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# The solidarity economy: an alternative development strategy?

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Although it no longer seems unanimous,[1] the "Washington Consensus"[2] concerns the implementation of poverty reduction programmes under the aegis of international financial institutions (World Bank, International Monetary Fund, etc.). Now these development programmes are above all aimed at sustainable growth, which is the liberal version of the concept of "sustainable development". But this "pro-poor growth" is essentially aimed at pursuing the globalisation of the economy. This is the sort of globalisation that many people oppose precisely in the interests of sustainable development and a humanism that regards degrading levels of poverty as intolerable. "We can no longer ignore the phenomenon of economic globalisation . . . Faced with the deterritorialisation of certain sectors of an economy which in some cases is losing its human scale, the solidarity economy forms part of a project: to put the human being back at the centre of the economy". These remarks by Luxembourg's economy minister Jeannot Krecké[3] indicate that globalisation has yet to extinguish the utopian dream of a humanist universality. Having conquered the political sphere, democracy needs to be extended to the very heart of the economic sphere. Similarly, it seems only logical that a plural world requires a plural economy (Laville and Cattani 2005). The important UNESCO text on the preservation of cultural diversity is unlikely to have much impact if the same utilitarian vision of development is imposed across the board. A more democratic world entails the democratisation of the economy. These are the two key points of this article, which takes the form of three complementary sections. The first describes the international reality of the solidarity economy. The second moves into theory and attempts to rise above the disciplinary frameworks that separate the economic and the political in order to suggest a new definition of the economy which grasps the specificity of the solidarity economy. The third, pragmatic, section suggests approaches to the creation of an alternative vision of sustainable development for both North and South.

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## The solidarity economy: a reality for North and South alike

In both North and South, populations aspire to participate in their own development, to define for themselves the economic programmes that are best suited to their needs and the territories they occupy. By making public debate the privileged mode for the economic regulation of a political community, the solidarity economy affords the possibility of renewing our approach to sustainable development. This is a humanist economy which, in the interests of reconciling money and value, puts its trust in democratic deliberation. It may be a laudable project, but does it work in practice? One emblematic example is that of the Banco Palmas in Conjunto Palmeiras, a favela of Fortaleza, in north-east Brazil. In order to combat poverty, this co-operative bank created a local social currency, the *Palmas*, which helped the inhabitants to take control of their own destiny. Created in 1998, the bank operated according to three principles: it was managed by the community itself; it focused on improving conditions in local favelas; and finally, it introduced a currency that, while complementary to the national currency, could only be used locally. The results of this democratic reappropriation of the currency were conclusive: wooden houses were gradually replaced by brick-built homes, crime rates fell, drug trafficking diminished, jobs were created, and 1,500 young people received vocational training.

The Banco Palmas is not an isolated example, for the solidarity economy encompasses a wide range of microeconomic initiatives such as recycling facilities, local trading schemes, collective kitchens, organic farmers' cooperatives, micro-credit financing, limited liability companies with a commitment to the fair trade scheme, and organisations with a focus on solidarity tourism. The solidarity economy is neither a charitable economy designed to repair the damage caused by globalisation nor an informal economy that encourages the indiscriminate trafficking of all goods and services. It is implemented by civil society in order to maintain the social fabric in a specific territory and to enhance democracy in all spheres (political, economic, and civil) in all countries. The solidarity economy is an underestimated international reality (point one) which takes different forms in different territories (point two).

## The solidarity economy: a poorly understood international reality

At an initial series of meetings organised in Lima on the initiative of southern countries, the participants defined economic solidarity as incorporating "cooperation, collective sharing and action, while putting the human being at the centre of economic and social development".[4] Another global network with the same aims, the Alliance for a Responsible, Plural and United World, produced an enhanced definition: "Production, distribution and consumption activities which contribute to the democratisation of the economy via citizen engagement at local and global level". Therefore the solidarity economy is not some seductive concept that fertilises conferences attended by researchers looking for something new; it is a label which campaigners for another kind of globalisation utilise in order to combine initiatives which take different forms in different countries but have many points in common. What are these points?

The solidarity economy does not concern one sector of activities, but several. Researchers and actors have yet to agree on exactly how many there are, but there is general agreement on certain activities such as savings and solidarity financing (solidarity microcredit), fair trade, local exchange networks, personal services, etc. These initiatives, which can range from recycling cooperatives to internet sites designed to reduce the digital divide, possess four common elements which were identified at the second round of "Globalisation of Solidarity" meetings[5] (GESQ 2002):

1. They link a productive activity to social needs rather than profitability.
2. They produce goods and services based on the participation of women and men.
3. They build local, national, and international social networks based on consensus and co-operation.
4. They work towards the democratic regulation of economic activity.

According to the authors of the report on this international meeting of solidarity economy entrepreneurs, these four elements encompass all activities that operate according to the following principles:

– An indivisible collective property.
– The distribution of wealth to meet the needs of people rather than capital.
– Freedom of association and democratic management.
– Autonomous decision-making and management in relation to the State (GESQ 2002, p.8).

In other words, the solidarity economy is what Luxembourg, a member of the international French-speaking community, has described as *le troisième pilier de l'écomomie* ("the third pillar of the economy"). The state represents redistribution; capitalist enterprises represent the pursuit of profits; the solidarity economy represents economic activity that is governed by the principle of reciprocity and initiated by civil society actors (Dacheux and Laville 2003).

All these points in common have been identified by the actors themselves, but we would like to emphasise another shared reality: "transition". In our view, the solidarity economy is a transitional economy. It concerns practices which, in the vast majority of cases,[6] are aimed at developing activities that belong to what Fernand Braudel (1980) called the "ground floor economy" in order to:

1. Make the transition from an informal framework to a legal framework by obtaining legal status (association, cooperative, etc.) for informal activities.
2. Make the transition from a survival to a subsistence economy, and eventually to a plural economy. It is not a matter of assuming that a market already exists. More pragmatically, these activities should ensure that families are able to survive before promoting economic transactions within the community and, ultimately, providing access to the plural economy, the space in which market, public and reciprocal economies co-exist (Laville 2007).
3. Provide a bridge to the public arena by enabling the excluded and the banished to rediscover their dignity and reconstruct a collective identity through mutual support. The solidarity economy's focus on common problems and interests fosters collective deliberation and the construction of a community discourse that will be heard in the public sphere. Practical activities form the pathway to political citizenship.

## The solidarity economy: territorial variations

Examples of the solidarity economy can be found throughout the world, but in many different forms. There are pronounced differences between North and South with regard to the influence of the state, agricultural issues and, especially, the degree to which the market economy has been developed. Consequently, the solidarity economy assumes forms and names that reflect local conditions. Québec, with its strong tradition of cooperative enterprises and union pension fund investment in community businesses, has adopted the term "social economy". In Latin America, the critique of American imperialism and the profound influence of liberation theology on the popular movements generated in civil society explain the frequent references to a "popular solidarity economy". In Francophone Africa, the term "social and solidarity economy" is often employed to describe initiatives which are in most cases designed to reactivate traditional community values.[7] But North and South are not homogeneous realities in cultural or economic terms, of course. There are areas of great poverty in northern countries and pockets of great prosperity in southern countries. The solidarity economy is, initially, a means of linking people in a specific place, given that the nature of the social fabric varies according to location: town, rural area, sparsely populated zone, overpopulated area, etc. The solidarity economy encourages the development of the individual by developing the collectivity of which he is part. Not only will a French trading network differ radically from its Argentinean counterpart, it will take different forms in different parts of France in terms of its rules and social regulatory functions (Bayon 1999; Blanc *et al*. 2003). Thus it is clear that when implemented in the various territories it seeks to develop, the solidarity economy necessarily takes different forms. However, this diversity is not simply imposed by the local context; it is due to the nature of the solidarity economy itself. The solidarity economy is based on the idea that development cannot benefit all members of the community unless the community itself is organised on democratic lines and sustains the effective participation of every individual member. This democratic claim is of course expressed in different ways according to the nature (pluralist, false democracy, authoritarian, etc.) of the existing regime. But wherever we look, we find its reflection in the day-to-day functioning of initiatives which are based on the principle of one person, one vote. The approach is pragmatic: the democratic participation of citizens in development requires the constitution of a collective intelligence that can identify the challenges that arise in an uncertain world. Participative democracy is by nature open and flexible. There is no single correct, universal, atemporal, method of democratic, collective decision-making. Each political community forges, tests, and questions the modalities of decision-making which it considers most appropriate. Because the solidarity economy is an exercise in participative democracy, it cannot be reduced to an instant-use package or a "success guaranteed" formula.

At international level, the solidarity economy is embodied in numerous diverse initiatives. The name may vary according to country and continent, but at global level the term "social and solidarity-based economy" is now used by actors from North and South to designate approaches which incorporate the principles outlined above. The social and solidarity-based economy is an international term; it expresses diverse practices which, while adapted to their context, conform to the universal values of solidarity and democracy.

If future generations are to live at least as well as present generations, we must use the framework of democracy to reduce pollution, reduce inequalities, create employment, and maintain cultural diversity. The solidarity economy is a constructive critique of sustainable development which stems from a simple postulate: there can be no sustainable development without sustainable democracy. Thus at the conclusion of this first section, we can define the solidarity economy as an alternative conception of development which enriches the notion of sustainable development by the inclusion of a universal demand for democracy.

## The solidarity economy: a critique of the liberal vision of development

In certain cases market forces contribute to collective enrichment; in others, a Keynesian economic policy can be highly effective; but as economic, political, cultural, and environmental problems become increasingly intertwined, the best source of economic innovations which respect the environment, cultural values, and local democratic practices would appear to be a territorialised collective intelligence. It should be borne in mind that the reasons for taking action, including action in the economic sphere, are always multiple (Polanyi 1983; Weber [1922] 1978). In many cases they are transformed by selfish interests, but they may also – and far more frequently than one might believe – derive from religious, political, social, or philosophical motives. Similarly, while competition can be a healthy phenomenon, improving quality and driving down prices, it can also engender a monopoly such as Microsoft, where the relationship between quality and price is hardly in the consumer's favour. Cooperation is time-consuming and may attract "free riders". It can also have a powerful multiplier effect on the wealth of a specific area, as shown by the Basque cooperatives in the Mondragon region and Elinor Ostrom's work on the management of natural resources in the countries of the South (Ostrom 1990). Empirically, the economy is not exclusively the quest for the maximisation of individual utility by a selfish agent, even though this occurs. It is therefore appropriate to broaden the spectrum, to rethink economics in order to achieve a better understanding of the scope of the solidarity economy.

### The microeconomic approach

When attempting to define the science of economics, liberals refer almost exclusively to a microeconomic approach that centres on the problem of managing scarce resources. This definition is deeply ingrained in orthodox economic thinking, as shown by the almost unanimous acceptance of the view advanced by Robbins in 1947: economics is "a science which studies human behaviour as a relationship between ends and scarce means which have alternative uses" (Robbins 1947). According to this approach, economics encompasses any act involving the considered – economists would say "rational" – use of limited natural resources in order to meet the infinity of human needs. This definition facilitates the development of a rational, logical, Cartesian approach which appears to avoid the ideological interpretations found in the other social sciences. Economics in the guise of mathematics is presented as an exact science, rather than as political science. But there is a striking paradox here, for it draws its legitimacy and moral justification from the defence of political values inherited from the Enlightenment: individualism, liberty, and rationality. However, despite the standard definition's focus (managing scarce resources to meet human needs), economics encompasses all human activity. When seen in this light, the science of economics has no reserved domain; it is one way among others of comprehending human action. For example, culture, friendship, and love are far removed from the domain of economics, but it is still possible to take a reasoned approach to such needs, which are by definition unfathomable, in order to examine how they can best be met.

In the context of liberal thought, the fight against exclusion is by nature economic for it includes all individual and social action undertaken to meet the requirements of social inclusion and cohesion. The development of personal services, for example, is in keeping with the political logic of the solidarity economy (the social fabric), but it also justifies the commodification of such services and, ultimately, of the social fabric itself. Commodification assists the birth of a market society, which the solidarity economy claims to oppose. If the prevailing definition of economics is implicitly accepted, the solidarity economy is at best a complement to the market economy, a means of endowing its operation with "social coherence"; it becomes a kind of "economy for the poor". At worst, the solidarity economy could be seen as a trailblazer, opening up new areas of profitability and justifying the commodification of the social fabric.

The tendency to transform criticism of the prevailing economic system into effective support for that system is also pronounced in the context of sustainable development, which the Brundtland Report defines as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs".[8] In other words, sustainable development means creating a virtuous circle between an efficient economy, an equitable society, and environmentally sustainable growth. In reality, the broad acceptance of this definition blurs the existence of many different interpretations ranging from a critical radical vision which sees sustainable development as an alternative to the capitalist system, and an adaptive liberal vision which sees it as a growth driver and a means of perpetuating the current system.

In the liberal vision, sustainable development signifies the need to improve (sustainably) the management of a scarce resource (the ecosystem) without having to worry about the origins of this scarcity (the damage inflicted by the capitalist system of production). Rather than pose a challenge to the capitalist mode of production, sustainable development is seen as crucial to its survival, for it opens the way to new sources of profit. The right to pollute is a striking example of a mentality that exploits environmental restrictions and the scarcity of natural resources in order to justify the creation of a new market. The concept of sustainable development, which simply reflects the concern to manage scarce resources appropriately, thus becomes (in its liberal version) a major component of the approach it is (supposedly) designed to oppose.

Thus the microeconomic approach, which tends to justify the commodification of all goods (including land and money), all human activity (work, social relations), and indeed the entire planet (all living organisms) in the name of a rational struggle against scarcity, eventually infiltrates and perverts alternative solutions to the prevailing system. In addition, it naturalises the decision-making process by banishing the notion of democratic choice. Scarcity is perceived as natural, as an economic matter rather than the result of choices made by human beings or of political decisions that can be challenged. Sustainable development is presented as a growth driver which is compatible with natural resources rather than a political project that raises questions about the concept of growth itself. The general good, which relates to the definition of people as citizens, is confused with GDP. However, there is a non-liberal approach to the economy which enables us to reconceptualise sustainable development.

## Adopting a macroeconomic definition

According to advocates of a macroeconomic approach,[9] the economy concerns the creation (production), distribution, and collective expenditure of economic value (economic wealth, in classical terms). The notion of value, a source of intense debate throughout the history of economic thought, is inseparable from the concept of money, for money is the nominal form of the product, an economic measurement that transforms goods and services into figures. Thus the concept of money is the precondition for any definition and delimitation of economics. This definition of the economy (monetary transactions) may not have gained wide acceptance, but it is certainly not isolated. For example, Schmitt (1984) argues that the flow (emission) of monetary units which remunerates the productive involvement of wage-earners (the labour factor) enables the global measurement of the economic value created by production. Similarly, members of the Regulation School such as Lordon and Orléan argue that money is the criterion for the economy's existence:

> the monetary relationship is paramount. It is the means by which the market economy achieves its existence . . . Instead of regarding money as a conventional tool which indirectly expresses a pre-existing value, money and value should, on the contrary, be regarded as a single reality . . . money is not a good or a tool that facilitates transactions but the institution which bestows collective meaning on transactional activities by representing the common goal which everybody unrelentingly strives to achieve. (Orléan and Lordon 2007, pp.3–5)

This approach claims affinity with the arguments of Simmel (1999), and in certain formulations,[10] it is close to Habermas' view that the economic system is steered by money (Habermas 1997).

To delimit the economic system as being the "sphere of monetary transactions" (Dacheux and Goujon 2007) is not the same as saying it operates in an autonomous, "disembedded" way. On the contrary, in our view the way in which the production of economic goods and services is organised will depend on decisions taken in the public space (at least in democratic societies) between the three fundamental orders (the economic, the political, and the symbolic). In other words, the economy can no longer escape the mode of regulation that characterises democracy: deliberation (Dacheux and Goujon 2010).

By the economic order, we mean both the prevailing mode of production (capitalist, statist, community, familial) and the economic decision-making system.[11] The political order encompasses all the laws and regulations established to regulate the economic sphere. The symbolic order is composed of the beliefs, habits, social rules, tacit assumptions, and religious values that economic decision-making takes into consideration.[12] The economic system maintained by the collectivity is therefore shaped by the confluence of these three criteria and evolves constantly.

In terms of the solidarity economy, it is clear that this definition of macroeconomics presents several advantages. It helps to mark out the boundaries of the economic domain. It rejects the idea that economics is a matter of rational calculation that naturally applies to all human activity (including cultural and social links); a pure science which lacks an identifiable subject. It is a social science which focuses on a clearly circumscribed subject: all monetarised activities. Moreover, such a definition makes it possible to re-embed economics in society, in what Braudel (1980) called the *ensemble des ensembles* or "set of sets". In effect, monetarisation implies that self-regulating market mechanisms are not necessarily responsible for the expansion (or contraction) of the economic sphere; such movements can also result from a decision taken collectively. The commodification of human beings and the social fabric is therefore not inevitable, a matter of fate, but is the consequence of economic and political decisions which should reflect a democratic choice (current debates on the patenting of genetic material and free software show that activities do not become "economic" spontaneously). Moreover, the suggested definition enables us to distinguish between wealth and economic wealth. If, as we have seen, the monetisation of production endows goods with an economic value and thus delimits the economic sphere, it still tells us nothing about the degree of social utility linked to this production of value. Money is not a measure of the social utility that may stem from the production of goods; it measures their economic value, i.e. their ability to be exchanged. Given the existence of many other forms of wealth – social, cultural, natural, etc. – which elude the production process and monetary measurements, we cannot and should not reduce the wealth of a society to its ability to create economic value.[13]

Finally, this definition of the economy does not naturalise scarcity. It does not accept that it triggers poverty, which is seen as the product or by-product of a form of economic organisation that does not pursue its eradication. On the contrary, the subjection of human activities to the endless quest for profitability and the accumulation of capital simply creates new sources of exclusion and poverty. References to the scarcity of resources help to mask the exclusion inherent to the existing economic system. People who are denied participation in the production process because their contribution is insufficiently profitable find it impossible to gain access to collective production. Lacking the right to extract anything from the system (the income obtained by producing value), they are in no position to spend anything either. Economic exclusion of this sort has nothing to do with supposedly natural avarice; it is the result of an economic system which retains only the most profitable individuals and disqualifies the rest.

In its strongest sense, the solidarity economy therefore represents a kind of utopia, a global project in which democratic debate constitutes the cornerstone of society, the social bond. In terms of the symbolic order, it disputes the orthodox definition of the economy which is used to justify capitalism. The solidarity economy acknowledges a range of methods for exchanging goods and services (the market, redistribution, reciprocity), thus exposing the gulf between wealth and economic wealth and revealing the role that ideology has played in the construction of the orthodox definition of economics. Above all, by combating liberal ideology, by contesting the domination of the economic order and by attempting to enrich and expand democracy, it offers the prospect of an alternative society, the possibility of a better world, a utopian endeavour that combats the tendency towards xenophobic nostalgia found amongst the losers that economic globalisation has created. Defined in this way, the solidarity economy is no longer a meaningless oxymoron, but a challenge to the liberal representation of the economy. This premise enables us to adopt a more empirical view and examine the ways in which the solidarity economy can foster an innovative approach to sustainable development.

## The solidarity economy as an alternative to development

Thus by changing the focus, by shifting from the liberal microeconomic approach to a neo-institutionalist macroeconomic framework,[14] we find that the nature of sustainable development changes as well: instead of the pursuit of sustainable growth, it becomes the search for a new economic model in which the general good is defined by territorial, democratic intelligence. Now this is not a purely theoretical model for, as we have seen, it can be found in various parts of the world and goes by different names (popular economy, social and solidarity-based economy, new social economy, etc.). In the interests of clarity and consistency, we have confined ourselves to the use of one particular term: the solidarity economy. But this is more than a simple collection of disparate initiatives aimed at the survival of the most deprived. Quite the contrary, the strength of the solidarity economy project lies in the links it creates between grassroots initiatives and a powerful global project: the attempt to shape democracy so that economic development (the monetary sphere) is subject to collective rules which respect the cultural, social, and environmental specificities defined by collective deliberation in local public arenas. This is where the solidarity economy assumes its systemic dimension: in addition to market and state regulation, it seeks citizen regulation, a process which uses participative deliberation as the guiding principle of political economy. Both the framework of liberal microeconomic thought (a market-based quest for individual good and harmonisation) and the framework of Keynesian macroeconomic thought (state intervention to obtain economic equilibrium through full employment) should be subsumed into the analytical framework of the solidarity economy, which employs democratic arbitration to renew the links between the social, the economic, and the environmental. Because it connects microeconomic initiatives to a global project, the analytical framework of the solidarity economy enables us to rethink the issue of sustainable development. In other words, the focus shifts from market and state regulation to citizen involvement in the form of democratic deliberation.

### The solidarity economy: a different pathway to sustainable development

The solidarity economy has three dimensions, the first of which is political. It should be borne in mind that the solidarity economy is above all a matter of political militancy. The singularity of this militancy stems from the fact that it combines an anti-liberal discourse with pragmatic action in the economic sphere. Moreover, a macroeconomic approach does not necessarily require the intervention of a coercive regulatory body to oversee collective interests. Indeed, the increasing demand for participation emanating from European democracies underlines the need for public policy reform (Laville and Magnen 2005). The term "governance" expresses this demand imperfectly, for it prioritises the introduction of entrepreneurial and instrumental rationality into the conduct of collective affairs (Eme 2003). The solidarity economy, on the other hand, aims to develop communicative action (Habermas 1981) in the state sphere. This requires creating a balance between representation and the active participation of citizens. The republican conception of democracy seeks to ensure that public deliberation becomes a central element of all regulation. Collective political and economic interests should be defined democratically through a process of public debate to which all actors can contribute. The political, economic, and cultural quality of life for all citizens should be determined through a process of deliberation.

The second dimension is that of economics. The solidarity economy is an alternative economic practice. Its initiatives are designed to adjust supply and demand through the political mechanisms of deliberation rather than leave them to the mysterious whims of the market's "invisible hand". Based on the principle of one person one vote, solidarity organisations, the heirs of the 1848 associationist movement (Ferraton 2006; Frere 2009; Laville 2010) are striving to put democracy at the centre of the productive act. It is no longer a matter of curbing or containing an economy that is destroying democracy, but of developing an economy that strengthens and extends it. Furthermore, the solidarity economy seeks to subordinate the product to the social fabric, to reweave the social fabric through economic practice. It therefore stands in opposition to the contractual, individualist view of this fabric. It also differs from the views advanced by solidarity theorists such as Bourgeois and Durkheim in that it does not accept that the social fabric is a systemic product of the operation of the state. According to its advocates, social ties are the result of a legislative framework, market transactions, and a specific symbolic horizon: the search for equality in a situation of radical alterity. Finally, the solidarity economy is a response to unbridled speculation. Collective deliberation on what falls within the province of monetary transactions and what should escape it (genetic discoveries, for example) makes it possible to mark out the boundaries of the economic sphere. Therefore the extent of this sphere is not established by market forces and individual interests – although these are taken into consideration – but is subordinated to democratic choices. Moreover, the solidarity economy, as various practices such as local trading systems demonstrate, seeks to restrict money to its functions as an incentive, a measure of production and an intermediary of exchange. Once again, this is a matter of opposing speculative practices which use money as an end in itself, rather than as a facilitator of economic transactions. Money thus becomes a medium which strengthens the ties within a political community; it loses its power as an object of infinite desire which, as Aristotle noted so long ago, destroys the social fabric. The goal of subordinating money to the good of the community is naturally accompanied by a desire to ensure that everyone has access to it. Money is no longer seen as a factor of exclusion (the gulf between "haves" and "have nots"), but as a factor of inclusion (every member of the community is guaranteed access to it). Thus in our view, the solidarity economy represents an economy in which the functions of money are restricted and the use of it is democratised.

The third dimension is the symbolic. The solidarity economy is not simply an umbrella term for a cluster of diverse activities which share the goal of developing economic activities in order to strengthen the social tissue. It is a project designed to reinforce democracy by increasing participation in civil society, by involving citizens in the political decision-making process and by embedding democracy in the economic system itself. Political logic therefore governs economic logic. This is a radical departure from the present form of capitalism, which draws its legitimacy from a dominant liberal ideology while creating monopolies which contradict the tenets of that ideology.

## Alternative approaches to development

In France, the post-Second World War economic boom known as *les trente glorieuses* conditioned political and economic elites into believing that the strength of the social fabric depended on economic development. In a service economy, however, the opposite is true. Trust and the weaving of social links are the only means of developing sustainable services that actually serve the entire community. A territory optimises its regulatory regime through debate and discussion in the public sphere (Habermas 1962). And debate in local public arenas is a central element of the solidarity economy (Dacheux and Laville 2003). This is why it can offer a development model which differs radically from the liberal conception imposed by international financial institutions. The liberal model has, with justification, attracted strong criticism from thinkers such as Alfred Sauvy, François Perroux, and René Passet, whose observations have been described by Claude Albagli (2004) as the "Francophone concept of development". The description resonates strongly with the solidarity economy. To be sure, the Anglo-Saxon model is now somewhat different to the one attacked by Francophone development specialists in the past. The peculiar combination of Keynesianism and neoclassicism which regarded the financing of state infrastructure as the best way to provide countries with access to the global market has run its course. However, having witnessed the blockage and failure of Marxist "endogenous growth" models, international financial institutions are now attempting to impose a neoliberal economic programme. More specifically, state-advocated programmes which require ratification by international financial institutions (therefore leaving very little room for manoeuvre) – "Poverty Reduction Strategy Papers" (PRSPs) in the technocratic jargon of the World Bank – are being used to mask the ideology of the "Washington consensus". In other words, financial stabilisation measures (public deficit reduction, control of the money supply, etc.) and structural adjustments (liberalisation, privatisation, etc.), are supposed to ensure "pro-poor growth" (Lautier 2001).

The present article is not concerned with presenting an informed critique of this new model. But it should be borne in mind that while it has been relatively successful in some countries, its consequences in many others have been disastrous. Moreover, all United Nations Development Programme (UNDP) reports point to a worldwide increase in inequality. It is therefore appropriate to suggest an alternative, a more efficient development model. The solidarity economy offers three potentially fruitful approaches to the construction of a new model:

1. Develop the collective (i.e. non-individual) subsistence economy. This means recognising that in many countries the market economy is at best rudimentary; in reality much of the population will depend on the informal economy. In this configuration, the solidarity economy proposes a transition from individualised informal activities to formal subsistence economy activities so that everyone contributes to collective wellbeing. The individual earns money by offering the collectivity a service for which it has a need (cleaning, security, food, construction, etc.); the community thus offers the individual a chance to improve his quality of life and enhance his sense of wellbeing. At grass roots level, the idea is not to facilitate the acquisition of wealth by the most outstanding individuals, but to improve everyone's quality of life by giving them the chance to participate.
2. Strengthen the state's capacity for action. At the macroeconomic level, the solidarity economy does not oppose the state but it seeks to encourage social assistance and public services. Why? Because in today's service economy, economic wealth is the fruit of social cohesion. As the local social fabric is strengthened, more and more actors will acquire the collective confidence needed to launch social innovations that benefit both the promoters and the community which supports them.
3. Contest the vision offered by international financial institutions. While such institutions may now be focusing on combating poverty, they have a blinkered view of economics. When considering how to help countries to emerge from poverty, they put more faith in the expertise of graduates of the great American institutes and universities than in the knowledge of local people. Proponents of the solidarity economy argue that these institutions should abandon the single solution, and also adopt the rules of good governance (transparency, democracy, consultation with NGOs, etc.) they are so eager to impose on the states which appeal for their services.

As Dominique Wolton (2004, p.372) has bluntly stated, "Cultural diversity is a condition of economic development". Symmetrically, a diversity of economic development models is the only guarantee of cultural diversity. The solidarity economy seeks to combine the universality of values with a diversity of practices. In the North, it actively promotes the reform of public services so that they link up with local social forums. In the South, it aims to strengthen the role of the state as a social regulator in order to guarantee social cohesion. Current development strategies attempt to improve governance by involving populations in an economic project that reflects the norms of the Washington consensus. The solidarity economy wants citizens to participate in the construction of the most appropriate economic model, one that ensures that the territory they inhabit will be developed sustainably. In effect, sustainable development is a continuation of the Enlightenment project: the extension of democracy to the economic sphere.

*Translated from French*

## Notes

*This article is the revised text of "Sustainable development strategies for North and South measured against the solidarity economy", a paper presented at the VIII International Meeting of the Inter-University Network on the Social and Solidarity Economy, Barcelona, 2008.

1. The World Bank's annual development report 2007 acknowledged that agricultural development is "highly dependent" on public-sector support.

2. The term first appeared in an article by the economist John Williamson, whose ten recommendations, defined in 1989, were approved by the world's richest countries (the G7):

– Fiscal policy discipline
– Redirection of public spending
– Tax reform
– Market-determined interest rates
– Competitive exchange rates
– Trade liberalisation
– Liberalisation of inward foreign direct investment
– Privatisation of state enterprises
– Deregulation of markets
– Legal security for property rights.

3. Preface *to Ecosol Review*, No. 1, Editions Le Phare, Luxembourg, 2007.

4. Lima Declaration, first "Globalisation of Solidarity" meeting.

5. These meetings took place in Québec in the autumn of 2001. The definition owes much to the work of J.L. Laville and CRIDA (Dacheux and Laville 2003).

6. Of course there are exceptions, solidarity finance being one example.

7. The cooperative model that colonial powers introduced in Sub-Saharan Africa has often been discredited, and post-colonial African states have done little to promote mutual associations. Consequently, in Africa "multiple traditional forms of mutual assistance and solidarity are being created and developed in local communities, particularly in order to cover the costs of specific social events such as funerals, marriages, the birth of a child, etc". (Defourny *et al*. 1999, p.17).

8. The report, *Our Common Future*, was submitted to the UN Assembly General in 1986 by Gro Harlem Brundtland, chair of the World Commission on the Environment and Development and a former environment minister and prime minister of Norway.

9. This approach is common to many heterodox theorists from Marx to Keynes to Polanyi.

10. As, for example, in the following quotation: "the unit of account creates a common language and makes it easier to coordinate separate activities" (Orléan and Lordon 2007, p.20).

11. Following the example of the classical distinction between the political and politics, we can distinguish between economics and the economy: economics encompasses all resource-development activities and includes what Polanyi refers to as the domestic economy and reciprocal transactions, and Braudel as the ground-floor economy, a sphere far larger than that of monetary transactions (the economy).

12. Orléan and Lordon also emphasise the symbolic dimension: "Thus if money has anything to do with the communitarian in a very deep sense, we can then spontaneously attempt to shape the intuition that it has some affinity with the religious phenomenon". In effect, these authors offer a definition of the religious that is very close to our conception of the symbolic: "Therefore there is something like a formal religious phenomenon; it is independent and pre-exists whatever may be invested in it. We might define this formal religious presence as all the production mechanisms that produce a community cemented by collective beliefs and emotions or, conversely, as all the production mechanisms that produce the collective beliefs and emotions which constitute a community. When defined in this way, this generalised religious presence can be found in the various domains that make up the collective: the theological, the state, moral values and also – in our view – the monetary" (Orléan and Lordon 2007, p.27).

13. See, on this point, Harribey (2004).

14. Term suggested by Caillé (2008, p.12): "To say that we practice political economy rather than economic science is a way of renewing the link with the historical origins of the discipline and

indicating that we fully assume the actual political and moral dimensions and issues of economic analysis instead of denying them. Moreover, by advocating the concept of institutionalism, we affirm that institutions matter, institutions count, and that therefore the economy cannot and should not be reduced to the market's spontaneous (and miraculous) ability to regulate itself".

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