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Towards the Solidarity Economy

It is important for the corporate sector to move beyond the PR rhetoric of 'corporate social responsibility' to 'corporate accountability', says [John Samuel](#), laying out the principles of the solidarity economy -- an alternative to the free-market economy -- where ethics of production, markets, investment and consumption is central to promoting sustainability

Ethics is what makes the economy humane ' an enabling force for exchanges among people, societies and countries. Devoid of ethics, the economy can perpetuate predatory forces of dehumanisation, commodification, violence and war. The economy needs to be an enabling process that helps human beings and the environment to sustain and thrive. Economics devoid of ethics can be extractive, exploitative and imperialistic. In fact, both Adam Smith and Karl Marx began their search for a viable economy from strong ethical premises.

Solidarity is an act of identifying with other human beings who have a shared sense of destiny, dignity and responsibility. Solidarity is based on the principles of mutual empathy, mutual support and the greater common good. Solidarity helps us to go beyond the greed of the self to the need of other people, societies and countries. Solidarity does not depend on the principle of the 'survival of the fittest'. It seeks to promote the sustainability of human beings and the environment.

Economy signifies an interface among human beings and societies that facilitates the link between natural and social resources to meet human needs and comforts. Economy also signifies the dominant modes of production and distribution. The notion of the market represents the dynamics of demand and supply of goods and services among human beings, societies and countries.

However, the marketplace is not a neutral space for such exchanges based on demand and supply. Any mode of exchange among human beings and societies is driven by power relationships and value assumptions. Hence, the marketplace is inherently political. The key question is whether the dominant power-relationships and political processes within the market shape the choices and values of human beings, or whether a universal framework of human values and sense of solidarity drives

power relations within the market.

The assumption behind the free market economy is that the ***invisible hand*** of the market is capable of dealing with all human demands and needs in an efficient way. However, the so-called free market economy is driven and controlled by a few very rich companies and a few powerful countries. Most of the poor countries and poor people are at the receiving end of the so-called free market economy. The Solidarity Economy is a critique of the extractive economic paradigm of the free market variety and at the same time it is an effort to build an alternative vision of an ethical economy. The search for an alternative Solidarity Economy seeks, on the one hand, to promote an ethical normative framework for a people-centred economy, and on the other hand, to learn from the various practices of enterprises and businesses based on the principles of solidarity.

The Solidarity Economy is an effort to reiterate and rediscover the ethical basis of a viable, sustainable and socially and ecologically responsible economy. Here are some perspectives on the Solidarity Economy:

- Ethical basis for a solidarity economy needs to be based on the values of cooperative solidarity, economic and ecological sustainability, accountability, human rights, democratisation, diversity and justice -- social, economic and ecological.
- Seeks to promote alternative practices and thinking to challenge monopoly capitalism and an exploitative economic paradigm. The market is too important to be left to the fancies of finance capitalists in search of perennial profits and their subservient policymakers.
- Seeks to democratise the economy, knowledge and technology.
- Seeks to promote fair profit in a vibrant and enabling market place. It places people and environment before profit.
- Promotes local economies that are accessible and affordable to poor and marginalised people.
- Advocates for trade justice and national and international public policies to promote fair trade across the world.
- Anticipates long-term social and environmental consequences of economic behaviour.
- Proactively seeks to engage with stakeholders to promote accountability and to make them realise the consequences of their actions at the marketplace, society and the world.
- Promotes the public policy perspective that those who have greater economic resources at their disposal have a greater responsibility towards society and the environment.

An economy that creates monopoly of power -- through monopoly capitalism and imperialism -- will undermine the values of democracy and human rights and perpetuate violence and war. Wherever there are human beings and wherever they exchange goods and services, there will be a market. But the questions are: what are the guiding principles of such exchanges, and who controls the modes and manner of those exchanges? When markets and the economy are captured by the smaller forces of monopoly and those who have an unbridled thirst for profit and power, ordinary human beings become the victims of the market, without any sense of agency or bargaining power.

The Solidarity Economy perspective is not against the creation of wealth. It supports ethical entrepreneurship and human creativity and efforts to create wealth. Competition is not a bad word. But exploitation is an obscene act. Profit is necessary to sustain any vibrant economy, as profit helps people to create enough surpluses for the greater good. But profit becomes obscene when it is based on extracting and exploiting people, nature, countries and continents.

The Solidarity Economy is based on the four ethical pillars of ***Ethical production, Ethical investment, Ethical market and Ethical consumption***. The solidarity perspective seeks to reiterate that human beings are capable of cooperative solidarity and ethical business. The Solidarity Economy is for fair profit and a viable and sustainable economic paradigm that sustains environment, people and societies.

The Solidarity Economy perspective seeks to encourage people and communities to enter the market and assert their capacity to negotiate and bargain in the market. Such a perspective promotes a vibrant local economy ' including production and exchanges of services at the grassroots level. The democratisation of the economy and transparency and accountability of investors, producers, the market and consumers are the defining forces of a Solidarity Economy.

Ethical production

Human beings will have to produce both goods and services for their survival and comfort. Ethical production will be guided by the basic values of human dignity, fair wages and conditions of work and environmental and social responsibility. The Solidarity Economy perspective seeks to support small and medium-scale enterprises, and sufficiently decentralised production practices. Most poor people are producers as well as consumers.

It may not be always possible to have small or medium-level production modes to serve the needs of growing economies and demand. So it may also be necessary to have big production facilities of goods and services. This is where it is important to

ensure corporate accountability to workers, communities, shareholders and consumers. It is important to move beyond the usual public relations rhetoric of "corporate social responsibility" to "corporate accountability".

However, the fact of the matter is that most big multinational corporations, while subscribing to the rhetoric of corporate social responsibility, tend to have scant regard for any accountability mechanism. Many of them tend to violate the statutory regulations, perpetuate corruption of politics and economy, and tend to maximise profit at the cost of workers, communities and the environment. The Solidarity Economy perspective seeks to demand strong ethical guidelines such as corporate accountability, ecological sustainability, human rights and fair wages.

While the value of their labour does not increase, the prices of consumer goods keep increasing. Most small and medium-level farmers who produce agricultural commodities have hardly any bargaining power in the marketplace, as most of the time it is the middle-men who tend to control and influence the market. The producers often do not get any opportunity to bargain with the value chain and get fair returns for their labour.

Ethical investment

In ethical investment, the investment is not merely a means to maximise profit but also a means to serve the larger society in terms of generating gainful employment, protecting the environment, promoting human rights and democratisation. Ethical investment places people ahead of profit. While ethical investment, too, seeks to make profit, it will challenge the unbridled and unethical thirst for profit. Ethical investment requires transparency, accountability and social responsibility in the process of seeking a fair return on the investment.

Ethical investment is not merely about finance. It involves investment in terms of time, resources, ideas and processes for the greater common good of humanity and the environment. It would actively discourage investment in those industries that perpetuate environmental pollution, unbridled greed, violence and war. Ethical investment is both about the choices of values and the manner of investment.

Ethical market

The market is a means for the exchange of goods and services. The ethical market is a means to serve the larger society in a fair, predictable, efficient, effective and sustainable manner. The market is necessary for all our social and economic sustenance. However, when the market becomes God, power tends to get accumulated in the hands of a few who would use the market as a means to amass

wealth and power at the cost of basic values.

An ethical market is an important link between the investor, producer and consumer. The so-called 'free market' has never been free. Hence, it is important to have optimum regulations by the State and society to make sure that the market is a means to serve and exchange. It is often the middle-men who control the market. Traders tend to control market forces through influencing the finance market, commodity market and consumer market. The principles of an ethical market should make sure that the producers and workers get fair returns and consumers get quality services and goods.

While the State should encourage and enable the ethical market mechanism, it is not the business of the State to control the market. It is important to have optimal regulatory mechanisms to protect the local and national economy from predatory financial and speculative capitalism.

Ethical consumption.

One of the reasons for environmental degradation, increasing inequality and increasing morbidity is unethical consumption. When market and money become God, they are means of desire. Modern markets tend to demands by selling desires. Advertisements are the means for selling new desires to create new demands for products and services. As a result, people tend to derive their sense of worth not through creativity but through consumption. When people tend to become less creative and more productive, consumption becomes a mode of life itself. The rich countries and people waste huge amounts of precious resources ' including non-renewable energy - through unethical consumption. Unethical consumption focuses more on the self than the society; more on the status of the consumer rather than sustainability of the environment.

Ethical consumption needs be based on the values of need, environmental sustainability and social responsibility. Ethical consumers will ask the question whether the products and services that they consume harm human beings and the environment. An ethical consumer will always discourage wasting resources, particularly food and energy, and will seek to share and maximise the use of the consumer goods and services.

The resources of the earth are not limitless. It is increasingly clear that exponential growth of human activity and market forces damages the ecology of the planet. A relatively small minority of people and countries tend to get more and more rich while a large majority of people are impoverished every day. This is unethical. This is what the Solidarity Economy seeks to challenge and change. The Solidarity Economy seeks to humanise production, investment, the market and consumption. It seeks to challenge

commodification and dehumanisation at all levels. It is based on the principle of creativity, community and communion. The Solidarity Economy is local and global at the same time, where every consumer is a citizen who can claim his/her right and seek to enlarge the freedom of others.

The Solidarity Economy seeks to enhance and enlarge human freedoms to enjoy and sustain life and the environment. It seeks economic and political empowerment of all people across continents, cultures, gender and colour. It seeks to challenge imperialist economy and politics - an economy of violence and war. It is the search for an enabling economy and empathetic market that would help us to expand our choices in a sustainable, responsible and just manner. As Gandhi said, we have everything to meet everyone's need, but not greed. The Solidarity Economy is one more step for us and the next generation to reiterate that "another world is possible".

(This article is based on John Samuel's keynote speech delivered at the Asian Meet on Solidarity Economy and Socially Responsible Business)

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