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# The Concept of the ‘Social and Solidarity Economy’ Damages the Prospect of Genuine Self-help Enterprises Achieving a Pivotal Role Within the Economy

**Edgar Parnell**

This article argues, from the standpoint of a practitioner, that the preoccupation of many academics and agencies with the concept referred to as the ‘social and solidarity economy’ has become a distraction from the primacy that ought to be placed on supporting and developing genuine co-operatives and other types of enterprises rooted in the practices of self-help and mutual action. In a world reeling from the impact of the COVID-19 pandemic, it is asserted that resources now need to be focused on promoting, re-engineering, and developing enterprises that can help the mass of people respond positively to the challenges now facing them.

This article is not a research paper, instead it aims to present a reasoned argument for the proposition set out in the title. It seems that the ‘social and solidarity economy’ (SSE), and its propagation as a solution to the world’s ills, has become an industry that absorbs much energy, brainpower, and other resources. I question the assumption that any significant improvements to the lives of the masses can be achieved by supporting this concept. As an alternative, concentrating on developing and encouraging self-help and mutual action will yield far more constructive results.

Throughout the article, I use the term self-help enterprises (SHEs), so I best clarify its meaning. Many will be more familiar with the names of the distinct types of this form of enterprise; for example, co-operatives, credit unions, building societies, friendly societies, community enterprises, and mutuals, but it is essential to recognise that there are also many other types too.

## What is the SSE?

In my search for a definition of the ‘social and solidarity economy’, Google offered 28,900,000 results in 58 seconds. I gather that there is no universally agreed definition of the term SSE. A candidate for the most straightforward description is the provisional definition offered by the International Labour Organisation (ILO):

The social economy is a concept designating enterprises and organisations, in particular co-operatives, mutual benefit societies, associations, foundations, and social enterprises, which have the specific feature of producing goods, services and knowledge while pursuing both economic and social aims and fostering solidarity (ILO, 2009, p. 2; 2021, para 1).

There are many alternative definitions available although most of those I have read are more ambitious than the ILO version. For example, a description offered by the Réseau Intercontinental de Promotion de l’Économie Sociale Solidaire/Intercontinental Network for the Promotion of Social Solidarity Economy (RIPESS) states that:

The Social Solidarity Economy is an alternative to capitalism and other authoritarian, state-dominated economic systems. In SSE ordinary people play an active role in shaping all of the dimensions of human life: economic, social, cultural, political, and environmental. SSE exists in all sectors of the economy production, finance, distribution, exchange, consumption and governance ... It also aims to transform the social and economic system that includes public, private and third sectors. SSE is not only about the poor, but strives to overcome inequalities, which includes all classes of society.

SSE has the ability to take the best practices that exist in our present system (such as efficiency, use of technology and knowledge) and transform them to serve the welfare of the community based on different values and goals (2015, p. 2).

I am not overly troubled by not finding a definitive meaning of the SSE proposition, but I am very much concerned about the generality of the concept and the negative impact this can have on the progress of SHEs and overall human development. Most crucially, because the masses need to rediscover practical self-help and mutual action if they are to improve, or at least hold onto, their living standards, post-pandemic. My primary objection to the SSE idea is that it is too esoteric to impact the lives of the mass of people. Philosophically, I can understand why it is appealing, but it is highly unlikely to achieve its declared goals, unless and until there is an evolutionary change in human nature.

In an age where democracy is under threat, and in many countries has little prospect of emerging, SHEs are critical because they become schools for democracy at the grass roots. A major fault line in the SSE concept is the fact that it makes no real distinction between organisations that are democratically controlled and those that are not.

## **SHEs have a Holistic Purpose**

Both definitions of the SSE cited above contain the assumption that SHEs pursue separate economic and social objectives. While this may be true in organisations that have beneficiaries, it is not a valid assumption in respect of SHEs. In such enterprises, grassroots members, who mutually own them, do not normally perceive any such distinction, because SHEs have a holistic purpose.

Over the past 60+ years I have met countless grassroots members, in many different countries, and cannot recall any of them talking about separate economic and social benefits. I do, for example, recall the members of the cattle marketing co-operatives in Botswana telling me that it was only when their co-operative got them a fair price for their cattle that they were able to consistently pay school fees for their children and afford to pay for medical care. I also remember Jamaican credit union members telling me that they were only able to become debt-free once they had received financial education provided by their credit union. Personally, I recall having to wait for my well-worn and outgrown school trousers to be replaced until the local co-operative 'divi' was paid out to members.

## **Forms of Organisation**

The organisations listed as being relevant in the SSE concept are many and varied. For example, Peter Utting (2015) senior research associate of the United Nations Research Institute for Social Development (UNRISD) and a leading protagonist of the concept, includes the following: co-operatives, mutual associations, grant-dependent non-government organisations (NGOs), service delivery NGOs, community volunteering, self-help groups, fair trade networks, solidarity purchasing, consumer groups, collective provisioning, associations of workers, solidarity finance, complementary currencies, community-based savings schemes, and crowd funding schemes.

It appears that all advocates of the SSE insist that SHEs are fundamental to the concept and are classed as 'solidarity' organisations, which in the UK is a term more likely to be associated with trade unions. For over ten years I represented UK agricultural co-operatives on the European association of agricultural co-operatives (<https://copa-cogeca.eu>) and got to know the leaders and representatives from agricultural co-operatives from all over Europe. Based on this experience, I cannot envisage that many of the people involved in these enterprises would believe that the SSE construct has any relevance to their enterprises or their members.

## Simple but Not Simplistic

Making use of enterprises that are owned and controlled by ordinary people to intervene in the marketplace in the best interests of their members is a simple but powerful concept. Such enterprises bring both immediate and long-term benefits to their members in their daily lives. Critically, SHEs invariably change the dynamics of the markets they enter and, in the process, shift power away from those financing commercial businesses.

They function as a lever that changes the behaviour of all other players in the market. For example, by setting new standards, giving honest weights and measures, and selling only unadulterated foods at fair prices, early consumer co-operatives soon forced changes to the practices of other traders. In a comparable manner, today's food co-operatives help to shift the market towards supplying healthier foods. Likewise, early farm supply co-operatives, by supplying certified seeds and other farm inputs of reliable quality forced other traders to follow suit. Across the board, whether it is energy supply, health services, housing or financial services, similar changes take place in all markets whenever SHEs intervene. Although, in rich countries the state intervenes by regulating standards in markets such as those for food and drugs, there remain many markets worldwide where disadvantaged consumers, producers and workers are systematically exploited.

## Incompatible Organisations

At a practical level, my main criticism of the SSE paradigm is that it seeks to mix incompatible forms of organisations. For example, when SHEs are grouped together with those that generate dependency, such as charities and state-funded bodies that are the antithesis of the self-help mind-set; a way of thinking that is essential if SHEs are to succeed.

The SSE not only seeks to mix SHEs with not-for-profit enterprises not based on mutual ownership, but also seeks to gather them together with profit-maximising businesses. Such conglomeration only serves to confuse members, managers, and the public alike. Especially, when SHEs are concurrently described as being 'social' or 'solidarity' enterprises or as businesses.

Putting people together from incompatible enterprises for the purpose of training and education can be counter-productive because SHEs need to use a unique set of systems, including those for their organisation, association, economics, and management. As any seasoned educator knows, if the curriculum is excessively broad, in this case by covering all classes of organisations, it is unlikely to supply the required depth of study to meet the specific needs of the people involved. When training providers claim to cater for the wide range of organisations encompassed by the SSE concept, it suggests that there is a single body of knowledge covering the needs of all the different forms of enterprise.

The practice of grouping SHEs with social enterprises and other not-for profit ventures may be a useful way of expanding the market for those with courses, research, and consultancy to sell, but it is not helpful to SHEs. The SSE may also be perceived as being a useful platform by those seeking support from funding bodies, in that it provides a new 'brand' to replace some of the names linked with those forms of organisation often associated with failed or no longer popular projects.

In the short-term, the aid industry may well find the SSE concept attractive, for it must be admitted that setting-up and supporting SHEs is no easy task, because it calls for a considerable investment of time, human resources, and patience; as well as a deep knowledge of how SHEs need to be run if they are to become successful and remain embedded in communities. They are not the kind of organisations that supply quick and easy solutions to match the expectations and timetables of politicians with an election to win. Nor do they fit in with the demands of the funding-cycle set by some providers of aid funds. Although, when

they do flourish, they can provide the best long-term solution to entrenched and structural underdevelopment.

## **When Ideology Eclipses Reality**

When people are elected or appointed to leadership roles based on their commitment to an ideology or a political dogma, typically they do not have a clear understanding of the self-help model of enterprise nor of the dynamics of the markets in which their enterprises are involved. Such leaders are almost bound to fail.

What happens when ideologues run SHEs was revealed in many UK consumer co-operatives in the 1960s. At that time, it was commonplace to have full-time political and education officers, yet they had no one that knew how to operate a supermarket, which was the place to which their members were switching to spend money. Many co-operatives were resisting essential change, mistakenly trying to protect the jobs of grocers, butchers, milk roundsmen and local buyer/managers. As a result, their consumer members had become nothing more than a market to be exploited. I have observed SHEs in many parts of the world, where enterprises became totally distracted from their true purpose and function, when led by those with political ambitions or devotees of an ideology. Where SHEs pay their member-directors, often politicians and ideologists, skilled in contesting elections, add such directorships to their portfolio of posts, which can provide them with a comfortable living but can be disastrous for their enterprises.

## **Motivation is the Bedrock**

The motivation for setting up an organisation becomes the bedrock of the venture. The motivator for founding SHEs is to take mutual action to achieve a common purpose. They exist to serve their members by delivering the outcomes that they want. SHEs are fundamentally different from all other forms of enterprise. They are not charities, not commercial businesses and not adjuncts of the state. They are enterprises, mutually owned by a group of equal persons that act in the best interest of all members and must be able to survive within the marketplace without resorting to subsidies or charitable donations. Critically, the motivation driving them is a common purpose to be achieved by self-help and mutual action. If members are to properly understand the true nature of their enterprises, they need to recognise the unique features of the form of enterprise required. SHEs, especially co-operatives, are handicapped by the fact that many claiming to support them insist that such enterprises form part of their utopian vision or are merely tools to be used for social engineering in pursuit of a belief system.

## **Self-help, Co-operation, and Mutual Action**

As stated above, all SHEs are founded on the practices of self-help, co-operation, and mutual action. This form of enterprise has the power to radically change their members' lives, but only when they are authentic. This means they must always act honestly and fairly, being fully focused on working in the best interest of their members. Helping members improve the decisions they make about important aspects of their lives, building both their capacity and resilience.

Many SHEs fail to achieve their full potential, often mutating into enterprises that only serve cliques of members or those that run them day to day. This happens when they are ill-designed and when the people running them are not fully equipped to direct and manage them. Undoubtedly, considerable improvements are required in the ways that many currently operate. Regrettably, many have not updated their organisation or systems (Parnell, 2021) to align with changed market conditions and their enterprise model has not been adapted to large-scale and geographical spread operations.

## Social Enterprises and Charities

Social enterprises and charities are not always democratically controlled; many being run by self-appointed trustees or patrons. Others are in truth profit-generating enterprises, where some or all of their profits are used to support their cause. Some even function as front organisations for major corporate businesses. Social enterprise as a term can also provide a cloak of respectability for mutant SHEs and for so-called 'social entrepreneurs' who in some cases generate a few jobs but primarily provide themselves with a livelihood. Some significant charities have allowed their organisations to become marketing-tools used by big businesses. For example, selling insurance, care products and many other goods and services to vulnerable older citizens. Such enterprises as described are not appropriate bedfellows for democratically controlled SHEs.

## State-funded Organisations

Some versions of the SSE theory also envisage the inclusion of various forms of state-funded organisations. The history of the involvement of SHEs with the state is typically problematic. In some countries, the state has assimilated SHEs into the apparatus of the state. Sometimes because of deliberate governmental policy, while in other cases this occurs when government departments, charged with developing SHEs, have absorbed management roles in SHEs into the civil service. While the state ought to supply a helpful framework of legislation and public policy, any form of direct intervention in SHEs is to be rejected. Many difficulties arise when SHEs become too strongly associated with the state, and any institutions that are dependent upon the state.

## Repeating History

As soon as early co-operatives and other types of SHEs began to be recognised as organisations that could significantly improve the lives of the masses, political theorists and others with a cause or ideology to further, sought to adopt them. At about the same time as various forms of SHEs were becoming well established, Laurence Gronlund published a pamphlet in 1886 in the UK entitled *The Co-operative Commonwealth in its outlines: An exposition of modern socialism*, and in 1848 Karl Marx and Fredrich Engels published their *Manifesto of the Communist Party*. During the same period, SHEs of several diverse types in the field of financial services were formed in several European countries, and Japan. Such activities soon spread to North America and then worldwide. In several countries these organisations had significant links to churches of a variety of faiths.

The founders of the British Rochdale Equitable Pioneers society, formed in 1844, were concerned about attempts to align co-operative enterprises with specific religious or political viewpoints. The Rochdale Pioneers Almanac of 1860 included a statement, which for many years guided most SHEs. This statement preceded the list of practices followed by them, later becoming known as the 'Rochdale Principles'. The statement reads:

The present co-operative movement does not intend to meddle with the various religious or political differences which now exist in society, but by a common bond, namely that of self-interest, to join together the means, the energies, and the talents of all for the common benefit of each (cited in Holyoake, 1893.1918, p. 161).

It is particularly important to remember that the 'Pioneers' were working-class people whose sound practices spread like wildfire throughout the world. This at a time when methods of communication were limited to words spoken face-to-face or by words upon paper.

Despite the fact such political theories as the notion of the Co-operative Commonwealth were in circulation, those sticking to demonstrating the practical benefits of co-operation prevailed. At regular intervals people driven by a utopian vision have sought to draft SHEs into their cause.

The usual outcome being that those enterprises taken over by ideologues descend into a state of decay. Wherever the felt needs of members are not being met, and their enterprise switches to serving an ideology instead of serving its members, the enterprise either folds or mutates.

I fear that the SSE concept represents yet another attempt to capture SHEs, by placing them within the ambit of a socio-political belief system. Advocating this conception brings with it a considerable risk that what little resources that are made available to support SHEs will be diverted towards organisations that do not have the ability to build the capacity of ordinary people to provide self-help solutions to their own difficulties.

## The Author

For six decades Edgar studied, managed, advised, and represented co-operatives of many different kinds. He has also worked with other types of self-help enterprises. His experience includes working in more than 40 countries. During the two decades he spent at the Plunkett Foundation, he oversaw a wide range of services to UK agricultural co-operatives; provided education and training; and managed many international development projects. He also played a central role in bringing together, for the first time, all sectors of co-operatives in the UK to form the UK Co-operative Council (later merged into Co-operatives UK). After which, he worked as a consultant internationally, including for the International Labour Organisation and the International Co-operative Alliance.

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