

THE SOLIDARITY ECONOMY ALTERNATIVE



EMERGING THEORY AND PRACTICE

EDITED BY
VISHWAS SATGAR

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PRESS

'*The Solidarity Economy Alternative* propagates the radical impulse of democracy from below while affirming ethical values and principles like social justice. This book is an excellent guide to this powerful idea and an invaluable resource for activists in South Africa and beyond.'

Nozizwe Madlala-Routledge, patron of the Democracy from Below Campaign, South Africa, and former deputy Minister of Defence and of Health

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'This book finds a way around savage neoliberal capitalism, palliatives like the "social economy" and state centric socialism. Read and learn from this book to find a new way forward.'

Susan George, Board President of the Transnational Institute, author of *Whose Crisis, Whose Future?*

The Solidarity Economy Alternative

Emerging Theory and Practice

Edited by Vishwas Satgar



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The South African contributors are all practitioners either linked directly to COPAC as solidarity economy facilitators or indirectly as

associates. Their contributions draw on research, activism and scholarly engagements with the challenge of advancing the solidarity economy alternative in South Africa. I also wish to thank Michelle Williams, Andrew Bennie and Athish Satgoor for reading and commenting on the manuscript. A final and special thanks to the publishing team at UKZN Press.

Abbreviations

| | |
|---------|--|
| ABICRED | Associação Brasileira de Instituições de Microcrédito (Brazilian Association of Microcredit Institutions) |
| ADS-CUT | Agência Para of Desenvolvimento Solidário (Agency for Solidarity-based Development) |
| AFSUN | African Food Security Urban Network |
| ANC | African National Congress |
| ANTEAG | Associação Nacional de Trabalhadores e Empresas em Autogestão (National Association of Workers and Enterprises in a Regime of Self-Management) |
| BBBEE | Broad Based Black Economic Empowerment |
| BEE | Black Economic Empowerment |
| CCS | Complementary Currency System |
| CDC | Community Development Corporation |
| CDFI | Community Development Financial Institution |
| CIRIEC | Center of Research and Information on the Public, Social and Cooperative Economy |
| CLT | Community Land Trust |
| CNEL | Consiglio Nazionale dell'Economia e del Lavoro (National Council of Economics and Labour) |
| CNES | Conselho Nacional de Economia Solidária (National Council of the Solidarity Economy) |
| CONAES | National Conference on the Solidarity Economy |
| CONCRAB | Confederação Nacional de Cooperativas de Reforma Agrária do Brasil (National Confederation of Cooperatives of Agrarian Reform) |
| COP | Conference of the Parties |
| COPAC | Cooperative and Policy Alternative Centre |
| COSATU | Congress of South African Trade Unions |

| | |
|---------------|---|
| COSAWU | Commercial Services and Allied Workers Union |
| CSO | civil society organisation |
| CUT | Central Única dos Trabalhadores |
| DGRV | Deutscher Genossenschafts Raiffeisen Verband |
| DLF | Democratic Left Front |
| DTI | Department of Trade and Industry |
| EU | European Union |
| FAO | Food and Agriculture Organisation |
| FBES | Forum Brasileiro de Economia Solidária (Brazilian Solidarity Economy Forum) |
| FCP | Forum de Desenvolvimento do Co-operativismo Popular do Rio de Janeiro (Forum for the Development of Popular Co-operatives of the State of Rio de Janeiro) |
| FGEPS | Forum Gaúcho de Economia Popular Solidária (Gaúcho Forum of the Solidarity Economy of the Popular Classes) |
| FLOSS | Free/Libre and Open Source Software |
| GAS | Gruppi di acquisto solidali (Solidarity purchasing groups) |
| GDP | Gross Domestic Product |
| GHG | greenhouse gas |
| GT Brasileiro | Brazilian Working Group of the Solidarity Economy of the World Social Forum |
| ICT | information and communications technology |
| IDC | Industrial Development Corporation |
| IFIL | Institute for Liberation Philosophy |
| ILO | International Labour Organisation |
| IMF | International Monetary Fund |
| ISTAT | Istituto nazionale di statistica (Italian National Institute for Statistics) |
| ITCP | Rede de Incubadoras Tecnológicas de Cooperativas Populares (Network of University-based Incubators of Popular Cooperatives) |
| La Lega | National League of Cooperatives and Mutual Aid Societies |
| MER- SETA | Manufacturing Engineering and Related Services Sectoral Education Training Authority |

| | |
|--------|---|
| MEWUSA | Metal and Electrical Workers Union of South Africa |
| MSECC | Midrand Solidarity Economy Education and Communication Cooperative |
| MUP | Masibambane Unemployed Project |
| NGO | non-governmental organisation |
| NSA | National Systems of Accounts |
| NUMSA | National Union of Metal Workers of South Africa |
| OECD | Organisation for Economic Cooperation and Development |
| PMDB | Partido do Movimento Democrático Brasileiro (Party of the Brazilian Democratic Movement) |
| PRB | Partido Republicano Brasileiro (Brazilian Republican Party) |
| PSB | Partido Socialista Brasileiro (Brazilian Socialist Party) |
| PT | Partido dos Trabalhadores (Workers' Party) |
| RBSES | Rede Brasileira de Socio-economia Solidária (Brazilian Network of the Solidarity Socio-economy) |
| RIPESS | Réseau Intercontinental de Promotion de l'Économie Sociale et Solidaire (Intercontinental Network for the Promotion of the Social and Solidarity Economy) |
| SECC | Solidarity Economy Education and Communication Cooperative |
| SENAES | Secretaria Nacional de Economia Solidária (National Secretariat of the Solidarity Economy) |
| SNIES | Sistema Nacional de Informação em Economia Solidária (National System of Information on the Solidarity Economy) |
| UN | United Nations |
| USA | United States of America |
| USSEN | United States Solidarity Economy Network |
| USSF | United States Social Forum |
| WSF | World Social Forum |
| WTO | World Trade Organisation |

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1

The crises of global capitalism and the solidarity economy alternative

Vishwas Satgar

‘The social economy is one of the job drivers to achieve 5 million new jobs by 2020.’ – Ebrahim Patel, South African Minister of Economic Development, Address to the Fourth Annual Social Enterprise World Forum, Johannesburg, 2 April 2012

Given South Africa’s astronomical rate of unemployment, it is clear that the African National Congress (ANC) government has failed to resolve the challenge of creating jobs for the majority of people. Nearly two decades of neoliberal economics, exacerbated by the secondary impacts of the global financial crisis, has prompted a policy shift to a New Growth Path. The concept of the social economy is part of the new policy lexicon, and a crucial component of the New Growth Path goal of creating five million new jobs by 2020.

The Minister of Economic Development, Ebrahim Patel, believes the expansion of the social economy would create quick wins in terms of new jobs, in line with international social enterprise development norms. This policy approach locates the social economy – understood as economic activities undertaken by entities such as cooperatives, mutual societies, voluntary and community organisations, and union investment vehicles – within the government’s response to the current national and global economic crisis.

This emphasis on the social economy is not unique to South Africa, but forms part of a trend throughout the world. While South

Africa's policy-makers have a penchant for following global policy trends, especially those emanating from the elite global development apparatus, South Africans themselves have not been given an opportunity to develop grassroots solutions and alternatives. For many, the current crisis is immediate, as reflected in retrenchments, poverty, unemployment and the continued commodified enclosure of common resources for social reproduction (such as land, water and cyberspace).

In response to elite policy-making and the deepening global capitalist crisis, the world has seen the rise of countermovements, such as the World Social Forum, the Arab Spring, the Indignados in Spain, anti-austerity street protests in Greece, the Climate Justice Movement, and the rise of the US Occupy movement, which demand that the interests of 99 per cent of the people prevail over those of small elites. It is in this context that the solidarity economy alternative finds resonance and grassroots expression.

However, the championing of alternatives such as the solidarity economy is not as straightforward as it may seem. Powerful social forces shaping the global political economy and working to maintain a neoliberal capitalist order strive to assimilate and tame anti-systemic challenges. Grassroots initiatives for transformation are contested from above. As a result, the solidarity economy alternative is often presented as an adjunct to the discourse on the social economy. Therefore, to really appreciate what it means, the veil around the social economy has to be pierced.

This chapter sets out why this volume presents the solidarity economy as a departure from and alternative to the social economy response to the global crisis. First, it addresses the question: why go beyond the social economy? Second, it frames the broad understandings of the crises of capitalism shared by the various contributors as well as the social forces championing the solidarity economy. It seeks to show how this volume goes beyond the spectacle of crashing economies and photo shoots at G20 summits or media coverage of glitzy World Economic Forum meetings to critically understand what the global crisis really entails, whose crisis it is, and why it cannot be resolved by elite policy-making. It shows how ruling elites have failed to grasp that it is not the banks that are 'too big to fail', but rather humanity and

nature. Third, it shows how the social economy is instrumentalised from above by situating it within the global development apparatus and discourse. Finally, it sets out a synoptic overview of the key themes and empirical insights at work in the volume, ultimately presenting the solidarity economy as an alternative political economy in which the interests of the 99 per cent, in all their humanity, would prevail.

Why go beyond the social economy?

The question of why we need to go beyond the social economy lies at the heart of this volume. In seeking to answer it, we have identified three tasks. First, we move beyond an understanding of the current global crisis as being reducible to a single financial market failure towards a more holistic understanding involving finance/non-finance, local/global and conjunctural/systemic factors. It underlines that, given its multidimensional character, the crisis of capitalism is a theoretical and empirical challenge. At the same time, it emphasises that, while we seek to make capitalism's crises more intelligible, we should not reify them to the point where we cannot grasp the possibilities and capacities for transformation. Moreover, these crises should not be approached on the basis that capitalism has all the answers (in other words, that fixing them is merely a technical issue), or can be understood on the basis of naive historical certainty (in other words, that capitalism has always managed to emerge from such crises). These sorts of assumptions prompt the misplaced hope that, post the current crisis, capitalism will be less unequal, more humane and perhaps a little greener. Instead, the shared understanding informing this volume suggests that we are experiencing a global transition. Global capitalism as a historical social form is at an impasse and can no longer sustain human and non-human life. It is from this perspective that we advance the need to go beyond the social economy and locate the salience of the solidarity economy.

Second, during the past decade, social economy advocates have generally prioritised the importance of policy discourse as well as definitions and measures.¹ This had led to the development of a distinctive vocabulary that chimes with a technocratic approach to

global development, including terms such as ‘social enterprises’, ‘third sector’, ‘social entrepreneurship’ and ‘social economy policy design’. This approach separates politics from market-centred economics. As a result, the discourse on the social economy has been emptied of any meaningful conception of power relations, and how politics works together with economics. In many ways, the social economy is merely understood as a domain for social enterprises utilising alternative business models, generally those prioritising social and environmental objectives. Thus the conception of the social economy has become increasingly depoliticised, and increasingly functional to the corporate capture of democracy.

By contrast, this volume presents the practices of the solidarity economy as part of a counter-hegemonic political economy. It thinks about how the solidarity economy reinvents the global political economy from below, beyond the confines of capitalism. This brings into focus intersections between social relations, ideational structures and democracy. In short, this volume does not seek to provide a standard conception or definition of the solidarity economy, but rather to examine its actual and potential anti-capitalist practices. From this perspective, self-referential notions of what the solidarity economy means need to be regarded as contingent and tentative, and its emerging global political economy as more important.

Third, the notions of the social and solidarity economies overlap around various institutional forms, including cooperatives, community associations and mutuals. However, an extensive literature² claims this institutional space as consistent with the social economy (captured by the interchangeable use of ‘social’ or ‘solidarity’ economy, or even the hybrid category of the social-solidarity economy). This volume does not seek to provide a rival categorisation, or a simplistic and confusing conflation of these terms. Rather, it goes beyond the social economy by assessing the historical and context-specific conditions – political, economic, cultural – that show up its limits, and incubates the solidarity economy instead. It concentrates on emancipatory and transformative grassroots organising practices, movement-building approaches, strategic challenges, local knowledge and activist tools. In this context, diffusion experiences of the solidarity economy are highlighted, operating at

different scales and confronting various challenges. Unlike the social economy, which can fit into a residual space within capitalism, the solidarity economy determines its own scale, space and positioning; it is an emerging theory and practice that goes beyond capitalism. These themes and issues are explored below and in the other chapters in this volume.

Global capitalism is crisis-ridden neoliberal capitalism

The world is reeling from the imposition of a body of ideas known as neoliberalism. For many, this is merely a label for a new dogma, inspired by classical liberal thought, which emphasises market-centred economic liberalism (to the extent that it threatens to eclipse political liberalism). However, beyond this popular understanding, the study of transnational neoliberalism has become an important aspect of the social sciences, and a crucial part of critical commentary on the global political economy. These analyses have tried to make sense of how neoliberalism has come to eclipse global common sense, how it insinuates itself into global and national decision-making, and how it works in practice. They have revealed an ideology operating at different levels: as a transnational capitalist accumulation strategy supported by policies such as liberalisation, privatisation and financialisation; a world view of transnational capital privileging markets, individualism and competition; and a form of class rule.

In her study of neoliberalism entitled *The Shock Doctrine*, Naomi Klein defines neoliberal capitalism as ‘disaster capitalism’. In this popular book, she highlights how tragedy and disaster are regarded as opportunities for broadening the market and rolling back the public sphere. She provides excellent examples from New Orleans after Hurricane Katrina to the war in Iraq and the ‘shock therapy’ used in various transitions following the Cold War. Klein’s perspective helps us to understand how transnational neoliberal fundamentalists use crises to bring the market into the disaster zone, the war zone and the economic crisis zone. The shock and awe of neoliberal reforms do not differ greatly from orchestrating the shock and awe of a US-led war, for example; the trauma and suffering of the people are merely a pretext for more ‘disaster capitalism’. Hence the inhumane and almost fascist

nature of the ideological crusade of transnational neoliberalism as it remakes the global political economy from above.

However, is it just this way of implementing neoliberal reforms that characterises neoliberalisation? Is it not also the inherent crisis tendencies of neoliberal capitalism, its booms and busts driven by financial speculation, that characterise it as a crisis-ridden model of capitalism? This partly has to do with the dogmatic fixation that markets are perfect instruments for allocating economic resources, giving rise to unfettered financialisation. Together, the unrealisable market fantasy coupled with financialisation – the opening up of economic spheres or sectors to speculation and short-term profit-making (such as foreign exchange markets, housing markets, stock exchanges, government debts and commodity markets) – have led to overinvestment (sometimes referred to as overaccumulation) as well as bursting asset bubbles. Neoliberal capitalism was born from crisis, namely the ‘Volcker shock’ of 1980–83 when the US Federal Reserve pushed up interest rates and increased the cost of dollar-denominated debt. Moreover, financial crises have consistently punctuated the neoliberal restructuring of the global economy: 1982 (the Latin American debt crisis), 1987 (the US stock market crash as a result of junk bonds), 1994 (the Mexican peso crisis), 1997 (the Asian crisis), 1990–99 (Russia and Brazil), 2000–01 (the dot.com bubble bursts because of overinflated values), 2000–02 (Argentina and Turkey), and the global crisis from 2007 until the present. While market-centred financialisation is inherently crisis-prone, and driven by cause and effect within neoliberal capitalism, this is merely a cyclical crisis tendency from above.³

In addition, control of high finance has ensured that governments squeeze national populations, including workers and the poor, as part of the normalcy of everyday life within neoliberal capitalism. The risk to capital has featured at the centre of macroeconomic policy management, at the expense of risk to people and nature. Macroeconomic trade-offs have ensured ‘financial stability’ at the expense of employment and national development. Where neoliberal governments adopt policies to ‘address unemployment’, they are premised on state failure, and jobs are meant to be provided by the private sector. The Chinese

super-exploitation model is held up as a point of reference for such policies. In this context, social democratic models and variants of state capitalism on the periphery of capitalism have all been remade to manage risk to capital. These trends have ensured that control of high finance engenders various forms of primitive accumulation to extract short-term profit while displacing labour and engendering dispossession: household debt (credit and mortgages), using disasters and conflicts as sites of accumulation, the scramble for land and natural resources, privatisation and company restructuring express this pattern. The unemployment, hunger, poverty, inequality and environmental destruction resulting from this are making most societies unviable. This dimension of neoliberal capitalism is evident in everyday life.

Between 2007 and 2009, this model spread to the heartlands of capitalism and then to the rest of the world through secondary effects such as contracting demand, the reversal of financial flows and collapsing global trade. The current crisis of neoliberal capitalism is referred to as the 'Great Financial Crisis' of the twenty-first century. Most analysts point to the following phases in this crisis: (1) the bursting of the US housing bubble; (2) state bailouts to prevent the financial system from collapsing – hence the argument that 'banks are too big to fail'; (3) the financialisation of state debt and sovereign debt crises, particularly in Europe, with Greece being an iconic example; (4) austerity, and putting the squeeze on workers and the poor to pay for the crisis; and (5) global stagnation, as a result of limited demand and lending.

This narrative of the Great Financial Crisis has implications for how we think about neoliberal capitalism. It tends to narrowly suggest that merely fixing financial markets will solve the problem. This is how ruling elites think about the crisis. Neoliberals in the US, for instance, are split into two camps about solutions to the financial crisis (Palley 2012). Many Democrats, led by Barack Obama and including the MIT Department of Economics, merely regard it as a problem of market failure, which can be fixed by state regulation. Finance has to be more closely regulated and monitored, corporated globalisation continues, inflation targeting (the main instrument of monetarist economists for ensuring the value of money at the

expense of other macroeconomic priorities) is protected, and fiscal restraint continues. By contrast, the Republicans and the Chicago School of Economics believe the crisis is the result of state failure. Hence they argue in favour of more financial deregulation, more flexible labour markets, lower inflation targeting, greater Reserve Bank independence and greater fiscal austerity.

But merely 'fixing finance', as neoliberals in the US suggest, will not solve the problem. This prompts us to ask deeper questions about neoliberal capitalism. Is the notion of the Great Financial Crisis an adequate explanation of the global crisis? Do we understand neoliberal capitalism as engendering crisis in the singular or the plural? While financial markets might have caused the current crisis, does this mean that only this aspect of global capitalism is in crisis? Is it about a capitalist crisis or about capitalism's crises? Given the depth of the cyclical financial crisis and the spread of market-centred financialisation to various parts of the global economy, including spatial sites of accumulation, is it not more appropriate to understand the current crisis as a total crisis of capitalism?

I want to contend that neoliberal capitalism is entering a phase of total crisis beyond episodes that can be fixed with technocratic management from above. The crisis has four main dimensions, the first being global financial market instability. Despite soft regulation and macroeconomic realignment, finance capital continues to be *the* harbinger of crisis and therefore risk. This inherent danger posed by finance capital has not been addressed in the global response by the ruling classes (McNally 2011; Sundaram and Rodriguez 2011). Hence the global economy will remain financially unstable and volatile, marked by the bursting of more financial bubbles and the crashing of more financial markets. Addressing this will require leaders with the political will to end the reign of global finance.

The second dimension is what Sassen (2011) refers to as 'savage sorting'. This comprises the spread of financialisation to new zones of profit-making such as developing countries and cities, as well as sectors such as property markets and commodity markets. For Sassen, the structural power of finance capital within the global economy has increased, and become systemic. At the height of the 2007–09 financial

crisis, banks lost more than \$140 billion in subprime loans, and the value of credit default swaps were estimated at \$62.2 trillion. These losses undermined confidence in the financial system. As systemic financialisation spreads to new spatial and sectoral horizons for accumulation, it ultimately spreads systemic crisis. This means that those spatial and sectoral zones of accumulation that resist the systemic logic of financialisation have a better chance of surviving the 'savage sorting', while those that embrace it will transmit systemic crisis.

The third dimension is the conjunctural crisis of the accumulation project of transnational neoliberalism. The neoliberal project has been central to restructuring the global political economy; however, it has not brought about shared prosperity and development (Chang 2011). Instead, the current crisis confirms the limits of this dogma. We are living through a crisis *of* neoliberalism, and not *in* neoliberalism. We need to leave transnational neoliberalism behind, but the global ruling classes are not willing to do so. Instead, they are tinkering with the neoliberal paradigm to find an answer. This means that crisis-ridden neoliberalism will continue, with devastating consequences for human beings as well as the natural environment. Resisting this will require struggles from below by people affected by its daily consequences.

The fourth dimension of the crisis is the systemic interlock between unstable financialised neoliberal capitalism, resource limits, food crises, climate change and the securitisation of politics (Ahmed 2010; George 2010). This interlock limits the reproduction of society and life on the planet. As finance tightens its grip on each of these dimensions, essential life-making conditions are undermined, and capital increasingly takes on a fascist face. According to grassroots peasant movements in the Andes, this is best characterised as a 'crisis of civilisation'. Financial markets cannot address economic instability, climate change, hunger, the demand for limited strategic resources and the democracy deficit. Instead, it exacerbates these challenges. This inverted approach to human and non-human nature has raised the stakes for all planetary life.

The limits of global development

Does the answer to the crisis of global capitalism lie in the development apparatus established after the Second World War? In the course of the twentieth century, international development was defined as a top-down, 'catch-up modernisation project', first by the American president Harry Truman, and then by the burgeoning technocratic development industry (Rist 1997). A material base has been constructed for promoting international development, but now as 'global development', aimed at meeting the requirements of a capitalist world order. These conceptions of capitalist development have spawned a global development apparatus⁴ that has articulated, defined and manufactured different versions of this American-centred conception of development. Over the past six decades it has been firmly anchored in the World Bank, International Monetary Fund (IMF), World Trade Organisation (WTO), United Nations (UN), International Labour Organisation (ILO), government-linked development agencies, transnational think tanks (such as the Organisation for Economic Cooperation and Development, or OECD), and transnational private forums such as the International Chamber of Commerce and the World Economic Forum. All these forums have provided a nexus for elite and technocratic consensus. According to Cox (1994: 49), the consensus-making process works as follows:

[T]his process generates consensual guidelines, underpinned by an ideology of globalisation, that are transmitted into the policy-making channels of national governments and big corporations. Part of this consensus-formation process takes place through unofficial forums like the Tri-lateral Commission, the Bilderberg conferences, or the more esoteric Mont Pelerin Society. Part of it goes on through official bodies like the OECD, the Bank for International Settlements, the IMF and the G-7. These shape the discourse within which policies are defined, the terms and concepts that circumscribe what can be thought and done. They also tighten the transnational networks that link policy-making from country to country.

This global development apparatus has been at the centre of engendering a consensus for implementing transnational neoliberalism. This reveals that transnational neoliberalism is not a blueprint or generic model. While transnational neoliberal ideology privileges market mechanisms as the basis for organising economies and societies, its proponents differ about how this should be achieved in practice, leading to divergent legitimating discourses. Moreover, transnational neoliberalism is not structurally determined; it is not the logical outcome of post-Second World War development. It developed from a structural crisis in the early 1970s, which provided space for a ruling-class solution.

Flowing from this, transnational neoliberalism, as a means of restructuring and re-organising global capitalism, has faced two important challenges. First, it has had to negotiate a consensus among various transnational social forces, with each articulating a different conception of transnational neoliberalism. For instance, the World Economic Forum's version of 'structural neoliberalism' concentrates on removing obstacles to competition and the global market, essentially by 'persuading' national economies to adjust to transnational capital. On the other hand, the British Department for International Development works with a conception of 'neoliberal institutional reform', and wants to make 'markets work for the poor'. More recently, the 'green economy' agenda of the United Nations Environmental Programme has placed the commodification of nature at the centre of the neoliberal discourse. Making neoliberalism 'green' sits at the heart of this discourse, allowing the use of markets and the logic of commodification to address climate change and the growing planetary ecological crisis.

Second, the failures of transnational neoliberalism, including the collapse of financial markets, growing sovereign debts, greater monopoly concentration, deepening inequality, failing carbon markets and growing unemployment, have made either 'state failure' or 'market failure' a major preoccupation of the social forces championing neoliberalism. The crisis is not understood as a crisis *of* capitalism, but a crisis *in* neoliberalism. As the crisis deepens, there have been attempts to find pragmatic market-centred tools for repair, new conceptual

ideas and a consensus on moving forward. In this context, transnational neoliberalism has mutated and evolved as a master narrative of global development. Ironically, many 'emerging markets' and powers in the Global South have become the new torch-bearers of neoliberal ideological virtue.

The dominant social forces shaping and articulating the transnational neoliberal approach to development are constantly seeking to maintain its legitimacy and place it at the centre of global problem-solving. Part of this legitimating practice entails selectively introducing voices from below to 'humanise neoliberalism', or keeping them out of mainstream hegemonic development discourse. What is framed and understood as development by this global development apparatus, at least in the current conjuncture, has to fit into the master narrative of transnational neoliberalism and its organising imperatives. This has serious implications for the counter-hegemonic politics of grassroots social movements. For some, it poses a dilemma of where to locate the social economy and solidarity economy. Should these initiatives be utilised and positioned to change the neoliberal consensus from the inside? Should they merely be used to alleviate the negative impacts of neoliberal globalisation? Or should they be used to add a social dimension to market-centred neoliberalism, such as 'third way' social democracy?

Grassroots responses

Locating the solidarity economy is not a dilemma for transnational activists challenging the advance of global neoliberalisation in the streets of Seattle in 1999, the recent US Occupy movement, Via Campesina (the peasant movement fighting against the 'last great dispossession of the peasantry' in the Global South), or the climate justice movements that have marched against false solutions emanating from the United Nations Conference of the Parties and Rio+20 processes. For these activists, the solidarity economy is a counter-hegemonic alternative driven from below, synthesising emancipatory utopian possibilities while gaining definition through dynamic grassroots practices. Since the World Social Forum in 2001, the solidarity economy has been located as a critique of neoliberalism, a set of alternative

values and visions, and a framework for plural socio-economic practices from below (Fisher and Ponniah 2003: 91–105). It envisages a new global political economy that places the needs of human and non-human nature – as opposed to growth and profits – at the centre of social activity. It expresses itself through struggles at the local, national, regional and global levels, and has a vital anticipatory dimension: a sense that we are making the future now.

The solidarity economy alternative is not a prescriptive model or ‘socialist blueprint’ from the twentieth century. It does not seek to impose a new dogma, but rather aims to find shape, form and content through anti-capitalist emancipatory practice at the grassroots. It reflects the post-vanguardist politics and deliberative learning practice of the World Social Forum in defining the new Global Left (de Sousa Santos 2004; Mestrum 2004). The transnational activism disseminated by the World Social Forum has affirmed the intrinsic value of the solidarity economy as a grassroots response to the global crisis in both ideological and strategic terms. It does not seek authorisation from the neoliberal global development apparatus. Rather, the solidarity economy is located outside global hegemonic development discourse, but at the centre of the lives of those bearing the brunt of the economic crisis. Today the solidarity economy, as theoretical discourse and practice, finds expression in numerous countries through activist networks, movements and social forces searching for alternatives to neoliberal capitalism.⁵ In all these dimensions, it differs from the social economy.

Moreover, the ideological location of the social economy and its preoccupations further serve to distinguish the grassroots solidarity economy from the social economy. Historicising both the social and solidarity economy highlights common modern historical origins.⁶ In the nineteenth century, the advent of modern cooperatives were either associated with reformist change (aimed at managing individual or group welfare), or emancipatory utopian change (transforming society and shifting power to the grassroots). These understandings of cooperatives, mutuels and other non-profit organisations expressed themselves politically in the rise of social democratic parties, Leninist vanguards and national liberation movements. While these associative forms shaped structural change throughout the world into the twentieth

century, they were eclipsed by the emergence of the Keynesian-welfare state after the Second World War in the heartlands of capitalism, bureaucratic central planning in the former 'second world', and state-led development on the edges of capitalism. Public service provisioning supplanted the role of either the social or solidarity economy. However, during the past three decades of neoliberal restructuring, the social economy and solidarity economy experienced a resurgence, with the former denuded of any transformative impulse, and the latter married even more strongly to a transformative and emancipatory utopian practice as a result of its articulation by new transnational anti-capitalist movements.

Over the past two decades, the social economy in particular has come to the fore in policy and academic discourse.⁷ Boosted by the global capitalist crisis, its resurgence has been closely linked to the mutating transnational neoliberal consensus. This consensus has developed in the global development apparatus, and spread from there to national government policy agendas. It has been cemented by three key institutions. The first is the ILO, which has sought to add a 'human face to neoliberalism'. Among other things, it has promoted cooperatives in the context of a competitive economic framework, thus reducing them to just another business form in a market economy.⁸ The ILO has actively promoted the social economy through its tripartite configuration (that is, government, business and labour), its training academy for policy-makers, and via conferences. In 2009, it hosted a conference in South Africa under the banner 'The Social Economy: Africa's Response to the Crisis', which was attended by representatives of fifteen countries, as well as various social economy actors.⁹

The second major institution that has sought to cement the link between the social economy and transnational neoliberalism is the European Union (EU). The EU has been at the centre of financialised neoliberal integration through monetary integration, the new Lisbon Treaty, and more recently its austerity response to the crisis in Europe.¹⁰ The main concepts for organising the social economy within the EU's neoliberal constitutionalism are growth; the inclusion of the excluded in the market economy; building social capital; and a competitive Europe (Laville 2009; Spear 2010). It also recognises social economy enterprises as a 'distinctive business model'.

The third key institution that has championed the social economy within the confines of capitalism has been the OECD, which advises the richest countries, and plays a key role in managing foreign aid, particularly loans to countries of the Global South (Degnbol-Martinussen and Engberg-Pedersen 2003),¹¹ which are typically used to lock in neoliberal conditionalities. In 2007, the OECD's Local Economic and Employment Development Programme acknowledged the importance of the social economy in various OECD countries in a book entitled *The Social Economy: Building Inclusive Economies*.

Academics have sought to characterise the social economy as a 'third economic sector', alongside the state and the market (Bridge, Murtagh and O'Neill 2009). Heuristically, this conception has been used to situate the social economy in the market economy. It argues that there should be a move away from treating the social welfare and self-provisioning activities (such as crèches, community feeding schemes, local training centres, mutuals and cooperatives) of the social economy as non-value-creating and residual, towards seeing them as crucial sources of value creation. For the World Bank, transforming the trust and reciprocity within the social economy into 'social capital' is key; it is the depoliticised 'missing link' in development (Harriss 2001). Moreover, while 'social capital' has to be valued and made functional to the market, there is also a need to encourage the entrepreneurial spirit. The notion of the 'social entrepreneur' managing a business model with a 'triple bottom line' (the impact on people, the local economy and the environment) has become a key ingredient of attempts to turn the social economy into a source of economic value (Nicholls 2006; Bornstein 2007; Elkington and Hartigan 2008).

Academics have also been preoccupied with delineating the social economy (Bridge, Murtagh and O'Neill 2009; Mook, Quarter and Ryan 2010b), often becoming fixated on empirical definitions. Some simply aggregate institutions with social objectives as 'social enterprises' (Pearce 2009), thus ostensibly lending policy elegance and identity to the variegated institutional forms that make up the social economy. For others, delineating the social economy entails drawing some kind of boundary around a plethora of institutions that seem to sit outside the private and public sectors.¹² Characteristics used in this classification

exercise include organisational criteria, activities and objective-centred practices. For Pearce (2009: 30), all this means that ‘the language of the business school has usurped the language of activism and political engagement’.

The social economy policy discourse has developed in some national contexts, but has generally been spread from the global development apparatus to the policy agendas of various national governments, including those of Canada, Morocco, the Philippines, numerous EU members, as well as South Africa. South Africa is a vital recipient of and participant in the transnational neoliberal consensus emanating from the global development apparatus. Besides the G20, South Africa actively participates in the UN, IMF, World Bank, World Economic Forum and WTO – in other words, it actively supports the neoliberal globalisation game (Marais 2011). After almost two decades of uninterrupted neoliberalism, the South African government has also formally committed itself to building the social economy as part of its New Growth Path. This has occurred in a context in which associative forms such as cooperatives have been tied to state patronage, corruption and elite formation (Satgar and Williams 2011). At the same time, the South African state is failing increasingly to deliver basic services such as health and education. Is the social economy likely to be an extension of ruling party patronage? Will it become a market-driven provisioning mechanism in the context of state failure? Will the South African version of the social economy end up serving both functions: ruling party patronage and market-driven provisioning?

The social economy is no longer a grassroots response to the global crisis of capitalism. In many respects it has been co-opted by the transnational neoliberal consensus developed by the global development apparatus and diffused into neoliberal government policies. This necessitates a shift beyond the social economy to the counter-hegemonic politics of the solidarity economy. This, in turn, means taking the solidarity economy out of the shadows of the social economy. Various solidarity economy initiatives are coming to the fore in response to the crisis of capitalism. They are counter-hegemonic alternatives that seek to contest the global development consensus from below. As such, solidarity economy initiatives are referred to variously in this volume

as a component of a new politics of production, a commons of labour creativity, a new embeddedness, the political economy of the working class, a new mode of production, the ethical alternative of living well, emancipatory utopian practice, and even a collective humanist response to the civilisational crisis of capitalism.

Conceptual approaches to the solidarity economy

This volume attempts to deepen an understanding of the emancipatory politics of the solidarity economy, and explore its potential for taking transformative practice beyond the old left dichotomy of reform versus revolution. While the latter understanding of left alternatives still features in some contexts, this volume reaches for a new vocabulary. In this approach, theory is conjoined with unfolding practice in that the solidarity economy is seen as being in a state of becoming, and hence beyond narrow positivist academic classification. It is not fixated on placing the solidarity economy in a definitional box, but rather seeks to enrich our understanding of how it challenges capitalism.

In Chapter 2, Michelle Williams provides a conceptual framework for understanding the social and solidarity economies as well as their differences. Building on themes in this chapter, she identifies the broad conditions that have prompted the emergence of these two perspectives and sets of practices. She engages and disengages from Karl Polanyi in the context of recognising the shift from twentieth- to twenty-first-century conditions of global political economy. In his classic text *The Great Transformation*, Polanyi explains how liberal capitalism disembedded and deterritorialised the market at the beginning of the twentieth century. Countermovements, notably fascism and Soviet centralised planning, emerged to protect society. Williams shows that, after more than three decades of neoliberalisation up to the turn of the twentieth century, the market has been ‘freed up’ in relation to the state and society. This shift has unhinged the ‘liberal embeddedness’ introduced after the Second World War that relied on exchange controls and Keynesian redistributive policies to lock in capital. The latter policies eclipsed the social economy discourse and its practices for almost three decades until its re-emergence in Canada, Europe and South Africa. This renewed articulation of the social economy is

coeval with the unfolding crisis of neoliberal capitalism. However, Williams goes on to show that the social economy is not a counter-movement meant to re-embed the market. Rather, in terms of its vision, organisational practices and social relations, it is functional to a globalising market and neoliberal diffusion. Thus the social economy is a partial or superficial form of embeddedness that diverges from the solidarity economy despite their shared institutional response to meeting human needs.

Assessing the social economy and solidarity economy in terms of the same criteria leads Williams to conclude that the former is ameliorative while the latter is transformative. In the process, she addresses a major confusion in the literature in which the concepts of the social economy and solidarity economy are used interchangeably in some contexts, or even conflated as the social-solidarity economy. By contrast, she makes a compelling case for regarding them as differing in concept and practice even though there are some institutional overlaps. Notably, she characterises the solidarity economy as a deeply grounded strategy for confronting the crises of contemporary capitalism and transforming society.

In Chapter 3, Hilary Wainwright also breaks important conceptual ground in the course of examining the anti-capitalist and transformative practice of the solidarity economy. Her starting point is that current economic crises are essentially crises of capitalism, particularly in the world of finance, but not of labour. While workers may face challenges in respect of securing wage-earning opportunities, their capacity to create, design, care, teach, meet needs and benefit society are not in crisis. This contrast between the crisis of capital and human capacity prompts Wainwright to rethink the meaning of labour. First, she problematises the demise of social democracy through the lens of labour, in particular the meanings and politics attributed to labour within social democratic discourse. For Wainwright, the limited conception of labour as a factor of production and voting instrument partly explains why the power of labour at the point of production was not taken seriously within social democratic discourse. This limited conception also helps to explain the failure of social democracy to stop the advance of neoliberalism. For Wainwright, this was not an

inevitable outcome, but one that emanated from the notions of knowledge and equality informing the politics of social democracy.

At another level of analysis, and emerging from social democracy's failure to address the alienation of labour and realise human creative potential, Wainwright posits a new approach to labour as the basis of the solidarity economy and a new politics of production, namely to regard it as a 'common'. At first sight, she writes, labour, understood in terms of the application of the human capacity to create, would seem to be profoundly individual and therefore inimical to organisation as a commons. On further reflection, though, human creativity, with its intertwined individual and social dimensions, is a distinctive commons allowing the possibility of a commons-based political economy.

The challenges of realising this vision in practice takes us beyond the ready-made answers of state-centric or welfare-centred socialism. It also challenges understandings of labour as a factor of production and as being outside of nature. Instead, Wainwright provides us with an approach to labour that directly addresses alienation and places the solidarity economy at the centre of emancipatory and transformative politics. To strengthen her approach to labour as creative commons, Wainwright historicises this experience and provides us with a counter-narrative of the role of human agency in challenging Keynesian welfare capitalism and the emergence of the neoliberal project. Finally, she returns to the emancipatory possibilities in everyday struggles that can bring the solidarity economy to the fore as a challenge to alienated labour and advance the aspirations of the '99 per cent'. In this regard, she highlights struggles to defend and extend decommodified spheres within the state and market, and to democratise democracy.

In Chapter 4, Marco Berlinguer examines conceptual issues surrounding the social economy in Italy, pointing to the limits of thinking about third-sector activity as either not-for-profit or as part of a social economy. Challenging these categories as non-relational, non-dynamic and limited, his chapter takes us into post-Fordist social relations that remake the meaning of value and economic activity. Through this line of enquiry he shows up the limits of Keynesian measurements of economic value, established in the National Systems of Accounts and entrenched in the Gross Domestic Product (GDP) metric.

He highlights three important trends that disrupt both the social economy and non-profit classification on the one hand, while showing up the limits of Fordist economic value measurement on the other. First, he highlights the limits of current understandings of economic activity, pointing to interstitial activities outside markets and economic measurements. Second, he highlights the challenges of measuring the social economy and the non-profit sector by bringing into view the degeneration of the cooperative sector, alternative consumer practices, and limited data on the non-profit sector. Essentially, he highlights how strict economic classifications and measurements fail to describe and record these realities and dynamics. Finally, he shows how the social economy and non-profit sector have an ambiguous relationship with state-led restructuring. He highlights how state outsourcing, right-sizing and the externalisation of public services have coincided with the rise of self-provisioning initiatives in civil society. However, despite divergent ideological interpretations of their significance, these two processes engender a further externalising of public services, greater precariousness and new power relations that undermine the power of labour.

In short, Berlinguer shows that the social economy discourse and non-profit taxonomy are extensions of a hegemonic understanding of the economy and of economic value, and therefore a limited perspective. This underlines the need to go beyond the social economy, and embrace strategies for a more radical agenda. The radical strategies of unconventional competitive advantages, autonomous networks and institutions and redefining macro codes of economic value are all germane to the solidarity economy.

The solidarity economy in the US and Brazil

The US is reeling from the ongoing economic crisis emanating from its hyper-financialised economy. While thousands of jobs have been wiped out, many people have lost their homes through foreclosures and public finance has been utilised to bail out finance houses, the US ruling class has chosen merely to discipline capital with soft regulation. Beyond addressing the 'partial failure' of the financial markets, it is business as usual for Wall Street. It is in this context that

the inspiring Occupy movement has come to the fore, demanding that the voice of the 99 per cent be heard over that of the 1 per cent elite that benefits from a compromised political system. Part of the discourse within the Occupy movement relates to alternatives such as supporting the credit union movement, setting up worker cooperatives and defending homes earmarked for foreclosure. This broadens its convergence with the emergent solidarity economy movement in the US, which has deep roots in its economic history.

The US is generally perceived as the world's leading capitalist country, developed via the market and free enterprise. However, in Chapter 5, Ana Margarida Esteves challenges this myth of an all-pervasive capitalist logic. Bringing out a hidden narrative, she shows how the emergence of the contemporary solidarity economy movement has a long history going back to the early nineteenth and twentieth centuries. In this regard she points to the formative role and influence of 'intentional utopian communities' as well as credit unions linked to trade unions and their role in supporting worker cooperatives, mutual societies and schools. She also shows how, in the twentieth century, the making of the solidarity economy imagination had three other defining moments: the inter-war New Deal in which Roosevelt consciously utilised cooperatives to ensure the promotion of rural electrification and agrarian development; the agential role of movements that emerged in the 1960s, 1970s and 1980s to confront alienation and oppression in American society; and the transnational diffusion of the solidarity economy in the 1990s through activist circuits and movements such as the World Social Forum.

She also shows how historical residues and more recent practices of the solidarity economy inform contemporary American society. This does not mean that there is a fully formed and self-conscious solidarity economy in the US. Esteves maps a potential solidarity economy by referring to complementary currency systems, community development finance institutions, cooperatives, community development corporations, community land trusts, social enterprises, community-supported agriculture and fair trade. However, she underlines that the movement only identified itself formally with the formation of the United States Solidarity Economy Network (USSEN) in 2007,

coinciding with the global financial crisis and overlapping with the emergence of the US Occupy movement.

Through tracing the historical development of the USSEN, Esteves highlights how transnational activist spaces (such as the United States Social Forum), grassroots activists, movements and experts work together to generate transformative knowledge and diffusion through democratic practice. She shows how different approaches come together in a 'politics of possibility' in everyday activist struggles. In this regard she highlights the thinking of J.K. Gibson-Graham and its influence within the US solidarity economy movement. In particular, she shows how the politics of possibility has inspired a focus on values and norms as part of an individual and collective economic imaginary that takes us beyond *Homo Economicus* (humans driven by economic self-interest) to *Homo Solidaricus*, or humans in solidarity. Moreover, activists working with a politics of possibility have also brought to the fore an emphasis on grassroots organising that foregrounds the community rather than the market or state. Esteves analyses different strategies for collaborative capacity-building and education developed by organisations affiliated to the USSEN. She concludes by outlining the challenges facing the solidarity economy movement in the US, and the exciting possibilities offered by its convergence with the Occupy movement.

Unlike the US, the counter-hegemonic struggles from below in Brazil to build a solidarity economy have received a degree of state policy and support. Brazil has a long history of grassroots efforts to build a solidarity economy, spanning early struggles against slavery, for modern development, against military dictatorship, and now against neoliberalisation. In the main the thrust towards a solidarity economy is driven by a plethora of grassroots social movements (for example, trade unions, the landless, workers occupying factories and waste recyclers), informal actors, non-government organisations and state agencies. According to a 2007 survey of the solidarity economy, there were 22 000 solidarity economy initiatives, encompassing 1.7 million workers (10 653 of these initiatives were created between 2001 and 2007, generating 800 000 new jobs; 71 per cent were created with members' resources; 83 per cent of production was consumed at the

local level; and 46 per cent participated in a network or forum of the solidarity economy).

The solidarity economy alternative in Brazil is part of the hidden narrative of the 'Brazilian miracle'. Most analysts concentrate on the role of participatory budgeting or the social welfare family grant (Bolsa Familia) to explain Brazil's progress in reducing inequality, but the solidarity economy has also made a contribution. In Chapter 6, Euclides Mance provides an overview of the solidarity economy alternative in Brazil. He correctly notes that his schematic framing does not adequately convey the richness and plurality of solidarity economy practices in that country. Therefore, he examines how the solidarity economy movement engages in grassroots construction rather than detailing the various initiatives. Nevertheless, he identifies an essential dimension of the solidarity economy, namely the notion of *bem-viver* (living well), introduced by the Institute for Liberation Philosophy. From this perspective, Mance underlines the need to move beyond a fixation on definitions to appreciating the solidarity economy as an economic, cultural and political praxis that promotes the liberation of all persons through ethical and sustainable means.

He takes us through the philosophical, political, economic and methodological foundations of the solidarity economy alternative. Reading Mance helps us to understand the depth and scale of thinking about the solidarity economy alternative in Brazil. His stress on human needs and values, natural, cultural and economic flows, and networks and interconnections, reveals an advanced understanding of the solidarity economy. However, as with all counter-hegemonic struggles, there are limits and challenges. In this respect, Mance foregrounds the socio-economic character of the solidarity economy as opposed to it being a narrow social movement (merely engaged in oppositional politics); the challenge of linking democratic self-management and consumption; and the need for a non-dogmatic working definition of the solidarity economy shaped by practice.

In Chapter 7, Ana Margarida Esteves examines the relations between the state and the solidarity economy movement in Brazil via the solidarity economy forums at the municipal, regional and state level. Based on field work in Rio de Janeiro and Rio Grande do Sul,

she illuminates the political economy of these forums and the tensions generated by their institutionalisation. In particular, she problematises the shift from open and direct democratic practices to a situation in which the forums are exposed to two sets of adverse pressures: the first, the bureaucratic rationality emanating from attempts to formalise the solidarity economy by the Workers' Party government; and the second, the politics of electoral patronage of the Workers' Party within the forums themselves.

At the same time, Esteves eschews a simplistic understanding of these dynamics. She points out that institutionalised state support for the solidarity economy formed part of an attempted policy bargain between the solidarity economy movement and the newly elected Worker's Party government after 2002. Using the World Social Forum platform in 2001 and 2002, the Brazilian movement demanded that the solidarity economy be turned into a central tenet of the incoming Lula government (as opposed to a neoliberal framework); that a national Ministry for the Solidarity Economy be established; and that it should receive various forms of state support (for example, credit mechanisms for solidarity economy enterprises, mapping research, and so on). Elements within the Workers' Party resisted these demands, but a compromise was reached that provided for a national solidarity economy secretariat in the Department of Labour.

While it was necessary for the solidarity economy movement to take this opportunity, this did not place it within the mainstream of policy-making. At the same time, grassroots weaknesses such as the lack of integrated networks among solidarity economy enterprises and weak production units also limited the influence of the movement on state relations. In short, Esteves highlights the importance of building sufficient counter-hegemonic capacity from below as a basis for engaging the state. Without this, state-induced corruption, dependence and control can easily undermine the autonomy of the solidarity economy movement, thus causing it to lose its traction. In Brazil, however, top-down state control and party-led corruption is contested by powerful grassroots movements. Esteves gives us a glimpse of one side of this reality from which we can draw important lessons.

The solidarity economy in South Africa

Post-apartheid South Africa's shift to market-centred liberalisation has increased the power and initiative of capital at the expense of the state and civil society. The globalisation of the South African economy has undermined prospects for a national development path that would privilege the needs of the population and the natural environment. However, almost two decades of neoliberalisation has not gone unchallenged from below. Various social movements and grassroots networks have come to the fore to confront the narrowing of democratic space, state failure, commodification, increasing exploitation, ecological destruction and the crisis of social reproduction. In general terms, these countermovements to post-apartheid neoliberal capitalism have been limited. A rough typology points to mass struggles that have been either neocorporatist (involving macro-level bargaining through the unions, government and business), lobbying centred or resistance-oriented with a grammar and performance from the anti-apartheid past (sometimes with recourse to the courts). While these struggles are important, they have not managed to dislodge the neoliberal project, let alone reclaim the counter-hegemonic initiative from below. In many respects, they are expressions of attempts at a shallow embeddedness vis-à-vis the state, economy and society (see Williams in this volume).

By contrast, the emergent solidarity economy movement in South Africa is a crucial grassroots counter to neoliberalisation and the crisis-ridden national liberation project. It has great counter-hegemonic potential as an emancipatory utopian practice, but is also one of many post-national liberation alternatives; it is not rooted in the national liberation struggle but in the present. South Africa has a long history of struggle and progressive activism. Immense institutional capacities and grassroots political skills were developed to overcome apartheid. However, this did not foster a deep transformative impulse and emancipatory practice in the democratic period. In Chapter 8, Vishwas Satgar asks why the struggle against apartheid did not engender solidarity economy practices but rather expressed itself in experimental moments. He locates the solidarity economy alternative and movement in the post-apartheid context, and points to factors of structure and

agency facilitating its emergence. In particular, he highlights how the advent of democracy and a neoliberal political economy (including the failure of elite Black Economic Empowerment) are crucial facilitating conditions.

At the same time, the situated agency of the solidarity economy is brought into view as an incipient emancipatory activist orientation. This emancipatory agency has various dimensions: a value-centred vision; an anti-capitalist critique, grounded in the necessity of utopian thinking; and movement-building practice. Satgar notes that it has not yet converged into a fully fledged movement, but constitutes an activist current coursing its way through various grassroots practices: cooperative development, food sovereignty, cooperative banking, the Unemployed People's Movement, non-governmental organisation (NGO) interventions and anti-capitalist movements. A case study of attempts to build a solidarity economy in the township of Ivory Park north of Johannesburg is instructive in this respect.

As an emancipatory agency from below, the South African solidarity economy challenges rigid and formal institutional definitions as well as academic and policy codification. In this regard, an emancipatory utopian dimension to the solidarity economy is vital. Satgar highlights how the late Rick Turner's approach to utopia plays a crucial role in shaping the anticipatory edge of South Africa's emergent solidarity economy, and assisting it to rediscover the humanising impulse in Marxist-inspired transformative practice from below.

As a middle-income country, South Africa is generally assumed to have overcome basic developmental challenges, including food insecurity. In line with this, its modern, albeit racialised, agrarian sector is generally perceived as hi-tech, commercialised and a source of economic growth. Ironically, for a globalised South Africa with a modern industrial agricultural system, it is stalked by the challenge of hunger. This is not exceptional, but consistent with global reality. About one billion people are living in perpetual hunger, and as many as two billion people are food-insecure. About 2.6 million children die every year from malnutrition, equalling about 300 every hour. Moreover, 450 million more children will fail to develop properly due to inadequate diet over the next fifteen years (Tisdall 2012: 13).

Food insecurity exists alongside a growing challenge of obesity among members of lower socio-economic groups who are forced to eat unhealthy but cheap foods. South Africa is firmly on track towards mirroring these trends. Given high levels of structural unemployment (estimated at over 40 per cent), and with 60 per cent of the population classified as poor, food consumption is tenuous, and food price increases have a devastating impact. Various quantitative and qualitative studies conducted in poor communities confirm that food price rises are causing widespread hunger. For instance, the General Household Survey of 2009 suggests that 20 per cent of households (which translates into 2 762 400 households) have inadequate or severely inadequate access to food. A recent survey has shown that 70 per cent of poor urban households are food-stressed. The government itself believes twelve million South Africans are food-insecure (Hosken 2013: 1).

The food question provides a crucial challenge to the emergent solidarity economy in South Africa. In Chapter 9, Mazibuko Jara deepens our understanding of its potential to address the food crisis. While he recognises the food crisis as central to the crisis of reproduction, his approach is much broader. He approaches the food question from the standpoint of the crisis of agrarian transformation, and how the solidarity economy could deal with this challenge. According to Jara, the food crisis is enmeshed in (and explained as part of) the overall agrarian crisis in South Africa. Dissecting the crisis, he highlights the failure of land reform and the dynamics of a neoliberalised commercial agricultural production system, and how this eclipses a food sovereignty thrust while exacerbating the structural crisis of a fossil-fuel-driven agricultural model. He then demonstrates the potential of the solidarity economy to advance food sovereignty as part of promoting small-scale agriculture (potentially 700 000 farmers) and semi-subsistence food producers (about four million in urban and rural areas). While recognising this potential to address the agrarian crisis, Jara is alive to the challenges. In particular, he highlights the importance of contesting agrarian policy from below, building capacity to mobilise agrarian motive forces and sustained organising at the grassroots.

In Chapter 10, Andrew Bennie examines the theme of agrarian crisis in South Africa by juxtaposing emergent solidarity economy alternatives with the transnational agro-food industrial complex. He shows how globalised agro-food value chains are directly implicated in exacerbating inequality, poverty, unemployment and hunger. Like Jara, Bennie argues for a food sovereignty alternative from below to ensure community control of the production and consumption of food. Besides showing how the evolving discourse of a food sovereignty alternative fits theoretically with the solidarity economy alternative, he shows how this is happening in practice. His chapter illustrates how the solidarity economy meets the everyday needs of human beings and nature in two South African townships by focusing on two examples of solidarity economy enterprises engaged in food sovereignty practices. The Tswelane Bakery Cooperative and Hlanganani Worker Cooperative case studies demonstrate how an emancipatory utopian approach can work at the local level, and create new power relations as part of the solidarity economy (see Wainwright, Williams and Berlinguer in this volume). While these are limited pre-figurative moments, which face various challenges, these food cooperatives could form part of a larger food economy alternative that could foster food sovereignty in Ivory Park and Tsakane townships.

Moving from food to factories, neoliberalisation has changed the ownership of and control over capitalist enterprises. Traditionally, ownership and control of private enterprises have been separated from each other. However, due to the increasing impact of financialisation and technification, patterns of control and ownership are shifting (Bajo and Roelants 2011: 79–100). On the one hand, financialisation has tended to blur the distinction between ownership and control, allowing managers to become owners. On the other hand, leveraged debt has introduced external financial controls over firms. Technification is linked to and re-enforces financialisation. This in turn creates various blind spots to risk as technology mediates the risk between absentee shareholders, investors and debtors. Essentially, the typical capitalist enterprise has shifted power relations in a way that increases the risks to all stakeholders.

In this context, the resurgence of worker cooperatives is a crucial expression of emancipatory utopian possibilities. Factories run by workers in Argentina have become iconic in this regard, with more than 200 factories running successfully at pre-2001 crisis production levels, and contributing some 10 per cent of national GDP. In South Africa, the worker cooperative pathway to the solidarity economy has emerged mainly through community-based worker cooperatives, seeding through local community cooperative movements and minimally through trade union-linked experiences.

In Chapter 11, Athish Satgoor describes the Mineline experience, South Africa's first attempted factory occupation and worker takeover. He not only highlights the potential for an alternative to capitalist enterprises, but addresses three other vital issues related to advancing worker cooperatives from below. First, he explores how worker solidarity was constituted inside the Mineline struggle, how this built organic awareness of and capacity for worker control, and its implications for broader political solidarity and the politics of contemporary trade unionism. Second, he examines the importance of a new politics of production in the twenty-first century, which situates worker control as a vital defining logic within the solidarity economy, and treats the state not as the harbinger of 'state socialism' or 'state capitalism' but rather as a site of contestation to ensure various forms of socialised property relations.

This chapter dovetails in interesting ways with Wainwright's notion of labour as a creative commons, and Williams's concept of embeddedness at the point of production. Finally, Satgoor shows how the capacities built in the course of the struggle for worker control of the Mineline factory also helped workers to take the struggle to finance their cooperative to the state. While the Mineline workers continue to face various challenges, this experience of reasserting worker control for a new politics of production presents a serious challenge to South African trade unions that have increasingly become trapped in supporting Black Economic Empowerment, which amounts to a form of business unionism.

Notes

1. See, for instance, Amin (2009b), Bridge, Murtagh and O'Neill (2009), Elkington and Hartigan (2008), Bornstein (2007) and Gunn (2004).
2. Mook, Quarter and Ryan (2010b) problematise the relational nature of the 'public sector, private sector and social economy', but still maintain the 'social economy's' distinctiveness. See also Pearce (2009) and Bridge, Murtagh and O'Neill (2009) for a preoccupation with classifying the social economy.
3. There is a useful literature that historicises this crisis. For instance, see McNally (2011), Duménil and Lévy (2011) and Roubini and Mihm (2010).
4. Scholars studying this use different concepts to describe the dimensions of the same phenomena. Soederberg (2004) refers to the 'new international financial architecture', and Bøås and McNeill (2003) refer to the 'black box of multilateralism'. I prefer the term 'global development apparatus' as it is a much broader concept.
5. I have participated in the World Social Forum in Nairobi, Kenya, in 2007 and Dakar, Senegal, in 2011. Each of these events offered numerous platforms and spaces for conversations about solidarity economy practices in different parts of the world. There are differences within these debates, which affirm the plurality of the solidarity economy. Moreover, while this is still under-researched, the diffusion of these conversations into national spaces has gained momentum. This volume seeks to contribute to an understanding of this diffusion in some of the country experiences.
6. In this regard I draw on Singer (2006) and Shragge and Fontan (2000: 1-14).
7. See Quarter (1992), Shragge and Fontan (2000), Bridge, Murtagh and O'Neill (2009), Amin (2009a, 2009b), Mook, Quarter and Ryan (2010a), Mendell (2009), Mendell and Neamtam (2010) and Lasby, Hall and Ventry (2010).
8. See ILO Recommendation 193 on the Promotion of Cooperatives. In treating cooperatives like any other business form, this recommendation has had perverse impacts on a country such as South Africa. For instance, the speedy registration of cooperatives (Section 6a) in South Africa has not provided for proper education and planning, but spurred quantitative cooperative growth with a high failure rate instead.
9. I participated in this conference and observed how the discussion was managed.
10. The academic literature on the neoliberalisation of Europe is vast. However, Gill (2001) provides a novel understanding of the EU's 'lock-in' of market and transnational class power as a 'new constitutionalism'. See also Van Apeldoorn (2001, 2002) and George (2008).

11. Moyo (2009: 115) makes an interesting point about how OECD countries protect their agricultural sectors with subsidies to maintain their strategic autonomy in case of war, but provide 'aid' as a quid pro quo to developing countries.
12. According to Amin (2009a: 8), the nuance around this is the difference between those who read the social economy as three separate systems (public, private and social economy) or as an entity that blurs the distinction between the market, state and third sector.

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Part 1

Conceptual approaches

2

The solidarity economy and social transformation

Michelle Williams

In October 2009, Ebrahim Patel, South Africa's newly appointed Minister of Economic Development, caused a stir by publicly expressing his support for the social economy. Opening an International Labour Organisation (ILO) regional conference on the role of the social economy in Africa's response to the global economic crisis, he declared: 'As we chart a new growth path on the continent, we need not see cooperatives and social economy entities as simply residual absorbers of labour. Instead of limiting their role, enterprises in the social economy can be a leading force for modernising economies and expanding economic development.' He went on to say that the social economy was 'absolutely vital to the recovery of African economies'.

On 12 April 2011, Patel told the South African parliament: 'The key to empowering women, black South Africans, workers, the rural population and young people is to provide them with real economic opportunities – in jobs, access to resources and entrepreneurial opportunities, meaningful self-employment, and through the social economy. This is not an act of charity, but fundamental to sustained growth, to using our wide talent pool fully and to the social solidarity any society requires to prosper.'

His remarks were welcomed by academics, economists, trade unionists and representatives of NGOs in South Africa and elsewhere. They are an important example of the degree to which the social economy has gained significant ground among established economic and political elites in recent years, in response to the growing crisis of

capitalism and the state. Essentially, it forms part of an attempt to show that national development is possible under globalisation (Favreau 2000; Borzaga and Depedri 2009). For example, the French and Belgian governments began talking about the social economy in the 1980s as part of a response to growing (and permanent) unemployment and cuts in social spending (Fontan and Shragge 2000: 5). The EU took up the discussion in the 1990s, and it still continues today.

What is meant by the social economy? What are its characteristics? Who are its proponents? Why has this notion become so popular among governments, businesses and development practitioners? How does it accord with and differ from the solidarity economy? These issues are explored in this chapter. I argue that the social economy is an attempt to ameliorate the negative social effects of market economies in which states have retreated from their social welfare role. I contrast this with the transformative vision of a solidarity economy, which seeks to change the fundamental relations of power in a given economy and society. In short, I argue that the social economy is about social inclusion, and the solidarity economy about social transformation. While I highlight the distinctions between these two notions, they are often complementary as well. It is useful to think of them as located at the opposite ends of a continuum of attempts to meet human needs, with the one end representing working within capitalism, and the other working to transcend it. I begin with a discussion of neoliberalism and its lack of social embeddedness.

Current conditions for the social and solidarity economies

The late twentieth and early twenty-first centuries saw a paradigm shift in relations among the state, economy and society. To understand this shift, we must look at the way in which these three domains have historically related to each other. Nineteenth-century liberal thinkers espoused 'free' markets operating in an autonomous way, unfettered by state regulation or other forms of state intervention¹ (Cangiani 2000: 36). In terminology first coined by the economic historian Karl Polanyi, this envisaged a social order in which economic activity would be socially 'disembedded' (delinked from or unaffected by non-economic processes and institutions).

The instabilities generated by unregulated liberal economic systems eventually led to the establishment of the Bretton Woods system after the Second World War (Polanyi [1944] 1957), which sought to embed the market in society via the key mechanism of capital controls (Helleiner 2000: 4-15). In addition, the Westphalian model of statehood in terms of which sovereign and autonomous nation states engage in international exchanges in order to promote their national interests helped to ensure that capital was rooted within national priorities, thus exhibiting a degree of social embeddedness. Keynes famously captured the new desire to embed the economy in society when he declared that an international economic order had to be built in which finance was the 'servant - not the master - of society' (quoted in Helleiner 2000: 14).

Thus capital controls became the key mechanism for socially embedding the market. They also allowed the Keynesian welfare state to ensure redistribution through the social wage and to maintain policy autonomy, especially in industrial and macroeconomic planning, both of which were crucial for maintaining social stability. The redistribution of wealth through the social wage was an additional mechanism for socially embedding the economy, in which the notion of the welfare state played a central role. However, as Cangiani (2000) explains, while the post-war period of corporatist state institutions reduced the separation between the economic, political and social spheres, market economies remained largely autonomous, and the degree of embeddedness achieved was relatively weak. Nevertheless, the mechanisms of capital controls and welfarist redistribution comprised a significant shift in relations between the state and market from the earlier purely liberal period.

Until the mid-twentieth century, it was generally accepted that states had a role to play in providing social services and in protecting citizens (and society) against the adverse effects of market forces. Throughout much of the mid-twentieth century, states were actively involved in social protection and welfare, the development of national economies (including Soviet-style state planning), and the regulation of markets. While this was happening, states and citizens alike came to accept the predominant role of economic development in promoting

human well-being. Indeed, the 'development' project of the twentieth century was premised on the link between economic growth and social well-being (Sen 1999; ul Haq 1995; Evans 1979, 1995; Gerschenkron 1962; Hirschman 1958). The Global South was expected to adopt the economic prescriptions of the Global North, and states were meant to play a central role in ensuring this. In this model, the economy was meant to be socially embedded via capital controls, taxation and redistribution.

However, the last quarter of the twentieth century saw the resurgence of liberal market ideology in the form of neoliberal global capitalism, which again reduced the role of the state in protecting society against the side-effects of free markets, and thus disembedding the market from social relations. This required the dismantling of the controls over capital established under Bretton Woods, which started in the late 1960s and accelerated after the mid-1970s. By the late 1980s, capital controls had been almost entirely liberalised, creating 'a globally integrated liberal financial system' (Helleiner 2000: 16). States were encouraged – often under severe pressure from international institutions such as the International Monetary Fund and World Bank – to privatise state assets, deregulate markets, dismantle industrial policy and abolish social welfare programmes (Chang 2002; Klein 2007). Markets were meant to be freed from social regulation and the burden of redistribution (Hettne 2000; Bond 2000; Satgar 2008). In other words, the social sphere was subordinated to and placed at the service of economic development, rather than the other way around (Fontan and Shragge 2000: 4).

Yet there is an important difference between nineteenth-century liberalism and twentieth-century neoliberalism in that the earlier liberals strengthened the nation-state by building 'nationally consolidated markets, and national legal-bureaucratic institutions to support these markets' (Helleiner 2000: 25). Thus, when Polanyi ([1944] 1957) wrote that the nation-state was the paramount actor for society to target in its struggles against the market, he was referring to a period in which the state was empowered to play such a role. By contrast, globalised neoliberalism has no commitment to the nation-state as a political-economic institution. Rather, it merely invokes the state as a disciplinary institution increasingly embedded in the market rather than in society.

Moreover, it has de-territorialised capital, breaking the link between national development (and human well-being) and economic growth. The devastating effects of neoliberalism on the global working class and global poor have been well documented. In 2007, sub-Saharan Africa grew by 6.2 per cent, and Latin America by 6 per cent (World Bank 2009: 197). Yet these high levels of growth were accompanied by increasing inequality and growing relative poverty both within and among these and other regions, thus severing the link between national economic growth and human well-being that underpinned the rationale for embedding the market in society.

Under neoliberalism, the market and its effects have been extended to growing areas of social life, including education, health care, security, friendship, and elder and child care, and have even captured natural resources such as water. The market transforms social relations into 'contractual and instrumental' relations, ultimately turning citizens into consumers of public services, education, and so on (Scott 2000: 184). The state's role in this has been paramount. It has increasingly focused its regulatory capacity on creating conducive conditions for market exchange rather than its former social contract role. The state now acts more and more as a disciplinary force in the service of market relations and a technocratic manager of social relations, with little space for the participation of citizens and communities (Chatterjee 2004; Scott 2000; Hart 2013). One of the most important manifestations of this trend is the growing social disembeddedness of the economy. Given the relative success of attempts to embed the economy through redistribution and capital controls in the mid-twentieth century, we must ask how this model came to be dismantled so quickly. I want to suggest that this was possible because, despite these measures, markets were left to generate wealth more or less on their own terms, while the state worked to redistribute this wealth in a limited way in the form of the social wage. Thus capital controls and redistribution were fragile, peripheral and shallow forms of embeddedness that were easily dismantled by the very states that had established them in the first instance. By contrast, a stronger form of embeddedness would entail embedding *actual forms of production*, thus fully integrating economic activity and society.

Nevertheless, by the end of the twentieth century the link between economic growth and human well-being had been severed. Market economies were reified to become ends in themselves. States were reduced to instruments for creating market conditions that favoured corporations rather than people, and maintaining a docile (or at least amenable) working class and population. In other words, with the separation of economics from the political sphere, the role of democracy has withered, and the state has been reduced to playing a disciplinary role in service of the market, rather than a fully fledged social role. Thus Cangiani (2000: 40) notes that ‘the concentration of economic power tends to dominate the whole of society, and in particular to have a direct and growing influence on politics’. As a result, the social pact upon which liberal and welfare capitalism was predicated has lost its legitimacy among the vast majority of people around the world. People no longer believe that states (or economic elites) have their best interests at heart. This has been demonstrated by the social protests over service delivery in South Africa, the Occupy Wall Street movement, the left swing in Latin America, the Wisconsin labour strike and even the Arab Spring (among many other instances and dimensions). These and other developments show that the status quo is no longer hegemonic or legitimate. They also demonstrate that space has been created for new initiatives by communities, and ordinary citizens, to fundamentally restructure power and wealth. I want to discuss the social economy and solidarity economy in this context.

While we may agree that neoliberal capitalism destroys our capacity to lead dignified lives, viable alternatives are far from obvious. Experiences of socialism in the twentieth century have left many people wondering about the virtues of alternatives to capitalism. Indeed, the century is littered with failed experiments to introduce more democratic and egalitarian societies under the socialist banner, notably in Africa, Eastern Europe, the Soviet Union, North Korea and China. In short, both centralised socialist systems and neoliberal capitalism have failed to improve the quality of life of the majority of the world’s populations. However, the demise of Soviet-style socialism and the phenomenal rise of market ideology and its deleterious effects on people and societies have created a new opportunity to rethink old

emancipatory alternatives, and discover new ones. Thus the past two decades have seen a proliferation of voices and movements espousing and demonstrating alternatives to the neoliberal discourse. They range from the World Social Forum, through popular movements for land, housing and social rights, to calls for the democratisation of political and economic power in local communities, the expansion of cooperative forms of production, the explosion of ethical and fair trade markets and the rise of ecologically informed production. Most of these are not systemic challenges to capitalism by themselves, as they depend on and engage with capitalist markets to varying degrees. Yet there are attempts to combine these isolated experiments into more coherent, structured alternatives to the dominant capitalist paradigm.

Many attempts have been made to understand and explain these diverse new trends. In this chapter I look at two attempts to challenge or alter the ways in which the global economy intersects with society: the social economy, and the solidarity economy. I now discuss these concepts, and how they build on and differ from each other.

Ameliorating capitalism: The social economy

The notion of the social economy has a long history that dates back to the mid-eighteenth century with the emergence of the modern state, industrialisation (and the concomitant development of individuals selling their labour in the market), and collective practices associated with religious and secular movements.² Scholars have noted that ‘with the emergence of a market-based economy, the role of the social economy was the defense of and the promotion of collective interests through services related to consumption, savings and credit as well as directly in production’ (Fontan and Shragge 2000: 4; Singer 2006; Restakis 2010). The emphasis at that time was to ensure that the economy served social needs, with the longer-term goal of creating a more egalitarian society. The idea was to have local initiatives with regional and international linkages. Historically, reciprocity and redistribution were key mechanisms for integrating economic activities, and embedding them in society (Hettne 2000: 61). Reciprocity ensured socially embedded forms of economic exchange in small communities,

while redistribution ensured the politically determined distribution of resources in stratified societies. It is this early radical postulation of the social economy as the subordination of the economy to social needs that partly explains why the concept continues to resonate with movements, practitioners and scholars around the world. For many people, the social economy suggests an alternative to the existing economic and social order.

For much of the twentieth century, this concept was eclipsed by that of the social welfare state, and did not resonate strongly with communities. However, it has again gained widespread currency over the past three decades, especially in Canada, Europe (UK, Germany, Italy and Spain) and more recently in South Africa. Its resurgence has been linked to the rise of neoliberalism, which has placed great pressure on social economy enterprises (such as charities and religious bodies), and destabilised the foundations of the social economy. As Hettne (2000: 61) explains, the expansion of the market undermined reciprocity and redistribution, both key early features of the social economy: 'However, as the market principle penetrated all spheres of human activity, thereby eroding social structures, redistribution had to be reinvented in order to provide people with the necessary social protection.' The reinvention of redistribution in the social economy focuses on ameliorative activities and not on the earlier more radical notion of the social economy as the subordination of the economy to social needs. The ILO has also played a key role in promoting the social economy as a means of counteracting the deleterious effects of the market (ILO 2010).

The notion of the social economy has developed very different meanings in different contexts, and often encompasses contradictory visions and practices (see Berlinguer in this volume). For example, in English-speaking Canada, social inclusion under capitalism is regarded as the social economy's primary goal (Mook, Quarter and Ryan 2010), and a wide range of organisations fall under its rubric (Lasby et al. 2010). In French-speaking Canada, on the other hand, the social economy is regarded as a vehicle for social transformation by creating a socially embedded alternative economy (Mendell 2009; Mendell and Neamtan 2010).

This analytical confusion is further exacerbated by the recent emergence of the combined term ‘social-solidarity economy’ in Quebec, Italy and other parts of Europe. For example, the ILO has begun to use this term to encompass the social economy plus elements of solidarity linkages (ILO 2010). This conflation has played into the hands of the neoliberal discourse, which regards the social-solidarity economy as a means of offsetting the negative externalities of neoliberal capitalism (see Satgar this volume). In practice, organisations often combine elements of the social economy and solidarity economy in complex transformative projects, as both seek to prioritise human needs. Indeed, the transformative project of the solidarity economy often overlaps with social economy practices. Nevertheless, while both seek to build local economic and social practices, the solidarity economy diverges from the social economy in that it does so with the long-term goal of providing a basis for transcending capitalism. This transformative vision and practice is fundamental to the solidarity economy. Therefore, it needs to be acknowledged that these concepts are similar in some ways, but differ in others.

The confusion resulting from combining these two concepts turns the tendential and contingent nature of social reality into a rigid conceptual and policy prescription. They refer to different social processes, and can therefore not be easily combined. To add to the confusion, the term ‘third sector’ is often used interchangeably with that of the social economy (Bridge, Murtagh and O’Neill 2009). We must understand the discrete nature of both the social economy and the solidarity economy in order to make sense of complex social reality, and to appreciate that these two approaches to embedding the economy lie at opposite ends of a continuum.

Thus I want to suggest that we disaggregate these various meanings, and define both concepts more clearly. This can be done in terms of four criteria: organisation/practices, vision, social relations and inter-connections with other organisations. Using these four criteria will help us to identify the differences between the social economy and the solidarity economy. Both these notions are concerned with re-embedding the economy into society, but do so in different ways. Besides arguing that their differences should be more clearly delineated,

I also want to suggest that both are vital ways of embedding the economy in social relations in the current context. This will become clearer as we discuss concrete cases, as the two notions often complement one another in practice.

In its most general form, the social economy refers to organisations and enterprises that seek to achieve limited, progressive change within the confines of the current social order by ameliorating the effects of market failure, unemployment and poverty through initiatives that target particular problems (such as hunger) and/or particular groups (such as training for disabled people). For example, soup kitchens run by churches and other charitable organisations are regarded as an important part of the social economy as they seek to relieve hunger. While this is a significant and valuable activity, it does not address hunger's underlying causes.

Like the mid-twentieth-century attempt to embed the capitalist economy in society through capital controls and redistribution, the social economy seeks to include those who are excluded from the labour market and wider social relations due to the neoliberal restructuring of the global economy and the reduction of state programmes (Fontan and Shragge 2000). In other words, like the earlier attempts to socially embed the market economy, it focuses on dealing with the negative effects of market relations. A crucial difference, however, is that the twentieth-century project had the state at its centre, while the social economy under neoliberalism has voluntary associations at its centre rather than the state. The point here is that the social economy is made up of a plethora of organisations with a clear social mission, namely to alleviate social problems by means of targeted interventions. Building on this, Mook, Quarter and Ryan (2010: 13) define the social economy as:

Social objectives in the mission statement, meaning the organisation was created to meet a social need as expressed in its objectives and including a charitable status and mutual aid for membership;

Social ownership, meaning that the assets belong to no one in the traditional sense but are analogous to a social dividend that is passed from generation to generation;

Volunteer/social participation, meaning that the organisation functions at least in part (for example, its board of directors) on the volunteer contributions of its members and others who engage themselves through the organisation;

Civic engagement, including democratic decision-making, meaning that the organisation serves as a mechanism for people to connect with each other in a positive way.

In this understanding, the social economy comprises two primary types of organisations – non-profit organisations and cooperatives – focusing on the needs of marginalised, excluded communities. While many proponents of the social economy suggest that social ownership and democratic decision-making are among its features, these ideas are often weakly defined in practice. For example, corporations can also be said to embody democratic decision-making, as they are meant to be governed by shareholders who collectively own the company. By contrast, as noted by Mook, Quarter and Ryan (2010: 19), ‘the social economy . . . is a way of recognising that all organisations are part of the economy, and that all share social responsibilities’. In their view, the Canadian Chamber of Commerce, the United Church of Canada, the Canadian Red Cross Society, the University of Alberta and New Dawn Enterprises all share social economy criteria in that they were ‘set up for social purposes, are owned socially rather than in the traditional sense, rely to some extent upon voluntary contributions from members . . . and engage citizens in a positive way’ (2010: 13).

Similarly, Patel’s understanding of the social economy in South Africa as a force with the potential to modernise the economy and boost economic growth, coupled with Black Economic Empowerment as a driving force of economic transformation, places it firmly within the ambit of capitalist relations of production. In other words, it seeks to ensure the redistribution of resources within capitalism, especially along racial lines, but it does not seek to transform the capitalist system.

In practice, the varied types of organisations included in the social economy range across the third sector (non-profits, self-help, mutuals and social purpose groups), the private sector (corporate social

investment instruments) and the public sector (state-supported NGOs). Thus NGOs, community organisations, faith-based organisations, corporates with corporate social investment programmes, cooperatives, public universities and public programmes are different types of organisations engaged in the social economy in various countries. The common denominator is not their organisational structure (that is, democratic decision-making or collective ownership), but their common focus on alleviating social problems. In doing so, they play into the neoliberal notion that the community should assume greater responsibility for its own welfare, thereby allowing the state to retreat from providing social services.

For example, the German agricultural sector largely comprises a dense web of agricultural and banking cooperatives, headed by the Deutscher Genossenschafts Raiffeisen Verband (DGRV), which has about 18 million members in both the agriculture and banking sectors.³ These cooperatives do not see themselves as part of a transformative project, but rather as a democratic organisational form working within the market economy. The DGRV is adamant that its members do not need nor want any special status or particular assistance from government, but rather want to operate competitively within the market economy. It makes its social contribution by paying taxes, amounting to about 3 billion euros in 2008. Its main goal is to provide its members with market access. Indeed, it does not see itself as an alternative to capitalism, but rather as a democratic organisational structure functioning competitively within capitalism. However, it fits in the social economy as it regards its members' needs as one of its primary responsibilities. As a result, the Raiffeisen banks in Germany were not greatly affected by the 2008 economic crisis as they had not been involved in the speculative behaviour that got the conventional commercial banks into trouble. However, its social commitments are limited, as indicated by its aggressive lobbying for agricultural subsidies, including subsidies for green technology for farmers, without considering their impact on Southern farmers. While the DGRV's position on cooperatives is not an alternative, its achievements cannot be underestimated. In sum, the DGRV does not see itself as a social transformer, but has played an important ameliorative role within

capitalism. This corresponds with the understanding of the social economy prevalent in English-speaking Canada.

In sum, the social economy seeks to create a more humane capitalism in which the negative effects of the market are addressed by a range of social programmes administered by various organisations, but does not seek to fundamentally transform social relations. Crucially, it does not emphasise the internal functioning of organisations, but rather defines itself in terms of their goals. As a result, both a cooperative run on democratic lines and a church with a hierarchical management can be seen as belonging to the social economy. An eye clinic run by a Dutch NGO in Ivory Park north of Johannesburg is a good example of a member organisation of the social economy. The clinic provides a much-needed service – which the state does not provide in the area – at a very reasonable price, but does not aspire to transforming power relations in the community, or the way in which the economy and the state operate in it. Consequently, the local councillor gives it a great deal of support as it seeks social amelioration, not social transformation.

Thus the social economy does not challenge existing power relations, or attempt to re-embed the economy in society, but rather focuses on addressing the negative social effects of a disembedded economy. One of the most interesting innovations within the social economy is the concept of social entrepreneurship, which presents entrepreneurship as a vehicle for addressing social problems rather than a simple vehicle for private gain (Schonwald 2012). Ultimately, however, social entrepreneurs pursue the same competitive individualism and profit motive as mainstream capitalist entrepreneurs, thus limiting their transformative potential.

In its early historical incarnation, the social economy was meant to link local initiatives through international networks. This focus has been lost in current practice, which has not fostered connections among various initiatives. Rather the focus has been on starting isolated initiatives that address particular social needs. Many of these initiatives engage the capitalist market very successfully, and do not prioritise relations with other social economy enterprises. For example, many philanthropic feeding schemes do not buy foodstuffs from community-based agricultural cooperatives but rather from the cheapest

sources, often transnational corporations, regardless of their labour practices. In this way, the social economy enmeshes itself in the capitalist economy; indeed, its existence is based on the neoliberal restructuring of the economy and the retreat of the state. The social economy does not see itself as a network (or movement) of alternatives, but rather as a plethora of individual organisations meeting social needs in diverse and disconnected spaces.

Its relations with the state are also interesting. While many social economy initiatives insist on autonomy from the state, in practice many depend on state support for their programmes. For example, in Europe independence from the state is seen as a crucial part of the social economy. This is partly a response to the old left's strategy of state ownership as an instrument for socialising the means of production. Despite the insistence on autonomy from the state, many social enterprises rely on linkages with and funding from government. In Canada, for example, public universities funded by the state are seen as part of the social economy.

The social economy promotes many organisations that address social needs, espouses a vision of social inclusion through ameliorative initiatives, fosters social relations that converge with capitalism, and operates within the market economy without forging linkages among social economy organisations. While it does not seek to transform capitalism, many of its practices and activities converge with and lay the basis for the transformative potential of the solidarity economy. Indeed, the qualitative changes in local communities achieved by the social economy can provide the framework for elaborating norms of cooperation, solidarity, pluralism and horizontalism that are fundamental to the solidarity economy's goal of building socially embedded local economies.

Beyond capitalism: The solidarity economy

In certain respects, the solidarity economy overlaps with the social economy: both are based on organisations with social missions, both meet social needs, and both attempt to embed the economy in society. As noted earlier, they also coexist in hybrid forms in some instances. While important similarities exist, there are crucial differences along

all four criteria outlined above: the organisational form, the vision, social relations and interconnections among organisations. In other words, the underlying dynamics driving the two are different and the nature of the social embeddedness contrasts.

The solidarity economy is a concept that emerged in the 1990s out of the experiences of Latin American movements seeking to create alternative forms of production, consumption and finance from the capitalist economy (Lechat 2009; Singer 2006; see Mance in this volume).⁴ If the social economy's key is redressing social ills through ameliorative initiatives, the solidarity economy can be defined by its transformative vision of society based on democratic self-management, redistribution, solidarity and reciprocity. A crucial difference between the two is their vision of social change. I want to suggest that the solidarity economy is not a blueprint for an alternative society, but rather a series of experiments, becomings, emergent possibilities and prefigurative practices.⁵ There is no end or predefined goal, but rather a continual process of (re)making social relations based on democratic practices, local bottom-up experiments, redistribution, solidarity, interconnections, reciprocity and social justice.

A definitional pillar of the solidarity economy is its transformative vision that moves beyond capitalism. The solidarity economy envisions an alternative society that seeks to overcome capitalism through a democratic, pluralist process of worker and popular control of the means of production, distribution and consumption. Thus, for the solidarity economy, integration of the economy happens in production as well as distribution and consumption and as a result is a much deeper form of embeddedness than the social embeddedness of the social economy. Progressive NGOs form part of the solidarity economy, not simply because they provide a social service, but rather because they contribute to creating an alternative, anti-capitalist economy based on social needs. Faith-based organisations that provide soup kitchens, on the other hand, are not automatically part of the solidarity economy as they do not seek social transformation, but rather focus on alleviating dire conditions created by neoliberal capitalism. Yet, faith-based organisations that envision transformative relations by assisting agricultural cooperatives in creating forward and backward

linkages to other cooperatives (that is, procuring from cooperatives, selling in consumer cooperatives) do form part of the solidarity economy. As this example illustrates, an important part of the solidarity economy is a transformative vision and practice that sees self-management, collective ownership and bottom-up processes led by ordinary people as fundamental principles to building the solidarity economy (see Mance, Satgar and Bennie in this volume). The deep connection to social needs in this process ensures that the economy develops in society, not autonomously from it. The point is that the solidarity economy looks beyond market and individual interests as valid regulatory systems of production, distribution and consumption, and seeks to create alternative local and broader economies that are driven by people's needs and places people at the centre. Central to this is a new understanding of creative labour; Wainwright's (in this volume) vision of creative labour as part of the commons exemplifies the way in which labour needs to be reconceptualised to capture the possibilities inherent in the solidarity economy.

Related to this alternative vision are certain internal organisational principles, and new forms of social relations (see Esteves on Brazil in this volume). The solidarity economy prioritises democratic ownership and decision-making, social equity, solidarity, ecological sustainability and the inclusion of socially excluded groups. Rather than a single model, it encompasses a series of innovative experiments and variations rooted in local conditions. For some cooperatives, horizontal decision-making involving all members is a regular occurrence (daily or weekly), while for others horizontal decision-making involving all members on a daily basis is impossible given their size, complexity and/or geographical space.

For example, the Uralungal Labour Contract Cooperative in Kerala, India, prioritises democratic practices, community upliftment, the inclusion of women and members of lower castes as well as ecological sustainability.⁶ It is 85 years old, has 2 000 members, and builds large infrastructural projects (for example, roads, bridges and building complexes). It produces its own food on rehabilitated plantations (it provides breakfast and lunch free to members, and the farmers and cooks are also members of the cooperative), promotes women to

skilled engineering and planning positions (which are usually male-dominated), and challenges traditions of caste and privilege (it started as an anti-caste initiative). It banks with the local cooperative bank, as do all its members. Despite its size, it continues to practice participatory democracy as far as this is possible. It has decentralised many decisions to site committees at every construction site; these committees are in charge of construction projects, and manage them via daily meetings with all members working on the site. The site committees elect representatives who attend daily meetings at the head office with all the other site leaders as well as the board. A new site committee is established for every new construction project. This structure has allowed members to make decisions about the day-to-day running of the cooperative, and the way in which work is organised. It also facilitates coordination across sites and within the entire cooperative, and ensures that members are involved in the broader issues of the cooperative on a regular basis. The fact that new site committees are formed for every project ensures that all members play a range of roles within the cooperative. Moreover, the commitment to democracy both within the labour process as well as in managing the cooperative exemplifies the organisational principles of the solidarity economy. Indeed, as Satgar (in this volume) and Singer (2006) suggest, worker-owned cooperatives are one of the most important expressions of the solidarity economy. Uralungal demonstrates one cooperative's continued commitment to democratic practices, as well as its innovation in doing so.

The solidarity economy also challenges concentrations of power and wealth, and aspires to challenge the culture of possessive individualism dominant in capitalism. In its stead, it espouses a culture of solidarity, caring and sharing. As Esteves explains: '[The solidarity economy] defends a strategy of popular education focused on the development of empowered subjectivities, with the purpose of promoting sociocultural change' (Esteves n.d.: 5). The Brazilian experience also demonstrates that the solidarity economy is not simply a response to poverty and unemployment, but also forms part of a larger critique of capitalism, patriarchy and western rationalism, and results from popular education and the socio-economic organisation

of the poor and middle classes. This multi-class dimension is a vital part of its attempt to create alternative cultural spaces and healthier communities based on local economies. It is not simply an alternative economic system, but also aspires to creating alternative cultural spaces, empowered individuals and new social relations. Indeed, a culture that values people over profits, solidarity over individualism and cooperation over competition and nurtures and empowers individuals are the *sine qua non* of the solidarity economy.

In short, organisations within the solidarity economy (such as cooperatives) look beyond economic growth towards democratic participation; ecological sustainability; social, gender and racial equity; and international solidarity (de Sousa Santos and Rodriguez-Garavito 2006: xxi; Restakis 2010). The solidarity economy is more than production. It seeks to create a new culture, foster new consumer attitudes, change the way in which the financial sector is regulated, alter the way in which political power is structured and exercised, and create sustainable relations between human activity and the natural environment. Ultimately, it tries to build an ethos of reciprocity, redistribution and engaged citizenship (Arruda 2006: 65–6, in Esteves n.d.: 11). In other words, the solidarity economy is more than an answer to unemployment and poverty. It is a new way of life, a new way of organising production, and a new economy.

The Venezuelan cooperative movement Cecosesola is perhaps the best current example of the importance of creating an alternative value system.⁷ Cecosesola (Coperativa Central de Servicios Sociales del Estado Lara) is an association of cooperatives in Barquisimeto, the capital of Lara province, with an emphasis on food and health care. Founded in the 1970s, it has grown from running funeral homes to providing insurance, managing clinics and organising weekly organic food markets. It currently encompasses a network of about 50 cooperatives with about 20 000 members. Cecosesola itself has about 1 200 full-time worker-owners who earn a living from the cooperative. It holds markets on three days a week where 450 tonnes of fruit and vegetables, sourced from agricultural cooperatives in the regions surrounding Barquisimeto, are sold. The prices are about 30 per cent lower than those at privately operated markets. Cecosesola has also

established a number of other cooperatives – including clinics, laboratories for blood tests, savings and loans institutions, a hospital, insurance providers and other cooperative fairs/markets – and linked them in a network that brings together agricultural cooperatives in the rural areas with urban-based, worker-owned consumer fairs held over weekends.

Cecososola has pioneered a process-centred approach to individual, collective and organisational development based on trust and mutual cooperation. All decisions are made collectively (through an intricate process of small meetings that come together in larger meetings). In the process, it has nurtured a culture of solidarity and trust, self-growth and collective growth, and caring and sharing. As one member has explained, before she joined the cooperative she was not really aware of issues in her community or the world at large. Through her participation in the cooperative she has developed personally, has a much better understanding of the world, and a deeper appreciation of her community, friends and family. She feels as though she belongs and is an integral part of these social relations.⁸ Cecososola members come from middle-class and working-class backgrounds. Some are professionals, while others have few formal skills. This multi-class character is an important dimension of the movement, and enriches it culturally.

The long-term goal of the solidarity economy is to form local, regional and international networks of production, consumption and finance based on popular ownership and control through democratic principles of self-management. Such networks of self-managed units of production, consumer associations and community controlled financial schemes are the cornerstones of the solidarity economy. Yet their concrete manifestations are fluid and varied. The solidarity economy, according to Paul Singer, is a mode of production based on ‘the democratic organisation of production and consumption . . . in which freely associated workers and consumers share in an egalitarian manner the costs and revenue of labour and investment, as well as their rights and duties as members of cooperatives of production and/or consumption’ (Singer 1998: 9, quoted in Esteves n.d.: 8; see also Mance in this volume). It goes beyond isolated cooperatives or

individual social enterprises (such as those in the social economy) to become a movement based on the interconnections among the various solidarity economy actors.

In line with this, Cecosesola has nurtured relations with farmer cooperatives⁹ in the rural areas outside Barquisimeto. These linkages have helped to create an alternative food economy comprising products that are locally produced and consumed, and therefore insulated from wider market forces. For example, during the 2003 Venezuelan food crisis, when many people starved, Barquisimeto was the only region that maintained a degree of food security, largely due to Cecosesola. Cecosesola also illustrates the importance of networks to the solidarity economy, which distinguishes it from the social economy. For example, the Spanish worker cooperative system Mondragon – the largest worker cooperative network in the world – has developed forward, backward and horizontal linkages that create a web of solidarity relations. This dense web has enabled the Mondragon cooperative system to maintain its alternative practices and vision while engaging with the capitalist economy. It is this network (as well as its democratic processes and transformative vision) that locates Mondragon within the solidarity economy.¹⁰ At the same time, it displays elements of the social economy in the way in which it operates within the capitalist economy. As noted earlier, the presence of hybrid elements of the social and solidarity economies is common, but this does not mean that they are identical. While Mondragon does attempt to play an ameliorative role within capitalism, its socially embedded functions of production, finance, distribution and consumption locate it firmly in the realm of the solidarity economy. In this sort of situation, the social and solidarity economies are complementary and facilitate each other.

Ultimately, the solidarity economy seeks to transform society in such a way that it prioritises human development. To this end, the solidarity economy also emphasises emancipatory education about democratic decision-making processes. Democratic practices require that individuals learn to work and engage in new ways (Fontan and Shragge 2000). In most organisations under capitalism, democracy is practised via the delegation of responsibilities, which is a very limited

model. By contrast, the solidarity economy seeks to involve everyone in decision-making, which requires new skills and new learning (Matjan 2000).

Unlike the social economy, which seeks to fill a space left vacant by the state, the solidarity economy is both independent from and connected to the state. Some believe the solidarity economy should seek to transform power relations within the state, while others believe it should engage the state as and when necessary, but should not aspire to transform state power. Relations vary in each national and local context. Ideally, the solidarity economy should seek to force the state to change its role from that of regulating capitalist market relations to one of promoting alternative relations of savings and credit, production and consumption. Thus the state could play a vital role in creating the conditions for an alternative economy. Singer explains that the state is an

institutional steward of self-management practices by promoting public policies to support workers' education and technical assistance projects by labour unions, universities and research centers that collaborate with the labour movement, as well as regulations that promote their democratic and participatory management within workers' cooperatives, as well as their sustainable integration in the formal market (Singer 2002: 10–11 in Esteves n.d.: 10).

Getting the state to play this role clearly requires engaging with it, and struggling for the creation of new state practices.

To summarise, the solidarity economy seeks to transcend capitalism, and create a new social order. This vision requires solidarity among members of individual enterprises, among enterprises and initiatives, and between them and the community. The solidary economy also promotes collective ownership in order to ensure that assets and resources benefit everyone within a given enterprise and the community at large. Collective ownership also implies self-management, which gives members (women and men) the power to engage in decision-

making on an equal basis, and ensure accountability and responsibility. Self-management requires ongoing education and training. Control of capital is a further defining feature that helps to secure benefits for individual enterprises, the wider solidarity economy and the community. It requires developing mechanisms to build up capital from below and subordinating it to democratic control so that the vision, values and principles of the solidarity economy informs lending practices. Obviously, the solidarity economy is not just a structuralist approach to change, but is also deeply embedded in human relations. Thus human-centred values are vital in promoting human well-being, cooperation, trust, reciprocity and redistribution as well as an ethic of social justice.

The solidarity economy also promotes eco-centric practice involving a non-destructive relationship with nature in terms of inputs, production processes, services, consumption and household practices. It also shifts the emphasis from individual benefits to community benefits, which encourages organisations to be embedded within their communities, and promotes a broader social awareness of the solidarity economy. Underpinning the solidarity economy is a commitment to participatory democracy, which provides the institutional practice for empowering individuals. Finally, it seeks to develop networks of solidarity economy enterprises that trade with each other, engage in collective action, and promote an anti-capitalist vision (COPAC 2010).

In sum, the solidarity economy comprises a wide range of experimental enterprises and initiatives that are people-centred, work from the bottom up, and are anti-capitalist in the long term. It does not comprise a single blueprint or rigid model, but many types of radical alternatives with concrete potentials. Elements of the solidarity economy are practised in Brazil, North Hessen in Germany, Quebec in Canada, Kerala in India, Mondragon in Spain, and Emilio Romagno and Trentino in Italy. All these experiments seek to develop alternative economic relations that subordinate the economy to social needs. Some believe in delinking from the capitalist market; others see the market as the only way to survive under current conditions, but retain the goal of creating a different economy and society.

Conclusion

The social economy and solidarity economy have gained currency as a result of the growing crises of capitalism, the state and ecology. I have defined the social economy in terms of four criteria: vision, organisation, social relations and networks. It attempts to alleviate social problems, and provides targeted interventions that directly address social issues. It does not attempt to create emancipatory alternatives beyond current social relations, nor does it threaten political or economic power, or the distribution of wealth. In other words, the social economy does not represent a new approach to organising the economy, polity or society, but rather tries to ensure that social needs are addressed within the ambit of capitalist social relations. As a result, social embeddedness under the social economy is relatively weak, similar to the mid-twentieth-century attempts to ameliorate the negative effects of market forces on society. Nevertheless, it has an important role to play in that it helps to counteract the pernicious effects of markets under current circumstances (by providing social services that the market cannot or will not provide). It brings a more humane dimension to the negative externalities of market forces.

By contrast, the solidarity economy opposes capitalism, and seeks an economic and social transformation that prioritises people and nature. It is based on values and principles of solidarity, cooperation, democratic decision-making, collective ownership, bottom-up processes, caring and sharing, and networks among organisations. It is a movement, a network of networks, that seeks to create a new way of life based on human dignity. It is an emancipatory vision that is constantly energised through its link with praxis. This vision is about engendering emancipatory utopian breakthroughs that educate, inspire and contribute to critical mass movements as horizons for transformation are broadened from below. Neither embedded Keynesian liberal capitalism nor neoliberal capitalism can achieve the degree of social embeddedness envisaged by the solidarity economy, which has implications for a transition from capitalism to a solidarity society, in which the economy and the state would be subordinated to the needs of humanity and nature.

Notes

1. Polanyi ([1944] 1957) has taught us that the notion of minimal state intervention in market economies is a myth, as high levels of state intervention is needed to establish and maintain 'free' markets. The point here, however, is that the liberals sought the separation of the economy from society, and used the state to achieve this.
2. The practices of solidarity, reciprocity, collective ownership and meeting social needs are as old as human society. While they are re-emerging in new ways, based on new conditions, the practices themselves are part of human history.
3. This information is drawn from field work in Germany in 2009.
4. This information is partly drawn from field work in Brazil, Venezuela and Argentina in 2008. In Brazil we conducted nineteen interviews, including interviews with two members of the Solidarity Economy Forum, and visited four cooperatives. In Argentina, we conducted 22 interviews and visited seven cooperatives. In Venezuela we conducted 27 interviews and visited ten cooperatives.
5. This understanding - which reflects the ability of the solidarity economy to adapt to diverse conditions and settings - contrasts with the common understanding of solidarity as based on common interests (for example, the solidarity found in trade unions). For a discussion of solidarity in trade unions, see Hyman (2011).
6. The information on Uralungal is drawn from field work in Kerala, India, in January 2010. This comprised visiting eight different construction sites, and interviewing fifteen directors and members.
7. This information is from a field research visit in July 2008 and updated by web-based research.
8. Interview, 3 July 2008.
9. These agricultural cooperatives were initiated by liberation theology priests in the 1970s and 1980s. One of the priests still lives and works in the area, and maintains close relations with the cooperatives.
10. This account is based on field work in Mondragon in 2009 and 2010. We visited various cooperatives, and met and interviewed leaders and ordinary members.

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3

Notes for a political economy of creativity and solidarity

Hilary Wainwright

All around us there is talk of crisis: ‘a condition,’ says the dictionary, ‘of instability or danger, leading to a decisive change’. To be able to act in such a context, to find a way out of the danger, to work for a change that will benefit the 99 per cent, we need to stand back and ask: what exactly is in crisis?

There is an asymmetry between the mass of people – that is, creative, knowledgeable human beings – on the one hand, and the financial flows and institutions of our present economic arrangements on the other. Workers or would-be workers face a crisis of livelihood, and of the means to put their capacities to use for the benefit of society. However, there is no doubt that they still have the ability to create, to design and make things, to heal, to invent, to teach, to care, to learn. In that sense, it is not the human capacity to work and thereby to create that is in crisis.

Most obviously it has been a crisis of financial markets, and the institutions that dominate them. But finance is not a world unto itself; it is part of a wider economic and political context, however autonomous its own momentum has seemed to become, and however opaque its workings undoubtedly are. The recent near-implosion of capitalism’s most powerful financial institutions, saved only by unprecedented amounts of public money, has its origins in the political and economic problems facing US-dominated capitalism in the 1970s. On the one hand, the exhaustion of the innovative and hence productive capacities of Fordism led capital away from fixed investment towards the mobility

of finance. On the other hand, the pressures of both military expenditure against the Vietnamese and public spending in response to social unrest led the US president Richard Nixon to instigate an end to the international system of regulation and constraint on the transnational movement of money (Heillener 1994; Sassen 2006).

The lifting of controls over the movement of capital enabled British and American corporations especially, already champing at the bit of post-war controls, to move their funds into financial speculation and out of production, where profit rates had become unacceptably low (Harvey 2005a). In the decades following the breakdown of Bretton Woods, the effective privatisation of money creation, the deregulation of banks, the impact of new technology on the speed and scope of financial transactions, and the vicious spiral of inequality produced a systemic momentum of financial speculation whose exact dynamic few understood (Tett 2009).¹

In this way, capitalism of the late twentieth and early twenty-first century is financialised capitalism. Not only is it unstable, but – as Keynes remarked about an earlier period of financialisation – the move from production to financial speculation strikes ‘a body blow at capitalism because it destroys the psychological equilibrium which permits the perpetuance of unequal rewards . . . The businessman is only tolerable so long as his gains can be held to bear some relation to what, roughly and in some sense, his activities have contributed to society’ (quoted in Backhouse and Bateman 2011).

This chapter starts from the contrast between this impasse of capitalism as a basis for the sustainable organisation of society’s productive capacities and the realisation of the potential of human creativity for the common good. I follow this problem through several levels of analysis. The aim is to prepare the ground for further work on ways out of the crisis by moving towards forms of economic organisation that place human creativity, including a respectful relationship to nature, at their centre.

In this first section, I try to ground this argument in an understanding of at least one of the features of the social democratic order of the post-war years that by the late 1970s had made it so vulnerable

to the forces of financialisation, especially the power of the transnational corporation. My focus is on the understandings of the role of labour in production that underpinned the industrial and political institutions of organised labour at that turning point where neoliberal economics began to take hold. My argument draws largely on recent British history (which was, after all, the incubator of neoliberalism).

Historically, the British labour movement – with its separation of industrial relations and politics producing a narrowly economic view of workers' role in production, reinforced with a single-party monopoly of working-class representation – articulated well with the Fordist paradigm of mass production and high levels of standardised productivity in return for high wages that, in turn, underpinned mass consumption. Both the political and industrial wings of the labour movement saw labourers as wage earners whose rights to bargain over the price and conditions of work should be politically guaranteed. The political role of Labour was understood in terms of redistribution to build the welfare state, abjuring, after the infrastructural nationalisations of 1945, any significant intervention in the organisation of production.

However, as the organisational paradigm of Fordist production, mass consumption and a welfare state built around the nuclear family came under the pincer pressure of social movements from below and capital's move away from production and into finance from above, social democracy's narrow conceptions of labour and its role in production proved to be a fatal weakness in its defences against the pressures of the corporate-dominated market. Alternative directions were available in the mid-1970s and early 1980s, the turning point towards neoliberalism. The resistance to Fordist production and a gendered division of labour by the movements for radical democracy – including economic democracy and popular control over state institutions – could, through forms of agency based on different understanding of labour, have provided a more progressive, egalitarian basis for the changes opened up by new information and communication technologies. Instead, much of the innovative dynamic of the radical social and trade union movements ended up as unintended and ambivalent resources for a period of capitalist renewal. Now, as this

credit-driven process of expansion faces crisis, and we are again in a period of flux in which progressive agency could make a difference to social change, it seems an opportune moment to explore an alternative notion of labour as the capacity to create, grounded in new purposes and practices.

The strange death of social democracy

Why were the institutions of the post-war Keynesian and social democratic settlement so easily dismantled, often in spite of widespread popular support for public services and regulation? The British experience especially pushes this question to the fore,² but the destruction globally of what was public or common gives it a wider ambit.

Attempting to answer this question leads me to stress the importance of the creativity of labour, and an approach to political economy that has this creativity at its centre. A full answer must take account of (at the very least) the international repercussions of the collapse of the Soviet Union as well as differing national histories, political institutions, and business and banking structures, including their relations to US-dominated international institutions such as the International Monetary Fund and World Trade Organisation.

An initial response may well be to point to the weakness of the opposition, notably the political successors of those who constructed the post-war order (Ali 2003). It would highlight the way in which parties of the left, predominantly from social democratic traditions, adopted at differing speeds the neoliberal mantras of the superior efficiency of the private sector and capitalist markets, and acquiesced to the threats that investors would flee if more radical, interventionist policies were pursued. This was a process led in the North by 'New' Labour's Tony Blair and later in the South by the ANC's Thabo Mbeki (Panitch and Leys 1997; Bond 2004; Satgar 2008).

This argument, however, does little more than re-describe the problem. One still needs to ask, why? Why were the parties representing working or would-be working people so acquiescent, from the 1970s onwards, in the financialisation of the economy and commodification of society?

A limited conception of labour

This period was one in which the institutions of the post-war settlement faced various crises, and a process of transition to new political and economic arrangements was under way. Different directions were possible and were indeed taken or attempted. In Japan, what became known as 'Toyotism' – as partial attempts were made to emulate it internationally – was one such alternative. Its 'just-in-time' methods of organisation addressed the problems of fluctuating demand, and a consumer shift away from standardised mass production. Its distinctive labour process, based on teams and quality circles, sought to make workers' practical knowledge a source of continual innovation, built into capitalist production. In Japan the context was one in which autonomous trade unions had long been defeated. In Western Europe, where in the late 1960s and most of the 1970s trade unions in many countries were at the height of their strength and self-confidence, other possible directions were being attempted, by organisations of labour themselves in which the creativity of labour was gathered and turned into the basis of alternative strategies and organisational principles through the labour and social movements – both workplace trade unions, and social movements such as the women's movement. They were associated, too, with alternative models of ownership, investment and relations with government and, in different forms, the goal of extending democracy from the political to the economic sphere, a project expressing the popular self-confidence of the time.

The best known of these experiences were the ideas of the left of the Swedish labour movement associated especially with Rudolf Meidner and his proposal for 'Wage Earner Funds' (1993) and those radical industrial strategies associated in the UK with Tony Benn and later Ken Livingstone, and briefly illustrated by the Lucas Aerospace workers' 'Alternative Corporate Plan for Socially Useful Production'³ (Panitch and Leys 1997; Wainwright and Elliott 1982) as well as the 'London Industrial Strategy' (Greater London Council 1985). But these sorts of initiatives could be found across Western Europe.

These examples, all emerging from the late 1960s through to the early 1980s, indicated a potential. As parties allied with the organisations of labour, social democratic parties have potentially had

access to the practical knowledge of how production does and does not work, and how it could work in the future to achieve social and environmental goals. Similarly, they had the support of large numbers of providers and users of public services and therefore sources of know-how about how these services could become more responsive to public needs, including the potential for socially driven economic development.

But instead of seeing these supporters as knowledgeable and creative potential agents of the transformation of the existing economy, the predominant institutional culture of the labour movement has tended to understand them only as voters, sources of funds and carriers of specific issues arising from their interest as wage earners or recipients of welfare provision (Miliband 1961; Minkin 1991; Wainwright 2012). In general, the perspective of the unions mirrored this view with an understanding of their role as being to bargain and campaign over the purpose and use value of labour as well as its price and conditions. This separation of work from politics, union from party, and the non-political nature of workplace relations ran through the institutions of the labour movement. In the boom years of Fordist production it made sense, and was consistent with a factory militancy; workers felt they were indispensable, giving them considerable bargaining power. But as companies, faced with intensified competition, internationalised and/or rationalised production, and moved to regulate the independence of the workforce and threaten closures and redundancies, the limits of 'factory consciousness' and 'official trade unionism' was exposed (Beynon 1984).

At the same time as industrial issues appeared on the political agenda, social democratic parties lacked the institutional and intellectual capacity to realise the potential at their own base to initiate new economic directions, with economic democracy as its driving force.⁴ For the corollary of this limited conception of the role of labour and of citizens more generally was the absence, when the Keynesian, Fordist model hit the rocks, of knowledgeable and potentially powerful allies working on the inside of production towards the shared goal of a democratic and socially just solution. Even where social democratic governments attempted to introduce new industrial strategies, they

depended on the knowledge and judgement of private management to implement them in practice. This helps to explain the vulnerability of social democratic governments to corporate capture, economic blackmail and the pervasive assumption that 'there is no alternative'.

This narrow approach to labour was also evident where utilities, infrastructure and sometimes strategic industries or companies were taken into public ownership. In these cases change tended to be limited to ownership, which helps to explain how weakly they were defended as public organisations. More or less behind the public political stage, the boundaries between the public and the private were constantly contested and often steadily eroded by private business from the moment the foundations of the post-war social state were laid, even though at the same time private business gained considerable benefit from the fact that infrastructure and the health and education of the labour force were provided for by the state. The tendency on the part of political leaders to treat production – be it of goods, infrastructure or services – as a matter only for the professional engineer (mechanical or social) meant that little consideration was given to the practical importance of involving citizens as knowing producers, users or members of society with a vested interest in the social efficiency of those public bodies. As a result, there was no foundation for effective mobilisation to defend and develop these public organisations, among others as a basis for a wider decommodification of the economy.

This restricted conception of labour was not inevitable. A complex of historical factors explains these relationships between politics and production. A general problem is that these parties, and the trade unions with which they were allied, reproduced the separation of politics and economics typical of liberal democracies. They saw themselves as representing labour as a sectoral interest – as wage earners and their families – within more or less existing relationships of production.

Moreover, the reform programmes of these parties were mainly concerned with redistribution through taxation and the welfare state, and full employment through Keynesian demand management. Insofar as industrial strategy was on the agenda, the alliances with labour tended to be corporatist, and nationally negotiated on the basis of the

sectoral interests of labour, rather than with labour, understood as a distinct and creative ally in the productive process at all levels.

There were exceptions, of course, across Europe; in South Africa, with the ANC's and the Congress of South African Trade Union's Reconstruction and Development Programme; and, on a different scale, in Latin America, with Salvador Allende's Socialist Party, the most ambitious attempt yet to challenge corporate power and redirect the economy towards social goals through alliances with a variety of popular economic actors, though mainly with the emphasis on ownership and on new forms of planning and coordination rather than changes to the labour process.⁵ Their defeats, however, make them the exceptions that demonstrate the rule.

These defeats point to the importance of the balance of power between government and private business. But we still need to explore behind this, in the European cases at any rate, and understand a mentality that helps to explain why the leaders of the mass parties of the left did not even try to shift this balance of power by activating and empowering their supporters as knowing and creative producers, or sources of positive counterpower. Two dimensions of dominant thinking in these parties, reproducing wider cultural orthodoxies of the time, were important here.

The first is the predominant view of knowledge that followed the positivist orthodoxy of the time. This is best summed up for our purposes as an understanding of science – both social and natural – as a matter of laws based on regular correlations of events (rather than, say, the identification of mechanisms and underlying structures) and consequently of a kind that could be centralised and codified. In this powerful epistemology, tacit, experiential knowledge, the kind of knowledge that is now recognised as vital to the creative – including scientific and productive – process, had no legitimacy (Bhaskar 2011; Wainwright 1994). This epistemology was directly replicated in the 'scientific management' of F.W. Taylor, whose ideas directly inspired Henry Ford in his design of production. 'Every single act of the workman can be reduced to a science,' remarked Taylor (1911). He went on to define the sphere of management on the basis that 'the development of a science involves the establishment of many rules,

laws and formulae which replace the judgement of the individual'. It was not until the late 1960s that this approach came under serious challenge from business interests as well as the left. Until then, it was the accepted way of making the work process as productive as possible. By the late 1960s, that paradigm had been exhausted.

The second kind of dominant thinking concerned the nature of equality that underlay these parties' conception of the processes of reform. They understood equality as economic and social change that could be delivered to the people by committed experts. Cultural equality was not generally part of their vision (Williams 1961).⁶ Indeed, it would have been deeply out of sync with the Fordist paradigm, with the separation of mind and hand as a central tenet. 'Leave your brain at home' underlay the white-collar versus blue-collar distinction at work, and also middle-income consumption at home. I stress these deeply embedded, materially significant mentalities because the challenge to them in the 1960s and 1970s opened up the possibility, in an ambivalent way, of a new economic paradigm, inspired by a belief in the creativity of labour and its importance.

Vulnerability to corporate power

This is to leap ahead. My purpose at this stage is to emphasise how the absence in social democratic politics of a self-conscious ally on the inside of production contributed to the ease with which, from the 1980s onwards, the corporate drivers of financialisation cut through the system of social provision and protection instituted in the aftermath of the war against fascism. Without such a knowing and organised ally with shared goals active on the inside of both private and public economies, governments of social reform were vulnerable to corporate pressure, and defenceless in the face of the corporate restructuring of production that was central to this process of financialisation.⁷ The growing power and mobility of transnational corporations provided the decisive 'push' factor, pursuing profits across borders, also into expanding financial markets, and fleeing the restraints, pressures and obligations of place (Barnet and Mueller 1974).

Governments of both left and right deferred to corporate power – though they were not without levers to challenge the process had there

been political confidence in a different direction for production. Corporations have to invest somewhere; they also need markets, and depend on governments for infrastructure and even for subsidies. But without a sustained and productive source of power on the inside, the possibilities for deploying these external and national government levers to control this 'meso' level of economic power was limited (Holland 1975; Panitch and Leys 1997).

An economic underpinning for democratic politics

There are lessons to be learnt from this for how we think and organise vis-à-vis production. But these lessons cannot involve a return with hindsight to using the government instruments available in the post-war years, or to many of the forms of trade union organisation that were effective then. State institutions have been dramatically reshaped over the past twenty years throughout the US-dominated world. Behind the dismantling of the welfare state and the marketisation of its material core of public utilities and services lies the way in which corporations, often through consultants of various kinds, have effectively occupied governmental institutions, dramatically and possibly mortally in the US and UK, destroying democratic politics as we have known it (Leys 2002; Crouch 2011; Leys and Slater 2012).

The practical search for forms of political economy that strengthen democratic politics has become urgent, therefore, in the face of economic actors whose power is beyond the reach of liberal democratic institutions alone. This requires a democratisation of democracy. It requires reconfiguring the relationship between politics and economics so that democratic politics is not paralysed by corporate power. Such a goal points to working for a politics embedded in economic relations that, in the words of the first Brazilian solidarity conference, puts 'the whole human being, rather than private capital, at the centre of economic development' (see Mance in this volume). At the root of this must be a conceptualisation of labour – and with it, of knowledge and of equality. This requires a view of labour as other than a mere factor of production, and of workers' creative capacity as other than alienated as a commodity (Lebowitz 2008).

The emphasis on the struggle to overcome alienation and realise human creative potential continues to be fundamental to attempts, old and new, to create democratic, associational alternatives to capitalism. The founding principles of the Mondragon cooperatives, for instance, make this clear when they state that ‘labour is the principal factor for transforming nature, society, and human beings themselves’ (Mondragon 1987). This reconceptualisation of the importance of labour is possible because a new understanding of human creativity has spread in recent decades and is now, for many social, cultural and technological reasons, resurging in new ways, the dynamics of which remain uncertain.

From labour as commodity to labour as a common?

Resistance to alienation takes many forms: from a refusal to work, humour, sabotage and conventional trade unionism to a variety of struggles for and experiments with alternatives in and against the state and market. An alternative conception of labour, as part of a wider alternative economics, will help us to understand and where appropriate generalise from and explore the potential of these scattered experiences, whether in public, private or civil spheres.

Have theoretical tools been developed in other contexts of the search for an alternative socially framed economics that can help with such a rethinking?

Using the framework of the commons

The growing movement of thought and the diverse initiatives around the idea of the commons provide one source of inspiration worth exploring (though not a ready-made framework to be applied in a simplistic way).

The scope of commons thinking has widened tremendously in reaction to the incessant drive to commodify goods that were previously held in common, accessible to all and the responsibility of all. These range from natural resources and services that historically have been taken out of the capitalist market and organised through public or civic organisations, such as health, education, science and, more generally, knowledge (libraries and archives, for example), to the newly created digital commons, under constant threat of new enclosures.

At first sight, labour, understood in terms of the application of the human capacity to create, would seem to be profoundly individual and therefore inimical to organisation as a commons. On further reflection, though, human creativity, with its individual and social dimensions inextricably intertwined, is a distinctive commons that is key to the possibility of a commons-based political economy.

A writer and activist on the commons, Tomasso Fattori, traces the shared characteristics that make the framework of the commons useful for understanding the character of diverse phenomena, without artificially squeezing them into a category implying homogeneity. In an article reflecting on the wider significance of the successful struggle for the referendum vote in Italy to defend water as a commons ('a political and cultural revolution on the commons', as he describes it), Fattori says:

The commons are what is considered essential for life, understood not merely in the biological sense. They are the structures which connect individuals to one another, tangible or intangible elements that we all have in common and which make us members of a society, not isolated entities in competition with each other. Elements that we maintain or reproduce together, according to rules established by the community: an area to be rescued from the decision-making of the post-democratic élite and which needs to be self-governed through forms of participative democracy (2011).

In the light of these reflections, does it make sense, and is it useful, to think of labour as a commons?

Consider the human capacity to create, with Fattori's definition in mind. It is shared by all humanity – indeed, it is what makes us human; it is a powerful social force, a necessary condition of the life of many other commons; and, though individual-centred, also socially shaped. Dependent in good part on the nature of education, culture and the distribution of wealth, it can be nurtured and developed, or suppressed, undeveloped and wasted. It is socially realised (whether or not this distributed potential is achieved depends on the nature of the

social relations of production, communication and distribution), and socially benefited from (who in society benefits from the creativity of others again depends on the economic, political and social relations).

Perhaps we could draw on Marx's contrast between the bee and the architect indirectly to reinforce the point about human creativity as a particular kind of commons. If we were like bees, then we and our product might be part of the natural commons, with beekeepers as its custodians and cultivators. But as the equivalent of architects, with the capacity to imagine and to create according to our imagination, we embody a different kind of commons: the commons of creativity.

Of course, human creativity is not new. But mass awareness – self-awareness and full social recognition – of creativity as a universal potential is the result of the steady, albeit uneven, rise over the past 40 years or so of an insistence, in practice, on cultural equality, besides the long tradition of demands for economic and political equality. Additionally, the widespread transcendence of a dichotomy between individual and collective and the emergence of both a social individualism and an associational understanding of collective organisation has helped to lay the basis of understanding creativity as a commons.

Reclaiming the tradition of Ubuntu

Again, this social individualism is not new. In many ways it is a reconnection, from the circumstances of struggling in and against twenty-first-century capitalism, with the ethical tradition of Ubuntu. 'You are a person because of other people,' as a delegate to the solidarity economy conference that led to this book put it. Or as Archbishop Desmond Tutu explains: 'Ubuntu speaks particularly about the fact that you can't exist as a human being in isolation. It speaks about our interconnectedness' (2000).

By naming this creative capacity, this characteristic of all of humanity, as a commons, and highlighting its social as well as individual character and the associative, social conditions of its realisation, we also lay the basis for reclaiming the products of this capacity. These products include those that in a certain sense have been appropriated by the

state or by capital – such as ‘social capital’ and other forms of ‘free labour’ that are so vital to today’s informational capitalism.

Another implication for our own organisations, political and economic, is the importance of building into them the nurturing and development of this commons. We need to do this in both a prefigurative sense and as an immediate means of strengthening their transformative capacity.

The perspective of labour as a commons opens up ways of seeing and understanding the wider potential of existing practices in the solidarity economy in achieving transformative gains in the broader social, public and private economy. An example here would be the importance of learning through and reflecting on practice; thinking of creativity as a commons leads to asking how we could envisage economic arrangements that build self-development, education, reflection and regeneration into daily life across what is now divided into education, work, consumption and personal life.

Understanding labour and the potential of human creativity as a commons changes our view of employment. We can see this already in practice in parts of the solidarity economy where workers are never seen as ‘redundant’, and the aim is always redeployment and retraining. We also see how the scandalous waste of human creativity now evident in capitalist economies across the world has been a driving motive in the explosion of resistance from 2011 onwards, led often by the young unemployed (Mason 2012).

Human creativity as a commons also points to the importance of thinking at many different levels of economic and social relations, and of interconnecting them. So it leads to asking what institutional conditions for nurturing and realising creativity might mean at a micro level for how enterprises or urban spaces, for example, are organised; what it might mean at a macro level in terms of, for example, a means of livelihood beyond or autonomous from waged labour (what some have called a ‘basic wage’); and what it could mean at a mix of the micro and macro levels – for example, in terms of legislative frameworks for the organisation of time (Coote 2010).

In this way, seeing labour as a commons challenges tendencies towards enterprise or community egoism or atomism (a tendency in

parts of the social economy as well as in capitalist enterprises), and emphasises the importance of solidarity and flows of mutuality between different elements of attempts at a solidarity and commons-based economy. More generally, it provides the basis for a strong antidote to the possessive individualism that has been so rampant in recent years, without counterposing a reified collectivism (Macpherson 1964).

Institutional design

A further tool generated by the idea of human creativity as a commons is the means of institutional flexibility to negotiate and live permanently with the tensions between the collaborative dimension of creativity and the varying necessity for individual autonomy, introversion and self-reflexivity. This flexibility and ability to value the duality of human creativity and therefore social well-being is often missing not only from a statist understanding of socialism but also from many conceptions of collectivity in the labour and cooperative movements.

The creative commons licence is a good illustration of how the dimension of individual creativity (and with it a certain sense of ownership) may be valued and recognised while, at the same time, protecting both the individual and the wider community against the worst consequences of taking a creation out of the commons and into the commodity market (see Berlinguer in this volume).

A combination of these tools could help with institutional design in the solidarity economy, able to deal with a complex of factors. Here I can draw on my own experience of a solidarity economy media enterprise, *Red Pepper* magazine, an institution based on a multiplicity of interconnecting interests. Its organisational design has to recognise diverse sources of support, monetary and in kind, some from organisations and some from individuals, all of whom expect some accountability. It also has to recognise several sources of creativity, the importance of a collaborative editorial process, the dimension of individual decision-making at different levels of the project, and the need for a relatively coherent identity. The notion of creativity as a commons seems key to developing a sufficiently flexible, transparent and constantly negotiable form of governance to deal with this complex combination of interests and imperatives.

The creativity of labour in historical perspective

Before we get carried away with designing – like latter-day Owenites – a system of cooperative labour, we must follow the familiar but wise adage that men and women make their own history but not in conditions of their choosing. What conditions do we inherit that shaped the character and consciousness of the struggle for the realisation of human creativity? In this section I want to situate the changing practical understandings of labour today in the context of a transition opened up by the rebellions of the late 1960s and early 1970s and by the first signs of financialisation, both of which marked and in different ways produced the breakdown of the post-war settlement. I will draw on the work of two political economists whose work is grounded in studies of capitalism in the *longue durée*, namely Carlota Perez and Giovanni Arrighi.

Perez focuses on the relationship between financial cycles and the emergence of what she calls a techno-economic paradigm. Such a paradigm develops through a process of connected innovations leading to a technological revolution that in turn transforms behaviour, activity and organisation across the economy and eventually society, including patterns of consumption, and the resolution of social and environmental challenges (Perez 2003). She does not explicitly discuss the issue of labour or social movements beyond an implied reference to the importance of public pressure on governments. However, the scope of her notion of a techno-economic paradigm provides an excellent framework for developing grounded ideas about the potential of labour as human creativity for a new mode of economic development.

Arrighi, too, has a theory of financial cycles, which concerns the differing institutional and geo-political interrelationships characteristic of each cycle. For the purpose of this chapter, the strength of Arrighi's argument lies in his analysis of the historically varying role of social movements in relation to financial crises. Particularly significant here is his theory of the distinctive importance of the rebellions of the 1960s and 1970s both for the origins of contemporary financialisation and for the irreversible changes in relations between management and labour, men and women, colonised and coloniser (Arrighi 2004; Arrighi and Silver 1999).

Cycles of financial expansion and technological change

Perez understands the present crisis as a phase of financial collapse in the latest of series of recurring cycles of finance-driven expansion based on the installation of a new technology, to be followed by collapse and, finally, government-facilitated renewal through deployment of the new technology. After analysing previous periods of expansion, collapse and renewal, she suggests the likely conditions, drivers and directions of a path out of the present crisis to a new paradigm of sustainable development.

Her central point relevant to this chapter is that we are now in a period not only of financial collapse but also of partially stalled deployment of the new information and communication technologies, because investors on whom growth depends are no longer confident of a sufficient rate of return.⁸ Her explicit challenge to ‘government and to those who can pressure and influence government’ is to create the conditions under which investors would feel more confident about investing in a whole new development model centred on information and communications technology (ICT) and green technologies, thus achieving new levels of sustainable growth. She compares this directly with the post-war combination of meeting social goals and achieving economic growth through private as well as public investment. For example, she describes low-cost Internet access for all as equivalent to electrification and suburbanisation in stimulating demand (as well as facilitating education and ‘intangible’ services). She believes revamping transport, energy and production systems could equal post-war reconstruction in terms of innovation and investment opportunities. And she argues that incorporating millions more people worldwide into sustainable consumption patterns would equal the welfare state and government procurement in terms of demand creation (Perez 2012).

This is a challenging vision, and drawing on it helps us to pitch the discussion about the future of the solidarity economy at a suitably systemic level. Perez’s historical sweep, with its focus on financial cycles and technological change, installation and deployment, leaves open key questions of institutional agency. I am doubtful in particular about the extent to which she looks to government action to enliven and encourage the ‘animal spirits’ of capital as the basis of a transition

towards the sustainable new paradigm. Indeed, the strength of her own analysis of the present highly financialised nature of capital points to the importance of economic agency and power, beyond government, but in some relation to government, to deploy and apply the new technologies to the problems of inequality and climate change. The grounds for looking beyond capital and government are that, while powerful sections of capital tend to put their surpluses on the money markets, certain of being able to make money out of money rather than investing in production, few governments, in Europe at any rate, are willing even to nudge business into taking the risks involved in investing in production (Weldon 2010; Mazzucato 2011).

Even though Perez may be over-optimistic about the potential of capital, encouraged by government, the way in which she poses the economic and environmental challenge in terms of a new techno-economic paradigm is nevertheless pertinent. It indicates the strategic importance of actors engaged in production and in the relationships of consumption and culture that influence production; in other words, the actual developers, producers and creative users – ‘producers’ or ‘prosumers’, as some have described the latter (Bauwens 2012) – of the new technology. This points to the potential of civil society associations and initiatives, organised autonomously from (though often in some relationship to) capital and state, as transformative economic actors. And it includes the (necessarily renovated) organisations of labour in workplaces and among precarious and ‘freelance’ workers.

My argument, building on Arrighi’s analysis of the importance and nature of the social conflict at the origins of the crisis in the 1960s and 1970s, is that as civil society asserts itself consciously as a creative and economic actor, the possibilities open up of economic relationships driven by cooperative creativity, leaving us less dependent on the spirits of the capitalist jungle.

The roots of crisis, the rebellions of labour, and the emergence of civil society as an economic actor

Arrighi argues that the social conflicts of the 1960s and 1970s were decisive in provoking the flight of capital from production to financial markets. The rebellions of these years, he notes, were ‘far more

important than the intensification of inter-capitalist competition' – the key factor producing financial expansion in past periods of transition from one period of global capitalist development and crisis to another (Arrighi and Silver 1999). In other periods, social unrest followed financialisation and collapse, whereas the rebellions of the 1960s and 1970s preceded financialisation. This historical chronology also points to something about the nature of these revolts. They were not responses to the repercussions of capitalist crisis – unemployment, reduced wages, and so on. Rather, they were more the product of increasing and unmet expectations, arising from the promises of the post-war global settlement.

The 1960s civil rights movement in the US inspired, globally, a sense of confidence in refusing injustice and standing up for human dignity. In the factories of the North, the day-to-day struggles of the same decade, in conditions of full employment and buoyant bargaining power, were more fundamentally about who controlled the organisation, pace and discipline of labour than the level of wages. In the wider society, struggles were about making public services respond to social needs that were taking an increasingly diverse and demanding form. This was particularly so as women with a new self-awareness and expanded expectations refused sole responsibility for child-rearing and housework (Rowbotham 2009). On a wider international level, struggles took place over self-government and political equality. All these rebellions in different ways had an impact on profitability, whether in changing the balance of power in production, in strengthening pressures for public spending and more progressive taxation, or in challenging the privileged terms of access to the markets and natural riches of the South.

There was a complex diversity to these struggles; in a sense, this variety was intrinsic to their character. But it does not diminish the importance of the specifics to say that what they had in common, and what made their consciousness historically distinctive, is that they were all conflicts over the assertion of cultural equality. The importance of this, touched on earlier in this chapter, is that whereas most democratic reformers of the twentieth century acted with assumptions of cultural superiority – they, the professionals, the leaders, knew

what was best for the masses – the rebellions of the 1960s and 1970s asserted the deeper equality of each individual, understood socially in terms of the social structures that produced their subordination. This was evident in the inseparability of personal change and social change, in an individualism contingently connected to social liberation. New self-defined subjects – women, blacks, gays, workers – named, investigated and challenged their marginalisation by making changes directly, breaking from subordination in the here and now. The challenges were not only to macro structures of domination but to the micro power relations of everyday life. The struggles for cultural equality were both against the state – in and against the social institutions of the state as well as against the military-industrial complex – and the Fordist corporation.

A corollary of this struggle was an active claim to be subjects, including in economic change, whether as workers; as women; or as black, colonised or any previously marginalised social group (Mamdani 1996). This cultural equality and implied ‘subjecthood’ was not embedded in any lasting economic or political institutions. This made the social and cultural innovations of these decades literally ambivalent in the sense of having the potential to go – at least – two ways (*ambivalence*) in terms of political and economic paths. As a reflective participant observer of the movements of 1968 in Italy has put it: ‘To demolish authority did not automatically mean the liberation of human diversity’ (Tronti 2012). The path chosen depended on developments outside the control of the fragile organisations through which those rebellions, to varying degrees, had an organised expression.

The ambivalence of neoliberal capitalism

The ambivalent fate of the steep rise and pervasive spread of the rebellion against ‘toil’ (in William Morris’s famous distinction between mindless or degrading work and useful labour), and of people’s determination to govern, define and think for themselves, was evident by the end of the 1970s in the open-ended nature of the rebellions. Consider the sphere of production. While, in the big car factories in many parts of the world, workers and their shop floor leaders challenged, ridiculed and destabilised the prerogatives of management,

they rarely overturned them in a thoroughgoing way. In the words of one writer, Huw Beynon, who observed the struggles at Ford Halewood in the UK in a particularly perceptive way, those struggles 'had an enduring, almost endless quality; a refusal to accept hedged by a reluctance to entertain the possibility of things being better' (1984). He adds that 'almost everything in their experience confirms that reluctance'.

Beynon's description captures the combination of workers' rejection of their positions as little more than appendages of machines and the absence of the means to realise the aspirations behind this refusal. Beynon himself documents the limited economic horizons of the trade unions as part of the reason for this absence. His contemporary description of Fordist production and of workers' daily refusal of its imperatives points now, nearly 40 years on, to the need to distinguish two features of what has happened since. The first is the decisive defeat of the historic institutions of the post-war Northern labour movement and the severe weakening of new radical movements; and the second, the deeper changes in consciousness irreversibly produced by the challenges of the late 1960s to the post-war order.

Applying this distinction to production and the role of labour reveals a paradox during the past two decades or so in respect of the restructuring of production, namely that the various post-Fordist production models have been constructed on both 'the defeat of the Fordist worker and on the recognition of the centrality of (an ever intellectualised) living labour within production' (Lazzarato 1996). Mike Cooley, a design engineer at Lucas Aerospace who led one of the few examples of organisation in the UK around an alternative politics of production and a resistance to alienation, reinforces Lazzarato's point about intellectualised 'living labour' from his own direct observation of new management strategies. In a book that provides the background to the 'Alternative Corporate Plan for Socially Useful Production' conceived and promoted by the Lucas Aerospace shop stewards' committee, he describes how management techniques are looking for 'the gold in the workers' mind', to make this tacit knowledge part of the production (or service) process (Cooley and Cooley 1982). In an important sense, management now expects workers to help

coordinate the various functions of production and distribution instead of simply being commanded to perform them. Today's managements want a situation in which the command resides among the workers themselves, and within the coordination process. The old conflicts between labour and capital are not overcome, but re-purposed at a different level involving forms of control that seek to both mobilise and clash with the personality of the worker (Lazzarato 1996; Stewart et al. 2009). The new technologies, after all, provide tools for more comprehensive surveillance as well as for expressive communication.

Lazzarato suggests the concept of 'immaterial labour' to explore these new forms of exploitative relations between labour and capital. It refers in a fairly precise way to two aspects of labour in contemporary capitalism. The first is the changing nature of the production process, and the way in which it tends to depend on cooperation, communication and the circulation of information. The second is the activity that produces the cultural content of a commodity; activities that define fashion, taste, cultural standards and consumer norms. These are not normally considered 'work', thereby blurring the boundaries between consumption and production. Lazzarato is using the concept not simply to describe the activity of highly skilled 'knowledge workers' but to refer to the nature of labour in today's capitalism, including the potential labour of the young unemployed or precarious worker.

The point to reinforce here is that the neoliberal 1980s, 1990s and early twenty-first century were not simply a defeat, a rupture from the 1960s and 1970s. Aspects of the new consciousness generated in those years became a source of innovation and renewal. As capitalism broke out of the regulatory constraints of the post-war years, this consciousness was in effect reproduced, albeit in ways that the rebels of the 1960s and 1970s would not necessarily recognise.⁹ For a period in the 1980s when neoliberal economics were on the rise, capitalist individualism captured that spirit, celebrating it as a new spirit of enterprise (Boltanski and Chapello 2005). Now, however, as capitalism has lost its shine for the aspirant young, both morally and materially, the desire for personal autonomy and meaning is finding expression in a growing and hugely varied civil economy, and a diffuse and often individual or networked entrepreneurialism (Murray 2012; Berlinguer in this volume).

An obvious question flows from this. If the origins of this ambiguous renewal of capitalism lie in significant part in capital's contradictory responses to the struggles of the 1960s and 1970s, underpinned by the financial expansion of recent decades, what are the possibilities – now that these financial conditions are in crisis – for the renewal of the social organisation of labour (understood in the broad terms of applied human creativity) on a non-capitalist basis?

I would add a tentative question, in two parts, which takes us back to the techno-economic paradigm proposed by Perez. First, how far did the creative rebellions of the late 1960s against scientific management in the factories and the uniformity and passivity of mass consumption contribute to the cultural conditions for the initial emergence of the technological innovations that led to the new techno-economic paradigm? And second, to what extent were the changes that contributed to this new paradigm stimulated by the search for meaning and social connectedness, and the radical social movements that first produced the emphases on participation and horizontal ways of organising associated with the new paradigm?

There is considerable evidence that these influences were crucial (Turner 2006). This remains a hypothesis, but it makes intuitive sense on the basis that technological innovations so integrally and uniquely bound up with human intelligence, communicative desire and capacity are likely to be related in some reciprocal – not simplistically causal – way to the explosion of a diffuse and diverse rebellion against authority.

What is certain is that the development of the Internet and the information technology industry centred on California's Silicon Valley depended on and encouraged forms of creativity produced by the counterculture of the late 1960s, autonomous of capital and the state. If this is the case, is it not highly likely that the social actors most able to understand and be enthusiastic about spreading the new techno-economic paradigm are again forces in civil society who are using today's technical and cultural resources to realise their creativity?

What kind of political action can support this process? How can it be framed so that it contributes to resolving the challenges of inequality and the current threats to the environment rather than once again being appropriated by the corporations, albeit corporations of a new kind?

Labour as applied creativity in practice

There is a spreading refusal to accept the limited horizon of labour as a mere ‘factor of production’ – especially, increasingly, a ‘redundant’ or reserve factor of production. There are also many scattered examples of initiatives to act directly to make labour usefully and collaboratively creative. Many arise out of conflict with the consequences of neoliberal capitalism, but envisage a future other than a return to welfare capitalism.

It is perhaps too early to draw many conclusions from these experiences, but I want to end by sketching three distinctive forms that practical attempts to realise human creativity are taking. First, there is the assertion of control over the ‘use value’ of labour in the defence and extension of the decommodified public economy. Second, there are initiatives to realise human creativity in and against the market, on the disputed terrain of decentralised or ‘distributed’ production. And third, there is the application of the thinking behind labour as a commons to the labour of cooperative self-government, challenging the reality of a ‘specialised’ political class. I will sketch some key features of all three, bearing in mind the wider arguments of this chapter about labour, knowledge, production and the relation of production to politics.

Defending and extending the decommodified sphere

Neoliberalism as a political project, an offensive in a class war, had two related priorities: the destruction of organised labour, and the marketisation of any part of the public, decommodified sector that could produce a secure profit (Harvey 2005a). Interestingly, it is where these two priorities overlapped that neoliberal politics has stumbled.

In a strikingly wide range of contexts, across continents South and North, public service workers have resisted privatisation because of the damage this will do to water provision, health, education and other services. In other words, trade unionists have struggled over the use value of their labour, not simply its price. They have organised as citizens and with fellow citizens, not only as wage earners within the confines of the workplace. They have exposed corruption, proposed improvements in mediocre services, and shared their practical

knowledge and creativity in increasing productivity from the point of view of raising public value and maximising public benefit (Hall, Lobina and De la Motte 2005; Novelli 2004; Wainwright 2012; Wahl 2011; Whitfield 2011).

When we consider the context of these struggles, it is worth asking how far and in what way the partially decommodified nature of the public sphere opens up distinct possibilities for the struggle against alienated labour. In principle, I would suggest, this context of employment makes it more possible (than if it was an enterprise in the capitalist market) for workers to express themselves through their work, in the delivery of services to fellow citizens, as knowing, feeling people, rather than simply as workers selling their creativity as if a commodity. Of course, many workers in private, profit-maximising enterprises try to do the same, but the partially decommodified sphere of public services enables this to take place and be struggled for within the proclaimed rationale of the organisation. Realising this possibility has always been a struggle. Few, if any, public sector institutions were designed to realise the creativity of labour in serving their fellow citizens. But when workers have struggled alongside communities against privatisation, this is exactly the possibility that comes to the fore. It is the workers' commitment to this purpose – the potential use value of their labour – that underpins the move from a struggle simply to defend workers' livelihoods to a struggle over a service for the benefit of all.

As far as the organisation of knowledge is concerned, a key dimension of this radical expansion of the trade union role is how it becomes a means of giving confidence and organisational support for workers – and service users – to voice and share their knowledge. The everyday fragmentation of Fordist-style public administration, along with a replication of the alienation characteristic of the private sector, leads workers normally to keep their heads down, and their knowledge to themselves; indeed, they are rarely made aware of the wider significance of their skills, or the information they hold. In effect, in these cases of resistance the union becomes a means of socialising the practical knowledge of its members, and turning this into a source of bargaining power over the future of the service.

In many of these circumstances the sharing of knowledge also involves the knowledge of users and communities – for example, of their underground water systems, of their health needs, of how best to contribute to recycling. Another distinctive feature of successful campaigns for alternatives to privatisation has been trade unions’ willingness to learn the capacity for horizontal organisation – to be one actor among several rather than the controlling force, and nevertheless, given the resources at their disposal, play a distinctive role. The development of this kind of trade unionism, albeit still a minority trend, is an expression in the public sector of the diffuse aspiration for autonomy and meaning, with its ambivalent origins in the 1960s and 1970s, as discussed previously. It is striking that these initiatives attract technical, professional workers to trade unionism on the basis of the public service ethics that drive the campaigns.

In general, these initiatives around the use value of labour and the mobilisation of workers’ knowledge and power to maximise public benefit have arisen in the context of defending the public sector against the corporate search for opportunities to maximise profit. But there are also signs – although still weak and exceptional – of a similar dynamic to extend the public sphere of production. These can be found, for example, in the context of action to achieve the shift away from a fossil fuel-based economy to counter climate change, where public concern is introducing pressures for a social and environmental logic to apply throughout the energy and energy-related industries (Jackson 2009).

In some contexts, among them South Africa, there are trade unions with active traditions of engagement with issues concerning the use value, purpose and social context of their members’ work – an engagement that they pursue through their bargaining strategies, and not only through wider political campaigning. Here again, as with union initiatives to defend public services with plans for reform, the role of the union in the workplace is a crucial means of organising the knowledge necessary to achieve the shift towards renewable energy. The National Union of Metal Workers of South Africa (NUMSA), a union committed to working for a socially owned renewable energy sector, has created research and development groups with shop stewards

(workplace leaders) in energy-related companies, including the factories where solar water heaters and small wind turbines are manufactured. This serves as a basis for organising workers' knowledge, and for bargaining strategies to implement its commitment. Moreover, like the way in which trade unions have supported citizens' campaigns around public services, NUMSA works with a wide range of social and community movements, especially around the theme of 'jobs from climate change' (One Million Climate Jobs Campaign 2011).

Creativity and solidarity in and against the market

The second sphere of struggle against the alienation of labour, namely commercial initiatives to labour for a social purpose – in an uneasy relationship with the capitalist market – as part of the market but with goals that go beyond it, is as old as the emergence of capitalism. It involves enterprises entering the market with social goals, either in terms of the purposes of their production or services, the way they are organised, and/or the way they are owned or financed. Enterprises of this kind have existed throughout the past century in a variety of forms – including the cooperative movement, mutuals and not-for-profit companies – which have until recently been marginalised and sometimes corrupted.

The social goals of these kinds of enterprises have been under relentless pressure from the tendencies of the capitalist market towards centralisation and concentration, and the emphasis on economies of scale in both market and state. A part of the transition pointed to earlier in this chapter has involved a distinct trend, visible across the economy, towards decentralised, distributed production that creates potentially favourable – but also ambivalent – conditions for socially purposeful and even transformative enterprises, or enterprises associated with movements for social change, to grow once again.

The tendencies of capitalist markets towards concentration and centralisation have not suddenly abated. On the contrary, in terms of finance and also contracts with the public sector, to cite but two key areas, the tendencies towards monopoly continue apace. But energy and resource scarcity, the opportunities for new markets in diversified niche products, and the lowering of set-up, coordination and transaction

costs resulting from the ICT revolution have all meant that decentralised production units are generally the most economical. The emphasis in business is now on systems and networks (Bauwens 2012; Castells 2000; Benkler 2006; Berlinguer in this volume). This context of distributed or decentralised production is, as many have pointed out, a disputed terrain, marked by a division that can be crudely described as between contexts where control is firmly vested with companies driven by profit on the one hand, and those forms of coordination where community or social values predominate on the other. This contested terrain is also evident in the subcontracting of public services to competing companies, including parts of the public sector itself, transformative solidarity enterprises or apolitical non-profit companies of various kinds, as well as profit-seeking corporations. Here a variety of experiments are under way involving new and hesitant alliances between parts of the solidarity economy, trade unions and municipalities to effectively recreate a chain of public or social value¹⁰ (Wright 2010; Murray 2012; Wainwright 2012).

The conflict is most significant in the sphere of immaterial production, where companies such as Google and Facebook use business models that do not return value to those who create it, while productive users or 'producers' create value in a shared innovation commons of knowledge, code or design (Bauwens 2012). Experimental forms of production and design are now being developed that apply many of the principles, including new institutional design, from this sphere of immaterial commons production to manufacturing. An example of this is Marcin Jakubowsky's Open Source Ecology Project (Bauwens 2012; see also www.opensourceecology.org).

The final feature of the context for this sphere of labour as a commons in and against the market is the way in which the financial crisis has led to widespread interest in the sustainability of mutual and peer-to-peer models of finance. Mutual forms of finance have proved generally more resilient, with peer-to-peer finance on the rise (Haldane 2012). But most important for our argument is that these forms of finance are far more likely to be closely related to production itself and to be more easily subject to democratic control, including responding to the conditions that enable creativity and solidarity to flourish.

Exemplary here is the way in which, in the formative years of the Mondragon federation of cooperatives, the development bank at its heart helped individual cooperatives to flourish at different stages of their development. Another example is the way in which an extensive network of credit unions in Quebec support cooperative and other social enterprises (Murray 2012).

Again, the organisation of knowledge is a central issue. Two dimensions of this are important. The first is a strong and common stress on education, with doing, training and mentoring being built into the culture and regular routine of the enterprise. The growth of enterprises with a transformative or at least vital vision has often involved an associated development of all kinds of collaborative learning, colleges, distance and online learning.

Secondly, a knowledge commons is an increasingly important part of the shared infrastructure of these enterprises, and this includes knowledge about the needs, desires and values of their market. In this sense, the possibilities of networking relationships between users/consumers and producers, which are enabled by the new technology but also have their roots in a critical consumer culture, are changing the whole nature of market mechanisms. They make the classical reliance on price as the key signal of market information somewhat out of sync with a reality of complex social information flows. Are we seeing here the emergence of decentralised planning, alongside distributed production, and with it enhanced possibilities for a democratic socialising of the market without a centralised planning system? The organisation of knowledge is central to such possibilities.

The creative labour of politics?

Pursuing the thread of creative labour into the sphere of political change, the movements of recent years have in practice been challenging politics as a specialist profession, the basis of the political class 'above' society. The process by which politics has become a specialised form of managerial and media-centred labour in recent decades is closely associated with the corporate takeover of politics described in the introduction. As this exhaustion of existing representative forms of democracy has become more and more visible, more hollowed out

both by the pressures of the market and the opaque nature of international governance, people working for social change have increasingly abandoned strategies reliant on organising through political parties, demanding simply that governments act on their behalf. Instead they are applying human creativity to daily forms of self-government, collaborating to find solutions to urgent social and environmental needs, or at least to illustrate a direction for the democratisation of democracy. They are also taking direct action to influence public opinion through symbolic action around a clear and strategic message, thus seeking to influence the mainstream political agenda from beyond, rather than through, the party-political system.¹¹

‘Don’t demand, occupy!’ sums up the ethos, especially since ‘occupy’ does not just imply passive disobedience but action to make something happen, for example setting up a housing co-operative in squatted buildings, keeping open a centre for old people, or setting up a print or food cooperative. Movements like the Brazilian Forum of the Solidarity Economy, politically committed NGOs such as the Cooperative and Policy Alternative Centre, and the recently formed United States Solidarity Economic Network are all instances of this politics by example (Mance, Satgar and Esteves in this volume). It is now a common feature of all kinds of movements, especially those that confront the power of big business, to bring together a combination of educational campaigns and working economic alternatives, plus, sometimes, focused pressure on government.¹²

In this contrast between the activities of the political class and those engaged not simply in protesting but inventing in practice a form of resistance centred on creating alternative solutions – however partial or experimental – we see the contrast between politics as reproduction and politics as transformation. Each makes very different assumptions about the labour of politics and the nature and capacities of citizens. Robert Michels, though writing at the beginning of the twentieth century, described the assumptions that nevertheless underpin the behaviour of today’s political class (1966). He outlined what he believed to be in effect an unavoidable application of scientific management to politics involving a specialised expertise owned by a professional elite who, whatever the formal democratic procedures,

become autonomous from the 'masses'. These are understood as passive in their knowledge, capable of knowing only with which elite their interests lie. Politics is thus in effect the last redoubt of a Fordist methodology, though frequently glossed with post-modern make-believe.

What has happened episodically from the late 1960s onwards is a redefinition of politics through practice, with a challenging of the boundaries between personal and political, politics and economics, the material and the cultural. This process of redefinition has refused to respect the institutions of politics as enclosed, protected and 'above' the rest of society. In a sense, following the metaphor of production, it aspires to overcoming the historic alienation of the capacity for self-government institutionalised in the liberal understanding of representative politics that reduces popular participation to the periodic vote.

The result has been a creative but uneven experience of all kinds of hybrid forms of democracy: participatory combined with representative, and sometimes plebiscitary democracy too. These popular democratic forms, stemming as they do from a belief in the creative capacities of the 99 per cent, have usually been combined with a systematic seriousness about popular education as a foundation for a new politics. What has only rarely been achieved, however, or even experimented with, is underpinning attempts at deeper political democracy with democratic forms of production.¹³

This returns us to the challenge of reconfiguring the relationship between politics and economics so that democratic politics is not paralysed by corporate power. Here lies the political importance of the solidarity economy, not simply as a sector or part of a sector between market and state but as a concept identifying all those struggles and initiatives that move beyond protest and beyond amelioration to demonstrate in practice – and in struggle – the possibility of a mode of production with human creativity and solidarity at its core.

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Notes

1. Moreover, those with the public duty to understand the shortcomings of the financial system, most notably the leadership of the US Federal Reserve, were blinded by a mindset shaped by the assumption that financial markets, as supposedly 'free markets', regulated themselves. In his Congressional Testimony on the reasons for the financial crisis in October 2008, Alan Greenspan, on whose watch as chairman of the Federal Reserve the process of financialisation gathered pace, and a champion of the efficiency and self-correcting characteristic of free market competition, famously admitted that he had made a 'mistake' in assuming that banks would protect their shareholders, and that he had 'found a flaw' in his ideology (Scannell and Reddy 2008).
2. I write one week after the passing of a bill that will provide a legal and institutional framework for the dismantling of the National Health Service, which has been taking place in practice ever since Margaret Thatcher made it her target in the 1980s, in spite of opinion polls indicating overwhelming majorities for keeping the health service public (Leys and Slater 2012).
3. The trade union organisations at Lucas Aerospace responded to the threat of closure and redundancy by involving their members – who were involved in every aspect of production, from the most sophisticated level of the design process to sweeping the floors – in developing a plan to produce socially required products, including productions in the fields of transport, health and energy. This became the focus of a powerful national campaign and bargaining strategy to stop management's plans for closures and 'rationalisation'.
4. The same could be said, on a different basis, of orthodox communist parties whose attitude to production was almost exclusively focused on a change of ownership rather than any change in the nature of the production process itself. Indeed, in the Fordist era, production processes and technologies in Soviet industries emulated those of the west.
5. As is well known, it was swiftly repressed by a notably – but not exceptionally – brutal alliance led by the US government with US corporations and the Chilean military, and became the laboratory of neoliberal shock doctrine (Klein 2007).

6. Discussing in her diary how public institutions should be run, Beatrice Webb summed up this presumption of cultural superiority when she said: 'We have little faith in "the average sensual man". We do not believe that he can do much more than describe his grievances, we do not think he can prescribe his remedies . . . We wish to introduce the professional expert' (quoted in Wright 1979).
7. Indeed, at least in the case of Anglo-Saxon social democracy, the capitalist market became the object of awed defence as the goose whose golden eggs were, moderately, redistributed to sustain the welfare state.
8. Partial, because the new technology markets continue to thrive – witness Apple, Facebook, Google and the whole mobile communications industry.
9. In other words, capital proved far more nimble in finding new ways of both gaining from and containing the new energies and aspirations stimulated by the critical movements of the 1960s and 1970s than parties of the left, for which these movements could have been a force for democratic renewal. This point needs to be made to sharpen the challenge now posed for the solidarity economy.
10. In the UK government's free-for-all over the spoils of the public sector, ministers are playing fast and loose with the concepts of cooperatives and mutuals, hoping to soften the path to privatisation. The extent of corporate capture of the British state, encouraged by both governments of all the main parties, has meant that privatisation has gone far. In opposition to a Tory-led government however, the well-resourced, widely connected cooperative movement working increasingly closely with the trade unions, and increasingly open to collaboration with new environmental and cultural movements, is making it difficult for Tory ministers to raid the lexicon of the libertarian left quite as easily as they expected (Davies n.d.; Whitfield 2011).
11. See, for example, UK Uncut, <http://www.ukuncut.org.uk/>.
12. This could be called 'performative politics' rather than – or as well as – 'participatory politics' because the latter stresses opening up the political system to greater popular participation. The two could be complementary, but whether and in what form has yet to emerge. 'Don't just demand, occupy!' might be a more accurate summation of how this directly creative politics works most effectively in practice (Iannuzzi 2013).
13. Based on a discussion with S. Baerlie, originator of the research and organising group CIDADE, which followed the participatory budget process in Porto Alegre from 1989 to the present, in Manchester in 2005; and a discussion with E. Dagnino, professor of political science at the University of Campinas, Brazil, and an authority on the Brazilian experience of participatory democracy, in London 2012. Indeed, these researchers would

argue that the experience of participatory budgeting in many Brazilian cities has been fundamentally flawed.

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4

The social economy in Italy Limits and possibilities

Marco Berlinguer

Since the 1980s, increasing attention has been paid to a cluster of economic activities commonly referred to as the 'third sector', thus distinguishing it from the public and private sectors. Studies of the third sector have proliferated, and governments all over the world have attempted to introduce third-sector initiatives. However, despite the growing importance attributed to this concept, and many attempts at theorisation and definition (Lohmann and Van Til 1992; Reed and Howe 1999; CNEL 2004), its precise meaning and character remain elusive and indeterminate.

The variation across regions is one indication of this indetermination. At risk of oversimplification, we could say that in the US the third sector is commonly associated with the notion of non-profit, which refers specifically to US traditions of civic association and philanthropy. In Europe, however, it has been associated with the notion of the social economy, with its roots in cooperative and mutualist traditions. These two classifications are not exhaustive, and the borders between them are not easy to draw. Moreover, even these two understandings are not clearly defined, and the relevant terms are used in quite different ways.

Indeed, there are a number of problems around and contrasting views of the use of these and other understandings. Contentious issues include the flexibility with which definitional principles such as democratic governance, autonomy and non-profit are applied; the relevance of informal relations, as a great deal of economic activity

forms part of the 'informal' economy, yet most definitions only refer to formal organisations; and the appropriateness of measuring these activities in conventional ways. Besides the problem of delineating conceptual boundaries and definitional issues, there is also the matter of the wide variety of actors involved in these activities – another consequence of their contradictory and ambiguous sources. Thus, despite efforts to classify the third sector in terms of non-profit activities or the social economy, the variety of practices and blurred boundaries means there is no unified or coherent understanding of what these terms actually mean.

Other chapters in this volume endorse and develop an approach based on the solidarity economy, and aim to illuminate this terrain in various ways. This approach is about exploring the theoretical and political transformation of the economy, state and society through the solidarity economy alternative. I share in this approach, but will engage with it from the standpoint of the limits, contradictions and ambiguities facing the social economy in Italy. The issues I explore requires a redefinition of the social economy, and could lead us beyond it in both conceptual and political terms. At the same time, my analysis serves to enrich and challenge the transformative politics of the solidarity economy. The empirical trends and radical agenda that I posit in the final section – 'unconventional competitive advantage', institutionalising networks and new codes of value – are crucial issues for the transformative politics of the solidarity economy to take on board.

Setting empirical parameters

The empirical trends I draw attention to include a wide range of economic actors and activities that are largely obscured by mainstream hegemonic thinking and institutions. Yet behind this marginalisation lies a characteristic shared by all these activities: they are not captured by mainstream national measurements of economic activity. Third-sector activities are inadequately surveyed by and measured in terms of National Systems of Accounts (NSA) and GDP, the two main forms of representation and measurement of social and economic development, and the predominant basis for macroeconomic analysis,

policy formulation and governance. Both forms of measurement were devised at the beginning of the Keynesian-Fordist capitalist period, which lasted from the 1930s until after the Second World War. Following this track, my main concerns will be twofold.

First, I treat the growth in and expansion of third-sector activities as a marker of a major contemporary change that challenges the understanding of value production inherited from the Keynesian-Fordist framework. In other words, we must expand our notion of 'economy'. In the process, we also have to enlarge the scope of our research beyond the confines of what is normally included in the third sector. To do this, I will show, based on the Italian experience, that we need to encompass a new ecology of forms of production and reproduction, both in its narrower economic meaning and in its broader sense of the production and reproduction of society, which has been emerging for several decades, and continues to grow in importance. This broadening of economic activity places research of the third sector in a wider framework of systemic change.

Second, and related to the previous point, when we talk about the third sector we are dealing with a new family of activities that has yet to be adequately named, recognised and institutionalised. Such a process of classification, however, requires a political and theoretical battle. As it currently stands, as a 'land in the middle', the third sector is assigned contradictory characteristics, especially in relation to states and capitalism. Third-sector activities have to do with a new protagonism of civil society, and with emergent forms of social self-organisation. They do not, however, simply reflect the reality of civil society that is in many ways empowered, autonomous and creative, but also the increasing failures of states and capitalist markets to meet the needs and demands of major social sectors.

These new forms of self-organisation – emanating from autonomous desires as well as necessity – are poised to confront a transformation of states and of capitalism. They are emerging and developing within a changing system of power relations that is less shaped by the integrated hierarchical structures of the Keynesian-Fordist age. They are based, as I will illustrate, on new forms of governance, control and capture involving flows and networks of production that are increasingly

socially diffuse. The battle associated with the growing interest in institutionalising and defining these third-sector activities forms part of this changing system of power relations. Therefore, the investigation of the emergence of new forms of power (and exploitation) is central to policy research, despite the varied understandings, definitions and institutional designs of the third sector.

Questioning the social economy from an Italian perspective

In Italy, as elsewhere, we do not have a clear and shared definition of the activities that constitute the third sector, or an appropriate and consolidated system of statistical and quantitative measurement. But the lack of a system of measurement is also related to the fact that neither the NSA nor GDP adequately grasp the peculiarities of these activities (Monzon and Chaves 2008; Salamon 2010). In the NSA, third-sector activities are either dispersed into other categories (mainly government, corporations or households sectors), and therefore difficult to measure, or are not surveyed at all. Reinforcing this problem is the fact that in many cases these activities overlap with the informal sector and are often very poorly captured by measurements assessing monetary transactions (the only measure that these systems care about).

Not surprisingly, the combination of the growth of (and increased interest in) these activities on the one hand, and the persistent problems of definition and lack of appropriate measurement systems on the other, has led to various institutional initiatives for improving the surveying and quantifying of the third sector. In Italy, two international initiatives are influential. One has been initiated by the Johns Hopkins Center for Civil Society Studies, which influences various initiatives at the level of the UN (Salamon, Sokolowski and List 2003). The other, initiated by the Center of Research and Information on the Public, Social and Cooperative Economy (Monzon and Chaves 2008), is influential at the EU level (Monzon and Chaves 2008).

These two approaches differ in important respects. In simple terms, the Center of Research and Information on the Public, Social and Cooperative Economy (CIRIEC) definition is influenced mainly by the traditional forms of social economy that emerged in the twentieth century (notably cooperatives, mutuals and popular associations), but has been adapted to include new types of institutions

such as foundations and social and/or hybrid enterprises. The Johns Hopkins strategy is largely influenced by the US focus on the non-profit and the voluntary sectors, but excludes cooperatives and mutuals insofar as they permit a partial distribution of profits. Despite these important differences, the two approaches also have important commonalities. Both look for solutions that are easily compatible and operationalisable with existing systems of national accounts, and both have developed useful tools for recognising and measuring specific third-sector activities. However, given constraintss of space, I am concerned mainly with the limits of both these approaches. I will explore these in three main areas.

The first relates to an emphasis shared by all attempts to define the third sector: the need to enlarge our understanding of economic organisations and activities beyond those of the state and private, for-profit companies. In this respect, I intend to demonstrate the need to extend our research to spheres of production and value creation beyond the third sector, and illustrate how challenging questions are emerging in respect of our conventional ways of looking at productive activities. The second area questions the adequacy of frameworks based on historical forms of the social economy, or the non-profit sector. I will argue that both these approaches are internally inconsistent (which most abstract definitions and classifications usually are), and do not help to account for the many contradictory tendencies that characterise third-sector activities. I will provide a brief overview of the main Italian developments in this area. The third area involves the need to frame these activities not in an isolated way, as a sector with its own principles, but rather to situate them within wider systemic changes of which they form part. I will seek to point to ambiguities and ambivalences that characterise the relations between these sectors and new forms of statehood and capitalism. I will elaborate on each of these areas below.

Broadening our understanding of economic activity

Three examples from the Italian experience illustrate the need to broaden our understanding of economic activity beyond the formal, monetised economy. These experiences are similar to those in many

other countries. The first concerns social centres, which are linked to alternative political circles in Italy. Social centres began to emerge in the 1970s and 1980s as spaces of political action occupied mainly by young activists. They also involve cultural, gastronomical, artisanal, educational and commercial activities, which clearly fall in the new wave of the social economy. What I want to highlight here, however, is the role played by social centres in the cultural life of a city such as Rome. In fact, Rome's continued cultural vibrancy is partly attributable to the many 'positive externalities' produced by these centres.

They have been vital hubs of cultural creativity, often well-connected internationally, which have generated new professional skills in many advanced sectors, and have stimulated the city. Their activities have been extremely valuable for Rome, especially its cultural, creative and communications industries. Similar mechanisms have been at work in urban underground groups and the dissident culture of marginalised social groups that have contributed to many cultural industries (Heath and Potter 2006). For example, music, fashion and advertising companies systematically monitor, capture and exploit these autonomous, social forms of creative production.

Very similar logics have been identified in other industries that are highly dependent on innovation, including information and communication technology and biotech in the Bay area of San Francisco, or Italian industrial districts centred on small and medium-sized enterprises (Saba 1997). Studies have demonstrated how innovations in these industries emanate from similar informal environments and the dense, intangible exchanges of information and ideas (Powell 2002).

How do we describe these dynamics of value production and appropriation? How do we measure them? And how do we describe the actors? These questions arise because most of what circulates through these dynamics do so informally (in other words, unmediated by formal organisations), and is often intangible. Most of these flows of cultural social production occur outside of any legal entity, and escape any form of economic recognition and measurement. Therefore, these issues are fundamental to enlarging our understanding of the economy.

Since the 1980s, these unconventional forms of social production have not only been intensively studied by academics, but have also become the centre of attention in the managerial literature dealing with creative and innovative industries, the so-called knowledge economy (Powell 2002; Nonaka and Takeuchi 2007; Torrent-Sellens 2009). More importantly, these forms of social, diffused production, largely occurring outside hierarchical firms or market exchanges, are poorly measured (or not measured at all) by conventional metrics of value production. Yet these knowledge-centred practices have become even more central with the growth of the digital economy (Terranova 2000; Brynjolfsson and Saunders 2009). In the digital economy, most value production, circulation and consumption occur in these ways, and therefore largely evade calculations of GDP (or rather, challenges them since they are substitutes for market forms of production).

The second example of the need to expand our understanding of the economy is that of the digital economy. I will refer to one well-known case, namely Free/Libre and Open Source Software (FLOSS). Italy is not particularly strong in this sector. However, according to some estimates (Picerni and De Rossi 2009), about 6 000 companies and 27 000 people work in the open source software sector, creating value amounting to some 1.4 billion euros a year. These enterprises assume many different legal forms. Many are for-profits; others are cooperatives, associations, foundations and autonomous individual workers. These figures, however, capture little of how these forms of value production work. In fact, all these organisations rely on and contribute to the collaborative development of a common and non-proprietary resource. This resource can be used for a variety of purposes; sometimes it is used to design and sell personalised services; but more often it is just appropriated, reproduced, used or developed further. Indeed, thanks to the Internet, people from all over the world participate in the development of FLOSS programmes.

About two-thirds of this work is done by people working on a voluntary basis (Ghosh 2006) and through unconventional forms of work organisation, usually without formal hierarchical systems or direct monetary incentives (Berlinguer 2010). This whole ecology of actors - voluntary programmers, companies and other kinds of

organisation – collectively produce FLOSS programmes that are placed in the public domain, where they are freely accessible and usable by all. In a concrete sense, we can say that these resources are more ‘public’ than any ‘public service’, although states and public institutions have not played a significant role in their development.

The nature of these activities leads to further questions. How do we classify these enterprises, including the for-profit enterprises? How do we describe this ecology of actors and its processes of production of value? How do we classify the rare combination of collaboration and competition, of sharing and differentiation, that characterise it? How do we measure the value created by a common resource that is mainly accessed and used without any monetary exchange, and is not competitive? Can we continue to rely on the GDP index and on measures based exclusively on monetary incomes, exchanges and consumptions?

The third example is that of social enterprises, as they illustrate the emergence of a new kind of social entrepreneurship (Borzaga, Depedri and Tortia 2010a) as well as new kinds of enterprises designed to deal with new conceptions of value production. An important moment in the development of social enterprises was a 2006 law allowing non-profit organisations to adopt the status of social enterprise. This meant that they produced and exchanged goods and services of social utility, to realise a general interest. The law gave these enterprises a distinctive legal status, subject to three conditions: that they did not make profits; that they provided or exchanged goods of outstanding ethical and social relevance; and that they had a multi-stakeholder governance structure.

These conditions are interesting, for two reasons. First, the criterion for social relevance provides a way of valuing the positive externalities that these enterprises are supposed to produce. Second, the criterion of multi-stakeholder governance reflects innovative ideas of value production. All the actors, including the final users/consumers of the goods/services, have to participate in managing the enterprise. This principle rests on several assumptions. First, it assumes that the non-profit form does not in itself provide protection against self-interested behaviour by the organisation’s management. Second, it recognises

that the end users have experience, capacity and knowledge, which are crucial for the quality of production. In relational services especially, this multi-stakeholder structure is assumed to provide a better way of organising the assets crucial to the success of the enterprise in question. Third, the multi-stakeholder structure is based on the assumption that these enterprises produce and benefit from social capital; that is, an extended network of relationships of closeness, friendship, trust and respect.

Once again, a series of questions arises when we reflect on this distinctive combination of private entrepreneurship, public recognition, social mission, consumers/user involvement in production, and an opening of the managerial structure to broader networks of stakeholders. How do we classify these entities in terms of the private/public dichotomy? What forms of production do they try to develop through their distinctive design?

Together, these three examples refer to two issues. First, our comprehension and institutionalisation of economic activities, dominated as it is by the state/market duopoly, obscures – and devalues – many other activities that produce social and economic value. Second, the social economy – or third sector, however this may be defined – is part of a larger complex of innovative forms of production that have appeared in other productive spheres, and share various characteristics with non-profit organisations. These include, for example, activities that cannot be grasped by the dichotomy of state/market (even though they may have a relationship with either or both); use and produce goods and services that can scarcely be detected and measured by the dominant criteria of value production; are not contained within the formal borders of an individual organisation; and cross and blur the traditional borders between the private and public as well as the economic and social spheres.

The elusiveness of the social economy and the non-profit sector

Italy has an important cooperative tradition that continues to play a vital role in its economy. Cooperatives are active in many economic sectors, and have large market shares in some sectors (including retail, construction and agriculture, social services, education and business

services). As a result, major cooperatives have also grown significantly in recent years.

As in other countries, the Italian cooperative movement originated in the late nineteenth and early twentieth centuries, rooted in popular classes and their political traditions (Borzaga, Depedri and Tortia 2010b). Over the years, it has experienced periods of growth and stagnation. But cooperatives have grown since the 1970s, and at a greater rate, on average, than the economy as a whole. Therefore, they have increased their share of total enterprises, employment and markets.

Their recent growth has been attributed to three factors. First, cooperatives have experimented with organisational innovations and modern managerial practices, both at the level of the individual cooperative as well as in collaboration with others – either in consortia or other cooperative groupings that take on some capitalist features in order to gain access to stock and bond markets. Second, cooperatives have an advantage in sectors where labour is the strategic factor, as in the provision of services. Thus cooperatives have grown most strongly in the health, education and social services sectors. Finally, they have a special ability to be productive under difficult and stressful economic conditions because they focus on job creation and/or the provision of services rather than on profit as a primary goal (Borzaga, Depedri and Tortia 2010a).

The first Eurisce Research Report (Borzaga, Depedri and Tortia 2010b) provides some useful statistics. In 2008, there were 71 578 active cooperatives, which represented 7.5 per cent of all enterprises. Total revenue (not including cooperative banks and other cooperative financial associations) amounted to more than 108 billion euros, representing 3.5 per cent of private sector earnings. Lastly, cooperatives employ about 1 155 000 people, representing nearly 5 per cent of total direct employment.

However, the picture is not entirely rosy. In reality, most cooperatives are weak and very small. For example, in 2008 about half of Italian cooperatives, especially the smaller and younger ones, were only viable because of grants and other forms of external support. They also exhibit two other problematic trends. First, like other labour institutions, many have lost their original spirit, with the bigger

and more competitive cooperatives increasingly taking on the characteristics of capitalist companies. Italian cooperatives are not unique in this regard; this is an international trend resulting from the pressure of increased competition, internationalisation and the related growth in company size. This degeneration is also reflected in the involvement of some of the biggest cooperatives in cases of corruption.

The other negative trend is the growth of false cooperatives, which exist only in a formal or legal sense, and are established to externalise previous employees who are then forced to become autonomous and self-organised entities, exploit workers or gain tax advantages. Taken together, these tendencies have compromised public perceptions of the differences between cooperatives and capitalist businesses. Despite these challenges, new cooperatives continue to be formed in the original spirit of the cooperative movement, and according to its established principles. Moreover, the sector as a whole continues to demonstrate its own distinct priorities (notably the preservation and creation of jobs) and its peculiar economic advantages, especially in the current phase of increasing economic stress.

One consequence of the degeneration of some cooperatives is that the more radical sectors of the social economy, referred to in this volume as the solidarity economy,¹ do not regard traditional cooperatives as part of their search for an alternative economy. Indeed, many supporters of the solidarity economy question the value of the formal legal status of cooperatives, and place greater value on the economic activities undertaken by entities rather than their status or formal structure. One example of this is a recent report on the *altraeconomia*, or alternative economy (Obi-One 2009), which does not consider cooperatives at all, but includes many for-profit companies because of their activities such as recycling, alternative and renewable energies, FLOSS, fair trade and ethical consumption, biological agriculture and responsible tourism.² It could be argued that this is conceptually inconsistent. Nonetheless, the shift in emphasis from structure to activity is real and significant.

Another example of this shift is the *Gruppi di acquisto solidali* (GAS, or Solidarity purchasing groups). GAS forms part of a broader family of initiatives working around critical consumption, inspired by

the idea that change can be brought about in daily life and that consumption can be based on concepts of justice and solidarity. They comprise groups of people who buy together, aiming to 'shorten the chain' between producers and consumers by cutting out intermediaries. The producers they privilege need not be structured in a specific way, or operate on a non-profit basis. Rather, these critical consumers value the direct knowledge of and human relationships among producers and consumers, the sharing of values and aims along the whole chain of production and consumption, the transparency of relationships and the human solidarity that this generates.

If various kinds of divides have appeared within the cooperative world and between cooperatives and the emergent networks of the solidarity economy, the internal divides that characterise the non-profit sector are on an entirely different scale.

Over the past two decades, Italy has passed seven new laws, introducing seven new forms for non-profit entities. Despite all these laws, there is only one comprehensive survey of the non-profit sector, conducted by the Italian National Institute for Statistics (ISTAT) with data from 1999 (ISTAT 2001). According to this survey, there were 235 000 non-profit institutions in Italy in that year, of which 93 per cent were associations. The other types of organisations considered were social cooperatives (2 per cent), committees (2 per cent) and foundations (1 per cent). It was estimated that about four million people worked in this sector, mostly as unpaid staff. Of those, more than three million were volunteers, and almost 600 000 were employed staff. Total revenue in that year was about 38 billion euros. More than half of those organisations were founded after 1990. A 2008 report (CNEL/ISTAT 2008) renamed this whole sphere of economic activity the social economy. It included data on volunteer organisations, but did not add other new data.

Significantly, cooperatives were not included in either the first or second reports. Various questions could be raised about both surveys, including their criteria of inclusion/exclusion, and their measurement of economic activity. Despite their weaknesses, they suggest that Italy, like many other countries, has witnessed a huge growth in non-profit organisations in recent years. This growth continues; preliminary

estimates from ISTAT's second comprehensive survey, which is due to appear in 2013, suggests that the number of non-profit organisations has doubled to 467 729 since its first survey in 2001.

Apart from the huge growth in numbers, the basis on which the activities surveyed were conflated into one category – whether non-profit in the first survey, or the social economy in the second – is unclear. For example, the non-profit sector aggregated in the surveys ranges from very big, hierarchical and (highly formal) non-profit enterprises providing health or educational services in the increasingly diverse Italian welfare system to minuscule associations set up to run a bar by a small group of friends; from giant foundations created out of the privatisation of previously public entities (such as savings banks, social security institutions, lyric theatres, and so on) to alternative associations created to develop international solidarity projects; from organisations of volunteers caring for convicted or sick people to non-profit entities created by big corporations to elude taxes, engage in public relations, lobby, and so on. It is difficult to identify common characteristics, and distil common principles, from this diverse landscape.

The ambivalent relations with the state and capitalism

Despite its problems, we can identify two important features of the expansion of the third sector. The first is the restructuring of the welfare state and the accompanying trend towards externalising public services in an effort to create a welfare mix (that is, a combination of the first, second and third sectors). This strategy is often justified in terms of increasing quality, efficiency, innovation and flexibility. In reality, it is aimed mainly at cutting costs and reducing public social spending (see Williams in this volume). The second feature emerges from society itself. Non-profit organisations have been an important means of expressing a new and diffuse form of entrepreneurship (whether the product of autonomous desire, or the need to make a living when formal jobs are no longer available). In any case, this has led to a varied range of initiatives whose primary motivations are not to accumulate wealth, but rather to provide people with an opportunity to gain some autonomy and fulfil their aspirations, values, capacities,

curiosity, search for meaning, and so on (and also, if possible, make a living).

The connection between this new entrepreneurship and the retreat of the state is clear. The decline in state intervention and the dismantling of state services has taken place at exactly the moment when new demands and needs have emerged. This has created a space for new civil society initiatives aimed at the self-provision and self-organisation of such services, and/or the creation of innovative methods of production. In this way, new forms of social entrepreneurship emerged that were used and encouraged by later public policies, aimed at involving them in the creation of 'quasi-markets', as well as the outsourcing of and competitive tendering for previously public welfare services.

These ambivalent origins of the growth of the social economy help to explain how it has generated such contradictory interpretations. On the one hand, it has been interpreted as a positive engine of civil self-organisation, and a bearer of desirable social values such as autonomy, creativity, flexibility and a de-bureaucratisation of public services. On the other hand, it has been seen as instrumental rhetoric for a strategy to sell reductions in state welfare, soften the marketisation of public spheres, and reduce the responsibilities and burdens of the state. In line with this, while it has been celebrated as a source of social cohesion, solidarity, social expression and the mobilisation of human motivations beyond the egotistic and self-interested values dominant in the mainstream, it has also been condemned as an engine of precariousness, new forms of exploitation and self-exploitation, and competition with regular (relatively well-paid, secure and taxed) jobs.

These rival interpretations reveal the ambiguous character of the social economy. It extends into the growing attempts to institutionalise the social economy, including finding a single definition, as well as a quantitative, standardised system of measurement.

These ambiguities are epitomised by the 'Big Society' of Britain's Conservative government. It says its wants to 'empower local people and communities', but slashes grants to voluntary and community organisations. It plans to outsource public services to cooperatives formed by public employees – presented as 'the greatest shift of power

in favour of the workers ever achieved' (H.M. Government 2010: 29) – while planning the biggest cuts in public services in British history.

Interestingly, similar ambiguities surround the failures of the market, notably its growing failure to expand the real economy (as opposed to privileging financial investments) as well as opportunities for employment. As a consequence, younger people have increasingly been forced to invent their own jobs. Non-profit organisations, especially associations and cooperatives, are often the simplest way to organise and initiate these new economic activities. The result is a significant sphere of innovation, experimentation and association – with little to do with capital accumulation – that has proven to be an important incubator of new goods and services, new skills and jobs, new forms of organisation and new styles of consumption. This rich laboratory has been captured, appropriated and developed by more classical forms of capitalist production.

A similar situation exists in respect of outsourcing. Like the state in recent years, large corporations have used outsourcing to create semi-markets; that is, markets in which the purchaser/contractor has a virtual monopoly, and the providers are placed in competition with each other. In Italy, as elsewhere, outsourcing has prompted the growth of diffused, flexible and fluid networks of social entrepreneurs, false autonomous work, false cooperatives and many forms of informal work.

The power relations in both cases are very similar. Devolving work to subcontractors allows corporations to externalise responsibility for organising production, achieve greater flexibility (and therefore the ability to cut or re-programme production), cut costs through the pressure of competitive tendering, and externalise the costs and risks of research and innovation. This approach also encourages clientelist relationships, which are advantageous for the corporations. However, it also leads to increasing precariousness, a loss of social security and protection, lower wages and new forms of exploitation, including self-exploitation. It often makes little difference whether one is an autonomous worker, a small entrepreneur, a member of a cooperative or a person working in the informal economy.

Towards a tentative alternative framework

Let us draw some conclusions. By analysing examples drawn from the Italian experience, we questioned the appropriateness of two main frameworks (at least in Europe and the US) of the social economy and the non-profit sector for framing the ecology of new forms of production. We also questioned the attempt to understand these forms of production as a distinct sector, independent of transformations occurring in states and capitalist markets. Finally, we suggested that it made sense to bring into the picture a larger cluster of activities that are normally not regarded as part of the third sector.

I want to suggest that we should work within another frame of reference that is more explanatory than definitional. It hinges on the proposition that a transition began with the crisis of Keynesian-Fordist capitalism in the 1970s. We can identify three distinct drivers of this transition: the increasing failures and restructuring (and disembedding) of states and capitalist markets; an assertion of an empowered and transformed civil society, expressing new needs and capacities; and growing change in the forms of value production.

These three drivers have interacted in contradictory ways, and are very difficult to disentangle. We have indicated, drawing on the Italian experience, how transformations of the state and market prompted new forms of activity in the social economy. In the case of the state, this comprised job cuts, cuts in services and privatisation. In the case of big corporations, it comprised downsizing, divestment and 'de-marketing' (that is, excluding various groups and needs from the market).

Secondly, both the state and business have either directly encouraged or selectively reintegrated and appropriated the new forms of diffuse social entrepreneurship, due in part to the distinctive advantages they have demonstrated (flexibility, resilience under pressure, reduced costs, innovative capacity, and so on). In the process, the state and capital have created new forms of exploitative power relationships with these emerging forms of social entrepreneurship. This is also evident from the importance and novelty of the growth of new, diffused forms of social entrepreneurship. Indeed, we can say that social, cultural, economic, even technological innovations are

increasingly taking place outside the corporate sector, as well as outside the public entities responsible for promoting innovation.

This brings us to the third driver of the post-1970s economic transition: the change in forms of value production. Consider some of the peculiarities of this diffuse social entrepreneurship. First, in spite of these practices being largely obscured, marginalised and repressed by the dominant political and economic institutional frameworks, they have nevertheless developed and become stronger. Second, their diffusion has often overlapped with and stimulated the emergence of new 'anomalous' forms of organisation of production that are very far removed from the rigid and vertical structures that dominated the Keynesian-Fordist era. Third, much of what happens in these forms of production escapes the measurements of value production introduced at the start of the Keynesian-Fordist period.

We can apply this framework to the crisis that exploded in 2008, and understand it – at least in part – as the combined work of these three forces: the disembedding, outsourcing and restructuring of states and capitalism; growing forms of social self-organisation reliant on flows, resources and exchanges that are informal (that is, external to the formal institutional systems); and the increasingly dysfunctional and arbitrary character of institutional regulation, measurement and the distribution of value production. Furthermore, all three drivers are likely to gain momentum as the economic and financial crisis deepens.

Three strategies for developing a more radical agenda

As noted previously, common to the different approaches to defining the third sector is the recognition that we need to broaden our understanding of 'economy'. Pursuing this train of thought, I will conclude by pointing to three different strategies for research and action. They are not exhaustive, or necessarily the most important. They all draw out the implications of the assumption that new metrics of value have been emerging in the course of the ambiguous processes of the transition we have just sketched. Most importantly, they are all based on actual practices and tendencies. To be clear, they are each ambiguous terrains, best understood as terrains of struggle, where

alternative developments are always exposed to strategies aimed at incorporating and subordinating them.

Exploring new ‘unconventional competitive advantages’

In various ways, the expansion of the social economy as well as the new forms of production we have been exploring (for example, in the creative and cultural industries, new technology sectors, digital economy and networked forms of production), represent a conundrum for the conventional economy. Various explanations have been proposed for the vitality, creativity, resilience and expansive capacity of these new forms of production. Despite being diverse in some respects, they have one thing in common, namely a reliance on resources, motivations, exchanges, forms of compensation, and social validation that are neither measured nor directly commanded through money. This is one of the main reasons why they are so difficult to survey and measure in conventional terms.

They rely on factors such as intrinsic motivation (which allows for voluntary contributions and donations); voluntary and flexible involvement (which implies lower overhead costs and controls); easier informal and open flows of knowledge and information; social capital (relations of trust, and hence a better capacity for cooperation and networking); lower transaction costs (including research and information costs, bargaining costs, and policing and enforcement costs); proximity to end users, thus helping producers to innovate and personalise their services; and organisations based on new levels of informality and decentralisation. Finally, goods and services are produced for their use value under conditions in which the profit motive would inhibit or impede production, and even encourage disinvestment (see for example, Hansmann 1999; Porter and Kramer 2002; Benkler 2006; Bauwens 2006; Carson 2009; Arvidsson 2009; Borzaga, Depedri and Tortia 2010c; Salamon 2010; Becchetti, Castriota and Depedri 2010; Fundación EOI 2010).

The reliance on these sorts of non-monetary flows, resources, motivations and exchanges is an important explanation of the existence, expansion and success of the social economy. In this sense, these peculiarities can be defined as sources of unconventional competitive

advantages, which, under certain conditions, make them more effective than state institutions and capitalist firms and markets. Wikipedia is a prominent example. With its unconventional forms of organisation, and the absence of command and monetary power, it has completely displaced commercial online encyclopedia. There are many other examples. The existence and development of these forms of production demonstrate that we already rely on new metrics of value that the dominant codified measures fail to reflect. If we better understood the workings of these factors and processes, they could be used more systematically to strengthen our capacities to develop alternative, transformational economic forms and projects.

Developing autonomous networks and institutions

One of the inadequacies of conventional systems for measuring value is the reliance on units of measurement represented by individual, isolated and closed firms or organisations. By contrast, the new forms of production often rely on intangible flows that cross over these formal borders. A growing literature on these emergent forms of production frames them as networks (Powell 2002; Castells 2006; Torrent-Sellens 2009). This approach helps us to visualise the intense process of networking in various areas of the alternative economy, such as the networks in the solidarity economy (see Mance, Esteves and Satgar in this volume), or various initiatives by the free culture movements (Berlinguer 2010). In all these processes, what we observe is a complex negotiation around autonomous, self-defined and shared codes of cooperation, exchange and mutual recognition within these networks.

In some cases, these processes rise to the level of self-institutionalisation (for example, through the elaboration of charters of shared principles). One of the most interesting cases is the General Public License created by the Free Software Foundation, which used the Law on Copyright to neutralise the way in which the law functioned. In this way, the General Public License succeeded in shielding an environment within which the FLOSS could develop in a viral way (Bollier 2008), protecting it from proprietary appropriation, and infecting the whole software industry with its liberatory germs.

This strategy of self-institutionalised creativity, working to weld, organise, expand and protect cooperation, is effectively based on alternative metrics of value. This networking can rise to a higher level, encompassing the capacity to interlink, connect and harmonise different networks (for example, the networks of the solidarity economy and those of FLOSS), creating more complex forms of exchange and cooperation as well as larger synergies and externalities.

One example of a terrain where this kind of broader networking and institutional research is taking place is the rediscovery of the commons as a third form (distinct from states and markets) of organisation and institutionalisation of collective action, production and management (see Wainwright in this volume). Over the past decades, such a search has emerged in the practical and theoretical development of alternative forms of economy such as the solidarity economy, the digital and knowledge economy and the ecological economy. This search also involves making visible (and protecting) traditional forms of shared management of common resources that are vital to rural communities throughout the world (Ostrom 1990; Lohmann and Van Til 1992; Benkler 2006; Bollier 2008).

This increasingly collaborative search around the commons, stimulated by the presence of a shared enemy in the new enclosures and forms of commodification, expresses new thinking about economic life and new institutional frameworks for the circuits of social cooperation, production and exchange. At the same time, the decommodified nature as well as the variety of these commons (for example, material and immaterial commons) represent a living source of resistance to any attempt to impose a unique and quantified metric of value. Rather, they point towards the need for a complex regulation of different metrics of value in the search for new socio-economic institutional designs.

Redefining codes of value: The case of GDP

Our society is fundamentally organised on the basis of a capitalist definition of value production, which is in profound crisis. The global financial crisis, the crisis of the international monetary system, the decoupling of growth and social welfare, and various social and ecological

crises are just some of the ways in which the increasing irrationality, arbitrariness, dysfunctionality and corruption of the monetary codes governing our society are manifested. At the same time, we have seen the emergence of new forms of production, involving and depending upon non-monetary measures of value, which pose challenging problems to the existing institutional framework. A systemic change will take place around these tensions, but which kind of change is an open question. One way to approach the systemic change we are immersed in is to frame it as a crisis in the system of value production involving a search for new metrics of value.

What is value? How is it produced? How is it distributed? These are fundamental questions that have been central to the economy and critiques of the economy. Value definition is the most important and complicated social institution, but is also an expression of specific power relations in society. Thus GDP, though presented as a neutral and technical measure, is probably the measure that most forcefully embeds the dominant capitalist code. GDP, along with the NSA, was not only forged in the period in which the Keynesian-Fordist revolution took shape, but has also been a decisive and essential tool for the full and successful deployment of this accumulation regime (Perez 2002).

Critiques of GDP have developed alongside the crisis of the capitalist regime, going back to the 1970s. This critique has been fed mainly by radical social movements: feminism, environmentalism and, more recently, the free culture and solidarity economy movements. Today GDP, a pillar of our societies, is in crisis. Important institutions, such as the OECD and various governments (Stiglitz, Sen and Fitoussi 2009), have begun a process of radical revision aimed at integrating measures of human capital, social capital and natural capital with those covered by GDP. To be sure, the definitions of capital used are a prelude to an attempt to integrate them into a new capitalist monetary metric of value. The broad scope of these undertakings, however, makes clear that what is at stake today is a new definition of value. At stake is the dominant notion of value that will shape our future. This is a crucial struggle for an emancipatory and transformative politics from below.

Conclusion

It is in this broader context of institutional crisis that the ideational elaborations developed over the past decades by various critical movements should find a common terrain of research and understanding of crises, changes, challenges, risks and opportunities. It is in reaching this level that the search for the definition of the social economy should be framed. The empirical realities complicate a simplistic definitional approach, and hence hold out the prospect of taking us beyond the social economy as it has been defined and understood in Italy. Moreover, the analysis and radical agenda I propose are crucial for the solidarity economy to take on board as part of its transformative politics.

Notes

1. In Italy, the terms *altraeconomia*, social economy, and social solidarity economy are used for these more radical variants. However, to avoid confusion, and ensure analytical coherence, I will only use the term solidarity economy. To reiterate, this is not the terminology used in Italy. The Italian experience further highlights the fact that in the messy real world the social and solidarity economies often merge or overlap.
2. The focus on the social content (rather than organisational form) of the *altraeconomia* is similar to the way in which Williams (this volume) defines the social economy.

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Part 2

The solidarity economy in
the United States and Brazil

5

The emergence of the United States Solidarity Economy Network

Ana Margarida Esteves

The solidarity economy movement in the US is a recent phenomenon. While use of this term as a framework for unifying the wide array of people-centred economic concepts and practices started in Canada in the mid- to late 1990s, it only became part of the US lexicon in the mid-2000s (Poirier and Kawano 2009: 145). The US solidarity economy movement took shape with the establishment of the United States Solidarity Economy Network (USSEN) at the first United States Social Forum (USSF), held in Atlanta, Georgia, in June 2007. However, it builds on a broad range of pre-existent economic practices, institutions and policies representing alternatives to capitalist production (Allard 2008b). The environmental crisis and the recurring economic turmoil in recent decades have led to a rising interest in these alternatives.

Like its counterparts around the world, USSEN envisions a transition from a disembedded, finance-driven economy centred on capital accumulation to a post-neoliberal economy that is community-based, needs-centred, non-exploitative and non-competitive. This implies redirecting the focus of economic activity from accumulating capital to nurturing 'supportive, healthy relationships' and human well-being (Matthaei 2009: 309). USSEN promotes these goals by re-embedding production, commercialisation and finance in community dynamics, and reinserting social values into economic life (Swinney 2008). This chapter explores USSEN's role in promoting the solidarity economy. It also maps the movement, reviews its origins and provides insights into

its collaborative strategies. It concludes with a discussion of the challenges facing USSEN, particularly in respect of the emergence of the US Occupy movement.

The financial crisis in the US and the emergence of USSEN

USSEN was founded in 2007, when a financial crisis was looming following more than three decades of economic liberalisation, globalisation and financialisation in response to the crisis of the Fordist system. The oil shock of the early 1970s and the Latin-American debt crisis are understood as two major factors that shook the pillars of Fordism. However, as Wainwright points out in this volume, one must also take into account the role played by the expansion of the mass media and mass education, resulting from a strategy for competitive advantage and economic growth based on scientific and technological development. These factors fuelled human creativity and led to the expansion of a post-materialist and anti-authoritarian consciousness. Such a consciousness, in turn, emphasised the need to reform the state and market in ways that could fulfil increased aspirations for autonomy, creativity and democracy in the workplace and the private sphere. This led to increased pressures on public spending, triggering the risk of higher taxation. It also led to increased pressures for higher wages, as well as better working conditions and increased worker control over the production process. All these factors threatened the capacity of the owners of capital to maximise their returns, leading them to establish alliances with government that enabled them to increase the mobility of capital to maximum advantage. Governments such as those of Richard Nixon and Ronald Reagan started a trend – which continues unabated – of facilitating the shifting of capital away from production to financial speculation, lowering taxation and privatising public companies. This process has been accompanied by mounting public and private debt, as well as high levels of unemployment and labour precarity.

USSEN regards support for solidarity economy initiatives as a way of promoting the transition from capitalism to a post-capitalist economy. While these initiatives are not fully formed utopias, they have the capacity to change the lives of communities, and promote the synergies that support the transformative collective action needed for structural

change. According to Kawano (2009a), one may count initiatives such as community land trusts, community development credit unions and worker cooperatives as strategies for developing healthy local economies, therefore presenting a more sustainable alternative to subprime lending, corporate finance and multinational industries that tend to create offshore jobs and promote social dumping.

The discourse and approach developed by USSEN is less of a structured model than an emerging framework of communicative action based on cooperation/solidarity, reciprocity, participatory democracy, sustainability, equity in all dimensions, pluralism, horizontality and the prioritisation of collective needs over capital accumulation (Matthaei et al. 2008: 109, 119). It includes a plurality of orientations, from reformist perspectives (such as Swinney 2008) to revolutionary approaches based on Marxism, anarchism and community-based participatory democracy (Albert 2003, 2006).¹ These perspectives converge upon a common goal, namely to promote structural transformation by strengthening community ties and transforming economic culture in a way that delinks production from capital. At the heart of this goal is an effort to change the economic imaginary by creating a different set of desires and possibilities in relation to the economy (Cornwell et al. 2009). This implies redefining value and growth and challenging a series of conceptual distinctions characterising the capitalist mindset, such as productive and reproductive work and the public and the private spheres. It also implies challenging the neoliberal idea that the market and politics are two separate realms, since USSEN sees the envisaged economic democratisation as inseparable from participatory democracy, and economic justice as a fundamental aspect of social justice.

Despite this convergence of underlying values and strategies, the reformist and revolutionary perspectives tend to diverge on how they envision a post-capitalist economy, as well as the role of solidarity in the process of transition from capitalism to such a system. The reformist perspective tends to regard the solidarity economy as part of a mixed economy in which community-based solidaristic organisations would exist side by side with public and private market sectors. According to Miller (2009), promoting the expansion of the solidarity economy by

identifying, coordinating and linking solidarity economy initiatives is an important aspect of the process of transition to a mixed economy. By contrast, the revolutionary perspective regards the solidarity economy as the forerunner of a future socialist economy based on direct and participatory democratic governance, as well as an institutional mechanism for the structural transition to such a social model.

USSEN's methodological goals

For USSEN, knowledge generated from practice is just as important as knowledge developed by academics and other specialists. It believes the complementarities between these two kinds of knowledge provide it with the conceptual tools needed for the ideological battle against neoliberalism and the promotion of the solidarity economy. If practice is not guided by theory, it believes, the solidarity economy could end up reinforcing the neoliberal project by providing it with a source of remedial social programmes (see Williams in this volume). In line with this belief, the theory developed by organisations participating in USSEN is based on the practices of worker cooperatives, producers' cooperatives and other solidarity economy-based organisations they work with (Allard 2008a).

At its core, participating organisations promote a social constructivist approach that sees the economy as a discourse and dialogue, and educational processes as a terrain for struggle that is just as important as grassroots organising, economic practice and policy development. They seek to expand the solidarity economy by:

- promoting and publicising the mutual recognition of different kinds of experiences with common underlying characteristics, thus encouraging the convergence of goals as well as new linkages and networks;
- supporting those experiences through capacity-building;
- promoting the replication of best practices; and
- promoting the emergence of a new economic culture as well as worker, producer and consumer identities through participatory processes of knowledge production and education (Matthaei et al. 2008).

This strategy implies fostering collaboration between academics and other technical experts on the one hand, and practitioners of the solidarity economy on the other. This should be done in a way that puts every participant on the same level in terms of shaping processes, regardless of their level of formal education. This happens mainly through the use of participatory methodologies (Matthaei et al. 2008).

The composition of the solidarity economy

While this is still not widely realised, the solidarity economy movement in the US is quite broad and large. According to Poirier and Kawano (2009), while its participants do not always practise exactly the same principles, they are all 'potential partners in the project of building an economy centred on people and planet' (Poirier and Kawano 2009: 178). Examples include:

- Complementary Currency Systems (CCSs), which promote grassroots control of the economy by providing communities with their own financial instruments of exchange and credit. Since the 1970s, the New Economics Institute, known as the E.F. Schumacher Society before partnering with the UK-based New Economics Foundation, has played a leading role in helping communities to create alternative currencies.² Today, there are about 100 community-based CCSs in the US.
- Community Development Financial Institutions (CDFIs), which promote community development in disadvantaged areas. CDFIs emerged nearly three decades ago. Today there are 550, managing more than \$6.5 billion in assets.
- Cooperatives, organisations owned and managed by all their members and involving more than 120 million Americans, either as members or beneficiaries. The cooperative sector manages significant assets; credit unions alone have assets of more than \$600 billion.
- Community Development Corporations (CDCs), which promote economic development at the community level. CDCs emerged from the 1960s Civil Rights Movement and the War on Poverty Program. In 2005, there were more than 4 600 CDCs throughout the US.

- Community Land Trusts (CLTs), which seek to establish and maintain affordable housing, parks and businesses. Another outcome of 1960s activism, there are more than 200 CLTs in the US today.
- Social enterprises,³ which controlled some \$1.6 billion in assets in 2005.
- Community supported agriculture, which started expanding in the US in the mid-1980s in response to research findings about the negative effects of mass agricultural production on human health. Today, there are more than 1 000 community-supported farms in the country.
- Fair Trade, which grew from \$125 million in 2001 to more than \$359 million in the mid-2000s. This sector is expected to expand and diversify substantially in the coming years (Poirier and Kawano 2009: 179).

The solidarity economy in the US has survived and even flourished despite market pressures, being at odds with predominant economic thinking and attacks from the labour movement over the past four decades. It is also marked by a high rate of attrition, given the perennial problems plaguing cooperatives (such as insufficient capital, inadequate membership support, difficulties in improving operations and shortages of business skills), which make them difficult to sustain. However, it is also prolific, creative and adaptable, as new cooperative units have constantly emerged and multiplied despite these inherent difficulties and economic and political pressures.

The origins and development of the solidarity economy

The origins of the solidarity economy movement in the US can be traced back to the advent of intentional utopian communities in the early nineteenth century, as well as developments in the labour movement in the late nineteenth century and mid-twentieth century.

Utopian communities

New Harmony, the first intentional utopian community on US soil, was established by the British social reformer Robert Owen on the Wabash River in western Indiana in 1825. Based on socialist principles,

its members were meant to share both labour and profits on an equal basis. In the same year, Francis Wright established another community based on Owen's principles in Nashoba, Tennessee. It attracted few settlers, and disbanded within a year. New Harmony also did not last long; following the introduction of a written constitution in January 1826, its 1 000 members split up into subcommunities, which eventually disintegrated (Fogarty 1990).

Another important experiment of this kind was Brook Farm, established in West Roxbury, Massachusetts, in 1841, and based on the cultural and spiritual current known as Transcendentalism. Its founders wanted to create an alternative to the capitalist state in which participants could liberate themselves from material hardship and wage slavery by sharing resources, thereby liberating time and energy for intellectual and spiritual pursuits. While the cultural life of the community blossomed, management of its practical matters languished. In 1847, after a major fire the previous year, the farm was sold and the community was disbanded (Shi 2001).

The early nineteenth century also saw the emergence of several secular utopian communities inspired by the ideas of the utopian socialist Charles Fourier. Known as phalanxes, they were promoted by Arthur Brisbane, who hoped that they would complete what he regarded as the unfinished revolution of 1776 by ending wage slavery. By the 1840s, Brisbane and his disciples had founded more than 100 phalanxes across the country, from New York to Texas. In 1895 Julius A. Wayland, publisher of the socialist newspaper *The Coming Nation*, created an utopian community outside Nashville in Tennessee, aimed at encouraging collaboration between socialist intellectuals, poor farmers and middle-class urbanites. Most of these communities were short-lived. By the 1930s a few intentional utopian communities still existed, but were relatively small, and had little influence (Fogarty 1990).

In the mid- to late twentieth century the US experienced a resurgence of utopian communities as a result of the youth counterculture of the 1960s and 1970s as well as the ecological crisis due to global warming, environmental degradation and the decrease in the general accessibility of healthy and affordable food products resulting from the industrialisation of farming and fisheries. Most of those communities had

similar values to those established in the nineteenth and early twentieth centuries. Like their antecedents, many disappeared a few years after their formation, mainly due to management problems caused by the challenge of becoming self-sufficient while being run along communal or socialist lines in a capitalist economy. However, some of them, such as the Farm Ecovillage established in Summertown, Tennessee, in 1971, are still operating. The village has managed to survive without compromising its core principles by providing educational services such as permaculture certification, environmental education and ecological building programmes.⁴

Developments in the labour movement

Two developments in the labour movement contributed to the emergence of the solidarity economy in the US. The first is credit unionism, which expanded significantly in the late 1800s and early 1900s and is still a significant force in the financial sector. In 2008 there were 10 000 credit unions in the US with more than 78 million members, which is more than 40 per cent of the economically active population (Poirier and Kawano 2009: 151). Despite the strength of this sector, credit unions have gradually been delinked from the labour movement, and many credit unions have been converted into banks. These conversions have generally been initiated by managers rather than rank-and-file members, and have become controversial as they have tended to enrich directors and executives at the expense of rank-and-file members.⁵ Comparisons of interest rates show that credit unions that have been converted into banks end up charging their members more for loans and paying them less for savings (Heinrich and Kashian 2008). As a result, members of at least six credit unions have organised to oppose conversion proposals on the grounds that this would enrich managers at the expense of members. They point out that while insiders have made windfall profits, most members have lost their ownership stake without compensation, and face worse rates and fees after the conversion. Member groups have included the Save Columbia Credit Union, the Save First Basin Credit Union and DFCU Owners United.

The second labour movement initiative that contributed to the emergence of the solidarity economy was the promotion in the mid-

twentieth century of worker cooperatives, mutual aid societies and free schools as responses to class exploitation within the framework of Fordism (Poirier and Kawano 2009). However, the rise of economic globalisation and the financialisation of the US economy in the late twentieth century resulted in financial struggles that significantly weakened the organisational capacity of labour unions, and led to a sharp decrease in membership of major union coordinating bodies such as the American Federation of Labor and Congress of Industrial Organizations.⁶ However, some sectors of the labour movement are again promoting worker cooperatives as a strategy for job creation, community development and worker empowerment. In 2009 the United Steelworkers' Union, North America's largest industrial union, established a partnership with Mondragón International, the world's largest worker cooperative, located in the Basque Country of Spain. The purpose of this partnership is to take advantage of the lack of restrictions in US legislation on the establishment of worker cooperatives, and to develop this kind of organisation either from scratch or from existing industries (Davidson 2009).

Alignment with the 'New Deal'

With the onset of the Great Depression in the 1930s, cooperative production units and community-based initiatives became instruments of counter-cyclical Keynesian policy aimed at 'cushioning' the negative social effects of the economic downturn. The depression triggered a new wave of cooperatives, including worker and consumer cooperatives, credit and insurance unions and rural electrification cooperatives. One of the most significant legacies of that period is the presence of about 900 non-profit rural electrification cooperatives around the country, under the aegis of the National Rural Electric Cooperative Association. Its members serve more than 42 million consumers, and account for about 12 per cent of total electricity sales in the US.⁷ The Great Depression also triggered the creation of innumerable local currencies, which helped communities across the country to survive. The economic recovery resulting from Franklin Delano Roosevelt's New Deal helped to end most of those experiments. Still, there is a continuity between the community currencies created during the Great Depression and

those initiated in the late twentieth century, which were largely motivated by the economic downturn caused by the financialisation of the economy and the slowdown in job creation.⁸

The Great Depression also led to a proliferation of agricultural cooperatives that enabled farmers to pool their resources for purchasing, marketing and services provision. The New Deal supported those initiatives with regulations, technical assistance and special loan funds, most of which remained in place until the early 1970s. As a result, farmers' cooperatives expanded significantly during the ensuing decades (Poirier and Kawano 2009: 154).

Socio-cultural and economic changes, 1960s–80s

The solidarity economy grew significantly in the 1960s and 1970s, due to two factors. The first was the growing visibility of a socio-cultural criticism of capitalism, patriarchy and western rationalism, promoted to a large extent by the Vietnam War and the race riots that marked the period. This criticism spawned something more than the rebirth of the utopian community movement referred to earlier. It also led to the multiplication of socio-economic alternatives founded upon a cooperative paradigm, such as cooperative housing projects, organic or bio farming cooperatives, and non-profit, cooperative pre-schools (Poirier and Kawano 2009: 154). The Civil Rights Movement led to the emergence of a community economic development paradigm in terms of which CDCs work to create affordable housing, commercial industrial space and jobs in communities of colour within the US. The CDC sector grew exponentially from the 1970s to the 2000s, from about 30 units nationally in the early 1970s to 4 600 in 2005 (Poirier and Kawano 2009: 160).

The second factor was the plant closures and downsizing that resulted from the economic downturn of the 1970s and the neoliberal period that followed. Despite policy-led attempts to weaken the labour movement, some labour unions and other movements of organised industrial workers bought out bankrupt, de-localising or downsizing industries with the intention of running them in a cooperative and democratic way (Poirier and Kawano 2009: 154).

Transnational frame diffusion and alignment, 2000s

The 1990s marked the spread of the concept of the solidarity economy from French academic circles to North America as an ‘umbrella’ concept for grassroots alternatives to capitalism. It first entered Canada through Quebec in the mid-1990s and quickly spread to the rest of the territory, largely due to the participation of community development organisations in institutions such as Réseau Intercontinental de Promotion de l’Économie Sociale et Solidaire or the Intercontinental Network for the Promotion of the Social and Solidarity Economy (RIPESS).⁹ US participants became familiar with the concept of the solidarity economy at the third RIPESS meeting, held in Dakar, Senegal, in November 2005, and went on to promote its incorporation in the lexicon of activists, researchers and other experts in the US (Poirier and Kawano 2009: 172).

USSEN has largely emerged from the USSF process. Some participants in the forum, notably the Center for Popular Economics, the US Federation of Worker Cooperatives, Grassroots Economic Organising, the Democracy Collaborative and Guramilay, organised about 75 workshops on the solidarity economy. Their success led to a decision by 50 organisations to establish USSEN, and to publish a book that documents several of the workshops that took place at the USSF.¹⁰

Since its formation, USSEN has embarked upon a series of activities aimed at promoting the sharing of relevant knowledge and skills, as well as raising public awareness of the solidarity economy as an alternative economic paradigm. These include a website containing articles and various other resources,¹¹ an online course on the solidarity economy, the facilitation of workshops at academic and activist conferences and the publication of a second book in 2009. USSEN has also contributed to the establishment of local solidarity economy networks and the mapping of solidarity economy initiatives across the US. Among others, it has supported the establishment of solidarity economy networks in New York City and Boston, and established a partnership with the Just Alternative Sustainable Economics network, which is based in the San Francisco Bay area. It has also supported exercises to map the solidarity economy in Western Massachusetts, Boston, New

York City and San Francisco. At the time of writing, these initiatives had not yet resulted in any published data, as they were still in process. USSEN plans to extend the mapping drive to the national level, in order to increase the visibility of solidarity economy initiatives, and support networking efforts.

USSEN is a member of RIPESS. It has a representative on the RIPESS board, and has helped to develop its website.¹² In March 2008, USSEN helped to draft the constitution of RIPESS North America, which aims to facilitate the exchange of ideas and resources with partners in other regions of the world.

Strategies of collaborative capacity-building

One of USSEN's goals is to identify, document and disseminate strategies for collaborative capacity-building aimed at supporting the development of solidarity economy-based initiatives. There are two main strategies for collaboration. The first is the promotion of what J.K. Gibson-Graham has described as the 'politics of possibility', or the identification of general norms and practices utilised in diverse, non-capitalist economic experiences (Cornwell et al. 2009: 295). The second is the use of Participatory Action Research to analyse, quantitatively and qualitatively, the economic impact of solidarity economy-based initiatives and the symbolic impact of building a shared identity among members; develop educational, training and advocacy material; and strengthen the solidarity economy by promoting inter-cooperative purchasing and cross-sector collaboration (Cornwell et al. 2009: 295).

The 'politics of possibility'

The main goal of the 'politics of possibility' is to identify the values and norms that underlie the individual and collective economic imaginary, in order to generate a 'different set of desires and possibilities' in respect of the economic sphere (Cornwell et al. 2009). Put differently, it aims to challenge the predominant conception of humans as *Homo Economicus*, which posits individual self-interest as the predominant motivation of human behaviour. According to Kawano (2009a), this conception has never been regarded as accurate or adequate by anyone

except neo-classical economists, and there is a wealth of evidence that human motivations are far more complex than this concept implies. According to Kawano, it shows that human beings, 'as often as not, do not behave like *Homo Economicus*, but rather like *Homo Solidarius*/Humans in Solidarity' (2009a: 14).

Examples of the collaborative efforts under the aegis of the 'politics of possibility' include research conducted by Cornwell et al. (2009) on the 'honour system' underlying transactions between farmers and customers in Amherst, Western Massachusetts. This comprises a method of exchange that is clearly based on personal responsibility and ethics. The authors found that local family-based subsistence farmers sell their excess produce by placing them on stands at the entrance to their farms, without any form of supervision. Customers simply take the produce they want and leave the money. The authors did not find any significant evidence of customers either taking produce without paying for it, or taking the money. Based on ethnographic evidence, the authors concluded that supervision was absent because, according to local norms, it 'might be seen as an insult by the vast majority of customers, who were honest and loyal'. These attitudes were not only restricted to local costumers but also prevalent among tourists and travellers in transit through Western Massachusetts. According to the authors, this honour-based system of commercialisation, based on personal responsibility and ethics, is successful because the farm stands, which tend to be close to farmers' homesteads, represent a blending of public and private spaces. This has an empathy-inducing psychological effect that favours the implicit contract of sale and purchase represented by the placement of the right amount of money in the farm stand in exchange for the corresponding amount of produce. According to the authors, a visit to a farm stand can also be a fairly intimate look at someone else's living space, and this intimacy breeds trust. These findings contradict the notions of the 'prisoners' dilemma' and the maximisation of personal interest underpinning the concept of *Homo Economicus*.

Another relevant aspect of the 'politics of possibility' is the study of the solidarity economy as a process of economic organising (Miller 2009: 28), which is focused on the community instead of on the market

and the state. This characterisation implicitly challenges scholars and practitioners to venture beyond the neo-classical and Keynesian models, shatter the boundaries between economics and other social sciences, and define the economy not merely as varying combinations of market dynamics and state intervention, but far more broadly as ‘all of the diverse ways that human communities meet their needs and create livelihoods together’ (Miller 2009: 30).

According to Miller, a fundamental aspect of these processes of economic organisation is the recognition and forging of connections among diverse solidarity-based practices. This is aimed at promoting the self-identification of those practices, and linking them with the conceptual framework of the solidarity economy (Kawano 2009a: 18). Through such processes of recognition, these practices can begin ‘to coordinate and connect in order to form a coherent economic system with all the “organs” that are necessary to survive, such as finance, production, distribution, investment, consumption, and governance’ (Kawano 2009a: 15).

Participatory Action Research

The application of Participatory Action Research to the technical development of solidarity economy-based initiatives can be regarded as the pragmatic side of USSEN’s collaborative capacity-building efforts. According to Miller (2009: 37), building spaces for sharing knowledge and skills play a vital role in societies in which practices of solidarity are not part of mainstream economic behaviour.¹³ He believes that building a collective platform for the exchange of principles and practices between the solidarity economy and other social movements can generate a mutually strengthening dynamic. This could help create a new axis of progressive struggle by providing concrete bases of economic support for political and cultural activities, therefore contributing to the emergence and materialisation of an alternative paradigm of civilisation. According to Miller (2009: 37), such an axis of struggle should be based on committed solidarity markets, meaning organised networks of solidarity-based demand for solidarity economy products, which have the potential to forge and sustain economic linkages that promote a de-linking from the capitalist economy as well as a basis for the economic sustenance for popular struggles.

For Miller, one of the aspects of the construction of committed solidarity markets through collaborative capacity-building between experts and practitioners is the creation of conditions for the provision of shared services. By promoting systemic feedback among realms such as insurance, financial services, legal services, communications and facilitation, technical support, and research and development, networks can create what economists call external economies, constituted by the aggregation of the financial power of many small enterprises into networks that can leverage economic power at scales of efficiency similar to those of larger companies (2009: 38).

Another aspect of the construction of committed solidarity markets pointed out by Miller is policy advocacy and governance change. Public policy plays a significant role in shaping the economic and political context in which solidarity economy initiatives struggle, survive or thrive. Engagement with the state involves many dangers, such as those of co-optation caused by dependency upon public goods, as well as the resulting compromise of principles and goals. As such, it deserves vigilant caution, and careful strategy. However, it can also be a powerful tool for mobilising supportive resources and cultivating, through regulation and public policy, a 'friendly solidarity environment' (2009: 39).

According to Miller (2009), Participatory Action Research by USSEN members centres on the following:

- Localisation: Identifying, within the existing economy, spaces and occasions where people engage in economic activities and relationships that embody values of solidarity, cooperation, equity, sustainability, democracy and pluralism instead of the competition, ranking, eliminatory selection and hierarchy displayed by capitalism.
- Creation: Identifying the sources of raw and semi-transformed materials for production, as well as forms of exchange, in the framework of ecological creation and cultural creation. Ecological creation simplifies the extraction, production, acquisition and exchange of goods and services in ways that emulate and align with the natural processes of birth, growth, photosynthesis, respiration, geological and chemical transformation that generate and sustain all life and culture.

- **Production:** Identifying the forms, characteristics and dynamics of organisational structures that support the production of goods and services in ways that foster cooperation and solidarity. This aspect of collaborative Participatory Action Research also seeks to examine the possibilities for transforming certain conventional forms of productive organisation, such as municipal and state-owned enterprises, as well as values-based private businesses into organisations based on cooperative, solidaristic and democratic principles (Miller 2009: 30).
- **Transfer and exchange:** Examining the institutional forms and practices that allow goods and services to be commercialised or exchanged in ways that enact solidarity values. They include community currencies, barter networks, fair trade, solidarity markets and the use of sliding scale pricing (Miller 2009: 31).
- **Consumption or use:** Identifying institutional forms for organising consumers in a cooperative way, as well as appropriate frameworks for financing and regulating those institutions. Examples include consumer and housing cooperatives; collective self-provisioning; community-supported agriculture; and institutions of participatory and democratic political decision-making at the municipal and state level (participatory budgeting, neighbourhood councils, and so on).
- **Surplus allocation:** Identifying and characterising solidaristic savings institutions and financing schemes such as credit unions, cooperative loan funds, rotating savings and credit associations, gifting and sharing practices, and composting and recycling associations.
- **Governance:** Examining the institutional policies, rules and procedures that will allow solidarity-based initiatives to thrive. These could include internal elements of organisational and business governance, or policies and procedures implemented by local, state or federal governments (Miller 2009: 31).

Challenges facing the solidarity economy movement

The future of the solidarity economy movement in the US will largely depend on the alliances forged between USSEN and other radical movements as much as on the capacity of those movements to influence

public policy. The Occupy Wall Street movement has brought into public discourse the co-option of politics by the international financial sector and the resulting erosion of democratic control over political society. From the outset, USSEN has publicly expressed its solidarity with this movement and contributed to its activities.¹⁴ It has also contributed to its debates with a series of Solidarity Economy Briefs aimed at familiarising the public with key concepts and providing it with sources of further information on the different aspects of the solidarity economy, as well as its economic and political potential.¹⁵

Even if USSEN remains mainly devoted to building alliances through research and education, the solidarity economy movement could become a significant participant in the grassroots movement propelled by Occupy Wall Street, provided two conditions are met. First, Occupy Wall Street must go beyond being merely what Tariq Ali calls a 'symbolic protest movement', and transform itself into a unified political front able to dispute political power in municipal, state and national elections as well as elections within the labour movement.¹⁶ Second, organisations that promote solidarity economy initiatives must have the political will to establish alliances not only among themselves, but also with a political front that may emerge from Occupy Wall Street. Such alliances are vital for the emergence of a radical political movement able not only to dispute power with political forces supported by international capital, but also to promote institutional reforms aimed at promoting participatory democracy and greater popular control of the state and the economy. USSEN could play a pivotal role in such a process.

Conclusion

As in South Africa, the solidarity economy movement in the US is still young and emergent (see Satgar, Bennie, Jara and Satgoor in this volume). USSEN is the leading entity that promotes exchanges and collaboration between solidarity economy-based initiatives as well as with universities, non-profits and other organisations able to provide technical assistance. At this stage, USSEN is concentrating on the exchange of information among its participants, as well as joint efforts aimed at promoting the development of the solidarity economy in the

US through Participatory Action Research and advocacy. However, it intends to enlarge its scope of participation and activity by adding new members and increasing the exchange of ideas and methodologies both within the US and with international partners. It also aims to promote the notion of the solidarity economy among progressive movements, organisations, economic projects, scholars and opinion-makers, in ways aimed at making them regard each other as allies that would benefit from collaborating with each other, as well as with organisations within the US solidarity economy movement. Ultimately, though, the future of the US solidarity economy movement, and of USSEN in particular, will depend on their ability to join broader radical alliances aimed at contesting for and winning the political power needed to transcend neoliberal capitalism.

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Notes

1. In this volume we attempt to go beyond the stark juxtapositions of ‘reform versus revolution’ by examining the anti-capitalist potential of the solidarity economy. See Satgar, Wainwright, Williams and Berlinguer in this volume.
2. http://neweconomicsinstitute.org/about_us.
3. According to the Social Enterprise Alliance, ‘A social enterprise is an organization or venture that achieves its primary social or environmental mission using business methods. The social needs addressed by social enterprises and the business models they use are as diverse as human ingenuity. Social enterprises build a more just, sustainable world by applying market-based strategies to today’s social problems . . . Two distinct characteristics differentiate social enterprises from other types of businesses, nonprofits and government agencies: Social enterprises *directly* address social needs through their products and services or through the numbers of disadvantaged people they employ. This distinguishes them from “socially responsible businesses,” which create positive social change *indirectly* through the practice of corporate social responsibility (e.g., creating and implementing a philanthropic foundation; paying equitable wages to their employees;

using environmentally friendly raw materials; providing volunteers to help with community projects). They are powerful vehicles for job creation, economic growth and increased opportunity for people facing barriers including those in low-to-moderate families and communities. Social enterprises use *earned* revenue strategies to pursue a double or triple bottom line, either alone (as a social sector business, in either the private or the nonprofit sector) or as a *significant* part of a nonprofit's mixed revenue stream that also includes charitable contributions and public sector subsidies. This distinguishes them from traditional nonprofits, which rely primarily on philanthropic and government support' (<https://www.se-alliance.org/what-is-social-enterprise>).

4. For more information, see the Farm Ecovillage Training Center website at <http://www.thefarm.org/etc/>.
5. <http://www.creditunionconversions.com/>.
6. <http://www.aflcio.org/aboutus/faq/>.
7. <http://www.nreca.coop/about/Pages/default.aspx>.
8. <http://steadystaterevolution.org/local-currency-and-bartering/>.
9. www.ripess.org.
10. The book, as well as a series of video recordings of some of the workshops, is available from USSEN. See www.usсен.org.
11. www.usсен.org.
12. www.ripess.org.
13. One example of Participatory Action Research by USSEN participants is the work conducted by Cornwell, White, Templer and Hwang-Carlos with the Valley Alliance of Worker Cooperatives (VAWC), an alliance of eleven worker cooperatives located in the Connecticut River Valley in Western Massachusetts and Southern Vermont. VAWC is collaborating with researchers based at the University of Massachusetts, the Community Economies Collective and the US Federation of Worker Cooperatives on a study of the opportunities and challenges faced by solidarity economy-based initiatives in the region. These organisations also collaborated on producing a VAWC advertising campaign and member's manual as well as a study of the economic impacts of the activities of participating cooperatives on individual members. This project also aims to empower the VAWC by promoting inter-cooperative purchasing and other forms of collaboration (Cornwell et al. 2009: 296). Another is the collaboration of these researchers with the North Amherst Community Farm on a study aimed at widening public knowledge of community-supported agriculture as well as the ways in which small-scale and diverse economic alternatives develop and become integrated (or not) with the broader economy (Cornwell et al 2009: 296). The team, the partner agency and a group of artists and cultural ambassadors

- created a community partnership of people who are taught how to recognise various forms of economic activity, given tools and resources to record and document these activities, and provided with consultation on identifying activities and endeavours that can strengthen those activities (Cornwell et al. 2009: 297).
14. The 5 000 books destroyed by New York police during the eviction of the Zucotti Park encampment on 15 November 2011 included several publications donated by members of USSEN.
 15. The briefings are available at <http://ussen.org/news/occupy-economy-solidarity-economy-briefs>.
 16. Interview with the Brazilian magazine *Brazil de Fato*, 14 January 2012. <http://www.brasildefato.com.br/node/8511> (accessed 21 January 2012).

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6

The solidarity economy in Brazil

Euclides Mance

The solidarity economy is a strategy for the economic liberation of the popular classes and of human society as a whole. It is informed by the concept of *bem-viver* (living well), a reference to the ethical exercise of public and private freedoms.¹ In terms of this perspective, the solidarity economy is a way of living, an economic system under construction, an axis of struggle against exploitation and economic domination, and a platform for building a new society that is ecologically sustainable, economically just and politically democratic, and constantly renews itself through intercultural dialogue.

This chapter focuses on attempts to build a solidarity economy in Brazil. This has involved the establishment of collaborative networks and circuits aimed at rebuilding economic supply chains and re-organising economic flows on a democratic basis.² I will begin with an overview of the different approaches to the solidarity economy.

The emergence of the solidarity economy

The Brazilian solidarity economy is diverse and complex. Since there are many renditions of its origins and foundations, any single attempt at systematising it will only paint a partial picture. Many attempts have been made to explain the solidarity economy, give it a strategic direction, and develop an approach to organising it at the grassroots. These diverse approaches are part of its strength, as they contribute to its growth and expansion.

The term solidarity economy coexists with others, such as the solidarity-based economy of the popular sectors and the solidarity socio-economy (see Williams and Berlinguer in this volume). Brazilian

actors regard the term solidarity economy as the most comprehensive, as they believe it encompasses the others. However, all these terms have their own nuances arising out of the economic practices that engendered them. Given Brazil's regional and cultural diversity, interpretations of the solidarity economy are bound to differ. Components of the solidarity economy are also organised in many different ways, although they all have common traits.

Over the past few decades, solidarity-based economic practices have grown dramatically around the world, due to:

- the growing poverty of a large part of the world's population;
- the emptying of human content from social relations under capitalism, in which people and societies are reduced to human and social capital to be exploited in the name of making profits; and
- severe environmental degradation, as a consequence of economic globalisation in the neoliberal phase of capitalism.

Solidarity-based economic experiments have generated a range of responses to these problems, resurrecting timeless practices and cultural traits, and adapting them to current conditions through the use of new technologies and other contemporary resources (see Wainwright, Williams and Satgar in this volume).

Solidarity economy practices in Brazil are very old, and have been practised throughout the country's history. They include economic practices developed by native tribes as well as *quilombos* (communities of runaway slaves who developed fortresses of resistance and economic cooperation in remote areas in the interior), cooperative farming practices, cooperative practices in diverse fields of production (throughout the twentieth century), and small community-based economic projects of production and consumption supported by churches and NGOs in response to food insecurity and growing unemployment. They also include collective purchasing in the 1970s; urban community-based farming and other production projects throughout the 1980s; and cooperatives of workers and service providers, bankrupted factories taken over by workers and transformed into self-managed units, and cooperative rural settlements and organic

agricultural units in the 1980s. In the 1990s these initiatives broadened to microfinance; community banks; barter systems based on alternative currencies; recycling units; solidarity-based fairs; fair trade initiatives (which have expanded since then); national, regional and local-level networks and solidarity economy forums; university-based incubators of solidarity enterprises; and web portals (since the turn of the century). To be clear, while these practices have a long history, it is not their existence per se that makes them part of the solidarity economy, but their convergence in a stream of activities aimed at achieving the overarching goal of *bem-viver*.

At the start of the twenty-first century, about 56 million Brazilians were living below the poverty line and experiencing food insecurity (Fiuza de Melo 2004). The rate of unemployment was about 12 per cent.³ However, high levels of poverty and unemployment did not in themselves prompt the emergence of the solidarity economy. If this was the case, the solidarity economy would have developed much earlier under conditions of even greater poverty and even higher levels of unemployment. In part, the solidarity economy has grown due to popular education and the socio-economic organisation of poor people and the middle classes, as well as the activities of volunteers from different civil society organisations seeking to achieve democratic, equitable, sustainable and solidarity-based ways of living for all.

Many people involved in the solidary economy do not belong to social movements, but are merely trying to supplement their incomes. Another dimension relates to previous processes of grassroots mobilisation, such as neighborhood associations, peasants' movements, social movements, religious communities, labour unions, and so on. More recently, the state has begun to lend support to a wide range of solidarity economy or grassroots initiatives. The emergence of public policies in the sector has resulted in a network of civil servants who are working with solidarity economy initiatives.

Many of these initiatives have emerged from organised sectors of the popular classes, or rely on their support and participation. They have resulted in numerous new public policies on employment and income generation, which has modified the approach of the state to the structural causes of socio-economic exclusion and the concentration

of wealth. Many of the proposals for promoting the solidarity economy focus on education, culture, gender, and so on, as well as the realignment of public policies in some municipalities and state-level governments. More recently, the federal government created a national secretariat and national council for the solidarity economy.

Two events have played key roles in building the solidarity economy in Brazil: the establishment of a Network for the Solidarity Economy in 2000, and the Brazilian Forum of the Solidarity Economy in 2003. These forums exist alongside many other initiatives. This diversity has strengthened the solidarity economy in some ways, but all these initiatives do not always collaborate successfully.

At the first World Social Forum (WSF) held in Porto Alegre in 2001, several activities were organised around the theme of the solidarity economy. This included a workshop on the solidarity economy and self-management, which attracted 1 500 participants. Another notable event was the launch of the Intercontinental Network for the Promotion of the Social and Solidarity Economy by participants from 21 countries. This led to the establishment of a Brazilian working group on the solidarity economy, aimed at coordinating national and international participation around the solidarity economy at the next WSF.⁴ In December 2002, after the election of Luiz Lula da Silva as president, the Brazilian working group organised the First Brazilian Plenary on the Solidarity Economy, and generated a set of proposals that was presented to Lula's government, leading to the establishment of the Secretaria Nacional de Economia Solidária (SENAES), or the National Secretariat of the Solidarity Economy. The Second Plenary, staged during the WSF in 2003, saw the launch of a book entitled *From the WSF to the Brazilian Forum of the Solidarity Economy*, and the Third Plenary in June 2003 led to the establishment of the Brazilian Forum of the Solidarity Economy (see Esteves in this volume).

The Information System on the Solidarity Economy, established by the federal government in 2006, contains data on solidarity economy initiatives that are collective in character (that is, not based on family units), and conform to the principles of cooperation, self-management, economic activity and solidarity. By 2007, half the country had been surveyed. The survey confirmed the existence of 22 000 initiatives,

encompassing 1.7 million workers. Of these, 10 653 were created between 2001 and 2007, generating 800 000 new jobs; 71 per cent were created with resources from its members; 83 per cent of their output was consumed at the local level; and 46 per cent participated in a network or forum (SENAES 2005).

Today, the main solidarity economy actors in Brazil are enterprises, civil society organisations providing training and technical assistance, guilds and caucuses, the Brazilian Forum of the Solidarity Economy, and some state sectors. Figure 6.1 presents some of these main actors.

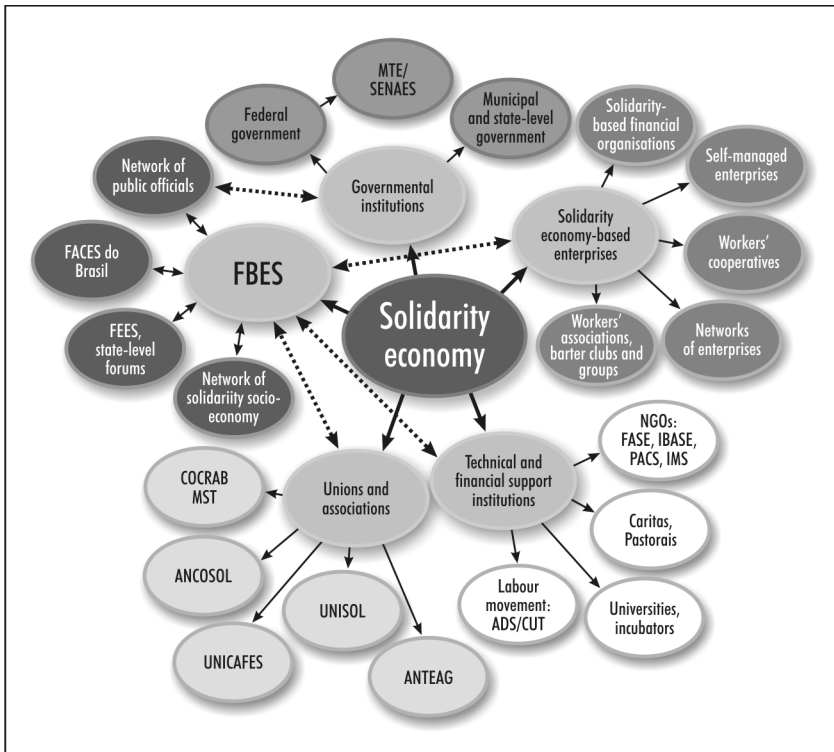


Figure 6.1 Main actors in the Brazilian solidarity economy.
 Source: SENAES (2005: 14).

Another major actor is the National Conference on the Solidarity Economy (CONAES), established by the federal government to formulate public policy proposals at the municipal, regional and national level. CONAES promotes the development of ideas and

strategies for developing the solidarity economy, and supports a dialogue on relevant issues between society and the state. It has met twice – in 2006 and 2010 – and produced two publications.

According to the publication produced after the first conference, Brazilian solidarity economy initiatives are very diverse, and include informal collectives; associations; producers' cooperatives; worker cooperatives; cooperatives for consumption and service provision; social cooperatives; credit organisations and groups; community-based banks; rotational funds; credit cooperatives; networks of enterprises, producers and consumers; barter clubs; groups and markets with and without alternative currencies; worker-managed recuperated enterprises; chains of production, trade and consumption; fair trade initiatives; the economic organisation of traditional communities (*quilombolas* and other afro-descendant communities, indigenous people, subsistence fishing communities, rubber tappers, and so on); self-managed housing cooperatives; cultural societies; and family-based agro-industrial units (CONAES 2006: 3).

Not surprisingly, given this diversity, various actors hold different views on the solidarity economy and the most appropriate strategies for its development. Some emphasise the dimension of employment and income generation, the promotion of social inclusion, and the reconstruction of socio-economic linkages, such as the initiatives promoted by churches and local governments. Some adopt the perspective of social movements, which focus on the role of the solidarity economy in promoting dialogue with the state in order to change economic policy. This is a key thrust of the Brazilian Solidarity Economy Forum. Some see the solidarity economy as a strategy for sustainable or integral development, able to take into account the economic, ecological and cultural aspects of such a process, in order to promote a healthier and more fraternal way of life. Some approach the solidarity economy as an economic sector capable of compensating for the weaknesses of the private, public and mixed economy sectors, and serving as a basis for transforming the current economic system. Some understand it as an axis of social struggles, bringing together different actors around the perspective of eliminating the capitalist mode of production, given its capacity to: a) mobilise large social

sectors; b) respond to the immediate demands of these actors; c) avoid capitalist structures of production, distribution, consumption, financing, accumulation and environmental degradation at the same time that it fights individualism, worker exploitation, the expropriation of consumers and diverse forms of cultural domination; and d) build new structures of production, consumption, financing and technological development that are just and sustainable.

Others see the solidarity economy as a new, post-capitalist mode of production in an initial state of construction, which already implements the foundational elements of this new economic system on a small scale, on circuits articulated by collaborative and solidarity-based networks. Yet others approach it as a way of life aimed at realising *bem-viver* for all, and creating the economic, political, educational and social conditions for achieving this goal.

Despite these myriad approaches and understandings, most of the adherents of the solidarity economy regard it as an alternative to capitalism and the social and environmental damage inflicted by capitalist modes of production. However, some participants in the public and academic debate claim that, although the solidarity economy is an important space for the politicisation of society, it does not have the capacity to develop and implement forms of production, commercialisation, consumption, financing and technological development that would structurally oppose capitalism.

Still others understand the solidarity economy from an instrumental perspective, but again from two different viewpoints. Some regard it as an instrument of public policy for the social inclusion of marginalised groups. Given the difficulties of reaching those groups via traditional public policies, they believe the solidarity economy provides the state with a fresh opportunity to provide them with certain services – such as recyclable waste collection – and access to basic social welfare. Others regard the solidarity economy as a space for political mobilisation and for advancing certain political ideas on a global and national level as well as within political parties and government departments. Thus far, these contrasting views have managed to coexist, thereby further enriching the vision of a solidarity economy.

The foundations of the solidarity economy

Ethical and political foundations

The solidarity economy in Brazil tries to avoid any kind of fundamentalism, since it seeks to promote a diversity of solidarity-based economic forms, taking into account various realities and cultures, in order to further the *bem-viver* of all people and groupings. It has identified collaborative practices, in different periods and cultures, in respect of production, the sharing of outcomes and the consumption of the tangible and intangible goods and services necessary to achieve the *bem-viver* of people, communities and nations. As such, the solidarity economy is fundamentally about the praxis of liberation.

The nature of the liberatory process at the heart of the solidarity economy also means that it is constantly evolving and improving. To this end, the intercultural dialogue about the praxis of liberation within the solidarity economy helps to overcome all forms of domination and oppression, not only in the economic sphere but also in the political and cultural spheres. In other words, there is no praxis of economic liberation that is not also about political and cultural liberation, given that the economy is embedded in social relations, mediated by language and the exercise of power.

Since public and private freedoms can eternally expand, the solidarity economy needs to be constantly criticised and improved in order to support the expansion of these freedoms. From an ethical perspective, it should ensure the economic means for realising the public and private freedoms of all people in a way that promotes the *bem-viver* of all people and all humanity. From a political perspective, it should promote equal rights and equal decision-making power in the economic sphere. In other words, it should effectively democratise the economic sphere by ensuring the self-management of enterprises and other economic initiatives by workers and their communities.

The report on the first national conference on the solidarity economy contains the following passage about the foundations of the solidarity economy:

[The] Solidarity Economy is characterised by conceptions and practices founded in relations of solidarity-based collaboration,

inspired by cultural values that place the human being at its centre in its integral dimension, including its ethical and aesthetic, as a subject and goal of economic activity, environmentally sustainable and socially just, instead of the private accumulation of capital. This praxis of production, commercialization, financing and consumption privileges self-management, cooperation, human and community-based development, the satisfaction of human needs, social justice, gender, race and ethnic equality, equal access to information, knowledge and food security, preservation of natural resources through the sustainable and responsible use with the present and future generations, therefore constructing a new form of social inclusion with the participation of all . . . Solidarity Economy-based initiatives have in common the equality of rights, responsibilities and opportunities of all participants in Solidarity Economy-based initiatives, which implies self-management, meaning democratic participation with the equal exercise of power for all in decisions, with the purpose of promoting the overcoming of the contradiction between capital and labour (CONAES 2006: 2).

More recently, analysts have sought to develop concrete indicators for characterising and evaluating solidarity economy-based enterprises. This is especially important as it helps to clarify the differences between the solidarity economy and the capitalist economy. The most comprehensive set of indicators has been developed by Luiz Inacio Gaiger (2006).

According to Gaiger, indicators for distinguishing solidarity economy-based initiatives from capitalist private enterprises include: 'A rupture in the structural subordination of the worker; the placement of capital at the service of (that is, the logic of) labour; a tendency for equity regarding the means of production; a connection between the social and economic dimensions; and the presence of an ethical approach in the economic sphere' (2006: 20).

Indicators of the socialisation of the material and productive base include: ' . . . collective property of the main means of production;

egalitarian sharing of labor and capital between participants; limited presence of waged labor; end-activities carried out only by associated members; and collective processes of work' (Gaiger 2006: 27).

Indicators of the division of social and economic benefits within solidarity economy initiatives include: '... remuneration for labour; minimisation of differences in remuneration; level of remuneration equal to or above market levels; support to disadvantaged members; practices of reciprocity and mutual help; social funds (social security, health coverage, paid vacation, etc.); non-dismissal of associates' (Gaiger 2006: 28).

Indicators of the role of internal democracy include: '... the principle of one member, one vote; fundamental decisions taken collectively by associates; high level of participation in deliberative and consultative bodies; direct and free election of coordinators; regular decision-making meetings; involvement of associates in the everyday management of the initiative and the work process; egalitarian participation of male and female associates; the circulation of coordinating functions; and secret vote in key decisions' (Gaiger 2006: 29).

Underlying these indicators are values and principles such as solidarity, autonomy, responsibility, liberation, reciprocity, redistribution, equity, subsidiarity, democracy and sustainability, all of which lie at the heart of the solidarity economy.⁵

Economic foundations

As noted earlier, there are various economic approaches to the solidarity economy. I will focus on one, which has inspired the organisation of collaborative networks in Brazil and numerous other countries. It takes account of the economic flows within territories and networks in order to re-organise them in a solidarity economy-based way. This approach holds that territories are permeated by various network-based flows, notably:

- Natural flows, such as rain, rivers, wind, solar energy and local ecosystems;
- Cultural flows, such as knowledge, communication, language, the reproduction of moral codes, technological improvements and the power flows in the course of maintaining communities and their institutional arrangements; and

- Economic flows, such as consumption, production, savings, the flow of monetary values and the circulation of goods and services.

Economic flows in human communities presuppose natural and cultural flows for their realisation. Therefore, it is necessary to consider how all these flows can be used or re-organised in a sustainable way to promote *bem-viver* for all; transform socio-productive arrangements that are unjust, or harm ecosystems; and transform human relations in order to make them more ecologically balanced and based on solidarity.

In order to analyse economic flows, it is necessary to take into account:

- Economic means: all the material or immaterial objects and goods or services that can be used to attend to human necessities. They can be generated by nature, or produced by human beings.
- Economic value: the values that are socially attributed to economic means, making it possible to classify them according to a scale of reference for exchange, purchase or sale.
- The representation of economic value: the signs that allow the cultural representation of the economic value attributed to economic means, which can be state or social currencies, bonuses, credits, paper-based or electronic archives, legal documents, and so on.

The differences among these three concepts need to be fully understood. In other words, we need to understand economic semiotics (that is, the symbolic representation of economic means and values), and distinguish between the semiotics of capital and the semiotics of the solidarity economy, as they differ very significantly. For example, a house is an economic mean. However, its economic value is a social attribution, created by social relations in a specific cultural framework, and described with different signs (indicators, icons and symbols) that are interpreted in different ways. The value recorded in the mortgage contract, for example, is a representation of economic value; it is not an economic value, or an economic mean. If the value that is socially attributed to the house decreases, but its representation in the mortgage contract remain the same, a gap develops between the economic value

and its representation. But the house itself, as an economic mean, remains the same.

If the purchasers stop paying the mortgage and return the house to the mortgage holder, this gap generates a social problem. This happens because the house that is taken back by the relevant institution has an economic value that is less than that written into the mortgage contract. Should this happen in respect of all mortgages, the system would break down due to a massive loss of economic value associated with a shift in the social interpretation of the economic values of houses. And if other economic contracts are supported by the economic values registered in those mortgage contracts, the whole system would break down, as occurred in 2008 in the US subprime market. If economic value and the representation of economic value were the same, the capitalist system would not experience cyclical crises. That is to say, economic value and the representation of economic value are socially constructed, and are therefore always subject to change.

It is easily understood that value and its representation are not identical. Both old and current banknotes are representations of value. In terms of legal semiotics, related to performative agreements by the state, they are also meant to have economic value. However, because the old note is no longer legally supported as a value reserve, it no longer has a formal economic value.

Banknotes also demonstrate that economic value is socially defined. Inflation, for example, is a process in which the value attributed to a banknote is reduced day after day, based on people's experiences of what they can buy with it. Similarly, the state – as a social actor – can define the range of exchange between a national and other currencies. This confirms that economic values are attributed by social actors, and represented by signs emanating from the agreed ethical or legal semiotics adopted by these and other actors. In terms of these semiotics, performative actions involving the use of signs – as promises of pay, contracts, legal regulations, and others – generate economic flows of information that create economic realities associated with economic values and economic means.⁶

Some initiatives associated with the solidarity economy exploit these differences among economic means, economic value and the representation of economic value to organise non-monetary process

of production, trade and consumption. This includes creating representations of economic value for non-monetary transactions, thereby increasing the capacity of these initiatives for production and trade, and generating solidarity credits related to economic means, or the capacity to produce those means.

Once this difference is understood, one can clearly distinguish between the forms of economic exchange operating under a market-based logic and those operating under a collaborative and solidarity-based logic. The former are regulated by scarcity (meaning that the offer of economic means must be lower than the demand), in order to promote an accumulation of the economic value attributed to them, with the purpose of generating profit. The latter, however, are regulated by abundance (attending, in a sustainable way, to the needs of all by offering economic means in an adequate amount) in order to ensure the *bem-viver* of all people and the dynamic equilibrium of ecosystems.

In practice, this means that, if someone needs an economic mean but does not have the corresponding economic value to offer in exchange, a solidarity economy-based network would provide him/her with a credit that they could redeem with any product or service corresponding to the needs of any other members of the network, including hours of labour. The amount of credit on offer would be determined by the equilibrium between internal exchanges and the external means of production and economic values that the network in question needs for its own reproduction. More participants (people and enterprises) increase the former, and reduce the need for the latter. Credits are generated in many different ways, with or without material or legal guarantees. All of them create representations of value (or use pre-existing representations of value, such as state currencies), and establish agreements on how those representations are generated or used, how they are compensated, and who would be responsible for compensation in case the borrower does not honour the exchange of value agreed upon within the network.

Philosophical foundations

Among all the existing theories of the solidarity economy, we focus in this section on the philosophy of liberation (Mance 1999, 2002).⁷ Developed in the Brazilian intellectual tradition (and encompassing

the work of many authors, including Paulo Freire), it is based on the idea that 'no one educates anyone, and no one educates her/himself alone; people educate themselves together, mediated by the world', since 'I cannot think for others, through others or without others'; therefore, 'no one liberates anyone, no one liberates her/himself alone; people liberate themselves in communion'.⁸ Based on this theory of knowledge, pedagogy and political philosophy, one may conclude that real economic liberation is not possible without recreating the economy in a dialogical and humanised way, since one cannot think without others, educate oneself without others, or liberate oneself without others.

Reflecting on the praxis of liberation, the Institute for Liberation Philosophy has developed a particular view of the solidarity economy as a 'liberation economy'. In this view, the solidarity economy is defined as an economical, political and cultural praxis that promotes the liberation of all persons through ethical and sustainable means and not through the organisational forms or ideological discourses of the economic actors. Natural and cultural realities are understood as *flows of matter and signs integrated in a process of continuous becoming*. Each particular reality can be understood by human beings, but not in all its aspects, and the signs found in it only partially represent its objects. In this tradition, economic theory is good if it expands public and personal freedoms for the *bem-viver* of all, and transforms economic reality to extend freedom in a sustainable and democratic way.

Since reality comprises flows of matter and signs integrated in a continuous process of becoming, the human relationship of proximity cannot be understood as a metaphysical relationship.⁹ Each person, culture and object has its mystery as an *exteriority* to our consciousness. We cannot reduce people to their words, or to our ideas about them. All people can teach us with the words that emerge from their culture and history. However, indications of *bem-viver* in the course of their material and cultural praxis are what allows us to understand their words as well as their actions. Judging the quality of public or personal freedoms is not a metaphysical or transcendental issue, but a concrete one about economical, political or cultural realities. These indications make it possible to understand the real conditions of those affected by

or excluded from agreements made in real communities, whether those communities are solidarity economy forums or popular governments with their own ideas about the solidarity economy. For this reason, *bem-viver* is an important indicator of the praxis of liberation.

Reality flows are better understood within the logic of networks with positive and negative feedback loops, which are self-reinforcing and self-balancing into open systems. Understanding the flows of reality and re-organising them in a sustainable way for expanding personal and public freedoms is a basic principle of the praxis of liberation. The actors in the solidarity economy, understood as a liberation economy, need to generate and share knowledge about economic flows in their areas and initiatives, and seek to re-organise them into solidarity networks with self-reinforcing and self-balancing feedback about the production, distribution and consumption of economic means in a solidarity-based and sustainable way.

In other words, the collaborative, horizontal and solidarity-based processes of liberation praxis can only be understood as phenomena of intersubjectivity and of the historical transformation of concrete realities, or as human intervention in the diverse material, political, educational and informative flows that permeate communities, networks and territories, with the purpose of realising public and private freedoms for the *bem-viver* of all. In this perspective, reality comprises sets of networks that integrate natural and cultural flows, and must be understood and re-organised in favour of the liberation of individuals as well as humanity in general.

In a restricted sense, networks based on the solidarity economy constitute a strategy for concluding socio-economic agreements between individual and collective participants aimed at giving preference to the purchase of goods and services from members of the network. This promotes high-quality goods and services provided at fair prices, guaranteed sales, new employment opportunities and higher levels of pay.

In a solidarity economy-based network, part of the surplus resulting from sales is reinvested in its expansion through a solidarity-based fund, credit cooperative or community-based bank, thus enabling it to establish other productive groups, enterprises, cooperatives and micro

enterprises with the purpose of meeting demands that have not yet been satisfied by local networks and solidarity-based markets. Again, this creates more jobs, expands goods and services, and increases revenue flows.

The basic criteria for participation in these sorts of networks are the following:

- no exploitation, oppression or domination (such as racism or sexism) within enterprises or any other entities;
- preservation of the ecological equilibrium of ecosystems, while respecting the processes of adaption in enterprises that are not yet ecologically organised;
- the sharing of some surplus, in order to expand solidarity economy-based networks; and
- self-determined goals and self-managed means, in a spirit of collaboration and solidarity.

The basic goal of a network in the solidarity economy is to re-organise supply chains in order to:

- produce everything that can be produced to meet its own demands and that of the region in which it is situated;
- correct flows of value in order to prevent values from escaping from the network, which happens when consumers and solidarity economy-based initiatives buy non-solidarity-based goods and services in their own region as well as in other regions, states or countries;
- generate new work opportunities and new economic initiatives aimed at satisfying the demands of solidarity-based networks and markets; and
- guarantee economic conditions for the *bem-viver* of society as a whole.

The organisation of these sorts of networks is also a strategy for sustainable development directed at the re-organisation of economic flows within a territory, aimed at ensuring the *bem-viver* of all.¹⁰ The basic elements of this strategy are to:

- diagnose the economic flows that permeate territories and networks;
- assess existing needs and demands;

- plan and construct solidarity economy-based circuits and rebuild supply chains in order to satisfy those needs and demands; and
- adopt social technologies for strengthening solidarity-based economic exchanges between participants.

Within a collaborative and solidarity-based network, the reproduction of economic value is centred on work and consumption: the solidarity-based consumption of goods and services activates production; production generates new employment opportunities; new employment opportunities lead to a redistribution of wealth; the solidarity-based distribution of wealth activates solidarity-based consumption and the creation of new enterprises; and the creation of new enterprises generates diversified products and new job opportunities. This cycle reproduces itself ecologically, thereby promoting *bem-viver* in a sustainable way.

Within this strategy, surplus economic value, generated within supply chains organised in a collaborative way, support the development of solidarity-based finance. Therefore, it promotes the emergence of new initiatives; the reconstruction of supply chains; and the expansion of the solidarity economy in terms of products, services, supplies, credit, technology and investment. All this is aimed at building a new economic system based on democracy as a universal value. In such a system, decisions are not based on the amount of capital the economic actors possess, but the egalitarian conditions that exist among workers and communities.

Methodological foundations

Information, communication, organisation, mobilisation and education

The solidarity economy cannot be advanced without adequate flows of information and communication. However, it is not enough to simply create mechanisms for promoting information and communication flows. It is also necessary to involve various solidarity economy-based initiatives and actors so that these mechanisms can be used from the grassroots upwards and for the benefit of all. Organisation, mobilisation and education are also vital for the solidarity economy, as organising initiatives, enterprises, forums and networks require mobilisation as well as education.

From a methodological perspective, it is necessary to consider the close connection between education, organisation and mobilisation, all of which are essential for cultural transformative action. Therefore, they must always be regarded as integral, and in a process of mutual reinforcement. For example, all organisations must contribute to strengthening networks, enterprises or movements, and improve their capacity for mobilisation. All mobilisation must contribute to political education, thereby strengthening enterprises, movements and networks. Similarly, all popular education must help to strengthen enterprises and networks and their capacity for mobilisation. If any of these aspects (that is, mobilisation, organisation and education) are omitted from the strategies and actions of major role players, their capacity for advancing the solidary economy will be impaired.

For example, many people attend solidarity economy forums and fairs that only last a few days. There are no catalogues that list the products and services on offer, the raw materials used for producing them, the waste discarded in the process of producing and consuming them, and the logistical resources used for those purposes that would promote the formation of networks of collaboration. Very often, participants leave with no mutual contact details. As a result, those events do not deepen participants' knowledge of collective action. They are instances of mobilisation that do not take into account important elements for strengthening solidarity economy-based initiatives. Instead, those fairs and forums could provide opportunities for the collective purchasing of production material, defining strategies for collaborative commercialisation, and so on.

If solidarity economy forums do not build capacity for mobilisation and popular education, and do not promote the flows of goods and services in collaborative networks, they are failing to strengthen the solidarity economy.

Starting from what already exists

It is necessary to start from what already exists, and devise solutions that can be made viable in a solidarity-based way. In order to act upon reality, it is necessary to know it. Since economic reality is constituted by flows, it is necessary to map and analyse those flows. The next step

is to formulate the best possible strategies for strengthening solidarity economy-based initiatives in such a context.

Therefore, a rigorous mapping of economic flows, and not only of actors in the solidarity economy in a given territory, is essential. It is not useful just to know who the actors are if we do not know what they produce, what they need in order to produce, what kind of waste they generate, what they consume, and what resources they access. Therefore, it is necessary to map the material and value-based flows of the supply chains they are linked to in order to promote their re-organisation. It is also necessary to promote solidarity-based initiatives aimed at meeting the needs and demands identified in the course of the mapping exercise and to promote their organisation into solidarity economy-based networks, thereby encouraging the formation of solidarity-based economic circuits that support sustainable local development.

In a more general sense, one must:

- 1) analyse *consumption* (of families, government, enterprises and external actors), *production* and *value flow* in the territory under consideration, which can be a neighborhood, municipality or another territorial unit;
- 2) *produce according to demand*, in order to correspond to consumption flows that were diagnosed in terms of quantity, scale and timing;
- 3) promote *solidarity-based consumption*, and strengthen the processes of exchange, commercialisation and solidarity-based logistics;
- 4) organise and support *solidarity-based finance*; and
- 5) promote sustainable development, training, the development of appropriate technologies and the protection of ecosystems.

Analysis of economic needs and demands, and linkages to economic production

The analysis of the material flow of goods and services within a community or network can be converted into a method for strengthening activities within the solidarity economy. It emphasises the quantities, volumes, origins and geographical destinations of goods and services produced and consumed in a given territory or network, and starts with the analysis of consumption in order to determine production. Since an analysis of needs and demands is not always

carried out, many solidarity economy-based enterprises in Brazil and elsewhere do not successfully identify consumers of their goods or services, and experience many difficulties as a result. Such an analysis therefore plays a key role in ensuring the sustainability of enterprises and collaborative networks, and re-organising the supply chains that integrate the enterprises within a given territory or network.

If demands are modest and segmented, enterprises should be organised as an economy of scope. If the demands are extensive and uniform, they should be organised as an economy of scale. The decision between an economy of scope and an economy of scale must take into account the goals of improving working conditions and job opportunities in the territory in question, as well as the need to adapt production to the local ecosystem.

Analysis of the flow of consumption

The flow of consumption within a given territory can be disaggregated into three fundamental components: final consumption by families; consumption by governments; and consumption of the means of production (raw materials, equipment, and so on) by productive actors. The external consumption of goods and services produced within the territory could also play a role, and if it does it should also be mapped.

This would allow us to establish the extent to which external consumption contributes to the development of the territory in question; match production with demand, and identify opportunities for establishing new enterprises; and start the local production of goods and services that are consumed in the territory but are produced elsewhere. It will also allow us to improve plans for ensuring the sustainability of enterprises by evaluating the extent to which they are satisfying demand, taking into account patterns of consumption, supply chains and the levels of investment and skills needed to produce the goods or services in question. In fact, no territory can produce all the goods and services consumed within its boundaries. However, everything that can be produced internally in a sustainable and solidarity-based way will contribute to its socio-economic development.

Analysis of the flow of production

An analysis of the flow of production of goods or services and their commercialisation within a given territory must take into account existing production capacities as well as the volumes and kinds of waste generated in the course of the production process. It should also take into account productive activities for self-consumption and barter, which generate non-monetary revenue.¹¹

An initial analysis of the productive consumption of enterprises would require examining the capacity for producing and/or commercialising goods and services; the raw or semi-processed materials and services needed to produce or provide a good or service; the waste generated; and the labour needed. The portal solidarius.net provides an instrument for mapping solidarity economy-based enterprises as well as consumption and barter groups. It facilitates the analysis of supply chains in selected areas, and in terms of selected networks.

Analysis of value flows

Value flows need to be analysed in terms of their sources as well as their destinations. Values should be identified, and linked to the actors and segments that mobilise them as well as their origins and destinations. Economic value moves within and across territories and networks. One must also develop an analysis of the origins of monetary and non-monetary values that move across territories and networks as well as the evasion of those values, in order to prevent this from occurring.

The fundamental goal of correcting value flows is to expand the access of families to goods and services, and to improve the value gained from consuming them (irrespective of whether they are bought, bartered, self-produced or provided by the state), and considering the totality of monetary and non-monetary satisfaction. Therefore, such an exercise should not merely be aimed at increasing the range or volume of goods produced by participants, and decreasing the range or volume of goods they purchase. The more a network or territory is able to produce or provide the goods and services required by families, governments and enterprises, the more it can prevent the value spent on that consumption from leaving the territory or network. As a

result, the territory or network will be better able to promote its own development, taking advantage in a sustainable way of its own capacities of production and consumption.

Collaborative networks

In order to attend to these needs and demands, it is necessary to promote solidarity economy-based initiatives and their integration in collaborative networks. The basic steps for constructing and strengthening solidarity economy-based circuits are shown in Figure 6.2. With regard to the integration of financing, production, commercialisation and solidarity-based consumption, it is important to underline the role of collaborative networks, community banks and systems of economic barter.

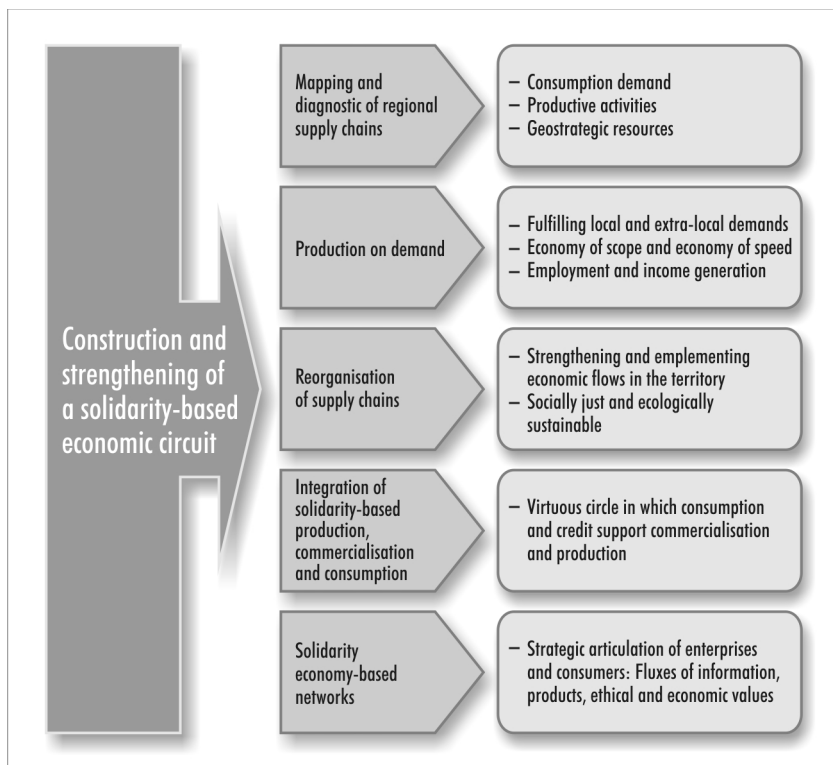


Figure 6.2 Steps for constructing solidarity economy-based circuits.
Source: MESA (2003: 7).

Challenges facing the solidarity economy

The development of the solidarity economy faces three major challenges. First, it is not a social movement, but a socio-economic one. It is defined by its nature, and not by the fact that it is an organised social group making certain demands. Solidarity economy initiatives effectively create an economic reality, namely the production, distribution and consumption of economic means in a sustainable and collaborative way. Thus the solidarity economy creates economic means, economic value and representations of economic value, but social movements do not possess this capacity.

Given this, its processes of organisation, mobilisation and education should not be restricted to policy demands or public policy proposals, as happens with most social movements. Instead, they should help to strengthen the economic flows of the solidarity economy itself, and amplify the activities of participating initiatives and networks. This could be done by expanding final and intermediate consumption, reassembling supply chains within collaborative networks and reducing production costs, among other diverse ways.

The main interlocutor of the solidarity economy must be the masses, which need to reorient their practices of consumption in a conscious and solidarity-based way. The aim of the solidarity economy is to generate and distribute economic means for the *bem-viver* of people, families, communities, nations and countries. Therefore, it must seek to address their needs, and consolidate itself as an axis of struggle. Attending to the immediate demands of social groupings is one of the fundamental characteristics of any axis of struggle, as well as overcoming oppressive and exclusionary structures. Public purchases are only one of the possible ways of consuming goods and services produced by the solidarity economy.

The need to promote a dialogue between the solidarity economy and the state is undeniable, given the necessity to formulate policy, create a legal framework and divert public resources. However, the solidarity economy should not depend upon public resources for its expansion and consolidation, and the promotion of post-capitalist forms of production. In fact, all human labour generates goods and services that can be measured in terms of their economic value, and

offered for the solidarity-based consumption of communities. The solidarity economy can generate credits of economic value when it offers its goods and services to consumers – to be exchanged for goods and services that correspond to the needs of the network – and can produce a surplus of economic value that will help it to grow and to sustain itself. However, this implies the establishment of solidarity economy-based collaborative networks, and the introduction of solidarity economy-based funds.

The second challenge is that solidarity economy forums and networks, organised from the local to the global level, must express democratic self-management as well as economic coherence. On the one hand, it is necessary to invent and renew these forms of democracy, so that power may be exercised in a shared way. On the other hand, it is necessary to constantly expand the consumption of solidarity economy-based products and services. Solidarity economy-based enterprises in Brazil generate about \$4.4 billion a year. However, many actors and organised groups that support the solidarity economy consume very little of its goods and services.

The third challenge is that, while it is necessary to develop a clear definition of the solidarity economy, collectively elaborated by members of networks and forums to serve as a reference for the work of mobilisation, organisation and popular education, it should not be converted into dogma. Instead, it must remain a collective reference and a generating theme to be enriched by the historical experiences of economic solidarity of different nations and different cultures, as part of the expanding horizon of the ethical exercise of public and private freedoms.

Notes

1. The Portuguese expression *bem-viver* (living well) has been used by the solidarity economy movement since 1998 to refer to exercising public and private freedoms in line with the principle of solidarity. It refers to the human capacity to exercise solidarity, provide reciprocal support, and extend individual and collective freedoms in an ethical way, regardless of circumstances. It is also used to promote a critical analysis of situations of oppression and liberation as well as an identification of the praxis of

oppression and liberation, taking into account its economical, political, educational, informational and ethical aspects. The Spanish translations are *bien-vivir* and *buén-vivir*. These terms were used to translate the terms *sumaj kamaña* in quechua, *sumak kawsay* in quichua and *allin kawsaw* in aymara, in the framework of a dialogue on new social projects in Latin American countries. Following popular participation in the development of Ecuador's 2008 constitution, the expression 'living well' appeared 23 times in the final text, which also refers to the solidarity and popular economy as economic sectors that coexist with the private and public sectors.

2. This perspective was developed by the Institute for Liberation Philosophy (IFIL) and Solidarius Brazil, based on grassroots work carried out with solidarity economy-based enterprises, support for collaborative networks, and consultancies to governments and international organisations. Since 1998, IFIL and Solidarius Brazil have been generating methods and information technology tools aimed at meeting the specific needs of the solidarity economy and sustainable development. These tools have interfaces in different languages. They are available at the portal solidarius.net and can be freely used by organisations and solidarity economy-based enterprises in any country.
3. See Instituto Brasileiro de Geografia e Estatística (IBGE), http://www.ibge.gov.br/home/estatistica/indicadores/trabalhoerendimento/pme_nova/defaulttab_hist.shtm.
4. The Working Group comprised Rede Brasileira de Socioeconomia Solidária (RBSES); Instituto Políticas Alternativas para o Cone Sul (PACS); Federação de Órgãos para a Assistência Social e Educacional (FASE); Associação Nacional dos Trabalhadores de Empresas em Autogestão (ANTEAG); Instituto Brasileiro de Análises Sócio-Econômicas (IBASE); Cáritas Brasileira; Movimento dos Trabalhadores Sem Terra (MST/CONCRAB); Rede Universitária de Incubadoras Tecnológicas de Co-operativas Populares (Rede ITCPs); Agência de Desenvolvimento Solidário (ADS/CUT); UNITRABALHO; Associação Brasileira de Instituições de Micro-Crédito (ABICRED) and some public managers.
5. For a systematic discussion of the values and principles underlying the solidarity economy, see Mance (2008: 201).
6. For more details about the semiotics of the capitalist and solidarity economies, and how to take advantage of 'hacks' of the capitalist system, see Mance (2008). On how performative language games create realities, see Austin (1975). About signs (indicators, icons and symbols) and interpretation (emotional, energetic and logical signifiers), see the works of Charles Sanders Peirce. About capitalism as a semiotic system, see Guattari (1987a, 1987b).

7. See for example, Mance (1999 and 2002).
8. See for example, Freire (1987: 52, 58 and 68).
9. See for example, Lévinas (1961) and Dussel (1977).
10. The main characteristics of solidarity economy-based networks are autopoiesis, intensiveness, extensiveness, diversity, integrality, systemic feedback, flux of value, flux of information, flux of materials and aggregation. See Mance (2002).
11. According to the Brazilian Institute of Geography and Statistics, the concept of non-monetary revenue refers to the consumption of all the products obtained through domestic production, hunting, fishing, collection, which are received in the form of goods as a result of barter, donations, products taken from the enterprise and revenue received for goods that have not passed through the market in their last transaction.

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7

From open spaces to hierarchy Solidarity economy forums in Brazil

Ana Margarida Esteves

The election, in 2002, of the first Brazilian government led by the Partido dos Trabalhadores (PT), or Workers' Party, gave the Brazilian solidarity economy movement a massive boost as it resulted in national policies for promoting the solidarity economy as well as a vertically integrated network of forums aimed at involving the movement in public policy-making. This chapter analyses the impact of this programme of institutionalisation on the relationship between the movement and the state, and focuses on the solidarity economy forums of Rio de Janeiro and Rio Grande do Sul to illustrate its effects on grassroots dynamics.¹

The goals and functions of the solidarity economy forums

Brazil's solidarity economy forums are novel institutions that are still not legally constituted or regulated. As determined in practice, and in terms of the principles of the Forum Brasileiro de Economia Solidária (FBES), or Brazilian Solidarity Economy Forum, the forums have two main goals, namely to promote grassroots engagement with the state over laws and programmes aimed at supporting production units in the solidarity economy, and to support the emancipation of those units from the competitive logic of the capitalist market as well as their dependence upon institutional sponsors within civil society and the state. This is done by facilitating access to technical and financial resources, potential business partners and opportunities for commercialisation.²

In terms of the national policy framework for the solidarity economy, formulated by the Secretaria Nacional de Economia Solidária (SENAES), or National Secretariat of the Solidarity Economy, the state is meant to promote the sustainability and autonomy of production units by adopting policies and passing laws that facilitate their access to technology, financial resources and commercial partners. The solidarity economy forums are meant to collaborate with the state on developing the relevant policies and legislation, and promote its accountability to the grassroots. They are also meant to promote collaborative ties among production units as well as their linkages with sources of credit and technology, civil society organisations (CSOs) and the state.³

Early forums as ‘open spaces’ of direct democracy

Rio de Janeiro and Rio Grande do Sul were the first states in Brazil to introduce solidarity economy forums. This occurred in the mid-1990s, due to different factors, and following different trajectories. In Rio de Janeiro, the introduction of a state forum preceded the formation of forums at the municipal and local level. The Forum de Desenvolvimento do Co-operativismo Popular do Rio de Janeiro (FCP), or Forum for the Development of Popular Co-operatives of the State of Rio de Janeiro, was inaugurated in November 1996 without state support and as a result of collaboration between grassroots NGOs and social movements dating back to the democratic transition in the late 1980s and early 1990s. There were no specific state policies for the sector until the introduction of the Law of Support to the Solidarity Economy in November 2008.⁴

In Rio Grande do Sul, regional and municipal forums were set up before a state forum, which only came in 2006. Those forums were also established in response to earlier government programmes for the sector by administrations led by the PT. In 1989, following the election of the first PT-led municipal government, Porto Alegre became the first municipality to adopt programmes for the solidarity economy. They were aimed at helping to set up, formalise and develop production units, and commercialise their products. In 1996, these programmes received a boost when the Porto Alegre municipality adopted a strategy

entitled *Economia Popular Solidária* (Solidarity Economy of the Popular Sectors). It was not passed into law, which would have ensured its continuity in the event of a PT defeat at the polls. One of its main goals was to organise beneficiaries into local-level solidarity economy forums that would help the state to identify the sector's needs, involve beneficiaries in policy implementation and promote grassroots control of policy implementation. This led to the establishment of a solidarity economy forum for the metropolitan region of Rio Grande do Sul, known as the Forum Metropolitano. Although this forum was an 'open space', production units were required to participate in order to gain access to technical assistance, credit and opportunities for commercialisation promoted by Porto Alegre. Although production units from the whole metropolitan region participated in the forum, the suburban towns of Viamão and Canoas created municipal-level solidarity economy forums in 1997, followed by Pelotas and Caxias in 1998, and Cachoeirinha, Alvorada and Gravataí in 2000 and 2001. The city of Porto Alegre also created a municipal forum in 2000. The formation of these forums followed the adoption of solidarity economy policies in those towns. The forums also elected representatives to the Forum Metropolitano.

Despite some differences among them, the FCP and municipal-level forums in the Porto Alegre metropolitan region both assumed the form of what Juris (2004) has described as open spaces of direct democratic participation. They have no formal membership structures, and hold open monthly meetings where participants represent themselves directly and make decisions through consensus. However, while in Rio Grande do Sul CSOs only had the status of observers and administrative coordinators of the forums, in Rio de Janeiro they played a coordinating role as well, and had the same voting and decision-making powers as representatives of production units.

GT Brasileiro: From political alternative to political compromise

The first major turning point in the institutional dynamics of the Brazilian solidarity economy movement occurred in 2002 with the election of the first national government led by the PT. Given the existing affinities between many activists and organisations in the

solidarity economy movement and the PT, this represented an opportunity for the former to engage in a political dialogue with the central government aimed at promoting public policies for the solidarity economy at the national level (Icaza 2008: 219–20). However, the development of national policies on the solidarity economy largely resulted from mobilisation prior to the election of the first PT-led national government, in the form of the first and second sessions of the World Social Forum, which took place in Porto Alegre in January 2001 and January 2002 respectively. This mobilisation was embodied in the Brazilian Working Group of the Solidarity Economy of the World Social Forum, commonly known as GT Brasileiro, which was formed to promote a national convergence between CSOs, social movements, and PT-led public administrations.⁵

On 9 and 10 December 2002, GT Brasileiro organised the First National Plenary of the Solidarity Economy. Participants agreed that GT Brasileiro would ask the incoming government to establish a Ministry for the Solidarity Economy. This ministry would be responsible for developing policies for the sector in a direct dialogue with the movement, without recourse to intermediary organisations. Participants also decided to establish the FBES, which would develop policy proposals to be presented to the state, and collaborate with state structures on their formulation and implementation. The structure of the FBES was determined during the Second and Third National Plenary of the Solidarity Economy, held during the third World Social Forum in January 2003, and in June of the same year (GT Brasileiro 2003: 61).⁶

The outcome of the First National Plenary was a collective letter asking the incoming government to adopt the solidarity economy as the core of its economic policy agenda.⁷ This would involve promoting the development of socially and environmentally sustainable local-level supply chains, based on principles of collective ownership and democratic management. According to the letter, such a model should remove legal and fiscal barriers to the formalisation of existing solidarity economy-based production units, as well as the establishment of new units; promote the creation of community-based financial schemes that would provide solidarity economy-based production units with

appropriate forms of credit; promote the development of appropriate technologies; and support the democratisation of economic, technical and management knowledge. The letter also asked the incoming government to map solidarity economy-based production units by means of a national census, in order to properly assess their needs for credit, technical assistance, commercialisation and economic partnerships (GT Brasileiro 2003: 35–51).

The new government resisted the proposal for establishing a ministry for the solidarity economy. Eventually a compromise was reached, namely to establish SENAES as a department under the Ministry of Labour. Its role would be to develop public policies for developing the organisational capacity of solidarity economy-based production by facilitating technical assistance, professional training, community-based finance and commercialisation.⁸ SENAES would be complemented by the Conselho Nacional de Economia Solidária (CNES), or National Council of the Solidarity Economy, conceived by the Ministry of Labour as a vehicle for policy dialogue between the state and the solidarity economy movement.⁹ It would comprise equal numbers of representatives of the state, solidarity economy-based production units and CSOs, who would meet twice a year to formulate proposals for public policy and legislation.

Despite the reluctance of the new government to adopt the solidarity economy as its main economic agenda, the movement and the new administration reached a compromise in terms of which the solidarity economy became a secondary area of policy-making. SENAES was tasked with developing a policy programme for the solidarity economy, entitled Programa Economia Solidária em Desenvolvimento, or Programme for the Development of the Solidarity Economy, which would encompass measures in the areas of commercialisation, technical assistance, skills development and community-based finance.¹⁰ SENAES also created Brasil Local,¹¹ a programme for financing local development agents chosen by communities. The main role of these agents is to identify the needs of popular cooperatives, and seek to meet these needs by promoting access to resources from CSOs and the state. SENAES also established the Sistema Nacional de Informação em Economia Solidária (SNIES), or National System of Information on

the Solidarity Economy, an online database on the characteristics and needs of popular cooperatives across the country. This database has been built and updated by means of regular national-level surveys, known as mapping processes. Two surveys have been conducted thus far, and the results of the first survey were published in 2007.¹²

All these measures were created in the form of policy programmes. Since they have not yet been codified in law, they are contingent upon the re-election of a PT-led government, or the election of a new administration sympathetic to the solidarity economy. In order to change this situation, the movement is promoting the collection of signatures in support of a law on the solidarity economy to be adopted by the Brazilian congress.¹³

The formation of the FBES and its impact on the forums

The Third National Plenary of the Solidarity Economy, held in June 2003, decided that the main decision-making body in the FBES would be the 'national coordination', a representative body that would meet twice a year to discuss the movement's strategies for the following six months.¹⁴ It comprised representatives of organisations taking part in GT Brasileiro, as well as three elected representatives of each state forum. Two of these would be members of popular cooperatives, and the third would either be a civil servant working with public policies for the sector, or a technician from an NGO, social movement organisation or university-based extension programme. FBES would establish a national secretariat, comprising four technicians, to deal with communications among members throughout the year. The secretariat would be assisted by the National Executive Coordination, again comprising representatives of participants in GT Brasileiro.¹⁵ FBES would also include seven elected representatives of production units across the country. Of those, two would come from the northern states, two more from the north-eastern region, and one each from the central, south-easterly and southern regions.¹⁶

The establishment of the FBES gradually changed the structure of the solidarity economy forums, notably by integrating local-level 'open spaces' into representative state-level forums.¹⁷ This had a significant impact on the forums of Rio de Janeiro and Rio Grande do Sul. In

Rio de Janeiro, it marked the beginning of the decentralisation of the FCP, and its gradual transformation from an open space into a representative structure. This occurred with the establishment, between 2004 and 2008, of municipal-level solidarity economy forums in the northern and western towns of Duque de Caxias, Nova Iguaçu, Campo Grande, Mesquita and São Gonçalo. The forums in Mesquita and São Gonçalo were established under public policies adopted by their local governments. While both those forums sent representatives to the FCP, they remained open to any solidarity economy-based production unit or NGO. In Rio Grande do Sul, the creation of the FBES led to the establishment of a state-level forum known as Forum Gaúcho de Economia Popular Solidária (FGEPS), or the Gaúcho¹⁸ Forum of the Solidarity Economy of the Popular Classes. The FGEPS was made up of representatives of each municipal and regional forum in Rio Grande do Sul. These delegations would comprise elected representatives of three production units and one NGO, social movement organisation or university-based ‘incubator’, as well as a public official working with policy programmes for the sector.

The Fourth National Plenary of the Solidarity Economy, held in Brasilia in April 2008, decided that all state forums would become representative organisations similar to the FBES National Coordination. They would comprise a state-level coordinating body made up of three elected representatives of each municipal forum, and an advisory body with no voting power, made up of representatives of CSOs operating at the state level. Two of the three elected representatives of each municipal forum would be from production units, and the third would be a public official or civil society technical adviser. From then on, decisions would be taken by a majority.¹⁹

From horizontalism to hierarchy and electoral competition

Rio de Janeiro: An increased dependence on NGOs

The adoption of national policies for the solidarity economy, accompanied by the integration of open local-level forums into vertical representative structures, led to the increasing dominance of the hierarchical decision-making characteristic of government bureaucracies over the horizontal, dialogical logic that defines open spaces. While

this meant a change of dynamics in forums that existed prior to SENAES and FBES, those tendencies were already present in local forums established as a result of municipal policies, including those forums set up before 2003. An analysis of the reports of meetings of state, regional and municipal forums in Rio de Janeiro and Rio Grande do Sul shows that, since 2002, their main focus had been to prepare for national meetings and conferences, followed by the organisation of commercialisation events at the national and state level.

According to a technical expert from an NGO based in Rio de Janeiro, national plans for establishing SENAES and FBES interfered with the FCP's plans to promote collaboration among production units, and link them to credit and commercial opportunities:

You see, our plan in the beginning was to create the collective so as to give a legal identity to the production units, so that they could collectively purchase production materials from the market, as well as sell at public fairs and to consumers' cooperatives. But all these articulations started taking too much energy and too much time, and started creating too much conflict. Many people who were initially very engaged and very supportive of that project started demobilising, because they felt the forum was losing its initial focus.²⁰

A worker from Rio de Janeiro provided further details of the negative impact of national-level mobilisation on the dynamics of the FCP:

The monthly meetings [of FCP] have a lot of participants when there is a trip in sight, a trip to participate in the National Coordination, the annual fair at Santa Maria, or another national event. There are limited resources to fund those trips, and there are limited places for people to go. According to X,²¹ the prerequisite for participating in those events is regular participation in the forum, as well as in the activities organised by the NGOs, so that people will get the education and training they say we need in order to participate

in them. Therefore, people come because they want to go there. And they want to go because at those events they always have the opportunity to sell stuff. Therefore, they want to be in their good favour, because in the end it is them who choose who goes to those events.

These accounts show that focusing on national-level mobilisation instead of collaboration among forum participants at the regional or local level led to an instrumentalist and individualistic approach to participation in the FCP. This eventually detracted from the autonomy of representatives of production units in the forum. Many of those representatives believe that taking advantage of opportunities for commercialisation came to depend more on being on good terms with institutional supporters than on collaboration with other production units participating in the same forum. According to a regular participant:

If you talk inside the forum, and you work for an NGO or are supported by one, you are well treated. They listen to you. If not, they think you do not have a 'base', they ask 'where are you from?' . . . There is no point in discriminating against us just because we joined the forum more recently, and don't have that kind of backing.

Therefore, the flip-side of the value placed on relationships between individual production units and institutional sponsors was the devaluation of the contributions of representatives of those production units themselves. While observing monthly meetings of the FCP, I witnessed numerous incidents in which the dependence of representatives of production units on institutional sponsors compromised their autonomy, and worked to silence them. At an FCP meeting held before the 2008 national solidarity economy fair in the town of Santa Maria in Rio Grande do Sul, the representative of a production unit had a heated argument with an NGO technical expert about travelling expenses. During a break, the representative of another production unit, a long-standing participant who has often represented the FCP at the national level, contextualised the argument by remarking:

People have their own opinions, even their own criticisms to the way they²² run things, but they don't voice their concerns, because they depend on them for participating in the fairs, for knowing what's going on, for selling. That's why they keep quiet, because they don't want to risk losing their backing, they don't want to be excluded from participating in fairs.

Some months later, this same representative had an altercation with an NGO expert in the forum over the organisation of a state-level commercialisation event. His arguments were backed with concrete examples of similar incidents during the previous decade. When the expert, a recent participant in the FCP, refused to take the worker's argument into account on the grounds that he lacked technical knowledge, the worker left the meeting, claiming that '... it is a waste of time to travel a far distance and lose a day of production to be patronised'.

Rio Grande do Sul: An increased dependence on politicians

In Rio Grande do Sul, the introduction of municipal and state-level public policies for promoting the solidarity economy in the 1980s and 1990s helped to reduce the economic dependence of production units on NGOs. Offers of technical assistance, municipal- and state-level support for commercialisation events, and permanent venues all contributed to these changing relationships. However, the shift away from NGOs made production units more dependent upon public officials and party elites. This happened because those policies were formulated in the framework of government programmes without being institutionalised as state policies whose continuity would be guaranteed by law irrespective of changes of government. This exposed the solidarity economy forums to interference by formations within the PT, which sought to build a grassroots base for political hegemony within the party as well as the state. Thus a representative of a production unit indicated that the forums had become a venue for electoral recruitment by party elites:

There are former public officials who were working with public policies for solidarity economy during Dutra's government,²³

or at the municipality when it 'was' PT, who afterwards created NGOs with the purpose of aggregating [co-opting] people, of aggregating production units in a chain of influence, for the purpose of capturing their vote. Those people started interfering in the forums in such a way that they would make a huge mess when we made decisions that went against their point of view . . . They²⁴ come and impose themselves, impose the people that they want to see coordinating the forums and representing them at the national level. Of course, that created a lot of conflict . . . They have that strategy: when they can't take over public spaces, they divide them.

Preparations for the Fourth National Plenary, held in Luziânia, Goiás, from 26 to 30 March 2007, were marked by increased interference from party elites in state- and local-level forums. As a result of those conflicts, FGEPS was nearly paralysed before and after the plenary, to the point where it only met once during the period of field work, between July 2008 and July 2009.²⁵ The FCP experienced similar interferences during preparations for the plenary, although this did not compromise its monthly meetings. According to sources within the FCP, the interference came from participants who were active PT militants. These individuals eventually presented themselves to the plenary as FCP representatives, although the forum had not in fact chosen them. The FCP eventually formally repudiated their participation in the plenary.

Were SENAES and FBES created before their time?

The establishment of SENAES and FBES had two major consequences. First, it turned the solidarity economy into a peripheral area of policy-making.²⁶ Second, production units began to depend on institutional supporters within civil society and the state for access to resources and opportunities for commercialisation, to the detriment of economic collaboration among themselves and other forum participants. This dependence detracted from the status of their representatives within the forums, as well as their role in decision-making.

According to Marcos Arruda, a leading intellectual of the solidarity economy movement, this did not result from the establishment of

SENAES and FBES as such. In an interview with the author, he stated:

Those were historical opportunities that we couldn't let pass by. We need public resources to help solve the problems faced by solidarity economy production units in terms of access to credit, technical assistance and opportunities for commercialisation. However, this should be done in a way that promotes their autonomy vis-à-vis the state, which strengthens the autonomy of the forums. It should be done in a way that strengthens popular education, the promotion of a consciousness of solidarity and economic collaboration based on solidarity, not the reproduction of the neoliberal logic of productivity, profit and individualism . . . Every strategic decision implies risks and compromise.

Arruda argued that SENAES and FBES were established too early, before the movement was strong enough to turn the solidarity economy into the foundation of the government's economic policy, or at least a central area of economic policy-making; or prevent the forums from being co-opted by the hierarchical logics of the state and NGO bureaucracies as well as the competitive logic of electoral politics.

The political compromise around SENAES

The establishment of SENAES and the adoption of national policies for promoting the solidarity economy can be seen as part of a PT strategy for increasing its voter support while diminishing its engagement with grassroots organisations and day-to-day mass organisation.

The PT and the solidarity economy movement have common origins that can be traced back to the resistance against the authoritarian regime promoted by the Ecclesial Base Communities as well as by progressive lay organisations within the Catholic Church such as Ação Católica (Catholic Action) and Comissão Pastoral da Terra (the Pastoral Commission for Agrarian Issues). These organisations served as a training ground for the activists that founded the PT and Central Única dos Trabalhadores (CUT),²⁷ or Central Workers' Union, in the early 1980s, as well the founders of key organisations that promoted

the solidarity economy movement.²⁸ Many of them were also militants, or collaborated closely with the PT. However, throughout the 1980s and 1990s, the PT reduced its engagement with grassroots organisations and day-to-day mass organisation, except before electoral campaigns. In the same period, it shifted from a Marxist/left tendency to a 'third way' developmentalist approach to economic policy. In the words of Petras and Veltmeyer, 'the electoral sector of PT gained control of the party and slowly redefined its role as an electoral apparatus, paying lip-service to the social struggle and concentrating its efforts inside the apparatus and institutions of the state, forming de facto alliances with bourgeois parties' (2005: 61–2). Thus the electoral coalition led by the PT that won the 2002 general elections included, among others, the social democratic Partido Socialista Brasileiro (PSB), or Brazilian Socialist Party; the centrist Partido do Movimento Democrático Brasileiro (PMDB), or Party of the Brazilian Democratic Movement; and the neoliberal/conservative Partido Republicano Brasileiro (PRB), or Brazilian Republican Party.

Before the presidential election in October 2002, the PT and its electoral allies issued a manifesto that stated that their major goal in government would be to address structural inequalities by promoting rapid economic growth and international competitiveness. To this end, the manifesto listed six key policy goals, namely stabilising prices, creating a more efficient tax system, providing long-term development finance, investing in research and development, and investing in infrastructure as well as worker education (Baer 2008: 152–3). Economic growth would be boosted by stimulating both supply and demand and by strengthening trade and investment relations with other economies at the same level of development, thus decreasing Brazil's dependence on the Global North. The choice of a third way developmentalist strategy by Lula's government was the result of a compromise made by PT leaders with national and international economic elites, aimed at ensuring governability and promoting the economic growth necessary for supporting redistributive measures. At the core of this compromise was the goal of maintaining a reputation of 'investor-friendliness' so as to avoid a flight of national and international capital (Baer 2008: 152).

The agenda adopted by the incoming government precluded radical departures from established economic policy, such as those implied by adopting the solidarity economy as the basis of economic policy, or even establishing a ministry for the sector. In order to change this situation, the Brazilian solidarity economy movement would need to link up with other civil society actors with similar goals as well as factions within the PT, which favoured grassroots self-management and participatory democracy.

The disempowerment of production units

The dependence of production units in the solidarity economy upon civil society and political mediators reflects their fragility as well as the lack of mechanisms within the forums for promoting their empowerment, such as creating incentives for economic collaboration and for collective self-management.

In 2007, there were almost 22 000 production units in the solidarity economy. About 2 000, or 9 per cent, were located in Rio de Janeiro, and about 1 300, or 6 per cent, in Rio Grande do Sul. Only about 49 per cent – 22 per cent of those in Rio de Janeiro, and 36 per cent of those in Rio Grande do Sul – participated in the formal economy. Nearly 30 per cent had no formal earnings in reais, and more than 60 per cent were unable to pay minimum monthly wages of 380 reais.²⁹

The main cause of the fragility of these production units is the difficulties they experience in accessing opportunities for commercialisation, credit and know-how. These stem from a combination of structural dynamics as well as regulations that benefit capitalist production, while simultaneously creating obstacles to the establishment of production units that cannot provide any guarantees of economic or financial sustainability.

The public policies for the solidarity economy promoted by SENAES and municipalities such as those of Rio Grande do Sul promote access to the knowledge needed for setting up and managing production units. They also create opportunities for accessing credit and commercialisation in the form of community-based microcredit mechanisms and solidarity economy fairs, among other initiatives. These initiatives are particularly important for production units, which,

due to their informal status, are not able to access credit and opportunities for commercialisation beyond the clustered patronage of personal networks and institutional support by CSOs. However, they do not guarantee the economic sustainability and self-determination of those units.

Mance (2002) argues that the key to the self-determination of production units in the solidarity economy lies in integrating them with supply chains, so as to promote productive specialisation, economies of scale, and a 'systemic feedback mechanism' that would contribute to their sustenance and growth. In the 2000s, only 6 per cent of solidarity economy-based production units were participating in supply chains at the national level. One of the most significant examples is that of *Justa Trama*,³⁰ a chain of agricultural and industrial worker cooperatives that produces organic cotton clothing. It shows that integrating production units into supply chains helps them to save on materials, and generate more revenue. Besides this, the fact that they are all part of the same project and share their gains and losses not only motivates them to sell products to their partners at good prices, but also promotes productive specialisation, which increases productivity by reducing costs and promoting economies of scale. This also liberates resources for investment in technology, which further improves productivity and product quality. However, policy programmes for promoting the solidarity economy do not include incentives for setting up supply chains, because they privilege public support to individual production units over promoting collaboration among them. The fact that, by the time field work had been concluded, none of those programmes had been formalised in state or national legislation meant that their continuity depended on the re-election of PT governments. Moreover, given that the solidarity economy forums were still informal institutions with no legal personalities, they could not raise the resources needed to support the development of supply chains as well as self-managed mechanisms for commercialisation and financing at the grassroots. National-level legislation proposed by the movement did not envisage providing the solidarity economy forums with these sorts of capacities.

Conclusion

The establishment of SENAES and FBES was a political compromise that turned the solidarity economy into a peripheral area of policy-making, and reinforced the dependence of production units on institutional mediators in civil society and the government. As a result, the horizontal logic of deliberation and collaboration that characterises direct democracy in open-space forums became secondary to the hierarchical and competitive logic of state bureaucracy and electoral competition. This development had two main causes. The first is that, when national policies were formulated, and the FBES was formed, the movement had not yet forged the alliances with other grassroots organisations as well as the fact that PT members needed to tip the balance of power within the party and promote the solidarity economy as a central area of policy-making. Another was the fragility of most production units in the solidarity economy, and the low levels of economic collaboration among them. Moreover, by mid-2009, when field work had been concluded, state support for the solidarity economy had not yet been legislated, which meant that its continuity depended on the re-election of PT governments.

Given that the solidarity economy forums are informal institutions with no legal personalities, they are unable to create their own mechanisms for supporting economic collaboration among production units, which makes them dependent on NGOs or public officials for access to technical assistance, credit and opportunities for commercialisation. However, these limitations are not fatal, as they provide a clear incentive for providing the forums with legal personalities and regulating their relationships with participants and institutional partners, thus providing them with the capacity to promote the self-determination of production units in the solidarity economy.

Notes

1. This chapter is based on field work conducted in Brazil from June to August 2006, in July and August 2007, and from July 2008 to July 2009.
2. See http://www.fb.es.org.br/index.php?option=com_content&task=view&id=61&Itemid=57.

3. See http://www.fbes.org.br/index.php?option=com_content&task=view&id=65&Itemid=61.
4. Implementaton of this law only began in the second half of 2009, after field work had been concluded.
5. GT Brasileiro initially comprised representatives of PACS, C ritas Brasileira, FASE, IBase and CONCRAB, as well as the Associa o Brasileira de Institui es de Microcr dito (ABCRED), or Brazilian Association of Microcredit Institutions (<http://www.abcred.org.br/>); Rede Brasileira de Socio-economia Solid ria (RBSES), or the Brazilian Network of the Solidarity Socio-economy; Rede de Incubadoras Tecnol gicas de Co-operativas Populares (ITCP), or Network of University-based Incubators of Popular Co-operatives; the Associa o Nacional de Trabalhadores e Empresas em Autogest o (ANTEAG), or National Association of Workers and Enterprises in a Regime of Self-Management (<http://www.anteag.org.br/>); UNITRABALHO; and the Ag ncia Para of Desenvolvimento Solid rio (ADS-CUT), or Agency for Solidarity-based Development, a division of CUT (<http://www.ads.org.br/>). At the time of its establishment, GT Brasileiro also included representatives of the government of the state of Rio Grande do Sul, and the Secretariat for Development, Labour and Solidarity of the then PT-led municipal administration of S o Paulo (GT Brasileiro 2003).
6. A complete transcript of the concluding session of the Third National Plenary is available at http://www.fbes.org.br/index.php?option=com_docman&task=cat_view&gid=112&Itemid=216 (last accessed 1 February 2012).
7. Known as the ‘Carta ao Governo Lula’, or ‘Letter to Lula’s Government’.
8. The powers and functions of SENAES were set out in government decree no 4.764 of 24 June 2003, which also established CNES.
9. CNES was officially inaugurated at the first national conference on the solidarity economy, held in Brasilia in June 2006. The working documents and conclusions of this event are available at http://www.fbes.org.br/index.php?option=com_docman&task=cat_view&gid=332&Itemid=216.
10. A detailed account of these measures is available at http://www.mte.gov.br/ecosolidaria/prog_default.asp (last accessed 6 February 2012).
11. More information about this programme is available at http://www.mte.gov.br/ecosolidaria/prog_promocao_brasil.asp (last accessed 6 February 2012).
12. The database, as well as a description of the mapping process, is available at <http://www.mte.gov.br/ecosolidaria/sies.asp>.
13. A detailed account of this project is available at http://www.fbes.org.br/index.php?option=com_docman&task=cat_view&gid=432&Itemid=216.
14. A full transcript of the concluding session of the Third National Plenary is available at http://www.fbes.org.br/index.php?option=com_docman&task=cat_view&gid=112&Itemid=216.

15. They were later joined by the Central de Co-operativas e Empreendimentos Solidários (UNISOL), or the Central of Co-operatives and Solidarity-based Production Units (www.unisolbrasil.org.br), and União Nacional de Co-operativas da Agricultura Familiar (UNICAFES), or the National Coalition of Family-based Agricultural Co-operatives (www.unicafes.org.br). CUT established UNISOL in 2004 to provide worker cooperatives with technical and financial support. UNICAFES was established in the same year to represent family-owned subsistence farms and grassroots agricultural cooperatives. CONCRAB decided not to participate in the FBES. The participation of MST in the solidarity economy movement currently comprises the commercialisation of agricultural goods at municipal-, state- and national-level solidarity economy fairs across the country.
16. A detailed description of the structure and functioning of FBES is available at http://www.fb.es.org.br/index.php?option=com_content&task=view&id=61&Itemid=57.
17. The states of Espírito Santo, Minas Gerais and Ceará created their own forums in 2001, as part of bottom-up mobilisation in preparation for the First National Plenary. The states of Bahia, Pará and Pernambuco established their own forums in 2003, following the Third National Plenary. The states of Amazonas and Pauí established forums in the following year, followed by Santa Catarina in 2005. São Paulo, Acre and Rondônia established their forums in 2006, as a result of bottom-up mobilisation for the first national conference on the solidarity economy, which took place in Brasília in June 2006. The remaining states set up their forums in 2007, in the aftermath of the first national conference.
18. A term used to refer to cattle keepers in southern Brazil, Argentina and Uruguay. Also used to refer to the inhabitants of the state of Rio Grande do Sul.
19. The conclusions of the Fourth National Plenary are available at http://www.fb.es.org.br/index.php?option=com_docman&task=cat_view&gid=433&Itemid=216. During the plenary, it was decided that only organisations active in at least seven states would gain permanent seats on the National Coordination and National Executive Coordination of FBES. This decision led to the withdrawal from these bodies of PACS, FASE and IBase, as well as the official entrance of UNISOL and Instituto Marista de Solidariedade (IMS), a social assistance organisation which forms part of *Cáritas Brasileira* (<http://sites.marista.edu.br/ims/>).
20. In order to protect the privacy of this and other interviewees, their names, the dates of the interviews, and the events they referred to will not be identified.
21. An NGO technical expert who served in the FCP secretariat at that time.

22. The interviewee was referring to representatives of NGOs who were serving in the forum secretariat at that time.
23. The respondent was referring to Olivio Dutra, mayor of Porto Alegre between 1989 and 1993, and governor of the state of Rio Grande do Sul between 1999 and 2003.
24. Representatives of Democracia Socialista (DS), or Socialist Democracy, a Trotskyite formation within the PT.
25. This meeting took place in December 2008, during the annual state solidarity economy fair.
26. According to data from the Tribunal de Contas da União (<http://portal2.tcu.gov.br/TCU>), the national court that supervises the Brazilian national budget, between 2004 and 2008, SENAES received 21.4 million reais for implementing its policy programmes. This is less than 0.25 per cent of the total allocation to the Ministry of Labour in that period.
27. The major labour federation in Brazil, connected to the PT.
28. They include Solidariedade e Educação (FASE) (www.fase.org.br), CEDAC (www.cedacnet.org.br), IBase (www.ibase.org.br), Políticas Alternativas para o Cone Sul (PACS) (www.pacs.org.br) and Asplande (www.asplande.org.br). Many of those activists also joined the ranks of Caritas Brasileira (www.caritas.org.br), the Landless Workers' Movement (MST), as well as two national-level networks of university extension programmes aimed at supporting solidarity economy-based production units: Rede de Incubadoras Tecnológicas de Co-operativas Populares (ITCP), or Network of University-based Incubators of Grassroots Co-operatives (www.itcp.org.br), and UNITRABALHO (www.unitrabalho.org.br).
29. This information has been drawn from SNIES, and is based on its 2007 survey. Its database does not allow the calculation of the percentage of formal and informal production units within these categories.
30. See <http://www.justatrama.com.br/home/index.php>.

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Part 3

The solidarity economy in
South Africa

8

The solidarity economy alternative in South Africa

Prospects and challenges

Vishwas Satgar

The solidarity economy in South Africa is emerging from anti-capitalist struggles and discourse. Like the US movement, it is relatively new, but has immense potential. It is being shaped by new forms of transformative organisation at the grassroots, the advent of democracy, the crisis of global capitalism, the unravelling of the national liberation project, and almost two decades of neoliberal rule. However, this does not mean it has a clear identity, or has entered the national imagination. It is blossoming in marginalised township communities and in rural spaces. It is not a blueprint or public policy imposed from above, or part of an ameliorative agenda. Instead, it is an emancipatory practice developing from below, informed by a popular desire for an alternative state of being and way of life.

Part of what is new in the solidarity economy is its attempt to rediscover the utopian dimension of Marxism and of anti-capitalist politics more generally. This is particularly innovative given the way in which Marxism has embraced a dogmatic, state-centric scientific socialism, in South Africa as well as internationally. By contrast, the emergence of the solidarity economy is being guided by a non-dogmatic utopian Marxism, in tune with humanising social relationships, and learning critically from practice. It is also not strapped in a doctrinal straitjacket, as it constitutes a new form of power being built from below. Jaded concepts such as ‘revolutionary’ or ‘reformist’ do not apply to its transformative practices, and more often obscure their real

import; indeed, the alternative power relations in the solidarity economy lend new meaning to the notion of transformation from below. However, this does not preclude other currents of anti-capitalist politics, with more state-centric understandings of power, from informing and shaping the solidarity economy movement in South Africa.

This chapter seeks to clarify the approach to the solidarity economy that is emerging among various South African anti-capitalist social forces (including social movements, NGOs, progressive academics and activists). Given that the solidary economy is still developing, it seeks to highlight the values, principles and vision that are driving this process. First, it responds to the academic and policy positions that privilege formal definitions over the possibilities of emancipatory grassroots practice. In this regard, it highlights the significance of open-ended democratic practice, and a process-centred vision of transformative change. Second, it historicises the solidarity economy by identifying the factors that first limited and then encouraged its emergence after apartheid. Crucial in this regard is the mapping of solidarity economy practices and potentialities among various social forces.

Third, it highlights and develops the notion of the solidarity economy as part of anti-capitalist emancipatory practice. Building on the notion of the solidarity economy as an open-ended, democratic and process-centred vision for transformative change, three other dimensions of emancipatory practice are brought into focus: the ongoing critique of current power relations and neoliberal discourses that advance 'capitalism for the poor'; the need for emancipatory utopian thinking; and actual practices in the solidarity economy. To illustrate aspects of its emergence, we examine experiences in Ivory Park (a large informal settlement midway between Pretoria and Johannesburg), and its wider implications for building the solidarity economy movement at the grassroots. In conclusion, this chapter focuses on the challenges facing the development of the solidarity economy, and how they could be overcome.

The vision of the solidarity economy in South Africa

Much of the international academic and policy literature on the solidarity economy seeks to define it in formal terms. However, most

or all of these definitions are not only too limited, but are also actively misguided. This is most vividly demonstrated when the 'solidarity economy' is related to the 'social economy'. In Europe, for instance, 'social economy' simply denotes a set of institutions, including cooperatives, mutuals and NGOs, which is broader than the conventional notion of the NGO sector or civil society. The term 'social-solidarity economy' extends this institutional definition to the solidarity economy as well. Put differently, the solidarity economy is also merely defined in terms of institutional membership, and the characteristics of those institutions. This is further illustrated by the discourse of the International Labour Organisation (ILO). Its training guide/reader on the social-solidarity economy refers to the solidarity economy as follows:

Above all, the supporters of the solidarity economy approach want to shed light on innovative, more participatory and often smaller initiatives. These initiatives are often created to respond to contemporary societal and social problems, such as child and elder care, environmental issues, local exchange trading systems and sustainable agriculture. These solidarity economy organisations or networks are also more embedded at the very local level, and based on a reciprocity mechanism (ILO 2010: 11).

For the ILO, then, the solidarity economy is merely about institutions that promote non-monetised social relations and localisation. It is not about the embrace of institutional forms that change property and power relations, such as worker cooperatives. This reduces the solidarity economy to an utopian notion in the most idealistic and derisive sense. Moreover, while recognising its participatory aspect, the ILO reduces the solidarity economy to an adjunct of, or complement to, the ameliorative logic of the social economy. In other words, for the ILO the solidarity economy is not about transforming capitalism, but about solving societal and social problems within the capitalist system. In line with this, it views the social economy as an element of neoliberal trickle-down growth economics (see Williams in this volume).¹

By contrast, many activist scholars view the solidarity economy as open-ended anti-capitalist emancipatory practice. They agree that it provides a definite alternative to capitalism. However, given that the solidarity economy is created in the course of emancipatory practice, its language is tentative, open and contingent, there is no static definition that provides it with definite limits. In line with this, Singer (a leading radical intellectual in Brazil) describes the solidarity economy as an 'alternative mode of production' (2006: 6). The US Social Forum describes it as follows: 'If anything, the solidarity economy is trying to subvert neoliberal capitalism's theoretically and oftentimes physically violent colonization [sic] of economic space. It is a project of diversification; a project of making space for other practices and relationships. And so, because the solidarity economy's refusal to be rigidly classified can best be understood by first understanding neoliberalism's rigid dogma, we start with what we are against' (cited in Allard, Davidson and Mattaei 2008: 9–10). And a spokesperson for the Peruvian Solidarity Economy Network has stated: 'It is a reality . . . a different way of creating economies that allows a certain section of the population to survive. We are talking about a concrete experience of resistance' (N. Villareal, cited in Allard 2008: 372).

In South Africa, the solidarity economy is also regarded as part of anti-capitalist emancipatory practice and discourse.² Thus the Cooperative and Policy Alternative Centre (COPAC) describes it as a 'collective humanist response and democratic alternative from below to the crisis we face. It draws on our common humanity as the basis for solidarity action. More concretely, the solidarity economy is a voluntary process organised through collective struggle and conscious choice to establish a new pattern of democratic production, consumption and living that promotes the realisation of human needs and environmental justice' (2010a: 2).

Another reason for this open-ended conception is the fact that solidarity economy practice is inherently about learning. It produces knowledge by institutionalising and practising ethical values and principles in local, national and transnational contexts. Both successes and failures are regarded as sources of learning and knowledge. After years of grassroots practice, research and dialogue with anti-capitalist

forces, COPAC has proposed a broad set of ethical values and principles as the basis for an open-ended, democratic and process-centred vision of the solidarity economy. In its view, this process comprises:³

- Collective self-organisation in order to sustain life (human and non-human);
- The democratic coordination of economic and social enterprises;
- Self-managed enterprises;
- Worker and collective ownership;
- Participatory civic and social action;
- Ongoing education and learning for progress; and
- Social transformation centred on human needs and the environment (2010a: 3).

This vision is based on the ethical values of caring, sharing, self-reliance, honesty, democracy, equality, learning, ecological consciousness, social justice and openness; and the principles of solidarity, collective ownership, self-management, control of capital, eco-centric, community benefit and participatory democracy.⁴

This process-based vision has the strength of encompassing various institutional forms that embrace these values and principles. In practice, cooperatives, especially general and worker cooperatives, are crucial social forms emerging in the South African solidarity economy process (COPAC 2010b). This is vital for thinking about the solidarity economy alternative as a harbinger of new forms of socialised work and economic power. It also means that cooperatives that choose to participate in the solidarity economy and movement are free to improve on the universal cooperative model advanced by the International Co-operative Alliance.⁵ This emphasis on an innovative process of structural transformation from below takes cooperative practice beyond amelioration, or individual cooperatives as 'ends in themselves'. Another strength of the process-centred approach to the solidarity economy is its rootedness in a democratising logic as part of emancipatory anti-capitalist practice. This creates the conditions for collective self-reflection, an awareness of a broad horizon of practice, and a willingness to link the solidarity economy to a range of anti-capitalist practices and methods for building grassroots power. This

means that the anti-capitalist potential of the solidarity economy enables it to link with struggles against various contradictions of capitalism, and embrace alternative democratic practices such as participatory budgeting and development planning, transition towns, food sovereignty, basic income grants, climate jobs, public information, community housing provision, youth communes, eco-villages, towns, cities, and so on.

In this way, the solidarity economy alternative is not reducible to one institutional form or practice, but is about engendering the critical mass for an alternative logic of accumulation grounded in an emancipatory practice (guided by an alternative vision, values and principles) that are contrary to state, market, third sector or even community logics. Given the right conditions, such a vision, values and principle-centred logic of accumulation that places human needs and nature at its centre has the potential to become a dominant logic in society. Finally, such a vision-centred approach allows us to juxtapose the solidarity economy with what it is not, thus helping us to define what it is. In South Africa, there has been a strong emphasis on the negative, on what the solidarity economy is not, as part of explaining what it is. Hence the solidarity economy is not:

- Another business model that enhances social capital, thereby extending the private sector. Instead, it is an alternative to capitalism, informed by ethical and social goals. Profits and market relationships are subordinate to these purposes. It is an end in itself.
- A version of the programme of Black Economic Empowerment (BEE) (narrow or broad) supported by the state. Instead, it rejects the corruption, state control and lack of ethics within BEE. In the South African context, the solidarity economy is an independent and grassroots alternative to BEE.
- A component of the mixed economy; an add-on to the existing economic system; or a third economic sector. Instead, it is a process with many possibilities of scale, scope, location and depth. It is a means to transform society.
- A band-aid for the social and economic results of state or market failures, such as poverty. Instead, it addresses structural failures

such as poverty by promoting economic activity that places human well-being before profits. Given a choice, all who believe in its vision, values, principles and practices prefer the solidarity economy (COPAC 2010b: 17).

This perspective has been further amplified through a critique of 'capitalism for the poor', a demonstration of the need for emancipatory utopian thinking, and actual movement-building practices. The repertoire of emancipatory practices guiding the solidarity economy assists in positioning the ethical values, principles and process-based vision of the solidarity economy and movement among those who want a transformed South Africa. In short, the starting point for the solidarity economy in South Africa is not about fitting in with existing economic structures, but about advancing an alternative to the existing economy from below. The historical conditions that enable this are examined below.

The origins of the solidarity economy in South Africa

Apartheid oppression and the limits of the national liberation struggle

The solidarity economy has pre-capitalist origins. In the South African context it is best understood in terms of the tradition of Ubuntu (putting humanity first) and of collective land use rather than individual ownership. This philosophy and practice formed part of traditional African society. However, this does not mean that we should reach back to a romanticised traditional past, but rather that we need to place the humanist and collective values of such a past in a modern institutional context. In modern times, the solidarity economy has not entered the mainstream but has remained on the periphery of a monopolised, structurally diverse, transnationalising and racialised economy. The national liberation struggle could have amplified this emancipatory practice, but has failed to do so.

Three factors limited the emergence of the solidarity economy under apartheid. The first was the racialised nature of proletarianisation in South Africa, and the spatial duality this imposed on the lives of mainly African workers.⁶ With the development, under apartheid, of the homeland enclaves as reserves of cheap black labour, this meant

that labour was trapped in two worlds: one urban and exploitative, and the other rural and subsistence-based. As transients in urban spaces, workers merely advanced solidarity practices in order to build industrial unions, and establish burial societies to assist with organising funerals in rural areas (initially just for mine workers who died on the mines) as well as savings and buying clubs. The pull-back to rural communities and the racial policing in urban spaces had a disruptive effect on the lives of workers, limiting solidarity-based associational bonds.

The second factor that inhibited the emergence of the solidarity economy was the nature of the national liberation movement. While in the first half of the twentieth century various national liberation leaders such as Mahatma Gandhi, Govan Mbeki and Dora Tamana experimented with cooperatives and new ways of meeting community needs, those efforts were overtaken by the dialectic of repression and revolution. When, following its ascent to power in 1948, the National Party unleashed its apartheid project and clamped down on the national liberation movement, it became increasingly difficult to organise both transformative and oppositional mass resistance. In moments of open mass resistance such as Sharpeville in 1960 or Soweto in 1976, such resistance was met with harsh repression. At the same time, the embrace of armed struggle by the liberation movement served to harness all mass energies towards destroying the apartheid regime. By the 1980s, the ANC-led liberation movement was intensifying the armed struggle, and espousing the need for a 'people's war' (Lodge 1988).

The third factor that limited the emergence of the solidarity economy as part of the struggle against apartheid was the state-centric nature of the mainstream nationalist utopian imagination. In 1955 the national liberation movement adopted an important programmatic document, the Freedom Charter, as the basis for an alternative to the racist apartheid project. However, while the Freedom Charter encompassed various non-racial possibilities for South Africa, including revolutionary nationalism, social democracy and a Sovietised option with a people's power gloss, they were framed in a state-centric discourse. The only exception to this, which emerged out of the revolutionary

trade union movement, was a principled commitment to worker control, or socialism from below. Influenced by a critique of failed post-colonial politics and Soviet Marxism, this ideological current gave rise, in the 1980s, to worker cooperatives linked to the trade union movement (Philip 1987).

Many of these attempts at developing worker cooperatives were defensive in the context of widespread retrenchments, and plagued with various problems, not least the existence of a hostile apartheid state. Most failed, partly because they had to be located in the homelands or in other rural areas where retrenched workers lived. As a result, many cooperatives did not have access to markets, and faced major obstacles to becoming economically viable. In short, both internal and external factors conspired against their continued existence.

Ironically, as we move into the 1990s, marked by the hegemonic influence of the ANC-led liberation movement, the trade unions abandoned any commitment to the solidarity economy. 'Socialism from below' became mere rhetoric, and most unions set up union investment companies that focused on big profits rather than socially embedded institutions. The National Union of Mineworkers, which set up a dedicated Mineworkers' Development Agency, dropped its focus on worker cooperatives. Instead, it began setting up small businesses, and has concentrated on deracialising capitalist ownership structures through Employee Stock Option Schemes (Satgar and Williams 2011a).

Post-apartheid South Africa and the emergence of the solidarity economy

In post-apartheid South Africa, prospects for the solidarity economy have improved through new structural and agential conditions. Three factors have opened up a space for the emergence of the solidarity economy and movement: the end of institutionalised and regulated apartheid; the crisis of South Africa's neoliberal political economy; and grassroots anti-capitalist organisation.

Institutionalised apartheid began to unravel in the 1980s, and ended with the 1994 transition to a constitutional democracy. This political transformation ensured that the labour market was no longer

controlled through racialised regulation. Instead, modern labour standards were put in place, and human and associational rights and freedoms were strengthened. Workers and citizens could now, in theory, live wherever they wanted. Moreover, the space was created for a deracialised public sphere and civil society, creating the necessary conditions for the emergence of a genuine solidarity economy alternative and movement. Regarding the crisis of neoliberal South Africa, the short story is that a trade-off was forged with white monopoly capital: neoliberal globalisation and restructuring in exchange for deracialised ownership structures. This arrangement has not worked. Ownership patterns have not been thoroughly transformed, and elite formation has replaced the process of transformation (Marais 2011). This has left behind millions of South Africans who are unemployed, earning low wages and unable to cope with commodified services and higher costs of living. South Africa has become an unviable society for the majority of its citizens. The deepening global crisis registers seamlessly in South Africa's globalised economy, with the state locked into managing the risk to capital rather than the risks to its people and nature. This crisis of reproduction further encouraged the incubation of the solidarity economy movement.

Finally, the 'double movement', in a Polanyian sense, of countering marketisation, commodification, privatisation and market-led service delivery from below has spawned successive waves of social contestation in post-apartheid South Africa (Zuern 2011; Beinart and Dawson 2010). South Africa has one of the highest civic protest rates in the world, representing, for some, the 'rebellion of the poor'. However, this bottom-up campaign against the market and South Africa's failing state has been episodic, localised and fragmented. Most significantly, these protest actions have not become counter-hegemonic, and capable of articulating an alternative project that speaks to the deeper crisis of national liberation. In this context, the emergence of a solidarity economy is extremely significant. While not a fully fledged movement as yet, its transformative alternatives to the crisis-ridden model of post-apartheid capitalism are gaining currency. Over the past twelve years, the solidarity economy activist current has taken root among various social forces:

- Community-based cooperatives, including worker cooperatives: Post-apartheid South Africa has witnessed a boom in cooperatives, from about 1 300 in the early 1990s to more than 30 000 today. This growth has resulted from a big push from above, in the context of state promotion and patronage (COPAC 2005, 2006, 2010c). Spread across both urban and rural spaces, most are community-based, and many are led by women. However, they are also marked by a high failure rate of 87 per cent (DTI 2009).⁷ Attempts at state patronage have had a disabling rather than enabling impact. However, there are many community-based cooperatives that are self-sustaining, autonomous, engaged in local economic development and beginning to link with other cooperatives through backward and forward linkages (COPAC 2008).
- Trade unions: Despite the capitulation of trade unions to BEE (a euphemism for elite enrichment), the squeeze of economic restructuring has challenged unions to consider alternatives (Satgar and Williams 2011a). In this regard, the leading public sector union in South Africa, the National Education, Health and Allied Workers' Union, has experimented with a cooperative credit union and a worker cooperative option in the context of university restructuring. More recently, the National Union of Metal Workers of South Africa attempted to buy a waste recycling plant, and has committed itself to building capacity to support cooperative development. A rival metal workers' union has been involved in the first factory occupation, and has attempted to take over an insolvent factory (see Satgoor in this volume).
- Small-scale urban and rural farmers championing food sovereignty: Small-scale farming is taking place in urban as well as rural areas (see Jara and Bennie in this volume; Satgar 2011). Besides this, producer, consumer, training and support cooperatives (and networks) are increasingly vocalising and practising a food sovereignty approach. This approach enables greater popular control over food production and consumption, and dovetails with the solidarity economy. The Surplus Peoples Project, the Trust for Community Outreach and Education, the Women on Farms

Project, and the Pietermaritzburg Agency for Christian Social Awareness are some of the organisations in South Africa that are actively championing a food sovereignty approach.⁸

- Cooperative banks: South Africa recently adopted a Cooperative Banks Act, which is aimed at supporting cooperative banks. At the time of writing, there were 54 potential cooperative banks – that is, 34 active savings and credit cooperatives linked to the South African Savings and Credit Cooperative League, and 20 financial services cooperatives linked to the South African Microfinance Apex. Two cooperative banks have been registered with the Co-operative Banks Regulator.⁹
- Grassroots NGOs and academic institutions: Numerous grassroots NGOs are supporting and promoting cooperative development and the solidarity economy alternative. The Workers College has run several courses on the solidarity economy, and supports grassroots solidarity economy initiatives. The Group for Environmental Monitoring has played a vital role in supporting producer cooperatives and linking them to fair trade. COPAC has actively championed the solidarity economy alternative through research, activist training tools, international links and the first South African international conference on the solidarity economy, held in Johannesburg in 2011.¹⁰ The University of Pretoria has also established a ‘human economy’ research and dissertation programme, with a strong focus on the solidarity economy.
- Grassroots political movements: While many grassroots movements have engaged in struggles around poor service delivery, some have initiated emancipatory practices as part of a new democratic left politics. In this regard the Unemployed People’s Movement in the Eastern Cape, KwaZulu-Natal, Free State and Gauteng have begun to champion the solidarity economy. Each of these movements has organised solidarity economy sites (at Grahamstown, Umlazi, Botshabelo and Tsakane) in order to train activists and ensure horizontal diffusion. Moreover, the solidarity economy alternative is a key element of the Platform of Alternatives of the Democratic Left Front, an anti-capitalist popular front of more than 60 grassroots movements, left-wing groups and several left-wing intellectuals (DLF 2011).

The solidarity economy as anti-capitalist emancipatory practice

Most people want to satisfy their immediate needs. While the solidarity economy privileges human needs and the needs of nature, this is not a sufficient basis for advancing it as a structural alternative to capitalism. Therefore, the solidarity economy is also a process of emancipating consciousness, defined by a conscious commitment to the vision set out above. It is about organically embedding the vision, values and principles in the everyday lives of the people as part of the imaginings and yearnings for something better in the midst of struggle. This should not be confused with vanguardism. Rather, it requires a democratic and interactive conversation about mutual learning among progressive social forces. It is also an emancipatory practice defined by anti-capitalist critiques and perspectives; the necessity of utopian thinking that emerges from reality and collective struggle; and ongoing learning from actual solidarity economy practices. These dimensions are explored below.

Main anti-capitalist critiques

The neoliberalisation of the development discourse in post-apartheid South Africa has expressed itself through various concepts of control embedded in the ANC's nation-building programme. These concepts have played key roles in engendering consent and legitimacy among monopoly and transnational class forces, while marrying popular common sense to the fallacious notion that globalised capitalism can work for the workers and the poor. Concepts of control articulated in government policy and aimed at enticing the poor into acceding to the ongoing capitalist order include the success of apartheid-era cooperatives; Broad Based Black Economic Empowerment (BBBEE); making two economies one economy; and the developmental state. These concepts have been put to work in a context in which post-apartheid South Africa has perpetuated and worsened apartheid patterns of income distribution, unemployment has reached more than 35 per cent (with about one million jobs being lost since the start of the global financial and economic crisis in 2008), and both absolute and relative poverty have become serious challenges, given the shortcomings in commodified state-led service delivery.

The ANC government has sought to reduce this crisis of social reproduction, dispossession and enclosures of South African capitalism to the continuing legacies of apartheid. This has drawn attention away from its own policy choices and practices that have plunged post-apartheid society into a deeper crisis. Essentially, national liberation has amounted to globalising and deracialising South African capitalism for the benefit of the few. The restructuring of South African capitalism has not only brought to the fore neoliberal values of possessive individualism and competition, but has also remade the South African mode of accumulation, class structure and state form.¹¹ This process is ongoing, and increasingly reflects crisis tendencies expressed in the general crisis of global capitalism.

In this context, the critique by solidarity economy forces has come to the fore as a key dimension of anti-capitalist emancipatory practice. It attempts to render visible the contradictions in mainstream national liberation discourse; its target is the authorised concepts promoting capitalism for the poor. It is a historicised critique that casts light on the power relations that reproduce and naturalise capitalist social structures (Turner 1972). Solidarity economy critique is not complete, but is unfolding as it engages with the vicissitudes of crisis-ridden South African capitalism. It is also necessary to justify the emergence of the solidarity economy alternative, and to provide a basis for the utopian dimension of its practice. Currently, there are three areas of critique that buttress the emergence of the solidarity economy in South Africa.

The first is the critique of formulaic prescriptions that mimic the success of apartheid-era cooperatives, and advance BBBEE and the social economy. Post-apartheid cooperative development has been premised on the idea that apartheid-era cooperatives and mutuals were very successful. Hence BBBEE and now the social economy promote cooperatives informed by this experience with little reference to the contradictions of this approach (Satgar and Williams 2011a). Cooperatives and mutuals established during the apartheid era to empower Afrikaners have an impressive history, and played key roles in developing agricultural production and distribution, finance, consumption and services. Nevertheless, three contradictions inherent

in these experiences make their analogy with (or inspiration for) post-apartheid BBBEE cooperative development (and now the social economy) problematic. First, the structural transformation that these cooperatives and mutuals brought about was part of a racist project. By contrast, post-apartheid nation-building should not be about reverse racism through BBBEE. Second, these cooperatives and mutuals lost their commitment to their original values and principles as they grew in size and market share, and become increasingly competitive. Essentially, this experience was capitalist and not transformative; it embedded cooperatives in the market rather than embedding the market in cooperative logic. Finally, those cooperatives and mutuals that have survived the apartheid era are now merely cooperatives in name. In the context of globalisation, many have converted into companies, developed strategic alliances with transnationals, gone offshore, and been implicated in driving globalisation. This process of globalisation is central to the reproduction of the crisis of South African society. In short, copying the Afrikaner empowerment model of cooperative and social economy development in the name of BBBEE is not about fundamental transformation. It is from this perspective that a solidarity economy critique also rejects a BBBEE approach to cooperative development.

The second critique targets the prescription that '[the] two [South African] economies must merge into one'. This is the second leg on which a BBBEE approach to cooperatives has been advocated. Essentially, the indigenisation of an economic growth path that simultaneously globalised the South African economy is directly linked to the articulation of BBBEE as a reform to placate the aspirations of the majority (Satgar and Williams 2011b). Its articulation and ideological efficacy within ANC nationalism works through the two economies discourse of former president Thabo Mbeki.¹² This discourse envisages a deracialisation of existing economic structures in the first economy (understood as white monopoly capital and business) rather than the transformation of first economy accumulation patterns and structures that engender underdevelopment in the second economy. The two economies discourse also envisions pathways, through BBBEE, from the second economy (understood as the underdeveloped rural

and township reality) to the first. Cooperatives are the key ingredient: the two economies discourse instrumentalises cooperatives as part of globalising South Africa. In other words, competitive cooperative businesses are hot-housed and incubated to be in the first economy, which in most instances leads to widespread failure, corruption and the development of patronage networks linked to the ruling ANC (as discussed above). At the same time, the quantitative growth of cooperatives, as part of a big push from above, has also led to two failed attempts to form a national cooperative apex body and movement. Currently a third attempt is under way, once again resourced by the state. This critique of the two economies debate has given further reason for the solidarity economy to reject a BBBEE approach to cooperative development.

The third critique focuses on the squeeze of neoliberalism and the crisis of capitalist civilisation. It connects the consequences of neoliberalisation with the deeper systemic crisis of capitalist civilisation. The neoliberal squeeze on South Africa has hollowed out democracy, and locked the country into a global power structure that ensures that the rule of capital is reproduced domestically over the rule by citizens (DLF 2011). Moreover, the crisis of civilisation underpinning the crisis of neoliberalism has been characterised as a total crisis that affects the economy, the ecological web of life, society and democracy to such degree that life on earth is jeopardised (COPAC 2010b: 14–15). This critical perspective on neoliberalism's theft of democracy and the total crisis of capitalist civilisation is a crucial anti-capitalist perspective that guides the emergence of the solidarity economy movement in South Africa.

The necessity of emancipatory utopian thinking: The Eye of the Needle

Utopian thinking has a long history that encompasses differing conceptions of its theory and practice. Most importantly, and unlike Claeys (2011), the relationship between utopia and history cannot be reduced to an ideal present, an ideal past and an ideal future, and the relations among them. Utopia as a method of thinking for transforming the world has engendered a much more sophisticated understanding of history, particularly as part of emancipatory practice including forms of Marxism after Marx and Engels. According to Geoghegan

(1987: 22–35), Marx and Engels criticised utopian thinking, particularly utopian socialism, for two reasons. First, while shaped by utopian socialist thinkers, including critical political economists and left-wing Hegelian philosophers, Marx and Engels wanted to ensure the distinctiveness of their ideological and political current of scientific socialism in the nineteenth century. Ironically, utopian thinkers such as Saint Simon, Fourier and Robert Owen also believed they had a scientific understanding of the human condition. Nonetheless, invective and death by labelling disparaged utopian socialist thinking for much of the nineteenth and twentieth centuries to such an extent that any nuanced appreciation was lost.

Second, Marx and Engels differed fundamentally from utopian socialists over methods of struggle and transition. In particular, they held up the centrality of class and of class struggle as the basis of social change. While this served to juxtapose ‘scientific’ with ‘utopian’ thought, it effectively denied that the working class and class struggle could engage in anticipatory practice; the subject of history could not dream while struggling for social change. In the social democratic Second International, socialism was reduced to a technocratic project of managing embedded markets and assuaging the welfare needs of the working class. With the Third International, and Stalin’s canonised Marxism-Leninism, scientific socialism gave the world an authoritarian dystopia in the name of the working class.

Within the South African struggle against apartheid, anti-capitalist utopian practice had to contest for ideological space against the received dogmas and authoritarian impulses of social democracy and Marxism-Leninism. This practice was expressed and most systematically developed in the work of Rick Turner. Turner was unusual as a South African intellectual. Instead of following a British colonial empiricist tradition, he studied in France in the 1960s where he completed a doctorate under Jean-Paul Sartre about the latter’s political thought. He brought this critical philosophical disposition with its preoccupation with human freedom, consciousness and value-creating practice back to South Africa and the anti-apartheid struggle. While Turner was developing his utopian Marxist method, and living out the unity of theory and practice in his life project, he was assassinated in 1978.

However, his research; his educational work with unions, workers and mass movements; and his book *The Eye of the Needle* (1972) provides us with the foundations for a utopian Marxism as a vital impulse within the solidarity economy movement. This impulse has been embraced within COPAC and some grassroots movements, which are key protagonists of the solidarity economy alternative and movement in South Africa. *The Eye of the Needle* contains the elements of a utopian Marxist method. First, for Turner, utopian thinking, in the context of the dark days of apartheid, has to play a role in the struggle for emancipation from racial domination and capitalist exploitation. Imagining a life outside and beyond apartheid was not about dreaming for the sake of dreaming. It was not about self-indulgent individual desire, but rather about inspiring and inciting an imagination in a collective struggle. This emerges from his understanding of and engagement with all the thematic subjects in his text, including the necessity of utopian thinking, the role of Christianity in opposing racism and capitalism, participatory democracy, the politics of socialism, education and strategies for change.

A second key element of Turner's utopian Marxist method is his understanding of the 'present as history'. For Turner, utopian thought had to grow out of an understanding and critical analysis of how the past shapes the present, and how social structures were constructed (Turner 1972: 1-7, 99-152). Historicising capitalism and racism helps to call into question assumptions that naturalise the social order; it demonstrates how society and its structures were made, and therefore capable of being remade. Hence such a historicised understanding assists, in turn, with articulating alternative values and social institutions. A third element of Turner's utopian Marxist method, and flowing from the previous point, is an understanding that structures do not remove the need for human agency. For Turner (1972: 2-3), all structures are patterned by and expressions of collective human agency. Human beings are free to unmake and remake the social order through collective human behaviour. However, this does not necessarily mean that alternative choices would be achieved. If a human being chooses to end capitalism, it does not mean this will happen, but it does mean that we have the freedom to make and pursue this choice. Finally,

Turner's method is centrally about human consciousness, values and social transformation. While a critical social and historicised analysis exposes the limits of the present society, as well as the contradictions within common sense, it has to speak to the transformation of human consciousness, values and social institutions. Turner believed strongly in the values of non-racialism, non-sexism, human freedom, equality, participatory democracy and even ecological justice. Therefore, he did not shy away from proposing these alternative values as the basis for institutional proposals for social transformation. For instance, in his analysis of participatory democracy (1972: 34–47), or the politics of socialism, the institutional forms of worker control and indicative/democratic planning have to be about embodying and enhancing human freedom. Hence Turner is clear that the Marxist-Leninist one-party state does not enhance the self-emancipation of the working class, and is therefore inimical to human freedom.

The solidarity economy echoes Turner's call for a utopian Marxism as the basis of anti-capitalist emancipatory practice. The values-centred vision, the historicised anti-capitalist critique of how post-apartheid South Africa actually works, values-centred institutional forms such as worker cooperatives, values-centred transformative proposals, and a methodology of participatory democracy as the basis of movement building are clear expressions of a utopian Marxism in the tradition of Rick Turner. This, of course, does not preclude influences from Gandhi, Ruth First, Franz Fanon and other radical democratic anti-capitalist schools of thought such as the liberation theology of Paulo Freire, which enrich the emancipatory utopian method and practice of the solidarity economy movement (see Mance and Esteves in this volume).

Building the solidarity economy movement from below: The Ivory Park experience

The solidarity economy movement in Ivory Park, a large informal settlement between Johannesburg and Pretoria, is one of the first deliberate attempts to advance the solidarity economy at a community level. The effort has a fourteen-year history, beginning in 1999 with the EcoCity Trust, and involving an attempt by COPAC and community

activists to utilise cooperatives as a basis for sustainable and ecologically just local development.¹³ This initiative was the result of struggles against corporations that dumped toxic waste in the area. This first wave of bottom-up movement-building spawned an eco-village; various cooperatives engaged in organic farming, waste recycling and bicycle repair; a credit union; and eco-construction. While the community section of the eco-village was constructed, which provides meeting spaces for cooperatives, community-based NGOs and community projects, the eco-village is a highly contested political space. Local ANC forces are constantly seeking to control development processes in the community, including the eco-village. While the eco-village was initially opposed by some in the community, learning and demonstration technologies such as mud brick building, water harvesting, solar cookers, seedling nurseries and compost toilets were eventually used to educate the community about alternatives. This process was extremely successful, to the point where the community decided to support the construction of eco-houses as the next phase of the eco-village process. This phase of eco-village expansion, however, required the government to think outside the policy box and stream resources to the community through the Peoples' Housing process. This has not materialised; instead, local politicians, through the ruling ANC, have tried to use the eco-village, township housing development, food interventions, and so on as patronage-based voter banks. In other words, these development resources have been traded for political support. However, this form of ANC-centred political control has been challenged by some community members who want to ensure they have a say in how their community is developed.

The first wave of cooperatives developed in the eco-village produced chequered results. Many of the limitations and challenges have to be understood on a case-by-case basis. For example, the attempt to integrate organic food production cooperatives with a local market did not take off. Various farming inputs, such as water, were difficult to procure, which further undermined the development of organic farming cooperatives. The credit union also did not take off as the Savings and Credit Cooperative League did not train a manager. The eco-builders

construction cooperative also ran into problems when the government refused to support the construction of eco-houses. The bicycle cooperative operated successfully for about ten years, but then ran into problems as many of its younger members began to get jobs outside the community. However, despite all these challenges, these cooperatives attempted to ensure that the eco-village was managed by a cooperative, and it remains a space accessible to the community. The Midrand eco-village cooperative included various stakeholders, including the ANC, but did not really constrain the political control sought by some ANC members.

From eco-village to a solidarity economy alternative for Ivory Park

This first phase of cooperative development, together with the existence of the eco-village, had an important effect on community consciousness. Many community members learnt about solidarity values and practices through cooperatives linked to the eco-village. As a result, a tradition of cooperativism took root in the community, and a second wave of cooperatives emerged in the mid-2000s in construction, organic vegetable farming, baking, sewing and poultry farming. Today, the Ivory Park cooperative movement comprises ten dynamic and well-functioning cooperatives. Over the past five years, COPAC has engaged these cooperatives in a conversation about rethinking the direction of community development.

Following conversations about and critical assessments of the eco-village and the cooperative development experience, participants decided that the transformation of Ivory Park would require a new vision and approach that would scale up what had previously been achieved in a way that would integrate production, consumption, finance and living. Participants agreed on a vision for a solidarity economy that confronts the main challenges facing the community, namely poverty, unemployment, hunger, homelessness and environmental pollution. This vision formed the basis for the Midrand Solidarity Economy Education and Communication Cooperative (MSECC), established in 2010 by cooperatives in Ivory Park as the backbone of the solidarity economy.

Evolving a method for building the solidarity economy and movement

These attempts to build a solidarity economy and movement in Ivory Park have important implications for the development of the solidarity economy in South Africa as a whole. First, Ivory Park is an actual learning site for the solidarity economy, a space in which practice is tested and improved and from which it is horizontally diffused. It also provides an important spatial scale within which to advance the solidarity economy. As a community of more than 90 000 people, spanning three wards and facing all the challenges attendant upon a marginalised township, the Ivory Park approach of localised and horizontal solidarity economy-building is crucial for other learning sites.

Second, solidarity economy practice is guided by a strong focus on institutionalising education and transformative knowledge creation through the MSEECC. As the custodian of the solidarity economy vision in Ivory Park, this cooperative has run a number of training workshops on the solidarity economy. In time, it wants to introduce participatory research of solidarity economy practices, regular activist training, the development of solidarity economy enterprise networking tools, community awareness-raising, and a solidarity economy enterprise incubator. The MSEECC education model has also provided a template for the restructuring of the Masibambane Unemployed People's Movement in Gauteng and the Unemployed People's Movement in Durban and the Free State into solidarity economy education and communication cooperatives.

Third, through the MSEECC, there is an attempt to organise participatory forums for collective deliberation on the solidarity economy. This is happening through the individual cooperatives that comprise the MSEECC, its general council and a community-based forum (see Bennie in this volume). The MSEECC provides a novel membership model for the solidarity economy movement in Ivory Park. It provides for four categories of membership, each with different decision-making rights and responsibilities, namely solidarity economy enterprises, solidarity economy actor members, volunteer members and finance members. Membership has been institutionalised for solidarity economy enterprises, namely the cooperatives. This

membership structure is evolving and is meant to grow over time to ensure that the solidarity economy movement is mass-based and education-centred.

Fourth, through the MSEECC, the first solidarity economy research mapping exercise in South Africa has been conducted, encompassing 429 households and 150 enterprises (COPAC 2011). This exercise has highlighted household and enterprise-level challenges in the community, and produced proposed solutions. In the process, the solidarity economy initiative in Ivory Park has evolved from concentrating only on enterprises to include the wider needs of the community, and seeks to view the challenges facing those enterprises and the community as common challenges. Many of the proposed solutions relate to both enterprise development and broader community transformation. For example, proposals for controlling capital include a solidarity economy fund (involving membership from enterprises and the community), a pre-figurative basic income grant for households, and an assets index for households. These proposed solutions have been taken to the community solidarity economy forum and have been deliberated on critically. In the context of collective deliberation, it was agreed to focus on the food challenge and food sovereignty alternative as the way forward for the solidarity economy. The financing options are meant to evolve as part of the food sovereignty thrust. The community forum meets regularly to deliberate on a food sovereignty strategy and to receive education on the food challenge through documentary film screenings and discussions (see Bennie in this volume). The role of the community forum in developing solidarity economy solutions is a useful example for other solidarity economy sites in the country.

Challenges

The development of the solidarity economy in South Africa faces four main challenges. The first is to develop a system for popular education and communication to ground the anti-capitalist emancipatory practice of the solidarity economy. However, this requires an intensive and high level of popular education and consciousness raising. The institutionalisation of a solidarity economy education and communication

cooperative in Ivory Park and amongst the Unemployed People's Movement is a first step in this direction. However, these efforts have to be scaled up into a network of solidarity economy education and communication cooperatives throughout the country.

The second is to develop active campaigns for advancing the solidarity economy movement at the national and local level. The solidarity economy movement and sites are emerging in two ways: in communities, and through broader movements like the Unemployed People's Movement and some trade unions. However, this has to be amplified by national and local campaigns. Nationally, the movement should demand food sovereignty as part of agrarian transformation, the adoption of a national worker cooperative act (including a support programme) as well as government support for creating community-based solidarity economy cooperative banks. The campaigning approach of the movement should also consider how the solidarity economy should be built at the local level. In Ivory Park, enterprises and households have been linked through the food sovereignty alternative, which has shown the need to demand more land from the state. Similar strategies must be developed for linking solidarity economy sites, enterprises and campaigns in other communities throughout the country.

The third challenge is to develop and utilise knowledge tools such as research, publications, conversational spaces (both physical and virtual), conference platforms and local forums. This has an international dimension, given the dynamism around the solidarity economy alternative in other parts of the world and in the World Social Forum. These knowledge tools have to be linked to an overarching strategy for developing the solidarity economy, thus enabling all participants to learn from practice. A national forum for the solidarity economy should be established, encompassing enterprises, movements, NGOs and practitioners.¹⁴

The fourth challenge facing the emergent solidarity economy movement in South Africa is to protect its independence and autonomy from the South African state. The extent to which states elsewhere have instrumentalised cooperatives is instructive. This does not have to happen here. The solidarity economy movement has to engage with

the state in a strategic way, and on its own terms. It should also clarify its vision of the role of the state in South African society. This relates to the broader question of a transition from a capitalist to a solidarity society. Therefore, this conversation has to clarify the role of the state as well as the solidarity economy movement in enabling such a transition.

Notes

1. In South Africa, the ILO approach of the social-solidarity economy is championed by Street-Net International. In India, the Self Employed Women's Association, which also organises street traders, has embraced the UNDP's neoliberal approach to the green economy and green livelihoods – or, more starkly, green capitalism See Sahoo (2012).
2. COPAC has been involved in co-operative development for the past fourteen years, and has been one of those voices. It has established more than 200 cooperatives, helped to shape the national policy and legislative framework for cooperatives, and criticised the corrupting influences of BEE, including its broad based form (BBBEE), on cooperatives. See Satgar and Williams (2011b).
3. This vision, including its ethical values and principle, formed the basis of a call made by COPAC to progressive social forces to establish a solidarity economy movement in 2010. It also provided a basis for the first international solidarity economy conference, which it convened in South Africa in October 2011. See COPAC (2012).
4. At the first international solidarity economy conference held in 2011, small groups of practitioners and activists engaged with these values and principles as part of a visioning exercise. These workshop groups generated a gallery of artwork highlighting the various possibilities for and ways in which these values could be realised at the grassroots. See COPAC (2012).
5. The ICA post the Cold War has championed a set of minimum standards for co-operatives, including a universal definition, values and seven principles. See ICA (1996).
6. There is a well-established sociology, political economy and economic history literature on these phenomena. This literature spans the impact of colonialism, segregation and apartheid on the lives of the African majority. Early poll and hut taxes, land dispossession, influx control, group areas, labour discrimination and elaborate schemes for 'separate development' were all part of this brutalising and tragic experience. See Feinstein (2005), Yudelman (1984), Pampallis (1991), O'Meara (1996) and Stadler (1987).

7. Over the past eight years the South African government has pumped more than R1 billion into cooperatives. See Satgar and Williams (2011b).
8. The first international solidarity economy conference adopted a strategy for building the solidarity economy movement from below. A key component of this strategy is to advance food sovereignty. The national solidarity economy activist training school will also focus on food sovereignty.
9. These figures are estimates of the Cooperative Banks Development Agency, and appear in a report on the status of financial service cooperatives and the South African Savings and Credit Cooperative League published in March 2010.
10. The first international solidarity economy conference was attended by fourteen South African NGOs, which actively support cooperative development and are committed to promoting the solidarity economy alternative. See COPAC (2012).
11. There is a rich political economy literature that deals with these issues. See Marais (2011), Mohammed (2010) and Bond (2000).
12. See Thabo Mbeki, State of the Nation Address, 9 February 2007, pp. 10–11.
13. This case study draws on COPAC's fourteen-year involvement in cooperative development and solidarity economy facilitation in Ivory Park.
14. The first step in this regard was taken with the first international solidarity economy conference, held in South Africa in 2011. See COPAC (2012).

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9

The solidarity economy response to the agrarian crisis in South Africa

Mazibuko K. Jara

South Africa's agrarian crisis is manifested in acute landlessness, poverty and underdevelopment in the former homelands as well as the former white rural areas; the continued domination of agriculture by white commercial farmers; and periodic food price crises. It has been caused by neoliberal economic policies that have worked to reproduce the social, economic and spatial inequalities under apartheid, and perpetuate a skewed development path that is still largely based on an undiversified minerals-energy complex, albeit with significant financialisation post-1994. Among other things, this shows how the state can work against social transformation.

The agrarian crisis has four main causes: 1) the continued white ownership of most agricultural land, given the failure of the market-based land reform programme post-apartheid; 2) a growing structural crisis in the agro-industrial sector; 3) the inordinate power of off-farm actors upstream and downstream of commercial farms; and 4) deregulated and liberalised agricultural policy that contradicts even the modest current goals of market-based land reform, and exposes domestic agriculture to the capitalist global agro-food system.

In most years, commercial farmers in South Africa produce enough food to feed the whole country, yet many households suffer from food insecurity. Moreover, some agricultural subsectors are also global players that earn a significant portion of their income from exports. In the post-apartheid period, leading primary agricultural sectors have been more closely integrated with downstream and upstream agri-businesses.

This supposedly world-class commercial agricultural sector contrasts sharply with landlessness, rural poverty, the net food buyer status of most black rural dwellers, and the marginalisation of resource-poor, largely black small farmers. For most people, food has become an increasingly expensive commodity, and for the poorest, an increasingly inaccessible one.

From a transformative perspective, the South African agrarian structure displays three crucial limitations: the absence of popular food sovereignty; barriers to smallholder agriculture in both rural and urban areas; and the limited scope and space for developing agro-ecological logics in the food production system.

All this underlines the need for a bold new vision for the South African agro-food system, which this chapter explores. It should seek to transcend the structural and systemic causes of the current agrarian crisis, and enable equity, solidarity, sufficiency and sustainability. This crisis cannot be resolved within the confines of the current economic and agricultural system. To be democratic, transformative and emancipatory, such a vision must emerge from and be driven by organised forces from below. The solidarity economy offers such an emancipatory possibility.

To glibly proclaim the solidarity economy alternative as a possible solution to the agrarian crisis immediately raises a number of complex issues. Can the solidarity economy really solve the country's agrarian crisis? Why is it relevant to struggles for a restructured South African agro-food system? What is this alternative about? To what extent can it create liberated zones, democratised accumulation logics, and possibilities for an anti-systemic 'political economy of labour' within and beyond capitalism (and agrarian capitalism in particular)? What are the interconnections between the solidarity economy alternative and struggles for redistributive land reform, thoroughgoing agrarian reform, a smallholder path of accumulation, agro-ecological alternatives to industrialised agriculture, and popular food sovereignty?

In response, this chapter argues that if the solidarity economy is to provide a credible response to the agrarian crisis, it should help rural and urban smallholders to produce enough food to achieve the goals of household and community food sovereignty.

The chapter starts with a theoretical discussion of the solidarity economy alternative. Next, it analyses the key features of post-apartheid agrarian change (the deregulation and liberalisation of agriculture, the neoliberal and corporate-led restructuring of commercial agriculture, and the market-based land reform programme), which, it argues, is largely inimical to the emergence of the solidarity economy. It concludes that South Africa's agrarian crisis provides strategic opportunities for the solidarity economy, and emphasises smallholder farming, food sovereignty, urban agriculture and agro-ecology as key elements of the alternative the solidarity economy should seek to present.

There is no space to provide a detailed analysis of the potentially transformative initiatives among smallholders and other progressive actors. These initiatives are still emerging, and have not yet produced enough material for review and analysis. Therefore, the chapter limits itself to recording preliminary and tentative impressions of these initiatives, and the strategies needed to develop them.

The transformative potential of the solidarity economy

The nascent solidarity economy alternative raises complex theoretical and practical questions about whether alternative forms of accumulation are possible under capitalism. Is it possible to restructure capitalist accumulation in broad-based and transformative ways? Could a popular political economy develop under capitalism? How relevant are activities on the periphery of the capitalist circuit of production? Can marginalised social strata find ways of stepping outside capitalist accumulation?

Lebowitz (2006) emphasises that transformative projects should be aimed at building a society in which 'the explicit goal is not the growth of capital or of the material means of production, but rather human development itself – the growth of human capacities'. This means that production, distribution, consumption and social reproduction should primarily contribute to human development, while also addressing ecological and bio-physical issues. This approach chimes with the solidarity economy. However, these are still theoretical issues, beyond the terrain of concrete social struggles.

The solidarity economy alternative is something quite different from household food gardens and stokvels. At the same time, the capitalist system remains very powerful and has great resilience and potential for renewal. Therefore, while the 'solidary economy cannot displace real capitalism', it is essentially about the 'power to foster new productive relations' while also 'truncating the reproduction of capitalist productive relations' (Lebowitz 2006). As shown by Mance, Esteves and Satgar in this volume, these features are emerging in Brazil, the US and South Africa.

It follows that we need to think of the solidarity economy as the purposeful and deliberate construction of a popular political economy that meets people's immediate needs while also encouraging long-term systemic and structural transformation. Essentially, it is about people collectively engaging in productive endeavours in order to develop themselves, their families and their communities, and achieve decent standards of living. This requires ongoing experimentation with forms of empowerment and transformative self-organisation. This is consistent with the conclusion by Satgar and Williams (2011) that the solidarity economy is a bold transformative and emancipatory practice from below which is based on conscious and collective choice, self-organisation, social struggle and concrete action in all social spheres, including the economy.

When seeking to apply this analysis to the agrarian crisis, a modest starting point could be to ensure that each person in the country has three healthy meals a day. This food security goal links the solidarity economy to agrarian reform. This would require a public sector that encourages agrarian reform. Agricultural policy must also break with the current industrial model. This will require the organised power of small farmers and poor people. In order to achieve this, public policy would need to prioritise public goods, invest in knowledge, strengthen social organisation, organise markets and value farmer participation.

Agrarian change after apartheid

Post-1994 agrarian change in South Africa has been shaped by three main factors, namely the deregulation and liberalisation of agriculture; the restructuring of the largely white-owned commercial agricultural

sector and associated value chains, resulting in the increased consolidation and vertical and horizontal integration of agrarian capital; and a growing crisis of fossil fuel-based commercial agriculture. These have been accompanied by a market-based land reform programme. As shown below, this programme has remained subordinate to the dynamics of commercial agriculture. Anyone who wishes to advance the solidarity economy and connect with current agrarian struggles needs to develop a greater understanding of these factors, which are discussed below.

The state of post-1994 land redistribution

Almost two decades after the end of apartheid, both land ownership and agriculture remain dominated by white commercial farmers. All academic and research work as well as official government reports show that the existing land reform programme has failed to correct the inequitable land ownership patterns established under colonialism and apartheid. By April 2010, the land reform programme had redistributed less than 7 per cent of agricultural land, with the rest remaining in the hands of some 40 000 white farmers (see Table 9.1). By the end of 2012, land redistribution had not picked up pace. Besides this, land reform beneficiaries and others interested or active in subsistence or semi-commercial farming receive very little support. In all, land reform has not helped many more people to earn a decent living.

First, the programme is very limited in terms of the small amounts of land actually redistributed, its objectives, budgets and the institutional framework for overseeing land reform and supporting new farmers.

Between 1994 and 2004 the Department of Land Affairs received about 0.5 per cent of the national budget, increasing to about 1.0 per cent in 2005 (Cousins 2007) and to just under 1.5 per cent between 2005 and 2010 (own calculations from the Treasury's Annual Estimates of National Expenditure). The failure of the majority of land reform projects is a direct outcome of these limited financial resources and the lack of effective production support. The limited scope of the land reform programme belies the claim that it is one of the government's five most important priorities.

Table 9.1 Land distribution in South Africa, April 2004 to April 2010.

| | | |
|---|-------------------|---|
| Total SA land area | 122 320 100 ha | 100% of total |
| Former homelands | 17 112 800 ha | 13.9% of total |
| Former white SA | 105 267 300 ha | 86.1% of total |
| Commercial agricultural land | 86 186 026 ha | 70.4% of total |
| 30% of commercial agricultural land | 25 855 808 ha | 21.1% of total |
| Land transferred through redistribution and tenure reform | 3 186 000 ha | 3.7% of commercial agricultural land |
| Land delivered through land restitution | 2 714 000 ha | 3.2% of commercial agricultural land |
| Total land transferred | 5 900 000 ha | 6.9% of commercial agricultural land |
| Required rate to meet target of 30% between January 2011 and December 2015 (5 years)* | 2 123 840 ha/year | 3 991 161 ha/year = 4.63% of commercial agricultural land |
| Average rate to date (1994–2010, 16 years) of land redistribution | | 368 750 ha/year |
| Years needed to meet the 30% target at the current rate | | 70 years |

* The notion of redistributing 30 per cent of agricultural land was originally formulated in 1994 as a five-year target. Since 1999, the post-apartheid government has repeatedly postponed the target date. In 2011, it conceded that this target would still not be met by 2015.

Sources: Mayson (2004) and Kleinbooi (2010), plus further calculations by author based on their data.

Changes in agriculture after deregulation and liberalisation

The 1996 Marketing of Agricultural Products Act completed the process of deregulating and liberalising the agricultural sector, thus effectively terminating apartheid-era state support to agriculture. Fiscal allocations to agriculture were also reduced. It was obvious that small farmers and beneficiaries of land reform needed continued support, yet this was removed even before any significant land reform had taken place. By contrast, white farmers under apartheid had benefited

from guaranteed access to land, cheap labour, cheap inputs, direct subsidies, cheap credit, regulated prices, regulated marketing, support for processing and protection from agricultural imports.

The new government also allowed global market forces to govern inputs, production and marketing. Not surprisingly, the beneficiaries of apartheid-era agricultural policies have continued to dominate the sector (Greenberg 2010). In this way, post-apartheid agricultural policy has worked against the transformation of land ownership, agricultural production and the entire agricultural value chain.

Deregulation and liberalisation have exposed farmers to the speculative pricing of major products (such as maize, wheat, most other grains, and vegetables), increased retailer power over the pricing and quality of agricultural commodities, allowed multinational agribusinesses to dominate the input market, and increased the vertical and horizontal integration of agricultural value chains. This has given more power to shareholder-driven downstream players such as distributors, processors and retailers (Greenberg 2003), and raised production costs even further.

This combined cost-price squeeze has forced some commercial farmers to use less fertilisers, insecticides and herbicides; fewer tractors, combine harvesters and other major implements; and therefore less fossil fuel. Some farmers now only farm part-time; others have invested in tourism facilities, and some large farmers have diversified into other agricultural subsectors, or different areas within the same subsector (Vink 2003). In the process, farmers have managed to improve production while adopting more sustainable production methods (Vink 2008). However, these trends are still not definite enough to transform agriculture.

Given these pressures, many white commercial farmers have sold out to large agri-businesses and corporations (Hatting 2008; Greenberg 2003). The result has been a simultaneous consolidation of large commercial farms, a decrease in the number of smaller commercial farms, and an increase in average farm size (Hatting 2008; Hall 2009; Vink 2003). Among other things, the number of farming units declined from just over 60 000 in 1996 to 45 000 in 2002 and to fewer than 40 000 in 2010 (Hall 2009).

The distribution of agricultural capital in primary production as well as upstream and downstream industries has also been consolidated (Hall 2009). As a result, commercial agriculture has become more capital-intensive, particularly in the horticulture, field crop and livestock sectors, which require expensive capital inputs as well as high levels of expenditure on pesticides and fertilisers (Hall 2009).

In general, then, smaller commercial farmers have been squeezed out of farming, and larger and increasingly corporate-owned enterprises have taken over more parcels of land and more branches of agriculture. This concentration of ownership and production is ironic in view of the post-apartheid objective of redistributing agricultural land.

These changes in commercial landholding have been accompanied by increasing inequalities in the distribution of income from commercial agriculture. In 2008, fewer than ten agri-businesses had turnovers of more than R1 billion a year (Hall 2009), and more than 51 per cent of all farms earned a gross income of less than R300 000 a year (Hall 2009). The fact that most farms earn so little has serious implications for agriculture as a whole. Among other things, it means that emerging farmers enter the sector under unfavourable circumstances, and that farm workers' wages remain under pressure. In sum, South Africa's food is largely produced by large, white-owned agri-businesses that exploit both labour and ecological resources.

Until now, the analysis has focused on white commercial agriculture. What about resource-poor black farmers? Despite significant constraints and barriers, Statistics South Africa's Labour Force Survey data from 2001 to 2007 and a case study of subsistence farming in Limpopo (Aliber and Hart 2009) show that black subsistence and small farmers grow much of their own food, and also earn significant incomes from farming. According to Aliber and Hart (2009), there are more than four million subsistence farmers in the country who need and deserve greater support from the state than they have received to date. In the former homelands, there are also small groups of businesspeople or professionals who want to farm part-time (Cousins 2007). Other sites of potentially significant agricultural production are the irrigation schemes developed by the former homeland governments. Many of

these collapsed in the first five years after 1994 as provincial governments redirected land and agricultural budgets. However, efforts are being made to resuscitate some of these schemes.

The on-farm changes discussed above have been accompanied by growing concentrations in the non-farm agricultural value chain, particularly in respect of inputs (fertilisers, pesticides, herbicides, medicines, feed, fuel, machinery equipment, finance and insurance), processing, storage, transport and retail. The fertiliser sector is dominated by four corporations, namely Sasol Nitro, Yara, Omnia and Foskor. About 70 per cent of agro-chemicals are imported. Eight of the ten largest pesticide multinationals in the world operate in South Africa, with Bayer, Dow, Makhteshim-Agan and Syngenta dominating the market.

This concentration in the agricultural value chain has been boosted by the dismantling of the apartheid-era agricultural system. For example, in 1995 white cooperatives had an asset value of R15.2 billion, with the top eight accounting for 45 per cent of asset value (Amin and Bernstein 1996). They handled the most important crops, and supplied and financed most major inputs (Amin and Bernstein 1996). Following amendments to the Cooperatives Act in 1993, many cooperative were converted into private companies. In 2002, three of these new agribusinesses – Senwes, Afgri and Noordwes – owned 70.3 per cent of all storage facilities. In 2009, Afgri, previously the Oos-Transvaal Koop (OTK), claimed it controlled 30 per cent of handling and storage capacity in the country. In 2004, the top four maize millers controlled 73 per cent of the milling market.

Implications for systemic change

As Table 9.1 shows, the land reform programme has failed to fundamentally change land ownership patterns in South Africa. As Wildschut and Hulbert (1998) have suggested, the limited land reform programme as well as neoliberal economic policy choices made by the government in 1996 have imposed strict limits on agrarian reform. According to Cousins (2007), land reform has not realised its full potential to transform agrarian space, combat rural poverty and promote rural development.

The land reform programme has not been accompanied by associated agrarian reforms that would ideally restructure the agricultural value chain as a prelude to transforming the sector. Hall (2009: 23) has argued:

. . . if agrarian reform is to be a catalyst for structural change in society and the economy, then it needs to change patterns of investment (capital), productive land use (land) and employment (labour) – in other words, it must change the mix of factors of production, and restructure farming systems. However, land reform policy has not, until now, envisaged what kinds of production are to be promoted through the process of reform, and, therefore, what kind of structural change in production, markets and settlement patterns is being pursued, alongside the deracialisation of ownership.

In sum, post-apartheid land reform and agricultural policies have benefited large commercial farmers and other agri-businesses instead of existing and aspirant smallholder farmers. These players have used the fact that they produce most of the country's food, and contribute significantly to export earnings, to pressure policy-makers into believing that there are no other options for agrarian policy. These policies have also weakened the state's ability to direct public resources towards a transformative agrarian reform agenda.

Therefore, it is not surprising that the government has sought to review various aspects of its rural development, land reform and agrarian reform programmes, among others by increasing support to new and existing smallholder farmers. However, current and proposed policy changes are still framed in terms that will not resolve the broader problems surrounding the environment for new farmers (Hall 2009). Furthermore, apparent pro-smallholder changes in budget allocations since 2004 have tended to be project-based rather than systemic interventions and mechanisms for restructuring the economic and market environment for new entrants (Hall 2009).

Another key lesson from the post-apartheid period is that land reform will not succeed unless it is accompanied by parallel policies

for rural economic regeneration (Hall and Cliffe 2009: 17). For example, land restitution based on legitimate historical claims is very important. However, merely returning people to their land without providing them with financial and other forms of support they will need to farm successfully will not transform rural economies or the agricultural sector in general. Where land redistribution has succeeded in transforming rural economies elsewhere in the world, other aspects of the agricultural value chain have also been restructured (Dorner and Thiesenhusen 1990). This again suggests that agrarian reform in a setting such as South Africa should be comprehensive, encompassing land ownership and water resources, infrastructure, financing, support services, distribution, processing and marketing. It should be a deeply transformative process that goes to the heart of the entire agrarian system. This systemic and structural conception of agrarian reform is consistent with the solidarity economy perspective.

Post-apartheid apartheid land reform has not conformed to this approach, which has hampered the ability of the solidary economy to help resolve the agrarian crisis. Market-based land reform, together with deregulated and liberalised agriculture, has militated against the development of the solidarity economy in the agricultural sector. Thus Hall (2009: 23) has argued that if agrarian reform

... is to be a catalyst for structural change in society and the economy, it needs to change patterns of investment (capital), productive land use (land) and employment (labour) – in other words, it must change the mix of factors of production, and restructure farming systems. However, land reform policy has not, until now, envisaged what kinds of production are to be promoted through the process of reform, and therefore what kind of structural change in production, markets and settlement patterns is being pursued, alongside the de-racialisation of ownership.

Consistent with Hall (2009), Chang (2009) has shown that the successful development of modern agriculture in the era before neoliberalism was largely based on state support and on controlling

the supply and pricing of major agricultural products. Land reform worked in many countries when combined with measures to increase agricultural productivity, stabilise agricultural income and create non-agricultural jobs (Chang 2009). Before the rise of neoliberalism in the 1970s, small- and medium-sized farmers in many countries received enough support to allow them to produce most of the food their countries needed (Chang 2009). Similarly, Greenberg (2010) has shown that state support played a vital role in the development of white commercial agriculture in South Africa (Greenberg 2010). State support, albeit in a different form, would again play a key role in creating a context in which the solidarity economy could contribute to agrarian reform. Similarly, any solidarity economy initiatives in agriculture would need to engage with the state in one way or another, even in its current neoliberal guise. This chapter seeks to contribute to a strategic basis for such an engagement.

The structural crisis in commercial agriculture

Besides the inequities referred to above, large-scale commercial farmers also face some problems. Industrial agriculture relies heavily on fossil fuel for running agricultural machinery and manufacturing fertilisers, pesticides and other inputs. Therefore, the growing costs and problems surrounding the use of fossil fuel are placing significant pressure on industrial agriculture. After many years marked by the heavy use of chemicals derived from fossil fuels, South Africa's agro-ecology is strained to the limit.

The industrial model underpinning commercial farming and agribusiness as a whole is not suited to small-scale farming. Instead, low-input and ecologically sustainable forms of agriculture should be supported (Kate 2010; Greenberg 2010). Current agricultural policy does not provide this kind of support, and developing it will need a lot of time, money and effort. In this regard, the challenge for the solidarity economy is to determine whether alternative forms of production can meet food needs while transforming agricultural practices and systems at the same time. Without large-scale land redistribution and agrarian reform, however, the scope for achieving these broader objectives appears to be limited.

Smallholder farming as transformative accumulation from below

Given all this, a bold new vision is needed for land and agrarian reform. In contrast with large-scale commercial agriculture, evidence shows that smallholder farming has significant equitable and redistributive potential, even under capitalism. From a solidarity economy perspective, smallholder farming has transformative potential in several respects. First, it could involve many more people instead of just deracialising the current system, thereby incorporating a few black capitalists into agriculture without achieving any systemic or structural outcomes. In this sense, smallholder farming chimes with the idea of mass participation, which is central to the solidarity economy. In South Africa, this could encompass large numbers of small farmers in the former homelands as well as farm workers and others living in commercial farming districts. Clearly, then, smallholder farming opens the possibility for broad-based accumulation from below.

Second, smallholder farming lends itself to ecologically sustainable production systems, which are essential to relieve the crisis caused by large-scale industrial farming. This is also necessary in order to achieve food sovereignty. This concept recognises that meeting the universal need for nutritious food is not only about autonomy in production, distribution and consumption, but also about the regenerative utilisation of agricultural and natural resources.

Third, economic modelling by South African agricultural economists has strongly suggested that smallholder farming may be the best way of redistributing agricultural land, and creating more agricultural jobs and livelihoods. A scenario building exercise for agrarian reform developed by Aliber, Baiphethi and Jacobs (2009) are reflected in Tables 9.2 and 9.3. Table 9.2 reflects two sets of scenarios, for the former white rural areas and former homelands respectively.

The authors then went on to consolidate some of these scenarios into a base scenario, a diversified smallholder-led model, and a deracialised commercial farming model, as reflected in Table 9.3.

The diversified smallholder-led model consists of successful large-scale redistributive land reform combined with the retention of some commercial farms, and the active development of a semi-commercial smallholder subsector (Aliber, Baiphethi and Jacobs 2009). Under this

Table 9.2 Overview of agricultural scenarios.

| Former white countryside scenarios | Former homeland scenarios |
|--|---|
| <ol style="list-style-type: none"> 1. Continuation of current trends + failed redistributive land reform 2. Intensification of commercial agriculture through state-led incentives and investments 3. Successful large-scale redistributive land reform + maintenance of productive core of white commercial farms 4. Deracialisation of commercial agriculture 5. Public estate farming 6. Large-scale non-productive populist redistributive land reform | <ol style="list-style-type: none"> A. Continued stagnation of former homeland B. Re-peasantisation C. Internal commercialisation consolidation D. Commercialisation by way of selling out/off |

Source: Aliber, Baiphethi and Jacobs (2009).

Table 9.3 Consolidated scenarios for agrarian reform.

| Consolidated scenarios | Former white countryside scenarios | Former homeland scenarios |
|---------------------------------------|---|--|
| Base scenario | Scenario 1 – Continuation of current trends + failed redistributive land reform | Scenario A – Continued stagnation of former homeland agriculture |
| Diversified, smallholder model | Scenario 3 – Successful large-scale redistributive land reform + maintenance of productive core of white commercial farms | Scenario B – Re-peasantisation |
| Deracialised commercial farming model | Scenario 4 – Deracialisation of commercial agriculture | Scenario C – Internal commercialisation and consolidation |

Source: Aliber, Baiphethi and Jacobs (2009).

scenario, there would be up to 700 000 black smallholders, about 35 000 white commercial farmers, and about six million semi-subsistence farmers. The current and projected preponderance of semi-subsistence farmers underlines the argument made below in respect of food sovereignty.

Lahiff and Cousins (2004) have argued that the expansion of smallholder agriculture in South Africa would require the accelerated redistribution of land and other assets from the commercial sector to the smallholder sector, increased support to existing and new smallholders, and the reform of agricultural markets. They argue that diversified agricultural models can have multiple benefits, including a greater absorption of labour, better distribution of income, and improved household nutrition (Lahiff and Cousins 2004).

This perspective has been challenged by development economists such as Sender and Johnston (2004), who say that Cousins and Lahiff have no evidence for their conclusions. Instead, they argue for the deracialisation of commercial agriculture, combined with fair labour standards. However, their argument does not take into account the structural crisis of industrial agriculture, declining employment levels in commercial agriculture, and the effects of deregulation and liberalisation. They fail to respond to long-established arguments about the inverse relationships between farm size and productivity and employment. They also fail to take into account the role of small farmers in providing food and jobs in other parts of the world, including India and West Africa.

Food sovereignty and urban agriculture

Given this, it is clear that smallholder farming is consistent with the transformative concept of food sovereignty. This notion goes beyond that of food security, which is narrowly concerned with the supply and availability of basic food, and allows widespread hunger to coexist with vast food supplies at the national and international level. Thus the food security approach ignores systemic inequalities built in the global agro-food system.

The notion of food sovereignty is more transformative, and consistent with the logics of agrarian reform and the solidarity economy. La Via Campesina, the global small farmer and peasant movement, has conceptualised food sovereignty as primarily being about the rights and autonomy of countries and communities to define and develop their own land, agricultural and food policies (Borras 2004). In this sense, food production and consumption are organised to meet shared social needs. La Via Campesina also emphasises control

over land, water and seed as well as productive resources, based on appropriate policies and adequate public services (Borras 2004). With reference to the preceding discussion of South African agricultural policy, it is clear that deregulated and liberalised agriculture undermines the goal and logic of food sovereignty.

In pursuit of the food sovereignty logic, there are many examples around the world of localised and decentralised food systems. Interestingly, many are located in urban areas. Highlighting urban agriculture also serves to expand the transformative scope of food sovereignty beyond rural-based smallholder producers. Recent developments in South Africa show this potential (see Bennie in this volume). Not surprisingly, South African land and agrarian policy pays inadequate attention to both food sovereignty and urban agriculture.

Beyond South Africa, urban agriculture is a significant contributor to household and city-wide food security as well as incomes based on the sale of surplus production (for a detailed literature review, see Kirkland 2008). Other research shows that localised and decentralised food production systems are not unique to countries on the periphery of capitalism (for a detailed discussion, see Mougeot 1993 and the Food First website). Briefly stated, it shows that community-based solidary economy initiatives can contribute significantly to urban agriculture and ultimately to food sovereignty. In the South African case, such a strategy would have to take into account the preponderance of at least four million semi-subsistence producers who, according to Aliber, Baiphethi and Jacobs (2009), could grow to at least six million under a diversified smallholder strategy for agrarian change.

Conclusion

This chapter has sought to use the solidarity economy alternative to think through and advance perspectives on the transformative possibilities embedded in South Africa's agrarian crisis. To summarise, the solidarity economy alternative must be a mass-driven transformative project that builds a popular political economy in order to truncate the exploitation, alienation and underdevelopment inherent in capitalism. Such a systemic or structural disruption of capitalism can offer new conditions and possibilities for human development,

including the space to collectively construct new values; social relations; and production, distribution and consumption logics and systems. This approach must form the basis for a bold new vision for transforming South African agriculture.

Agrarian motive forces must grapple with the implications of a globalised, deregulated and liberalised agro-food system dominated by agri-business. This is complicated by the issue of the role of the state in either constraining or enabling systemic change. Moreover, the levels of consciousness, self-organisation and self-agency of agrarian motive forces are not nearly as high as they should be. These themes are elaborated briefly below.

The state-movement dialectic

Given the agency of the neoliberal post-apartheid state in enabling the anti-transformative agrarian change to date, the solidarity economy alternative cannot ignore the state and its role in agrarian transformation. This is to introduce a complexity: a dialectic of struggle with and against, a dialectic between state-driven agrarian policy from above and solidarity economy initiatives from below. Ideally, such a dialectic needs to result in a policy framework that breaks with neoliberal land and agrarian policies and provides the solidarity economy with a firm footing for resolving the agrarian crisis.

Based on the diversified smallholder-led scenario put forward by Aliber, Baiphethi and Jacobs (2009), Hall (2009) has outlined the following elements of an alternative agrarian economy:

1. A mixed farming sector that includes different scales and types of production, including the subdivision of large commercial farms.
2. A strong focus on food production allotments for household consumption.
3. The promotion of low-risk technologies.
4. Increasing state support to agriculture, notably greater support for low-input and small-scale primary production.
5. Subsidised production inputs.
6. The promotion of and public investment in agricultural co-operatives for supplying, processing and marketing inputs.
7. Public investment in irrigation, processing, storage and transport infrastructure geared to support smallholder production.

8. Subsidised interest rates.
9. Overcoming monopoly power over product markets, and limiting the exposure of primary producers to risk due to fluctuations in the market prices of inputs and outputs.
10. The efficient regulation of skewed agricultural product markets as well as support for the development of alternative markets.
11. Altering the agricultural labour regime towards one of self-employment and labour-intensive production where there is waged employment.
12. Help small producers to add value to their products.
13. Create opportunities for non-farm economic activities in rural areas, aimed at strengthening diversified livelihood strategies.

These measures are essentially about equity, job creation and rural development within a system that would still be dominated by large-scale agriculture. Moreover, Hall's framework does not adequately cover the need to support and promote production models that minimise a reliance on fossil fuels and are ecologically sustainable.

Despite these weaknesses, Hall's framework incites agrarian motive forces to break with neoliberal land and agrarian policies, and create room and space for the solidarity economy.

The mobilisation of agrarian motive forces

Hall and Jara (2009) have argued that agrarian motive forces are weakly organised, which means that state land and agricultural policies will remain more or less unchanged, while the nature and pace of agrarian change will continue to be determined by current vested interests.

The absence of an agrarian motive force with weight, voice, agency and strategic mobilisational capacity has created a vacuum, which is currently filled by NGOs, churches and political organisations that purport to speak on behalf of the rural poor. Unfortunately, they not only speak on behalf of the rural poor but also assume leadership positions, mediate political choices, co-opt rural grievances into welfarist projects, and compensate for the lack of organised strength of the rural poor. Only a few NGOs such as the African Centre for Biosafety, the Association for Rural Advancement, the Environmental Monitoring

Group, Ntinga Ntaba ka Ndoda, the Trust for Community Outreach and Education and the Surplus People's Project have begun to rethink their roles, and encourage the development of radical transformative perspectives and efforts at self-organisation among landless people. The heroic and historic farm worker strike in the Western Cape from November 2012 onwards is one outcome of this work. Others comprise the emergence of radical small farmer movements, the Agrarian Reform for Food Sovereignty Campaign, the urban-based Abalimi Bezekhaya, and forums for farm dwellers and farm workers.

These initiatives differ from organic farming initiatives and organic markets in that the latter are dominated by middle-class and commercial interests, and are integrated with the current agricultural model. However, the former have not yet reached critical mass. The same applies to the nascent experiments with alternative agricultural production systems; they are relatively recent and marginal, do not comprise a significant mass-based movement for transformation within agriculture, and do not yet have system-wide impacts. Thus the development of potential alternatives is constrained by the very features of South Africa's agrarian structure that need to be transformed.

At the same time, it is important to recognise that these potential motive forces are highly consistent with the solidarity economy. They have the potential to meet the food security needs of households and communities, contribute to regional and national food sovereignty, diversify and democratise the country's agrarian structure, and develop the rural areas, thereby providing more people with a decent living. They are transformative and emancipatory, and contain the possibility of a diversified and democratic accumulation path from below as a response to the country's agrarian crisis.

Therefore, unlocking the capacity for self-activity and self-organisation of these agrarian rural motive forces is a key challenge. This has to be done as an integral part of building the movements of the poor from the ground up, not by external agents or from above. This will require popular organisations that are self-sustaining and independent, and develop a capacity for critical consciousness, analysis and programmatic action. The solidarity economy and movement agree with such a thrust.

Shoulders to the wheel of struggle

It is far easier to identify or describe the possibilities for transformation arising from the current agrarian crisis – as is done in this chapter – than to realise them in practice. As the chapter shows, anyone attempting to do so would need to address at least three significant challenges: the constraints imposed by neoliberal state policies, the domination of agrarian capital, and the poor state of self-organisation and limited capacity for sustained social struggles by the mass of the agrarian motive forces for systemic change. Ultimately, none of the perspectives developed in this chapter has any material force without social struggles. If the notion of the solidarity economy alternative and movement is about reconstituting power relations from below in order to transform production, distribution, consumption and human life, it has to start with the sustained social processes of participatory mass organising, self-organisation, social struggles and transformative practice. The future of the solidarity economy alternative and the trajectory of agrarian change hinge on meeting this difficult but achievable challenge.

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10

Linking food sovereignty and the solidarity economy in South African townships

Andrew Bennie

Global concern over hunger and food insecurity has reached a peak in recent times, prompted largely by the global food crisis of 2008. This crisis, however, was symptomatic of a deeply flawed industrial food system that not only fails to address the problem of hunger, but in fact gives rise to it. It is a socially disembedded system that reflects economic power at the global and national levels rather than social control by people and communities. Despite this inequality in power relations, hope lies in the fact that people and movements throughout the world are actively struggling to democratise the realm of food. This chapter explores the problem of urban hunger and food insecurity in South Africa in general and the townships of Ivory Park and Tsakane in particular, and the potential for achieving food sovereignty by building the solidarity economy.

The Cooperative and Policy Alternative Centre (COPAC) has worked with cooperatives in Ivory Park for the last fourteen years and has, more recently, been working to establish the solidarity economy in Ivory Park. It has also worked with the Masibambane Unemployed Project in Tsakane for the past four years. This chapter is concerned with one of the key thrusts of its programmes, namely achieving food sovereignty. It will begin by discussing the problems surrounding global industrial agriculture, particularly the dynamics of ecological destruction, social injustice and the concentration of power, which are also manifested in South Africa. Next, it explores the linkages between

food sovereignty and the solidarity economy. It then outlines the food sovereignty strategies developed in both Ivory Park and Tsakane. Based on case studies of a bakery cooperative in Ivory Park and a land occupation for food production in Tsakane, it argues that nascent alternatives to the industrial food system exist in such places, and can be greatly strengthened by localised food sovereignty strategies linked to the solidarity economy.

Transnationalised agriculture and the dynamics of hunger in South Africa

The food stress in poor urban areas, such as Ivory Park and Tsakane, is a function of poverty and a particular food system, both emanating from a model of neoliberal capitalist development that creates vast inequalities in the distribution of resources. The global food regime is characterised by the concentration of power and control, involving 'tightly controlled supply chains dominated by large transnational corporations' (Cock 2009: 1).

This system is disconnected from human and social needs, and is also in crisis (Magdoff and Tokar 2010). While years in the making, this finally manifested itself in the global food price crisis of 2007 and 2008. Prices of basic foodstuffs doubled between 2007 and 2008. Between these years the price of rice rose by 217 per cent, wheat by 136 per cent, maize by 125 per cent and soya beans by 107 per cent (Kate 2010). Some 75 million more people were added to the ranks of the hungry, and 25 million more were pushed into poverty (Bello and Baviera 2010).

The causes of this crisis were not incidental, but deeply embedded in the nature of the global food system. They included long-term factors such as a decrease in world grain reserves, the increased diversion of corn grain and soy to the production of meat, decreased food production in poorer countries as a result of neoliberal adjustments, de-peasantisation caused largely by the International Monetary Fund reforms and policies that pushed small farmers off their land, the diversion of production to agro-fuels, and commodity speculation (Magdoff and Tokar 2010; Bello and Baviera 2010). Indeed, after the crisis was officially over, world food prices continued to increase by 36 per cent between 2009 and 2010 (Oxfam International 2011).

While one billion people live in perpetual hunger, and some two billion are food-insecure (Magdoff and Tokar 2010), there is also a global epidemic of obesity among poorer people because unhealthy food is cheaper than healthy food (Patel 2008). The world food system is also ecologically unsustainable, as it contributes significantly to land degradation and climate change. As McMichael (2010a: 65) argues: 'Corporate control through a food regime based in market liberalisation is a proximate cause of the globalisation of a system in which food price increases are encouraged and rapidly transmitted around the world. But its roots lie in the industrial agriculture model, and its heavy fossil-fuel dependence.'

Global food transport emits a large amount of carbon dioxide. In 2006, the Food and Agriculture Organisation (FAO) reported that the livestock industry for meat and dairy was responsible for 18 per cent of total carbon dioxide emissions. A later study argued that the FAO had omitted a number of important factors and that the livestock industry, from production to consumption, was actually responsible for about 51 per cent of greenhouse gas (GHG) emissions (Goodland and Anhang 2009). The global food system is also responsible for the large-scale clearing of forests to grow crops that are mainly destined for animal feed (Patel 2008). Global deforestation, in turn, is responsible for about 20 per cent of world GHG emissions.

Agro-fuels have been proposed as an alternative to fossil fuels, but are creating a new wave of land dispossession across Africa, and the growth of the global agro-fuel industry has been implicated in both the diversion of food production as well as food price increases. At the same time, in what Satgar has described as the 'last great dispossession', small-scale and peasant farmers are being pushed off their land by land grabs as well as an inability to compete with agri-business. Indeed, in the second half of the twentieth century, some 20–30 million people lost their land due to trade liberalisation and export agriculture (McMichael 2010a). As Jacklyn Cock (2009: 1) has put it:

The global food industry is organised not to feed the hungry, but to generate profits for corporate agribusiness. A system that puts profits ahead of human needs has driven millions of

producers off the land, undermined the earth's productivity, while poisoning its air and water, and condemning millions of people to chronic hunger and malnutrition.

These trends – of corporate control, rising prices, spreading hunger and ecological degradation – are also evident in South Africa and are linked to the aggravating realities of poverty, inequality and unemployment. Following the deregulation of the national agricultural sector that began in the 1980s (Satgar 2011; Jara in this volume), there has been a noticeable concentration of power in food production, notably in the wheat-to-bread chain, a major source of staple food for poor and working-class families in South Africa (Cock 2009). The agricultural sector has been deregulated and liberalised. As Satgar (2011: 180) notes:

South Africa's ruling ANC government very early on embraced a market-centred approach to agriculture informed by the World Bank, which primarily ensured export revenues were maintained through the white controlled agro-food complex. South Africa's Afro-neoliberal framework reshaped the accumulation dynamics of the agro-food complex through liberalisation, deregulation and competitiveness. The agro-food complex and its value chains were restructured according to the imperatives of transnationalising a competitive domestic capitalism.

The resultant inequalities have been exacerbated by South Africa's agrarian structure. As noted in Chapter 9, the state has failed to transfer a significant amount of agricultural land to the historically dispossessed black majority. It is also favouring large-scale, mechanised agriculture, and neglecting smallholder and urban agriculture. Instead, the South African agricultural industry is closely tied to global markets and their vagaries, with the result that fluctuations in exchange rates and international prices for staple foods, such as wheat, spill over into the domestic market (Cock 2009). The combination of global market forces with domestic accumulation strategies has also produced cases

of nationwide social injustice. Cock (2009) has documented how the globalisation of the wheat-to-bread commodity chain in South Africa (it imports 1.4 million tons of wheat a year) subjects the price of bread to international factors beyond national control, while the domestic sector is characterised by a concentration of economic power and its abuse in the form of collusion and price-fixing. The poor are hit hardest, as bread is a staple food.

The domination of the agro-food complex by a small number of corporations also extends to seed control. About 85 per cent of all maize seed sold in South Africa is genetically modified, and 50 per cent of the market is controlled by a single company, Monsanto. Furthermore, in 2010, 900 000 hectares of land in South Africa were planted with Monsanto's herbicide-tolerant seeds, up from 349 000 hectares in 2006 (ACB n.d.). Most members of South Africa's poor and working class, whose staple food is maize meal, are therefore fed on a genetically modified diet, at the consumption end of a commodity chain that channels profits to a few powerful transnational companies.

This concentrated and inequitable food system is situated in the adverse broader social conditions experienced by South Africa's poor. Levels of unemployment are extremely high – close to 26 per cent on a narrow definition, and about 35 per cent on a broader one¹ – and more than a million jobs have been lost since 2009. Moreover, almost 60 per cent of South Africa's population is classified as poor. Given this, some 42 per cent of Johannesburg households suffer from food insecurity (Spencer et al. 2010), while an extensive survey conducted by the African Food Security Urban Network (AFSUN) in 2008 found that 70 per cent of poor urban households suffered from 'significant' and 'severe food insecurity' (Frayne et al. 2009). A more recent survey by the Human Sciences Research Council has found that only 46.5 per cent of South African households are food-secure, while 26 per cent of the population experience hunger, and 28.6 per cent are at risk of experiencing hunger (Polity 2013).

As in much of sub-Saharan Africa, more rural and urban households are buying food rather than growing it themselves (Baipethi and Jacobs 2009), with poor households spending up to 80 per cent of disposable income on food. Following the food price rise of 16.7 per

cent between October 2007 and October 2008, Frayne et al. (2009) calculated that poor households would need to increase their income by 22 per cent to maintain the same food basket. Following the 2008 global financial crisis, and the resultant domestic economic downturn, job losses and smaller incomes forced many poor households to further reduce food consumption.² For example, the AFSUN survey found that the food price crisis of 2007 and 2008 had adversely affected the food consumption of 54 per cent of households in Johannesburg, and 83 per cent in Cape Town (Frayne et al. 2009). Other studies have recorded deteriorations in many indicators of food security and nutrition. Among other things, researchers have recorded high levels of stunting and wasting among children, linked not only to a lack of food but to poor dietary intake as well (McLachlan and Thorne 2009).

These indicators of food insecurity are a part of broader dynamic – well-documented by Sarah Mosoetsa (2011) and others³ – in terms of which poor urban households are increasingly stressed as a result of economic liberalisation, unemployment, poverty and the AIDS pandemic. In fact, poor urban households are experiencing a severe crisis as opportunities in the formal economy have receded, forcing household members to resort to various informal activities in order to survive. This occurs in a contested and uncertain political and economic context, thus reducing households to ‘fragile sites of stability’ (Mosoetsa 2011). The issue of food security is therefore linked to a broader social crisis, and efforts to address it should be linked to greater efforts to achieve social change.

Food sovereignty and the solidarity economy

The globally dominant industrial model of food production is defective. Alternatives are required that draw on traditional forms of production⁴ as well as new techniques and social relations to change large-scale, commodity-based food systems with a production-for-export bias into more localised and socially equitable systems with a production-for-people bias.

One alternative is the notion of food sovereignty, an inclusive and powerful concept embedded in an awareness of the need for social

change. According to the People's Food Sovereignty Statement, drafted in 2001 at the World People's Summit:

In order to guarantee the independence and food sovereignty of all of the world's peoples, it is essential that food is produced through diversified, community-based production systems. Food sovereignty is the right of peoples to define their own food and agriculture; to protect and regulate domestic agricultural production and trade in order to achieve sustainable development objectives; to determine the extent to which they want to be self-reliant; to restrict the dumping of products in their markets; and to provide local fisheries-based communities the priority in managing the use of and the rights to aquatic resources.

Food sovereignty can therefore be defined as 'the right of nations and peoples to control their own food systems, including their own markets, production modes, food cultures and environments' (Wittman, Desmarais and Wiebe 2010: 2). The concept of food sovereignty was developed in the early 1990s from outside the institutional parameters of the dominant food regime, and by the oppressed rather than the powerful (Fairbairn 2010), as a challenge to the neoliberal concept of food security (McMichael 2010a). Food security fails to ask who produces food, who benefits from its production, and what the effects of its production are. Instead of focusing solely on the problem of hunger, the food sovereignty frame digs deeper to uncover its systemic causes, and proposes a radical new strategy for eradicating it (Fairbairn 2010). While the struggle for food sovereignty is both local and global, the space for putting it into practice is largely local, and involves a range of components. As Wittman, Desmarais and Wiebe (2010: 4) explain: 'The transformation envisioned entails a changing relationship to food resulting from an integrated, democratised, localised food production model.' This means overcoming the distance between producer and consumer engendered by the industrial agricultural model.

However, the industrial agricultural model forms part of a broader neoliberal developmental model (McMichael 2005). Achieving food

sovereignty therefore also implies a need for different economic relations and structures that would need to be achieved via various forms of social struggle. As Patel (2010) argues, achieving food sovereignty is allied with social change. This involves an understanding that achieving food sovereignty requires a fundamental shift in the relations of power in a society, across divisions of class, race and sex.

The relationship between food sovereignty and the solidarity economy begins to emerge from this understanding. Thus the solidarity economy alternative as envisioned in South Africa comprises an alternative vision of society, as well as a practical struggle to combat inequality and oppression and forge new relations of production and consumption.⁵ As Michelle Williams notes elsewhere in this volume, the solidarity economy is fundamentally about social transformation. In line with this, the campaign to build a solidarity economy in Ivory Park and Tsakane is informed by a transformative understanding of power. It involves the recognition that a multifaceted approach is needed that confronts capitalism by building alternative economic structures, such as worker cooperatives, and undertakes broader social action aimed at transforming 'the very terms of the economic game' (Miller 2012).

This transformative conception of power includes structural power, achieved by building successful worker cooperatives (thus pulling production and consumption away from capitalist enterprises); movement power, achieved by linking and networking institutions of the solidarity economy process and so broadening its activist base; direct power, achieved through mass campaigns, mass marches and mass awareness raising; and symbolic power, achieved by promoting and enacting the vision, values, principles and practices of the solidarity economy (COPAC 2010: 31).

In short, building new social relations and relations of production through the solidarity economy can help to create the conditions for achieving food sovereignty. More specifically, it can do so by establishing worker cooperatives, collective community gardens, collectives for seed saving and sharing, solidarity economy restaurants, cooperative grocers, community markets, and so on.

The development of such alternative food systems requires three types of activities (Hinrichs 2000). The first is to develop and diffuse

sustainable agricultural practices, such as agro-ecology and permaculture. The second is to mobilise against the socially and environmentally destructive dominant agricultural paradigm. This point can be extended to include an awareness that food sovereignty requires state and public institutions to be socially re-embedded at the local and other levels (McMichael 2010b). The third is to extend sustainable agriculture 'beyond the farm gate' (Hinrichs 2000: 296). That is, while sustainable agricultural methods have been developed and social movements have arisen that challenge the industrial agricultural system, how socially embedded are new forms of agriculture in terms of a reduced role for the market, and a less instrumentalist logic in interactions between producer and purchaser? That is, to what extent are people's decisions about sourcing food guided by a social awareness of the need to support an alternative model of agriculture grounded in the solidarity economy, as opposed to being guided only by price? Therefore, building a localised food economy based on food sovereignty requires going beyond social resistance to industrial agriculture, and the development of sustainable agricultural methods, to building a socially embedded economy in which economic decisions and interactions are guided by the alternative values and principles surrounding the solidarity economy, and take precedence over purely economic and instrumental concerns on the part of producers and consumers. This, in turn, requires building the power to realise these values and principles, in the forms and ways discussed previously. As Jara argues in this volume, an alternative, diversified agricultural system motivated by developmental concerns rather than market economics can encourage more positive social and economic relations on a broader level.

The food sovereignty campaigns in Ivory Park and Tsakane

Urbanisation started under colonialism, continued under apartheid, and accelerated after the transition to democracy. Two-thirds of southern Africa's population will live in urban areas by the year 2030 (Lewis 2011). Although the decline of survival opportunities in the former homelands and prospects of jobs in urban centres have played a major role in stimulating this migration, many people fail to find jobs, and most end up living in informal settlements and townships

on the fringes of South Africa's largest cities. Ivory Park, about 30 kilometres north-east of Johannesburg, is such a township, comprising a mix of privately built houses, government-built houses and shacks. Much of its population of about 145 000 live in informal dwellings. About 52 per cent of adults are unemployed, and levels of food insecurity are very high (COPAC 2011). The township of Tsakane is situated on the East Rand, near the town of Springs. In contrast with Ivory Park, it largely comprises neat rows of small brick houses, originally built to house mine workers and industrial workers on the East Rand. However, unemployment has risen sharply in recent years as mines have closed, downsized or mechanised.

In both townships, efforts are under way to build food sovereignty campaigns in order to address hunger and unemployment, and lay the basis for further social transformation through the solidarity economy. The Ivory Park campaign emanated from a survey and mapping work conducted by COPAC, and the subsequent establishment of a Solidarity Economy Forum. The forum brings together actors in food production and the solidarity economy process in Ivory Park. It is one aspect of the food sovereignty strategy, which seeks to increase community control over the production and consumption of food. This involves plans to strengthen existing food production cooperatives and starting new ones, increasing household food production, starting food gardens in schools and clinics, creating food markets, and establishing food processing cooperatives such as cheap restaurants and bakeries. Most importantly, it seeks to create local independence in Ivory Park in respect of food production (worker cooperatives, household food gardens and community gardens), inputs (local seed saving and banking, collective composting and nurseries), and consumption (consumer cooperatives, direct sales from farming cooperatives, and affordable food to households and individuals). In contrast with global capitalist agriculture, this strategy seeks to ground food production in local social priorities, and to build local structures for achieving food sovereignty. It also involves agro-ecological production, thus incorporating the ecological dimension.

The Solidarity Economy Education and Communication Co-operative (SEECC) has been established to build the solidarity economy

and movement in Ivory Park. Its objectives are to facilitate the building process, raise awareness of the solidarity economy in the wider community, provide capacity-building and other services to local cooperatives and solidarity economy enterprises, and build a grassroots culture of education and learning. Its members are existing cooperatives, which meet once a week. It plays a key role in food education and engaging with the state on issues such as obtaining land for new cooperatives as well as other forms of support. A food subcommittee has been appointed to engage with the local state over land, and advance food sovereignty via education and training.

A similar strategy has been developed in Tsakane around the Hlanganani Worker Cooperative. While planning began in 2011, a key moment in the course of the campaign was the occupation of a vacant tract of state land by the Tsakane Masibambane Unemployed Project (MUP) in February 2012. MUP Tsakane had decided that it wanted to start an urban farming cooperative for producing both crops and livestock along agro-ecology principles. It identified 4 hectares of open land belonging to the local council, and requested formal permission to use it. However, the council gave it two options: to purchase the land for R100 000, or accept a piece of land more than 100 kilometres away.

Neither option was viable, so a meeting was held with COPAC to strategise on the way forward, resulting in a decision to occupy the land. On 22 February 2012 about 40 people, including community members, supporters from the Democratic Left Front, members of the Landless People's Movement in Soweto, and a representative of the Ivory Park SEECC formally occupied the land by digging up grass, preparing beds and planting.

The Hlanganani (meaning 'coming together') Primary Worker Cooperative was then established to farm the land. It has prepared a strategy with three phases. The first phase - which is still in progress - comprises growing vegetables, banking seeds, starting a nursery and composting. In the second phase, it aims to introduce small-scale livestock and poultry farming and establish a community restaurant and centre for education and training in agro-ecology and food sovereignty. Once this base has been established, it aims to launch the

model more broadly across Tsakane and to construct a local value chain, such as a maize milling facility. It is currently struggling to secure state finance, and is working to educate its members. Another key element of the strategy is to educate and mobilise the community via local radio shows, newspapers, flyers and pamphlets, and to establish a small market at the cooperative premises, which could begin to draw community members away from the main commercial food outlets in Tsakane, such as major supermarkets. This will provide the basis for developing a broader food sovereignty strategy like the one in Ivory Park.

The development of the Hlanganani Cooperative and the Tswelanelane Bakery Cooperative in Ivory Park will be explored in greater detail below. The purpose of these case studies is to show that, in the context of the crisis of capitalist agriculture as described above, possibilities do exist for exploring the alternative logics of the solidarity economy for resolving the food crisis and building food sovereignty.

The link between food sovereignty and the solidarity economy

Tswelanelane Bakery, Ivory Park

The Tswelanelane Bakery Cooperative produces and sells about 50 loaves of bread a day at a lower price than major commercial brands such as Albany, Sasko and Blue Ribbon. It also produces scones, muffins, cinnamon buns, biscuits, and *vetkoek*, the last-named being the most popular.⁶

Tswelanelane Bakery was registered as a five-member cooperative in 2008, but began to operate in 2007 when Ma Semenya started baking in an old building in Ward 78. This was a small building, originally built by the Department of Social Development for a bakery cooperative that failed. Ma Semenya was unemployed, and used to bake at home and sell door to door. She moved her old stove from her home to the small building, baked scones early in the morning, and sold them door to door. The Department of Social Development then started working with her to establish a cooperative, involve more members and expand.

The cooperative currently comprises five members, who all work there full-time. It also employs three casual workers, and therefore pro-

vides work for eight people, all of whom were previously unemployed.⁷ One member, Sarah, was unemployed for six months before joining the cooperative. She used to work at a cosmetics factory in Kempton Park, but was retrenched after the company outsourced its production. She began to bake at home and sell door to door, but earned very little. Her husband was also unemployed. One day a social worker involved in setting up Tswelane came across her while she was selling her wares, and asked her whether she wanted to join the cooperative:

So that's how we started, because we had passion in baking. That's what made us to open a bakery; we were in need of money because we not working. And we cannot just wait for money to come from heaven, so that's how we started and we had no money, nothing. And nobody . . . we started off with one, two of us and with an old oven and that other oven outside. We struggled to be where we are today (Interview, 25/08/2011).

Ma Semenya also met another member who was unemployed and asked her if she would like to join. As this member, Hilda, explains:

This cooperative has helped me a lot. Because I was baking at home, selling in the street, I carry the bucket and then go to sell, come back home, and then stay the whole day, and then tomorrow I started again. So Ma Semenya came to me and told me that she sees I sell the cakes in the street, so she told me, 'How about you come to our bakery and work with us?' So I came here, I've been working, and then I see my life has changed (Interview, 25/08/2011).

In the early days, members only paid themselves R200 a month so that they could save and reinvest in the cooperative. With support from African Bank, they built a new building and purchased new equipment. However, their relationship with African Bank has been fraught with difficulties, and most recently capital goods funding has been tied to assistance by fly-by-night consultants who tend to promote

a 'mainstream' business model rather than a more radical and transformative one. In this context the cooperative has tried to build its asset base by redirecting its surplus and ensuring that any external support is subordinate to its strategic objectives and institutional autonomy.

Initially, the building housing the cooperative was only a shell, so members had to draw on their own funds to partition and furnish the interior. Their savings also allowed them to buy large amounts of stock, such as flour, thus allowing them to increase production, which would not have been possible if their labour costs were higher. Through this practice of sacrifice, but also economic and financial planning, all the worker-owners now earn R1 500 a month. While this may not classify as a living wage in South Africa,⁸ especially with multiple dependents, it is a welcome source of income for members and their households. In addition, if certain limits can be overcome, this cooperative is capable of expanding its production to meet growing demand, which would permit additional salary increases. For instance, access to working capital would enable them to buy production inputs for bread in bulk and at discounted prices. Currently the cooperative produces and sells about 50 loaves of bread every morning, besides large quantities of scones, *vetkoek* and other products. However, more working capital would allow them to increase production at lower cost, thereby increasing their surplus. This initiative also demonstrates the ability of cooperatives to build up internal finance and use this to expand. Although this cooperative received infrastructural and technical assistance, it has received no financial assistance, and has become successful largely due to its own financial management.

While the cooperative is registered, and is successfully generating income, the worker-owners have had to develop an understanding of the cooperative model through practice. This is partly a function of the government's failure to ensure that cooperatives such as Tswelane are sufficiently educated on cooperative values and principles (Satgar 2011). Moreover, through engagements around the solidarity economy and food sovereignty, this cooperative is beginning to understand the importance of its institutional values and principles for broader social transformation.

It holds general meetings at least once a month, more frequently if needs be, where all operational and strategic decisions are taken collectively and by consensus rather than voting. Members display a clear desire to participate in management in a collective and democratic way. This is coupled with a determination to work hard, and to work together:

It needs perseverance, in everything you must persevere. Because our cooperative, we are still sustainable, our business is sustainable. We don't know about others, but as long as we can carry on with the spirit, because it's about people work and how we communicate with each other. So . . . at the beginning we didn't know each other, but at the end of the day now we are family, we [are] just like family (Interview, 25/08/2011).

Indeed, its members appear to have discovered that cooperation and participation produce desirable outcomes for them and the bakery. As one member has stated: 'I have learnt that you can do much more together rather than individually' (Interview, 25/08/2011). Principles of cooperation are therefore informing practice at the Tswelelane Bakery, but further education and training are needed to entrench both conceptual and practical understandings of the cooperative model, with the aim of further advancing this model as well as the solidarity economy.

Hlanganani Cooperative, Tsakane township

As noted earlier, the land occupation in Tsakane was undertaken in order to gain access to land for agro-ecological farming and provide a starting point for a local food sovereignty campaign. The worker cooperative and subsequent land occupation grew out of a group of unemployed people who wanted to forge a new, transformative strategy for dealing with unemployment and hunger, thus demonstrating an impulse from below for social transformation, the ability to imagine an alternative beyond their immediate material conditions and the ability to enact it.

The cooperative emerged out of the MUP established in the 1980s by the country's largest trade union federation, the Congress of South

African Trade Unions (COSATU). Given the economic crisis at the time, and consequent retrenchments, COSATU established the MUP as part of a campaign to organise the unemployed. The MUP went through various attempted strategies to assist the unemployed during the remainder of the apartheid era and the dawn of democracy. While it gained a lot of experience, it continued to face serious political, strategic, organisational and technical challenges. However, it also developed a community focus, establishing six branches in communities in Gauteng and North West provinces, which provide advice to unemployed people and help people to access social grants. It has received training from various bodies. At one of these workshops, MUP members started to discuss the solidarity economy alternative with a member of COPAC. As a result, they decided to transform the MUP into a SEECC. COPAC and MUP then held numerous meetings and workshops on the solidarity economy alternative, and the options and strategies for building it in practice. One of its most vibrant branches was in Tsakane, with 200 members, and spearheaded by Leonard Pheko and others, who immediately began to educate and mobilise branch members.

After several workshops, the Tsakane branch decided it wanted to form an urban farming worker cooperative, and the Hlanganani Primary Worker Cooperative began with 20 members. The members are mostly retrenched workers, as well as those who came into contact with MUP by chance. For a few of the members, the opportunity to join MUP and the Hlanganani Worker Cooperative represented a possibility to work for social change in their communities, rather than being bound by conventional employment. Two of the members interviewed even stated that they had quit their jobs in order to work with MUP more actively. According to Busi Masinga, she was attracted to the MUP by 'the thought of doing things for yourself and no one controlling you, because I hate being controlled'. Instead, '... here we are family. We can talk to each other, we understand each other. So it makes me feel at home. Basically, I'm happy here' (Interview, 16/01/2013).

As another member, Poppy Siyaga, explains:

I was going to pay rent where I met the guys there at the [town council] hall.⁹ I asked them what they are doing, then they told me what they are doing. I was very attracted about that. When they said they are working for the community, it's there I started to say I was also wanting to do something like that. But then I was still working, so sometimes I didn't go to work, and would say I was sick and all that, but it was because I wanted to know what was taking place this side (Interview, 16/01/2013).

Most members of the Hlanganani Worker Cooperative were previously employed by companies on the East Rand, but were retrenched, and have failed to find work ever since. Some have been unemployed for many years, while others were retrenched relatively recently, and are new MUP members. However, many members have histories of activism as shop stewards and union members, and some helped to build the trade union to which MUP is now linked, the General Industries Workers Union of South Africa. Given these backgrounds of mobilisation and organisation, members have been able to assist community members with issues such as corruption in local housing processes, perceived unfairness of council billing processes, high council rentals payable by elderly people, and overcharging and abuse by burial companies. For some members, these issues are linked to the crisis of social reproduction in South Africa, and therefore the need to imagine and build an alternative.

After learning about campaigns to achieve rural and urban food sovereignty in places such as Brazil and Cuba, the Hlanganani Worker Cooperative decided it wanted to be a farming cooperative, which could help to build food sovereignty in Tsakane. A number of meetings were held where prospective participants discussed the proposed structure of the cooperative, and its projected role in building the solidarity economy. Its objectives included owner-based employment; building unity among members; building capacity for self-reliance and self-management; establishing an agro-ecology training centre; working with other solidarity enterprises to expand the solidarity economy; building assets and infrastructure to produce healthy and affordable food; and eradicating hunger in the community.

Worker-owners elected a ten-member board, tasked with ensuring that policy and strategy were implemented. Three subcommittees were established to advance different aspects of the strategy, and general meetings were set up as the key sites for decision-making and accountability. Members also decided on a share ownership structure in terms of which each member would purchase two shares. The payments would be placed in a capital account, which would also receive all future surpluses. Members decided that 40 per cent of the annual surplus would be set aside in an indivisible reserve fund, 40 per cent would be divided among members' capital accounts, and 20 per cent would be paid into an education and training fund.

These features of the Hlanganani Worker Cooperative have helped to ensure that members not only benefit from the cooperative, but also play a role in community transformation. For the members, the act of occupying the land and forming the cooperative was also a statement of their intent to help build an alternative society. They not only want to feed themselves and their families, but also want to help resolve the social crisis in South Africa by transforming the country from below. As Patrick Mathebula has stated:

We get our freedom, but we are not free, we are still suffering. Our children are unemployed, there's no work . . . So we started with people to canvas people to become involved with cooperatives . . . Then afterwards we agreed we must fight for the land . . . We started working in the land of us, of Hlanganani. Now still, we're busy. We want to make that place to be the whole of Tsakane. All the people we must do, I can say, farming. The people must get food, the poor people, the disabled people, everybody who are not employed, we are creating jobs in Hlanganani. We are still going to do some plenty job in that land (Interview, 16/01/2013).

Members repeatedly refer to a desire to benefit the community as well as themselves. That is, the cooperative has helped them to provide food for their households, but they do not see the formation of a cooperative and the occupation of land as an attempt simply to create

jobs and incomes for themselves, but to address unemployment and hunger in the broader community, and to provide a model for ending hunger and unemployment in this and other townships in the longer term. As Michael Maila has stated:

Our vision is that, first of all, we know people are unemployed, and unemployment brings poverty, hunger, everything. Our view is that we want everybody to live a better life. The burning issue is hunger, you can't do anything without food, on an empty stomach. Our vision is to try and make everything from that land (Interview, 16/01/2013).

Given the immediacy of survival pressures amid widespread and debilitating poverty, however, it is not always easy to build and maintain a vision for social transformation. Such a vision was not uniform amongst those present in the initial planning of the occupation and worker cooperative, and some who were originally interested have fallen away. As Poppy Siyaga has noted:

There was a debate [about occupying the land], so others just came and say, 'Ey, there's money there. When we go there [occupy the land] we going to get money.' They don't know what we are doing, but when we explained they just left (Interview, 16/01/2013).

However, members are determined to mobilise their community, and understand the symbolic power of their values and principles – of, in the words of Rick Turner, 'inspiring and inciting an imagination in a collective struggle' (quoted in Satgar in this volume). As Maila affirmed, 'we know they will come back if they see we are at the next level, they will be here again' (Interview, 16/01/2013).

At the time of writing, despite various challenges (which will be discussed below), Hlanganani was cultivating about half a hectare of the land it had occupied for about a year. It has produced enough spinach, onions, cabbage, lettuce, tomatoes, potatoes, pumpkins, sweet potatoes and beans to feed its members and their families, and to sell

small amounts of produce. Although they have experienced minor challenges with pests, they are managing to work according to broad agro-ecology principles, making use of natural composting, mulching and inter-planting, and avoiding the use of chemical fertilisers and pesticides.

In summary, it was a joy for the author to engage with the members of Hlanganani and experience their energy, hope and optimism. Indeed, the humanist belief in the power of collective agency displayed in the work of Rick Turner, Paulo Freire and Steve Biko, and the ability of the poor and oppressed to transcend their material conditions and imagine and enact new forms of power and transformation, was evident in this case: their optimism seemed out of proportion to their and Tsakane's material circumstances. This optimism is inseparable from their vision for food sovereignty in Tsakane. As Siyaga has stated:

When you come into Tsakane, there must be a board written Tsakane Fruit and Veg. We haven't got that thing yet, so we want to do it. We can do it and we will do it (Interview, 16/01/2013).

This utopian impulse from below is crucial to attempts to achieve food sovereignty and establish the solidarity economy in Ivory Park. However, the Tswelelane Bakery Cooperative, the Hlanganani Worker Cooperative and local food sovereignty programmes also face a number of challenges, which will be discussed below.

Challenges to and opportunities for building food sovereignty and the solidarity economy in South Africa

While the Tswelelane Bakery Cooperative and Tsakane land occupation display certain possibilities and challenges, it is important to note their organic and grassroots origins, and their characteristics of community solidarity and cooperation. That is, while they initially emerged from concerns about survival and livelihood, and the need for employment, their continued development has displayed strong community ties, as well as strong internal values of democracy and

collective benefit. It is these values and energies that can be developed and merged into a broader campaign to achieve food sovereignty and build the solidarity economy.

The role of the state

In many respects, the South African state has been captured by a neoliberal development ideology. It largely views development at the national as well as the community level in market terms, characterised by competitiveness, economic growth and integration with the global economy. This approach is reflected in the state-led cooperative movement, which mainly regards cooperatives as an extension of Black Economic Empowerment, or BEE (Satgar and Williams 2011). It is important to leverage the state for support and finance. At this stage, however, it has overseen a failed, top-down cooperative movement that has largely been conceptualised as an alternative form of BEE, and now seems to be regarded as a 'silver bullet' for relieving the unemployment crisis. It is not seen as a transformative form of production that has to be located in broader social change.

All these aspects are reflected in the support provided by the Gauteng Department of Agriculture to farming cooperatives in Ivory Park. All it wants to do is provide them with conventional markets, such as supermarkets. This creates a contradictory situation where cooperatives supply distant retailers rather than supplying their own poor and food-insecure communities with affordable and healthy food. Put differently, the state is attempting to link agricultural cooperatives to existing markets rather than seeing them as alternative spaces of production and consumption based on principles of solidarity and community benefit. This is not a fatal flaw, but points to the importance of continuing the thrust towards building a grassroots movement that is organised along values and principles outside simple conceptions of competitiveness and market entrance, and makes demands on the state and organises along these alternative lines. Put differently, it points to the importance of building a movement that is capable of pressuring the state into engaging with it on its own terms, and without threatening its autonomy. Such a process is being undertaken by Hlanganani, which, now that it has occupied the

land and is therefore operating from a certain position of power, is currently engaging the local council on securing a formal lease to the land. The council, although slow and bureaucratic, has ‘cooperated’ thus far.

This leads one to a much broader discussion on the role of the state in development. In line with Patel’s (2010) argument that the struggle to achieve food sovereignty requires confronting existing power relations, it is necessary to think about the relationship between the state and communities, specifically the local state, and the need for this relationship to be challenged and transformed. In South Africa, development has largely been assigned to the local government sphere. However, local government is underfunded, riddled with corruption and a lack of capacity, and is deeply politicised. At the point where community and the local state are meant to meet, there is a social and political distance between them, and a related crisis of political representation and economic development (McKinley 2011; Atkinson 2007). In essence, the state is largely disconnected from understanding or meeting local priorities, and is often hostile to community organisation around these priorities, as illustrated in the case of Hlanganani and the local councillor’s antipathy to their actions. To achieve a role for the state that is conducive to achieving food sovereignty means confronting the malaise within the local state and the poor relationship between the state and communities. This ethic was strikingly illustrated during the Hlanganani occupation. When an associate of the local councillor asked participants in the occupation which political party they belonged to, they replied: ‘No, we are from the community party’ (Siyaga, Interview, 16/01/2013).

This conjuncture also opens up the possibility of campaigning for and practising participatory budgeting as part of the strategy for building the solidarity economy movement in South Africa. Participatory budgeting, grounded in a broader conception of participatory democracy, has become an important part of progressive left strategy in some parts of the world,¹⁰ and forms part of the campaign to re-embed local public institutions in social reproduction (see Williams in this volume).

Working capital, and capital for growth

Two types of capital are crucial for the reproduction of cooperatives: working capital, and capital for expansion through productive investment. Working capital is essentially the positive level of finance of a cooperative at any point in time. It comprises current assets (cash in hand or in the bank, all sums owed to it, goods and services paid for but not used) minus current liabilities (sums owed to suppliers, accrued expenses such as taxes, interest payments on unpaid loans) (Adams and Hansen 1992). Capital for growth is capital used to purchase equipment, which is needed to increase production.

Tswelalane Bakery Cooperative is financially viable, and has demonstrated an ability to build up capital internally. However, both cooperatives lack external sources of financing to purchase assets for growth as well as working capital. For example, while Tswelalane is able to cover operating costs, pay its members stable wages, and deposit a surplus into the bank every month, both cooperatives lack working capital to purchase raw materials in bulk and decrease costs.

While Tswelalane has money in the bank, it cannot meet the demand for its products as it cannot buy the equipment it needs to step up production. For example, local spaza shops and grocery stores want Tswelalane to supply them with bread, but the cooperative is unable to do so because it cannot afford a delivery vehicle. Moreover, the larger ovens it would need to make more bread are very expensive. The Hlanganani Worker Cooperative also needs more capital for essential infrastructure. The Department of Trade and Industry manages a Cooperative Incentive Scheme, which makes available R350 000 for the purchasing of assets, but this is not enough.

Tswelalane is experimenting with internal mechanisms for building up capital, such as increasing reserves for reinvestment. This requires clear strategies for expanding the cooperatives in line with the local solidarity economy and food sovereignty thrust. However, the availability of democratically controlled external sources of finance has played a central role in the growth of cooperative movements elsewhere (see Bateman 2007). The major commercial banks are unwilling to finance enterprises in poorer areas, and those that do so make use of micro-finance, with all its contradictions and dangers (see Bateman and

Chang 2012). Some of these banks also engage in profiteering. At the time of writing, African Bank, which has established a presence in Ivory Park, was facing a R300 million fine for reckless lending, including charging some customers 98 per cent interest on their loans. What this points to is the need not just for external sources of finance, but for finance to be provided by a democratically controlled institution that conforms to the values and principles of the solidarity economy, including local control of capital. At the time of writing, proposals for a solidarity economy fund were due to be tabled at a national solidarity economy conference, and it was due to be launched a few months later.¹¹

Building local linkages and learning

Agricultural cooperatives in Ivory Park have many years of experience that can be passed on to younger people, and used to cross-fertilise each other. Members of cooperatives engaged in farming, such as Matomo Mayo, Boikanyo and Twanano, have recently attended permaculture courses and are spreading this knowledge by engaging with their members and embarking on community education.¹² Hlanganani also aims to train community members in agro-ecology. Education and training in sustainable production methods is a key component of sustainable food systems. Embedding the design and use of sustainable technology are vital for ensuring that organic processes of learning and innovating around methods that are specifically suited to local conditions are set in motion. Education in agriculture, which is continually evolving, therefore involves linking food-growing techniques to social knowledge on the solidarity economy and social change.

Building on and strengthening local organisation

Building these sorts of linkages and forms of learning should not displace existing forms of mobilisation and organisation, however weak or nascent they might be. For example, the MUP in Tsakane had sought for years to organise the unemployed and provide them with benefits. Having learnt about the solidarity economy and food sovereignty in a gradual and democratic way through workshops,

books and films, they have been able to build their own understandings of the solidarity economy and food sovereignty in ways that resonate with their local circumstances and possibilities for change.

There are numerous farming cooperatives in Ivory Park, but they largely remain isolated from one another. Therefore, SEECC is making a major effort to involve them in the monthly Solidarity Economy Forums described earlier, as well as other processes. SEECC is also helping them to build internal capacity, notably in respect of financial management, administrative skills and general cooperative skills. Broadly, this involves linking local organising to the food sovereignty strategy, and mapping, linking and setting up new worker and service cooperatives in Ivory Park.

Community education, learning and mobilisation

As noted earlier in this chapter, Hinrichs (2000) argues that an important aspect of localised agricultural systems is the degree to which they are socially embedded. However, understanding the notion of embeddedness requires qualification by two further concepts: marketness and instrumentality. Marketness refers to the importance of price in transactions, both on the part of seller and buyer. Instrumentalism refers to the nature of individual goals. A high level of instrumentalism reflects the primacy of purely economic goals in a transaction, while a lower level of instrumentalism reflects the prioritisation of non-economic goals such as notions of community and community ties, friendship and so forth (Hinrichs 2000). To take this notion a step further, building demand for the products of food cooperatives in Ivory Park and Tsakane requires more than just marketing. It also requires the expansion of the solidarity economy movement, as well as grassroots practice and learning that connects with people's felt needs and existing forms of social solidarity and organisation, so that communities consciously mobilise around and support local cooperatives to build local power. In this way, the notion of food sovereignty, and the building of solidarity economy structures to facilitate its development, provides a platform for connecting an immediate issue such as food to broader issues of inequality.

Conclusion

This chapter has shown that, within the global and national context of an unequal and concentrated food regime, alternatives are emerging that provide a basis for achieving food sovereignty and building the solidarity economy. It has documented two urban-based food producing cooperatives, Tswelane Bakery Cooperative and the Hlanganani Worker Cooperative and land occupation, and discussed the challenges and opportunities facing local urban food sovereignty programmes. It has argued that, in the context of the global crisis of capitalist agriculture, the solidarity economy has a key role to play in building food sovereignty as a just and democratic alternative to ending hunger and malnutrition, as well as building a different society. The forms of production, exchange and consumption envisaged by the solidarity economy can create the conditions for the ideal of food sovereignty to be realised. However, integral to achieving social change is the need to build on people's consciousness and abilities to drive the collective struggle from below. This needs to be informed by a specific vision, namely to forge relations of production that are centred on meeting human needs, and based on the values and principles of solidarity, collective ownership, democracy and eco-centric practice. It also requires a willingness not only to challenge existing power relations at the root of inequality and food insecurity, but also to build alternative economic and social arrangements.

Notes

1. The official estimates by Statistics South Africa do not include discouraged workseekers; that is, those who have not looked for work in the week prior to being surveyed, while the broader definition does include them.
2. See Department of Social Development and UNICEF (2010).
3. Also see Harber (2011) for an exploration of the dynamics of one of Johannesburg's largest and poorest townships, namely Diepsloot.
4. I say 'still-existing forms of production' because despite the historical and continuing dispossession of peasants and small-scale farmers, they still constitute more than a third of the world's population, or about 2.5 billion people (Pimbert 2009), and produce about two-thirds of the world's food

(Bello and Baviera 2010). This statistic raises a further issue: it means that only about a third of the world's food is produced by the corporate food regime. This has two implications. Firstly, extending the industrial agricultural model to producing even greater proportions of the world's food is simply not sustainable, given its devastating economic, social and ecological consequences. Secondly, given that two-thirds of world food is still produced by peasants, it is possible to imagine an alternative to the market-driven industrial model.

5. The values espoused by COPAC (2010) include caring, sharing, self-reliance, honesty, democracy, equality, learning, ecological consciousness, social justice and openness; and the principles that guide the process are solidarity, collective ownership, self-management, control of capital, eco-centric practice, community benefit and participatory democracy.
6. *Vetkoek* is a round cake made of sweet dough, which is deep-fried, producing a bun that can be eaten as is or with a filling such as jam or minced meat.
7. Members say that if things continue to go well, they will consider adding casual workers as members. Moreover, the earnings of members and casual workers are the same.
8. In South Africa the average minimum wage is R1 500. However, this is not a living wage, especially given the number of dependents on the average income.
9. This was a workshop on the solidarity economy conducted by the leader of the Tsakane MUP branch, Leonard Pheko.
10. For example, see Williams (2008), Fung and Wright (2003) and Heller (2001).
11. See COPAC (2010: 54–60) for an elaboration of the potential models for a solidarity economy fund, and its mechanics. At the time of writing, a national solidarity economy conference was about to be held in Johannesburg. Participants hoped to launch a solidarity economy fund cooperative and a solidarity economy development finance cooperative.
12. Mathomo Mayo Cooperative is an agricultural cooperative that has been operating successfully since 2005, and has five women members. Twanano Cooperative has been operating since 2003 with seven women members, and produces recycled paper products, sewing and fresh produce. It is also in the process of applying for funding to purchase a toilet paper making machine that will allow it to start making toilet paper rolls with recycled paper.

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The Minline factory occupation Pathway to the solidarity economy

Athish Kirun Satgoor

The Minline-Tap Engineering factory, situated in the south of Johannesburg near Soweto, is an interesting case of an attempted takeover by workers who were left unemployed after the owner had allegedly removed some company assets, and filed for bankruptcy. In 2010 Minline employed 110 workers who produced valves, locomotives and other underground equipment for the mining industry. Most had worked at the factory for more than ten years. Tragedy struck on 4 August 2010 when an old and poorly maintained boiler exploded, killing three workers. The company was also deeply in debt. The owner eventually filed for bankruptcy and dismissed all the workers without any pay or benefits, and without compensating the families of the three deceased workers.

This was not an unusual event. Since the 2008 global financial crisis, more than a million workers have lost their jobs, adding to an unemployment rate of nearly 40 per cent. Recent mass retrenchments by Anglo American Platinum as well as farmers, following unprecedented labour struggles in South Africa's winelands, demonstrate the failure of both capital and the state to resolve the economic crisis. What sets Minline apart is that, faced with mass dismissal and its consequences, workers made a courageous attempt to appropriate the factory and run it themselves under the rubric of a worker cooperative.

This chapter explores this ground-breaking initiative in the context of the solidarity economy, particularly the attempts by workers to gain control of the factory. It starts by exploring the strategic shift from

collective bargaining to worker control. Next, it brings to the fore a key theoretical issue in the Minline occupation, namely worker control versus worker participation. It then examines the limits of and challenges to worker control, including the importance of political solidarity and the shortcomings of conventional trade unionism. Finally, it explores how workers dealt with financial challenges, including the challenge of capitalising the cooperative.

Occupy! Occupy! Occupy! Developing organisation and worker control

Despite the Metal and Electrical Workers Union of South Africa (MEWUSA) having a strong presence at Minline-Tap Engineering, and a solid bargaining relationship with its former owner, this could not stop the liquidation of the company. In this respect, the owner used the company's 'bad debts' as a pretext to work around the union. This proved to be effective as the union could not secure worker benefits in the context of the liquidation. Compensation for workers who were killed in a factory accident was compromised, and workers' jobs were lost. Essentially, the owner used the liquidation to undermine collective bargaining. Following the closure, workers turned to MEWUSA, which brought in a liquidator to help secure the workers' wage and non-wage benefits. However, this process proved to be fraught with problems as the liquidators allowed the owner to remove certain assets from the factory, and also sold off finished products, such as valves. The union and workers then asked the Cooperative and Policy Alternative Centre (COPAC) to help them reopen the factory under worker control.¹ This resulted in the workers assembling at the factory on 20 October 2010, and demanding an explanation from the liquidators about the missing assets. Dissatisfied with the response, and realising that the benefits owed to them might never materialise if the assets continued to disappear, the workers decided to occupy the factory and revive it under their collective ownership.

From then on, workers attended weekly general meetings in the factory boardroom. This was an important emancipatory moment, as most workers had never been inside the boardroom. One of their first steps was to elect leaders tasked with reporting back to the general

assembly about the outcomes of their interactions with external role players. The meetings focused on collectively determining strategies and tactics for sustaining the occupation. The workers' four main objectives were to:

- demand that the liquidator stop the removal of assets and produce an inventory of all assets, including removed assets as well as those still in the factory;
- stop creditors such as ABSA and the South African Revenue Services from selling off assets;
- pursue criminal charges against the employer in connection with mismanagement and the death of the three workers; and
- secure start-up funding as well as technical training from trade unions and government agencies.

These agencies included the Industrial Development Corporation (IDC) Distress Fund, the Department of Trade Industry (DTI) Cooperative Incentive Scheme, the Congress of South African Trade Union's (COSATU's) Job Creation Trust, and the training layoff scheme of the Manufacturing Engineering and Related Services Sectoral Education Training Authority (MER-SETA).²

The company's assets (machinery and equipment) were vital to the strategy for worker control, as without them the workers could not reopen the factory or leverage finance. Therefore, the first objective of the occupation was to defend the remaining assets. This entailed arresting the liquidation process, and putting pressure on the owner to return the assets he had removed. The workers made their own inventory of the remaining assets, and used this information during meetings with the Master of the High Court and the liquidators. They insisted that, while the owner could be held liable for his debts, he should not be allowed do so by selling off the company assets. Due to the ebb and flow of the occupation, this was a complicated process, and tactics were haphazardly managed. This tested the workers' patience and commitment.

Another feature of the occupation was to stage a series of workshops to educate and train workers about the cooperative option. This led to the design, registration and establishment of a primary worker

cooperative. COPAC gave workers some basic training on problem-solving leadership and the solidarity economy. The leadership training provided them with conceptual tools and practical methods for resolving problems as a collective, and the solidarity economy training helped them learn about the crisis caused by capitalism and the alternative presented by the solidarity economy. This grounded their understanding of the various contexts in which worker cooperatives can emerge: through takeovers, via self-development, via seeding by a movement and via trade union support (COPAC 2009: 37). The participatory approach to establishing the cooperative allowed them to plan their own self-management model, and draft their own constitution.

Worker control versus worker participation

The decision to establish a worker cooperative was taken for a number of reasons. A worker cooperative is one of the most dynamic forms of cooperative as its core values and principles help to strengthen democratic practices, equality and worker-ownership (Adams and Hansen 1992). It is an enterprise that is jointly owned and controlled by workers. All worker members own the cooperative on an equal basis, and all workers collectively take all the decisions about the labour process, production, distribution of surplus, and so on. By contrast, capitalist enterprises are owned by shareholders, and have hierarchical management structures elevated above the workers. Worker control ensures that labour is not merely a 'factor of production', but grounded in the creative capacity of workers. This guarantees that work is about participation and self-fulfilment rather than about exploitation.

Another distinctive feature of a worker cooperative as opposed to a capitalist business is its transformative orientation, which is engendered through a self-conscious emancipatory agency. In other words, worker cooperatives demonstrate new patterns of production and consumption, and build on alternative values and principles that are ultimately aimed at transforming society. The legal identity of worker cooperatives further reinforces their transformative orientation.

Drawing on a typology developed by Satgar and Williams (2011a), there are four main types of worker cooperatives. The first is a general worker cooperative. The second is a producer cooperative in the agricultural sector, when people may own their own plots of land but collaborate in respect of farming, harvesting and marketing. The third is a worker-managed cooperative, which enjoys state support and is usually a nationalised enterprise controlled by workers. In this model, the state owns the assets, but the workers manage and control the operation. The fourth is a worker-supported cooperative, which tends to target disadvantaged people such as the disabled. Worker-supported cooperatives have become particularly prominent in Italy. In Trento, for example, worker-supported cooperatives for the physically disabled have been very successful in the restaurant and handicraft industries (Satgar and Williams 2011a: 210).

Cooperatives provide marginalised workers and the unemployed with important alternative responses to the crisis of capitalism and its unjust labour practices. They allow workers to manage and control production, and distribute the surplus equitably. As Minline workers declared: 'We do not need a boss; we can run our cooperative together. We can share our profits and losses equally, and save money.'³ Workers often made these sorts of comments during the training process, affirming their commitment to worker control.

The worker cooperative alternative has become prominent in Argentina, where an economic meltdown in 2001 caused by the adoption of a neoliberal policy framework and the deregulation of banking led to large-scale factory closures (Howarth 2007). In response, workers occupied and reopened more than 150 factories. They successfully restored pre-crisis production levels, 'reduced the cost of management, had greater flexibility in both hours worked and remuneration, and reduced internal conflict levels through greater involvement in production management' (Howarth 2007: 32). The Minline workers were inspired by the Argentinian experience, which gave them the confidence to defend their livelihoods by occupying the factory and establishing worker control. This turned into a profound emancipatory experience in which workers had to shift their mindsets from being employees to being worker-owners. Thus the Minline

workers, like the Argentinian workers, had to go beyond the softer 'worker participation' models in mainstream industrial relations.

This brought out the sharp difference between worker participation and worker control. There have been numerous attempts to establish worker control – or rather, struggles to establish worker control – ranging from the efforts of utopian socialists in the nineteenth century advocating the 'establishment of autonomous communities to be organised by working people for their own good' (Bayat 1991: 14) to the state-centric economic planning approach in Eastern Europe after the Second World War. Many of these socialist states were 'forced to adopt an orthodox Stalinist line in socialist construction such as Poland, Hungary and other eastern European countries' (Bayat 1991:18). This entailed the appointment of state officials to oversee the management of enterprises through works councils, with labour movements reduced to a subordinate role. This formed the basis for state-directed worker participation rather than worker control. Under this form of state socialism, worker participation in decision-making was very limited. By contrast, under the solidarity economy, workers fully own their own enterprises and take all decisions themselves, thus realising a fundamentally different model of worker control, which is built from the ground up rather than being imposed and controlled from above.

Capitalist bosses also use various forms of worker participation to create the illusion that workers have some influence and control over a given enterprise. I will focus on two popular methods. The first is worker participation in decision-making, either directly or via elected representatives. The second is workplace forums and collective bargaining processes (Muneto and Trebilcock 1998), which provide for various degrees of consultation, joint decision-making and self-management. The first method is aimed at allowing workers to express their problems and grievances, relayed to the employer as suggestions and recommendations. Workers are not directly involved in actual decision-making about their concerns.

The second method depends on the agendas of and power relations among the key actors. Given high levels of unemployment, capital-intensive production and the weakening of strategic trade unionism in South Africa, workplace forums and collective bargaining processes

are increasingly failing to advance the real interests of workers (Buhlungu 2010). In addition, given the adverse circumstances and asymmetries of power, organised workers and the unions are on the defensive. In Argentina, this led to workers bypassing their impotent and corrupt unions and taking over factories in order to defend their jobs (*The Take* 2004). Worker control became part of a vision and strategy for transforming society. This held up the prospect of jobs being provided by enterprises that were owned and controlled by workers. Workers were no longer seen as units of production, and labour as a cost of production. South Africa has not reached this point, but the Minline experience demonstrates the potential for introducing genuine worker control, and opens up new horizons for worker and trade union initiatives in the context of emancipatory utopian practice in order to advance the solidarity economy (see Wainwright and Satgar in this volume).

Solidarity and worker control

The realities of struggle and the vicissitudes of attempts to establish worker control presented Minline workers with a series of challenges. A Rubicon was crossed when workers changed locks to prevent their former employer from removing any more assets from the factory. The workers broke the liquidators' locks and sprayed slogans on the walls to indicate their occupation, including 'Building A Worker Alternative From Below'; 'All Power To The Workers'; 'Occupy! Defend! Produce!'; and 'All Bosses Are Fired!' The slogans created a new vocabulary for this emancipatory moment, and had a powerful symbolic meaning and impact. The exercise helped workers to create a liberated zone, and to remove the dark shadow of the past. It helped them to secure and claim the area as their own.

The keys to the locks were then handed to the elected leaders. A group of about ten workers guarded the factory at night. Due to various legal implications, and threats of forcible eviction, the workers decided to collaborate with a security firm appointed by the liquidators.⁴ A solidarity committee made up of various organisations was formed to provide the workers with political and logistical support. As one worker put it: 'Solidarity is so important for our struggle, it gives our

struggle more publicity, it gives us strength, and with solidarity we can make it! They give us the mass support!¹⁵

The Democratic Left Front, a newly formed grassroots anti-capitalist movement, provided financial, political support and linkages with the media. COPAC provided workers with education and training, and helped them to register their cooperative. MEWUSA provided workers who occupied the factory with food and groceries. The Democratic Socialist Movement and Zabalaza Anarchist Communist Front helped to document the event and publicise the workers' struggle through articles in alternative media. The Landless Peoples Movement from Protea Glen in Soweto and Famous Brands workers showed their solidarity with mass marches to the factory. Midway through the struggle, a rally was held at the factory to claim the partial victory of stopping the asset-stripping process, registering the worker cooperative, and paying out unemployment benefits. These partial victories gave the workers a degree of hope.

Activists stood shoulder to shoulder with workers in defending the assets at vital moments, particularly when the owner of the factory came to the site, or the liquidators threatened to auction off the assets. International movements sent messages of solidarity. The occupation encouraged public discussions on national radio and television, as well as in alternative media such as the *South African Labour Bulletin* and *Amandla!* magazine. The debate did not stop there. The occupation challenged left movements, which had to grapple with how it fitted into left politics. Questions and issues included: how can nationalisation benefit worker-owned enterprises? Is socialised worker-ownership through a worker cooperative more advanced than nationalisation? Is it a more emancipatory form of property relations? And could the occupation inspire other workers threatened with retrenchment to occupy and take over their factories? And what are the conditions for such a strategy of worker control and tactic of occupation to succeed?

For instance, anarchists believe all states are oppressive and hierarchical. Hence they argue that nationalisation under worker control will ultimately lead to the state ownership of factories, and undermine worker power (Hattingh 2011). However, this position is limited for various reasons. First, the debate about transforming

property relations spans a spectrum of socialised options with nationalisation at the one end, and collective ownership at the other. Second, the state, even in capitalist South Africa, is a contested terrain. While the South African state does lean towards capital, and creates conditions for capitalist accumulation, it is vulnerable to demands by workers and subaltern social forces for support and resources. These forces will not inevitably be captured by the state, and could force it to respond to them on their own terms. Even if the state does not respond positively, or tries to ignore workers' demands, this will deepen solidarity among those involved in the contestations.

Third, power has to be built from below. It cannot be declared through sectarian propaganda from the margins. This means there are no short-cuts to building collective and mass power. Activist skills, capacity and resources have to be built through immersion in struggles. Connecting these struggles rather than fragmenting them along sectarian lines is key to building the capacity of the solidarity economy to challenge the state and ensure the autonomous identity and orientation of forces at the grassroots. This happened in Argentina, and also happened at Minline. As one worker put it: 'What happened to us here can happen to other workers in other factories. A lot of capitalists are using us as workers. It will be good for other workers in the country to also occupy.'⁶ These insights strengthened the resolve of workers and activists to continue the struggle.

The limits of trade union politics and worker control

However, the worker control strategy and expressions of solidarity were not enough in themselves to ensure the success of the workers' demands. The security company retained by the liquidators tried to manipulate and divide the workers by patronising them and playing on their need for money and resources. It also tried to sell scrap metal to various companies it would bring to the factory. However, the workers closely monitored its activities, and discussed this in their weekly general meetings. In one incident, the security firm removed nine vehicles from the factory.⁷ When workers challenged the security guards, they said they had moved the vehicles because it was not safe to keep them at the factory, and that the union had agreed to this. This

highlighted a growing distance between workers and the union. The workers relied heavily on the union for support, not just financially but also politically. However, the union stopped supporting the workers financially, and union leaders appeared to collude with the liquidators. These tensions came to a head at a MEWUSA national congress held in March 2011. To workers' astonishment, the head of the liquidating company chaired some sessions at the congress, and when workers demanded the election of new leaders, they were forcibly removed by armed bodyguards. This prompted a split in the union, with disaffected members leaving to form the Commercial Services and Allied Workers Union (COSAWU).⁸

At this stage of the occupation, the workers began to take strain. Largely due to financial pressures, the number of workers attending the weekly general meetings began to decline. Many began to look for other jobs. However, many said they would return as soon as support was received from the DTI. The lack of support from the union, continued pressures from the liquidators, and new threats of eviction by the property owner, Harmony Gold Mines,⁹ weakened the occupation. However, the remaining core of workers remained hopeful because of positive engagements with the IDC Stress Fund.

The split in MEWUSA and decline in support greatly affected the workers' struggle. In the end, MEWUSA turned its back on the worker cooperative option as a new strategic frontier for trade unionism, and adopted a Black Economic Empowerment (BEE) approach instead. This privileges union investment companies, which treat members as a captive market (for medical aid, pension schemes and other financial products), enter into business partnerships, and use union procurement (for cars, photocopiers, T-shirts, and so on) to secure financial gain that largely accrues to union leaders.

Trade unions in South Africa and other world regions have historically played an important role in supporting the development of worker cooperatives. The Brazilian labour federation CUT has actively built a worker cooperative movement over the past three decades, and the National League of Cooperatives and Mutual Aid Societies (La Lega) in Italy has played a crucial role in cementing

linkages between unions and cooperative movements. La Lega is the oldest and best-known cooperative federation in the world. It encompasses the largest number of worker cooperatives in the western world, and the biggest proportion of the workforce employed by such firms (Dow 2003: 67). From 1907 onwards La Lega adopted a new strategy and entered into a triple alliance with the trade union movement and mutual aid societies. Its political programmes were aimed at improving conditions in the workplace, reducing working hours, introducing social security measures, old-age pensions and supporting cooperatives through public works, land for agriculture cooperatives, tax concessions and credit. In the late 1980s La Lega was active in ten economic sectors, and encompassed 12 889 cooperatives with 4 186 207 members with a combined turnover of some 32 billion lire a year (Ammirato 1996: 102).

South Africa has its own history of attempts to establish worker cooperatives, mainly in the 1980s. Challenges included a hostile state, poor planning, a donor-driven approach and poor levels of education (Satgar and Williams 2011a: 211). In the 1990s, unions abandoned their support for worker cooperatives, turning instead to Employee Stock Option Schemes, the promotion of small businesses and BEE. However, the economic crisis and massive retrenchments have forced some COSATU affiliates to renew their experiments with cooperatives (Satgar and Williams 2011a). Most notably, the National Union of Metal Workers of South Africa has tried to buy out a waste recycling plant, supported the establishment of a worker cooperative and supported the Minline occupation. Trade unions have an important role to play in supporting worker cooperative takeovers and buyouts. These sorts of initiative should be linked to the solidarity economy. However, unions are increasingly compromised by BEE-type unionism. This was a serious limitation confronting the Minline workers.

The struggle for finance

Despite immense challenges, workers succeeded in registering the Minline worker cooperative. This gave them a platform for reopening the factory, restarting production and managing the factory in a new

way. It also gave them three important rights. Firstly, it provided all members with equal voting rights and therefore an equal voice in strategic and operational decision-making. Secondly, it provided them with the right to information. Thirdly, it gave them the right to share profits and losses. These rights, which were enshrined in their constitution, were aimed at allowing them to manage their finances in a democratic way, and derive maximum benefit from them as worker-owners.

Setting up the cooperative was not just a symbolic move; it was informed by a genuine hope that the workers could take over and run the factory. The workers also developed a strategic plan for identifying skills gaps, finding ways of addressing this, and building appropriate decision-making practices.¹⁰ The skills, confidence and capacities gained in the course of this process helped them to think about how they could run the factory. The main obstacle in this regard was securing finance. Without retrenchment benefits and union support, workers could not capitalise the cooperative themselves, and would need to secure external support in order to resume production. They agreed to adopt a struggle-driven approach to this challenge – in other words, to exert political pressure at the street level to secure the necessary funding.

However, before we explore this train of events, we need to visit workers' thinking about their internal financing options. In the course of the training workshops, workers chose a share-based model similar to that used by the successful Mondragon cooperatives in the Basque Country in Spain (COPAC 2009). In this model, each worker owns a share in the cooperative, which must be purchased, and entitles him or her to full membership rights and obligations as stipulated in the constitution. Moreover, every member has an individual capital account, which is credited with a dividend if the cooperative makes a surplus. The membership share and its accumulated value are only paid out once the worker-owner retires or leaves the cooperative (Adams and Hansen 1992). In the case of Mondragon, this model has been highly successful.

It is based on four principles, namely the sovereignty of labour, democratic organisation, the instrumental and subordinate nature of

capital, and participatory management.¹¹ The sovereignty of labour recognises labour as the main factor for transforming nature, society and human beings themselves. Wealth accumulated by the cooperative is distributed in proportion to workers' labour and not the value of their share. This principle also commits worker-owners to the creation of new jobs. Moreover, every worker-owner receives competitive and just salaries and dividends based on the profitability of the cooperative. Generally, a company sells shares on financial markets in order to raise capital, and then hires labour. By contrast, Mondragon cooperatives are owned, controlled and capitalised by workers. This model works well for both cooperatives and owners. In 2010, the Mondragon Cooperative Corporation generated a turnover of 14 million euros from its four areas of operation – finance, industry, retail and knowledge – with 83 000 worker-owners sharing capital of 2.2 million euros.

In short, the membership share model has three important purposes. First, it provides each worker-owner with a savings mechanism. Second, it provides the cooperative with an internal financing mechanism it can utilise in difficult times, following a special resolution by worker-owners. Third, it encourages workers to be productive and to make careful decisions about capital management. In short, Mondragon demonstrates effectively how workers can raise their own capital and control their own enterprise, thus realising the central values and objectives of the solidarity economy.

Minline workers were inspired by this approach, and drafted a constitution that provided for every worker-owner to purchase a share to the value of R6 000. Workers also decided that 40 per cent of annual profits or surpluses would be invested in a cooperative reserve fund; 40 per cent would be deposited in members' share accounts; and 20 per cent would be used for further education and training. Given their financial constraints, the workers were unable to purchase the shares, thereby financing the cooperative themselves. If this were possible, it would have provided a real alternative to the hierarchical and crisis-ridden forms of ownership under capitalism, and introduced a new politics of production linked to the solidarity economy.

Taking the struggle for finance to the state

Worker cooperatives can also secure finance from external sources, notably via loans from cooperative banks or commercial banks (although this comes with serious risks and pressures) as well as grants. It is important for the solidarity economy to develop democratically controlled forms of finance. There are some good examples, including the Mondragon cooperative bank (Thomas and Logan 1982). However, as noted previously, for many of the Mondragon cooperatives internal financing is a vital source of capital. Another example of cooperative financing is Working World in Argentina, a finance NGO that has evolved participatory methods with limited risks for providing cooperatives with working capital (Martin 2011).

However, external sources of funding for worker cooperatives in South Africa are very limited. The main source is the state, which provides grant funding mainly as start-up capital. The main agency, the DTI, provides a R350 000 grant for the purchase of assets through its Cooperative Incentive Scheme. However, this source of funding is administered in a very bureaucratic way, and requires tax registration certificates from cooperatives and their members, as well as tax clearance certificates from all vendors or suppliers of goods and services purchased by the cooperative.¹² Besides these obstacles, the grants are relatively small, and the process is very time-consuming.

The Minline workers had no choice but to engage with the government. At the same time, they recognised that it was crucial to harness the organic solidarity and impetus towards worker control developed through the occupation. This has not been easy, and has tested the responsiveness of the state to alternative forms of property relations. Initially the workers tried to secure a loan from the main creditor, ABSA, to keep the factory running. They even developed a business plan, but the bank refused to provide them with working capital. In 2008, the government set aside R6.1 billion, distributed via the IDC, to help companies survive the global economic crisis, mainly by financially supporting turnaround strategies. After lengthy deliberations, the Minline workers decided to apply to the IDC for financing under this scheme. IDC Distress Fund representatives initially promised to help the cooperative to purchase the company assets,

thereby helping to ward off pressures from the liquidators, who were threatening to auction off the assets if the IDC did not respond positively. The liquidators also argued that Harmony Gold Mine had leased the land to the previous owner, which had expired, and claimed that Harmony wanted to demolish the main factory. In December 2010, the occupation lost some ground as a number of worker-owners spent the holidays with family.¹³ Harmony used this opportunity to insert its own security company, and reclaim the office block and boardroom area. This security firm brought in a large contingent of security guards, and began to convert the office block into accommodation and storage.

The workers then began to position the IDC as a central mediator to help facilitate the purchase of the assets and secure start-up capital. However, in a retreat from its earlier promise of support for the cooperative, the IDC proposed that the plant be taken over by a BEE company named Dikwansi, which would buy the assets and employ the workers. Dikwansi put its offer to the workers, and even offered them an Employee Stock Option Scheme. But, after heated discussions, the workers decided not to accept the offer and demanded that the IDC purchase the assets directly on their behalf.¹⁴

The IDC responded by arguing that the IDC Stress Fund and Training Layoff Scheme did not support insolvent enterprises, and had never supported worker takeovers. Put differently, it argued that the Mimeline proposal fell outside its mandate as a stressed enterprise differed from one that had stopped production. The workers then began to strategise for mass action and the occupation of the IDC's head offices in Sandton. Following this threat, the IDC again changed its position and said it would consider assisting the cooperative to purchase the assets. At the same time, COPAC discovered that the South African insolvency laws allow workers to purchase an insolvent company, which gave the IDC and other state institutions an opportunity to support the cooperative without the assets being auctioned off. The IDC then commissioned a business consultant to draw up a business plan in collaboration with the workers, and mandated the manager of Dikwansi to communicate this to the

liquidators. However, the business consultant failed to finalise the business plan in time, and the company assets were finally auctioned off on 19 May 2011.¹⁵

This left the workers with no property, no prospects and no work. The eight-month-long occupation was finally over, and the workers had lost their factory. However, the struggle had yielded certain written commitments from the IDC that could be used to demand its support for starting another factory. Workers threatened street protests outside the IDC and organised broad-based activist support. A picket and occupation plan was developed.¹⁶ This resulted in the IDC completing a new business plan involving start-up capital of R23 million. It undertook to fund the plan, provided the cooperative could secure a minimum client base and employ experienced managers. This presented the cooperative with fresh challenges, as it struggled to gain entry to a mostly white-dominated industry. Other challenges include finding new premises, and sourcing training in financial management. However, at the time of writing workers were still pressurising the IDC to support their cooperative and finance the business plan.

Conclusion

While the struggle for the takeover of the Minline factory has experienced various setbacks, it has been immensely important as well as successful on a number of levels. It has generated a new politics of worker control in South Africa that provides a pathway to the solidarity economy and movement. It has provided workers with a new option for ownership and self-management, as expressed in the formation of the Minline cooperative. It has also highlighted key challenges for broader political solidarity and unionism. The Minline worker struggle demonstrates that workers can (and wish to) organise their valuable skills and expertise in worker cooperatives, moving away from traditional capitalist enterprises in the process. However, financing such alternatives is a central challenge. The IDC experience has exposed the weakness of the BEE policy framework and the lack of a strategic state response to worker takeovers and worker-controlled enterprises. Put differently, Minline has shown that the South African

state is not equipped to deal with worker cooperatives and solidarity economy alternatives emerging from below. In this context, the extension of the politics of worker control to the IDC is a valuable lesson in how to engage the state.

This experience also underlines the need for the solidarity economy movement to develop its own funding mechanisms, such as solidarity funds and cooperative banks. Moreover, the organic solidarities achieved in the course of the Minline struggle demonstrate that, rather than being mere factors of production, workers are the bearers of a creative commons that comprises a major part of the solution to the crisis of capitalism. Among other things, South Africa needs a national worker cooperative act to support the development of this commons, and transform post-apartheid property relations.

Notes

1. Minutes of a COPAC and MEWUSA meeting held on 11 October 2010 at which COPAC was introduced to the workers. COPAC then hosted a planning workshop with the workers, and screened the documentary *The Take* on 17 October 2010. A worker cooperative and occupation strategy was then formulated.
2. Minutes of a meeting between the Minline General Workers Assembly and the liquidators on 20 October 2010.
3. Comments by workers during groundwork training by COPAC in the factory boardroom on 7 and 8 November 2010.
4. The factory is occupied: locks are broken and changed, slogans are painted, banners are erected, and barricades and guard shifts are more tightly organised through the workers' assembly. Workers declare that all bosses are fired and their alternative from below is about advancing worker control and socialised ownership.
5. Interviews with workers, 3 and 8 November 2010.
6. Comment by worker at first workers' meeting.
7. The vehicles were removed on 5 November 2010.
8. Minutes of a COPAC and Minline workers' evaluation meeting, 11 June 2011.
9. Issues surrounding ownership of the factory were complicated by the fact that the factory was built on land leased from Harmony Gold Mines. The buildings and equipment belonged to Minline, but the land belonged to Harmony.

10. The plan entailed accessing technical skills training through the MER-SETA programme. This would help workers to build their capacity and bring in short-term income in preparation for start-up financing.
11. See the Mondragon website at <http://www.mondragon-corporation.com/ENG/Cooperativism/Cooperative-Experience/Cooperative-Culture.aspx#pBasicos>.
12. For example, the Twanano paper recycling and manufacturing cooperative based in Ivory Park applied for a grant to purchase a toilet paper manufacturing machine, but the application was rejected as the DTI did not wish to support the only supplier of this machine in the country.
13. December is a national holiday period in South Africa, for both the public and private sectors.
14. Minutes of meeting with Dikwansi, 16 November 2010.
15. Recording of understanding document between the IDC, COSAWU and the workers on 30 June 2011. Email from Dikwansi manager to the liquidators, 17 May 2011.
16. In case of a negative response, workers planned scheduled pickets outside the IDC offices on 6 to 8 July 2011, and a march to the IDC offices on 9 July 2011.

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