
In addition to a tremendous body of talent and practice, they share a range of concepts, accumulated experience and, to a lesser extent, related research. All seek to reinsert social goals into the heart of our economic life, an agenda contrary to the economic model of the last four decades. Many have roots in the 19th century struggles of people relegated to the margins by the industrial revolution. Others have grown out of the modern "margins," where the failures of “free market” orthodoxy have created enclaves in which people have few options other than to invent economic alternatives.

“Social economy” and “solidarity economy” are two frameworks for understanding the economic alternatives springing up around the globe. In parts of western Europe, Latin America, and Africa, these terms are commonly applied to a range of socio-economic-cultural development strategies, activities, and structures, ranging from the small and local to the large and global. They are less familiar in North America, outside Québec. To some their meaning is uncertain. To others, it is unimportant. Are they not just two more additions to our “alphabet soup” of terminology?

We don’t think so. Both frameworks deserve close consideration, especially by those working in the field. Murky conceptualization will not serve us well, particularly given the major trends that are cutting a swath across all segments of human society (Peak Oil and climate change most prominently). They present us with unprecedented demands for thoughtful, energetic, and broad-based societal action. One has to wonder if these rapidly shifting realities are outstripping many of the conceptual formulations we use to guide and explain our work. It is with this concern in mind that we explore the conceptual boundaries we live within, challenging their probity and relevance to the risks we and our planet face in the decades ahead.
In this context, the social economy involves the use of market-based trading activities to meet social goals. It represents a broad social consciousness within civil society where the interests of poor, immigrant, worker, and women’s groups are explicitly recognized and integrated into production settings through various types of social enterprise, including co-ops.

There are different perspectives on the role of the social economy in social change. Reformists generally focus attention on securing resources to better support marginalized constituencies. Radicals, however, look upon the social economy as a means for transformation. It is a construction site for building strategies, tools, and institutions that can challenge neo-liberal hegemony in the market and the state.

Pearce draws firm boundaries between the private, the public, and the third sector. John Restakis’ argues that the private, public, and social economy sectors are animated by distinct economic principles. While the boundaries between them may be permeable to some degree, there is no changing the logic that animates each of them.

The focus within the private sector is the exchange of goods and services for commercial gain. Ownership is determined by the private control of capital. The primary purpose is to maximize returns on investment to shareholders. Capital controls labour. The key aim of the commercial exchange is the economic principle of efficiency. The operations of the public sector focus on the redistribution of wealth and the provision of public goods for the purpose of promoting the economic principle of equality.

The economic principle that animates the social economy is reciprocity. The primary purpose of social economy organizations is the promotion of mutual collective benefit. The aim of reciprocity is human bonding or solidarity. In contrast to the private sector, reciprocity puts labour, citizens, or consumers in control of capital.

In Restakis’ view, the social economy includes all co-operatives and credit unions, nonprofit and volunteer organizations, charities and foundations, service associations, community enterprises, and social enterprises that use market mechanisms to pursue explicit social objectives. It includes only those collectively-owned for-profit enterprises whose surpluses are shared by members, and no government or private businesses of any kind.

How useful are these definitions of social economy? When applied to the real world of community revitalization, do they clarify or obscure? Profiles of two prominent social economy organizations, one in Montréal and the other in Chicago, may shed some light here.

RÉSO: Revitalizing Southwest Montréal

Southwest Montréal suffered industrial decline from the 1960s through the early 1990s. By 1984, 40-50% of the residents of the formerly solid working-class neighbourhoods lived below the poverty line. That was the year organizations in the neighbourhood of Point St. Charles began to mobilize in opposition to deindustrialization and gentrification. In 1989, these efforts culminated in the formation of RÉSO (Regroupement pour la relance économique et sociale du sud-ouest de Montréal), a unique partnership committed to the economic and social renewal of Point St. Charles and four other poor neighbourhoods.

RÉSO evolved into a membership-based organization. Its board comprises elected representatives from five member categories: the community movement (four directors), trade unions (two), big business (one), small business (one), and individual members (one). Today, RÉSO has 300 organizational members and 1500 individual members.

Owing to the comprehensive nature of its mandate, RÉSO has taken action on a vast range of issues relating to human resource development, business retention and development, land use, infrastructure, and local promotion. It directly provides and brokers training and job development services for up to 1500 people each year. It also has assisted hundreds of training businesses over the years to customize their investments to the needs of local business and the capabilities of residents. An early warning system alerts RÉSO to the potential closure of local businesses.

The synergy created by this approach is illustrated by the actions of the largest manufacturer in southwest Montréal, CAD Railway Industries. A RÉSO board member, CAD’s CEO became convinced that the company had to re-orient its business to contribute more significantly to neighbourhood revitalization. It maximized local purchases in the company’s $70 million annual procurement budget. Another more dramatic example is that of a Spanish supplier who opened a business in the area in order to keep the $5-6 million annual supply contract it had enjoyed for several years. The result was 65 new jobs to local people referred by RÉSO.
In the mid-’90s, RÉSO launched a community venture capital fund in partnership with the Québec Solidarity Fund, and with support from the federal and provincial governments. By means of this $5 million fund, RÉSO can directly invest as a business owner to create jobs and diversify its financial base.

By the mid-1990s, Statistics Canada reported that the decline in manufacturing in southwest Montréal had stopped. Between 1998 and 2003, RÉSO helped some 40 social enterprises come into being, creating close to 500 local jobs.

To what does RÉSO owe its success? "The ability of RÉSO to bring all these diverse people together has been remarkable," asserts Fausto Levy of CAD. "It provides a forum for everyone to discuss issues that are important to them and allows for understanding to begin. As a result, we’ve been able to solve many problems with everyone being very satisfied.”

This is echoed by Gaston Lemieux, President of the local Aluminum, Brick, and Glass Workers Union, who thinks of RÉSO as a key ally. "RÉSO is a tool that’s very useful to the private, public, and commercial sectors as well as to the unions and the community," says Lemieux. "It gathers all the forces of all the sectors to conserve jobs. All sectors are interconnected. RÉSO is the forum where everyone can get together and make things work again."

Do not these experiences reflect a level of relationship, social purpose, mutual aid, & reciprocity that challenges the boundaries of social economy depicted by Pearce & Restakis? If RÉSO or CMRC had confined their strategic targets, partnerships, & alliances to “third system” actors, & excluded the private & public sectors, could they have achieved the same level of innovation & socio-economic impact? It seems unlikely.

CMRC: Revitalizing Chicago’s Manufacturing Sector

Austin, a large neighbourhood on Chicago’s West Side, has experienced an industrial and social implosion over the last 25 years. It lost roughly 20,000 industrial jobs; 30% of residents live below the poverty line; nearly a third of households receive public assistance; drug trafficking and gang activity are at alarming levels.

In 2001, an analysis conducted by the Center for Labor and Community Research (CLCR) and the Chicago Federation of Labor indicated that one factor in the decline of neighbourhoods like Austin is the failure of the public education system to graduate students with the skills needed by local manufacturing companies. The report outlined a 20-year corrective strategy that included the creation of small high schools linked to the manufacturing sector.

The Illinois Manufacturer’s Association (IMA) took an interest in the report. More than 85% of its members are small, privately-held companies with limited resources. Unable to relocate their premises, these companies face a loss of 40% of their workforce over the next ten years.
Under contract to the IMA, the CLCR completed a study of Illinois manufacturing. The study recommended that IMA form a partnership with labour, government, and community groups in order to compete in the high value-added segment of manufacturing complex products. With products that command top dollar on the marketplace, employers could pay higher wages and provide good benefits while still making a solid return. This type of production requires a world-class education system, as well as a world-class social, physical, and technological infrastructure. Investment by both the public and private sectors coupled with a strong role for civil society and community were fundamental to achieving the goal.

This report became the basis for the founding of a unique public-private-community partnership in July 2005, the Chicago Manufacturing Renaissance Council. CMRC brings together all the stakeholders to help manufacturing companies

- become more innovative in production.
- reinvest in equipment and in their workforce.
- improve the educational institutions that produce the next generation of workers.
- ensure that government and labour support the sustainability and growth of manufacturing companies.

The solidarity economy significantly expands the legitimate terrain of engagement for social economy practitioners; it challenges the claim that social purpose & reciprocity cannot become manifestly central to exchange within the private & public sectors. In short, the agenda to maximize the space occupied by the values of the High Road across the society.

To CMRC, three principles are crucial:

- Genuine social partnership of labour, business, community, and government.
- Participation of each partner in the design and implementation of every initiative.
- Development that is economically, socially, and environmentally sustainable.

These linkages are unmistakable in the CMRC’s first major investment: a manufacturing-centred public high school in Austin. Austin Polytechnical Academy opened in September 2007 with a freshman class of 140 students. It will add a class per year to reach a size of 550 students. So far, 24 companies have partnered with the school to provide general support, work experience, internships, and summer jobs, as well as prospects for full-time employment upon graduation. Companies as well as teachers, community members, parents, and students are represented on the school’s governing body.

Unlike the typical vocational educational experience, which often mimics the racial discrimination of the larger society, Austin Polytech will promote career paths into skilled production positions, as well as into the management and
Exploring the Profiles

The two profiles provide a rich basis for exploring Pearce’s and Restakis’ understanding of social economy. By their respective definitions, both RÉSO and CMRC are social economy organizations. However, their governance structures, their constituencies, their partners, their clients, and their funders include significant private and public sector engagement.

RÉSO provides a wide range of services and supports that benefit locally-based private business as well as a range of social enterprises. Similarly, CMRC is a “3-system” initiative with “mutual economic and social goals” embedded in its mandate. Key players from each “system” are involved financially, strategically, and operationally. A number of actors have decided to create another social economy organization, Austin Polytech, to link the rebuilding of the manufacturing sector to high-quality education, poverty reduction, and neighbourhood revitalization.

Do not these experiences reflect a level of relationship, social purpose, mutual aid, and reciprocity that challenges the boundaries of social economy depicted by Pearce and Restakis? In both cases, does not mutuality in fact extend across and among all three systems? Are not social goals embedded in the economic decision-making and strategy? If RÉSO or CMRC had confined their strategic targets, partnerships, and alliances to “third system” actors, and excluded the private and public sectors, could they have achieved the same level of innovation and socio-economic impact? It seems unlikely.

This evidence undermines the notion that the principle of reciprocity is confined to the social economy and its actors. While RÉSO and CMRC are representatives of the “social economy,” they are doing more than social economy. They have entered the realm of the solidarity economy.

A Cross-Cutting Concept

Conceptually, the social economy occupies the societal space between the public and private sectors. In contrast, the solidarity economy is located at the intersection of all three.

In Diagram 2, “Reframing the Debate” (right), the solidarity economy appears as a small circle cutting across the boundaries of all three systems. However, its aim is large: to compete against the dominant Low Road development paradigm, expanding the reach and scale of High Road strategies across all of society. (See sidebar previous page, “Roads High and Low.”)
The scope of this agenda parallels the radical view of the social economy as a transformative strategy. The conceptual cloth of the solidarity economy is cut quite differently, however. While connecting to all three systems, the solidarity economy requires that we reconsider their boundaries for strategic purposes. From the vantage point of strategy, one’s location within one or another of the three systems is not so important as one’s commitments and actions. Do they reflect the “life-damaging, growth-addicted features of Low Road capitalism”? Or do they manifest “the values of justice, inclusion, balance, diversity, ecological sustainability, and financial viability” characteristic of the High Road?

The solidarity economy, which admittedly is more a “strategy” than it is a “system,” explicitly contends for High Road values and practices in all three economic systems, and in this way is complementary to the social economy. On the one hand, one may argue that the social economy is the only system where social goals are central to the development equation. On the other hand, the solidarity economy significantly expands the legitimate terrain of engagement for social economy practitioners; it challenges the claim that social purpose and reciprocity cannot become manifestly central to exchange within the private and public sectors. In short, the agenda is to maximize the space occupied by the values of the High Road across the society.

This assertion has profound implications for the scope, targets, and criteria that guide alliance-building among those committed to transformative change. Actors within any of the three systems – community, labour, business, government, finance, and educators – may follow either a High Road or a Low Road strategy. Values, priorities, policy, and performance are the distinguishing features.

Without denying the distinctive qualities of each system, the solidarity economy challenges “system” smugness on the part of actors in all of them. It explicitly encourages collaboration between systems in order to enlarge the space within which reciprocity can be re-woven into the fabric of the community.

In addition to expanding the domain of action, the concept of the solidarity economy elevates the importance of leadership on the part of organizations rooted in the values, principles, and goals that animate the “third system.” It commits them to advance their key aims and principles into both the private and the public sectors. Thus, bridges are built and reinforced across old divides; whole new realms open up for strategic thinking and engagement.

Different Context, Different Mindset

It is fascinating to consider the contexts out of which innovations in the social economy, CED, economic democracy, co-operatives, and social enterprise have emerged. How many gated communi-

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ties have established a social enterprise or a CED organization to realize social change? None that we know of. Where key social innovations have emerged and continue to emerge is among people, places, and sectors that markets have failed.

Many of these innovations were responses to the consequences of the exclusion and oppression instigated by the wealthy and powerful. Building the co-operative economy, mobilizing citizens to reciprocally share resources, organizing workers to defend their interests against unregulated capitalists—all were part of addressing the concrete circumstances of the day.

Today, there are global trends still more powerful and expansive than those that shaped the context of the 19th and early 20th centuries.

First, communication is global, immediate, and cheap. Animation, education, and organization are possible in ways unimaginable even 25 years ago. Second, the human-planet-threatening consequences of a consumption-led economic “free-for-all” are recognized by only a very small portion of the world’s population. Climate change and Peak Oil, food and water security, and the increasing number of human beings suffering exclusion and poverty—all these are issues that we cannot effectively address within “system” silos.

In this unprecedented and bewildering situation, the cross-cutting strategy embedded in the concept of the solidarity economy appears a better meta-framework from which to chart the terrain in the 21st century.

This need not lead “social economy” actors to ignore their own domain. Quite the opposite, in fact. The solutions we so desperately need to invent in the 21st century will require us to practice the economic principle of reciprocity more rigorously, creatively, and broadly. Social economy organizations must become more effective agents in creating the societal space within which solidarity can grow. This requires understanding the larger system and continuously scanning for opportunities to extend and expand life-supporting innovations.

Diagram 3 depicts where we are at present. The circle of solidarity is small, evident more in the “third system” than in the other two. The boundaries are open within the circle, still divided beyond it. Within the circle, there is a conscious striving to journey on the High Road. Beyond the circle, there is much less consciousness. The actions of those within the circle—their capacity to ruminate, agitate, animate, educate, communicate, advocate, and consummate innovations that reach beyond the “inner circle”—are fundamental to facilitating positive social and economic change.

In summary, the solidarity economy demands we explicitly contend for “third system” values (justice, inclusion, balance, ecological sustainability, and economic viability) and the economic principle of reciprocity in both the marketplace and in the state. As solidarity grows, space and relationships are created in which to incubate innovation and scale up success, thus expanding the circle, thus constructing and extending the High Road as we travel.

Viewed thus, solidarity becomes more than a result, more than a strategy; it is a vital resource, a source of energy and perspective that helps us move beyond the pedantic and the pedestrian, and compels us to act out of a deeper, moral consciousness. The solidarity economy can inject energy, creativity, and organizing capacity into the most compelling and difficult transition human beings may ever have the opportunity to make.

References


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