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Sustainable Community Development: The Social Economy Basel as Example of Social and Solidarity Economy Practice

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Introduction

The social and solidarity economy (SSE) can be understood as a kind of counter-culture, counter-economy, and expanded democracy. It challenges the conventional societal and economic system. It is rooted in democratically run companies, and creates a totally novel understanding of the social bond and connectedness in our society. The organisational basis for it can be conceived as a cooperative, democratic network of businesses and civil society organisations interested in and willing to pursue local, socially and ecologically sustainable development.

Operationally, such a network would have to deal with the following type of questions:

1. How is it possible to stop the outflow of resources from the network?
2. How is it possible to increase the inflow of resources from outside the network?
3. How can the the network grow through internal growth, e.g. by organizing a certain credit volume within the federation?
4. How can economic and socio-cultural integration be encouraged for the federation to attract outsiders to join?

Of course, various courses of action can answer to the above questions, depending on the SSE's point of departure and the social and political setting within which it is embedded.

Basically, the SSE approach can be summarized as follows: It does not aspire to keep pace with growth driven "industrialism" of multinationals, it rather seeks to get away from it. It will seek more qualitative over quantitative growth. It is more labor intensive and pays lower wages, it aims at building communities making individuals independent of those with concentrated privately owned capital.

It does not seek to abolish the market economy, but rather to find relative protection from it and build resilience against its blackmail and extortions.

It emphasises resources – not deficits – people have, particularly in those who have been labelled as lacking resources by traditional labor markets.

It does not seek to divide up communities but to expand them by pooling resources for mutual use.

It aims not for a short term, but for a long-term synergetically derived existential security for an ever increasing number of people

Social Integration for Growth

One way to generate social integration is for the federation to issue its own hour based currency which facilitates exchanges between individuals within the SSE network. With very few resources, the federation can implement an exchange and trading center for its and outside actors. A simple market web page or paper can for all participants list supply and demand and, thus, summarize all exchange possibilities. All members of the exchange and trading circle start at no cost to them with a certain number of hours to begin exchanging. Thus, adults and children can provide services to each other, pay for them in hours, and even move on to paying for goods in hours if they so wish. In such exchange circles all have a greater range of exchanges available than would otherwise be the case without the exchange circle. Finally, it takes but time and some skill to participate in such exchange circles. This is a labor time not capital based approach to enhance both SSE growth and cohesion.

For the same purpose, currency backed alternative local money may be issued by the federation. Alternative Money is bought with "official" money – and can under certain rules be exchanged back into "official" money. Using alternative money can be made more or less compulsory for firms and individuals within the federation. If desired, individuals and firms outside the federation may also be encouraged to participate. Participation may also be promoted by selling the alternative currency at a discount given certain conditions are met. As alternative money circulates, some of the "official" money with which alternative money was bought can be invested in the SSE network and, thus, is a form of credit. In this sense, all who purchase and use alternative money also promote the SSE at no cost to them. As with the hour based currency, the "official money" backed currency, too, contributes to SSE cohesion and growth.

The Social Economy Basel: An example of Practice

An example of such an effort is the Social Economy Basel www.sozialeoekonomie.ch. It saw its beginning with the Social Economy Association (SEA) founded in 1996. With its membership and a one member one vote system the association strives to build a prototype of SSE. The idea is similar to that of "biotopes" which represent attempts to preserve bio diversity amidst and against the odds of industrial society and agriculture damaging bio diversity. The SEA Basel mission is to contribute to social, local and ecological sustainability on a local and regional level. Its growth is kept at an "organic" level so as not to depend on top down outside funding. Human resources and funding needed for administrative tasks and growth emanate in grassroot fashion bottom up from "the movements".

The Institute for Social Economy

The SEA Basel – being the first of its kind in Switzerland – immediately began to cooperate with other similar attempts and likeminded organisations in Germany, France and Luxembourg in starting the Institute for Social Economy. Some activities were joint efforts, for others the SEA Basel was acting alone. The purpose was to

- Inform the public about social economy and its potential in handling present and future problems of development
- Offer public courses and conferences on issues pertaining to SSE
- Give interviews and offer statements on SSE to mass media, and to encourage research and publications concerned with SSE and its development



Sozialeoekonomie website.
(Photo from Schweizerischer Konsumenten Verband)

The Social Economy Network Cooperative

In 1998 when SEA founded the Social Economy Network Cooperative starting with already existing worker self managed firms and civil society movement organisations. Membership is open only for organisations. Each network coop member has one vote irrespective of its size. Organisations with various legal forms are accepted as long as statutes guarantee the one member one vote principle, and that members may decide over employment practices and the use of surpluses. For profit or not for profit organisations may be federation coop members. As a result, the network cooperative is composed of a combination of commercial and civil society. Especially the latter are grounded in new social movements such as the social justice, the environmental and the women's movement. The network cooperative also considers civil society organisations as socially necessary producers of public goods – mostly information, education, politics and culture. In Basel, therefore, they are part and parcel of the SSE even though the value of their production – though real and socially necessary – cannot not be monetized, as is true for other public goods. In terms of growth the Social Economy Basel and its network coop is kept in an organic growth pattern that does not depend on outside funding.

The Social Economy Network Cooperative aims to:

- Enhance the social, economic and political cohesion among network members
- Build a local platform for moving towards local, social and ecological sustainability, and to politically mobilize social, economic and political forces towards this goal
- Promote the exchange of goods and services among members of the network
- Promote the exchange of goods and services between the network and firms, organisations and individuals outside the network
- Locate new markets and social movement spaces and to establish new businesses and civil society organizations
- Organize collateral guarantees for bank loans to federation members
- Make micro loans for federation members, small coop start up businesses and new civil society organisations
- Engage in sustainability enhancing investments
- Issue alternative currencies

Over the years, the network cooperative and/or the social economy association have provided collateral coverage for network members, grant loans and microloans to them, start small new for profit businesses, and not for profit movement organisations. The latter often have a food policy and urban agriculture focus www.urbanagriculturebasel.ch. Investments have been made in neighborhood solar energy plant run by one network member. Social cohesion and SSE development is enhanced by a newsletter, the SSE fair, time based exchange circles and a Swiss Franc backed alternative currency.

Alternative Currencies of the Social Economy Network

To enhance social cohesion and give marginalized individuals an instrument for social integration and fringe income, a LETS type time based exchange system was started in 2000, then another one in 2005. Both operated well but were dissolved after about 2 years because too many participants had life circumstances changed.

In 2002 the Swiss Franc backed alternative currency BNB (GoodNetworkVoucher) was launched. In a pilot phase it was first tried only among members of the Social Economy Network Cooperative. Subsequently, it went public in 2005 to include individuals, businesses and NGOs outside the coop network. Some 120 firms and non profit organisations presently accept the BNB. In so doing they receive free publicity. Participation is free of cost. The BNB is valid for 3 years, when bills in circulation can be exchanged free of charge for the new series. There is no penalty when BNBs do not circulate within a given time. All circulation is based on ideational movement energy and cooperation. Due to cooperation with the neighboring social economy in Mulhouse (France), the BNB can be exchanged against the French SOL – and inverse – being used in the Alsace social economy network.

The BNB can be bought by anybody with Swiss Francs. Members of the network coop and their membership may purchase the BNB at a discount of ten percent. The BNB can be exchanged back into Swiss Francs at a small loss to cover expenses. Swiss Francs not needed for liquidity are used for loans to network coop members, or is invested in renewable local energy production. To further stimulate the social economy, loans are/can be made in BNBs or be paid back in BNBs. Loans made are usually interest free.

One goal is to make self produced energy units backing the BNB and move away from Swiss Francs as the currency backing the BNB. Another goal is to combine the BNBhours exchange system with the Swiss Franc backed BNB. This would allow for a very low level entry path into the the social economy Basel exchange system. I would require only time and skills, no financial resources, and provide participants with the option of exchanging BNBhours for Franc backed BNBs leading to a wide range of products and services commonly not available for a BNBhours exchange circle.

The Surplus Value the Alternative Currency BNB

Given the Social Economy Basel system as it is conceived and practiced, the BNB has a significant surplus value. The BNB

- Is locally and democratically controlled money
- Does not leave town or the region
- Cannot be used for speculation
- Helps in fighting undesirable global competition
- Connects people interested in promoting local development for sustainability
- Provides identity for those interested in local development towards sustainability, and allows them to display this identity
- Serves as a general symbol for local development and the transition towards sustainability
- Strengthens social movement energy for local development towards sustainability
- Supports local business and NGOs ideationally and commercially as they support local development towards sustainability
- Can consciously be spent in support of Social Economy Basel efforts to bring about sustainability
- Generates funds for loans to federation NGOs and businesses working for local development towards sustainability
- Generates funds for new start up federation NGOs and businesses working for local development towards sustainability
- Generates funds for investments in local renewable federation coop energy production
- Entails and teaches an alternative understanding of the nature and role of money
- Stands for an economy embedded in society, not for a society dominated by the economy

Concluding Remarks

Not all political systems have civil society well developed. As a result, it can be expected that new social movements, too, are not as prevalent in such societies. Equally, the coop movement and tradition may not have had much traction in some societies and economies. Furthermore, sustainable local development may be an objective for rural areas – not for a small urban space as is the case for the Social Economy Basel. Typically, new social movements have a lower density in rural compared to urban spaces. Alternatively, cities might be huge metropolitan spaces. In such situations, SSE might follow a “Plan-B”, a modified local chambre of commerce approach. Under “Plan-B”, a network coop could nevertheless be envisioned for various small local businesses and NGOs intent to move towards sustainable social and ecological development on the local or regional level. The same could also be conceived as a possibility for a segment or sector of a metropolitan area (somewhat like the neighborhood housing construction and habitat coops in 19th and early 20th Century European Cities). Nationally or internationally mobile companies would be excluded from membership in the network cooperative for reasons articulated above. Many SSE guidelines and strategies outlined above would still hold, however. Their operationalization and application would follow a similar pattern, though some different outcomes, uncertainties or risks might have to be considered.

BNB BonNetzBon (Goodnetwork Voucher)
(Photo from Polymer Bank Botes of the World)

