

On the Transformative Nature of SSE

GSEF 2014 Keynote Speech
18 November 2014

Pascal van Griethuysen

Head, Sustainable Development Programme, UNRISD
UN Inter-Agency Task Force on SSE

Mr Won-soon Park, Honourable Mayor of Seoul,

Mr Kyong-yong Song, Chair of the Organizing Committee,

Distinguished participants,

Allow me first to express my gratitude to the Seoul Metropolitan Government and in particular to Mr Won-soon Park, the Mayor of Seoul, for very kindly inviting me to give this keynote address today. This is a real honour for me and for the UN Research Institute for Social Development, UNRISD, which I represent. Let me also express my deepest thanks to the Seoul Organizing Committee of the GSEF 2014, as well as the Seoul Social Economy Center, for their assistance in organizing my travel and stay in the wonderful City of Seoul. I'm truly impressed by the high quality of human knowledge, expertise and know-how that have come from all around the world to concentrate in this beautiful place to strengthen the position and role of social and solidarity economy. I feel privileged, indeed, to share my views with such an eminent audience.

In my speech, I would like to explain why, at UNRISD and within the UN Inter-Agency Task Force on Social and Solidarity Economy, we consider that social and solidarity economy, or shortly stated "SSE", constitutes a concrete and coherent alternative vision to face economic polarization, social inequality and environmental degradation. To do so, I will briefly address 3 features that are prominent in most SSE initiatives, namely:

- first, their intimate connection with their cultural and natural environment;
- second, that SSE activities are not primarily or exclusively profit driven but value driven; and
- third, the transformative nature of SSE initiatives.

I shall end my remarks by mentioning some tensions and challenges that go along with the need for SSE expansion.

Context-embeddedness

Ladies and Gentlemen, the financial crisis of 2008 has shown how disconnected financial practices can get from the real economy, human societies and the natural environment. But how far have we understood that this disconnection lies at the very heart of capitalism, in the core institution of private property? Think about it: formal property rights rest on the creation of legal titles that are physically disconnected from the resources they represent. This context-dissociation allows for goods to be traded anywhere and anytime without any physical exchange. It also allows for economic assets to be capitalized in financial activities. However, within this formal economy, only money counts, and the value given to human and natural resources depends on their capacity to yield a monetary return. Certainly the formal economy remains socially constructed. The issue is for what purpose, on whose terms and with what externalities.

In sharp contrast to this formal, monetary economy, social and solidarity economy is embedded in a real and very concrete context. We're talking here about real people having concrete skills and competencies, such as know-how and working capacity; people who have real needs, constraints and expectations and do their best to reach their goals by mobilizing human and natural resources in conformity with the values they share with their peers. In this human economy, people and values matter, and economic organizations serve first and foremost the people themselves.

Acting not in the abstract world of money but in the real world, SSE actors apprehend the different dimensions of it. They know that their activities affect other people as well as the natural environment through various, often complex ways and that decisions have short- and long-term repercussions. In their efforts to manage the complexity of their surroundings, SSE actors have no choice but to develop a holistic approach of action: they balance the economic, social and often environmental components of each alternative option before coming to a decision. Furthermore, decisions themselves do not aim at a unique goal, such as profitability or growth, but at a combination of objectives. This can be seen in the way SSE initiatives try to simultaneously foster economic dynamism, social and environmental protection and socio-political empowerment. But isn't this holistic manner of integrating and balancing the economic, social and environmental aspects of decision-making precisely what sustainable development is about? I would say so, and this is why SSE appears to hold significant potential as a more equitable and sustainable development path.

Value-driven

In order to cope with the complexity of the real world, human societies have been cooperating since the dawn of time. The reason is simple: through cooperation, people can reach outcomes that are inaccessible to individuals acting alone. This is what prompts individual workers or producers to associate in attempts to secure jobs, increase bargaining power and reduce transaction costs; this is why women come together in self-help groups and why rural producers join cooperatives. And I bet that it is the same motivation that prompted many of you to adopt the Seoul Declaration on the need to create a global network of social and solidarity actors and to collectively invest your time in elaborating its modalities.

Cooperation is indispensable: even natural sciences highlight the essential role of species' mutualism for biological survival. However, what makes human action cultural and not only biological is that human actions are value-driven. And what makes the social economy so remarkable lies in the central role it confers to values such as reciprocity, equity and, above all, solidarity.

Solidarity is what orients cooperative action towards social inclusiveness. By preventing social exclusion and frustration that constitute the ground for social unrest, conflicts and chaos, solidarity is the normative cement of a mature, cohesive society. In addition, as has been widely documented, inclusive and participatory societies are likely to engage in environmentally friendlier activities than polarized ones, as fewer resources get wasted in overconsumption, conspicuous consumption and conflicts. The lesson is clear: to be ecologically sustainable, a model of development must be socially inclusive. This can be contrasted with the economic rationale of capitalism that forces profit-driven competitors to privatize benefits and socialize costs, a cumulative process that produces wealth concentration, social exclusion and environmental disruption.

Transformative

Dear colleagues, SSE can promote environmental protection and the economic and political empowerment of the disadvantaged. It advocates models of governance that rely on participatory decision making and self-management that are typical of cooperatives and other collective ownership settings. It seeks proactively to mobilize and redistribute resources and surplus in inclusive ways that cater to people's basic needs. While many SSE initiatives engage in income-generating activities, profits tend to be reinvested locally and for social purposes. And in areas such as eco-tourism and fair trade, they are often compatible with the preservation and reconstruction of natural capital. Even in the domain of finance, SSE organizations have initiated a variety of alternatives such as community-based savings schemes, complementary currencies and participatory budgeting. While they often operate best at local level and on a small scale, these and other SSE initiatives point to the potential for crafting a more stable and people-centred monetary system. All these features point to a model of development that contrasts with profit-maximization and corporate-led approaches; but not only: what they show above all is that, indeed, SSE represents a programme for transformative change.

At UNRISD, we recognize the transformative potential of SSE. In May 2013, we convened a conference, co-hosted with the International Labour Organization (ILO), on the Potential and Limits of Social and Solidarity Economy, to assess the role of SSE in inclusive and sustainable development. One direct outcome of this conference was the creation, in September 2013, of the UN Inter-Agency Task Force on SSE that has brought together nearly 20 UN agencies and intergovernmental organizations, as well as 4 umbrella associations of international SSE networks. Here again, the idea was to create a network to reach, together, impact that goes beyond what individual efforts could have achieved. The Task Force aims at enhancing the recognition of SSE, promoting knowledge on it and consolidating its networks. It is also active in supporting the establishment of an enabling institutional and policy environment for SSE and ensuring the coordination of international efforts and partnerships. Those of you interested in knowing more about it are welcome to join the breakout session that will take place tomorrow morning.

The United Nations may be uniquely placed to examine experiences from all regions of the world, and convene diverse sectors of society. However, only local government and municipalities are in close proximity with the real economy, an intimate relation that is lacking at the global level. At the city level, municipalities face both the advantages and disadvantages of economic development and policy measures. Facing unemployment, social exclusion and urban environmental degradation, they must come up with pragmatic solutions. And this why, I suppose, local government see SSE as key for employment generation, small enterprise development and environmental enhancement. Furthermore, SSE activities are put in motion at the local level, and it is at the local level that policies are ultimately implemented. This is the reason why municipalities and local governments are decisive actors when it comes to making SSE a transformative programme for change.

Ladies and Gentlemen, SSE provides innovative solutions to economic, social and environmental challenges. Furthermore, it brings into the wider economy such values as solidarity, equity and democratic governance. This integrated, people-centred and planet-sensitive approach inherent in SSE resonates with today's pressing development challenges and as such, it should be encouraged and further expanded in the process of designing a set of Sustainable Development Goals. But how to leverage the transformative nature of SSE? What are the conditions that enable SSE initiatives to move beyond the micro-, project- or community level, and to multiply and expand locally, nationally, regionally and globally?

It seems to me that governments and international development organizations could do more to create an enabling policy environment for SSE. Better access to finance and markets could facilitate the scaling-up of SSE. However, as SSE expands, it tends to interact more closely with the state, private sector actors and market forces. While such expansion and connections may facilitate access to much-needed resources, markets and technologies, they can also undermine the autonomy of SSE, prioritize profitability over equity, and cultivate institutional or managerial cultures that are more hierarchical and less democratic and inclusive.

Indeed, there are real risks that closer relations with market forces and state institutions may cause SSE organizations and enterprises to deviate from some of their core values and objectives. Therefore, the best way to leverage the transformative nature of the SSE programme without losing its intrinsic identity might, ultimately, rest in a process of self-strengthening of SSE values, practices and activities by SSE actors themselves. And as I see it, the global network of SSE actors you are currently setting up might just be the type of reinforcement from within that is needed. Let me therefore express, on behalf of UNRISD and the UN Inter-Agency Task Force on SSE, my sincere and very best wishes of success to each and every one of you who actively engages in this collective process of cooperation and solidarity for change.

Thank you very much for your attention.