

# Solidarity Economy

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From our perspective, Solidarity Economy is a strategy of economic liberation for the popular classes and for human societies as a whole, which uses the concept of '*well living*' as a reference for the ethical exercise of public and private freedoms<sup>1</sup>. This perspective understands Solidarity Economy as a way of living, as an economic system in construction, as an axis of struggle for the overcoming of exploitation and economic domination and for the construction of a new society, ecologically sustainable, economically fair, politically democratic and recreated, day by day, on the basis of intercultural dialogue.

This paper focuses on the methodological processes of construction of Solidarity Economy, based on the constitution of collaborative networks and solidarity economic circuits, with the purpose of supporting the reconstruction of supply chains and reorganizing, in a democratic way, the economic flows that permeate territories and networks<sup>2</sup>.

## 1. Different Visions and Approaches of Solidarity Economy

The Solidarity Economy is a diverse and complex reality. Any attempt at systematizing its multiple facets will end up being partial, since there are many approaches and positions regarding its origins and foundations. There is also a multiplicity of theories that attempt to explain it and give it a strategic orientation, as well as a methodological base for its organization. There are several approaches to the construction of Solidarity Economy as a grassroots movement. The way in which Solidarity Economy is organized is also diverse, although the different forms of organization have common traits.

## 2. The emergence of Solidarity Economy

In the latest decades, there has been a multiplication of solidarity-based economic practices around the world due to 1) the deterioration of the economic living conditions of a large part of the world population; 2) the emptying of human content from social relations, subordinated to capitalist cycles and its semiotics of production of subjectivities, which reduce people and societies, respectively, to human capital and social capital to be exploited with the purpose of making profit; 3) the deep environmental degradation, provoked by capitalism in its phase of neoliberal globalization.

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<sup>1</sup> '*Well living*' is a translation of a portuguese expression *bem-viver*, used philosophically by us since 1998 to refer to one of the possible ways of exercising the public and private freedoms according to the principle of solidarity. The concept of '*well living*' refers to the human capacity to exercise solidarity, provide reciprocal support and extend individual and collective freedoms in an ethical way, regardless of the circumstances. '*Well-living*' is a philosophical category that is also used to promote a critical analysis of situations of oppression and liberation, as well as promote an identification of the praxis of oppression and liberation, taking into account its economical, political, educational, informational and ethical aspects. The translation of this term to Spanish generated the neologisms *bien-vivir* and *buén-vivir*. These neologisms were used to translate the concepts of *sumaj kamaña* from quechua, *sumak kawsay* from quichua and *allin kausaw* from aymara, in the framework of a dialogue on new projects of society in latin american countries. As a result of a popular participation in the elaboration of the 2008 constitution in Ecuador, the expression '*well living*' was cited 23 times in the final text, which also refers to solidarity and popular economy as economic sectors that coexist with the private and public sectors.

<sup>2</sup> This perspective was developed by the Institute for Liberation Philosophy (IFIL) and Solidarius Brazil, based on the grassroots-level work carried out with Solidarity Economy-based enterprises, the support to the organization of solidarity collaborative networks and consultancies provided to governments and international organizations. Since 1998, IFIL and Solidarius Brazil have been generating methodologies and information technology tools aimed at fulfilling the specific needs of Solidarity Economy and sustainable development. These tools have interfaces in different languages. They are available at the portal [solidarius.net](http://solidarius.net) and can be freely used by organizations and Solidarity Economy-based enterprises in any country.

In this context, solidarity-based economic experiments engendered alternatives to face the situation, recuperating timeless practices and cultural traits, renewing and adapting them to the current context through the use of new technologies and other contemporary resources.

According to the 1<sup>st</sup> CONAES, the Brazilian Solidarity Economy initiatives are diverse, including

“[...] informal collectives, associations, producers’ cooperatives, workers’ cooperatives, cooperatives of solidarity-based consumption and provision of services; social cooperatives...; solidarity-based credit organizations and groups, community-based banks, rotational funds, credit cooperatives, networks of enterprises, producers and consumers, solidarity-based barter clubs, groups and markets, with or without the use of alternative currencies, worker self-managed recuperated enterprises, solidarity-based chains of production, trade and consumption; fair trade initiatives, economic organization of traditional communities (quilombolas and other afro-descendent communities, indigenous peoples, subsistence fishing communities, rubber tappers, etc.); self-managed housing cooperatives, cultural societies, family-based agro-industrial units, among other initiatives in urban and rural areas, taking into account questions of gender, race, ethnicity and generation”<sup>3</sup>.

Nowadays there is a large range of views about Solidarity Economy, as well as about the most appropriate strategies for its development, shared by different actors at different levels of understanding:

- 1- Some accentuate its dimension of employment and income generation, of promotion of social inclusion and reconstruction of socioeconomic ties, such as the initiatives promoted by churches and local governments;
- 2- Others, adopting the perspective of social movements, focus on the role of Solidarity Economy in promoting a dialogue with the state, and forcing it with the purpose of changing economic policy;
- 3- Others conceive it as a strategy of sustainable or integral development, able to take into account the economic, ecological and cultural aspects of such process, with the purpose of promoting a healthier and more fraternal way of life;
- 4- Others approach it as an economic sector that would compensate for the weaknesses of the private, public and mixed economy sectors, with the purpose of promoting socioeconomic development or aiming the overcoming of the current economic system;
- 5- Others understand it as a axis for social struggles, congregating different actors with the perspective of overcoming the capitalist mode of production, given its capacity to a) mobilize large social sectors; b) respond to the immediate demands of these actors; c) deny 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; d) build new structures of production, consumption, financing and technological development that are just and sustainable;
- 6- Others see it as a new, post-capitalist mode of production that is at its initial stage of construction and that already implements at a small scale, in circuits articulated by collaborative and solidarity-based networks, the foundational elements of this new economic system;

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<sup>3</sup> I CONAES – 26 to 29 June 2006, “Economia Solidaria como Estrategia e Politica de Desenvolvimento”, p. 3

- 7- Others approach it equally as a way of life, focused on the promotion of the 'well living' of all the people, demanding the guarantee for all of them of the economic, political, educational and informative conditions necessary for the ethical realization of their freedoms;
- 8- Solidarity Economy is generally understood by a good part of its promoters as an alternative to capitalism and its social and environmental damage ;
- 9- However, there are also approaches, in the public and academic debate on Solidarity Economy, which claim that, although it is an important space for the politicization of society, it does not have the capacity to implement and develop forms of production, commercialization, consumption, financing and technological development that are structurally in opposition to capitalism.
- 10- There are still other visions approaches that understand Solidarity Economy from an *instrumental* perspective: 10a) either as an instrument of public policy for the social inclusion of marginalized populations, making it possible for the state to serve them, given the limitations of traditional public policies for reach them– as in the case of recyclable waste collectors, for example – and give them access to fundamental social welfare services; 10b) or as a space for the diffusion of the political positions of groups that aim to aggregate collective actors around positions defended by political parties or intra-party currents, with the purpose of organizing more global hegemonic processes or, at a smaller scale, to ensure the permanence of certain political currents in spaces of decision-making within political parties or government departments, given their capacity of aggregation and mobilization among those social sectors.

### **3. Foundations of Solidarity Economy**

#### **3.1 Ethical and Political Foundations of Solidarity Economy**

Solidarity Economy tries to avoid any kind of fundamentalism, since it aims to promote a diversity of solidarity-based economic forms, taking into account diverse realities and cultures, with the purpose of promoting the 'well living' of all the people and nations.

Solidarity Economy can be recognized, historically and interculturallly, for the identification of concrete practices of collaboration between human beings in the framework of different timelines and cultures, with regard to production, the sharing of results with justice, the consumption of tangible and intangible goods and services necessary for the realization of 'well living' of people, communities and nations.

Since any praxis of liberation can be improved, the intercultural dialogue on the praxis of liberation of Solidarity Economy contributes to its advancement in the perspective of confrontation and overcoming of all forms of domination and oppression, not only in the economic sphere, but also in the political and cultural spheres. There is no praxis of economic liberation that is not at the same time 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 be eternally expanded, Solidarity Economy needs to be constantly criticized and improved, in order to support the expansion of those freedoms.

From an ethical perspective, Solidarity Economy should ensure the economic means to the ethical and ecologically sustainable fulfillment of the public and private freedoms of all the people in a way that promotes the 'well living' of each one of them, as well as of all humanity. From a political perspective, it should promote equality of rights and decision-making power in the economic sphere

for all the people. In other words, it should effectively democratize the economic sphere, ensuring the self-management of enterprises and other economic initiatives by workers and their communities.

In the context of the Brazilian historical and cultural reality, the final document of the 1<sup>st</sup> National Conference of Solidarity Economy makes the following statement regarding the foundations of Solidarity Economy:

“Solidarity Economy is characterized by conceptions and practices founded in relations of solidarity-based collaboration, inspired by cultural values that place the human being at its center 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 labor.”<sup>4</sup>

Recently, there has been the systematization in Brazil of several indicators, aimed at characterizing and evaluating Solidarity Economy-based enterprises vis-à-vis the capitalist economy. We will be using here the categories developed by Luiz Inacio Gaiger on that subject<sup>5</sup>

Regarding the indicators that distinguish Solidarity Economy-based initiatives from capitalist private enterprises, we can include: a rupture in the structural subordination of the worker, the placement of capital at the service of (the logic of) labor; a tendency for equity regarding the means of production; a connection between the social and economic dimensions; the presence of an ethical approach in the economic sphere.

Regarding the indicators of socialization of the material and productive base, we have: 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, collective process of work.

Regarding the indicators of division of social and economic benefits within Solidarity Economy-based initiatives, we have: remuneration for labor; minimization 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.

Regarding the indicators of internal democracy, we have: 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; circulation of coordinating functions; secret vote in key decisions.

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<sup>4</sup> I CONAES, p. 2

<sup>5</sup> Luiz Inácio GAIGER. *Aspectos da gestão nos empreendimentos econômicos solidários*. 02-05/06/2006.  
<http://www.ecosol.org.br/arq/gestaopuc.ppt>

For a systematization of the values and principles that underlie a Solidarity Economy, we remit the reader to the book *Constelação Solidarius*<sup>6</sup>, where we systematize it on the following topics: solidarity, autonomy, responsibility, liberation, reciprocity in giving, retribution, equity, subsidiarity, democracy and sustainability.

### 3.2 Economic Foundations of Solidarity Economy

There is a diversity of economic approaches to Solidarity Economy. We hereby present one of them, which inspired the organization of Solidarity Economy-based collaborative networks in Brazil and other countries. It takes into account the economic flows that crossing territories and networks, with the purpose of reorganizing them in a Solidarity Economy-based manner.

We can identify the following network-based flows that permeate a territory:

- **natural** – rain, rivers, wind, solar energy, chains in the local ecosystem, etc.;
- **cultural** – knowledge, communication, language, reproduction of ethical and moral codes, technological improvements, power flows in the dynamic of maintenance of communities and their institutional arrangements in those territories, etc.;
- **economic** – consumption, production, savings, flow of monetary values, circulation of goods and services within the territory, etc.;

The economic flows in human communities presuppose necessarily natural and cultural flows for their realization. Therefore, it is necessary to: 1) consider how all those flows can be used or reorganized in a sustainable manner for the 'well living' of all people; 2) transform socio-productive arrangements that are unjust or harmful for the ecosystems; 3) transform the whole of human relations so that they can become ecologically balanced and ethically solidarity-based.

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

- **Economic means** – All the material or immaterial objects, 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 value that is socially attributed to economic means, making it possible to classify them according to a scale of reference for exchange, purchase or sale;
- **Representation of Economic Value** – signs that allow to represent, within a culture, the economic value attributed to economic means, which can be state-issued or social currencies, bonuses, credits, registration in paper-based, electronic archives or legal documents, etc.;

Understanding the differences between economic mean, economic value and representation of economic value is needed in order to understand the basis of the economy itself, to understand the economic semiotics, as well as distinguish between the semiotics of the capital and the semiotics of solidarity economy or others socioeconomic aspects of life.

A house is an economic mean. However, its economical value is a social attribution, created by social relations into a cultural framework, with its different signs (indicators, icons and symbols). These signs are socially interpreted, with emotional, energetic and logical interpretants. The signs of

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<sup>6</sup> MANCE, Euclides André. *Constelação Solidarius – As Fendas do Capitalismo e sua Superação Sistêmica*. IFIL; Editora Berthier, 1a. Ed., 2008; 201 pp.

economic value registered in the mortgage contract, for example, are a representation of economic value. But the representation of value is not a value nor economic mean, at a first sense. That representation is interpreted with ideas, emotions and other body reactions about indicators, icons and symbols associated with that house. If the value that is socially attributed to that house decreases but its representations in the mortgage contract remain the same, there is a gap between the economic value attributed by society to that house and the representation of the value of that house on the legal contract previously firmed. But the house itself, as economical mean, remains the same. In this situation, if the people stop paying the mortgage and return house, that gap generates a big problem. That happens because the house received as economic mean by the company has an economic value socially attributed by society that is lesser than the economic value written in the mortgage contract. If the same process occurs with all contracts of this company, it will break down due to its giant loss of economic value, associated with the change of interpretations of economic values of the houses. If there are other economic contracts supported by economic value registered in these mortgage contracts, then the system will break, as it occurred in 2008 in United States. If *economic value* and *representation of economic value* were the same, the capitalist system would not have cyclical crises.

It is easily understood that the representation of value is not a value. One old currency note is a value representation as an actual bank note. But, it is possible attribute to the actual note an economic value under the semiotics of the law, under the legal performative agreement about economic value representations. The ancient currency no more is supported by law as value reserve. Because of this, that ancient currency has no more economic value under the law, under the performative language games supported by the state. But the economic value represented by the currency supported by the law depends of the social agreement underlying its use. Inflation, for example, is a process in which the value attributed to this currency note by the people is reduced day after day, faced with economic means that are possible to buy with the same amount of money. It occurs because the economic value of money is defined by a social process. The State - as a social actor - can also define and adopt a reference to substitute the national currency for other currencies. It, by other hand, equally confirms that the economic value of the things (including money) is attributed by social actors and represented by signs into social relations that are regulated under ethical or legal semiotics “adopted” by these actors. Under these semiotics, performative actions involving the use of signs – as a promises of pay, contracts, legal regulations and others – generate economic flows of information which create economical realities associated at economic values and economic means <sup>7</sup>.

Some branches of Solidarity Economy understand this difference between economic mean, economic value and representation of economic value. They exploited this difference to organize non-monetary process of production, trade and consumption. Some methodologies aimed at networking initiatives of solidarity economy, for example, create representations of economic value for their non-monetary transactions, increasing their capacities for production and trade, generating solidarity credits related to economic means or the capacity to produce means.

Once this difference is understood, we can clearly distinguish the forms of economic exchange operating under a market-based logic and under a collaborative and solidarity-based logic.

The forms of economic exchange carried out under a market-based logic 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.

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<sup>7</sup> More details about the semiotics of the capital and solidarity economy, and how to take advantage of the hacks of the capitalist system can be read in our book *Solidarius Constellation*. Regarding how performative language games create realities, see: John L. Austin, *How to do things with words*. About signs (indicators, icons and symbols) and interpretation (emotional, energetic and logical interpretants), see the works of Charles Sanders Peirce. About a capitalism as semiotic system, see: Felix Guattari, "Capital as the Integral of Power Formations" and "Integrated World Capitalism and the Molecular Revolution" in *Molecular Revolution*, São Paulo, Brasiliense, 1987.

In their turn, collaborative and solidarity-based forms of exchange are regulated by abundance (attending, in a sustainable manner, to the needs of all by offering economic means in an adequate amount) in order to ensure the 'well living' of all people and the dynamic equilibrium of ecosystems.

In practice this means that, in the framework of a Solidarity Economy-based network, if someone needs an economic mean to fulfill her/his own need but do not have the corresponding economic value to offer in exchange of what is needed, the network can generate a credit to that person that is equivalent to what (s)he needs. Through that mean, the person can obtain the economic mean needed for his/her consumption from each member in the network. The restitution of credit can be made by the person with any product or service that corresponds to needs of any member in the network, including hours of labor offered by him/her.

The limit of credit that can be offered within the network is related to the point of equilibrium of the network in relation to flows of external means of production and external economic values that it needs for its own reproduction. The entrance of new participants (people and enterprises) in the Solidarity Economy-based network, when it responds to demands of the network, leads to an expansion in the quantity of exchanges in its midst, as well as to a reduction of the point of equilibrium regarding external flows vis-à-vis the total of economic flows carried out, therefore leading to an increase in the capacity to generate more credits to be repaid by participants with goods and services or hours of labor within the network.

The generation of credits can happen in many ways, with or without material or legal guarantees. All of them create representations of value (or use preexisting representations of value, like state-issued currencies) and establish agreements within the networks on how these representations can be generated or used, how they can be compensated and who is responsible for the compensation of flows of value mediated by it in case the borrower does not honor the compromise assumed with the network.

### 3.3 Philosophical Foundations - Economy of Liberation, Democracy and Collaborative Networks

Among all the existing theories of Solidarity Economy, we explain here one of the possible approaches to the subject<sup>8</sup>

The approach of liberation philosophy developed by the Brazilian tradition – which is rooted in many authors, including Paulo Freire, developed the idea that “no one educates anyone, 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”<sup>9</sup>. Based on that theory of knowledge, that pedagogy and that political philosophy, one may conclude that there is no possibility of real economic liberation without speaking and recreating the economy in a dialogical and humanized manner, since one cannot think without the others, educate oneself without the others or liberate oneself without the others.

Reflecting on the praxis of liberation, we have developed at the Institute for Liberation Philosophy one particular view of Solidarity Economy: that of *Liberation Economy*. For us, what defines Solidarity Economy is an economical, political and cultural praxis that promotes the liberation of all persons through ethical and sustainable means and not the organizational form or ideological discourses of the economic actors. We have developed one theory that understands the natural and cultural reality 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. The signs only

<sup>8</sup> In *A Revolução das Redes*, Petrópolis, Vozes, 1999 and *Redes de Colaboração Solidária*, Petrópolis, Vozes, 2002

<sup>9</sup> Paulo FREIRE. *Pedagogia do Oprimido*. Rio de Janeiro: Paz e Terra, 1987, p. 52; p. 68; p. 58

partially represent its objects. For us economic theory is good if its understanding of reality flows contributes to expand public and personal freedoms for the 'well living' of all. It is good if it interferes in economic reality to extend the freedoms in a sustainable and democratic way.

Since reality is composed of flows of matter and signs integrated in a continuous process of becoming, the human relationship of proximity cannot be understood as metaphysical relationship – the way it was treated by Emmanuel Lévinas<sup>10</sup> or Enrique Dussel<sup>11</sup>. In fact, the other person emerges as *alterity* to our conscience by his words, as a sign from his freedom, that we cannot understand in its totality. Each people, each culture, each object has always its mystery as an *exteriority* to our conscience. We cannot reduce the people to their words or to our idea about them. In fact, all people can teach us with the words that emerge from their culture and history. But, on the other hand, the *indicator signs* of their material and cultural praxis about the 'well living' of all are what allows us to understand the sense of their words and their action. The latest instance for deciding what is ethical or not is not a metaphysical or transcendental accord into a communication community. The *indicator signs* on the 'well living' of the people, as a result of their public and personal freedoms, is a material and cultural reality flow that serves to support judgment on a communicative accord about economical, political or cultural realities. The *indicator signs* make it possible to understand the real condition of those affected, dominated and excluded in relation to agreements made in real communicative communities - even if these communities are Solidarity Economy forums, or Popular Governments that operate with their own ideas about Solidarity Economy. For this reason, 'well living' is a important indicator to measure the praxis of liberation.

*Reality flows* are better understood within the logic of networks with positive and negative feedback loops, respectively loops of self-reinforcing and self-balancing into an open systems. Understanding the flows of the reality and reorganizing them in a sustainable way for expanding the personal and public freedoms aiming to promote a 'well living' of all is a basic principle of the praxis of liberation. The actors of solidarity economy, understood as a liberation economy, need to generate and share knowledge about the economic flows of their realities, territories and initiatives, aiming to reorganize them into a open systems under a logic of solidarity networks, with self-reinforcing and self-balancing feedback regarding the production, distribution and consumption of economic means in a solidarity-based and sustainable way.

In synthesis, the collaborative, horizontal and solidarity-based processes of liberation praxis can only be understood as phenomena of inter-subjectivity and of historical transformation of concrete realities. That given the human interference in the diverse material, political, educational and informative flows that permeate communities, network and territories, with the purpose of ethically fulfilling public and private freedoms for a 'well living' of all. Reality, in fact, is constituted by a network of networks that integrate natural and cultural flows, which must be understood and reorganized in favor of the liberation of all humanity and of each person in particular.

In a restricted sense, Solidarity Economy-based networks are a strategy for the integration of groups of consumers, organizations of the popular sector (associations, labor unions, NGOs, etc.), producers, tradesmen, providers of services for the setting up of solidarity-based socio-economic agreements between participants, giving preference to the purchase of goods and services from members of the network. This promotes the offer of goods and services of a high quality level at fair prices for the consumers, the guarantee of sales of products and the maintenance and creation of new employment vacancies, as well as higher remuneration for workers.

In a Solidarity Economy-based network, part of the surplus obtained with sales is reinvested in the expansion of the network through a Solidarity-based Fund, Credit Cooperatives or Community-based Banks, so that it can create other groups of production, enterprises, cooperatives and microenterprises, with the purpose of answering demands that have not yet been satisfied in the

<sup>10</sup> Emmanuel LÉVINAS. *Totalité et Infini*. Paris, Martinus Nijhoff, 1961

<sup>11</sup> Enrique DUSSEL. *Filosofía de la Liberación*. México D.F., Editorial Edicol, 1977



local networks and solidarity-based markets. With that, one can create more employment vacancies, expand the offer of goods and services, qualify production and increase income generation. Through this strategy, one can promote local development – sustained, to a large extent, by solidarity-based local consumption, fulfilled through process of production under demand by Solidarity Economy-based initiatives.

The basic criteria of participation in those networks are the following: 1) in the enterprises, there cannot be any exploitation of workers, oppression or domination (racism, sexism, etc.); 2) one must preserve the ecological equilibrium of ecosystems, respecting however the adaptation process of enterprises that are not yet ecologically organized; 3) share parcels of surplus obtained aiming the expansion of Solidarity Economy-based networks; 4) self-determination of the goals and self-management of the means, in a spirit of collaboration and solidarity.

The basic goal of a Solidarity Economy-based network is to reorganize supply chains in a solidarity and ecologically based way, in order to: 1) produce within the networks everything that is possible to produce, in order to fulfill its own demands and that of its region: final products, supplies, services, etc.; 2) correct flows of value, preventing that values will escape from the network, which happens when consumers and Solidarity Economy-based initiatives buy non-solidarity-based goods and services coming from their own region, as well as from other regions, states or countries; 3) generate new sources of posts of work and sharing income, with the organization of new economic initiatives aimed at satisfying the demands of networks and markets; 4) guarantee the economic conditions for the 'well living' of the whole society.

The organization of Solidarity Economy-based networks is also a strategy of sustainable development directed to the reorganization of economic flows within a territory, with the purpose of ensuring the 'well living' of all<sup>12</sup>. The basic elements of that strategy are: 1) diagnose the economic flows that permeate territories and networks; 2) project the fulfillment of existing needs and demands; 3) plan and construct Solidarity Economy-based circuits, rebuilding supply chains in the fulfillment of those demands and needs; 4) adopt social technologies that are adequate to strengthen solidarity-based economic exchanges between participants.

Within a collaborative and solidarity-based network, the reproduction of economic value is centered upon work and consumption: the solidarity-based consumption of goods and services activates production; the increment of production generates new employment vacancies; the generation of new employment vacancies leads to a distribution of wealth; the solidarity-based distribution of wealth activates solidarity-based consumption and the creation of new enterprises; the creation of new enterprises generates diversified products and new employment vacancies. This cycle reproduces itself ecologically, ensuring the 'well living' of the community in a sustainable manner.

Within this strategy, the surplus of economic value, generated within supply chains organized in a solidarity-based manner as collaborative networks support the development of solidarity-based finance, therefore promoting the emergence of new Solidarity Economy-based initiatives, the reconstruction of supply chains in a collaborative and ecological manner, the expansion of the Solidarity Economy-based sector in the offer of products, services, supplies, credit, free technology and investment goods.

The purpose is to construct a new economic system, based on the assumption of democracy as a universal value. In such system, decisions are not based on the amount of capital the economic actors possess. Instead, workers and communities take them under egalitarian conditions.

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<sup>12</sup> The main characteristics of solidarity economy-based economic networks are autopoiesis, intensiveness, extensiveness, diversity, integrality, systemic feedback, flux of value, flux of information, flux of materials and aggregation. See: MANCE, 2002.

### **3.4. Methodological Foundations**

#### **3.4.1. Information, Communication, Organization, Mobilization and Education in Solidarity Economy**

##### **a) Information and Communication**

Without adequate flows of information and communication, it is not possible to advance in the organization of Solidarity Economy. Still, it is not enough to just create mechanisms for the promotion of flows of information and communication. It is necessary to involve Solidarity Economy-based initiatives and actors, so that these mechanisms can be used from the grassroots up and for the benefit of all.

##### **b) Organization, Mobilization and Education**

Organizing initiatives, enterprises, forums and networks of Solidarity Economy demands an effort of mobilization and education that needs to be combined from the methodological and operational point of view.

From the methodological perspective, it is necessary to consider the close connection between education, organization and mobilization, all of them necessary aspects in cultural transformative action. Therefore, they must always be considered together and in a process of mutual reinforcement.

Every activity of organization must contribute to qualify networks, enterprises or movements and improve their capacity of mobilization.

Every activity of mobilization must contribute to political education and have as a result the strengthening of the organization of enterprises, movements and networks.

Every initiative of popular education in the field of Solidarity Economy must contribute to strengthen the organization of enterprises and networks, as well as their capacity of mobilization.

If any of these aspects (mobilization, organization, education) is not considered in the global strategy of actors or in the concrete actions carried out by them, those actions will end up weakened in their capacity to consolidate the advancement of Solidarity Economy.

For example: Solidarity Economy forums and fairs often mobilize a lot of people in the framework of events that last only a few days. However, these events do not produce a catalogue that lists the products and services that are offered in these events, the raw materials used for a production of these goods and services, the waste discarded in the process of production and consumption of these products, and the logistical resources that enterprises use for those purposes, so that participants can promote the formation of networks of collaboration that can benefit all them. Very often, participants don't even carry with them, at the end of the event, a list with names and telephone numbers of other participants. These events don't create opportunities for participants to deepen their knowledge on how to act collectively regarding the inputs, raw materials, outputs, products and services, waste, costs, logistical resources, etc. Therefore, these are activities of mobilization that do not take into account important elements for the organizational strengthening of Solidarity Economy-based initiatives. They could take advantage of those fairs and forums to define strategies of collective purchase of production material, define solidarity-based logistical strategies for collaborative commercialization, etc. If the organization of Solidarity Economy Forums does not strengthen the capacity of mobilization and popular education of Solidarity Economy, does not contribute to intensify the economic flows of Solidarity Economy-based goods and services within collaborative networks, they fail in their ability to globally strengthen the Solidarity Economy

sector.

### 3.4.2 Starting from what already exists

It is necessary to start from what already exists and, from that position, devise solutions that can be made viable in a solidarity-based manner. In order to act upon reality, it is necessary to know it. Since the economic reality is constituted by flows, it is necessary to make a mapping and analysis of those economic flows in order to understand the reality that we want to transform. The following step is to draft the best possible strategies to strengthen Solidarity Economy-based initiatives in such context.

It is necessary, therefore, to make a good mapping of economic flows, and not only of the Solidarity Economy actors that exist within a given territory. It is not useful to know who are the actors if we don't know what they produce, what they need in order to be able to produce, what kind of waste they produce, what kind of consumption they practice, what resources they have access to. Therefore, it is necessary to map the material and value-based flows of the supply chains in which they are integrated, in order to promote their reorganization. It is also necessary to promote the creation of Solidarity Economy-based initiatives aimed at fulfilling existing needs and demands that were mapped, as well as promote their organization into Solidarity Economy-based networks, therefore promoting the constitution of solidarity-based economic circuits that promote sustainable local development.

In a more general sense, one must: 1) make a analysis of *consumption* (of families, government, enterprises and external actors that impact on the territory), of *production* and *value flow* in the territory under consideration – which can be a neighborhood, a municipality or another territorial unit; 2) *produce according to demand*, in order to correspond to consumption flows that were diagnosed in terms of quantity, quality and timing; 3) Promote the *solidarity-based consumption* of production and strengthen the processes of exchange, commercialization and solidarity-based logistics; 4) Organize and support *solidarity-based finance*; 5) Promote *sustainable development*, training human resources, promoting the development of appropriate technologies and protecting ecosystems.

#### 3.4.2.1 Analysis of economic needs and demands to dimension economic production

The analysis of the material flow of goods and services within a community or network can be converted into a central methodological element for the strengthening of Solidarity Economy-based actions. Within that analysis, there is an emphasis on quantities and volumes, the origins and geographical destinations of goods and services produced and consumed in a territory or network. It starts with the analysis of consumption in order to determine production. Since the analysis of needs and demands is not always carried out, many Solidarity Economy-based enterprises in Brazil and elsewhere do not find whom to sell their goods or services, therefore experiencing many difficulties.

This analysis is therefore the basic condition for promoting the sustainability of enterprises and collaborative networks that will fulfill the needs and demands that were detected, as well as reorganize the supply chains that integrate the enterprises that exist within the territory or network under analysis.

If the demands are small in volume or segmented, the organization of enterprises should operate in an economy of scope. If the demands are large and uniform, they should opt for an economy of scale. The decision between economy of scope and economy of scale must take into account the promotion of better working conditions and better opportunities of work in the territory, as well as the best adaptation of production to the local ecosystem.

### **a) Analysis of the flow of consumption**

The flow of consumption within a territory can be disaggregated into the three fundamental factors that promote it: 1) final consumption by families; 2) consumption by governments; 3) consumption of means of production (raw materials, equipments, etc.) by productive actors.

It is necessary to take into account those three aspects of the flow of consumption for local as well as external actors that impact on the network or territory. Therefore, if on top of internal demands within the territory there are also external demands related with the private consumption of families, governments and other productive actors that impact on the territory or network, this consumption must also be mapped.

This analysis allows for: 1) the detection of how much that consumption contributes to the development of the territory under analysis or other territories; 2) match production under demand and detect economic opportunities for the creation and sustenance of enterprises; 3) gear production toward generating goods and services that are consumed in the territory under analysis but originate elsewhere; 4) Elaborate sustainability plans for enterprises, so as to evaluate the extent to which the initiatives aimed at fulfilling the existing demand are viable or not, taking into account the consumption practiced within the territory, the supply chains and the degree of investment and skills required for their fulfillment.

In fact, no territory can produce all the diverse goods and services that are consumed within its boundaries. However, everything that can be produced within its limits in a sustainable and solidarity-based manner will contribute to its socioeconomic development.

### **b) Analysis of the flow of production**

It is the analysis of the flow of production, commercialization and services produced within a given territory, taking into account the existing capabilities and diversity in the offer of goods and services, as well as the volume and diversity of waste generated in the process of their realization. One should also take into account productive activities for self-consumption and barter, which generate non-monetary revenue<sup>13</sup>.

For an initial analysis of the productive consumption of enterprises, one must investigate: 1) the capacity of production, commercialization or provision of services; 2) raw and semi-transformed materials, other materials and services acquired to produce or provide a service; 3) Waste generated; 4) labor needed for those operations.

In the portal [solidarius.net](http://solidarius.net) there is an instrument for the mapping of Solidarity Economy-based enterprises, consumption and barter groups that facilitates the analysis of supply chains involving all of them in all the selected territorial levels and networks.

### **c) Analysis of the value flows**

The analysis of value flows must be considered from its sources and in relation to the elements for its destination. In the analysis of *value flows*, there is an emphasis on the economic value moved by the actors and segments that mobilize it, as well as the origin and destination of those flows.

Economic value moves across territories and networks. It may remain in them or evade itself. One must make a analysis of the sources of origin of monetary and non-monetary values that move

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<sup>13</sup> 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.

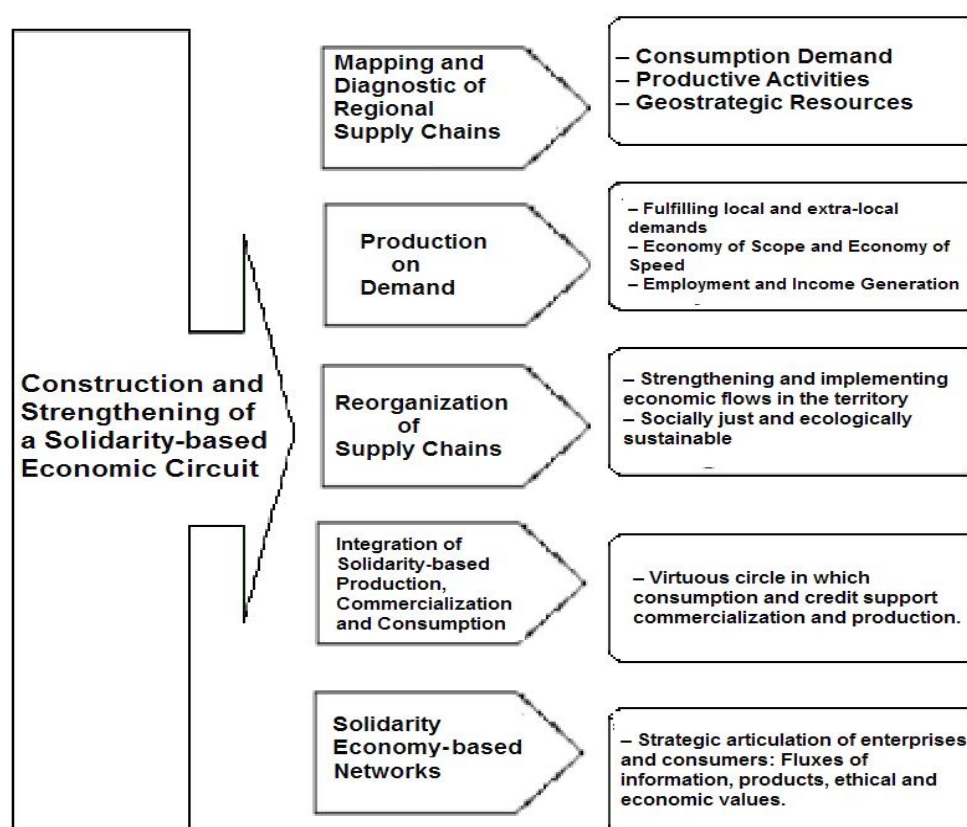
across territories and networks, as well as of the process of evasion of those values, in order to prevent that evasion.

The fundamental goal of the correction of the value flow is to expand the access of families to quality goods and services, as well as a their 'well living' regarding at their consumption (it doesn't matter whether that happens through purchase, barter, production by themselves or provision by the state), considering the totality of monetary and non-monetary forms of satisfaction. Therefore, such operation should not be reduced to increasing what is sale in the market by their participants or decreasing the volume of what is purchase in the market by them.

Therefore, the more a network or territory is able to provide what is needed for consumption of families, governments and enterprises with local production, avoiding that such consumption will be satisfied by products that are external to the network or territory, the more one can prevent that the value spent in that consumption will evade itself from the territory or network. As a result, the territory or network will become more able to promote its development, taking advantage in a sustainable manner of its own capacities of consumption and production.

### 3.4.2.2 Organizing Solidarity Economy-based initiatives and integrating them in collaborative networks

In order to attend to the analyzed needs and demands, it is necessary to promote Solidarity Economy-based initiatives and contribute to their integration in collaborative networks. The basic steps for the construction and strengthening of Solidarity Economy-based circuits can be systematized according to the figure below. Regarding the integration of financing, production, commercialization and solidarity-based consumption, it is important to underline the role of Solidarity Economy-based collaborative networks, community banks and systems of economic barter.



#### 4. Challenges Facing the Construction of the Solidarity Economy Movement

We will refer to three of most relevant aspects related with the organization of the Solidarity Economy movement.

The first one is that it is not a social movement, but instead a **socioeconomic movement**. What characterizes Solidarity Economy is its economic and solidarity-based nature, and not the fact that it is an organized social group that demands or proposes something. Solidarity Economy-based initiatives effectively create an economic reality. It is the production, circulation and consumption of economic means in a sustainable and solidarity-based manner that characterizes Solidarity Economy. Solidarity Economy creates economic means, economic value and representations of economic value – unlike social movements, which do not possess the nature of creating means, values and economic representation.

When Solidarity Economy organizes itself as a socioeconomic movement, it is necessary to pay attention so that the process of organization, mobilization and education is not restricted to policy demands or proposition of public policies to the state – as it happens with most social movements. But, fundamentally, it must contribute to strengthen the economic flows of Solidarity Economy itself and amplify the economic results of participating initiatives and networks. This may occur through the expansion of final and intermediate consumption, through the reassembling of supply chains within collaborative networks, through the reduction of production costs, as well as other diverse mechanisms.

The main interlocutor of Solidarity Economy, in what regards the destination of its economic flows, must be the social masses, the population of local communities that need to reorient their practices of consumption in a conscious and solidarity-based way. The aim of Solidarity Economy is to generate and distribute economic means for the 'well living' of people, families, communities, nations and countries. It is the people, families, communities, nations and countries that need to be reached in their economic needs by the socioeconomic movement that is Solidarity Economy, which can consolidate itself as an axis of struggles – because attending to the immediate demands of large social segments is one of the fundamental characteristics of any axis of struggles, being the overcoming of oppressive and exclusionary structures another of its characteristics. Public purchases are only one of the possible mediations for the final consumption of Solidarity Economy-based goods and services by populations.

The need to promote dialogue between Solidarity Economy and the state is undeniable, given the necessity of generating a legal framework for Solidarity Economy, as well as generating policies and public resources for it. However, one cannot be naïve to the point of believing that Solidarity Economy depends upon public resources for its expansion and consolidation, as well as for the promotion of post-capitalist forms of production. In fact, all human labor can generate goods and services that can be measured in their economic value and can be offered to the solidarity-based consumption of human communities. Solidarity Economy can generate credits of economic value when it offers its goods and services to consumers – credits to be exchanged for goods and services that correspond to the needs of the network – and can produce surplus of economic value in their exchanges that allow for its growth and self-sustenance. However, that implies the setting up of Solidarity Economy-based collaborative networks and the constitution of Solidarity Economy-based funds.

The second aspect is that the forums and networks of Solidarity Economy, organized from the local to the global level, must be an expression of democratic self-management and at the same time of economic coherence regarding what they propose. It is necessary to invent and renew the forms of exercise of democracy, so that power may be exercised in a shared way. On the other hand, it is necessary to expand each day the percentage of consumption of Solidarity Economy-based products and services. Nowadays, Solidarity Economy-based enterprises in Brazil generate about US\$4.4

billion every year. However, it is unfortunate that many actors and organized groups that defend Solidarity Economy consume very little of its goods and services.

The third aspect is that, if on the one hand it is necessary to have a clear definition of Solidarity Economy, collectively elaborated by members of networks and forums to serve as a reference for the work of mobilization, organization and popular education, on the other hand this definition cannot convert itself into a dogma. Instead, it must remain as a collective reference and at the same time as a generating theme that shall be enriched by historical experiences of economic solidarity of different nations and different cultures in the horizon of expanding the ethical exercise of public and private freedoms.

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