

Editorial

Full Mittal Jacket !

Who said: It is the "the dignity of mankind that is sacred, rather than the short-term maximisation of profit", and we are not interested in short-term financial results»?

Tick the correct answer:

- | | |
|---|--|
| <input type="checkbox"/> Karl Marx | <input type="checkbox"/> Franz Müntefering |
| <input type="checkbox"/> Bernard Cassen | <input type="checkbox"/> Jean-Claude Juncker |

The correct answer is that it was neither the German philosopher/economist, nor the founder of ATTAC. In fact, the first statement was made by the German Minister for Employment who, in referring to the first article of the Constitution, was commenting upon the restructuring of AEG, whilst the second quotation comes from the Prime Minister of Luxembourg who used it to set out his government's position on Mittal Steel's hostile takeover bid for Arcelor.

Whether or not we think that an it is possible to introduce an alternative model to today's liberal economy (after all, we are all entitled to our own beliefs), these two recent examples certainly do show that we cannot rely entirely upon market forces in order to both create and to distribute wealth. This system, which has been developed and driven by efforts to guarantee a high financial return on capital, may often be a cruel system if it is not well managed and structured.

Indeed, the dignity of men and women everywhere is at the heart of the work carried out by the socio-economic actors with the social and solidarity-based economy who are specifically engaged in a different sort of economy and/or assist and accompany those people who have been excluded from the system, in order to help them to build a life plan, particularly through good quality employment.

As Kubrick constantly reminds us in his films, the alienation of human beings is rife in our modern, so-called peaceful civilisations within which economic warfare has taken the place of conventional warfare – we may believe that was are seeing something different, but the truth lies elsewhere.

Let us take the time and make the effort to explore other possibilities...and let us do it now, making the most of the fact that our hearts are still not made of steel!

Eric LAVILLUNIERE

Issue n°1 of our Newsletter focuses, for the most part, on a highly sensitive subject, namely that of definitions and the field of research. The solidarity-based economy, social economy, third sector, social enterprises, integration through the economy, popular economy, plural economy, community development, etc.

Of course, the words one uses are never neutral, particularly when they convey a political flavour. The INEES has decided to focus upon concept of the solidarity-based economy. This concept is present, above all, in the countries that have a Latin culture. In our view, the solidarity-based economy provides us with huge scope for both research and reflection on the relationship between the public economy and the market-based economy and this is certainly something that we intend to investigate in greater depth. This is a scientific choice.

We make a distinction between this scientific choice and the approach in terms of networks and the construction of a political voice that, in our view, must be grouped together, in terms of alliances, with all of those who are striving to bring about a different type of economy, that we have chosen to call the social and solidarity-based economy. This is a political choice.

Our intention, therefore, is not to be controversial or to get lost in never-ending discussions about who is involved in one thing rather than in another, since we fully appreciate the fact that the contexts vary widely from one country to another. Our ambition is to work with anyone who has similar goals in order to promote, from both a political and scientific point of view, the concrete development of society that displays an ever-increasing degree of solidarity.

Interview of the month - Jean-Louis Laville

*The article set out below is not really an interview in the strictest sense of the term, rather it is a summary of **discussions** that we have held with **Jean-Louis Laville**, with a view to establishing a **better definition of the solidarity-based economy**. Jean-Louis Laville is a professor at the Conservatoire National des Arts et Métiers (CNAM) in Paris, joint director of the Laboratoire Interdisciplinaire pour la Sociologie Economique (LISE, CNRS) and is also head of research at the Centre de Recherche pour l'Innovation et la Démocratie (CRIDA).*

Social economy, solidarity-based economy, third sector, ...it is certainly easy to get lost amongst all of these concepts!

It is fair to see that this does not help in any way to give a clearer picture of things. However, it is possible to make a distinction between these various concepts:

- The third sector is related to an orthodox economic approach in which priority is given to not making a profit rather than to making a profit. This is a residual vision confined to philanthropy and to the charity sector and is therefore outside the realms of market forces.
- Conversely, the social economy may be defined as a grouping of enterprises that are active in the market and whose statutory format (cooperatives, mutuals, general interest associations) provides a guarantee of solidarity by imposing limitations on their profits and/or their redistribution within the organisation and or to efforts designed to achieve social aims.
- The solidarity-based economy (SBE) is rooted in an approach in which solidarity has a much broader base and is applied at a local level (social cohesion), between counties (fair trade) and between generations (sustainable resources). We can see that the social economy is increasingly integrating these aspects, however it then has to manage the tensions that this creates with the need to be competitive on the market.

How can we theorize about the solidarity-based economy? Can it justify its existence as a 3rd pillar that is complementary to the market economy and to the public economy?

Yes, of course, although it is necessary to have a broad vision of economic philosophy and this is not always the case since, very often, our appreciation of the economic sciences is limited to the way in which they are applied from an econometric point of view. We have to realise that we cannot use mathematics to explain all human behaviour and activities. The real challenge is to move away from the dogma according to which the economy is an autonomous concept (and from its firmly held, business-driven set of beliefs regarding growth, consumerism, and the well being of individuals that is something that is deemed to be possible solely through the accumulation of goods).

But to go where exactly?

Towards the democratisation of the economy based on the commitment and involvement of people. Rather than being about capital and the ways in which it is managed, it is the conception of social change that is at the very heart of the solidarity-based economy. It is a question of standing up and protesting about the way things are done today, and at the same time to make proposals, showing that other approaches are possible and that some of them already exist.

That is all well and good, but what resources can we use?

The solidarity-based economy can draw on different sources, since it combines resources from the market economy, the non-market economy (subsidies) and the non-monetary sector (voluntary sector). It is not possible to apply the rules that require organisations to be financially self-sufficient on the market, to the organisations in the solidarity-based economy, since this would make them prisoners of the financial solvency of market demand and this could well lead them away from their primary social goals. In this way, the solidarity-based economy's objective of bringing about the democratisation of the economy, requires the organisations to make use of a hybrid combination of sources of financing.

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Some definitions from the European level

There are no European solidarity-based economy networks as such and the very term is all but excluded from the bodies of the European Union. We may, however (and this is not an exhaustive list), refer to the following:

The Council of Europe

Which has a pan-European platform for dialogue on the solidarity-based economy (SBE). It likens the SBE to "forms of citizens" engagement in the economy contribute to the strengthening of the links between economic, social and environmental dimensions" and adds that it is "rooted in the observation that the movement of society towards a greater sharing of responsibilities between the public authorities and civil society is indispensable in order to guarantee the existence of relationships based on inclusion and solidarity." It highlights the need for "dialogue between the public authorities and these networks in order to lay the foundations for a better articulation between social and environmental policies and citizens' actions".

The European Union

Which recognises the social economy. For the EU Commission, the Social Economy entities are the co-operatives, mutual societies, associations, foundations and social enterprises. They shared certain common characteristics:

- Their primary purpose is not to obtain a return on capital. They are, by nature, part of a stakeholder economy, whose enterprises are created by and for those with common needs, and accountable to those they are meant to serve.
- They are generally managed in accordance with the principle of «one member, one vote».
- They are flexible and innovative - Social Economy enterprises are being created to meet changing social and economic circumstances.
- Most are based on voluntary participation, membership and commitment.

At an international level

The solidarity-based economy is a concept that may be found in certain Latin American countries in particular. A network known as RIPESS (Intercontinental Network for the Promotion of a Solidarity-based Social economy) that organises a series of international meetings on the subject of the "globalisation of solidarity", provides the following definition:

- The Social and Solidarity-based Economy encompasses a range of projects that come society.
- It contributes to the creation of jobs and helps to develop the skills of social entrepreneurs.
- This form of the economy accords priority to work, rather than to capital.
- It is based on a democratic decision-making process, on a high degree of social involvement and on the quality of human relationships.
- It is an economy that places great value on social capital and the sustainable use of natural resources, in order to encourage the creativity and proactive nature of the actors, both as individuals and collectively.

Interview - Jean-Louis Laville (continued)

Private management, public money, responding to the collective interest, ... doesn't this seems like the privatisation of the public services, or at least similar to the somewhat precarious management of the public services?

Not at all, since the solidarity-based economy certainly does not have the aim of dismantling the social services managed by the public authorities, rather it seeks to complete them through its ability to provide a better response to the people concerned on the ground. The major mechanisms of national and international solidarity must remain the responsibility of public policies. It is important to defend this point of view, particularly at a time when we are debating the Services Directive and social services of General Interest. They would have us believe that the general interest, in other words everyone's interest, is related to the provision of services at the lowest possible cost (by having them compete with one another on the market), but this is not true. Services founded upon solidarity are a component part of the European social model and public rules and regulations must take this into account. For example, in the case of public contracts, it is possible to include social and environmental clauses in the call for tender.

Can we confine the SBE to a social function designed to integrate people who have been excluded from the labour market?

Of course not! The SBE gives everyone the opportunity to find his or her place within society, particularly through good quality employment. It is not a second class economic space, reserved for those that are poor or those that have been excluded, an area in which efforts are made to repair the damage done by the dominant system, rather it is a genuine cultural, socio-economic space for societal change within which individuals can find self-fulfilment. At this point, we may wish to refer to Axel Honneth, who highlights the importance of solidarity in the fight for recognition both through the self-organisation of all citizens as equals and also through a form of public redistribution that is enshrined in rights and entitlements.

What are the challenges for the future?

There are many challenges, but I have picked out two that are of fundamental importance:

- to bring together and to compare the work carried out by SBE researchers and actors (since they are the first proponents of ideas for the SBE), or in other words all of the people who spend time reflecting on these issues, so as to pool together all of this work and to advance something that has now become a veritable school of thought;
- to work with the public authorities so as to create frameworks that are conducive to the development of the SBE, along the lines of the work done with regard to public services at the end of the 19th century in the industrialised countries, at a time when it was necessary to create appropriate management systems and evaluation indicators.

What you are doing in Luxembourg is very interesting and in a worldwide market, there is a pressing need to ensure that solidarity also becomes a global phenomenon. Other regions in the world, and here I am thinking about South America in particular, where the welfare systems are less well-developed than our own, have also done a lot to innovate in order to respond to the needs and wishes of their populations. We must also find and develop a common political voice, together with all of those who want to manage the economy in a different way.

If you would like to read more work written by Jean-Louis Laville, we recommend:

- **L'économie solidaire, une perspective internationale**, 2001 (re edition) and **Dictionnaire de l'autre économie**, edited with A.D. Cattani), 2005 – both available from Desclée de Brouwer, Paris.
- **Action publique et économie solidaire**, (edited with J.P. Magnen, G.C. de França de Filho), 2005 and **Sociologie des services**, 2005 – both available from chez Erès, Toulouse.

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