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Contemporary Understandings of the Social and Solidarity Economy

Peter Utting

United Nations Research Institute for Social Development

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Abstract

What exactly is the social and solidarity economy (SSE)? Like many terms that enter the development lexicon, its meaning is contested. Referring to the actors, institutions, principles and practices involved, this entry identifies the key features of SSE. It contrasts different perspectives on the nature and potential of SSE, highlighting both their commonalities and substantive differences. In doing so, the entry examines how SSE is positioned in the broader economy – vis-à-vis the state or public sector, the private for-profit sector and the popular or informal economy, as well as in relation to the possibilities for systemic change. It also questions whether the meaning of SSE is being diluted as the term is mainstreamed. To guard against this possibility, the entry suggests the need for an encompassing definition that acknowledges both its attributes associated with social and environmental purpose, and its democratic and transformative potential.

Keywords: social economy; solidarity economy; social enterprises; social purpose; democratization; active citizenship

Introduction

The uptake of new terms is often accompanied by contestation over their meaning. This is very much the case with the concept of ‘social and solidarity economy’ (SSE), which has gained currency during the past two decades. In practice, different countries, actors and organizations may adopt one or several terms, including also ‘social economy’, ‘solidarity economy’, ‘plural economy’, ‘community economies’ and ‘social enterprise’. While each emphasizes particular aspects, they share common features that are captured by the broader term SSE.

Referring to the actors, institutions, principles and practices involved, this entry identifies the key features of SSE. It contrasts different perspectives regarding the nature and potential of SSE, highlighting both their commonalities and substantive differences. In doing so, the entry examines how SSE is positioned both in the broader economy – vis-à-vis the state or public sector, the private for-profit sector and the popular or informal economy, as well as in relation to the possibilities for systemic change. It also questions whether the meaning of SSE is being diluted as the term is mainstreamed. To guard against this possibility, the entry suggests the need for an encompassing definition that acknowledges both its attributes associated with social and environmental purpose, and its democratic and transformative potential.

Social versus solidarity economy

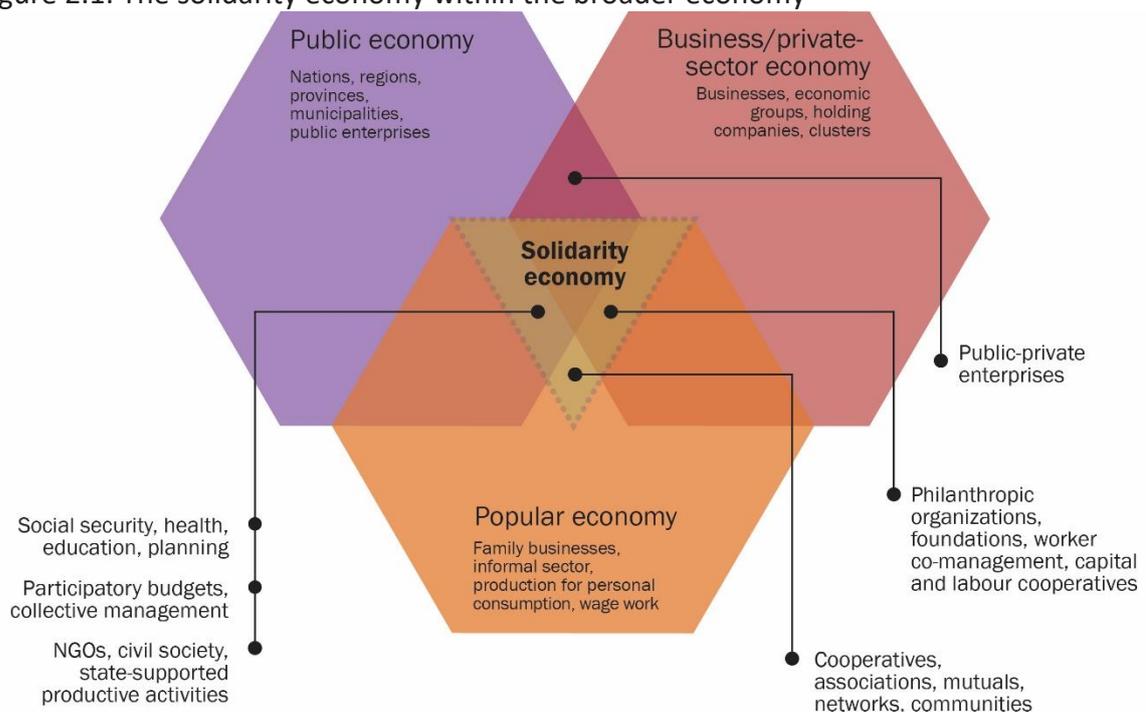
The task of defining SSE was complicated from the outset given that the term was an amalgam of two others: ‘social economy’ and ‘solidarity economy’. While ‘social economy’ is interpreted differently in different parts of the world, the term has increasingly come to be associated with a particular set of organizations. In much of Europe and Asia, ‘social economy’ focuses on certain statutory organizations that emerged in 19th-century Europe and contemporary variants of social enterprise. ‘Solidarity economy’ broadened the purview further by focusing on the ‘popular economy’ and informal community practices. While also having adherents in the Global North, ‘solidarity economy’ was articulated most prominently in Latin America, beginning in the late 20th century (Razeto 1999; also see the entry “Origins and histories of SSE”). While each of these terms continues to be used differently by different actors, certain stylized facts suggest that the coupling of ‘social and solidarity economy’ brought together not only different sets of **actors** but also different perspectives regarding development **strategy** and social-economic and political change.

Concerning **actors**, ‘social economy’ often focuses on third sector organizations, notably cooperatives, mutual societies, foundations and associations or non-governmental organizations (NGOs). Such organizations operate in an economic space that can be distinguished from both the public sector and conventional for-profit private enterprise. More recently, the focus has broadened to include various forms of social enterprise and social entrepreneurship that blend economic or commercial and social objectives (Defourny et al. 2019; also see the entry “Social enterprises”). This development extends the purview of SSE to the private sector, not only via philanthropy but also so-called blended value organizations and various forms of private-SSE partnerships. The relationship with the state centres primarily on its role as an external actor that regulates and potentially supports SSE via public policy (also see the entry “Public policy and SSE”).

‘Solidarity economy’ also enlarged the third sector frame. In this case, however, a key focus was on myriad indigenous and community-based organizations and local level solidarity and collective self-help practices. Furthermore, it emphasized contemporary organizational forms such as bought-out enterprises (*empresas recuperadas*) and fair trade, food sovereignty, ecology, artisanal networks and their constituent organizations, as well as solidarity finance. The latter included not only micro-credit and concessionary lending but also old and new modalities such as barter and complementary currencies, respectively. Furthermore, this approach emphasized the role of social movements as both SSE constituents and allies. And it saw certain state or public sector organizations and institutions as a key component of SSE, not least universities, municipal governments and other state entities tasked with supporting SSE.

Drawing on research in Latin America on solidarity economy, Figure 2.1 illustrates the interconnections between SSE and other sectors of the economy.

Figure 2.1: The solidarity economy within the broader economy



Source: Based on Coraggio 2015; published in UNRISD 2016.

Concerning **strategy**, proponents of social economy often emphasize two key roles. First, its capacity to foster **well-being via the production and distribution of basic needs and decent work** – the term popularized by the International Labour Organization (ILO) to refer to employment promotion, labour rights, social protection and social dialogue. And second, its potential as a sector that can grow in a way that complements the roles of the public and private sectors, as well as cultivate a more people- and planet-sensitive market economy. The strategic orientation of ‘solidarity economy’ is somewhat different. The remit of SSE actors extends beyond income-generating activities, basic needs provisioning and micro-level interactions. At a philosophical level, solidarity economy resonates with what is referred to in the Andean region as *Buen Vivir*, a notion of living well in

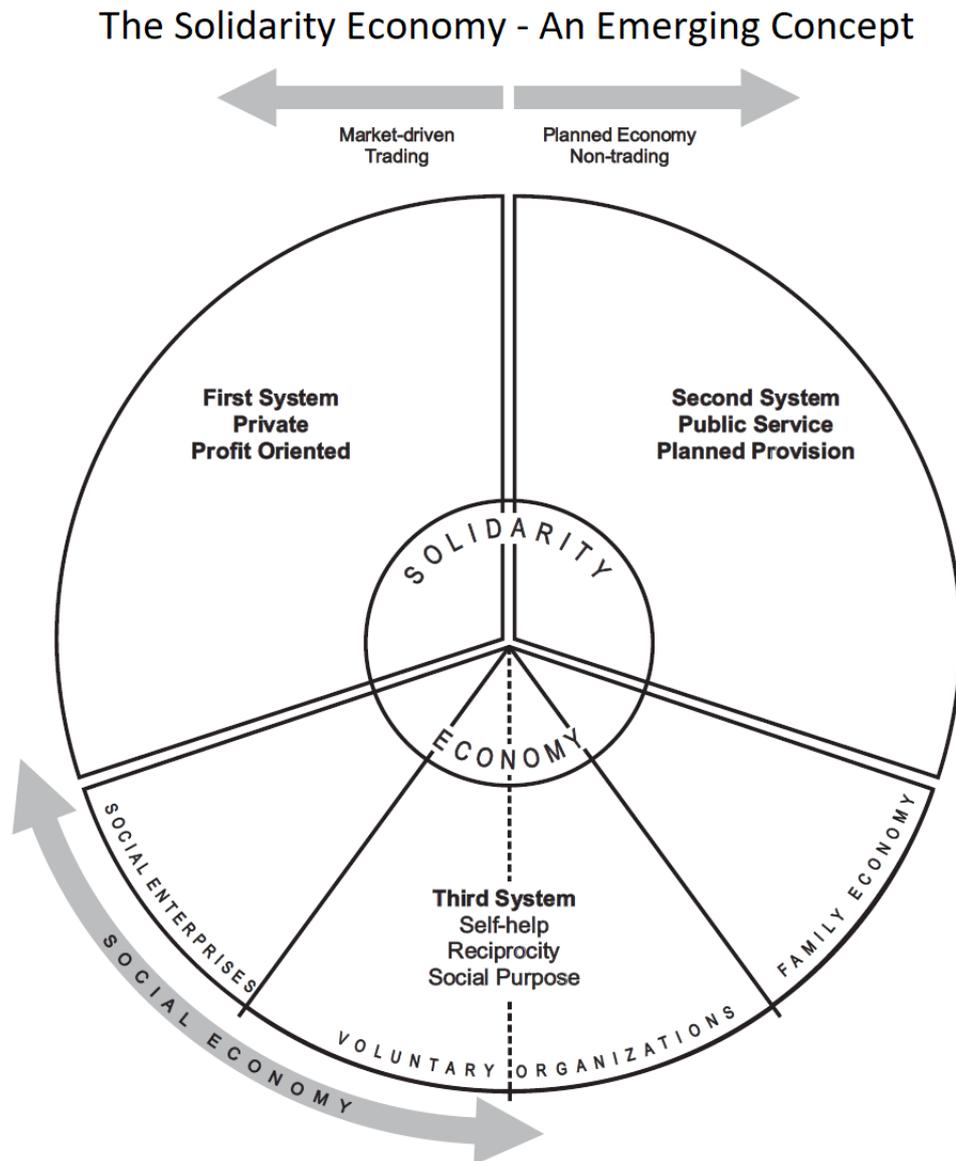
harmony with people and the planet, thereby respecting both human rights and the rights of nature (Gudynas 2011).

The solidarity economy perspective is also concerned with systemic change, social transformation and political engagement at multiple levels of governance (Hillenkamp and Wanderley 2015). People's well-being and planetary health depend on subordinating economic principles and processes that characterize contemporary capitalism. These include the commodification of nature and the commons; the concentration of wealth; financialization; and capital accumulation and profit maximization centred on exploitative labour relations, dispossession and the externalization of social and environmental costs.

Solidarity economy, therefore, emphasizes the need for an economic system where the dominant institutional logic is fundamentally different. In addition to market-based activities that are regulated to control for contradictory social and environmental impacts, solidarity economy emphasizes the importance of decommodifying economic circuits (Laville 2022, Loritz and Muñoz 2019, Novkovic 2021).

The transformative project also extends to reconfiguring power relations via democratization, active citizenship and new coalitions. To enable SSE and to level the playing field for SSE organizations and enterprises (SSEOs), it is necessary to alter power structures involving complementary and synergistic relations between economic and political elites. Such relations reinforce corporate power and market relations through, for example, subsidies, deregulation and privatization. As **an emancipatory project**, the solidarity economy approach focuses on not only relieving the symptoms of oppression and disadvantage via basic needs provisioning and decent work, but also transforming the structures that historically have reproduced deprivation, inequality and other forms of injustice. Beyond the skewed distribution of income and wealth, such structures involve patriarchy, racism, colonialism and dependency related to trade, corporate-led global value chains and geopolitical relations (Coraggio 2015). Transformation requires, then, institutional and technological innovation, as well as deep changes in power relations at multiple scales. Figure 2.2 illustrates the contrast between SSE as a sector or sub-sector of the wider economy and SSE as a sphere that not only interfaces with other sectors, but also seeks to transform them.

Figure 2.2: Positioning both the social and the solidarity economy



Source: Lewis and Swinney 2007.

This broad-brush interpretation of differences in approach should not mask important variations in how each term is interpreted. The social economy label, for example, can refer to a relatively narrow focus on income and employment generation and social service provision via social enterprises. Or it can refer to a broader process of change via active citizenship and an institutional ecosystem that scales SSEOs to an extent that has systemic implications as, for example, in Emilia Romagna in Italy and Quebec, Canada (Mendell and Alain 2015).

Similarly, while some strands of solidarity economy thought explicitly support a policy agenda that is antithetical to neoliberalism (Santos 2007), others see scope for progressive change by taking advantage of spaces linked to neoliberal policy. Place-based activism and non-capitalist practices and relations can emerge not only in response to neoliberal failures but also by taking advantage of institutional and policy changes linked to neoliberal reform, such as decentralization and targeted poverty reduction programmes (Gibson-Graham 2006).

Common ground

Despite the differences captured by these stylized versions of social economy and solidarity economy, the commonalities were sufficient to allow different actors, notably regional and international research and advocacy entities and networks (see entries 36, 52), to adopt and promote an overarching term. Commonalities concerned the key role of principles or mechanisms of reciprocity and redistribution in resource allocation and the primacy of social objectives within circuits of production and exchange of goods and services. Other aspects related to democratic governance within SSE organizations, participation or 'co-construction' within the policy process, local community and territorial development, and environmental protection. In contrast to the profit-maximizing firm, SSE organizations either adopted a non-profit orientation or practised some form of constraint on profit distribution and the sale of assets. More generally, the SSE concept promoted the idea that the economic system should be biased in favour of inclusion, equality and planetary health (Vail 2010). This bias is achieved by reordering priorities and objectives, for example social and environmental purpose instead profit maximization and shareholder primacy; democratic governance rather than hierarchy; cooperation and partnership over competition; and solidarity as opposed to self-centred individualism. Both perspectives also see SSEOs as an important avenue for transitioning from contexts of precarious employment and poverty that characterize much of the popular or informal economy. While the emphasis may vary, key mechanisms include:

- organizational and enterprise forms involving self-help, collective action and social entrepreneurship that facilitate economic and political empowerment, as well as social and cultural emancipation of individual workers or families – the case, for example, of landless or small farmers forming agricultural cooperatives;
- associations representing and advocating for informal economy workers representing, for example, home-based workers, waste pickers and street vendors;
- state policy, such as social and labour rights policies, that proactively support informal economy workers in relation to social security and decent work.

Towards a universal definition?

How a somewhat cumbersome term like SSE gained currency within international development discourse relates to both the fairly broad coalition of actors and approaches which came together in the early 21st century and the fertile terrain for thinking and policy related to alternatives to capitalism and neoliberalism, not least in the wake of various financial crises. It also coincided with the retreat of 'socialism' as an idea and a strategy within some mainstream academic, policy and advocacy circles. While core principles of SSE related to social justice, democracy and the subordination of the economy to social power (Wright 2010) overlap with basic tenets of the socialist tradition, SSE was concerned with alternatives to centralized state control. It also made explicit the possibilities for inter-sectoral complementarities and coexistence with market principles in a mixed and plural economy.

Ongoing differences related to ideology and strategy within the coalition of actors that support SSE, as well as the acknowledged need to respect and recognize variations in terminology in different regional, cultural and political contexts, complicate the task of crafting a universal definition. The task has been further complicated as governments

and parliaments attempt to design laws regulating and supporting SSE. The legislative process can have the effect of narrowing or diluting the meaning of the term. Certain aspects are likely to be sidelined for purposes of both legal precision and political expediency.

As a result, attention often focuses on less controversial aspects of SSE, namely the organizations and enterprises involved, social and environmental objectives, non-profit or 'less-for-profit' orientation and participatory governance arrangements.

In Uruguay a more conceptually rigorous definition of SSE, along the lines of the solidarity economy perspective outlined above, was dropped in the process of designing the 2019 law (Guerra and Reyes Lavega 2020). Nevertheless, it retained key elements, including:

- the absolute primacy of people over capital;
- relations based on solidarity, cooperation, reciprocity, democratic control, with the collective interest prevailing over that of the individual;
- autonomous, democratic and participatory management;
- a commitment to community and local and territorial organization and development, while caring for the environment;
- where legally permitted, the distribution of profit will reflect primarily the work performed and the services or activity of members and producers;
- the promotion of gender equity and social inclusion via work integration.

In France, the 2014 law promoted a vision of SSE more in line with the interpretation of the 'social economy' perspective noted above. It sought to strengthen and legitimize SSE, which was seen as comprising both traditional statutory actors, such as cooperatives and mutuals, and certain commercial enterprises with a social utility purpose, a profit distribution constraint and an asset lock. It recognized SSE as a specific entrepreneurial approach and supported social innovations such as bought-out enterprises and modernizing co-operatives, for example, by allowing them to join together for increased efficiency. It also promoted the role of SSE in local development through territorial economic cooperation hubs, involving multiple (SSE, private and public sector) actors and institutions, as well as networking to gain policy influence (OECD and European Union 2017).

While definitions adopted by international networks supporting SSE often broaden its scope in terms of organizations and practices, there remains a tendency to focus on the sectoral or micro level. The United Nations Task Force on SSE, for example, states:

SSE encompasses organizations and enterprises that have explicit economic and social (and often environmental) objectives; involve varying degrees and forms of cooperative, associative and solidarity relations between workers, producers and consumers; and practice workplace democracy and self-management. SSE includes traditional forms of cooperatives and mutual associations, as well as women's self-help groups, community forestry groups, social provisioning organizations or 'proximity services', fair trade organizations, associations of informal sector workers, social enterprises, and community currency and alternative finance schemes (UNTFSSSE 2014) .

Focusing on particular types of organizations and the micro-level, as well as social utility, can detract from the transformative potential of SSE. Some academic and advocacy networks insist on highlighting the transformative dimension associated with

the solidarity economy approach (Poirier 2014). According to Intercontinental Network for the Promotion of the Social and Solidarity Economy , for example:

The Social Solidarity Economy is an alternative to capitalism and other authoritarian, state-dominated economic systems. In SSE ordinary people play an active role in shaping all of the dimensions of human life: economic, social, cultural, political, and environmental. SSE exists in all sectors of the economy: production, finance, distribution, exchange, consumption and governance. It also aims to transform the social and economic system that includes public, private and third sectors. SSE is not only about the poor, but strives to overcome inequalities, which includes all classes of society. SSE has the ability to take the best practices that exist in our present system (such as efficiency, use of technology and knowledge) and transform them to serve the welfare of the community based on different values and goals (RIPESS 2015).

Such a definition emphasizes not only the transformation of multiple sectors but also the need to look beyond the micro or sectoral level, to the macro scale where structural change has to occur. A way of viewing the transformative nature of SSE is in terms of a dual process whereby diverse relations of solidarity and cooperation are cultivated, reproduced and reinforced in the broader plural or mixed economy in order to meet people's needs, demands and aspirations (both material and non-material), and where democratic practices by workers, producers and citizens play out at multiple scales of decision-making and governance. From this perspective, the focus widens from particular types of organizations that prioritize social purpose to the transformation of social and power relations. The objectives of SSE organizations expand – from the social, environmental or cultural to the political, via agency, contestation, democratic participation and emancipatory struggles. SSE, then, is concerned with democratizing both the economy and the polity (Dacheux and Goujon 2011, Laville 2022, Razeto 1999).

As SSE gains visibility and the term is mainstreamed, there is a danger that its meaning is being diluted and that core elements are ignored. To guard against this risk, it is important that the essence of both the social economy and the solidarity economy variants outlined above is retained when defining SSE; one should not eclipse the other. This points to the need for an encompassing definition that highlights both utilitarian purpose and transformative potential in terms of emancipation, democratization and systemic change.

From this perspective, SSE comprises autonomous forms of organization that produce and exchange goods and services, giving primacy to i) social, cultural and environmental objectives and the equitable distribution of surplus over profit maximization and financial returns to investors; ii) democratic governance over hierarchy and bureaucratic control; and iii) principles and practices of solidarity, mutual help and cooperation over self-centred individualism and competition. Additionally, it refers to the institutionalization of collective action for emancipatory purposes within economic circuits and the wider political economy. Such purposes include freedom from want and social exclusion via livelihood security and a sense of belonging or community; and freedom from oppressive forms of domination and elite control via contestation, meaningful participation and active citizenship.

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