

Social Solidarity Economy and related concepts

Origins and Definitions: An International Perspective

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Foreword

This paper is the fifth version of an original issue written in 2010. A third version was presented at the 3rd Asia Solidarity Economy Forum held in Kuala Lumpur Malaysia (October 31 to November 2, 2011). It was included in a book¹ (Chapter 6, pages 71 to 89), published by the Asia Solidarity Economy Council (ASEC) in 2013.

In this version, the origins of *social and solidarity economy* and of *social solidarity economy* (with no AND) are better explained. Both expressions use SSE, but are somewhat different. The awareness of the differences, and their origins was made possible through responses given to my questions by numerous people involved in the movement for many years. Understanding the different conceptualizations of this reality, and the use of the different concepts between the different cultural spheres - those using French, English or Spanish/Portuguese - is an important task since we want to build a worldwide solidarity movement. The knowledge acquired would not have been possible without being acquainted with the reality of the different cultures.

The recognition of SSE by international institutions and civil society organisations, as part of the alternative to the multiple crises that effect our civilisation and our planet means we need to explain our origins, our vision and our history. This effort is meant to be a modest contribution to this task.

For readers that have seen previous versions of this paper, I wish to point out that this version has a much more complete explanation of the origins of the Social Solidarity Economy (SEE) concept. A clarification to the Social Economy concept is also new in this version.

I wish to express my special thanks to Ethan Miller from the USA for providing historic information about the very early origins of the Solidarity Economy concept. The understanding of the origins of the social and solidarity economy concept in France was greatly advanced by the PHD theses (2007) of Martine Theveniaut.

This paper does not explore practices that have existed for centuries, or even since humankind has evolved as a species. Solidarity and collaboration is the dominant way humankind has existed. However, today we have the awareness of this fundamental trait and we are deliberately inspiring ourselves of these notions and we name them as such to build a better future for humankind that is truly sustainable.

Note.

All contributions to deepen the history of the concepts are more than welcome and will be included in future versions. This paper only involves the author's experiences and viewpoint.

The author expresses appreciation to Paula Garuz, Brunilda Rafael, Erika Licon

¹ Developments in Solidarity Economy in Asia. http://www.socioeco.org/bdf_fiche-document-1873_en.html

and Françoise Wautiez for the translation to Spanish.

CONCEPTS EXPLORED

1. SOCIAL ECONOMY
2. SOLIDARITY ECONOMY
3. SOCIAL SOLIDARITY ECONOMY (OR SOCIAL AND SOLIDARITY ECONOMY)
4. SOCIAL ENTERPRISE
5. SOCIAL ENTREPRENEUR
6. SOCIAL BUSINESS
7. NON-PROFIT ENTERPRISE
8. THIRD SECTOR
9. FOURTH SECTOR
10. POPULAR ECONOMY
11. LOCAL DEVELOPMENT
12. COMMUNITY ECONOMIC DEVELOPMENT
13. COMMUNITY DEVELOPMENT
14. PEOPLE'S CENTERED DEVELOPMENT

About the author

Yvon Poirier is a member of the Board of directors of the *Intercontinental Network for the Promotion of the Social Solidarity Economy (RIPESS)* since October 2013. He has been involved in RIPESS in many different roles since March 2004. He is Secretary of the Board of the *Canadian Community Economic Development Network (CCEDNET)* and is Chair of the International committee. Until his retirement as a college professor in 1997, he was a union activist in the *Confédération des syndicats nationaux (CSN)*, the second largest union confederation in the province of Quebec. Since his departure from academia, he is involved in networking locally, nationally and internationally. He also participated in the World Social Forums in 2005, 2009 and 2013. He co-edited from 2003 to 2013, an International Newsletter on Sustainable Local Development. This Newsletter was published 10 times a year, in four languages. He has been involved in community economic development and local development for over 20 years and is a member of many associations and cooperatives.

1. SOCIAL ECONOMY

First definition 1844 to today

The expression *Social Economy* goes back to the mid-19th century. Historians regard the first modern example of social economy to be the creation of the [Rochdale Equitable Pioneers Society](#) in the United Kingdom (1844), which is considered as the first cooperative. The concept itself became known in France with Charles Dunoyer who published in 1830 *Nouveau traité d'économie sociale* and through activities of the *Société internationale des études pratiques d'économie sociale* founded by Le Play in 1854. In general, *social economy* refers to a cooperative or a mutual association. The concept has been in general use in academic circles, namely in countries using French and Spanish.

In this definition, the word *social* relates to the type of ownership. By *social*, one means that the ownership is by individual persons and not by shareholders. In other words: *one person, one vote*. The activities themselves can be in any sector such as manufacturing, agriculture and fishing, finance (credit unions), social services, etc. Sometimes people use *social economy enterprise*. Other authors give definitions that are a bit different, but this would be the main trend in modern *économie sociale* (FR).

Following the above definition, cooperatives and mutuals are the most important type of social economy organisation. Most are members of national organisations. The main international organisation in this field is the International Cooperative Alliance (ICA). <http://www.ica.coop/>

The cooperative movement has identified seven principles.

1. *Voluntary and Open Membership*
2. *Democratic Member Control*
3. *Member Economic Participation*
4. *Autonomy and Independence*
5. *Education, Training and Information*
6. *Cooperation among Cooperatives*
7. *Concern for Community*

During the past 25-30 years, in many countries people initiated economic activities using similar economic principles, but not formally under cooperative laws. Sometimes they are under a non-profit or association law. This is partly the case because cooperative legislation is not well suited, or because people feel that a cooperative is not the best model. In addition, in some countries, even the word *cooperative* is taboo since many went bankrupt and people lost money. In some other countries, they are under government control. There are many other reasons, including the fact that in many countries there is no coop education, even in universities.

One well-known example of such initiatives is in the province Quebec (Canada) where social economy has both a strong cooperative as well as an important non-profit

enterprise sector.

This led in 1996 to a set of principles, adopted by the government of Quebec for the support of social economy initiatives that can be cooperatives or businesses under the non-profit section of the company law:

- *the objective is to serve its members or the community, instead of simply striving for financial profit;*
- *the economic enterprise is autonomous of the State;*
- *in its statute and code of conduct, a democratic decision-making process is established that implies the necessary participation of users and workers;*
- *it gives priority to people and work over capital in the distribution of revenue and surplus;*
- *Its activities are based on principles of participation, empowerment, and individual and collective responsibility.*

Another illustration of the use of the concept is a book published in 2008 by Thierry Jeantet, the President of the Mont Blanc Meetings group. In «*Économie sociale, une alternative au capitalisme*» (Social Economy, an alternative to capitalism), Jeantet proposes the cooperative ownership of all means of production instead of capitalist stockholder ownership. The argument is for democratic control of businesses, the ***one person one vote principle*** instead of control by the number of shares.

Social Economy Europe came into existence in January 2008. This evolved out of the European Standing Conference of Cooperatives, Mutual societies, Associations and Foundations (CEP -CMAF) founded in 2000. The mission of Social Economy Europe is to influence policy and promote social economy in Europe. The main members are from the historic social economy movement, such as cooperatives, mutuals and foundations.

Some of the shared values are defined as follows:

Social Economy emphasizes “a different approach to entrepreneurship”, based on the following common characteristics and values:

- *the primacy of the individual and of social objectives over capital,*
- *the defense and implementation of principles of solidarity and responsibility,*
- *conjunction of member users’ interests and the general interest,*
- *democratic control by member*
- *voluntary and open membership,*
- *management autonomy and independence with regard to the authorities, surpluses are primarily intended for sustainable development projects, for member services interests and for the general interest.*

<http://www.socialeconomy.eu.org/spip.php?rubrique215>

Second definition of Social Economy - 1995 to today

A second definition appeared in English speaking countries in the 90's. Even if it appears as a translation of *économies sociales*, this is not exactly the case. In most cases, it has a different meaning. The ***social*** here relates to the purpose or the sector of activity, and not only the ownership. It generally relates to activities in the social sector such as day-care, health, care of the elderly, etc. Activities in other sectors

such as forestry, agriculture or manufacturing, are not necessarily considered in social economy, except indirectly if for example a business employs handicapped people making crafts to provide income. There are similarities here with the social enterprises which can be cooperatives, non-profits, or even legally a for-profit, but with a social purpose.

This way of explaining social economy is almost unknown in French, Spanish, or Portuguese-speaking countries, except some very recent appearances in the last 3-4 years.

The author first came across this other way of defining social economy in a paper published by the OECD LEED (Local employment and economic development) program at a Forum in June 1997 in Montreal. Professor Mike Campbell from the UK, an expert for the LEED program defines social economy in the following manner in his paper.

The social economy and local strategies for employment:

The term social economy is often used interchangeably with the «third sector», «community sector», or even community and voluntary sector». Moreover its meaning can be different in different countries. () The term «third sector» (or even sometimes the «non for profit sector») is perhaps the most generic and can be thought of as encompassing all non-private and public sector groups. The «community» can be envisaged as those organisations representing specific communities of place» (e.g. neighborhoods). The voluntary sector may be conceptualized as organisations representing specific groups or «communities of interest» (e.g. Black people or lone parents). The social economy may be defined as organisations comprising cooperatives, associations and mutual associations, and perhaps, community businesses, though these may also be thought of being part of the community sector.

In the English-speaking world, the definition **third sector** is widely used. For example, in a paper recently published in Australia (2011), the authors, Jo Barraket and Michael Crozier give a very similar definition “*The broad, and dominant, conceptualization (see e.g. Lyons 2001; Haugh & Kitson 2007) uses ‘social economy’ as a simile for the economic impact of the third sector - including non-profits, cooperatives and mutuals - present in many western democracies.*”

For other authors, Social Economy is strictly a question of legal status. For example, Professor Jack Quarter from the province of Ontario in Canada includes all organisations using the not-for-profit status. He not only includes organisations mentioned above, but he also includes hospitals, universities, ports, etc., which are often under those laws. Even a business association, legally a non-profit association of big businesses would be considered Social Economy, according to him. However, most people do not use this definition.

Towards a common understanding?

A recent definition adopted in Quebec in 1996, now translated to English has spread and is at times used as such in English speaking context. Even if a bit different, this is very close to the traditional definition.

However, the two definitions, social economy as a collective enterprise, or social economy as the third sector are still the dominant expressions, respectively in French and English speaking countries. Even if Social Economy Europe works in many languages, the main membership is still heavily French (and other languages of «Latin» origin such as Spanish).

Since cooperatives, mutuals, and non-profits are included in social economy, we can hope that over time by sharing knowledge and debates, a common understanding will be forged. At least, knowing what it means for the other is important from an international perspective. Considering that in both definitions, the core economic organisations are people-driven under the ***one person one vote principle***, whether incorporated as a cooperative or mutual, or as a non-profit, a common view and vision can be agreed upon, at least by the practitioners.

2. SOLIDARITY ECONOMY

The concept of **solidarity economy** (SE) is much more recent. It first emerged in South America and in French-speaking countries (France, Belgium, the province of Quebec in Canada). The spread of the concept is even more recent in English-speaking countries having emerged around 2005-2007.

The first known use of the expression goes back to 1937. Felipe Lorda Aliaz, from Barcelona, published *Por une economía solidaria entre el campo y la ciudad* (For a solidarity economy between the rural and the city). He was from the anarchist union CNT FAI (Barcelona). Unfortunately, the General Franco fascist movement won the civil war (1939) and crushed solidarity efforts.

The next known use of the expression is from Jorge Schoster, apparently associated with the cooperative movement in Colombia and while working for a government agency at the time, he published a document entitled *Manual de proyectos para una economía solidaria* (Bogota, Colombia, 1982). In English this could be translated as *Handbook for solidarity economy projects*.

However, in South America and France the common use of this concept really started in 1984-1986.

The exact origins in South America are clearly known. Luis Razeto from Chile is regarded as the author who made the concept gain visibility. He published his first SE book **Economía de solidaridad y mercado democrático** (Solidarity Economy and a Democratized Market) in 1984. He mentions that Pope John Paul II said in a speech during his trip to his southern hemisphere continent (1982) that “an economy of solidarity is a great hope for South America”.

At about the same time, the expression became known in France. Jean-Louis Laville is regarded by many as one of the first who spoke about the concept in the French-speaking world. Still, it has not been possible to identify the origins as clearly as in South America. One thing is sure: different activists in France confirm that the concept

spread rapidly in the late eighties.

The concept started being used on a fairly large scale by practitioners in France and in South America in the nineties. In France, a non-profit association calling itself REAS (Réseau de l'économie alternative et solidaire) started activities in 1991. The acronym in English would mean *Alternative and Solidarity Economy Network*. REAS was a merger of ALDEA (Liaison agency for the development of an alternative economy) and Job Solidarity (Solidarité emploi). They became a co-operative in 1992. It hosted the Association of Local Correspondents (ACL), an organisation with regional hubs. After they went bankrupt in 1998, an organisation called MB 2 continued similar activities and they published a collective work prefaced by Denis Clerc called *For an alternative and solidarity economy* (2002).

In 1993, I visited the REAS headquarters in Paris where offices were in a former factory. They were managing various businesses, including employment training for unemployed youth, a fair trade shop, an incubator for small businesses, microcredit activities, etc. Even if it went bankrupt in 1998, they had a big impact. A REAS still exists today in Spain.

Again in France, in October 1995, a half-page advertisement was published in the newspaper *Le Monde* entitled *Appeal for a Solidarity Economy*. This appeal was signed by hundreds of leading Solidarity Economy practitioners and intellectuals. At about the same time, the expression became known in the French-speaking province of Quebec in Canada, since extensive links exist with France.

In March 1997, a group of university people, from French- and Spanish-speaking countries met at Leuven University in Belgium. They decided the time was ripe to organise an international meeting.

This led to a first international meeting in Lima (Peru) in September 1997 with 275 participants from about 30 countries. At this meeting, Solidarity Economy was clearly defined as a global project. Interestingly, *social economy groups* were presented as just part of the larger movement.

LIMA DECLARATION

Lima, July 4th, 1997

We, citizens belonging to: grassroots, farmers, natives, women, youth organizations; employers' organizations; working communities; cooperatives, micro-enterprises associations; associations of the Church; Non Governmental Organizations; groups of environmentalists, associations of technologists; development networks; groups on social economy and a coalitions of 32 countries gathered from 1st to 4th of July 1997 in Lima, Peru are declaring:

1. We are taking into account that we are under the hegemony of a development model which shows, both in the North and the South, its limits while destroying the planet and generating poverty, exclusion, and ignores the set of human activities which are of paramount importance for the communities, representing thus a threat for the future of mankind;

And in an attempt to react to this situation, that we are committed to a process of building a solidarity-based development that questions the concept which reduces and determines the satisfaction of human needs to cut-throat competition on the market and the so-called "natural laws". The solidarity economy incorporates cooperation, collective sharing and action, while putting the human being at the center of the economic and social development.

http://www.riпess.org/wp-content/uploads/2011/07/declaration_lima1997_EN.pdf

Since then, international meetings have been held every 4 years, Quebec City (Canada) in October 2001, Dakar (Senegal) in November 2005 and Luxemburg City (Luxemburg) in April 2009. The last meeting was held in Manila (Philippines) October 14-18, 2013.

The *solidarity economy* was also carried by the *Workgroup of Solidarity Socio-economy (WSSE)* of the *Alliance for a Responsible, Plural and United World*, an initiative supported by the *Foundation for the Progress of Humankind (FPH)*. The WSSE emerged gradually from 1998-1999 mostly based in France, with participants of the Lima (1997) and Quebec City (2001) meetings. Several other people in Latin America also joined, and a few from English speaking countries including Asia. The WSSE grew and had about 600 people by 2005. It is useful to clarify that unlike RIPESS which is a network of organizations, the WSSE was a group of individuals.

The WSSE had many research activities, exchanges of information and debates. This work greatly contributed to the advancement of the solidarity economy concept, especially in France and Latin America. The WSSE never formally joined RIPESS, but often participated in the same events like workshops during the first years of the World Social Forum (WSF). For example, at the WSF in January 2005 in Porto Alegre, some joint workshops were organized. During the 3rd RIPESS international meeting in Dakar (November 2005), more than 55 participants were from WSSE. Just prior to the RIPESS meeting, the WSSE held an important seminar near Dakar. Following the death of the person who drove this process, Philippe Amouroux, employee of the FPH, the WSSE gradually reduced its activities and for all practical purposes ceased its activities as a network in 2009.

Thereafter, it was almost exclusively through RIPESS that Solidarity Economy (or in its SSE form) has been promoted globally.

Following the fourth meeting (Luxemburg), to better meet the needs of its members and to clarify its purpose, especially since it now has a real presence in all continents, it was decided to clarify the vision that bears the movement.

Thus, in March 2011, the Board of Directors decided to tackle this task. The work continued and during a Board Meeting held in Montreal in November 2011, RIPESS described the approach in the following manner:

The solidarity economy seeks to change the whole social and economic system and puts forth a different paradigm of development that upholds solidarity economy principles. It pursues the transformation of the neoliberal capitalist economic system from one that gives primacy to maximizing private profit and blind growth, to one that puts people and planet at its core. As an alternative economic system, the solidarity economy thus includes all three sectors - private/for-profit, public and the third sector. The solidarity economy seeks to re-orient and harness the state, policies, trade, production, distribution, consumption, investment, money

and finance, and ownership structures towards serving the welfare of people and the environment. What distinguishes the solidarity economy movement from many other social change and revolutionary movements in the past, is that it is pluralist in its approach - eschewing rigid blueprints and the belief in a single, correct path; the solidarity economy also values and builds on concrete practices, many of which are quite old, rather than seeking to create utopia out of thin air.

Thus the solidarity economy explicitly has a systemic, transformative, post-capitalist agenda. The social economy is a sector of the economy that may or may not be part of a transformative, post-capitalist agenda, depending on whom you are talking to.

The meeting in Manila discussed a Vision paper defining in a more precise manner what is Social Solidarity Economy.

http://www.ripess.org/wp-content/uploads/2013/06/DOC2_global_vision_base_document_EN.pdf

In Latin America, Solidarity Economy is in wide use, both in Spanish speaking and Portuguese speaking (Brazil) countries. An illustration of this is in the paper published in 2012 - *LA ECONOMIA SOLIDARIA EN AMÉRICA LATINA Y EL CARIBE* (Solidarity Economy in Latin America and the Caribbean). In this paper published by Caritas Latin America, the authors Rosemary Gomes, Tatiana Castilla and Jonas Bertucci explain how the Catholic Church of Latin America worked in developing this concept from the 1980s until today.

3. SOCIAL SOLIDARITY ECONOMY or Social AND Solidarity Economy. Two different meanings according to the context.

In 1998 and 1999 a new concept was developed, more or less simultaneously in France and in Quebec, the two largest societies with French as a mother tongue.

In Quebec, in an effort to promote social economy, and to link social economy to the solidarity economy concept like what had appeared in France and in Latin America, an *Appeal for a social and solidarity economy (Appel pour une économie sociale et solidaire)* was published in May 1998 in a major newspaper. Note: The author of this paper was one of the 70 or so who signed this document.

This Appeal has different aspects. It promotes social economy (collective enterprises) while at the same time proposing that social economy take the path of a solidarity economy, a more global approach. The Appeal also specifically affirms that social economy itself is NOT an alternative model. Rather, it can be part of the alternative solidarity model, or it can obey by neoliberal practices and not be progressive. Therefore, the document also affirms that it wants to *build a solidarity economy by supporting social economy in an enlightened and critical manner*. This is a way of saying that not all social economy is working towards a solidarity economy.

In 1998 and 1999, Hugues Sibille (France) was involved in a government initiative to promote alternative economic approaches. Both *social economy* and *solidarity economy* existed in France, and even have formal organisations built around the two concepts. On the one hand, we have the cooperative and the mutual organisations that use *social economy* publicly to present themselves and on the other hand, we have the *Mouvement d'économie solidaire (MES)* which was created as an alternative to the more traditional social economy, not seen as having sufficient solidarity

practices.

The initiative was purposely an attempt to bring the two sectors together in regional forums called «Regional Consultations» (1999) in order to strengthen the movement which was considered weak and divided. The *Regional consultations on the social and solidarity economy* forums are likely the starting point of this approach. One could say a *marriage of reason* between the two. However, even today the two movements still coexist in France, with each having their own organisations. However, they participate in common events. For example, in June 2011 they held the *Estates general of SSE* in Paris with 5,000 participants. The fact that the government of France was now endorsing SSE, even with a Minister of SSE, Benoît Hamon in 2012 to 2014, instead of a Secretary of State of Solidarity Economy (Guy Hascoët from 2000 to 2002) clearly popularized SSE with this new recognition instead of solidarity economy. A law on SSE should be adopted by the National Assembly in July 2014.

The solidarity economy movement started with the Lima meeting in 1997 made an important change in the 2000 to 2002 period. Instead of sticking with the original solidarity economy vision, the leaders of the movement, many who were from Quebec decided to adopt the new SSE concept. So much so that at the second international meeting in Quebec City in October 2001, the meeting used the expression ***social and solidarity economy (SSE)***, sometimes as a synonym to Solidarity Economy, but also with the meaning used in Quebec and France (recognition that social economy and solidarity economy are partly different).

When the network was formally announced in December 2002, it became the *Intercontinental Network for the Promotion of the Social Solidarity Economy (RIPESS)*. When questioned on why the two concepts were *married together*, people involved said that they wanted to be inclusive of both sectors, social economy (cooperatives and mutuals) and solidarity economy (new initiatives - not necessarily cooperatives).

It must be pointed out that the expression does not include “AND” in the official name, the term is ***social solidarity economy***. At the meeting, the proposal was to use *social AND solidarity economy* in the name. The Latin American delegates at the meeting proposed an amendment to strike out the “and”. This became the consensus with little or no debate. This compromise did not bring about a deep understanding of the new concept. The difference between the two concepts was never quite clear and the compromise was never explained, not even in the minutes of the 2002 meeting. Unsurprisingly, it took 11 years for the author of this article to find out exactly why this came about. This probably explains why in the French speaking concept, people usually use the “and” even today.

As the Solidarity Economy Group of Quebec (GESQ) acted as organizer of the 2001 meeting and played a major role in the creation of RIPESS in December 2002, it is clear that this organization introduced SSE in the movement. Since the SSE people from France were not involved in organizing the 2001 meeting, and were not involved in any way with the creation of RIPESS in 2002, helps confirm this.

Depending with whom you were speaking, this resulted that people gave it a different meaning. It can mean *social economy* that is aligned towards building a solidarity economy or it can mean that it combines *social economy and solidarity economy* in a

single movement. There are certainly more nuances.

Afterwards, in other French speaking countries like Africa most organisations adopted the expression *social AND solidarity economy*.

However in Latin America, where *Solidarity Economy* is widely used, organisations have continued using the same expression up to now. In fact, SSE is used only in the name RIPESS LAC. For example, in Brazil *solidarity economy* is used both with the national SENAES (Solidarity Economy Secretariat) and *the Brazilian Solidarity Economy Forum (FBES)*, the national network.

In the rest of the world, *social solidarity economy* or *social and solidarity economy* are rarely used to name organisations or movements. In the English-speaking world, the use of SSE in the name of organisations is unheard. In general, people use Solidarity Economy, like in South America or as in the origins at the first meeting in Lima. Likewise in Asia, we have the *Asia Solidarity Economy Council (ASEC)*. In the USA, there is the US Solidarity Economy Network (US-SEN). Today, most *solidarity economy* and *social solidarity economy* organisations are involved in continental networking within the *Intercontinental Network for the Promotion of the Social Solidarity Economy (RIPESS)*.

www.ripeSS.org

For more information on SSE, three websites contain valuable information:

A resource website: www.socioeco.org

A website on SSE public policies: www.reliess.org

A mapping of SSE enterprises and organisations in 9 countries: www.essglobal.info

4. SOCIAL ENTERPRISE

This concept appeared in English speaking countries (UK and USA) in the early 90's. Even if this movement refers to the historic social economy described above in the first definition (Rochdale), the very important difference is the focus on the *social mission* rather than the democratic control. The dominant trend in the *social enterprise* movement has no restriction on the type of ownership.

The Social enterprise UK website depicts well this trend:

What are social enterprises?

A social enterprise is a business that trades for a social and/or environmental purpose. It will have a clear sense of its 'social mission': which means it will know what difference it is trying to make, who it aims to help, and how it plans to do it. It will bring in most or all of its income through selling goods or services. And it will also have clear rules about what it does with its profits, reinvesting these to further the 'social mission'

Social enterprises come in many shapes and sizes from large national and international businesses to small community based enterprises. But they all:

- *Are businesses that aim to generate their income by selling goods and services, rather than through grants and donations*
- *Are set up to specifically make a difference*
- *Reinvest the profits they make in their social mission*

If you meet or aim to meet these criteria and you have these commitments expressed clearly in your governing documents then you are very probably a social enterprise.

<http://www.socialenterprise.org.uk/about>

The phenomenon has different origins. In some cases, charities developed economic activities to increase income for their charity work. In other cases, people set up businesses to run social services privatized or abandoned by the public sector. In other instances, because of government programs, people set up different types of businesses in order to create their own jobs.

Social enterprise is complex to describe since legal forms vary from country to country, and for different reasons don't relate to historic approaches such as cooperatives.

The EMES (European research network on social economy and social entrepreneurship) <http://www.emes.net/> provides different criteria than the UK model.

Four (4) Economic indicators:

- A continuous activity producing goods and/or selling services;
- A significant level of economic risk;
- A high degree of autonomy;
- A minimum amount of paid work.

Five (5) indicators encapsulate the social dimensions of such enterprises:

- An explicit aim to benefit the community;
- An initiative launched by a group of citizens or civil society organizations;
- A decision-making power not based on capital ownership;
- A participatory nature, which involves various parties affected by the activity;
- A limited profit distribution.

In this definition, the purpose or activity need not be directly social.

The Social Enterprise Alliance (SEA), the US organisation was created in 1997.

<https://www.se-alliance.org/>

They offer a definition quite similar to the UK one:

What's a social enterprise?

Social enterprises are businesses whose primary purpose is the common good. They use the methods and disciplines of business and the power of the marketplace to advance their social, environmental and human justice agendas.

Three characteristics distinguish a social enterprise from other types of businesses, non-profits and government agencies:

It directly addresses an intractable social need and serves the common good, either through its products and services or through the number of disadvantaged people it employs.

Its commercial activity is a strong revenue driver, whether a significant earned income stream within a non-profit's mixed revenue portfolio, or a for profit enterprise.

The common good is its primary purpose, literally "baked into" the organization's DNA, and trumping all others.

In its early days, the social enterprise movement was identified mainly with non-profits that used business models and earned income strategies to pursue their mission. Today, it also

encompasses for-profits whose driving purpose is social. Mission is primary and fundamental; organizational form is a strategic question of what will best advance the social mission.

The social needs addressed by social enterprises are as diverse as human ingenuity. In our 2009 Field Study, the top five mission foci of social enterprises were workforce development, housing, community and economic development, education, and health.

Social enterprise business models are equally diverse, including: retail, service and manufacturing businesses; contracted providers of social and human services; fee-based consulting and research services; community development and financing operations; food service and catering operations; arts organizations; and even technology enterprises. Chances are you already do business with social enterprises without even knowing it.

Comment from the author:

Most social enterprise organisations recognize that the world has problems, but there is little criticism of the dominant market-driven economy.

For instance, the Social Enterprise Alliance (SEA) presents its vision in the following manner:

What we're all about

Our goal is nothing less than to change the world for the common good. It is no secret that the list of seemingly insurmountable social, environmental and human concerns is growing far more quickly than the ability of traditional sectors to address them. We envision a world in which these vexing concerns are overcome, and we see social enterprise as, quite possibly, the single most hopeful vehicle for doing so.

Most people in the solidarity economy movement would tend to disagree that SE is the “single most helpful vehicle”, especially in light of the SEA definition. .

5. SOCIAL ENTREPRENEUR

At about the same time that *social enterprise* appeared in the US and in the UK, the *social entrepreneur* was hailed as the new hero for changing the world.

The original initiative in this field goes back to 1981 in the UK with Ashoka.

<http://uk.ashoka.org/mission-vision>

Mission & Vision

Vision

Ashoka envisions an Everyone A Changemaker world: a world that responds quickly and effectively to social challenges, and where each individual has the freedom, confidence and societal support to address any social problem and drive change.

Mission

Ashoka strives to shape a global, entrepreneurial, competitive citizen sector: one that allows social entrepreneurs to thrive and enables the world's citizens to think and act as changemakers.

The main idea is the promotion of individuals that are involved in “changing the world”. Interestingly, a *social entrepreneur* is not necessarily linked to an *enterprise*. As mentioned in the vision statement, it can be any social challenge, not necessarily in

a business manner.

Another noteworthy initiative called the Social Edge forum was created by the Skoll Foundation, a German foundation.

<http://www.socialedge.org/about-us>

Just like Ashoka, the idea is the promotion of the individual *social entrepreneur*. The idea of a *collective entrepreneur* does not seem to fit the approach. Social Edge recognises that up to now, most people in this field are from the Anglo-Saxon world (mostly UK and US).

6. SOCIAL BUSINESS

This idea is best known since Muhammad Yunus popularised this concept in his 2008 book *Creating a World Without Poverty: Social Business and the Future of Capitalism*.

Wikipedia gives the following description:

In Yunus' definition, a social business is a non-loss, non-dividend company designed to address a social objective within the highly regulated marketplace of today. It is distinct from a non-profit because the business should seek to generate a modest profit but this will be used to expand the company's reach, improve the product or service or in other ways to subsidise the social mission.

He distinguishes 7 principles:

- *Business objective will be to overcome social problems; not profit maximization*
- *Financial and economic sustainability*
- *Investors get back their investment amount only; no dividend is given beyond investment money*
- *When investment amount is paid back, company profit stays with the company for expansion and improvement*
- *Environmentally conscious*
- *Workforce gets market wage with better working conditions*
- *Do it with joy*

A *social business* is seen as a subset of *social enterprise*.

Comment from the author:

In this book, Yunus explicitly rejects the idea that a *collective enterprise* such as a cooperative or a non-profit enterprise, both based on the “one person, one vote principle” can be a social business. In Chapter 2, he considers that most cooperatives are similar to regular private businesses, and have lost their social mission, while on the other hand non-profits depend on government subsidies.

In his principles, and in the main example in the book, the Grameen Danone business set up in Bangladesh, the idea of democratic governance of enterprises is absent. There is no mention of empowering people and communities that set up and run their own businesses, for their needs and the needs of the community.

In fact, as written in the presentation of the book, the idea is to *Humanize Capitalism*.

8. NON-PROFIT ENTERPRISE

Also in the late 80s and early 90s, people in the non-profit sector started having business activities for income purposes. The concept has spread mostly in North America.

The Canadian organisation, *Enterprising non-profits*, has a very different definition of what a social enterprise is.

<http://www.enterprisingnonprofits.ca/>

What is Social Enterprise?

The Definition of Social Enterprise:

The short definition:

"Social enterprises are businesses operated by non-profits with the dual purpose of generating income by selling a product or service in the marketplace and creating a social, environmental or cultural value. ..."

In this definition **only** a non-profit can be a *social enterprise*. This is quite consistent with the Canadian context where cooperatives are an important sector on their own and they do not use social enterprise to describe themselves.

In the US, the situation was quite similar. In the first years, non-profit and philanthropic organisations led the way with a discussion list with the following statement:

The npEnterprise Forum discusses practical steps non-profits can take to enhance their organizational capacity, mission impact, and financial sustainability, through the development of income-generating business activities.

<http://www.npenterprise.net/>

However, this evolved with the creation to the Social Enterprise Alliance mentioned in Section 4 (Social Enterprise) above. In other words, this movement in the USA has moved from *non-profit* to include other types of social enterprises.

In Canada, Enterprising non-profits have stuck with the original definition, strictly non-profit.

In many cases, for-profit businesses are created by non-profits that own the majority of shares. Sometimes this legal status is better suited to generate income, and profits, than can help the non-profit pursue its work. For the purpose of this paper, they are considered as non-profits since if there are profits, they are either reinvested, or go to the non-profit entity that owns the shares.

8. THIRD SECTOR

The concept appeared in the 70's, namely in France to describe all economic activity that was outside the private sector of the economy (meaning capitalist type) or the public economy (such as transportation, electricity, postal services, hospitals and schools, etc.).

Wikipedia provides the following description. *The voluntary sector or community sector (also non-profit sector) is the sphere of social activity undertaken by organizations that are for non-profit and non-governmental. This sector is also called the third sector, in reference to the public sector and the private sector. Civic sector is another term for the sector,*

emphasizing the sector's relationship to civil society.

For practical purposes, the concept of third sector is less used within alternative economic approaches since it encompasses too many different realities: advocacy organisations, not-for-personal-profits such as cooperatives, civil society organisations, social businesses, social movements, etc.

9. FOURTH SECTOR

This concept, used mostly in the UK and in the US, promotes the following ideas.

While the mission and method of many organizations in the business, government and non-profit sectors are becoming steadily more similar, something more than simple blurring of the boundaries is occurring. Pioneering organizations in the three sectors are in fact converging toward a fundamentally new organizational sector that integrates social purposes with business methods: a Fourth Sector.

The Emergence of Hybrid Organizations

In addition to convergence, a second significant pattern of organizational activity has been occurring. The past few decades have seen a proliferation of new hybrid organizational models formed to address a variety of societal challenges. These organizations consciously blend attributes and strategies from all sectors and thus resist easy classification within the boundaries of the three traditional sectors. But they share two common characteristics--pursuit of social and environmental aims and the use of business methods--that position them within the landscape of the emerging Fourth Sector. The following are examples of hybrid organizational models that have emerged in recent years. Many of these terms define overlapping activities, reflecting the state of fragmentation in which the emerging landscape finds itself today.

- Chaordic Organizations (1)*
- Civic and Municipal Enterprises*
- Community Development Financial Institutions*
- Cross-Sectoral Partnerships*
- Faith-Based Enterprises*
- Non-Profit Enterprises*
- Sustainable Enterprises*
- Community Wealth Organizations*
- Social Enterprises*
- Blended Value Organizations*
- Social Economy Enterprises*

(1). A concept invented by a former VISA President. Means both order and chaos in an enterprise.

<http://www.fourthsector.net/>

As such, the purpose is to encompass a wide range of organisations and activities, including the notion of for-benefit enterprise or corporation.

10. POPULAR ECONOMY

In Africa and South America, this concept is widely used to describe what others also call the *informal sector*. This sector of the economy is of great importance since in some countries like the Sub-Saharan, nearly 75-80% of the economy is in the *popular*

economy. This usually refers to informal economic activities of all types, from street vendors to small shops.

The popular economy is seen to be a sector that has potential for social and solidarity economy since the economies of those countries will not grow through government or large private sector businesses (not enough profits). With the organisation of cooperatives, community businesses and other initiatives, there is potential. However, there is agreement on the fact that the popular economy is not part of the solidarity economy per se, as part of the former may have ties to the mafia and corrupt activities like drugs.

The Catholic University of Leuven in Belgium has a research project on *Popular Economy, Social and Solidarity Economy in the South*. They define Popular Economy in the following manner:

Popular economy can be understood as the set of economic activities and social practices developed by popular groups, based on the use of their own labour force and their individual and collective strategies in domestic and public sphere, in order to satisfy basic needs, material as well as immaterial. The analysis of popular economy and its links with the social and solidarity economy dynamics is the subject of many studies.

<http://www.uclouvain.be/en-309069.html>

11. LOCAL DEVELOPMENT

Also sometimes called *local economic development*, this expression has been in use for quite a long time. It was over 50 years ago that the UNDP (United Nations Development Programme) adopted this as one of the strategies for development.

Like previous concepts, it has varied meanings. The main idea here is to mobilise people and organisations in the communities and to take initiatives for their own development, the idea being that a community has to rely on itself first. This is even a prerequisite for developing partnerships with outside actors, such as government agencies. This approach is also called **endogenous development**.

In the US, local authorities and local businesses have taken another approach to local development. The main strategy put in place was attracting large businesses to come to the community, with tax breaks and other financial initiatives. This could be called **exogenous development**.

Unlike previous concepts, *local development* is used in most continents and is common in most languages.

Most *local development* approaches would agree with the *endogenous development* approach and the empowerment of the people and the community.

Karl Birkhölzer (Germany) explains well the approach in the following paper *The Role of Social Enterprise in Local Economic Development* presented at the EMES conference in 2009. (Available upon request)

12. COMMUNITY ECONOMIC DEVELOPMENT

The concept of *community economic development* (CED) is mainly practiced in North America, even if in recent years it has become known in parts of South America and in a few English-speaking African countries. This knowledge outreach can be attributed to exchange and university programs.

There are two distinct brands in CED due mostly to context. In the USA, there are about 4,500 CED organisations, also called **Community Development Corporations (CDC)**. They mostly focus on housing in poorer neighborhoods in urban areas. In general, they own and run the housing operations. In good part this focus on housing is explained by funding programs of the US Department of Housing and Urban Development (HUD). They also do community empowerment work and have activities such as programs for youth, incubating community businesses, etc.

They had a national organisation, but because of budget cuts during the last Bush administration, it closed down.

In Canada, CED is quite different and the focus is more on urban revitalisation in the poor inner neighborhoods in larger cities. For example, even if they were to advocate better housing, they would not run housing complexes. In Canada, CED would have many similarities with the **endogenous local development** described above.

The Canadian Community Economic Development Network (CCEDNET) in which the author of this article has been involved since 2002, has this following description:

What is CED?

Creating vibrant, resilient and sustainable local economies.

Community Economic Development (CED) is action by people locally to create economic opportunities and better social conditions, particularly for those who are most disadvantaged.

CED is an approach that recognizes that economic, environmental and social challenges are interdependent, complex and ever-changing.

To be effective, solutions must be rooted in local knowledge and led by community members. CED promotes holistic approaches, addressing individual, community and regional levels, recognizing that these levels are interconnected.

<http://www.ccednet-rcdec.ca/>

13. COMMUNITY DEVELOPMENT

This concept has been around for a long time. In some countries, like Canada, it means doing work in the community to help people.

An article in Wikipedia explains the origins of the term *community* as a concern in the 19th Century. It would include CED and many other concepts.

http://en.wikipedia.org/wiki/Community_development

In the case of India, the notion of community development has many similarities with the CED concept as used in Canada and local development as used in Europe.

14. PEOPLE-CENTRED DEVELOPMENT

Sometimes also called *people-centered economy*, this approach has similarities to CED and Local Development.

The international network COMMACT explains this well:

Vision

COMMACT sees people-centred development as a process of empowering and enabling poor and marginalised individuals, groups and communities:

- *to expand their personal and collective skills, capacities and resources;*
- *to gain voice, dignity and self-respect;*
- *to achieve autonomy in their actions and decision-making capabilities;*
- *to participate fully and actively in wider society;*
- *to ensure that the development of society as a whole is sustainable and equitable in terms of rights and responsibilities.*
- *to increase the control they have over their lives*

<http://commact.com/home.html>

Conclusion

Over the last 20-30 years, many new activities and concepts have arisen regarding solidarity economy. While this is encouraging because it shows that innovation is very active, at the same time they are quite diversified and often only exist in some continents or cultural worlds. For example, the gap between existing concepts in the English-speaking world and the French, Spanish and Portuguese countries is surprising. The practices differ less, but there are very few common concepts except *local development* and maybe to some extent *solidarity economy*.

What is also somewhat surprising is the fact that some expressions have very different meanings (e.g. Social Economy).

This short paper has only explored a few concepts. Many more exist, such as *moral economy, feminist economics, ecological economics, plural economy, labour economy*, just to name a few.

We would also need to have a **glossary** of many specific activities and concepts such as fair trade, microcredit, microfinance, corporate social responsibility, social audit, triple bottom line, social impact investment, social capital, food sovereignty, local food systems, local currencies, etc.

We also need to understand and analyse. This is important to help people decide what processes and tools they may use to build their economy and society, for and by themselves. For example, microcredit was presented some years ago as THE tool to lift women out of poverty. This is clearly a misconception, or even worse, since there are examples of poverty increases (in India). Microcredit can be a tool, among others such as education, community organisations, sustainable livelihoods programs and

enabling environments provided by the authorities. The tools that work best are those that people choose themselves, rather than those that are imposed or arranged from above.

Conventional wisdom tells us that there are no panaceas out there, no quick fixes. There are no simple solutions ... and lasting solutions take time.

This last part is a more personal and is new in this version.

Maybe RIPESS could ask itself why it moved from SOLIDARITY ECONOMY to SOCIAL SOLIDARITY ECONOMY to define itself. Maybe the goal has not changed completely, but since there are important differences and nuances between the two concepts, this needs to be examined well.

As explained above, the SSE concept appeared in Quebec and France approximately at the same time, and in both cases, this was a strategic question within their own context. There was not much debate in December 2002 at the Dakar meeting about this somewhat fundamental change.

The Lima Declaration is quite clear about the goal, the Solidarity Economy. Social economy groups (in the sense of the French definition i.e., collective ownership) are only ONE of the groups involved within a large list of organisations.

From an international perspective, maybe *solidarity economy* might fit better and gather support in a much easier way without the inclusion of *social economy*, since this has no meaning in most parts of the world, especially since organisations from Asia are now involved.

On the other hand, in the last 5 years SSE has gradually gained recognition at the level of international institutions. The International Labor Organisation (ILO) has organised an SSE Academy regularly since 2010. A fourth Academy will be held in Brazil in July 2014. On May 5th - 6th, 2013 the United Nations Research on Social Innovation and Development (UNRISD) hosted a seminar in Geneva on the *Limits and Potentials of Social Solidarity Economy*. Many SSE practitioners, researchers and academics from all continents clearly demonstrated the potentials of SSE. In particular, the important process of preparing Sustainable Development Goals (SDG) for the post 2015 period has attracted interest for SSE as an important approach and alternative for people's based development to tackle issues of poverty and inequality, while preserving the planet.

The creation of the UN Inter-Agency Taskforce on SSE (TFSSE) in September 2013 is another important step in building a better understanding and collaboration between development agencies, SSE practitioners' organisations and researchers. SSE is also better known in the world of international NGO's fighting for another type of development, focused on people and the planet.

In light of these recent developments, the question now is less a matter of which name is used to designate the approach, but more what it exactly means.

It now seems that SSE organisations and practitioners, at least those involved in RIPESS, whether they use the **and** or not, have gradually adopted the original vision of Solidarity Economy as established at the Lima conference in 1997. Considering that

very few, if any, attended both the Lima meeting in 1997 and the Manila meeting in 2013, this testifies to the important steps made in the last 16 years.

To conclude, again an excerpt from the Lima Declaration in 1997:

...we are committed to a process of building a solidarity-based development that questions the concept which reduces and determines the satisfaction of human needs to cut-throat competition on the market and the so-called “natural laws”. The solidarity economy incorporates cooperation, collective sharing and action, while putting the human being at the center of the economic and social development.