



## Reciprocity is **Green**: Sustainable Development and the Social Economy

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THINKING OF THE WORLD

## Purpose

- Highlight areas of convergence between social economy and sustainable development
- Thesis: social economy potential for realizing social (equality) integration within sustainable development

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The purpose of this talk is to:

- 1) Introduce the concept and some practical dimensions of the social economy;
- 2) Highlight areas of convergence between the social economy and sustainable development.
- 3) Given that the focus of this conference is ecological economics – we would like to specifically argue that the social economy may hold particular relevance to the discourse on sustainable development by invigorating and advancing the SOCIAL dimension of sustainability – an area we feel is been neglected in the rush to advance the “green economy” under the rubric of sustainability.

## Sustainable Development

Brundtland Commission (1987)

- ...Development that meets the needs of the present without compromising the ability of future generations to meet their own needs”



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There have been a myriad of definitions and interpretations of sustainable development since the publication. In expanding on this definition, it is useful to think of sustainable development as fostering:

- Positive socio-economic change
- Integrated policy, planning, and social learning processes
- Political viability, dependent on the full support of the people it affects through their governments, their social institutions, and their private activities – so it has both personal and institutional dimensions (Rees, 1989)

## Weak Sustainability

- Eco-efficiency with ever-growing consumption
- Technological solutions
- Price rules
- No fundamental, structural change necessary

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A useful conceptual framework to situate the various interpretations of, and approaches to, sustainable development is to speak of “WEAK” and “STRONG” sustainability.

**WEAK:**

Development as constrained economic growth; environmental protection depends on economic growth; basic practices, institutions, attitudes and beliefs can be left relatively untouched; natural and non-natural assets are substitutable; natural assets can be liquidated as long as subsequent investment provides an equivalent endowment to the next generation.

## Strong Sustainability

- Maintenance and enhancement of natural and non-natural capital
- Limited substitutability of natural and manufactured capital
- Resource protection and conservation (natural income)
- Advocates fundamental shift in values

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### STRONG:

Emphasizes the retention, improvement, and maintenance of existing and future capital both in the form of natural and non-natural assets; maintains that there is indeed limited substitutability of natural and manufactured capital; argues for greater resource protection; advocates for a more fundamental shift in attitudes, values and beliefs.

## The Social Economy

- *Social economy organizations are those organizations whose members are animated by the principle of reciprocity for the pursuit of mutual economic or social goals, often through the social control of capital.*

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Much like the term sustainable development, the social economy also has a multiple definitions. The definition provided here is the one used by the BALTA network.

In brief, we can map-out the dimensions of the social economy as including:

- Family Economy: family unit, family care, family production
- Voluntary Economy: charities, voluntary organizations, clubs
- Social Enterprise: community enterprises, cooperatives, fair trade...

## Weak Social Economy

- Marginal enterprises for marginalized peoples
- Fill gaps of neoliberalism and post-Fordism (facilitate retrenchment)
- Limited attention to wealth creation; dependent on mainstream market
- Symbolic but with strong social purpose

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While in this presentation, we are highlighting the contributions that the social economy may make to sustainable development, we are very much aware of its limitations and challenges:

Negative:

- Lack of awareness about the social economy generally
- Limited capacity within the sector
- Competitive pressures mean that these operations often operate with a structural competitive disadvantage

For example. MEC, one of the largest and most recognized co-op brands states this on their website to defend their practice of overseas production:

“We’re a co-operative business operating in a market economy. Our core purpose is not to maximize profit, but we are constrained by the same commercial principles as other retailers” (MEC, 2009).

## Strong Social Economy

- Seeks fundamental, structural change in the economy
- Direct attention to issues of inequality and redistribution
- Wealth creation via co-operative principles and direct market engagement

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And yet, while these challenges exist, the social economy does hold tremendous potential – a potential that is being actively realized in other parts of the world:

- Mondragon
- Quebec: SE employ 65,000 people and generate annual sales of approx. \$4 billion
- Non-profit and voluntary sectors account for 8.5% of Canadian GDP (including value of volunteer labour)
- Depends on how wide we cast the social economy net

So, despite the challenges of being a newly branded approach. The social economy is a:

- Symbol of an alternative economy
- Source of work
- Process that drives social engagement
- An entrepreneurial approach that integrates marginalized peoples and places into the economy

## Convergence: SD has Scale

- Technical: ecological economics, measures and indicators [integrated]
- Political: Brundtland, etc. [legitimate]
- Economic: wealth creation, subsidy and re-investment [viable]
- Popular: mainstream appeal, awareness, behaviour shifts [accepted]

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As we considered dimensions of convergence, particularly what each concept had to offer the other, we devised this simple four-part framework to outline various elements of how such ideas emerge and then become mainstreamed (out from the fringe) in society.

First, we note with the advancement of the green economy and sustainable forms of economic development, we note that sustainable development has realized mainstream scale in terms of its operation and influence on society and the market.

- Technical tools that merge the concept with market and social indicators
- Political acceptance in terms of government programs
- Economic value in terms of the ability of the green economy to emerge from the shadows of subsidies and become a source of growth and re-investment
- Popular: people are generally aware of the term and understand the basic principles of sustainable development...even if they don't act accordingly.

**Example:** 



- \*100% renewable energy
- \*Zero waste
- \*Sell products that sustain resources and the environment



- \*economic leakage
- \*stable generators of wealth
- \*big-box impact on local economies
- \*growth not inevitable

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In October 2005, WalMart’s CEO announced three new goals for the company: to rely 100 percent on renewable energy, create zero waste, and sell products that sustain resources and the environment. In April 2006 WalMart was one of a handful of major retailers and energy companies urging the U.S. Congress to impose mandatory carbon caps on their businesses. It has also become the world’s largest supplier of organic food, not only reducing its ecological footprint but making organics more accessible for everyone. If global forces such as WalMart are signing on to save the planet by supplying organic produce and lobbying for carbon caps, why bother trying to strengthen local economies?

- First, economic development rooted in local ownership and import substitution has clear benefits in terms of stopping economic leakage.
- Second, locally owned businesses are more likely to be a stable generator of wealth for many years, often for generations
- Third, big box stores do little to contribute to local economies.
- Fourth, growth must be distinguished from development: growth means to get bigger, development means to get better—an increase in quality and diversity.
- Finally, strong local economies reduce the negative ecological impacts of global trade, in particular fossil fuel emissions from long-distance transport, eg, locally produced food is clearly more environmentally desirable than food with frequent flyer miles.

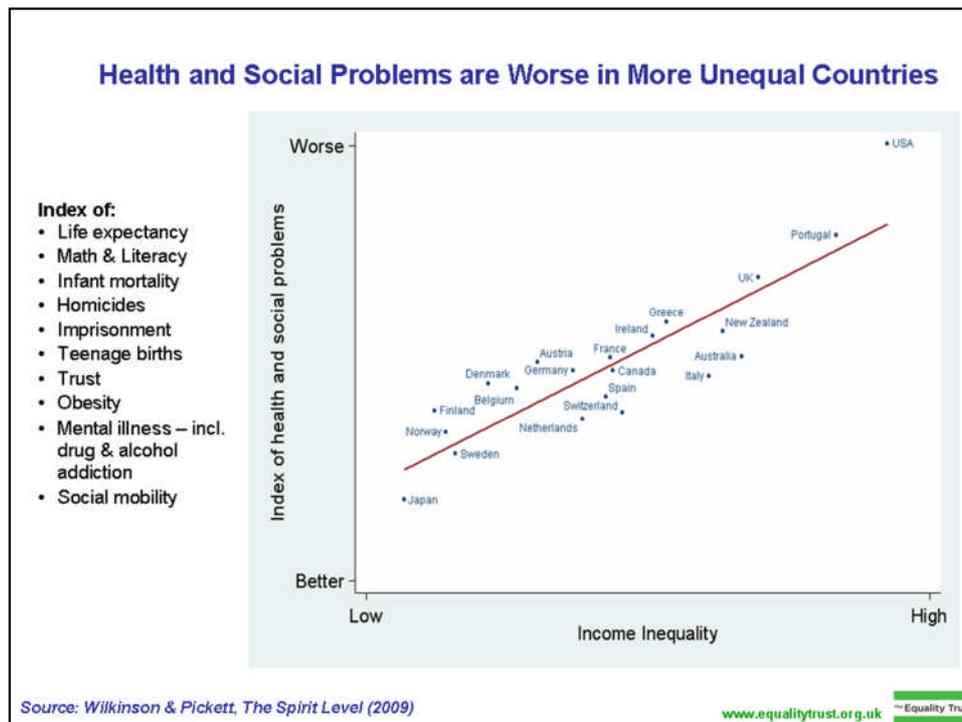
## Convergence: SE has Equity

- Technical: social accounting [integrated]
- Political: inequality, localism [legitimacy?]
- Economic: re-distribution, wage rates, competitive (?), tax debate [viable]
- Popular: community appeal, quality of life, health [accepted]

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The social economy does not fare as well within our framework:

1. We are beginning to see an increase in sophistication and use of technical tools like social accounting. Indicators of quality of life have advanced considerable, although only recently.
2. Politically, the issues of inequality and the appeal of local economics is gaining attention – and will perhaps be forced by things like peak-oil
3. The social economy offers an economic model to build a more equitable society, but is lacking in wealth creation
4. We see the indirect appeal of the social economy in terms of the rising appeal of community as a desired social and economic amenity



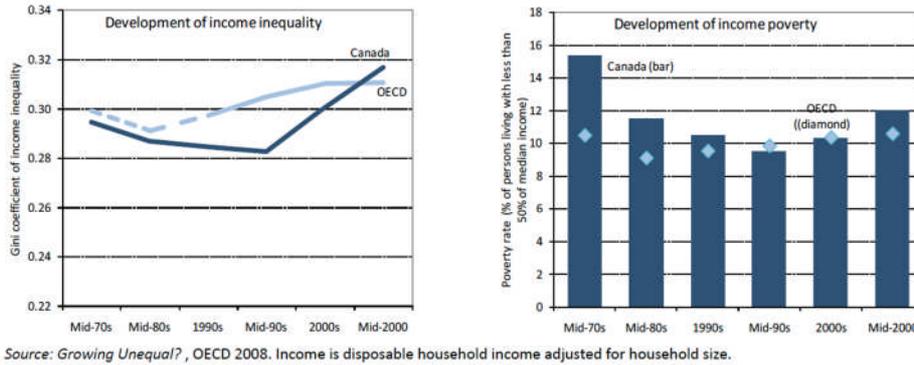
In terms of what the social economy has to offer sustainable development, we are particularly drawn to the issue of the rising inequality in society.

Work done by The Equality Trust offers some very powerful information in terms of functioning and performance of a society on a wide range of indicators relative to the extent of income inequality within different societies. What we see is that those countries with the highest levels of inequality register the poorest on every single one of the indicators: physical health, mental health, drug abuse, education, imprisonment, obesity, social mobility, trust and community life, violence, teenage births, and child well-being - outcomes are very substantially worse in more unequal societies.

SOURCE: The Equality Trust

# Inequality in Canada

Figure 1. Income inequality and poverty have increased rapidly since the mid-1990s



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This slide simply extrapolates this inequality trend to Canada:

After 20 years of continuous decline, both inequality and poverty rates have increased rapidly in the past 10 years, now reaching levels above the OECD average.

In the last 10 years, the rich have been getting richer leaving both middle and poorer income classes behind.

## Challenge Social Dimension of Sustainable Development

- Principles of social equity and social justice not inherent in green economy, eco-efficiency, and sustainable planning
- Mainstream prevalence of “weak sustainability”
- Weakening redistributive power

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So, where does this leave us? Well, the advancement of sustainable development as an integrated phenomenon is lacking:

This has been noted by other researchers: Anne Dale (2007): there is a growing consensus that sustainable development implies the integration of the environment and the economy, but there is little consensus with regard to what this implies in terms of social dimensions.

Our position here is that the issue of equality provides a critical issue and gateway to re-introduce the social dimension into discussions and programs of eco-efficiency, green economic development, etc.

Odd US expression prominent in the last US election: put lipstick on a pig; well, our observations about sustainable development can borrow from and rephrase this expression: we are putting solar panels on a pig.

Claims of sustainable development wrapped around conceptualizations of the green economy are FALSE. WE ARE IGNORING THE SOCIAL DYNAMICS AND NECESSITY OF SUSTAINABLE DEVELOPMENT

## Where to From Here???

- Tools and techniques that have elevated ecological economics – need to apply equivalent for the social economy
- Capitalize on momentum and appeal of “quality of life”
- We require a serious, politically courageous debate about redistribution

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Focus of this paper has been on the social gap/omission of the social from sustainable development.

In the paper we are developing, the lessons and realization of scale within sectors like the green economy – need to be transferred to the social economy. So it is truly a cross-pollenization of lessons, ideas and strategies.

In addition to the appeal of SCD, we see strategic advantage in the mainstream resonance of “quality of life” and the efforts of various statistical agencies to track QOL in our cities and towns.

And, while the social economy has many positive and potentially powerful tools of redistribution – we need to use the concept of sustainable development to have a real, politically grown-up conversation about the powers and necessity of redistribution in society. The social economy can help to introduce this discussion in a positive and proactive manner with real proof of viability.