

DRAFT -

Global movement for a solidarity economy

Emily Kawano & Amit Basole, Oct. 14, 2007

In the midst of growing inequality and corporate power, government cutbacks, privatization and de-regulation, there is a quiet hum of people getting on with building economic alternatives grounded in principles of economic democracy, social solidarity, cooperation, egalitarianism, and sustainability. Some of these have roots in practices that are hundreds of years old, others are more recent innovations and they are springing up throughout the U.S. as well as the rest of the world. Taken together, they offer stepping stones toward a new way of organizing our economy that is being called the *solidarity economy*. There's a growing global movement to advance it as an alternative to the failed model of neoliberal capitalism. After all, "the economy" is not a natural force like gravity, but is a human invention. The economy is made up of all of us and if it isn't serving broad social and environmental interests, we have the power to change it...provided we are organized enough to implement viable alternatives.

The Problem

In the early 1980s, Britain's Iron Lady, Prime Minister Margaret Thatcher famously declared, "There Is No Alternative" meaning that there is no alternative to capitalism. This resignation to cut-throat capitalism came to be known as the TINA syndrome. In the following years it certainly seemed that the capitalist juggernaut was on a roll. By the 1990s, Communism in the Soviet bloc had fallen and *neo-liberalism*, a particularly pro-corporate and anti-government brand of capitalism, had been enthroned throughout most of the world, enforced by the International Monetary Fund (IMF), the World Bank and the World Trade Organization. TINA ruled, unchallenged by clear evidence or faith that a viable alternative existed. Even the kinder, gentler brand of capitalism found in European social democracies have been forced to retrench as critics blamed the generous social provisions and protections for crippling their economic competitiveness.

Neoliberalism has been accompanied by unprecedented riches for the few and growing immiseration for the many. In the U.S., three decades of shamelessly brazen pro-corporate policies, wealth-fare, privatization and cutbacks in social programs have led to a gaping divide between rich and poor. More and more power is concentrated in the hands of fewer and fewer corporations, undermining economic democracy and community control as well as skewing priorities towards private profiteering and away from social and environmental interests.

The Solution

And yet, the steady encroachment of neo-liberalism throughout the world may have seeded TINA's demise. The critique of neo-liberalism has been well honed by the ever-growing global justice movement that has focused a spotlight on the failure of the neo-liberal model in terms of growth, equity, democracy and sustainability. In Brazil, Venezuela, Chile, Argentina, Uruguay and Bolivia, left-leaning governments have been swept to power under

the banner of anti-neo-liberalism. The World Social Forum, the largest and arguably the most significant gathering of social movements in the world, is united by an opposition to neo-liberalism and a belief that 'Another World is Possible.'

Many people and community groups have become tired of making demands on a deaf or under-funded government. Moved by desperation, practicality, values, or vision, many of these folks have turned their energy to building economic alternatives to provide jobs, food, housing, services, and money, as well as to create healthier communities and economic democracy.

Neoliberal policies concentrate wealth in a few hands, take control away from the people giving it to corporations, and wage war on labor and environmental standards. In contrast a solidarity economy is based on the premise that we, the ordinary people should have control over our economic life instead of relinquishing it to the corporate sector or the government. It is about decentralized and participatory economic decision-making. It is about local communities having a say in who does business in the community, on what terms, how money is spent and how land and other resources are allocated. Thus it is "economic development from below."

In the examples that follow, the principles of equality, anti-oppression/exploitation and sustainability are often, though not always, strong. As the solidarity economy develops, all its members must help each other to live up to the full range of principles.

Economic democracy puts greater economic control in the hands of ordinary people rather than big business and their allies.

- *Cooperatives* are businesses that are owned and run by the workers, consumers or members. According to the International Cooperative Alliance, co-operatives provide over 100 million jobs around the world-- 20% more than multinational enterprises. [box on Cooperative Homecare Assoc. & Fed. of S. Coops]
- *Factory takeovers*, workers in Argentina and Venezuela have taken over factories that are about to be shut down by their owners and kept them running as cooperatives. This is not only economic democracy in action, it also challenges private property rights when it means shutting down factories and throwing workers out the door.
- *Participatory budgeting* serves to democratize the process of governmental budgeting by giving local residents an official say in where public money should go. The most prominent example of Participatory Budgeting has been in Porto Alegre, Brazil where communities have been involved in city budgeting since 1989. The model has spread to cities in the U.K., Canada, India, Ireland, Uganda and South Africa. [insert box here]

Social ownership promotes collective or community ownership.

- *The squatters movement* challenges private property rights in cases where they contribute to poverty and homelessness. Squatters take over abandoned or unused land or structures, Squatters work to secure permanent rights to the property; improve the quality of housing, sanitation, and access to clean water; and empower the poor to come up with their own

solutions. Given that nearly half the population of cities in Asia, Africa and Latin America are squatters living in illegal settlements, the challenge and need for this work is very great.

- *Land trusts* preserve open space and affordable housing. Land is held by a ‘trust’ and must be either maintained as open space in the interest of protecting the natural and aesthetic environment, or privately owned housing is developed, but as in the case of co-housing, real estate speculation is prohibited and the land is held by the trust.
- *Open source culture & technology* reduces restrictions such as copyright and patents protection to goods, technology and information. Examples include the *wikipedia*, a free on-line encyclopedia that anyone can add to or revise; GNU/linux, a range of free software that is continually developed and improved by users; *copyleft* which allows users to access to articles, pictures, art, and music without paying copyright fees.
- *Commons movement* advocates the control and governance of resources by stakeholders. For example, the Sky Trust (see Chapter X), Maine’s lobster fishing community has been successfully practicing common property management since the 1930s and community run water cooperatives such as in Santa Cruz, Bolivia, are gaining popularity. [Insert water war box here]

Social lending and investment puts capital to work for social aims, not pure profit making:

- *Labor sponsored pension funds* such as the Solidarity Fund, created by the Quebec Federation of Labour in 1983, make targeted investments for the purpose of creating or preserving high quality jobs, and promoting community revitalization.
- *Credit unions*, are financial institutions that serve the interests of their members. Credit unions are non-profit cooperatives, owned and controlled by their members/depositors. Most credit unions make personal loans, but some lend to small businesses and start ups.
- *Community Development Financial Institutes* serve low-income communities by providing loans for housing, small businesses and non-profits.

Strengthening local economies promotes economic democracy and sustainability by creating economies on a human and community scale.

- *Complementary currencies* operate alongside the ‘official’ money. People and businesses use these local forms of money which boosts the local economy by increasing the supply of money as well as keeping it circulating in the local economy rather than ‘leaking’ outside. The Swiss WIR Cooperative has been around since 1934 and has 62,000 members, issues its own money which greases the wheels for \$1.41 billion of transactions a year.¹ There has been explosive growth throughout the world in complementary currencies in recent years. [Box on complementary currency]
- *Community supported agriculture* supports local small farmers and sustainable agricultural practices by creating dependable demand for their produce. People pay for a seasonal or yearly subscription, which entitles them to a share of whatever is produced. In the U.S., 25,000 people participate in more than 500 CSA projects across the country,

¹ “Cooperative Principle and Complementary Currency,” W. Wuthrich, 2004, <http://reinventingmoney.com/documents/BeardWIR.pdf>

while in Japan, where it has been around since the 1960s, 5,000,000 families participate in CSAs.

- *Community Development Corporations* (CDCs) are non-profit organizations that pursue a range of activities from social to economic initiatives including the development of affordable housing, job creation and community control of development. CDCs have grown from a handful three decades ago to 4,000 to 6,000² now. [See for example, the Dudley Street Initiative in Boston, MA.]

Sustainable economic development seeks to create healthy, liveable, ecologically sound communities, technologies and policies.

- *Smart growth* creates livable ‘urban villages’ by encouraging a mix of housing and businesses, affordable housing, limiting sprawl, preserving green spaces, improving public transportation, discouraging cars, and creating walkable, bike friendly communities.
- *Ecological production* takes a lesson from nature. The concept of *zero waste* mimics the natural process in which all waste is used in another process. An example of ‘zero waste’ is beer production in which the waste grain destined for the landfill is used to produce biogas, feed, fish, mushrooms and bread. *Biomimicry* is based on the belief that we can learn much from the design solutions that nature has come up with. An example is the Eastgate building in Harare Zimbabwe, which was inspired by the remarkable climate control systems in African termite mounds. Like the termite mounds, it uses ventilations shafts to cool and heat the building. Despite the fierce heat, it needs no air conditioning, which has saved the owner \$3.5 million in the first five years.

What needs to be done?

Do these examples offer a serious challenge to neo-liberal capitalism? The potential is there, but particularly in the U.S., this potential is in danger of remaining unrealized - worthy, but isolated endeavors, struggling for their individual survival, and cloaked in invisibility. What is called for in order to avoid this fate is:

1) *First do no harm*. In many cases, there are policies that hamper economic development from below. For example, agricultural regulations and subsidies overwhelmingly favor large-scale corporate agriculture. Open source culture is obstructed by laws that actually make it hard to give ideas away for free. U.S. pension law makes it nearly illegal to use union pension funds for progressive investment. We need to at least create a level playing field that doesn’t disadvantage solidarity economy initiatives. Better yet, we should tilt the playing field in favor of the solidarity economy on the grounds that it fulfills social, economic and environmental needs.

² “The New Ownership Society,” Gar Alperovitz, *The Nation*, 6/27/05

2) *Strengthen the U.S. Solidarity Economy Network.* There has been an explosive growth of the solidarity economy and representative networks virtually everywhere else in the world. In the U.S., not only is there no such supportive network, but the term and framework is practically unknown. At the end of a series of meetings held at the U.S. Social Forum in the summer of 2007, a U.S. Solidarity Economy Network was launched with the goal of bringing together and strengthening the currently fragmented elements of the solidarity economy in the U.S.

3) *Research, documentation and greater visibility* – currently the many economic alternatives in the U.S. are practically invisible. To the extent that they are visible they are often dismissed as oddities that will forever remain on the margins. An alternative perception is that they are self-indulgent experiments of affluent white progressives. And yet, given the examples above, there are plenty of economic alternatives that serve to empower and benefit poor and marginalized groups. We need a serious research and documentation agenda to raise the visibility of and bolster the arguments for the solidarity economy.

4) *Policies and institutional support.* Shedding the cloak of invisibility is an important step in the development of greater coherency as well as legitimizing the importance of economic alternatives. In Canada, the social solidarity economy movement leveraged a total of \$132 million in government funding, including \$17 million for capacity building, \$100 million allocated for social economy financing and \$15 million for research and two-way practitioner-academic exchange. Similar inroads have been made in the European Union, Brazil, Venezuela, Peru, Bolivia, and Argentina. Although state support brings various dangers of cooptation, which are beyond the scope of this chapter to explore, ultimately, it will take this kind of policy, financial and institutional support to develop the many inspiring economic alternatives into a viable economic system grounded in economic justice and sustainability.

5) *What you can do to help the solidarity economy flourish*

- Support and get involved with the Solidarity Economy Network.
- Familiarize yourself with or get to know grassroots and local economic initiatives in your own community.
- Whenever possible support local business, local agriculture and workers' coops.
- Use and promote open-source software.
- Urge your representatives at the local, state and federal levels to help support such activities in your community.

Conclusion

We began by saying that it is up to us to work towards the economy of our choice. Such an economy grounded in principles of economic democracy, social solidarity, cooperation, egalitarianism, and sustainability will of course, not emerge overnight. The examples we chose sought to demonstrate the beginnings of this economy. The task now is to build a movement for the solidarity economy to realize the transformative potential of the many alternatives that are already a reality. For this, actions will be needed at the individual,

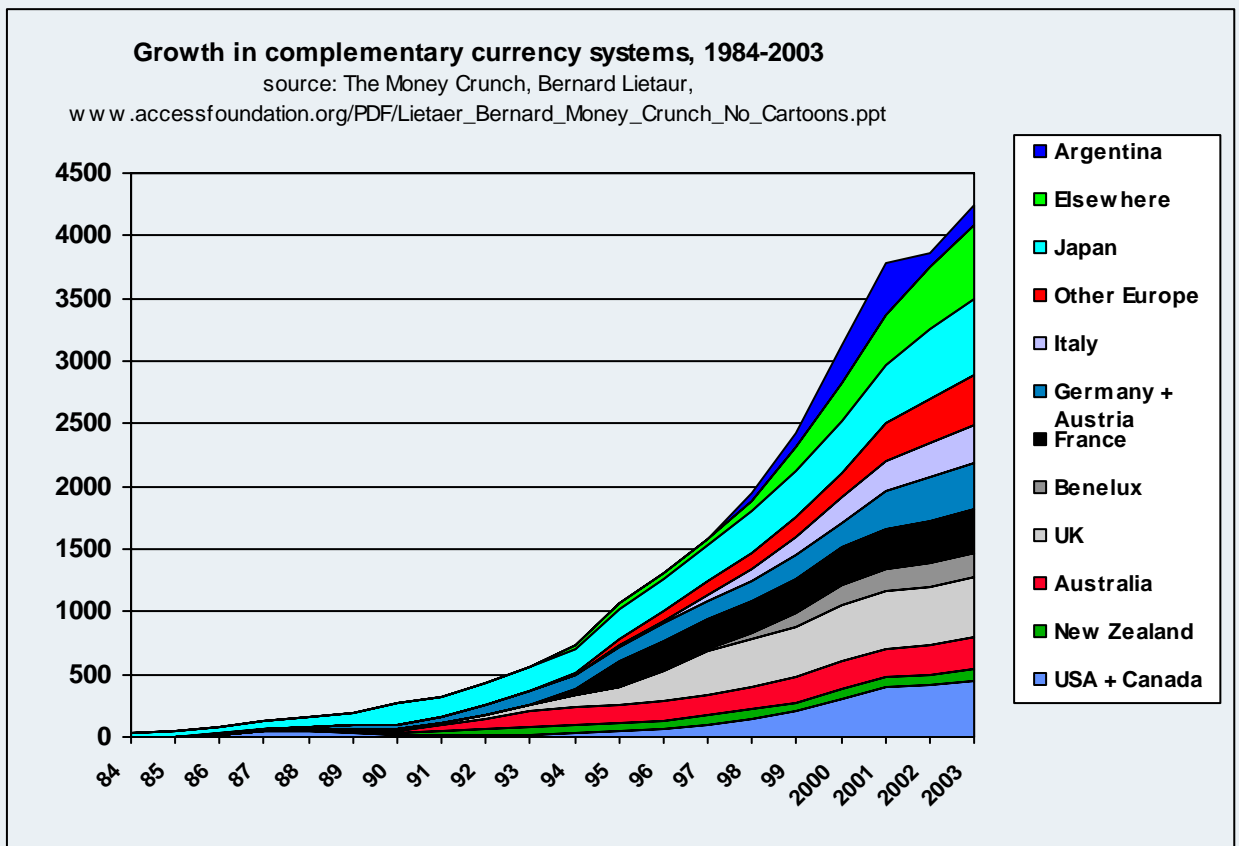
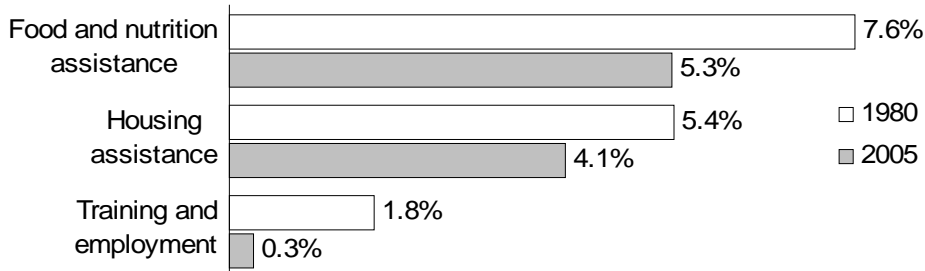
community and government level. Individual actions like buying local and supporting coops or open-source software will help, but they must be combined with community organizing to create such alternatives where none exists. Securing government support is also important because federal and state policy sympathetic to the solidarity economy will make our task much easier. While shunning government participation would mean leaving that avenue wide open for the neoliberal pundits and the corporate giants. In parting let us again remember that *we can choose the type of economy we have.*

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U.S. spending on social programs as a percentage of the federal budget

source: Field Guide to the U.S. Economy, Teller-Elsberg, p. 78



In August 2002, the minister of economy and industrial policies in Japan has suggested that the use of local currencies would bring an end to the long-lasting deflation of the Japanese economy by supplying additional monies of various types at the local level (Maruyama, 2003:183).

Participatory budgeting in the UK

Residents of Sunderland, a U.K. city of 300,000, will decide how £23 million (\$6.7 million) of the city budget is spent over the next two years. There are another nine cities that are implementing participatory budgeting as part of a pilot program that aims to spread the model to all cities in the U.K.

source: "Voters to get direct say on local spending," Paul Wintour, [the Guardian](http://politics.guardian.co.uk/homeaffairs/story/0,,2118822,00.html), 7/5/07
<http://politics.guardian.co.uk/homeaffairs/story/0,,2118822,00.html>



Photo by Tom Kruse tkruse@alTbatros.cnb.net

Cochabamba Water War – police and protesters face off

Water privatization in Cochabamba, Colombia led to extortionate water charges by Bechtel Corporation. Massive popular protests resulted in the eventual cancellation of the contract.

In contrast, *Community-managed water systems* have emerged as a viable alternative to privatization. The city of Santa Cruz de la Sierra in Bolivia has had a cooperative for drinking water and sanitation services since 1979. Everyone with a water connection is a member of the co-op and has voting rights. Water rates favor home vs commercial users as well as those who use less water. This Bolivian co-op has achieved 96% access to drinking water in its area.