on the inclusion and self-promotion of farmers committed to quality and concrete sustainability, on the distribution of returns to farmers and the environment, on local development, local market, and on local production for local consumption (following local attitude).

Case Study: Alternative and ethical finance: ETIMOS

Etimos is an international financial consortium with headquarters in Padua, Italy, and three decentralized offices in Sri Lanka, Argentina and Senegal. For the last twenty years, it has been collecting savings to use them to fund investments in developing countries supporting microcredit programmes, producer cooperatives, and micro-entrepreneurship projects. *Etimos* has a long history to relate, which makes it one of the pioneers in financial solidarity and micro-credit in the European and International markets. *Etimos* was founded in 1989 under the name of *Ctm-Mag*: a self-managed funds

⁵⁵ Business Ethics Box 1. 2 Hubbard Foods Ltd, CEO Statement, www.trade.gov/goodgovernance/adobe/bem_section_1/chapter_1.pdf

business aimed at supporting the development of fair trade and the social economy in Italy. Today, it is among the first organizations in Europe to embrace the issues of micro-finance.

Etimos is a transnational co-operative consortium including over 280 organizations in Italy, Europe and in developing countries: microfinance institutions, producer co-operatives, associations, universities, schools and social promotion institutes, cooperatives, fair trade shops, NGOs, banks, foundations, public authorities and religious associations.

The strength and specificity of *Etimos* is linked to this “consortium” based setup, consisting of a network of organizations that are of different sectors, sizes and geographical locations, but that are all equally determined to promote a new development model all over the world, in both “northern” and “southern” countries. *Etimos* provides its members with the tools necessary to promote economic and social growth of local communities, such as capital, resources, knowledge, technical assistance, training, opportunities for dialogue.

The network not only includes the organizations that are members of the consortium, but also the decentralized offices in Argentina, Sri Lanka and Senegal, directly controlled by *Etimos*. Furthermore, it has a series of partnerships with major players on the European and worldwide scenes of finance, ethics and co-operation: financial institutions, multilateral banks, development agencies, consortiums, public authorities and large international NGOs.

Etimos' financial products meet two different kinds of demands. On the one hand that of investors who aim to reconcile financial sustainability and social value, focusing on differentiated geographical contexts (Africa, Latin America, Eastern Europe, the Balkans and Asia) and specific intervention sectors (microfinance, producer co-operatives, rural development). *Etimos* is able to provide them with tailored investment products for each of quoted fields. On the other hand, *Etimos* is also able to supply a wide range of funding products to finance the development of organizations in the South (microfinance institutes, producer co-operatives and bodies working for social advancement) who can obtain different forms of credit such as loans, credit lines, pre-financing and risk capital.

Case Study: Organic food and Fair Trade: CSF: a network of solidarity

Coop Sin Fronteras is formed by 22 Latin American co-operatives and associations from 11 different countries, representing more than 12,000 small producers that are often isolated, not well organized and not structured. CSF aims to help them create a stronger and more effective structure, and to promote high quality products while strengthening farmers' identity.

CSF members believe that corporate companies and plantations do not support the development of a fair-trade system, since they fail to create new opportunities for cooperative enterprises.

The organization pursues three main objectives: to corner local and international markets, to create relationships with the food processing industries and distributors, and to be directly in touch with final consumers (co-producers, beneficiaries of the products). To corner local markets means to find new strategies, to be able to establish di-

rect contact with consumers, to stimulate the pride of farmers in their work, to improve their skills, their commitment and their ability to produce good, clean and fair food. Their products have three main characteristics: they are Organic, Fair Trade and High Quality, in compliance with Ifoam, Flo and Slow Food principles.

The objective is to allow co-operatives at local, regional and national level, to not only put products into anonymous containers, delegating somebody else to sell them, often in places thousands of miles away, but to create a market structure and a network of farmers, producers and consumers linking the North and the South of the world.

Coop Sin Fronteras was funded 23 years ago by CONAPI, an Italian co-operative of bee-keepers and organic farmers, created in 1984. Conapi was the first Italian organic honey producer and today, after 30 years, is the largest one in Italy. It associates 270 professional beekeepers and 10 small cooperatives of beekeepers, which represent a total of over 1000 individual beekeepers. *Conapi* associates a large number of organic farmers all around Italy as well. Today, in Italy, there are over one thousand organic farmers and breeders, operating together with young co-operators who work on the estates confiscated from the mafia and with Latin American organic farmers and producers from Brazil, Costa Rica, Peru and Mexico. Fully committed members, they often live very far apart, but have a very similar way to operate: they share a deep bond with the land and nature, and work hard to ensure the quality of their products, the safety of the environment and the health of the people, supporting agriculture of preservation rather than consumption. They are struggling to provide opportunities for all: those who work the land and those who benefit from its products.

Solidarity tourism: respecting the “others” and the environment

A new form of ethical business is *solidarity tourism*, based on the respect and understanding of others, as well as the environment surrounding them. In this context, travelling means going to a developing country and starting real projects of local development from which the population will benefit. If the visitor's money will help to support projects of local development, the visitor will also take part in the daily activities of the village, live with local people and lead their life.

The International Bureau of Social Tourism (BITS), is an international non-profit association aiming at promoting access to leisure, holidays and tourism for the greatest number of people - youth, families, seniors and disabled people - and favours the implementation of this objective and the providing of the means for it, with the stakeholders-governments, social actors and operators-sharing the responsibility: BITS aims at “favouring the development of social tourism in the international framework”.⁵⁶ To this end, it is in charge of coordinating the tourist activities of its members, as well as informing them on all matters concerning social tourism. As the UN World Tourism Organization stated: “Sustainable tourism development guidelines and management practices are applicable to all forms of tourism in all types of destinations, including mass tourism and the various niche tourism segments.”⁵⁷ Sustainability principles refer to three fundamental aspects of tourism development: economic, socio-cultural and environmental.

⁵⁶ BITS General Presentation. <http://www.bits-int.org/en/>

⁵⁷ <http://unwto.org/en>

The economic dimension

Today tourism is the source of 83% of revenue of poor countries. However, Western countries benefit to 80% from this revenue. The reason for this discrepancy is that almost all of the accommodations for tourists belong to big western hotel chains. Thus, nearly all the money spent by the western tourist during his or her holiday flows back to the West, while the local community cannot really benefit from it. The *economic dimension* "module" of solidarity and sustainable tourism aims at a fair participation of southern populations to revenue of trips to their own countries. This form of tourism intends to support small accommodation facilities, entirely managed by the local population, from which only the local population can benefit, without any intervention from big multinational companies.

The socio-cultural dimension

When people go on holidays, they are more likely to leave their ethical and moral principles aside. The most obvious example for that is probably sexual tourism in countries such as Thailand or Senegal: a real plague brought about by immoral people with terrible effects on populations. Child prostitution is not the only negative aspect of this "superficial" tourism. The arrival of rich tourists from western countries can also give rise to a disruption of all values in the poorest countries, since young people, attracted by the high standard of living they see, give up their traditional values in order to copy western patterns and behaviour. This induces a deep change within the community's value system and gives rise to crisis and disorder, resulting in problems such as marginalization and crime. Solidarity tourism intends to avoid imposing a different lifestyle on local culture, and to respect the country's customs and traditions.

The environmental dimension

Tourism represents one of the most important industrial sectors in the world, which is always in good shape regardless of any economic crisis. According to estimations of the WTO, the tourism sector saw 700 millions of international trips in 2002 and the number is expected to rise to 1 billion worldwide in 2010. All these movements have a negative impact on tourist destinations. Mass tourism causes desertification, deforestation, destruction of the natural environment, pollution, emission of toxic gas, coral reef destruction, extinction of many animal species etc. There is an urgent need to organize trips, which respect the principles of sustainable development without wasting any natural resources such as water, and without generating any negative impact.

Case Study: Fighting social exclusions:

Work Integration Social Enterprises (WISEs)

The European Year for Combating Poverty and Social Exclusion (2010) is both the point of arrival of a debate about poverty developed in the last twenty years in several areas, and an opportunity to rediscover the topic and redefine the policies for countering it nowadays. The stakes are surely high, but the European Year is not a test-bed, but rather a wish.

A specific term has emerged in recent years in Europe to refer to work-integration initiatives within the social economy: *Work Integration Social Enterprises* (WISEs). WISEs are autonomous economic entities whose main goal is to help poorly qualified unemployed and disabled people who are at risk of permanent exclusion from the labour market and of social exclusion from civil society. These initiatives can be studied in many countries, where they are well known as effective instruments of social and economic policies. For example, different forms of "*entreprise d'insertion*" exist in France, Belgium and Portugal, as do social cooperatives in Italy, Sweden and the UK, to name but a few countries. The particularity of Italian social cooperatives of type B is that they are exclusively concerned with work integration and benefit from a specific legislation framework. Because they have a social goal, through work and citizen integration projects for disadvantaged people, and because they operate at the heart of the economic system and contribute to social cohesion, WISEs constitute a key element for the construction of a fairer, solidarity based society.

Sustainable development, SSE and local public-private partnership

The concern for sustainable development rose strongly in the 1990s, resulting in the adoption of the Agenda 21 that defined sustainability according to a solidarity principle – solidarity with future generations and between populations, and that also defined care as one of its principles. The agenda focused on preventing damage instead of repairing it and championed the participation of all actors of civil society in the decision making process.

By according an important role in sustainable development to the civil society, it emphasized the need for SSE actors to participate in the building of sustainable local development, to assure solidarity between people (fight against exclusion, caring for the elderly), to enhance respect for the environment (green and renewable energy, organic food) and to assure the democratic participation of its members and thus the incorporation of its strong local and community roots. In seeking to understand and promote long-term sustainable and inclusive models of local economic development, the notion of social capital appears to be important. What obstacles prevent local people from working together in a more cooperative manner to solve common problems? Why are some local areas able to create and maintain institutional environments that are so much more successful at effective, efficient, and equitable development than others? If social capital is defined as the nature and extent of a community's personal and institutional relationships, what, in turn, determines the types and combinations of these relationships that are likely to be present? It appears that a community's prospects for achieving sustainable, equitable, and participatory economic development are higher where there are more social relations between people, less inequalities, more democratic participation, more co-operation and less competition, hence where there is a more stable SSE base. Social economy organizations, as people based organizations, that are building their identity and their social relations at local level with their social, economic and general interest objectives in mind, are particularly adapted at building partnerships with the local authorities. Creating trust between people, helping to integrate and empower people, Social and Solidarity-based enterprises are effective organizations to

build social capital and thus enhance local sustainable economic and social development.

Case Study: European Network of Cities and Regions for the Social Economy (REVES)

REVES is a unique European organization based on partnership between local and regional authorities and territorial social economy organizations. Reves' more than 80 members are those local authorities or social economy organizations that are presently developing or are willing to develop policies to promote a social and solidarity based economy, for a most fair, inclusive, participative and responsible society; REVES is a European network of social innovation in terms of both methods and procedures based on co-construction and shared capacities of the members and their territories. REVES was founded as local authorities and social economies in different EU member states and neighbouring countries share the belief that partnerships between those two parties, compared to traditional public private partnerships, have an added value. A Social economy pursues objectives that are similar to those of a local authority. Its economic activities are based on the principles of social inclusion, anti-discrimination and sustainable local development. Participation of employees and beneficiaries in their decision-making processes is a key element in the set-up and functioning of a social economy. Moreover, social economy enterprises and organizations are deeply rooted at local level. They dispose of wide knowledge regarding the needs of their beneficiaries/employees and their local environment in general. In addition, it is often them who have direct contact with those parts of the population that are sidelined and/or do not have any opportunities to participate in social, political or economic life. Interesting and innovative methods of participation and new approaches to responsible entrepreneurship emerge out of social economy activities. However, these methods would be far more effective and widespread, if they were taken up and supported by other local actors such as the local authority, as it is above all in the local community, close to individuals, where we can find untapped potential of shared responsibilities. To fully use this potential, the roles of each community member, be it companies, elected representatives, public administrators, associations, or single citizens, need to be redefined.

New forms of participation and dialogue between the various members of society, shared decisions and their joint implementation therefore play a crucial role. Local authorities and social economy structures, in their role of promoters of both democracy and the many goals of sustainable local development, are well positioned to prompt a revision and a remodelling of responsibilities, initiatives and local services. Together they can work on, and realize, policies and strategies for local sustainable development that reach beyond the terms of office of local, regional and national partnerships. Thereby they may also be in a position to significantly contribute to solidarity and cohesion between different cities and regions in Europe and the world. In partnership between local authorities and social economies, REVES wants to create and develop a new culture of social entrepreneurship, questioning the prevailing economic models and proposing alternative socio-economic approaches; it wants to develop TSR, territorial social responsibility, as a process of social global responsibility based on sustainable development and participative popular democracy.

Case Study: Renewable energy co-operatives: Ecopower (BE) and Biodörfer (DE)

Ecopower in Belgium

Founded in 1991, *Ecopower cvba* is a co-operative under Belgian law. Its aim is to collect funds for Renewable Energy (RE) projects from as many members as possible. The considerations on which *Ecopower* was built are mainly two: Energy is a shared resource: its financial benefits should be available to all; People who are involved with renewable energy (e.g. through their investments) tend to be more conscious of their own energy consumption. Shareholders can buy one or more shares at 250 Euro. Obviously, each shareholder receives one vote in the co-operative's General Assembly, regardless of the number of shares owned. Furthermore, as a legally recognized co-operative, *Ecopower* is required to limit shareholders' profit to 6%. This is not necessarily a limiting factor: on the contrary, the financial surplus can be used to finance less profitable projects and thereby help to obtain a good mix of all kinds of renewable energy (wind, solar, hydro, biomass). Moreover, considering the current interest rates applied to saving accounts, 6% is a good rate. Today *Ecopower* works also as electricity provider, supplying 100% green energy to more than 17.000 of its 20.000 members. As you can see in the table below, *Ecopower* is experiencing an extraordinarily positive evolution.

Ecopower cvba

	2005	2008	%
Capital	5.446.500 €	13.261.500 €	243
Turnover	3.561.119 €	9.898.829 €	281
Return	360.562 €	1.514.220 €	420
Personnel	4,5	11	244
Reserve	589.239 €	2.892.392 €	491

Ecopower can rely on a strong financial basis and on a strong citizen's basis: their shareholders are everywhere in the region where it operates and they can strongly influence their local authorities. This is important, since *Ecopower* operates in a densely populated region where space is scarce and wind projects often cause resistance.

Bioenergy villages in Germany

The German co-operative movement can be proud of several bioenergy villages that have a co-operative form. The first to be started, in 2004, was Jühnde, a village in Lower Saxony, a region in the heart of Germany. The project begun in 2001 with the objective of making the village energy independent, i.e. enabling the village to produce electricity and heating power from its own renewable resources. The Multidisciplinary Centre for Sustainable Development (IZNE, University of Göttingen) took up the challenge and started the project. Their aim was to create a CHP-plant to converse biological material

into energy, and to create an additional woodchips heating system for the coldest months; both owned and managed by the local community.⁵⁸

A lot of work had to be done. First, meetings were organized to make inhabitants familiar with the project, because such a project cannot be successful without the direct involvement and support of the citizens. Secondly, funds needed to be found: eventually, the Federal Agency for Renewable Resources (FNR, founded by the German Federal Ministry of Food, Agriculture and Consumer Protection), the federal state of Lower Saxony and the district of Göttingen (where Jühnde is located) became sponsors. Further partners in the project were local financial institutes, consulting engineers, building companies and different scientific institutes.

Jühnde can today count on a CHP-plant which can produce 700 kW of electric power and a woodchips heating system of 550 kW of thermal power. Its district-heating network pipes heat 140 individual households. The system is run thanks to the organic wastes of the local farms; only 25% of the material to produce biogas is bought in the region around the village. During summer time, the heating power in excess is used for drying wood-whips or log-wood. While the average carbon footprint in Germany is of about 10 tonnes per year, that of an inhabitant of Jühnde is of only 2 tonnes.

Case Study: Social economy Cluster “Fondazione di Comunità” di Messina

The Promoting Board of the *Fondazione di Comunità* of Messina includes the main social educational and institutional networks of the area, scientific researchers and social actors at national and international level. The Board is formed by five associations, some of them representing wide and well-articulated networks that are therefore able to act systematically.⁵⁹ The commitment and social involvement of these organizations have made it possible to enlarge the sponsorship to several associations.⁶⁰ The *Fondazione di Comunità* of Messina was legally constituted on 21st July 2010 with a social capital of over 500.000 Euro with additional 500.000 Euro given by the *Fondazione per il Sud*, within a program of support to the constitution of community foundations in Southern Italy.

The Foundation aims at financing projects and initiatives in the following areas: a) community involvement in sustainable projects; b) local welfare, orientated toward local community development and citizens empowerment; c) the formation of local communities; d) the development of a social and solidarity-based economy and the promotion of responsible consumption; e) the quality of local cultural events, internationalisation projects, attraction of creative talents and development of local talents; f) the quality and development of knowledge, research and development.

The *Fondazione di Comunità* of Messina carries out its institutional activity through the following operational modalities: public announcements, territorial programmes based on a strong involvement of all community actors with appropriate skills and ex-

⁵⁸ Combined heat and power (CHP) is the use of a heat engine or a power station to simultaneously generate both electricity and useful heat (from Wikipedia, Nov. 2010).

⁵⁹ They are: Ecos-Med Società Cooperativa Sociale Onlus, Fondazione Horcynus Orca, Fondazione Antiusura Pino Puglisi Onlus, Consorzio Sol.E. Società Cooperativa Sociale Onlus, AUSL5 di Messina.

⁶⁰ The associations are: Caritas Italiana, Parsec Consortium, Associazione Culturale Pediatri, Confindustria Messina, Gruppo Banca Popolare Etica.

periences, and fund gatherings based on donors indications. The Foundation can be considered an innovative initiative and represents a strong reference point for the social development of the territory, in line with the objectives of social infrastructure in Southern Italy, drawn up by the *Fondazione per il Sud*.

The organization pursues its mission not only through its supplying activity, but also thanks to an innovative and socially responsible investment policy. In fact, according to the new economic plan, about 50% of resources will be invested in the production of alternative energy deriving from renewable sources. To reach this objective, the following photovoltaic power systems are in the process of being built: two solar plants of 500 kilowatt each will be placed on land confiscated from the mafia, plants of average size (20 kilowatt) on public buildings (hospitals, churches, schools, councils), and several smaller plants (3 kilowatts) on residential buildings. About 800 families participating in this initiative will benefit from this initiative and it will no doubt have a strong socio-economic impact on the territory. The partners of the *Fondazione di Comunità* of Messina are: category associations, a public organization, a lending institution, and third sector organizations.

Virtual economy

The movement of open source software is a social and civil society movement. It contributes to a new political culture in Europe and in the world. The people and social organizations working with open source software are developing new forms of cooperation based on sharing free licenses, thus participating in the renewal of forms of solidarity against exclusion from knowledge and the digital divide and thereby champion social transformation. The open source community started in the 1970 and 1980s, disseminating the ideas of open software technologies in culture, education, knowledge sharing, health and virtual market and money systems.

Today the emblematic struggles in areas like access to drugs, the preservation of knowhow, access to clean water, as well as economic initiatives in the field of local and alternative currency systems, are sharing with the open source approach a new definition of the common goods. Cooperation and common goods are main challenges for progressive activism, and the open source technology is one of the levers for their appropriation at global level. The open source movement has strongly influenced economic thinking and models at the end of the 20th century and stimulated many social and solidarity initiatives that are developing today.

However, it is also a movement for the defence of the right of all to access information. It contributes to the transformation of our global territory, which cannot be ignored by the SSE.

Furthermore, as a new young generation of skilled people, confronted with unemployment, is using these open source technologies to deliberate and to gain access to new network cultures and hubs, they are also stimulating social movements, social campaigning and social and solidarity projects.

Case Study: WECOOP

It is evident that the information technologies, and technologies based on them, are a fantastic instrument to develop collective action capacities. The internet has become an

essential tool for new social practice, and has a strategic importance for economic and solidarity-based local development.

The social networks that have thus developed are a source of income for various organizations, and their development is also fundamental to create new relations of trust. Particularly as “capitalism” has been able to copy the ways of the social economy networks, often giving itself a social touch, and has thereby assured its own presence on the Internet.

This has led to the conviction, that beyond engaging in networking, social economy organizations also have to invest into new virtual spaces, where until now they are generally absent, to promote their values, and to develop new forms of active solidarity. They could then use these new “windows”, to show that they are environmentally and socially responsible and that social networks do produce social wealth and are common goods to be developed and preserved.

Thus, if the networks are able to commonly define a coherent strategy of their presence and their methods, the information technologies represent for the social economy a great opportunity to adapt and disseminate its participative and democratic values at a larger scale, and to thereby strengthen its role in society.

WECOOP is a project with the following characteristics:

- It's a social network on the Internet owned by all the users through a user cooperative
- It delivers services supporting the solidarity-based and collective actions of all stakeholders, users, associations, buyers and sellers
- It's an economic model linking commercial and non-commercial activities, and is able to finance projects with social objectives
- It's a development model combining the mutualisation of resources at national and European level, with the access to these resources at local level through social franchising.

SSE responses to the recent economic down turn

The ongoing economic crisis is having an increasing impact on labour markets in the EU. Companies continue to announce substantial job reductions across several sectors, while business and consumer confidence, job vacancies and companies' employment expectations generally continue to fall. As unemployment continues to rise, particularly affecting young people, the spotlight has fallen more and more on limiting the impact of the crisis on jobs and on addressing the social impact.

Modern societies are based primarily on employment. Participation in the labour market is therefore fundamental for social integration, while unemployment represents a main cause of social exclusion and societal deprivation. In this serious situation, the third sector has a leading role to play, both as a generator of jobs and as a provider of support to individuals who struggle to achieve sustainable employment. Owing to its strong community roots, the third sector is close to the needs of disadvantaged people and committed to improve their opportunities. The missions of social enterprises are various: the fight against the structural unemployment of groups excluded from the labour market, the provision of social services, etc. One remarkable example of the last 10

years are the "*Coopératives d'activités*" in France, which are a sort of enterprise incubator for the unemployed, to test and develop their business idea in a more protected way, while mutualising business services, competences and support. Today this new form of solidarity between "self-employed and unemployed" has spread within Europe and beyond.

As in the 1980s, the number of enterprise bankruptcies or enterprises that are restructuring is strongly increasing. There are more and more cases (sometimes supported by trade unions) of worker's resistance to the closure of their companies, or of projects like "*Wir sind alle Opel*", that try to create the conditions for a worker's takeover of the companies.⁶¹ One of the forms is the transformation of enterprises in crisis into co-operatives. As many European member states and the European Union have put in place huge financial funds for restructuring, it is a political challenge for the social movements, trade unions and the SSE, to make sure that this solidarity-based form of resistance to closures and delocalisation has priority access to these financial funds.

Case Study: "Coop" Carrefour (BE)

The first phase of the *Coop-Project Carrefour* in Ghent started in January 2010 and is ongoing until today. Following the decision by the headquarters of Carrefour supermarket to close their store in Ghent, a strong community action, including the trade unions, was launched to maintain the store.⁶² The objective of this collective action was the creation of a multi-stakeholder and multi-purpose co-operative that would maintain the employment of the workforce, and to divide the activity of the "co-op" store into three branches: a supermarket, a local market with local farmers, and social services for the elderly. However, although the community movement was also supported by the local media, Carrefour refused to enter into discussions with the *Coop-Project*. In the frame of a collective agreement, all the personal will be integrated into other Carrefour stores, or will go into premature retirement. The shop would definitively close on 31 July 2010 and be franchised the day after. This refusal of Carrefour to discuss alternative solutions provoked a strong reaction of the "co-operative" project, which criticized the refusal of Carrefour to enter into discussions and called on the trade unions and social institutions to accept the co-operative proposal and to explain it to the redundant workers. The *Coop-Project* is now in its second phase: It has to decide on its level of capital, on its statute, its management, and will develop a business plan to compete with the franchiser, who under Belgian law, must be known one month before the closure. The community action is continuing although it seems that the franchising will only be a temporary solution as the rent contract will be with a real estate company controlled by Carrefour.

The Carrefour example shows that it is important to find new ways to integrate the "co-operative" solution into the restructuring processes. And that it is also vital to raise enough public and institutional awareness about it in order to get access to public funds, particular EU-crisis funds that can support redundancy plans under which workers who want can create their own jobs. An interesting idea is the proposal of an "eco-

⁶¹ www.wirsindalleopel.be

⁶² 53 workers, 41 full-time jobs, 2250 m², 11.2 million Euro profit, 1.85 million Euro labour costs.

conomic democracy law” by Vincent Decroly that puts those worker initiatives on the political agenda.⁶³

Case Study: Employment and Activity Co-operatives (CAEs)⁶⁴ – Coopaname

In the 1990s, some activists in Lyon/France analysed the difficulties encountered by unemployed people, and challenged them to create their own jobs through enterprise creation. “If you don’t find a job, create your own job”, had already been the slogan of former French Prime Minister Raymond Barre. “Incubators” were created that offered training, working space, and services for applicants who tried to create their own enterprise, with the possibility of unemployment benefits to be allocated for this purpose. But while most people were familiar with the professional “product or service” side of work, they were not at all prepared for the selling, marketing and management side of it. After years of experimentation it became evident that many are willing to start a business but only few of the enterprises were sustainable in the long term. Many new entrepreneurs ended up with failed businesses and accumulated personal debts. Still, with increasing unemployment and a decrease in the number of stable jobs, self-employment continues to be one of the very few real alternatives. Therefore, there was an urgent demand to find another way to put people in the condition to create their own business, and to test the viability of their project, without exposing them to personal risk, or to the risk to lose their social rights.

For activists looking for a new method, the main concern was the problem of job and social security. How to make it possible for the unemployed to start a business and to test the viability of their enterprise, without exposure to the risk of - in particular - losing their social rights? So in 1995 a pilot scheme was launched, in which a legal association provided these new entrepreneurs with a common legal framework to test their projects, bill their services, learn the necessary competences, and build up their enterprise. This was the start of what is still being called “business incubators”, and was at the origin of the *Employment and Activity Co-operatives* (CAEs), that later took on the form of worker co-operatives. It created a new social group of entrepreneurs, more interested in the content of their job, than in generating profits.

So what does this shared enterprise actually look like? It’s a classical commercial co-operative, integrating unemployed people who want or are being “forced” to create their own businesses and jobs, and who become employed by the co-operative. They are then also invited to become members and co-owners of the co-operative they work for. Under the official work statute, they are economically their own employer, while legally being employed by the co-op. Beyond the economic development of each entrepreneur, the sharing of a common tool (the shared co-op) has led to the development of mutuality in all areas, to what Coopaname today calls a “Mutual Employment Company”.

Even today, the Employment and Activity Co-operatives (CAEs) still do not have a legal recognition, nor is their particular work statute legally recognized. Nevertheless, since their creation in 1995, a dialogue has been started with the most important trade unions. “By inserting the self-employed into the framework of a collective enterprise

⁶³ www.autrepolitique.be

⁶⁴ CAE in French: Coopérative d’Activités et d’emplois.

which employs them, Coopaname integrates people into the frame of common labour law and the trade unions, in a spirit of giving back social security to professional activities totally deregulated by the micro entrepreneurship.”⁶⁵ Coopaname integrates many different professional activities, all developed by one or more people, all entrepreneurs employed by the co-operative. The heart of the co-operative business is the support service to the individual entrepreneurs, partially also subsidized through unemployment support. The other activities are those of the employed entrepreneurs, starting, developing and making sustainable their own economic activity. Every one of them is paying him or herself a salary in relation to the turnover of his/her activity. Each activity also contributes to the shared enterprise with 10% of its turnover. The success of each individual project improves the common project making it able to better support the individual activities. The objective of Coopaname is not to make a profit but to increase the salary of each member and to make the common services better. Together and collectively, the “employed entrepreneurs” are acquiring for themselves more job security and more social security, while sharing services they individually wouldn’t be able to afford (legal and fiscal advice, accountancy etc.). They also profit from “cross fertilization” between their activities.

The network of the CAEs “*Coopérer pour Entreprendre*”, of which Coopaname is a member, today federates around 70 employment and business activity co-operatives in France, with 4000 employed entrepreneurs. The dissemination in France builds on an regular exchange about best practice, but as there is no recognized legal framework and as the rules of working and producing collectively therefore need to be reinvented every day, not all the CAEs are yet on the same level. Nevertheless, because of its innovative nature, the model has already been transferred to countries like Belgium, Canada, Sweden, Morocco, and others.

CONCLUSION:

SOCIAL ECONOMY, ROLE AND PERSPECTIVE

The public debate

The Palermo seminar was preceded by a public debate organized by the Rosa Luxemburg Foundation: “Alternative economy: experiences, challenges and future opportunities”. It was a great opportunity to confront the very peculiar reality in Sicily. Guests of the event included key representatives of important cultural, political and social Sicilian organizations: Anna Bucco, Chairwoman of *ARCI Sicilia*, Luciano D’Angelo, Coordinator of the *Consorzio Ulisse* and Former Counselor on Social affairs in Palermo, Calogero Parisi, Coordinator of the social Cooperative *Lavoro e non solo*, Michele Curto, Chairman of FLARE, the European Network for the fight against the mafia and Rita Borsellino, Member of the European Parliament and sister of Paolo Borsellino, the anti-mafia judge and co founder of *Libera* killed by the mafia. The speakers related their practical and political experiences in support of legality and the fight against organized crime.

⁶⁵ Elisabeth Bost, Founder of Coopaname, and former CEO of *Coopérer pour entreprendre*, the French network of CAEs.

As Rita Borsellino underlined, a real democracy can't be achieved if economic inequalities persist. The Italian society (particularly in the Southern Regions) is still characterized by a deep social division and unequal access to education. In these regions the Mafia operates at a "cultural level", providing jobs and social recognition to disadvantaged and unemployed people. It is important to "offer" a valid alternative in order to divert the youth and working people from getting involved with and for the Mafia. Social cooperatives working on land confiscated from the mafia provide a valid alternative. In a unique example in Europe, Italian legislation outlines favourable conditions for the social re-use of goods and assets confiscated from the mafia. Thanks to this legislation, many social cooperatives such as *Libera*, *Consortio Ulisse* and *Lavoro e non solo* play a major role in local contexts, where organized crime is deeply rooted.

Contrary to popular belief, rather than being an "Italian" problem, organized crime is strong and widespread all over Europe. The close link between the Sicilian mafia and crime organizations around Europe was clearly underlined by Michele Curto, who explained how the Mafia is a transnational and varied business. FLARE, the organization he represents, is promoting European legislation for the social re-use of confiscated goods, following the Italian example. As such legislation has become possible on the basis of the Lisbon Treaty, a European campaign will be set off in December 2010 to collect a million signatures in support of such a law. Rita Borsellino expressed her full support to FLARE, committing herself to actively promote this initiative in the European Parliament. "Mafia organizations all around Europe are the only economic actors not affected by the current crisis" she said, "and yet, at European level, a definition of organized crime is not included within the description of 'Security', contained in the European international strategy".

Alternative economy: experiences, challenges and future opportunities

The seminar, held in Palermo on the 12th June 2010, was characterized by the comparative analyses of different forms of social economies. It focused on recent research and theories linked to alternative economic ideas, and some recent evolutions and trends were examined and discussed. Participants shared their successes and failures and confronted some relevant experiences. Case studies and innovative models such as ethical finance, social economy enterprises to manage the common goods, worker's take over's and new economic citizen participation were analysed with a historical approach, in order to determine their social impact, and the possibilities that they would initiate real transformation. In particular, the seminar focused on experiences from the Mediterranean area, to identify possible actions to create stronger political alliances for a larger dissemination of such experiences to enhance social visibility and to promote change.

The speaker's presentations were followed by a public debate that aimed at identifying the weaknesses affecting social organizations, and new ways to improve their visibility and increase their social impact. Three important needs clearly emerged from the debate, shared by all participants: the need for better communication between the respective organizations to avoid fragmentation, the need to improve education and access to knowledge in civil society, and the need to create stronger connections and alliances with political institutions and trade unions.

Communication

It is becoming increasingly evident that one of the strongest features of social economy actors, namely being rooted in the territory and of protecting the interests of local communities, is also the cause of an excessive fragmentation of the various social organizations. This significant factor emerged throughout the debate. All representatives of the civil society organizations present in the seminar agreed that they did not know much about each other, although the regional or thematically proximity should have led to more closeness. It seems that their respective daily commitments at the local level leads them to underestimate the value of social networks, thus affecting their propensity to form alliances at national and international level, which in turn decreases the scope to provoke real changes in society.

Jean-Rémy Cazeaux from WECOOP underlined that the internet has become an important battle ground in the last few years, and that this trend has to be answered accordingly by the social economy actors. Non-profit oriented social platforms could help to bring people together, promoting the exchange of personnel and ideas, of educational and training materials, of methodologies and reference materials amongst social actors and to connect them with civil society. The creation of wider networks among job seekers is also the main aim of *Coopaname Lyon*. Exchanging information on policies and programmes has proved to be an effective tool in employment creation. According to Joseph Sangiorgio, chairman of the organization, uniting small cooperatives into larger networks greatly improves the possibility to work together and achieve sustainable job creation. Cooperatives, employers' and workers' organizations should create a network of national and international data, such as market information, legislation, training methods and techniques, technology and product standards; with which they can develop, where it is warranted and possible, regional and international guidelines.

Education

Stanislao Di Piazza, from *Banca Etica*, underlined the importance of education in the struggle for a clean economy. *Banca Etica* has very often noticed that adults in general, and shop keepers in particular, open accounts with *Banca Etica* on suggestion of their own children, who were taught about Mafia problems in school.

Education is highly relevant for the sustainability of the Social Economy Sector, as it is evident that a change in economic faculties in the universities over the last decades was at the basis of some new, alternative approaches to neoliberal capitalism. Germany probably represents the most radical example of this, while it is not really that easy to find scientists who work on alternatives in other European countries. As Elisabeth Voss said (and practices in the journal *Contraste*), cooperatives offer institutionalized knowledge on different opportunities to live and produce.

There is an urgency to influence the educational system towards more collective, participatory and responsible learning and working. But above all, there is a strong need to develop a new generation of social and solidarity-based economic enterprises and project managers, educated not only towards profit maximization, but social responsibility and justice. Therefore investment in new training and education institutions should be promoted and supported by the more radical parts of the SSE.

Lack of institutional visibility

This distance is even bigger between social organizations and institutional representatives. Trade union representative Marie France Boutroué (CGT) underlined this separation, which makes it difficult for political actors to support the social economy sector and promote its visibility. She called for actions to strengthen both the visibility of the social economy actors and the cooperation with the trade unions as “trade unions can’t do anything when the social economy organizations do not ask for help.”

The necessary evil? The European Union and governments

The importance of the European Union and the availability of its funds was part of one strand of discussion which dealt with the relations of the actors and organizations of the social economy with the state. It is obvious that government institutions in Western Europe pose problems to the social economy. On the other hand it became clear that the implementation of public policies for the promotion and the support of the social economy enterprises is vital to them. The state has two functions in promoting the development of the social economy: (1) providing funds, especially for start ups, and (2) ensuring the sustainability of the sector via adequate legislation, which ensures that the legal form of a cooperative cannot be changed into that of a “limited corporation” after a few years, or during the handover to the second generation. Birgit Daiber, Coordinator of the Rosa Luxemburg Foundation in Brussels, expressed her belief that a strong cooperation between the different social actors like cooperatives, trade unions and parties of the left is necessary if we want the Social Economy to play an influential role in the near future.

Perspectives

What can we learn from the past?

Looking back over the last 40 years, it appears that several social movements are at the origins of the modern Social and Solidarity-based Economy and have strongly influenced it. For this reason, analyzing the way some of these movements have developed throughout the years can help us to better understand why the SSEs nowadays have such little political impact.

The “new left” movements for emancipation and autonomy throughout Western Europe, starting in May 1968, that brought about the famous German alternative movement, which in the mid 1980s accounted for more than 6000 collective social and economic initiatives and enterprises. It was an extremely provocative movement, strongly politicized and pioneering in new fields like biological food (the first *BioLäden*), sustainable energy, fair trade, ethical finance (it created the first alternative bank, *Öko-bank* in Europe), education and culture, and inspired similar movements in Belgium, Holland and in the Northern European countries; (2) The co-operative and self-management movements that developed in Portugal and Spain after the end of the dictatorships in the two countries, strongly supported by left wing trade union movements and political parties; (3) The movements of collective job creation and job defence in the 1990s, that featured the emergence of work-integration social enterprises, collective takeovers of enterprises in crises, and collective resistance to cuts in the social sector,

and to exclusion provoked by neoliberal capitalism. All these social movements went through important transformations, characterized by the following common elements:

- They eventually lost their provocative and radical character, sometimes through marginalization, but often through integration into and contamination by the mainstream capitalist system, and consequently lost their political dimension.⁶⁶
- They lost the support of left wing parties and movements in most of the European countries, as a consequence of the triumph of neoliberalism. This weakened the ability of social movements to build long lasting alliances and to influence institutions.
- Historically originating in the fight for autonomy of the different groups (ethnic minorities, gays and lesbians, women etc.) or from the different needs or problems the groups were confronted with, they never overcame the strong fragmentation of their different components and therefore never really succeeded to form a critical mass with adaptable structures capable of influencing the dominant culture and of creating the legal and financial conditions for its development.

As a consequence, even if the number of social economy organizations is still increasing, their role in our societies is weakening, as they seem unable to promote the right legal environment for their genuine development. Moreover, a large number of them are increasingly contaminated by the mainstream capitalistic culture, making it difficult to distinguish their values from their capitalistic competitors.

Is there something new?

The recent financial, economic and ecological crisis, affecting all countries, has created the need for a deep transformation of our economic and political systems. This struggle for new alternatives takes place within civil society movements overall, which include some more recent SSE organizations. A new collective, responsible and sustainable emancipatory project is on the agenda if we want develop an alternative to this destructive capitalist system, which erodes democracy, wastes resources and creates unsustainable inequalities. There is a crucial need of shifts and radical changes in the ownership and control of the economic and political systems, toward a more collective direction, with more participatory democracy. The SSE has played a pioneering role in this area, and could inspire larger parts of society in the future if its visibility is improved.

There is a need for new alliances at a local and global level, as new progressive forces are emerging in Europe, many of them at local level, where the dominant trend is still neoliberal and reactionary, while, in Latin and South America, strong left-wing governments have emerged that correspond with the resurgence of new people movements and social struggles that campaign on forest, water and land rights, indigenous rights, agricultural and worker rights. This raises the need to build new social and political alliances between the progressive forces in the North and these social movements in the South. It can be hoped that the majority of the SSE will be part of these alter-

⁶⁶ Birgit Daiber, Eine kurze Erzählung über Selbstverwaltung in Deutschland seit 1968, Rosa Luxemburg Foundation, 2010.

globalization movements, and will build on its historical values and restore its political character.

What should we do together?

There is first of all an urgent need to make the values of the SSE better known, and to show that there are long lasting alternatives of participatory economy, that fair and ethical finance exist, and that the sustainable producing of energy and other collective projects are not just Public Relation exercises, but are possible and tested by cooperatives. The aim is to create a real possibility for people to make a choice as producers, consumers and users, for more sustainable and responsible behaviour. We need to reflect about new forms of communication that can reach ordinary people with simple and clear messages. The support by progressive institutions, like Universities, the progressive media and political parties is essential. The loss of trust induced by the recent global crisis has created a new acceptance for alternatives, creating a chance that shouldn't be wasted.

Finally, it is time to build new organizations based on solidarity, and to create strategies aimed at improving the capacity of these progressive movements and the SSE, to influence society toward more ethical, social and sustainable conditions. This should be from the beginning be done in close cooperation with trade union movements that are fighting for more democracy, worker participation and worker ownership, and with the more radical part of the SSE. Only in this way will we be able to build a new left-wing movement in Europe, and globally.

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