

# WHAT KIND OF ECONOMY FOR MAN ?

A SOLIDARITY-BASED ECONOMY

**SYMPOSIUM**  
**19-20 May 2005**

**Conference of International Catholic Organisations**  
**« A Solidarity-based Economy » Working Group**

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## Foreword

Here are the Acts of the Symposium on a Solidarity-based Economy which was organised by the Conference of ICOs on Thursday 19 and Friday 20 May 2005.

You will find the papers of the experts whose personalities, professional careers and conception of economy in their approach to solidarity appeared extremely different. The Round Table which brought them together as well as the debate that followed were outstanding moments of the first day of this Symposium and clearly raised the question: can we talk about a solidarity-based economy or rather of solidarity in economy?

The testimonies enabled the International Catholic Organisations to speak of their practical experience in the implementation of this active solidarity.

Father Edouard Herr clarified this solidarity and this faith in Man in linking these issues with the Church's Social Doctrine and, in particular, with John Paul II's Encyclical Letter « *Sollicitudo Rei Socialis* ».

The contribution of the Consultant for Social Policy of Caritas Europa opened perspectives making it possible to envisage a coordinated action with regard to the European bodies.

This Symposium is a first step towards a stronger commitment on the part of the ICOs and the Conference in the reaffirmation of the values which guide us and the promotion of practical forms of a solidarity-based economy.

Dominique Lemau de Talancé

## Words of Welcome

Good Morning. I am happy to welcome you all here at this Symposium on a Solidarity-based Economy organised by the Conference of ICOs.

I welcome also Monsignor. Francesco Follo, the Holy See's Permanent Observer at UNESCO. His presence amongst us shows the importance that not only the Secretariat of State but also the other dicasteries attach to the Conference of ICOs and to the work that it is carrying out and also the determination to intensify relationships between the representatives of the Holy See and the Conference.

Welcome to this morning's speakers:

- Mr. Jean-Michel Servet, Professor of Development Economics at the University Institute of Development Studies in Geneva;

- Mr. Olivier Girard, Socio-anthropologist, representative of the Collective on Ethical Sugar

- Mr. Etienne Wibaux, Head of a textile firm in the North of France and President of UNIAPAC.

Daniel Van Espen will present them to you in greater detail at the beginning of the Round Table.

Tomorrow, we will welcome Father Edouard Herr, a Jesuit Priest, a Specialist in the Church's Social Doctrine and Spiritual Adviser of UNIAPAC.

Welcome to our guests:

- Mrs. Nathalie Grimoud, Project Leader for a « solidarity-based economy » and Mrs. Françoise Poisson for the CCFD. The CCFD and CIDSE are longstanding partners of the Conference and of a large number of ICOs.

- Mrs Chantal Grevin who represents « New Humanity » in the Focolare Movement. She will talk to us about Economy of Communion.

This Symposium has been prepared by 4 people: Marie-Thérèse Marchand, Daniel Van Espen, Gilles Deliance and myself, with the support of the Group of International Movements of the ACS.

We are being hosted in the premises of the French Guides. Several of the Guides' leaders are present to ensure that we will be given a warm welcome and have good working conditions. I thank them most warmly on your behalf. An interpreter, Mr. Colaris, is responsible for the translation into English for the few people who do not speak French. Thank you in advance for your aid.

Between today and tomorrow, 14 ICOs or organisations associated with the ICOs will be present. 30 people will participate in this Symposium, some for just one day. We had hoped for a lot more. This is a clear reflection of what is being encountered by the ICOs, which have a wealth of experiences in the field to offer and which hold in their hands the lives of millions of persons, but have few human, material and financial resources to ensure a presence at international level. We must take this into account during these 2 days. Let us be ambitious in our objectives, yet at the same time realistic about the means at our disposal.

A resolution was unanimously adopted at the General Assembly of the Conference of ICOs which took place in Rome, in December 2003. This Symposium has been prepared to: « Promote training, reflection, awareness and joint and individual alternative action within the ICOs and outside. To collect and share existing experiences and create synergies ».

Training, reflection, awareness, drawing up an inventory and the sharing of existing experiences is our work today, with the Round Table of this morning, then this afternoon, the description of various experiences followed by workshops. The aim of these workshops will be to enable each and every one to grasp the important elements of the Round Table and the experiences heard, compare them with the practices of one's own ICO and prepare tomorrow's work.

The promotion of reflection will take place on the basis of the Draft Manifesto which will be discussed tomorrow morning. The text of this Draft Manifesto has recently been improved. It will be our task to perfect it.

The action plan to be drafted tomorrow afternoon will make it possible, I hope, to create synergies between us and with others inside the Conference and, much more broadly, with our natural or potential partners in the world of international organisations, as well as with the Holy See and its representatives. This plan of action should be the object of the tabling of a resolution during the General Assembly of the Conference of ICOs, in November, in Jerusalem.

We have a heavy programme before us. To be able to carry it out, I would like to ask you right away to respect the timetable.

I thank you and wish your work every success.

*Dominique Lemau de Talancé*

## **Message from the President of the Conference of ICOs**

Dear Dominique,

As I am not able to participate because of other CICO obligations I would like to add a few thoughts, maybe you can include some of them finalizing the Manifesto during your May meeting.

To the flaws of the liberal system connected with Catholic Social Teaching:

- “Unsocial developments should not be treated on the surface (charity) but by revealing the roots of the evil” (Ecclesia in America # 18) – the structure of the sin?
- The problematic concept of concentrating as much money, power and freedom to act in as little hands as possible; an ongoing process – narcotizing the rest of the global society (panem et circenses)
- The exclusion of ethic demands dealing with issues of the global society will be to the detriment of the poorer; the problem that freedom (neoliberalism) supports the stronger ( Sollicitudo Rei Socialis # 17)
- The Capitalism (Centesimus Annus # 42)
- Labor and dignity (ibid # 19)
- To your number four: The expanding rift does not exist only between rich and poor countries; you will find this phenomenon also within wealthy societies between the rich and poor people in the respective countries.
- The impact of the technological progress with its promising but also with its dangerous aspects (laborem exercens # 5)
- For instance the “(wo)man of glass” and with this the inherent capacity to decide on the beginning and end of live – and in-between!!; or the impact on the institution family because of other capabilities in the future for “reproduction” because of economic efficiency criteria etc.

What is on stake? It is the Christian understanding of love which makes human society humane. Without it a new “brand” might be created, the homunculus; looks like a human being, but isn’t any more; and this is more serious than it looks like today.

Please give my regards to all participants of this meeting; as you can see I would love to be with you

Kind regards

Yours

Ernest König  
230405

### **Encouragements from Cardinal Poupard**

Dear Friends,

Cardinal Paul Poupard has received your letter of invitation/information on the Symposium that you are organising on 19 and 20 May on the wide-ranging relationships that exist between the economy and man. He has asked me to send you his encouragements. The flaws of liberalism in a globalised economy call for a new culture of solidarity which, in practice, through action plans and an ethical stimulus, lies within the framework of relationships between men and women and peoples.

In wishing you every success for this Symposium, I send you my cordial good wishes.

The Secretariat  
Pontifical Council for Culture

**« What kind of economy for man?  
A solidarity-based economy »**

**Symposium organised by the Conference of International Catholic Associations  
Round Table, Thursday 19 May 2005, Paris, France**

**Introduction by Daniel Van Espen**

Member of the Steering Committee of the « Solidarity-based Economy » Working Group

Monsignor,  
Ladies and Gentlemen,  
Dear Colleague,

As the Emeritus Professor of Economics at Louvain-la-Neuve Catholic University has warned us, the general and systematic evolution of the market economy is not only under way, but is constantly accelerating. This system is becoming more and more powerful and less and less regulated.

A solidarity-based economy is the bearer of a certain number of future values, including sustainable development. It is possible to identify true links between a liberal economic system to be reformed and a vision of the world which is that of a solidarity-based economy.

This field of investigation is both immense and worldwide. The true challenges of globalisation are the large and small multinational companies. The world economic area is not regulated on a legal or political level, whereas nation-countries, as well as the European Union, are over-regulated. This means that the major multinational practitioners have a clear field. They can do almost anything. Even the World Trade Organisation is not capable of regulating them.

Many economic practitioners work in an almost total ethical vacuum. This is why the economic system becomes untenable at long term in spite of its very positive aspects, as we must not lose sight of the fact that it creates wealth. Does it benefit the majority? We are assembled here today to discuss this issue. It has become evident that we must direct the efforts of civil society (INGOs) which criticise and call into question the system of the market economy towards the work of humanising this market economy.

To introduce our debate, the prevailing idea was to consider that a solidarity-based economy calls for an analysis that is at one and the same time historical, anthropological and social, bearing in mind that a solidarity-based economy is embodied in extraordinarily varied situations of associative activities: a large number of productive initiatives, ranging from the family unit to those that are sometimes considerable, as we will observe with lucidity and realism.

### **The subject of our Round Table**

The field of a social and solidarity-based economy is heterogeneous, since it concerns the whole of society; whereas an inquiring way of looking at things will always only give rise to the viewpoint of an individual person, who is nevertheless endeavouring to cross-fertilise other ways of looking at things, which are not always convergent, on this same polymorphic subject: a social and solidarity-based economy.

The organisers of the Symposium wished to bring together different worlds: the world of economists and the world of practitioners able to contribute a testimony or an experience with a view to humanising the economy.

We are motivated by a need, namely to clarify this nutritious sector of human activity where the milieu of companies and the associative and professional sector meet.

We have therefore asked three different resource persons, whose expertise will cast a multi-faceted, well-argued and practical light on this question.

We cannot limit ourselves to the building of an economic theory that is always precarious and able to be called into question. This desired pluralism is opposed to the sometimes extreme simplifications of the majority trends of thought of contemporary economic studies.

By following a framework of reflection, the speakers will shed light on the debate which will follow their respective papers by specifying the types of economic organisation: social, private/capitalist and public. This theoretical distinction will lead us to an examination of the evident « mixity » which links them to each other. As we can see, the « chequered » world therefore calls for a complex analysis.

This Round Table introduces us to criteria and principles and calls for a great deal of data. This data concerns, in practice, how to devise and, above all, put into practice a social and solidarity-based economy, specify its aims and unveil the strategies of its practitioners.

We question ourselves on the neo-liberal assumptions whilst we note the new status of a social society. What are the forms of the organisation and the practical working principles of this? How is it possible to reinforce the practices of democratic operating methods within a solidarity-based economy? What is the applicable ethical dimension of this? Can the reality of a globalised world contribute to the evolution of the present system? What conditions are needed? We must question ourselves on the sense of the action of politicians, as well as that of heads of companies, but also in their capacity as citizens.

The social and Christian doctrinal dimension has been included in our debate. I am sure that certain persons will speak also in their capacity as international leaders who hold responsibilities in social, professional, humanitarian or development activities.

I propose to present them to you successively for each of the three papers that they have been kind enough to prepare and give, if possible, each for 15 minutes, in order to prepare a fruitful contradictory debate with the participants for a period of 45 minutes.

I invite Mr. Jean-Michel Servet, Mr. Etienne Wibaux and Mr. Olivier Girard to open the Round Table.

I thank you for your kind attention.

## Social economy, solidarity-based economy and solidarity-orientated practices

Jean-Michel Servet

This text is the summary of a chapter of the book that Jean-Michel Servet is in the process of writing. Priority has been given to the major points of his oral paper.

The refusal of certain people to recognise solidarity-based economy as an innovation, a transcendence or a rupture is only equalled by the almost impossible task of translating into English the equivalent of the French adjective « solidaire » to qualify « economy » or « finance ». The Anglo-Saxons often translate the expression « économie solidaire » by *social economy*, as well as finance solidaire by *social finance*.

In a certain number of languages, the term « solidaire » has no equivalent; it is confused with « social » and, consequently, the new activities enter into the traditional field of cooperatives, mutual benefit societies and associations. Anglo-Saxon categories of the *not for profit*, *voluntary aid* and the *third sector* have no universal scope. Depending on the countries, what corresponds to the activities of so-called non-profit-making associations enters into the general context of « societies », some being profit-making and others non-profit-making, but the common idea of society prevails.

Is it possible to qualify as solidarity-based an association, legally non-profit-making, made up of friends who form an association and create a golf club that pays domestic workers with the support of public job subsidies and destroys the environment of future generations by pumping the groundwater? These abuses are just as valid in the field of financial services. The crisis of some of the institutions of micro-loans in Bolivia shows the error of overlooking the social assistance which contributes to the dynamics resulting from micro-finance. Some NGOs which promote micro-loans can, furthermore, indirectly develop child labour, pollution, the non-respect of security norms, an over-exploitation of workers by a considerable increase in their working hours, etc.; this can be observed not only in the countries referred to as developing or in transition, but also in industrialised countries.

What do we mean by a solidarity-based economy? In industrialised countries, the term « solidarity-based economy » covers a series, *a priori* somewhat ill-assorted, of activities which appear as a resistance or an innovation in the face of the increase of unemployment, poverty and exclusion. It is also an answer to the constraints of productivism and individualism. Thus, alongside cooperatives and mutual benefit societies which form, along with associations, a social economy, a multitude of new activities and services have developed.

- financial services for the creation and support of activities and micro-companies,
- local collective services: neighbourhood associations, parental nurseries, local exchange systems, networks of reciprocal exchange of knowledge (also parallel currency in America and time banks in Italy),
- personal services (for the elderly and the disabled),
- certain activities aimed at environmental protection and the production of alternative energies,
- autonomous cultural productions (plastic arts or the performing arts),
- production activities (recycling of household equipment or computers, biological agriculture, family cooperative gardens, collective gardens with a view to integration),
- activities concerning the standardisation and the certification of goods or services (in the framework of fair trade or the ethics of loans and financial investments),
- cooperation activities with the South for sustainable development or the sharing of profits in certain companies.

Some solidarity-based financial institutions assign themselves the priority of financing activities that are themselves solidarity-orientated (in France, for example the CIGALES, clubs for an alternative

and local management of savings, or the NEF, Nouvelle Economie Fraternelle (New Fraternal Economy), which fixes ethical limitations to the loans that it gives).

We thus observe the association of persons jointly leading actions to generate employment or income (including in kind) which over and above the production and exchanges of goods and services reinforce social cohesion by activating links of solidarity. This solidarity must be taken in the sense of a recognised interdependence of persons and groups. The types of solidarity in question can involve:

- solidarity between and within territories,
- the sharing of risks and wealth between social groups,
- solidarity between present generations,
- and solidarity with future generations in the perspective of a socially and physically sustainable development.

These different forms of solidarity can enter into contradiction: the defence of employment in morally questionable activities or whose ecological impact is considerable; the immediate needs of present generations or rather the living conditions of future generations; the necessary increase of income and full-time employment of school-age children? The ethical debates express these conflicting choices.

If solidarity is defined in terms of the recognition of different types of interdependence, it could be considered that this is indispensable in the phase of the considerable increase in inequalities. Solidarity becomes a vital response for societies endangered by neo-liberal policies. Social goals are clearly demanded as well as an involvement that is as strong as possible for the populations concerned, as well as a democratic *modus operandi*.

With regard to the traditional social economy which had the tendency to establish itself as a distinct sector, an essential rupture resides in the clear-cut hybridisation of resources. These internal or external resources can comprise:

- the contribution of voluntary aid (in the name of shared values),
- the membership fees (of persons who are members of associations),
- public subsidies,
- the support of foundations,
- and the income resulting from the activity itself.

All the initiatives of a solidarity-based economy do not directly receive public aid. However, the majority of these practices are included in statutes which are dispensed from the common law of profit-making companies, as regards taxation and social contributions. The hybridisation of resources is, in fact, over and above the contribution of funds, that of the operating principles. Solidarity-based activities can lead to free benefits for users and produce goods and services that the clients or the beneficiaries will pay not at the market price which is supposed to be the same for all, but according to the capacity to contribute of each and every one; solidarity is thus activated by this differentiation between persons.

It is essentially on the basis of the dynamics created by the hybridisation of resources and the balancing out of costs that we can adopt adapted criteria, making it possible to qualify each institution on the basis of whether or not it falls within the framework of the field of solidarity.

Solidarity activates a subsidiarity from the bottom up. This makes it possible to go beyond the limitations of the apparent endowments of territories and to undertake a dynamic strategy of creating activities. It would be a mistake only to retain the local dimension and not also take advantage of the world scale, the flux of techniques, of forms of management, information and capital which link the different bodies, local and international NGOs, foundations, pressure groups, local, national and federal institutions and authorities and institutions of bilateral and multilateral cooperation. The analysis of micro-finance shows how closely the local and the global are linked. Micro-finance mobilises funds by mechanisms that elude the logic of the strict individual interest and which imply solidarity both on a

scale of local proximity and of international networks. The very rise of ethical concerns in industrialised countries is able to provide it with new resources and support.

It is necessary to transcend the cleavage between the North and South and « think globally, act locally » by integrating the diversity of cultures and societies. Yet the North is present in the South through the presence of many experts, institutions and organisations and tourists seeking exotic sensations. The South is present in the North through the migration of workers and the fact that many communities from the South live in the North. But above all, it is difficult today to classify countries according to their degree of « development ».

Even if we admit the existence of a North and South without putting them into a superior and inferior order and that, from the viewpoint of solidarity, we study the comings and goings between these areas, different kinds of changes can be observed.

The first type of exchange concerns the practitioners. A large number of the practitioners of solidarity in the North show their strong involvement, either past or present, in the South. When they choose or are forced to return to the North, there is a determination on their part to do something elsewhere. For the majority of them, the lesson, assimilated as a gift received from the South, is that of a lifetime commitment. Therefore, even if this is not explicit, there is a cross-fertilisation of the experiences of the North by the experiences in the South and from the South. If we observe these cultural transfers, it can be noted that the direction of the relationship is, in this case, more from the South towards the North than the inverse, particularly in the discovery of practical forms of solidarity.

The second type of exchange is the strong previous history of experiences from or in the South in the field of a new social economy. The intense nature of policies referred to as structural adjustment policies and the deficiencies of States in the field of social policy, education, health, etc. have fostered and justified a strong intervention on the part of civil society organisations in these fields. Long before the North, the South has tested in a very broad way what could be called:

- the principles of subsidiarity of public action by civil society organisations and associative movements,

- and the hybridisation of public and private resources for meaningful actions which support local initiatives, give rise to them and even create sub-contractors of governmental action.

The third type of exchange and transfer concerns the standardisation of the policies carried out. In this case, the relationship is inversed from the North towards the South. International organisations and bilateral cooperation have standardised their interventions in the South, through their support to NGOs and associations working in the field.

A solidarity-based economy in general and micro-finance in particular offer considerable potentialities for inverting the current priorities of public policies centred at all the levels of decision-making on the eradication of poverty by economic action; in other words, micro-finance can break with neo-liberalism and contribute to making the fight against social inequalities, discriminations and exclusions a priority central element. Both by the sensibility of their practitioners and the real capacities of these measures and organisations, its initiatives have much more chance at local and global levels to place the fight against inequalities, discriminations and the different processes of marginalisation and exclusions at the forefront.

# **The responsibility of the Christian business executive in a solidarity-based world economy**

by Etienne Wibaux

For Catholics, a solidarity-based economy is a choice, an affirmation and a true project to which we are committed as men and women and as Christians. Pope John Paul II was extremely clear when he wrote to UNIAPAC: « *affirm the priority of being over having* ».

For Christians, the appeal of the Gospel is clear. We are called on to love each other more. What does this mean? This means that motivated by a new strength, here and now, we decide to act and mobilise our efforts in order to take a step further towards the men and women in our companies and for the world.

Let us involve ourselves in our companies as much as possible. Let us also see the positive dynamics at work. Let us show the micro-achievements that are bearers of hope. This is what I will try to say to you without omitting certain difficulties and obligations in three brief testimonies on:

- A world in turmoil,
- My position as head of a textile company confronted with globalisation and efforts to be made,
- I will then describe UNIAPAC's commitment.

## **1. A world in a state of turmoil and progress**

We cannot speak of a globalised economy, nor even of economy at all, without noting the considerable world growth which has made it possible, over the past 10 years, to generate almost 200 million jobs, but on the other hand, we also observe that the employee in industrialised countries also wishes to be a privileged consumer who finds products more quickly, of better quality and less expensive, and this has a certain ambiguous character.

On the contrary, in developing countries, needs are considerable. We must also note that at one and the same time, regulations are adopted slowly and are gradually implemented. There is a growing awareness of child and female labour, trade union law and the prohibition of slavery, just to mention some rights, ardently promoted by the International Labour Organisation (ILO) and its President, Juan Somavia. As you are perhaps aware, law does not have much value unless there is a real and joint awareness on the part of all and this role of dissemination is capital.

Many organisations and institutions are responsible for the sum total of these dynamics; we will mention, in particular, the World Trade Organisation, the World Bank and the IMF in the economic field. There also exist many NGOs, such as Amnesty and Transparency International who work on an ethical level; pioneers defend the planet. Personalities use all their influence, strength and talents to solve problems and I will rapidly mention a material problem, namely water, and an ethical problem, namely corruption. Let us also quote the powerful tools of reflection composed of Church documents, such as the Compendium of the Church's Social Teaching and International Meetings, such as those of Davos and Porto Alegre and books, such as the one written by Philippe de Woot on the social responsibility of companies; let us also note the progress of fair trade and the strong development of ethical funds; let us also remember the awareness of health problems, for which WHO is responsible. All of this is the sign of progress and of an effort which cannot be ignored at the service of the social responsibility of companies and peoples in the globalisation process. It should also be noted that in all the associations of the different continents belonging to Uniapac, the social responsibility of the executive and the company are at the core of reflection. In each country, there exist articles and books and exchanges and we have lost count of the number of congresses and debates on this theme which is a challenge to each and every one of us.

After these few brief lines on macro-economy, let us look at the micro-economic situation of the head of a textile company.

## **2. The challenges facing the head of a textile company**

I am the President of a textile company, patiently purchased over a period of 25 years, which was remodelled in 1977 and which employs over a hundred persons. It employed 8 people in 1966 and has gone through three serious crises which have generated changes.

Our main activity in 1974 in clothing had to be diversified to furnishing; from the technique of weaving on rapier looms, we made the transition to water jet looms, then to knitting and air jet looms then to non-woven fabric. The only common point is the generation of power, electricity. The vehicle of propulsion is first of all a shuttle, a steel rod, an air jet, a water jet, needles and turbines.

The products designed for fashion have progressively become more technical and the national territory has become international. In practical terms, we supply today almost 400 000 m<sup>2</sup> of textiles per day; no product dating back to 1966 exists today. Our clients, our products, our technologies, our training and our fields of activity have changed. It was necessary to discover them one by one, master them, use them and start again three times during my career.

This economy of competition here, the market social economy there, has made it possible to give men and women in the company the full measure of their inventiveness, dynamism and creativity. It has also enabled a whole internal and external network to be trained, to live and to succeed. For myself and my teams, this has marked almost 40 years of enthusiasm and challenge, an appeal to transcend ourselves and of adventures.

During this period we have tried to combine economy and solidarity and personally, I have unceasingly trained myself and called myself into question, remaining vigilant by travelling to all the continents to carry out ongoing changes. The company has encouraged curiosity, mobility and initiatives of all kind in managing them with modesty and economy. It has been necessary to learn languages and become familiar with the new technologies, then, over the years, rejuvenate the company whose origins date back 70 years. And this has been done up until today without any major redundancies. We were obliged to succeed to ensure work for all and provide a certain security. This was our first challenge.

The second challenge was that of subsidiarity. This is a real lesson in responsibility which consists of taking the time to identify the talents of each and every one. Each man or woman was accompanied at the beginning, then had to progressively assume responsibility for him or herself in order to become autonomous and responsible with his or her own benchmarks. These three stages, it is said, generally take five years.

Ethical values and codes play an important role. The dimension of relationship is also vital. It means having learned the nature of one's own skills. It is the « I » dimension which enables each and every one to carry out a task with precision. Then comes the dimension of the discovery of the other, different and respectable and complementary, with whom I have to work. It is someone who launches an invitation for a bilateral relationship, then a small group with which interaction is experimented. The way of thinking and the acts of one are enriched and complemented by the other. Then comes the learning of complexity and of the « we »; the small groups of specialists are then confronted on a large scale by other, different, viewpoints. The dimension is a little more global. It means integrating extremely different parameters. This complex and multi-polar group will know how to say « we » and act together if it is able to define its joint project. All of this comprises the educational project based on the values of the company.

The third challenge is that of solidarity which takes the form of a specific assistance in difficult situations, such as problems concerning integration: family problems, alcoholism, social problems, the problems of children and psychological and sometimes human problems. I am thinking of an alcoholic who was able to get back on his feet once again even though he was a fork-lift truck operator and reputed to be dangerous. I am also thinking of a depressive employee, who was able to change his job

and keep his head high and another employee made redundant who was able to find a new future, as well as an employee caught stealing with two friends and who was able to mend his ways.

In my opinion, the company has been able to show its solidarity in many, different situations: taking on trainees, promoting ethical codes with our partners, including abroad, becoming integrated into the town and encouraging each and every one to participate in associative life, the trade union movement or political life.

Our fourth challenge is to manage future developments as efficiently as possible by developing skills, new types of know-how and new forms of work. Yet we are entering into a new period of textile crisis in our country. A new and younger management team has just been appointed. Will it be able to traverse this narrow passage intelligently? To do so, it will have to accept realities, forget certainties and force a way through at any cost. It is with humility and determination that the challenges confronting once again the head and his team, along with the President that I am, will be overcome. It will have to exercise management in a surrounding culture which is no longer always that of service and total commitment. It will have to decide to assume the economic strand and, as far as possible, the solidarity based strand. This will be an ethical choice which it will be able to define and develop with others, in the many, different places of training, such as the Church or UNIAPAC for example.

### **3. The challenge of UNIAPAC**

Movements of Christian business executives such as ACEGE are members of Uniapac, the International Christian Union of Business Executives. This association has two main objectives: a personal conversion which is essentially lived out in the national associations. and the action on structures and mentalities which is carried out at national and international level. The goal is to make thought, action and spirituality coherent and make it possible to do better than we say and say better what we do.

What is the situation as seen by UNIAPAC? It is that of an extreme diversity of sensibilities and viewpoints in the different associations and different countries on the economy and solidarity-based economy.

Allow me to illustrate this with the example of the CAP. The Common Agricultural Policy of Europe makes it possible, amongst other things, to protect agriculture and can be considered as a solidarity-orientated action of Europe with regard to an important activity of its member countries and a population which would be in difficulty without determined support. But the Argentinians, on their part, who went through a serious crisis round about the year 2002, which put almost 40% of the working population in a precarious position, feel that such a policy is a serious attack on international solidarity since it hinders one of their natural riches, the export of top-quality beef.

Where is the economy-based solidarity? Is it in the Europe which protects or in the Europe which opens up and shares? Such an example, which, it is true, is simplified, wishes to show the extent to which the viewpoint of a country very rapidly finds its limitations as soon as the field of dialogue is extended to other countries and continents.

Let us take, for example, the case of the decision, which should nevertheless be simple, of water conveyance to the large number of inhabitants of the high plateaux of Ethiopia. An NGO has undertaken this difficult task. It needed 6 months of preliminary discussions on-site before deciding that it was possible to undertake the first practical technical action, as it was necessary for the populations to determine and approve for themselves the route the pipelines would take, in respecting the historical locations of the villages. It was essential to take into account all of these expectations, listen attentively to the words of the chiefs, including the chiefs of clans, and be receptive to the sensibilities and customs and since the women would be responsible for the maintenance and the hygiene of the water mains, it was also necessary to resolutely show we depended upon them by obtaining their active participation.

In these conditions, how can we imagine inviting people to assume responsibilities in proposing, a priori, one Western model or another?

To come back to a case that is often quoted, we would like to recall here the constant appeal of the Church for this strong value of the incommensurable dignity of the person which invites us to focus

our attention on the other person with his or her qualities of dignity, subsidiarity and responsibility. This is based on the reciprocity of dialogue and by the painstaking understanding of the other, be he Indian, African or Chinese.

We should finally note that coherence is necessary between words and acts, resulting from this long dialogue. A Chinese proverb says: « *if a man does not respect his word in his actions he is worth no more than a yokeless troop of cattle, he is good for nothing* ». Yet Western civilisation is based on a culture of the word, whilst Chinese civilisation is based on a culture of the action, of the fact. What exemplarity do we have as far as corruption and transparency is concerned?

Again, in this framework, what credibility do those countries who do not respect their commitments to the millennium goals concerning subsidies to developing countries have? It is here that I would like to recall the teachings of our Conference with the Pontifical Council for Justice and Peace under the high authority of the Holy Father, John Paul II, in March 2004. One of the themes discussed was that of corruption.

Action to combat corruption was undertaken in 1990 by the CFPC, now the EDC, for a period of six years, then it was continued by Transparency International and Uniapac in the framework of the International Forum on the « Fight against corruption ». The Congresses and these meetings which took place in 2000 and 2001 in The Hague and in Prague, where UNIAPAC is active, showed the ambiguities but also the grave dangers of this increase in corruption. One Minister even declared in Prague: « *if justice is corrupt, can anything else be otherwise?* ».

Yet the Pontifical Council for Justice and Peace, through the voice of His Eminence Cardinal Martino, noted again in 2004 that he was impressed by the scope of this phenomenon and the force of testimonies.

To enter into the field of globalisation is to accept difference; it is to accept the unknown when we see new faces, it is to agree to share a new complexity, seen from the other's viewpoint; it is to put up with long periods of misunderstanding and ethical difficulties and to try and find solutions, through dialogue and innovation, so that mankind in general and each man is respected as he is, in his own dignity.

## **Conclusion**

Proposing a solidarity-based economy is to agree to undertake action in the existing legal framework and to promote solidarity-orientated dynamics.

In exchanges and negotiation with each and every one, it is absolutely necessary to find common values and common words and give them a meaning. We must find an area of agreement on simple words such as dignity, freedom, truth, justice, the universal destination of goods and the common good, with a true concern for reciprocal understanding, application and achievements, as well as an evaluation. It is through the loss and the gift of time and by local and international exemplarity that words such as « love » that are unknown in certain countries, and « the refusal of corruption » will finally lead to the emergence of solidarity and responsibility. This is what I see in my own commitments; this is what nurtures my hope. Man, even when he is faced with his own limitations, can work wonders and I have had the opportunity of witnessing increased dialogue and understanding and bursts of solidarity and disinterestedness, the signs of creation at work. If we want a globalised economy and a solidarity-based economy, we must set out on the path of obligations, determination and also humility, where the appeal of the Holy Father becomes vital: « *Do not be afraid of opening the doors to Christ* » which it is also our duty to translate as « *Do not be afraid of opening our doors to men and women, to the whole man and to all men and women* ».

## Debate after the Round Table

### Jean Bussac:

Is there not a certain ambiguity in the title of this Symposium: « What kind of an economy for man? A solidarity-based economy ». Is the world economy solidarity-based or not?

Another very important subject: a World Commission of the ILO carried out an outstanding study published in 2004 on the social dimension of globalisation.

As Christians, we must work for a world economic society.

### Jean-Michel Servet:

There are two different ways of answering the question on the international dimension of solidarity. One falls within the province of solidarity; the other, inspired by pity, of protection. The Common Agricultural Policy that has been mentioned is not a solidarity-based relationship. It is a case of protecting the interests of European farmers. This is carried out in the framework of transfers. A relationship of protection makes it possible to maintain a hold on power and a relationship of domination both inside Europe and in external relations. Basic solidarity does not lie in the transfer of matter or commodities, but essentially in the development of the capacities of others and ourselves in a relationship of recognised reciprocity. It is necessary to encourage the capacities to act and to be. It means promoting « being », not « having ».

National and international strategies for the eradication of poverty, particularly through the Millennium Goals promoted by the United Nations, would seem, in my opinion, to correspond to an approach in terms of « having ». It means guaranteeing a minimum funding and alongside this, the inequalities explode. Combating inequalities, discrimination and marginalisation is one of the conditions for a true decrease of poverty. Even if South Asia and Sub-Saharan Africa are the parts of the world which have the highest number of poor people, this must be compared to the considerable social discrimination that can be seen, particularly in India with the caste system and in Africa with the ethnic and geographical fractures.

Furthermore, poverty is largely subjective. As Jean Louis Graslin said in the 18th century, we do not need goods when we do not even know that they exist. If poverty is conceived in a purely material perspective, it is an endless fight. All forms of production call for the development of new needs. Poverty cannot be understood without an analysis of wealth. Taking this interdependence into account is an essential condition of solidarity.

### Olivier Girard:

We are living in a world where everything is measured by figures. The definition of sustainable development is extremely complex. It includes data in figures and social and environmental standards: the social = the cultural = the cross-fertilisation = solidarity. All this is not quantifiable.

The social development of sustainable development does not enter into this quantophrenia. We are in a situation of qualitative analysis and subjectivity.

### Etienne Wibaux:

In France, there is the separation of powers: executive, legislative and judiciary. Each of these three powers must carry out its specific work.

In economy, there is the law of supply and demand. The economic law must be framed by the juridical law. There is also, in the order of ethics, the fact of wishing to be solidarity-orientated and human.

We are in a society where the « I » prevails, a society of individualism where the individual has all the rights. We must make the transition to « you ». We must work together. The « I » must accept otherness. The challenge of globalisation is to make the transition to « we ». If we were to pose the question: « What do we want? », let us sit down together and define a common vision.

There is a superiority of « being » over « having ». Being a Christian means that I am teaching myself to understand the world as it is and to be able to act in order to humanise it. It is necessary to open the frontiers of our hearts to the other whom I love and who is different.

**Jean Bussac:**

And the priority choice of the poor?

**Monsignor Follo:**

We must not be exclusive. The true question is not what we are doing for others but to rediscover charity. Solidarity is a way of secularising the word charity. For Christians, charity falls within the category of voluntary aid.

Working is a way of living out one's dignity as a person. It should not be forgotten that the Social Doctrine was a philosophy. It was John Paul II who transformed it into a question of moral theology.

**Jean-Michel Servet (in reply to Etienne Wibaux):**

It is difficult to think that solidarity would simply come to compensate or frame the excesses of the economy. It is impossible to have a world of production where people would come, by moral conscience, to use constraint by fostering redistribution, as I do not believe that competition, any more than the economy, is a simple technical factor. Supply and demand are not natural mechanisms in the sense that if I throw an object in this room, it will fall. Markets are an institutional construction. For example, in international relations it is a political choice that means that it is the conditions of the country of production which prevail over the countries of destination of the product. An inverse rule could be envisaged at the WTO enabling the most industrialised countries to encourage the most generous social standards all over the world and not the destruction of the advantages of the workers belonging to the countries considered as the most industrialised. It is even a historical construction which means that there is unicity of prices, whatever the status of persons. There are different ways of building supply and demand as the work of Karl Polanyi has shown.

**Monsignor Follo:**

The experience of Saint Benedict.

**Fernand Vincent:**

I belong to the school of Perroux and Lebreton who have worked to find a 3<sup>rd</sup> way. I lived in Africa for 20 years. 20-30 years ago, there was much more imagination than now in this field of solidarity-based economy.

I appreciate the optimism of Etienne Wibaux. While being optimistic, it is necessary to look at the world. There are very serious imbalances. What are the causes of this world imbalance? There are the problems of the ownership of the tools of production: the land, water, etc. See the situation of the landless in Brazil.

2<sup>nd</sup> question: There is also a problem of the distribution of income; wages, for example, between the worker, the executive and the bosses. The severance pay of the bosses of large firms has reached unacceptable levels.

Priority has been given to the remuneration of the capital (of the shareholders) over that of wages. The Chairman and Managing Director who is unable to remunerate the capital at 12-15% is sacked. In short, things have gone too far.

Furthermore, power is concentrated in the hands of the directors and administrators. The other partners of the company do not have the right to make their voices heard.

This system is unjust and it is necessary to modify the rules of ownership and distribution.

**Etienne Wibaux:**

We share this observation: the present situation concerning access to water is unacceptable. There should be easy access for all, everywhere in the world. There is also the problem of corruption. We are men and women and we are faced with evil.

Prayer enables us to stand before the Lord and seek the best attitude. It is possible to act. This is our hope.

**Olivier Girard:**

The problem of inequalities. I will not go into detail about Brazil which is a society resulting from cross-breeding, but not as much as people say.

The cooperative is one solution that has been found. It is not possible for us to be competitive with regard to the sugar industry of the South of Brazil. The advantage of this cooperative is that it produces sugar of an excellent quality. Through what network could it be sold? It must be borne in mind that 73% of the sugar produced in the world serves as an ingredient for the agro-business industry.

Our only solution is fair trade, but we do not have the possibility of being accredited with the label « fair trade ». We must therefore call on political aid in order to create a commercial network.

**Anna Cirocco (to Etienne Wibaux):**

You have said that there has been the creation of 200 million jobs in the world but a large number of people work in the informal economy.

**Etienne Wibaux:**

Yes, there are a large number of jobs in the informal sector. The informal sector is part of the economy. The world must not be judged according to our capitalistic way of looking at things.

In Latin America, the small farmers leave rural areas for the town. First of all, they sleep outside. Then they build a cabin that has a roof. After that, they look for odd jobs. They put money aside every day. It is only later that they show concern about the dignity of their work, their family and the dignity of women.

As President of UNIAPAC, I am not afraid of reality. We must act at all levels.

Every new system is a utopia. I am not against utopias but I am realistic and I am starting work straight away so that things will change.

# Testimonies

## Testimony of the MRJC (French Movement of MIJARC) Aline FAY

1 – What kind of a project for solidarity-based economy?

Socio-economic integration in rural areas that have become depopulated. In what way is a solidarity-based economy in an associative or cooperative form able to provide solutions for territories or persons in difficulty?

2 – In what framework is this situated?

Project carried out since 2002 in the Limousin Region in a depopulated rural area.

3 – Whose idea was it and who implemented it?

The idea germinated inside a collective of rural associative network leaders of which the MRJC is a member and with the support of the EQUAL programme of the European Social Fund.

It is a DORA (Dynamics of Rural Areas) mechanism which proposes testing projects to combat discrimination and foster socio-economic integration.

The MRJC proposed providing an experimentation site in the Limousin Region and the project was set up in a local associative network entitled «réseaux d'acteurs de la montagne limousine» (Network of practitioners for Limousin mountain areas).

4 –How did the project take practical form?

The associations mobilised reflected on how to welcome new populations and their socio-economic integration in the Region. This made it possible to set up resource sites and provide information on housing, professional premises and aid for the creation of activities, etc.

Meetings were also organised between new arrivals, the residents and networks of practitioners to pool know-how and means, exchange information, foster mutual aid and create social links.

Finally, a test site was chosen, the objective of which was to aid people with a project on the creation of activities and enable them to test their activities, bearing in mind that that these people are future entrepreneurs, young people seeking their path in life and associations.

This site is being perpetuated by opting for the status of a cooperative in the field of employment and activities.

This project was financed by European funds for two years. A position of coordinator has thus been created and the local authorities intend to perpetuate the project.

5 –Results obtained

**In 2003 / 2004, 78 projects were receive and / or aided by the Network of Practitioners, representing 195 persons.**

**MRJC:** 8 projects (all collective: 79 persons)

**Solidarité Millevaches:** 18 projects (25 persons)

**Champs Libres / Contrechamps:** 17 projects (22 persons)

**Plateaux Limousins:** 10 projects (18 persons)

**VASI Jeunes:** 7 projects (12 persons)

**Ambiance Bois:** 2 projects (3 persons)

**Network (coordination):** 16 project (36 persons)

➤ Amongst these project, 16 were simply received without there being any follow-up

### **after the first meeting:**

This would seem to indicate that the people concerned:

- only needed a simple piece of information that they obtained
- moved to another region
- were directed by the Network towards another structure which assumed responsibility for the follow-up of their project
- abandoned their project
- were not satisfied with their 1st contact with the Network or with the aid proposed.

### **➤ The other 62 projects are aided by the Network of practitioners (to date, 10 have been implemented):**

From amongst these projects:

- 39% are individual (64% of which are presented by single persons; only 36 % of these project applicants have a spouse who is working on another activity or unemployed),
- 37% are projects presented by couples,
- 19% are collective projects,
- 4% concern groups of individuals with personal or other projects who are in contact with companies within the framework of training programmes (training bodies: Steiner schools, Réseau REPAS, CIPPA in Limoges...)

#### **▪ Fields of activity**

39% are agricultural projects,

19% are artistic or cultural projects,

13% are projects concerning craftwork,

8% are projects for setting up businesses,

11% concern project leadership (local development, environment or natural heritage),

1.5% are projects of a social nature,

the 8.5% remaining are projects concerning residence or integration in the region without any professional projects,

1/3 of the projects have several dimensions (pluri-activity).

#### **▪ Age of the persons**

40% are aged between 18 and 30 (bearing in mind that amongst them, 60% are aged between 28 and 30),

30% are aged between 30 and 45,

15% are over 45 years of age,

15% are under 18 years of age (followed by the MRJC).

6 – What does the project confirm and/or modify in our projects concerning solidarity-based economy?

- It is necessary to depend on the resources of territories: human resources, raw material, infrastructures etc... and develop them by networking.
- Taking into account the projects of life in their entirety, to ensure the success of an economic project. A solidarity-based economy precisely makes it possible to undertake a project that has values.
- Not every project is solidarity-based. This requires bringing into play the values that underlie it and this should be considered from the very beginning.
- The importance of being able to test an activity and test oneself in the implementation of a project, whatever it may be. This is important in order to give a real chance to each and every one.
- The national research group is seeking to collect more information in terms of public policy or associative proposals on aid for persons who present projects, the territorial measures that make things easier and on mutual aid through experiences.

## Testimony of the Focolare Movement – New Humanity

Chantal Grevin

The « Economy of Communion » (EOC) which has developed since 1991 in the Focolare Movement (known at the United Nations by the name of the NGO « New Humanity »), is an experience that, even if it is modest in size, has a world dimension since 750 companies present on all 5 continents are its main practitioners. Its aim, explicit since the beginning, is to contribute to eradicating poverty and to training mentalities in a culture of giving.

For the moment, the experience of the EOC is carried out in the Focolare Movement which is, in a way, **a micro-society** (5 million persons) **spread over all the continents**. Beginning by sharing in and around this population already represents an important task since, to date, the elementary needs of all are still not fully guaranteed.

However, being able to testify that by living out the love shown in the Gospel, the crucial problems of our society, such as that of poverty, can be solved is the ultimate aim of the Economy of Communion.

The originality of this experience lies in the fact that **heads of companies** introduce the **dimension of giving**, not only in their personal lives, but also in the **goals of their company**. This is something that is really new, given that the company, whose traditional function was to provide goods or services, is above all dominated today by the obligation to remunerate its shareholders as much as possible. A goal of sharing is really something new for the company and has major repercussions.

What is the principle of the EOC?

By the free choice of those who hold the capital, the profits are divided up into three parts, in order:

1. to aid the most underprivileged to emerge from their poverty;
2. to disseminate a culture based on the values of giving, integrity and the respect of each and every one;
3. and, of course, to ensure the provision of the investments that are necessary for the future of the company.

Here is an example:

*Ercilia Fiorelli was at the beginning of a brilliant career in Brazil when the EOC project was created in 1991. In order to put her professional capacities at the service of the poorest of the poor, as there are so many of these in the favelas in her country, she left her position as business executive and set up a company to produce detergents and household products. She started out with a chemist, her only employee, and with a very limited capital in a market in the hands of the large multinational companies. She took great risks and put all her energy into this project.*

*Today, this firm manufactures household products by millions of litres per month and has created jobs. Thanks to its profits, it can contribute large sums for the aims proposed: to aid the poorest of the poor and support training structures to bring about the spirit of communion.*

She explains: « The secret of such a rapid development was the fidelity to the inspiration of the EOC and trust in God's help, which was shown, for example, when a large technical centre analysed our products and found them outstandingly good. This gave us access to a large number of markets ».

It is because the head of the company wishes to respond to an appeal which commits his or her whole being and considers each man and woman as a brother or sister that he or she chooses to **give part of his or her profits**. This gift, which is free and disinterested, marks an acceptance of the EOC, even if this latter is not limited to this donation.

The donations made by the companies in the framework of the EOC are collected by an NGO of the Focolare Movement and are geared to 2 objectives:

- **aid** to people who do not have sufficient resources,
- and the development of structures making it possible to **train** 'New Men' (according to the terms of Saint Paul) who live out a culture of giving since we cannot claim to bring about an economy-based solidarity unless we change our own mentalities which are influenced by the individualism around us.

Over and above this giving the head of the company will fully live out the EOC if he is **determined to direct**, as far as possible, **the principles of management of the company in line** with his personal choice of sharing and universal fraternity. He will, for example, try and include strong benchmarks in his plan for the company concerning the respect of each and every one, employee, client, supplier, etc. without which it would be inconsistent to aid the poor in distant countries and ignore the needs of his most direct partners.

Welcoming God into one's life in the company and the business world is a true conversion which is not carried out once and for all but which must be repeated every day.

It is a true « art of loving » inspired by the Gospel which, in the life of the company, is carried out with the clients, suppliers and rivals. The same is valid for the respect of legality which, in certain contexts, is a true challenge.

Living out the culture of giving also leads each and every one, depending on the circumstances, the local context and his or her own creativity, to develop initiatives which are always directed towards those who are the most in need.

This is what motivates heads of companies to go further than sharing their profits and changing their practices in their companies, with very significant projects. I will give two examples here.

### ***In the Philippines:***

*The Directors of a rural bank inspired by their choice of the EOC proposed a vision and a strategy to the shareholders and the Chairman of the Board of Administration, aimed at meeting the needs of small farmers, craftsmen and tradespeople of their region. This courageous choice, since it was aimed at serving clients who did not have all the necessary guarantees, was accepted and supported by the shareholders, then by the staff, and has in no way prevented the bank from undergoing a strong development, since over the past few years, it has risen from being the 123rd to the 3rd rural bank in the country. Since 1998, they have developed an important activity of micro-loans for the poorest by teaching the local population the importance of saving.*

### ***In France:***

*François Neveuxat, at the head of an industrial company, is a believer in the EOC and therefore chooses to give part of the profits to his firm. Furthermore, he has decided to offer, free of charge, his patents and his technology to a number of Brazilians, to enable them to create a company in that country. This choice has led him to also provide capital which he gives and to spend a great deal of time on this file by dealing with the problems of officialdom and corruption. To get production in Brazil under way, he must spend an entire month there then return regularly leaving his own firm with over a hundred employees in France. But the trust that has been instituted with these Brazilians and their determination to make an effective contribution for the people of this country encourages him to persevere. Today, this Brazilian company manufactures extremely economic sanitation systems, highly appreciated in that country. It has conquered a significant part of the market and now generates profits that are shared.*

This culture of giving is not only lived out by the companies but also by those who **receive aid**. These are people from all countries who form part of or who are close to the Focolare Movement. Consequently, by sharing this style of life which leads to loving, giving and forgiving, these people, who are in a difficult situation, receive this aid from God's hands, which leaves them their dignity and their responsibility. They often express their feeling of belonging to a worldwide family and also seek all the means possible to aid others in their turn. « They only had one heart and one soul. They shared everything and no one was in need ».

Another part of what the companies give is aimed at disseminating this style of life, transforming mentalities from a culture of « having » to a **culture of giving**. To make this way of life visible, the Focolare Movement has created **pilot towns** aimed at testifying to and disseminating a spirit of communion which is at the basis of universal fraternity. There are 33 such towns in the world. One of these, still in the phase of a start-up is **in France**, 35 km. south of Paris. In addition to a meeting and training centre and housing, it will comprise an industrial estate to show how the action of the companies that follow an economy of communion is put into practice.

Many studies have been carried out on the « Economy of Communion », particularly by young people, since to date, 139 dissertations or theses have been presented in all continents.

In conclusion, I would first of all like to quote Chiara Lubich, founder of the Focolare Movement, when she recently spoke to heads of companies involved in the EOC. This is what she said to them:

« The EOC has been able to develop because it was created in the context of a particular culture, the culture of love, which demands communion and unity, announces a new world and constitutes a new culture, a bearer of values which are the most dear to our hearts ».

And to end, I would like to give the floor to **Vera Araujo**, a Brazilian sociologist:

*“The culture of « having » is characteristic of the modern mentality or of modern society and its complexity: wasteful, sensual and sad at one and the same time and, above all, disappointed, unable to create deep relationships and to maintain lasting relationships; a society that has withdrawn into its solitude This society and this culture are the product of man who is individualistic and consumerist.*

*The culture of giving is presented as an alternative. It no longer proposes living a life that is self-centred but one which is centred on the other. He who lives in this way carries within himself and shows, through all his actions, a fundamental propensity to give generously so that all his life is based only on constant giving and self-sacrifice.*

*...It is not impossible to achieve this aim as it is based on an observation: the absolute need for an in-depth change is urgent in the economy. The economy, in fact, is an important dimension where the human person expresses himself. The quest for a society which constantly develops a greater sense of citizenship, participation and harmony – in a nutshell: a society that is able to create the conditions for the happiness and the well-being of persons, communities and peoples – means transcending this egoistic and conflictual economy, which is made up of ruthless competition, without any rules and which is aggressive and alienating... Many voices are being raised to call for more solidarity, more integration and interaction, more dialogue and more receptiveness to the different viewpoints. And this proves the extent to which the Economy of Communion is topical.”*

Personally, I would add: and also the work of this Symposium today!

I thank you for your attention.

# **Society in a communications network**

## **Contribution of SIGNIS**

Presentation by Daniel Van Espen

Director of Institutional Relations

### **Carrying out a diagnosis**

The world has truly changed and we clearly feel today that nothing will ever be the same again. Under the pressure of the globalisation of the economy and the opening-up of frontiers, the very foundations of our societies are vacillating: hierarchies, institutions, ideas and representation of the future; we have lost our landmarks and our interpretation grids have taken a hammering.

What has happened? Is it possible to find a meaning for what would appear to be chaos today?

Under the effects of a considerable technological revolution (the invention of the microprocessor and the spread of micro-data processing), the whole edifice of industrial society has been damaged: the economy of course, but also working conditions, the relationship with time, history, oneself and the other. And it is an entirely new society which is taking shape under our eyes, the information society and the networking society.

The vertical aspect of hierarchies is being replaced by the horizontal nature of communication; the authority of the powers-that-be by the legitimacy conferred by initiative and success; industrial uniformity by the diversification of working relations and the universe of States by the flow of commodities and signs of triumphant capitalism. For better? For worse?

For worse, as long as we are subjected to this without understanding and without seizing the opportunity that this revolution is offering us from the viewpoint of the emancipation of men and women; for better, perhaps tomorrow, if we refuse to give way to these new powers and succeed in placing them at the service of all.

### **A solidarity-based economy and Internet**

After Internet, nothing will ever be the same again. The economy, society, politics and culture itself have been turned upside down, without our always being clearly aware of the nature of these transformations, depriving us of the possibility to guide them.

The principle of production in networks now affects the whole of the economic sector and it is Internet that fuels it: adaptability, interactivity, flexibility. And even if the NASDAQ is undergoing and will continue to undergo a great deal of turbulence, there is no doubt that the transformation is both profound and lasting. Financial markets, production reports, communication in and outside the company, nothing eludes the redefinition that we are obliged to observe. There are delicate questions that cannot be avoided; let us suppose, for example, that the instability of the Stock Exchange was to herald the end of the new economy? And suppose that all of this could be summed up as the forming then the bursting of a speculative bubble?

This is why it is our task to look at the case of international society, in order to assess the plausibility of a new kind of sociability on-line. Does Internet, from this point of view, work for the impoverishment of increasingly isolated human persons or does it, on the contrary, foster the institution of the ideal community of internauts.

This assessment is founded on a meticulous collection of data available for the first phase of the World Summit on the Information Society. This important world meeting took place under the auspices of the United Nations, thanks to the support of the International Telecommunications Union, in Geneva, in December 2003.

Given the interaction between the partners represented by States, the business world and the civil society of NGOs, it would seem significant to deal with certain conclusions of this for the future action plan.

In this regard, it is timely to study the new and practical forms of the citizen-based organisation and participation then examine the threats that the network as such could have on the freedom and private lives of individual persons.

Economy, society and politics: inequality and social exclusion haunt these three fields and it is on the basis of the contours of the dynamics of the digital divide and cultural diversity that we should note that:

This divide is not fatal, it is neither caused nor corrected by Internet and it is up to us to see that the dissemination of learning, information technologies, the establishment of regulation authorities and democratic institutions should correct the inequalities generated by a market left to its own devices.

It also depends on us, as practitioners from the international Catholic associative world, to prepare the second phase of the World Summit on the Information Society which is rapidly approaching. The next world meeting is scheduled to take place from 16 to 18 November 2005.

### **The challenges of the world information society**

The Internet galaxy is a new environment of communication. Since communicating is the very essence of human activity, Internet permeates all the fields of social life and transforms them. This gives rise to a new configuration, a society of networks which are extremely diverse and with greatly different effects on the lives of populations depending on their history, their culture and their institutions. Just like former structural changes, this upheaval brings with it just as many new possibilities as problems. Its solution is unspecified: it will depend on a contradictory dynamics, the eternal combat between the ever-renewed efforts to dominate and exploit and the defence of the right to live and to seek a meaning to one's life.

Internet is a technology of freedom, but it can free the strong by enabling them to oppress those who are not informed and foster the exclusion of devalued persons by the champions of values. At this level of generality, international society has not greatly changed.

Having said this, our life is not determined by unchanging general truths but by the practical conditions in which we live, work, prosper, suffer and dream.

To be the architects of our lives, both individually and collectively, master the marvels of technology that we have created, give a meaning to our lives, improve society and respect nature, we must place our action in the context of the dialectics of a solidarity-based economy specific to the day and age in which we are living: the society of information networks, built around communication by Internet, in particular.

At the dawn of this information era, we can see that an extraordinary feeling of unease, with regard to the dynamics of change to which technology gives rise, is developing all over the world and is in danger of bringing about a considerable clash in return. If we do not find a response to this, a feeling of exasperation could annihilate the promises contained in this new form of economy and society which results from technical ingenuity and cultural creativity.

This unease is sometimes expressed collectively; this is the case of the protest against « globalisation », a coded expression which describes the new technological, economic and social order. This questioning, admittedly, particularly expresses the viewpoint of an active minority and its components include pressure groups which have an extremely narrow-minded view of the state of the world – those who recommend, for example, the institution of protectionism in rich countries to keep their privileges in the face of the competition of the developing world. Even if we put aside the excesses of its violent fringes, it must be admitted that many of the problems raised by the anti-

globalisation movement are relevant. Furthermore, public opinion has also reiterated these, as confirmed by the growing attention that they are being given within governments and international institutions.

For, over and above radical protests, many citizens fear what this new society, of which Internet is a symbol, will bring them in terms of employment, education, social protection and lifestyle. And their criticisms often have a sound basis: the degradation of the environment, the insecurity of employment, the increase of poverty and inequality – in many regions of the world and not only in developing countries.

Our contemporaries are afraid of change. This is, however, a historic constant of human experience. If this resistance and dissatisfaction with regard to the world of networks dynamised by Internet exists, it is that several challenges have not been taken up.

The first is that of freedom.

The second is that of exclusion.

The third major challenge is education.

The emergence of the networking company and the individualisation of employment structures launch another major challenge – which this time concerns the system of relations between employers and employees set up in industrial society. And since the Welfare State is based on a system and on the stability of employment, this is also subjected to strong tensions. The mechanisms of collective protection on which depend social peace, working relations and personal security, must be redefined in the new socio-economic context. There is nothing impossible in this. We must not forget that the societies in which the Welfare State is the most developed in the world, the Scandinavian democracies, are also the most advanced net-economies in Europe. But, even in these societies, tensions are becoming stronger between the logic of individual competition and that of social solidarity: we must therefore find compromises and negotiate, perhaps in conflict, new forms of social contracts. Inversely, the excesses of a purely liberal order founded on the « individual contract », of which California is the perfect example, will perhaps give rise to an aspiration to institutionalised forms of personal security when the harsh realities of history have dissipated the dream of an uninterrupted or endless economic prosperity.

The new solidarity-based economy greatly needs new and flexible procedures of institutional regulation. The « free market » in a pure state does not exist. Markets depend on institutions, laws and courts, vigilance, « a good rule of thumb » and finally, the authority of the democratic State.

The arrival of world computer networks as a form of organisation of capital, production trade and management, deprives, to a large extent, national States and existing international institutions of their capacity to regulate – and first of all to bring in the taxes of companies and control monetary policy: this is becoming increasingly difficult for them. The volatile nature of globalised financial markets and the immense disparities in the use of human resources require new forms of regulation, adapted to current technologies and to the new more solidarity-based market economy. This will not be easy. And when it will become a case of implementing an efficient and dynamic regulation of the Stock Markets, things will frankly become delicate.

The fundamental challenge consists of filling the gap that exists of practitioners and institutions with the means and the determination to take up these challenges. We have some part of responsibility in conjunction with States which remain the main regulators. For some time now, the business world is showing that it is more aware of its social responsibilities than is often thought. However, companies are the main creators of our wealth and not the bodies responsible for solving our problems and the majority of people would not place their trust in a world which these would dominate.

The NGOs? They are the most innovative, dynamic and representative forms of social life. Some are more « neo-governmental » than « non-governmental », as, in many cases, they are either directly or indirectly subsidised by governments. In the final analysis, they are the expression of a

type of political decentralisation more than a new form of democracy. However, they embody legitimate interests, without, however, substituting themselves for the expression of the public good or regulating or guiding society in networks on behalf of us all. On the other hand, their institutionalised action offers them perspectives of constructive and participatory partnership.

## **Conclusion**

This outstanding change is mainly of advantage to the most advanced countries, which are already beneficiaries of previous industrial revolutions and aggravates what is called the « digital divide » between those who are well provided in the field of information technologies and unfortunately, the many more who are deprived of these.

Two figures sum up the injustice: 19% of the world population represents 91% of Internet users. The digital gap is increasing and intensifying the traditional gap between North and South as well as inequalities between rich and poor. Black Africa represents scarcely 1% of Internet users.

Putting an end to the « digital divide » between now and the year 2015 by connecting schools, libraries, hospitals, and public, local and national public administrations to Internet, this is the objective announced. « Connectivity » is becoming a major guideline; e-education, e-health, e-government, its promotional showcase. Overstating the digital divide hides the many sources of social division, beginning with the one that is at the origin of inequalities in the field of schooling.

What kind of « knowledge societies »? If we do not wish to renew the « technicistic » myths conveyed by the information society, we must one day decide to question the structural changes under way in the conditions of the production and circulation of knowledge all over the world. The overall situation of knowledge is a challenge for civil society at large.

All these questions will be up again for discussion during the second part of the Summit in Tunis, in November 2005.

Daniel Van Espen

# Workshops

The objectives are:

- to draw the conclusions that it would be interesting to retain from the papers of the Round Table and the debate which followed and of the experiences contributed by the ICOs;
- to enable each participant to express his or her opinions on the practices, the motivations and the experience accumulated by his or her ICO concerning solidarity-based economy;
- depending on this, to note the modifications and amendments to be made to the Draft Manifesto;
- to note the elements which could form part of the action plan to be drafted on Friday.

For an efficient organisation of the follow-up to the Symposium's work, each Workshop should choose, at the beginning of its meeting

**A rapporteur for all that concerns the rewriting of the Draft Manifesto**

**A rapporteur for all that concerns the elements of the action plan.**

Both will give a photocopy of their notes to the preparation team at 18h.

They will participate in the corresponding Working Group at the end of Friday morning.

## Resumption of the Workshops

### 1st Workshop:

We propose two versions of the Manifesto: one for the media and one for the work of the Conference of ICOs, in respecting all sensibilities, for there are divergences of opinion between the world of employers and the world of workers.

It would be necessary to include extracts from the Report of the ILO on the Social Dimension of Globalisation. In the agricultural field, it would be necessary to take into account support for food security, farmers and the situation in Eastern Europe and elsewhere.

Elements of the action plan to make the transition to a higher level:

- How it is possible to ensure economic and financial viability;
- To define our lobbying activities, we must quote other passages of the Church's Social Doctrine. These should be placed in the first part of the document.
- The document of the COMECE is highly relevant.
- The CICO must have a visibility and maintain public relations.
- The reform of the Bretton Woods system is indispensable. It is necessary to include this objective in the action plan.

### 2<sup>nd</sup> Workshop:

We said that there was no solidarity-based economy but solidarity in economy. This goes hand-in-hand with the fact of giving priority to « being » rather than « having » or of placing man at the centre of the economy. It is by sharing experiences that we can show more solidarity. It is necessary to structure the approach to these experiences, lived out by the grass roots, at national and international level.

The viewpoint of the poor must not be forgotten. They represent a human force offering great wealth. To deprive ourselves of this is to impoverish ourselves.

How can the ICOs be innovative practitioners of Social Doctrine? We must state our specificity in the texts that we are going to write.

Action can only be planned on a long-term basis.

### **3rd Workshop:**

We have carried out global reflection:

- For whom is this document intended?
- What do we wish to do with it?
- What fields of competence?

We have the impression that this Draft Manifesto timidly ratifies the idea of a liberal market. We would like a more vindictive and virulent opposition to liberalism.

Should we speak of Manifesto? Is this the right term? It would be better to say: guidelines for reflection; position of the ICOs; reflection in movements.

We must pay attention to the vocabulary and ensure that it is accessible to all. The text should be well structured and more technical: objectives, means and goals.

We must write a strong text which is a bearer of hope and positive in its tone.

### **Discussion:**

What do we expect of a text? We expect it to be clear and show to whom we are speaking and why.

Is it necessary to have both an Action Plan and a Manifesto? No. We only need a single text that contains everything. There is an Action Plan to be carried out on the initiative of certain ICOs. We are beginning a task that will be extended. It would be necessary to open up this group to others.

It will be extremely difficult to have an economic analysis that is common to all the ICOs. It would be better to offer various viewpoints. Inversely, joint actions could be established on a certain number of subjects, such as governance, tax havens, etc.

The internal debate is only of interest to us. The Action Plan is of interest to the outside world.

It is important to show what we have in common: Our Faith that we live every day, the Gospel, Social Doctrine. It would be necessary to lay emphasis on the prophetic dimension and on questioning. Our strength lies there in the difference between generations, social position, the places where our ICOs are present, etc.

It is important to have several viewpoints, to be challenged by others and to be able to challenge others.

# A solidarity-based economy

## An approach through the Church's Social Teaching

Edouard Herr, s.j.

See extracts from Encyclical Letters in annex 3

### Introduction

Did you know that before 1987 (Encyclical *Sollicitudo Rei Socialis*, SRS) the word solidarity was rarely found in the texts of the Church's Social Teaching? It rather has its origins in the French non-Catholic sphere and was not currently used in the Church's Social Teaching even if its meaning is as old as the first *Encyclical Rerum Novarum* (1891). (RN)

(Admittedly, it is sometimes to be found in the documents of the Magisterium, for example, we find the term « développement solidaire » in the French version of *Populorum Progressio* (PP) (1967), although in the English version this is translated as the development of all mankind or the common development of mankind, or other slight variants. And its meaning is attested elsewhere: friendship (RN), social charity (Quadragesimo Anno), the civilisation of love (Paul VI): terms recalled by *Centesimus Annus* (CA) to identify them with the concept of solidarity).

But it is in the document *Sollicitudo Rei Socialis*, written to mark the 20<sup>th</sup> anniversary of *Populorum Progressio* (1967) that the concept is used in a repeated, intentional and somewhat detailed way. This Encyclical also deals with development.

Here is a quotation from Father Calvet in « Etudes » (Studies) (2005): « *It is in SRS that the vocabulary of solidarity is introduced* ».

It is necessary to carry out a more subtle research to explain the appearance at that particular moment of the word. Some people claim that it was because the Polish Pope wished to make a connection with the Solidarnosc Trade Union of illustrious memory. This is plausible but not proved. Somewhat objectively: in the context of globalisation and development, people were looking for a word that was available and significant and that was able to renew traditional vocabulary.

### An attempt to specify the meaning of the concept of solidarity in the Church's Social Teaching.

Let us therefore look at N° 38, 39 and 40 of SRS and allow me to quote at length N° 38: « It is above all a question of interdependence, sensed as a system determining relationships in the contemporary world, in its economic, cultural, political and religious elements, and accepted as a moral category. When interdependence becomes recognised in this way, the correlative response as a moral and social attitude, as a « virtue », is solidarity. This then is not a feeling of vague compassion or shallow distress at the misfortunes of so many people, both near and far. On the contrary, it is a firm and persevering determination to commit oneself to the common good; (...) This determination is based on the solid conviction that what is hindering full development is that desire for profit and that thirst for power already mentioned. These attitudes and « structures of sin », are only conquered - presupposing the help of divine grace - by a diametrically opposed attitude. » (38)

This text is significant and makes it possible to clarify the concept. It is linked to interdependence which is close to another major concept of the Church's Social Teaching: socialisation: specialisation in production, systemic network on an international scale, world trade and global finances, covering the cost of many needs by a collective system: education, health, social security, etc. Today, it would also be necessary to include intercultural and political interactions. This notion is evident in our context of globalisation, but precisely, we do not want to accept the state of things that often reflects power struggles; what we want is a fair collaboration. It is here that solidarity intervenes, as a virtue it is said, that is aimed at the common good. Yet the vocabulary of the Church's Social Teaching denotes in practically the same way the virtue of social justice which is also well known. The word justice, for its part, opens up the field of a possible intervention on the part of the public force, the State: solidarity therefore is not simply understood as a purely personal and disinterested attitude, even if it is also that.

But this is not everything, for one of the characteristics of the Church's Social Teaching is to introduce for the very first time the concept of structures of sin, taken as the « sum total of the negative factors working against a true awareness of the universal common good » (36): all in all, a social anti justice. It then becomes evident that solidarity also concerns the field of structures and we can speak of « structures of solidarity » as the opposite of structures of sin (this expression can be found in the new Compendium of the Social Doctrine of the Church, English version). The text explains itself: the structures of sin are caused by the exclusive desire for profit (in the economic sphere) and the thirst for power (in the political field).

What is remarkable is the continuation of our text (39 and 40). The Encyclical goes on to show the field of application of solidarity, which is immense. On the one hand, it includes the priority choice to help the poor, whilst, on the other hand, we can discover a very strong spiritual dimension: it is a Christian virtue with the dimensions of disinterestedness, forgiveness and reconciliation. On the one hand, it is a question of relationships between persons and, on the other we target national and international relationships with their institutions and their mechanisms which need to be corrected.

Antoine Sondag suggests with subtlety the following hypothesis: **the word solidarity is a way of renaming charity and love in our age of secularisation.** It is true that the word charity was somewhat trite and that our contemporaries no longer perceived its many multi-dimensional meanings.

I feel that this hypothesis is extremely suggestive and we can now consider that solidarity enables the Pope to reformulate the Church's Social Teaching in its globality by including more up-to-date concepts and his emphases in his latest Encyclicals, particularly the dialectic between the right to private ownership and the universal destination of goods.

Evidently, such an understanding of things also suffers from the shadow projected by the wealth of its content. Thus, even if the virtue of solidarity also includes both charity and social justice, we can foresee the difficulty of defining what comes under the former and what is the province of the latter. It is not merely a discussion on semantics, but a true problem of action for, in the case of social justice, the intervention of the State with its force of constraint is presupposed, whilst this is not the case for charity in the strict sense of the term.

It is necessary, in any case, to note that in SRS, the concept of solidarity enters into the structures of sin and consequently also of « structures of solidarity ». It is worthy of note that the Church's Social Teaching is increasingly directed towards the requirement for structures that are consistent with social justice at world level, in both the economic and political fields (the construction of a world community with a view to peace. The concept of direct and indirect employer should also be observed in *Laborem Exercens* (LE).

Let us note, in conclusion, that solidarity is not only a virtue in the Church's Social Teaching, but that it is also presented as one of its fundamental principles: dignity of the person, subsidiarity and solidarity are in a way the pillars of this teaching.

## **Practical implications**

The concept of solidarity is sufficiently « generous » but what kind of impact does it have on the economy?

### **A. From the viewpoint of a solidarity-based economy in a restricted sense**

A first point that is extremely specific, but in no way exclusive, is the predilection for the place given to the associative sector, which is also called the « third sector » (CA) or again non-commercial sector, in the economy. Once again, this predilection, which is also traditionally associated with the « intermediary bodies », and which is situated, on the one hand, in relation to the public sector in the hands of the State and, on the other hand, in relation to the private sector, the market economy or capitalist economy, is not the sole field of application of a solidarity-based economy. This aggregate has the advantage of giving rise to initiative and creativity and, at the same time, of responding to needs which do not always have sufficient purchasing power. Christians are very active in this field. Economy of communion, initiative of micro-loans, so many NGOs are working to revive social life and strengthen

the social link. There are also initiatives such as fair trade, ethical investment and the label « made in dignity ». (All in all, we are reasonably close to civil society).

### **B. From the viewpoint of a global economy as it functions today**

We would like to point out here that solidarity-based economy is not outside the market economy. What points should be identified here?

Concerning the status of companies, the principle of a solidarity-based economy fully corresponds to the place of the company in the economy (for example in CA), but it does not accept, as the only definition of the company, its legal status as a joint-stock company. It is also necessary to include the aspect of community of workers treated according to their dignity. For the company we could then add that a solidarity-based economy would be rather for the stakeholders than for the shareholders only. In the line of Corporate Social Responsibility (CSR), a solidarity-based economy would clearly see that three criteria enter into play for every major decision in the company: on the one hand, the economic criterion, but also, on the other hand, the social criterion, and the criterion concerning the environment. (We could refer here to the fine book: « Notre foi dans ce siècle » (Our faith in this century), by Boissonnat, Camdessus and Albert).

Where the solidarity-based economy of John Paul II is the most innovative, it is in the demand for social justice at the level of world governance. Admittedly, the structures of sin are present everywhere, but SRS nevertheless lays a great deal of emphasis on the international bodies such as the WTO, the IMF (in return for a pure financierisation), the World Bank (for a real and effective commitment to the poor) and doubtless also in the field of peace-building, on the United Nations itself. For this last point, the seriousness of the commitment can be seen during the discussions on the second war in Iraq.

Having said this, the Church's Social Teaching also counts on the responsibility of consumers, families in particular. They have considerable power and they also have a responsibility in a solidarity-based economy. Furthermore, the presence of Christians in civil society and in the projects of ethical consumption and saving is extremely strong.

### **Conclusion**

In short, it is true that the concept of solidarity is recent but it comes just at the right moment for reformulating the Church's Social Teaching in the world today, particularly by the demand for structures of solidarity for the common good or the universal destination of goods. In this regard, the words of PP remain topical: a solidarity-based economy must promote the whole individual (integrality) and all people (universality).

Edouard Herr S.J.  
20 May 2005

# **The action of Caritas Europa within the European Union**

## **1. Presentation**

Caritas Europa is a confederation of 48 national organisations of the European region of « Caritas Internationalis », of which they are therefore also members.

On 16 September 2004, Caritas Internationalis was officially recognised as a public, juridical and canonical personality, under the supervision of the Pontifical Council « Cor Unum ».

The basic units of Caritas are the diocesan Caritas organisations; however, these latter are grouped within the national Caritas organisations.

The majority of the Caritas organisations develop both an internal and external activity: only a few do not have internal activities. As far as external activities are concerned, even the « new » Caritas organisations of Central and Eastern Europe, which are confronted with considerable challenges, were not the last to act in favour of the countries stricken by the recent Tsunami catastrophe.

The 2005-2010 Strategic Plan of Caritas Europa (« To live solidarity and partnership in Europe and in the world ») consequently reflects this situation. Compared to the previous plan, this includes a specific emphasis on the need to participate at all levels, right down to the ultimate targets of our actions.

This plan comprises 7 priorities which correspond to the main sectors of activities of Caritas Europa. The first 5 are: 1) the promotion and inclusion of social cohesion; 2) action for migrants and asylum-seekers, as well as the fight against trafficking in human beings; 3) the response to major emergencies around the world; 4) international development and peace; 5) Support to member organisations and internal networking. These actions, as can be seen, thus go beyond the framework of the European Union.

The strategic plan, in its turn, is broken down into « annual plans ». As far as social policy is concerned, that of 2005 comprises five major themes:

- the preparation of the two-yearly report on poverty in Europe. This report, which is scheduled to be published in 2006, will focus on the interactions between poverty and migrations;
- the stating of a position on the services and social services of general interest;
- the organisation of decentralised seminars on the theme of sustainable development and social cohesion;
- the preparation of a forum on social policy;
- the evaluation of the relevance of a specific action in the field of health.

As can be noted, the expressions « social economy » or « solidarity-based economy » do not appear as such amongst the explicit priority themes of Caritas Europa, but in those of a number of its members, in particular the Caritas organisations of Italy, Spain and Luxembourg. This does not prevent, however, in practice, the action of Caritas Europa from generally falling within the logic of social economy, as the majority of the Caritas organisations are independent providers of social services and consequently subjected to obligations both in terms of management and social relevance.

## **2. The action of Caritas Europa at the level of the European Union**

In each of these fields of action, the European Union represents an essential, although not unique, practitioner. Given its strategic situation close to the headquarters of the majority of the European Union's institutions, Caritas Europa devotes a large part of its activities to the policies of these latter, without however, neglecting other practitioners such as the Council of Europe or the Organisation for Security and Cooperation in Europe.

It is thus, for example, that it was able to obtain, thanks to its Czech member, an interview with the Commissioner for Employment, Social Affairs and Equal Opportunities, Mr. Vladimir Spidla, to inform him of its concerns about the evolution of the Lisbon Agenda and the draft communication on social services of general interest.

It also participates in other networks that are active in the same fields: Platform of European Social NGOs, the European Anti-Poverty Network (EAPN), European Platform of Development NGOs “Concord”...

Through the Platform of European Social NGOs, it also participates in the reflection and defence of civil dialogue, governance and participatory democracy, two themes on the subject of which organised civil society has been able to express itself within one of the broadest coalitions in Europe, the “Civil Society Contact Group” which combines, in addition to the “Social Platform” and “Concord”, the environmental organisations referred to as “Green 9”, the defence of human rights organisations, the Women’s European Lobby and the European Forum for the Arts and Heritage<sup>1</sup>.

Similarly, either directly or through the organisations to which it belongs, Caritas Europa participated in the reflection and the work of advocacy on the European social model of which social economy is one of the dimensions. It thus, for example, actively participated in the Round Tables organised by the European Commission on the theme of the social responsibility of companies, a theme which, along with that of social economy, has evident affinities. We can also note the work of awareness-raising carried out which resulted in the creation, within the Convention on the Future of Europe, of a Working Group devoted to a “Social Europe”, a Working Group whose influence on the Draft Constitution, although discreet, was not less decisive when we consider, for example, the fact that it mentioned a “social market economy” amongst the objective of the European Union.

Finally, Caritas Europa has closely collaborated with other practitioners of the Church, both at the level of the European Union and the European continent as a whole, particularly with its Protestant colleague Eurodiaconia, as well as with the Commission of the Bishops’ Conferences of the European Community (COMECE). This collaboration mainly focuses on the question of migration but is also developing on social questions.

### 3. Conclusions

The cause of a social and solidarity-based economy does not feature amongst the explicit themes of action of Caritas Europa; however, this latter contributes indirectly to this through its activities of networking and the reinforcement of its members, particularly those from the new Member States of the European Union. The “European Social Model”, of which social economy is one of the pillars, is not a single model but the product of an ever-increasing mutual cross-fertilisation of very different social models but whose common points are, however, sufficiently important to enable them to be distinguished from those in force in other regions of the world.

At a time when this process of interpenetration and mutual learning is violently called into question, it is important to underline, more than ever, its originality and its successes. Failing that, we would leave a clear field for extreme ideologies which, as is often the case, combine their forces to bolster here, in this case, national egoisms and timid withdrawals. The former European Commissioner, Pascal Lamy, today President of the World Trade Organisation, recently declared: “The control of globalisation is now the true challenge of the building of a United Europe”. It would be unforgivable not to assume the responsibilities that this involves.

Patrick De Bucquois  
Consultant in Social Policy

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<sup>1</sup> Cfr [www.act4europe.org](http://www.act4europe.org). This « contact group » should not be confused with the recent « Liaison Group with European Civil Society Organisations and Networks » set up within the European Economic and Social Committee.

## **Progress of the Symposium's reflection, Friday, 20 May**

On Thursday 19 May, we had

the papers of the Round Table, followed by a fruitful, interesting and sometimes contradictory debate making it possible to closely study the different approaches to a solidarity-based economy and solidarity itself, from the viewpoint of an academic, a Christian head of a company and the head of an NGO

testimonies on the different ways of carrying out a solidarity-based economy

workshops, enabling us to discuss the most significant elements of the Round Table and to reflect on the relevance of a Draft Manifesto, written over the past few months, as well as on the drafting of an Action Plan.

On Friday, 20 May, we

listened to the conclusions and the recommendations of the 3 Workshops (cf. the documents: « questions from the workshops » and « resumption of the workshops »)

heard the papers by Father Edouard Herr, J suit, Ecclesiastical Adviser of UNIAPAC on « Solidarity-based economy, an approach by the Church's Social Teaching »

as well as the paper by Mr. Patrick de Bucquois, representing Caritas Europa.

At the end of this session, we discussed the Draft Manifesto. This Draft Manifesto was rejected as such. It could serve as a basic document for the drafting of another document. In the face of the different opinions and proposals, it was decided that a small group of 5 persons would examine the whole of the debate and make a specific proposal that would be discussed by all the participants.

### **Report of this group's work**

The need emerged for a document which would propose a critical reflection on the practice of the economy, a reflection that is projected towards the future.

This document should state our fundamental position as responsible Christians belonging to ICOs and NGOs and should be clear about the objective followed by the Conference of ICOs and its proposals for Civil Society.

This document should be the report of exchanges within each of the ICOs on the themes discussed: the entire wealth of experience accumulated by each ICO on the subject. We could then define guidelines and an action plan for the future.

It would be highly premature to publish a document which has not given rise to a consensus.

A text

- which could mark a clear direction and consensus within the Conference,
- which would make it possible to go further in the understanding and the implementation of the Church's Social Teaching,
- which specifies our role as Christian laity.

It will be necessary to do a great deal of work, with intermediary stages, before arriving at a Manifesto.

Two texts would be necessary:

- a Manifesto of a maximum length of 2 pages;
- a better-researched text enabling the arguments to be justified.

It would be necessary to structure this document by taking the paper of Father Edouard Herr into account.

Can we produce a Manifesto? We have very different practices in our various ICOs. It would be necessary for this text to relate our different visions and experiences and be introduced by a document which states who we are and what we want, as well as our position as Christians with regard of the Church's Social Teaching. This introductory document could be the Manifesto.

We must therefore collect different testimonies.

It is necessary, in fact, to define the prophetic mission of the ICOs in the 21<sup>st</sup> century. Each of our ICOs works in a different and specific field but we have a common core: promoting Gospel love.

We are only a few ICOs to participate in the Symposium because the others have not understood what is at stake. It would be necessary to write a short document on the approach to a solidarity-based economy by the ICOs. It would be necessary to adapt it to the world of children, adolescents, etc. It must have an educational value and prepare the future.

### Conclusions

For the General Assembly of the Conference of ICOs in November 2005,

Write a 1 (or 2) page document stating who we are and our objectives in relation to a solidarity-based economy.

Raise the awareness of our ICOs so that they will provide us with many different experiences in the field, as well as an analysis and an opinion on the results of these experiences.

For the General Assembly of 2007, we must draft a basic document including:

- Who we are
- The objectives of the Conference of ICOs with regard to a solidarity-based economy
- Our position as Christians
- An analysis of the economic situation of the world, in taking our different analyses and our different practices into account
- Practical proposals.

For these two documents, we must take as a basis the paper by Father Edouard Herr and the Church's Social Teaching.

### **Discussion in Plenary Session**

It would be necessary to underline two aspects:

- A document for the members of the ICOs
- Commitment and training = a task of adaptation for which time will be needed.

Establish a link between these documents and an action plan because we are working in the field and are movements of action. Caritas has action plans. It would be necessary to find sound linkages with them and make the most of their expertise to combine efforts.

It would also be necessary to establish a joint strategy between the Centres and the Conference and propose a structuring resolution to be presented in Jerusalem for the 2006/2007 period.

We must have a strong link with the CCFD, as we are directly complementary. The CIDSE has a real expertise in the field of analysis of tools and reflection. We must put this partnership into working order.

It is important for this group of reflection to work on young people, poverty and the South. There could be places (Paris, Brussels, Geneva, towns in the South, etc.) where study centres, poles of reflections and a base of operational networks could be created. It could also be possible to organise forms of collective action, in particular, with regard to the European Union.

Creating a network calls for a commitment. This network should have a specific project: micro-loans, finances, or...

- Priority to micro-loans to give access to financing in the field;
- Seeking financing for our ICOs.

The aim of a solid document:

- to show the role of lay Christians in a solidarity-orientated society;
- to give an opinion on the world situation of the economy with its distortions;
- to propose changes of structures at international level which would be put into practice as soon as possible in the framework of world solidarity;
- to reaffirm the prophetic role of incentive at local level in relation to the world economy.

Importance of the visibility of the Conference of ICOs. We sometimes err through a lack of clear communication. We give too much importance to an image of a structure, at the expense of the message we are bearing.

I am afraid that the setting up of a network is premature.

We, the leaders of ICOs, totally commit ourselves. Our first task should be to raise the awareness of our national movements and ask them to inform us of the practical commitments which exist at present.

At the General Assembly of Jerusalem, the ICOs will commit themselves for at least 2 years. We will discuss the setting up of a network (or several on different poles) and the means to be used to enable this to operate effectively. This could take the form of a Network of ICOs, along with other organisations which pursue similar aims.

We will also discuss the document mentioned above to be written, if possible, with others (Caritas, CIDSE, others...).

## Annexe 1

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## Annex 2

### The market economy and a solidarity-based economy

Paper by Mr. De Woot

We can sense the general and systemic evolution of the market economy.

A solidarity-based economy is the bearer of a certain number of future values, including sustainable development. It is possible to identify the real links that exist between a liberal economic system in need of reform and a vision of the world which is that of a solidarity-based economy.

#### How is the world progressing?

The market economy system is gathering speed. It is becoming increasingly powerful and much less regulated.

A working hypothesis: this system is becoming intolerable. It is necessary to change it.

The market economy is becoming generalised: globalisation is increasingly powerful and more and more under the influence of financiers.

Why is this system becoming stronger? It has new powerful arms: it has taken over science and technology. Competition makes it necessary to replace old products by new products: this is what is termed « **creative destruction** ». The discoveries made by science and technology are its major arm. The use of science reinforces the market economy and vice versa. Creative destruction is ruining thousands of companies. It is increasing the digital divide.

#### New areas

The field is immense and of world scope. The true practitioners of globalisation are small and large multinational companies. The field is extremely open. According to the Chicago School, the world has entered an era of deregulation and privatisation. The world economic area is not regulated at legal and political level whereas national-countries, as well as the European Union, are over-regulated. This means that the main multinational practitioners have a completely free rein. They can do almost anything. Even the WTO does not suffice to regulate them.

It is a fact that economic practitioners are working in a quasi-total **ethical vacuum**. The logic is instrumental: the system is good because it works and because it creates profit. We are not calling the system into question. Its practitioners limit ethics to **integrity**: do not tell too many lies, steal or kill. True ethics, which give a meaning, is absent. It is not at all taught in business schools. What is taught is efficiency. There is no seminar on « meaning ».

One element of performance is growth. This is considered as a good thing in itself.

#### The current model is becoming intolerable

- It is tending to gather speed. The danger: those left behind by progress (immigrants in the North; poor countries; etc.). This is dehumanising. The system is not human.
- Its tremendous resources are directed towards solvent needs. It is those who possess who make up the market. This leaves those who cannot pay by the wayside. Investments do not go to poor countries. Research on medication for orphan diseases is not financed, etc.
- The invasion of the non-commercial by the commercial. For example: culture conditioned by advertising and media ratings. The multimedia groups occupy the field. Cultural diversity is therefore destroyed. This is also valid for education. Even in our democracies we can see the emergence of a two-speed education. Dissociation is taking place.
- In covering the world, the economic system is destroying former structures: peasantry, traditional structures.

The system is becoming intolerable in spite of all its very positive aspects (as it creates wealth which benefits the majority). This is an advantage that must not be lost as any economic system is difficult to build. It would be necessary to direct the efforts of Civil Society organisations (NGOs) which criticise and question the market economy system towards efforts to **humanise** rather than break this market economy.

The market economy is an extremely effective and creative system, but it should be directed towards the needs of humanity and not towards the profits of just a few.

### **Can this system evolve?**

I have an optimistic vision of the future. It is worth trying. It is possible to make the system evolve, on two conditions:

- that entrepreneurs themselves understand the problems of pollution, poverty, etc. that they generate.
- that elements of world governance and rules of the game are instituted. Not a world government as this would be utopia, but elements of world governance.

Many heads of companies are becoming aware of the problems. They are extremely open to seeking solutions.

### **What I recommend:**

It is necessary to broaden the goals of the company.

Financiers and the Chicago School say: it is necessary to make profits just for the shareholders. Heads of companies have much more complex answers because they are aware of all the parties who have a prerogative as far as the company is concerned: the public authorities, the town, the environment, the staff, social institutions, etc.

They have a new vision of the company: to make economic and technical progress, innovate and help people to have a higher standard of living than the one they had before.

It is necessary to progressively lead heads of companies to **question themselves on the meaning of their action.**

Material progress is not reprehensible in itself but it does not necessarily guarantee other forms of progress (social, intellectual, spiritual, etc.). It is important to pose ourselves questions on the myth of Prometheus (a mythological figure representing the entrepreneur) who is a Titan, a hero but one that is accursed: material progress is ambiguous but no business school states this.

It is necessary to work for a political evolution

In Europe, there is a more or less well tempered social dialogue. Heads of companies know how to dialogue with trades unions. This dialogue should be opened up to others and, particularly, to NGOs. The company must become aware of the consequences of what it does. Example of the GMO: they do not pose problems for health, but what is the situation with regard to the environment?

The world of the NGOs is another world, one that is more virulent and that the heads of companies fear. It is necessary to learn to talk to each other.

### **A solidarity-based economy**

This is based on the concept that all people are active parties.

The Grameen Bank: it is the clients and the local authorities who hold discussions with its directors. All interest groups must be active partners in the debates.

It is necessary to have an **ethics of the future** rather than just an ethics of the present.

In the business world, there are a large number of proclamations of integrity. The best code of ethics in the USA was that of ENRON!!!

Solidarity-based companies believe in their moral values as they have been built on these selfsame values. They show concern for the future: what kind of a world do we wish to build together? This is an essential question for them although the market economy specifies that it is the concern of the State.

An ethics of the future is something else. Cf. Habermas: ethics of the face. Today, we no longer see the suffering, be it of the person who has been made redundant or of the African who dies of AIDS. The NGOs make the cries of human suffering heard and the media too.

This beginning of a general movement will develop if the political world acts at world level. In Europe, the left-wing political parties are influential and open. The system is adjusted to the workers and not to the shareholders.

Urgent action must be taken. Do we have a sufficiently clear vision? What would really make things change are practical examples, such as the Grameen Bank. It is necessary to commit ourselves in a broad process. We will move forward by trial and error. Cumulative processes which should snowball.

This process must be based on the management of paradoxes: the market economy **and** a solidarity-based economy (and not « or »).

Is globalisation not moving towards its natural death as there is no longer any plurality? There are several sorts of globalisation: scientific and that of the networks of Civil Society. The World Social Forum is in a way a counteraction of liberal globalisation.

We are starting to experience its limitations.

### **The concept of a solidarity-based economy is preparing the evolution of the market economy.**

We practise a solidarity-based economy to produce results that satisfy everybody.

Currently, in the balance-sheets of companies, there are 3 balance-sheets: financial, social and green.

Concept of the process: render a service; manufacture a useful product. There is a process of consultation, dialogue and debate before a product is launched.

Ethics is the commitment towards a world in the making. Different interests can be reconciled.

An example with the problem of water, particularly in the countries of the South: the NGOs group people together. They fight for the value that water is necessary at the lowest cost for all. They consequently have a political weight. They can draft a project which is compatible with the interests of the population. Specialists can be called upon. International aid will support this project. Water companies can accept such a project and provide their collaboration.

There are 4 fields in which collaboration is possible between the liberal economy and a solidarity-based economy:

Water

Housing

Action against hunger, agriculture, the transportation of agricultural products

Education and information

There should be close cooperation between a solidarity-based economy near to the people and the market economy which has the technique and the experience of management. But this goes through international aid.

### **The dream: an economy of cooperation alongside an economy of competition.**

With 4 conditions:

- The creation of jobs, locally, on projects that are useful to the country. The projects must correspond to the needs and the spheres of competence of the country.

- Education: The medium and long-term condition for creating jobs. The specialised worker finds a job.
- Foreign investment: The multinational company which is ready to place money in the country.
- Auto-development, through the country's associations.

### **The role of the Church and its organisations**

The ICOs have the vocation to be the active presence of the Church.  
The Church's Social Doctrine. See the recent document of the COMECE.

The combination of the world of economy, politics and Civil Society is extremely positive. The Church is universal. It has the rare privilege of being highly internationalised and of having a global vision. Would it not be important for the organisations of the Church which have an influence on the organisations of the United Nations to examine together their visions of realities in order to have coherent positions during the meetings in which they participate? Should networks and Internet not be more fully used?

Sustainable development is in line with the Church's Social Doctrine.

Do we have a real policy of communication and presence in the media? It is necessary to develop a policy of public relations. You must also work more with the Universities. Young academicians and young researchers could place their skills and their enthusiasm at the service of the vocation and action of your ICOs.

### **Why could you not be promoters of an Encyclical on Sustainable Development: what kind of a world should we build together?**

There is a trend of thought which has a thesis on unfinished creation, Chénose. God would have created an unfinished world to enable us to humanise Creation: we must not be surprised at the imperfections of our world but work to correct them.

In Genesis, before the Creation, it was not nothingness but chaos. The Creation means putting this chaos in order. We must give a meaning, a goal and transform violence into peacefulness.

### **Question-answer:**

What are the elements of international governance?

The practitioners: Human Rights; the major Conferences of the United Nations; the United Nations Institutions; the Church.

Actions: The global contact of Kofi Annan; the World Social Forum; the Club of Rome; the Group of Lisbon; the European Union; etc.

UNESCO is working on the ethics of science and technology.

**I suggest that you write a manifesto on your values and your practice of a solidarity-based economy and sustainable development. You will thus have a text on which all the ICOs could reach an agreement and depend in order to work in the same direction for a sustainable development.**

## Annex 3

### SOLLICITUDO REI SOCIALIS

38. This path is long and complex, and what is more it is constantly threatened because of the intrinsic frailty of human resolutions and achievements, and because of the mutability of very unpredictable and external circumstances. Nevertheless, one must have the courage to set out on this path, and, where some steps have been taken or a part of the journey made, the courage to go on to the end.

In the context of these reflections, the decision to set out or to continue the journey involves, above all, a moral value which men and women of faith recognise as a demand of God's will, the only true foundation of an absolutely binding ethic.

One would hope that also men and women without an explicit faith would be convinced that the obstacles to integral development are not only economic but rest on more profound attitudes which human beings can make into absolute values. Thus one would hope that all those who, to some degree or other, are responsible for ensuring a « more human life » for their fellow human beings, whether or not they are inspired by a religious faith, will become fully aware of the urgent need to change the spiritual attitudes which define each individual's relationship with self, with neighbour, with even the remotest human communities, and with nature itself; and all of this in view of higher values such as the common good or, to quote the felicitous expression of the Encyclical *Populorum Progressio*, « the full development of the whole individual and of all people » (66).

For Christians, as for all who recognise the precise theological meaning of the word « sin », a change of behaviour or mentality or mode of existence is called « conversion » to use the language of the Rihle (cf. Mk. 13:3, 5, Is. 30:15). This conversion specifically entails a relationship to God, to the sin committed, to its consequences and hence to one's neighbour, either an individual or a community. It is God, in « whose hands are the hearts of the powerful » (67) and the hearts of all, who according to his own promise and by the power of his Spirit can transform « hearts of stone » into « hearts of flesh » (cf. Ezek. 36:26).

On the path toward the desired conversion, toward the overcoming of the moral obstacles to development, it is already possible to point to the positive and moral value of the growing awareness of interdependence among individuals and nations. The fact that men and women in various parts of the world feel personally affected by the injustices and violations of human rights committed in distant countries, countries which perhaps they will never visit, is a further sign of a reality transformed into awareness, thus acquiring a moral connotation.

It is above all a question of interdependence, sensed as a system determining relationships in the contemporary world, in its economic, cultural, political and religious elements, and accepted as a moral category. When interdependence becomes recognised in this way, the correlative response as a moral and social attitude, as a « virtue », is solidarity. This then is not a feeling of vague compassion or shallow distress at the misfortunes of so many people, both near and far. On the contrary, it is a firm and persevering determination to commit oneself to the common good; that is to say to the good of all and of each individual, because we are all really responsible for all. This determination is based on the solid conviction that what is hindering full development is that desire for profit and that thirst for power already mentioned. These attitudes and « structures of sin » are only conquered - presupposing the help of divine grace - by a diametrically opposed attitude: a commitment to the good of one's neighbour with the readiness, in the gospel sense, to « lose oneself » for the sake of the other instead of exploiting him, and to « serve him » instead of oppressing him for one's own advantage (cf. Mt. 10:40-42; 20:25; Mk. 10:42-45; Lk. 22:25-27).

39. The exercise of solidarity within each society is valid when its members recognise one another as persons. Those who are more influential because they have a greater share of goods and

common services should feel responsible for the weaker and be ready to share with them all they possess. Those who are weaker, for their part, in the same spirit of solidarity, should not adopt a purely passive attitude or one that is destructive of the social fabric, but, while claiming their legitimate rights, should do what they can for the good of all. The intermediate groups, in their turn, should not selfishly insist on their particular interests, but respect the interests of others.

Positive signs in the contemporary world are the growing awareness of the solidarity of the poor among themselves, their efforts to support one another, and their public demonstrations on the social scene which, without recourse to violence, present their own needs and rights in the face of the inefficiency or corruption of the public authorities. By virtue of her own evangelical duty, the Church feels called to take her stand beside the poor, to discern the justice of their requests, and to help satisfy them, without losing sight of the good of groups in the context of the common good.

The same criterion is applied by analogy in international relationships. Interdependence must be transformed into solidarity, based upon the principle that the goods of creation are meant for all. That which human industry produces through the processing of raw materials, with the contribution of work, must serve equally for the good of all.

Surmounting every type of imperialism and determination to preserve their own hegemony, the stronger and richer nations must have a sense of moral responsibility for the other nations, so that a real international system may be established which will rest on the foundation of the equality of all peoples and on the necessary respect for their legitimate differences. The economically weaker countries, or those still at subsistence level, must be enabled, with the assistance of other peoples and of the international community, to make a contribution of their own to the common good with their treasures of humanity and culture, which otherwise would be lost for ever.

Solidarity helps us to see the « other » -whether a person, people or nation-not just as some kind of instrument, with a work capacity and physical strength to be exploited at low cost and then discarded when no longer useful, but as our « neighbour » a « helper » (cf. Gen. 2:18-20), to be made a sharer, on a par with ourselves, in the banquet of life to which all are equally invited by God; hence the importance of reawakening the religious awareness of individuals and peoples.

Thus the exploitation, oppression and annihilation of others are excluded. These facts, in the present division of the world into opposing blocs, combine to produce the danger of war and an excessive preoccupation with personal security, often to the detriment of the autonomy, freedom of decision, and even the territorial integrity of the weaker nations situated within the so-called « areas of influence » or « safety belts ».

The « structures of sin » and the sins which they produce are likewise radically opposed to peace and development, for development, in the familiar expression of Pope Paul's Encyclical, is « the new name for peace » (68).

In this way, the solidarity which we propose is the path to peace and at the same time to development. For world peace is inconceivable unless the world's leaders come to recognise that interdependence in itself demands the abandonment of the politics of blocs, the sacrifice of all forms of economic, military or political imperialism, and the transformation of mutual distrust into collaboration. This is precisely the act proper to solidarity among individuals and nations.

The motto of the pontificate of my esteemed predecessor Pius XII was *Opus iustitiae pax*, peace as the fruit of justice. Today one could say, with the same exactness and the same power of biblical inspiration (cf. Is. 32:17; Jas. 3:18): *Opus solidaritatis pax*, peace as the fruit of solidarity.

The goal of peace, so desired by everyone, will certainly be achieved through the putting into effect of social and international justice, but also through the practice of the virtues which favour togetherness, and which teach us to live in unity, so as to build in unity, by giving and receiving, a new society and a better world.

40. Solidarity is undoubtedly a Christian virtue. In what has been said so far it has been possible to identify many points of contact between solidarity and charity, which is the distinguishing mark of Christ's disciples (cf. Jn. 13:35).

In the light of faith, solidarity seeks to go beyond itself, to take on the specifically Christian dimension of total gratuity, forgiveness and reconciliation. One's neighbour is then not only a human being with his or her own rights and a fundamental equality with everyone else, but becomes the living image of God the Father, redeemed by the blood of Jesus Christ and placed under the permanent action of the Holy Spirit. One's neighbour must therefore be loved, even if an enemy, with the same love with which the Lord loves him or her; and for that person's sake one must be ready for sacrifice, even the ultimate one: to lay down one's life for the brethren (cf. 1 Jn. 3:16).

At that point, awareness of the common fatherhood of God, of the brotherhood of all in Christ - « children in the Son » - and of the presence and life-giving action of the Holy Spirit will bring to our vision of the world a new criterion for interpreting it. Beyond human and natural bonds, already so close and strong, there is discerned in the light of faith a new model of the unity of the human race, which must ultimately inspire our solidarity. This supreme model of unity, which is a reflection of the intimate life of God, one God in three Persons, is what we Christians mean by the word « communion ».

This specifically Christian communion, jealously preserved, extended and enriched with the Lord's help, is the soul of the Church's vocation to be a « sacrament » in the sense already indicated.

Solidarity therefore must play its part in the realisation of this divine plan, both on the level of individuals and on the level of national and international society. The « evil mechanisms » and « structures of sin » of which we have spoken can be overcome only through the exercise of the human and Christian solidarity to which the Church calls us and which she tirelessly promotes. Only in this way can such positive energies be fully released for the benefit of development and peace.

Many of the Church's canonised saints offer a wonderful witness of such solidarity and can serve as examples in the present difficult circumstances. Among them I wish to recall St. Peter Claver and his service to the slaves at Cartagena de Indias, and St. Maximilian Maria Kolbe who offered his life in place of a prisoner unknown to him in the concentration camp at Auschwitz.

## **CENTESIMUS ANNUS**

42. Returning now to the initial question: can it perhaps be said that, after the failure of Communism, capitalism is the victorious social system, and that capitalism should be the goal of the countries now making efforts to rebuild their economy and society? Is this the model which ought to be proposed to the countries of the Third World which are searching for the path to true economic and civil progress?

The answer is obviously complex. If by « capitalism » is meant an economic system which recognises the fundamental and positive role of business, the market, private property and the resulting responsibility for the means of production, as well as free human creativity in the economic sector, then the answer is certainly in the affirmative, even though it would perhaps be more appropriate to speak of a « business economy », « market economy » or simply « free economy ». But if by « capitalism » is meant a system in which freedom in the economic sector is not circumscribed within a strong juridical framework which places it at the service of human freedom in its totality, and which sees it as a particular aspect of that freedom, the core of which is ethical and religious, then the reply is certainly negative.

The Marxist solution has failed, but the realities of marginalisation and exploitation remain in the world, especially the Third World, as does the reality of human alienation, especially in the more advanced countries. Against these phenomena the Church strongly raises her voice. Vast multitudes are still living in conditions of great material and moral poverty. The collapse of the Communist system in so many countries certainly removes an obstacle to facing these problems in an appropriate and realistic way, but it is not enough to bring about their solution. Indeed, there is a risk that a radical capitalistic ideology could spread which refuses even to consider these problems, in the *a priori* belief that any attempt to solve them is doomed to failure, and which blindly entrusts their solution to the free development of market forces.

## Annex 4

### DRAFT MANIFESTO FOR A SOLIDARITY-BASED ECONOMY

#### **A globalised economy is inevitable.**

This is the product of the development of technologies and, under the impetus of companies, of State policies that have removed the obstacles to free markets. The single economic and financial area is consequently continuing to expand. It creates sources of wealth which, overall, lead to a higher standard of living for a large part of the population in the majority of regions throughout the world. It regularly increases access to technologies, information and medical progress.

The most global practitioner today is the company (industry, services and finance). It has succeeded in crossing, simultaneously, all the thresholds of globalisation: namely, dimension (multinational companies), the horizon of time (long-term strategies), complexity (manifold rationalities and rapid adaptation) and information and communication (networks). This has been accompanied by the rise of financial capitalism.

#### ***The flaws of a liberal economy***

Thus, even if a globalised liberal economy has positive and dynamic aspects, it operates according to its own reasoning, which gives rise to flaws and exclusions:

1- The task of the company is to manufacture goods and services. Profit should be a means and not an end. Today, we are witnessing the contrary. The company as a social institution is disappearing and is being replaced by joint-stock companies whose aim is to remunerate its shareholders. It does not take the common good into account. It does not provide answers for the problems arising from insolvency.

2 - The obligation to make a profit leads to rationalising costs, reducing expenses and making workers redundant. The labour market is the object of uncontrolled deregulations. Privatisations, relocations, forced migration, precariousness and discriminations reinforce the non-application of the labour law. This increases the number of unemployed people and precarious workers and rejects a large number of persons in the informal sector and the undeclared economy, with the insecurity related to the precariousness of employment and low income.

3 - The globalised economy has prevailed over the political authorities who have increasingly fewer means of really controlling it and of setting standards for it. Yet an indefinite economic growth poses in-depth structural problems which are in the process of making it undesirable because it is reaching its limits and is becoming incompatible with the very conditions of the survival of the human race.

4 - It is proving incapable of guaranteeing a fair distribution of wealth, resulting in the major scourges of mankind linked to shortages – poverty, famine, non-access to drinking water, pandemics, etc. The mechanisms of sharing established by States practically do not exist at world level and inequalities continue to grow. The gap between rich and poor countries went up from 1 to 3 in 1820, to 10 in 1900, to 30 in 1960 and to 75 in 2000.

5 - The major agri-food firms force their seeds and their phytosanitary products onto small rural farmers. In many regions, the rural world is experiencing a true loss of autonomy.

6 - The commercial world is becoming liberalised. Trade barriers are disappearing. The comparative advantages should, in many fields, benefit developing countries. This is far from being the case.

## **A more solidarity-based economy is possible:**

1 - The idea of a social economy is once again becoming meaningful, not only for the practitioners of a solidarity-based economy but also for all the structures of the classic trading sector. It provides a broad vision which questions all economic practitioners on their own trade and their own social utility. This gives back a meaning to the profession of entrepreneur.

2 - The dependence of firms on consumers has increased. Even more than employees, the consumers are effective practitioners of social change. By their choices, they have the power to impose the respect of collective objectives on firms.

3 - The present globalisation of economics and finance is neither inevitable nor irreversible. The forms and the contents that it has assumed can be contested and changed. Others are possible. To bring this about, the alliance between civil society which is able to develop appeals and intellectuals and militants of social justice, freedom and democracy is politically fruitful when it has the firm support of a group of political leaders in governmental and intergovernmental bodies.

4 - Movements and associations play a significant role during world and regional Social Summits, through their reflection and experience of work in the field. These Social Summits should propose the adoption of regulating mechanisms at world level, making it possible to fight against the absolute sovereignty of the monetary policy and the policy of a market economy.

## **Elements of an action plan:**

**We are calling for action to find and promote new forms of governance**, particularly at international level. The destiny of our societies depends on rebuilding true citizenship. We are contributing to the emergence of another way of living together. We are working to place the redistribution and the sharing of resources and the wealth produced at the centre of political, social and cultural life.

**We are promoting the participation of the members of civil society as practitioners of social change**, participatory democracy and responsible consumption in order to bring pressure to bear and support actions for a new economic and financial order.

### **We are campaigning for an ethics of responsibility so that**

Economic and financial decision-makers, whilst developing their firms, will, at the same time, take the human, social and environmental dimension of their decisions into account and that political leaders will take measures to impose rules of good governance.

Good international governance necessarily involves a joint vision and greater coordination between the International Organisations specialised in the political (UNO, ECOSOC), economic and financial (IMF, World Bank), commercial (WTO), social (ILO, WHO, FAO), and educational and cultural (UNESCO) fields.

**We are fostering everything that will make it possible, in practice, for persons and groups to develop**

### **through local actions:**

Micro-loans, a means that has proved its worth for helping people without resources to start up their own activity and participate in their own development;

Ethical and/or solidarity-based investments;

Fair trade which enables solidarity between the buyers of the North and the producers of the South but also between the consumers and producers in countries of the Southern and Northern hemispheres;

The development and financing of production cooperatives;

Food sovereignty which gives priority to local production and consumption;

The promotion of a true economic, political and cultural democracy

**through lobbying and appeals at national and international levels:** During several International Conferences, the International Organisations and States made commitments in the fields of poverty eradication, the promotion of full employment and the social integration of all those who, for the time being, are excluded from human progress. These commitments are far from being respected, particularly the Millennium Development Goals. They are nevertheless essential to enable the majority of the world population to live decently.

**The Church's Social Doctrine is our reference:**

Today, more than ever before, there is an increase in the production of agricultural and industrial goods and in the number of services available, and this is as it should be in view of the population expansion and growing human needs. Therefore we must encourage technical progress and the spirit of enterprise, the wish to create and improve new enterprises, and we must promote adaptation of the means of production and all serious efforts by people engaged in production - in other words everything which contributes to economic progress. The ultimate and basic purpose of economic production does not consist merely in producing more goods, nor in profit or prestige; economic production is meant to be at the service of humanity in its totality, taking into account people's material needs and the requirements of their intellectual, moral, spiritual, and religious life; it is intended to benefit all individuals and groups of people of whatever race or from whatever part of the world. Therefore, economic activity is to be carried out in accordance with techniques and methods belonging to the moral order so that God's design for humanity may be carried out. (Gaudium et Spes, 64)

## Annex 5

### Elements for a definition of an apparent oxymoron: a solidarity-based economy<sup>2</sup>

By Jean-Michel Servet  
IUED Geneva

#### Social economy, solidarity-based economy and solidarity-orientated practices

The refusal, in certain countries, of many practitioners and thinkers to recognise a solidarity-based economy as an innovation, a step forward or a rupture is only equalled by the almost impossible task of translating into English the equivalent of the French adjective « solidaire »<sup>3</sup>, to qualify « economy » or « finance ». The Anglo-Saxons often translate the expression « économie solidaire » by *social economy*, and « finance solidaire » by *social finance*. This difficulty, resulting in particular from the absence of this adjective in English, explains perhaps why the *Palgrave Dictionary*, which is doubtless the most famous of modern dictionaries for the majority of economists who speak English, summarises in its contemporary edition<sup>4</sup> at the entry *Solidarity* an article which appeared in its 1910 edition, written a century ago by Charles Gide, a French Protestant cooperativist economist. Would modern-day economists, English-speaking ones in particular, who have very largely contributed to entirely rewriting this new edition, therefore not have any new element for defining solidarity? This question is inevitable for all researchers working in societies with active principles of hierarchy, in the sense of Louis Dumont, in other words in which the theory of a reciprocity of the rights of contracting parties has little meaning, although it underlies, for example the definition of solidarity by Emile Littré<sup>5</sup>.

The difficulty of grasping, in a common category, not only a new field of activities but also a largely original way of linking what is commonly called the economic and the social, the market and public intervention or the public and private, illustrates the specific nature of this field and these practices in the French political culture of the fraternity and the equality of free or freed citizens.

In a certain number of languages, the term « solidaire » has no equivalent; it is confused with « social » and, consequently, the new activities enter into the traditional field of cooperatives, mutual benefit societies and associations. Anglo-Saxon categories of the *not for profit*, *voluntary aid* and the *third sector* have no universal scope. If we consult the legislation and jurisdictions of certain countries, we encounter different elements of approaches in this field, as often in France and in the countries that have adopted this legal framework, what corresponds to the activities of so-called non-profit-making associations enters into the general context of « societies », some being profit-making and others non-profit-making, but the common idea of society prevails. Furthermore, this was the case in France in the middle of the 19<sup>th</sup> century before the institution of new laws on limited joint-stock companies and their development; the word association had several different meanings, ranging from the for-profit company to utopian forms of socialism. Let us illustrate the limitations of a statutory approach to the definition of institutions which would be solidarity-

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<sup>2</sup> This contribution to the debate on a solidarity-based economy includes some of the elements of the conclusion of J.-M. Servet, *Banquières et banquiers aux pieds nus, Mirages et espoirs de la microfinance* (Barefoot Bankers, Mirages and Hopes of Micro-finance), work to be published by Odile Jacob Press.

<sup>3</sup> The noun solidarity generally gives the meaning of: *unanimity, unity, agreement, accord, consensus, concurrence, singleness of purpose, community of interest, mutual support, cooperation, cohesion or team spirit* according to *The New Oxford Thesaurus of English*, Oxford University Press, 2000, p. 901. The translation of the adjective *solidaire* by *joint and several*, or *interdependent* is much too far away from the French meaning to be accepted as a relevant equivalent.

<sup>4</sup> Ed. 1987, Volume IV, p. 421.

<sup>5</sup> « *Engagement par lequel des personnes s'obligent les unes pour les autres et chacune pour tous* » (Commitment by which people help each other and each person helps everyone), Article on Solidarity, *Dictionnaire de la langue française*, reprinted Paris, Hachette, 1970, Volume 7, p. 239. The term has a legal origin and this is the sense that is shared by the French and English languages.

orientated. Is it not highly questionable to qualify as solidarity-based an association, legally non-profit-making, made up of friends who form an association and create a golf club that pays domestic workers with the support of public job subsidies and destroys the environment of future generations by pumping the groundwater so that their lawns will always be green, just for their own private use. This association nevertheless represents the French legal form defining in general social economy and the third sector. These abuses, which can be seen every day in observing the practices of the production of goods and services by certain so-called social economy organisations, are just as valid in the field of production and the dissemination of financial services. The crisis of some of the institutions of micro-loans in Bolivia shows the error of overlooking the social accompaniment which contributes to the dynamics resulting from micro-finance. Some NGOs which promote micro-loans can, furthermore, indirectly develop child labour, pollution, the non-respect of security norms, an over-exploitation of workers by a considerable increase in their working hours, etc.; this can be observed not only in the countries referred to as developing or in transition, but also in industrialised countries.

What do we mean by a solidarity-based economy and what can be the contribution of a demarcation with regard to the traditional social economy to throw light on the development of micro-finance since the 1980s? In industrialised countries, the term « solidarity-based economy » covers a series, *a priori* somewhat ill-assorted, of activities which appear as a resistance or an innovation in the face of the increase of unemployment, poverty and exclusion, to which neither redistribution and a well-managed production, nor the competition between firms have appeared capable of giving answers that are commensurate with the scope of the phenomenon and its expansion. The refusal to submit to the constraints of productivism and individualism<sup>6</sup> is also the leaven of this. Thus, alongside cooperatives and mutual benefit societies which, along with associations, make up a social economy, a multitude of new activities and services have developed that it would appear relevant to distinguish from this traditional social economy in order to fully understand them and grasp the current evolution of public policies.

Financial services for the creation and support of activities and micro-companies and the accompaniment of creators for populations in a situation of exclusion or marginalisation are only a small part of this. It is also a question of local collective services, such as in France: neighbourhood associations, parental nurseries, local exchange systems, networks of reciprocal exchange of knowledge (also parallel currency in America and time banks in Italy), but also personal services, especially for the elderly and the disabled. We must also include certain activities aimed at environmental protection and the production of alternative energies or autonomous cultural productions (plastic arts or the performing arts). Other activities also come under this heading, such as production activities (through the recycling of household equipment or computers, biological agriculture), and in the framework of the new family cooperative gardens or collective gardens with a view to integration, as well as certain collective forms of auto-production in the field of housing and activities concerning the standardisation and the certification of goods or services (in the framework of fair trade or the ethics of loans and financial investments), not to mention cooperation activities with the South for sustainable development or the sharing of profits in certain companies. Some solidarity-based financial institutions assign themselves the priority of financing activities that are themselves solidarity-orientated (in France, for example, the CIGALES, clubs for an alternative and local management of savings, or the NEF, Nouvelle Economie Fraternelle (New Fraternal Economy), which fixes ethical limitations to the loans that it gives).

We thus observe the free association of persons in a local public area jointly leading actions which contribute to generating employment or income (including in kind), in other words, activities with a content that is more or less economic, which over and above the production and exchanges of

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<sup>6</sup> It is necessary to make the distinction between two forms of individualism. The first is the defence by each and every one of his or her interests. The second is the defence of the rights and interests of the other as a human person and if everybody acts in this way, his or her own interests are at the same time defended.

goods and services reinforces social cohesion by activating links of solidarity. This solidarity must be taken in the sense of a recognised interdependence of persons and groups, and this is what distinguishes solidarity from charity assimilated to a unilateral relationship motivated by pity. The types of solidarity in question can involve:

- solidarity between and within territories,
- the sharing of risks and wealth between social groups,
- solidarity between present generations,
- and solidarity with future generations with a view to a socially and physically sustainable development.

These different forms of solidarity, which are all forms of the recognition and activation of interdependence, can enter into contradiction. This is the case when the defence of employment in morally questionable activities or whose ecological impact is considerable are in conflict with each other. In fostering one or other kind of production, should priority be given to the immediate needs of present generations or rather the living conditions of future generations? Can we be satisfied with the necessary increase of income in forgetting that this is at the price of the full-time employment of school-age children? The ethical debates express these conflicting choices, the contradictions and the compromises of forms of action. We can observe a functional specialisation of the different organisations laying emphasis on solidarity-based principles; each underlines specific dimensions of solidarity.

### **Solidarity-based commitments and the hybridisation of resources**

A solidarity-based economy is also designated as a plural economy and an alternative economy. This mobilisation around local projects is, for a certain number of practitioners, the result of a reflux of revolutionary social transformation projects immediately on a macro-scale and from above for the benefit of local actions that are able to bring about a social transformation by the grass roots (which can find their roots in Europe in the self-management projects of the post-1968 period). However, reducing the development of new solidarity-orientated projects to this climate and the function of the integration through production and exchange activities, of populations marginalised by «the crisis», the successive risks of economic fluctuations or structural adjustments would be to considerably limit both its field of action and the dynamic thus undertaken. If solidarity is defined in terms of the recognition of different types of interdependence, it could be considered that this is indispensable in a phase of a considerable increase in inequalities. Solidarity becomes a vital response for societies endangered by neo-liberal policies.

The promoters of these «solidarity-based» activities generally lay emphasis on a certain number of specific features: social goals are clearly claimed, along with the strongest involvement possible of the population concerned and democratic operating principles<sup>7</sup>.

It is true that this dual aspect of a social and citizen-based commitment on the one hand and of an initiative that produces services or goods on the other, does not make a distinction between this new economic solidarity and traditional social economy, at least in the origins of this latter. The pursuit of economic efficiency has transformed a number of these former initiatives into clones of the profit-making companies from which they initially wished to be different and from which they continue to maintain, with a great deal of difficulty, that they are different. Would a solidarity-based economy therefore only be a new youth given to social economy as developed since the 19<sup>th</sup> century and robbed of its originality, given the constraints of competition and by forgetting the initial objectives of their creators?

Let us note, on reading the inventory of the activities that could come under the heading of a solidarity-based economy, that what allows the inclusion of one organisation or another in this new

<sup>7</sup> See issue N° 36 of the Hermès magazine, March 2004.

form of social economy is not the object of their activity or activities, nor their status as an association, mutual benefit society or cooperative. This is a rupture as far as traditional social economy is concerned as all the institutions that are formally structured according to associative, mutual benefit or cooperative principles do not display a solidarity-based organisation yet on the contrary, certain joint-stock companies, given their effective operating principles and the goals attained, are an integral part of this. In studying the misadventures of micro-finance, it can be noted that the social commitment of one measure or another depends less on its legal forms than on the political determination of its promoters.

With regard to the traditional social economy which had the tendency to form a distinct sector, an essential rupture lies in the clear-cut hybridisation of resources. These internal or external resources can comprise:

- the contribution of voluntary aid (in the name of shared values),
- the membership fees (of persons who are members of associations),
- multilateral, bilateral, federal, national, regional and local public subsidies,
- the support of foundations,
- and the income resulting from the activity itself.

Consequently, in referring to the general categories of Karl Polanyi<sup>8</sup>, it is possible to note that the activities that come under the heading of a solidarity-based economy are marked by principles concerning « reciprocity », « redistribution » and « market » competition, and for some of them, domestic relations. All the initiatives of a solidarity-based economy do not directly receive public aid. However, apart from experiences involving a very limited number of persons and means, the majority of these practices come under statutes that are dispensed from the common law of profit-making companies as regards direct and indirect taxation and social contributions. This is the case in micro-finance for the situation concerning certain prudential regulations of financial establishments. What is decisive here is not the plurality of public and private financing sources, as the companies referred to as capitalist are not the last to receive subsidies and benefit from assisted or protected jobs. For decades, local and national governments have fostered the creation of associations to circumvent the rules of public accountancy or to give themselves a certain leeway in their operating principles. The hybridisation of resources is, in fact, over and above the contribution of funds, that of the operating principles. A dynamics should emerge which tends to transcend each one of these models. Certain solidarity-based activities can lead to free benefits for users and produce goods and services that the clients or the beneficiaries will pay, not at a market price which is supposed to be the same for all, but according to the capacity to contribute of each and every one; solidarity is thus activated by this differentiation between persons. Inversely, the fact of paying the same rate of interest whatever the amount of the deposit or of making people pay the same rate of interest whatever the amount of the loan and the conditions of the collection of funds or of the distribution of credit that can be noted in certain systems which do not charge effective costs, is also a form of solidarity through this balancing out of costs between the members of the organisation. It is essentially on the basis of the dynamics created by the hybridisation of resources and the balancing out of costs that we can adopt adapted criteria, making it possible to qualify each institution as to whether or not it falls within the framework of the field of solidarity. As this hybridisation of resources cannot be the sole distinctive criterion, the objective of solidarity, maintained over and above the constraints of durability and viability and in certain cases of immediate profitability, is essential. Submitted to strong constraints of reproduction as well as to the particular interests of those who are its promoters, solidarity in the field of micro-finance is still far too much of an ideal, more often as a project than attained or even impossible to attain without

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<sup>8</sup> In this sense, see the work in France of Jean-Louis Laville, Bernard Eme and the CRIDA and in Canada of Margie Mendels of the Karl Polanyi Institute and of Benoit Levêque in Quebec.

compromises. However, it is an essential model (hence a project in the real sense of the term) for those who wish to understand the transformations under way and point them in the right directions.

These forms of solidarity do not act as a substitute for State action which is based on logics of protection. They are linked to the State by including the social and the cultural elements through production and exchanges. They do not replace public action by private philanthropy or the assistance of the 19<sup>th</sup> century, as they are not determined by pity and subordinating protection; they are founded on citizen-based approaches which give priority to the involvement of the practitioners and they question, in a completely new way, the usual frontiers that the dominant economic know-how traces between « the market » and « the State ». In this respect, they are a strong theoretical challenge which makes it possible to transcend this traditional and simplistic rupture of the economic discourse<sup>9</sup>. The actions of non-governmental and civil society organisations in the less advanced countries and those referred to as in transition can be analysed in the same terms as the forms of solidarity of the North and pose the same theoretical challenges to understand this linkage « State » / « markets » and the limitations of this opposition.

### **Local and global, forms of solidarity that transcend the cleavage between North and South**

The actions of solidarity-based economy are characterised by being strongly anchored at a territorial level<sup>10</sup> and of a collective nature responding to a need; which effectively contributes to a direct localised development<sup>11</sup> (if we consider micro-financing by savings at the local level or the provision of local services in the framework of neighbourhood associations for example) or indirect (in the case of fair trade or ethical investments or shared investments in particular). However, the principles of solidarity are therefore not the characteristic principles of independence and autonomy of endogenous and self-centred development policies. Solidarity activates a subsidiarity from the bottom up. This makes it possible to go beyond the limitations of the apparent endowments of territories and to undertake a dynamic strategy of creating activities. It would be a mistake to only retain the local dimension and not also take advantage of the world scale, the flux of techniques, of forms of management, information and capital which link the different bodies, local and international NGOs, foundations, pressure groups, local, national and federal institutions and authorities and institutions of bilateral and multilateral cooperation. Whereas the local and the global are often considered in contrasting terms, the analysis of micro-finance shows how closely the local and the global are the fruit of a co-production and of a permanent dialectic composed of hybridisation, cross-fertilisation and crossed loans. Micro-finance mobilises funds by mechanisms that elude the logic of the strict individual interest to which certain thinkers assimilate the market and which imply solidarity both on a scale of local proximity and of international networks.<sup>12</sup> The very rise of ethical concerns in industrialised countries is able to provide it with new resources and support. The processes of globalisation have made and continue to make possible these solidarities that are propitious to the contribution of additional resources for increasing people's capacities to control, in a partly autonomous way, their individual and collective destinies.

The application of the concept of solidarity to the different areas of the South illustrates the need to transcend the cleavage between the North and South and to determine the development processes, particularly in their dimensions of action to eradicate poverty and inequalities, in the framework of general development principles and its criticism. These theories should make it possible to « think globally, act locally », that is, to integrate the diversity of cultures and societies, a diversity which cannot, and certainly no longer be reduced to this pseudo-geographical opposition

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<sup>9</sup> We have developed this approach particularly in the Cahier de l'IUED N°14, Brouillons pour l'avenir. Contributions au débat sur les alternatives, (under the supervision of Christian Comeliau), « Renoncer au mythe du marché pour penser des alternatives », Paris/Geneva, PUF, 2003, pp. 61-74.

<sup>10</sup> See N° 296 of Recma, Revue internationale de l'économie sociale, Economie sociale et territoires, May 2005, 120 p.

<sup>11</sup> According to the definition of Claude de Miras, Research Director at the IRD.

<sup>12</sup> See the example of the Guarantee Fund in Geneva.

which has lost a large part of its political foundations dating back to the period after the Second World War. Speaking of the North and the South presupposes, in a certain sense, accepting watertight frontiers between a so-called developed world, the North, and a world which would either not be developed at all, or in the process of development, the South, without taking into consideration an area in transition, commonly referred to as the East. Yet the North is present in the South through the presence of many experts, institutions and organisations and the hordes of tourists seeking exotic sensations. The South is present in the North through the migration of workers and the fact that many communities from the South live in the North. But above all, it is difficult today to classify countries according to their degree of « development ». This would be to validate consumerist approaches and maximal and profitable accumulation, all behaviours which we feel to be very far from those of solidarity, except if we suppose, and this is not our approach, that solidarity-orientated practices would only be a means of obtaining the same « goods », but in ethically acceptable conditions, making it possible to label them as such. According to the criterion that we adopt in terms of supposed wealth produced and exchanged, assessed by the Gross Domestic Product in terms of the level of education or health, in terms of non-renewable energy consumption by inhabitant, in terms of ecological footprint, according to the degree of urbanisation, the extent of the opening up to international trade and to capital flow, etc., what benchmark should be chosen to organise societies today from the South to the North and inversely. In the majority of indicators by which States are ranked, it should be noted that we are very far from the degrees of solidarity which could make it possible to assess the progress or the regression of human communities. Anti-economist visions that are founded on satisfying certain human needs would give entirely different classifications and few of the nations at the head of current rankings would continue to serve as models for the so-called « backward countries » of recent human history.

Even if we admit the existence of a North and South without putting them into a superior and inferior order and that, from the viewpoint of solidarity, we study the interchanges between these areas, different kinds of changes can be observed.

The first type of exchanges concerns the practitioners. A large number of the practitioners of solidarity in the North and particularly those in the field of micro-finance, when they are questioned on their careers and on the experiences that have marked them, show their strong involvement, either past or present, in the South. When they choose or are forced to return to the North, there is a determination on their part to do something elsewhere. For the majority of them, the lesson, assimilated as a gift received from the South, is that of a lifetime commitment. Therefore, even if this is not explicit, there is a cross-fertilisation of the experiences of the North by the experiences in the South and from the South. If we observe these cultural transfers, it can be noted that the direction of the relationship is, in this case, more from the South towards the North than the inverse, particularly in the discovery of practical forms of solidarity.

The second type of exchanges, which can also explain the dominant sense of the relationship, is the strong history of previous experiences from or in the South in the field of a new social economy. The intense nature, I am even tempted to say the brutality, of the policies referred to as structural adjustment policies in developing countries on the one hand, and the just as unbearable deficiencies of States in the field of social policy, education, health, etc. on the other, both as a result of an insufficient determination to combat inequalities and a lack of means, have fostered and justified a strong intervention on the part of civil society organisations in these fields. Long before the North, the South had tested, in a very broad way, what could be called:

- the principles of subsidiarity of public action by civil society organisations and associative movements,
- . and the hybridisation of public and private resources for meaningful actions which support local initiatives, give rise to them and even create, from start to finish, sub-contractors of governmental action. We should remember that 85% of the sources of finance in micro-finance are public and 15% private.

The third type of exchanges and transfers concern the standardisation of the policies carried out. Whereas in the case of transfers of experiences identified earlier, the South-North sense dominates, in this case, the relationship is inversed from the North towards the South. International organisations and bilateral cooperation, either directly or indirectly through the main NGOs and foundations of the North, have standardised their interventions in the South, through their support to NGOs and associations working in the field. The grass roots operators have standardised their interventions to respond to this demand which gives them the means to live as practitioners operating in the field (no one should underestimate the weight of the resources of the associative world, whatever the different and complementary forms, obtained directly or indirectly through public resources).

As regards analysis and conceptual production in the field of solidarity, it would be difficult to imagine that there are concepts for the North and concepts for the South, and yet again others for the countries in transition, unless we abandon all principles of scientific intelligibility. Many concepts forged in the South by anthropology on site have thus been transferred in order to understand the behaviours of populations in the North, as well as certain concepts of economic analysis, the idea of capital and of networks, etc. are validated in the analysis of the South. This is more general than solidarity-based economy and *a fortiori* than solidarity-based finance. However, at the present time, many academic exercises impose on the South theoretical tools marked by ethnocentrism, in all good faith, and their inadequacy gives rise to more questions than answers; it forces people to call a number of certainties into question. For more than two centuries, Western societies have, for example, been defined outside hierarchical conceptions, in the sense of the Indian anthropologist Louis Dumont. Political struggles have very largely eradicated this ideology as a representation of society, even if, in fact, these organising principles have not totally disappeared and often reappear, surreptitiously, in the mechanisms of social distinction and authority. The explanations that make it possible to understand the operating principles of societies, as in the other fields of knowledge, are only theories with a more or less limited validity and for a more or less long period.

It is possible to note that certain dreams concerning the « good economy » of the South which would be essentially dominated by giving and a supposedly natural generosity, have made it possible to read our own behaviours in a different way which are supposedly just as and inversely artificially self-interested. Approaches in terms of currency compartmentalisation, in other words, the non-fungibility of currency, finds new applications in the North. In the other sense, certain analyses of risk management are validated in the observation of the daily management by populations in a situation of poverty and strong precariousness in the South<sup>13</sup>. Here, there are clearly outstanding interchanges and effective innovations to better understand behaviours. The fact that a solidarity-based economy takes into account the practitioners as participants in the transformations of their society and not as being subject to them, must, more than any other fields of know-how contribute to this mutual cross-fertilisation of theories and experiences.

### **Micro-finance as a new form of public action**

Micro-finance, which is not limited, as one often believes, to micro-loans but includes services of savings, insurance, transfers and loan guarantees for people outside the banking system, is able to mobilise funds by mechanisms which elude the logic of the strict individual interest to which certain thinkers assimilate the market and which imply solidarity both on a scale of local proximity and of international networks. The very rise of ethical concerns in industrialised countries is able to provide it with new resources and support. These are the processes of financierisation<sup>14</sup>

<sup>13</sup> Isabelle Guérin, *Femmes et économie solidaire*, (Women and Economy-based Solidarity), Paris, La Découverte, 2000.

<sup>14</sup> For a definition of financierisation, see the first chapter of *Banquières et banquiers aux pieds nus, Mirages et espoirs de la microfinance*.

and globalisation which have made and continue to make possible these solidarities that are propitious to the contribution of additional resources for increasing people's capacities to control, in a partly autonomous way, their individual and collective destinies.

The complexity and ambivalence of solidarity-based economy organisations are at the origin of different types of misunderstandings in industrialised, emerging or less advanced countries. Certain people accuse these organisations of practising a disloyal rivalry as far as private companies are concerned, whereas others lay stress on the dangers of the dismantling of the « public service » whose responsibility it should be to respond to the needs satisfied by these activities. In fact, these criticisms have practically no foundation. The perverse effects, when these can be noted, are marginal, as it would be incorrect to confuse a solidarity-based economy with the underground economy; a solidarity-based economy does not hide itself but claims on the contrary a public life; it can only function, for a large part, by public support. Very few micro-finance organisations could be totally independent financially today (that is, in taking into account the loans which they are given at preferential rates as a partial form of donation and including, in their real costs, the technical assistance and the training from which they benefit) and this percentage of financially autonomous organisations is all the less high as their services reach populations which are really poor and excluded except if they subject these latter to usurious interest rates.

In developing countries, the deficiencies of public action are so great in the production of collective services that are unprofitable for profit-making firms that these collective initiatives are generally favourably welcomed and supported today by local, national and federal public authorities and evidently, in the framework of bilateral and multilateral cooperation, to an extent, in the majority of countries, doubtless unequalled in the North. We can observe very many actions in the field of health and health care, education, care for the disabled, orphans or refugees, the provision of water, the building of latrines, waste collection transformed into compost, etc. which can be taken as forms of a solidarity-based economy activating the same spirit of personal and collective, private and public interests. Micro-finance is not original in this field and some of its forms, amongst many other initiatives, are a constituent element of this new type of social economy. It could be surprising that it seems quite normal for these organisations to receive public subsidies in industrialised countries whilst similar initiatives should very rapidly, if they do not wish to disappear, reach a level of financial durability or even profitability amongst the populations considered as being the poorest in the most underprivileged countries of the world.

However, with regard to this new form of production of goods and services, combined under the name of solidarity-based economy, micro-finance occupies a particular place which justifies the attention that it is given. More than other elements that constitute this whole, it is globalised, in the sense that similar models are encountered in the most diverse regions of the world. If, compared to certain other initiatives of solidarity-based economy, innovation can, in one form or another appear less strong, the number of its systems of financing and their dispersion are such today that globally, those which can constitute a field of experiences for a solidarity-based economy are doubtless unequalled on such a scale of dissemination in any other field. This also means that the hybridisation of resources and this mixing reach extremely variable degrees which can give it forms ranging from popular autonomy to administered measures.

Over and above this general framework, considering micro-finance through its measures and its local networks as a process for constituting a new social economy also makes it possible to include it, in part, in the historical continuity of mutual benefit funds and cooperatives (and a fraction of micro-finance explicitly takes place in that framework) and to rely on this heritage — both from an intellectual and material viewpoint — while at the same time being aware of the limitations and tensions between movements with different ideological sensibilities. The content of social economy as a whole has changed on account of the linkages that this new social economy, referred to as a solidarity-based economy, establishes with the public institutions. We are witnessing, in fact, the setting up of forms of subsidiarity of public collective action which,

depending on the case, comes to support local initiatives either by fostering its emergence or supporting its growth.

This inclusion of micro-finance in a solidarity-based economy that is in the process of being formed makes it possible, in particular, to transcend the ideology of the cost price of its services. With the exception of ultra neo-liberals, no one has ever claimed that in all circumstances the total cost of all the health, education or communication services should be entirely financed by each one of their users. Why should the access to financial services be different? This is possible when the part whose cost is covered by the public authority at local or national level or through multilateral or bilateral cooperation measures falls within a development policy and when this contribution goes towards helping the wellbeing not only of the beneficiaries but all the members of society. The same arguments that are introduced to justify public interventions and contributions with regard to health or education, considered as fundamental rights, could also be used in the financial fields such as the inability noted of the private sector to fully satisfy these needs. Let us add that the distinction between commercial goods and public goods based on the technical possibility of excluding or not excluding consumers, by also applying it to health and education seems particularly fallacious: it tends to make the supposed free encounter of supply and demand the normal form of allocation of resources without raising questions, as we have underlined in analysing the historical construction of this market economy. We should bear in mind a number of elements of the conclusion of this Chapter 9. We should not have recourse to the market only when the individualisation of the payment is not physically possible. In other words, the « market » should be the rule and public intervention should be an exception. The financial services are, like education and health, elements of consumption, the collective utility of which, contributed by their consumption, is superior to the sum of individual utilities. There consequently exists a collective gain in the absence of exclusion for some fractions of the population and in certain cases of a tariff depending on the ability to pay. This collective gain justifies the public interventions in this field and the contribution to be paid by the public authority so that each and every one will have true access to certain services; the definition of minimum services in this field depends on the operating principles and the financiarisation of companies. Today, the initial dogma of the viability of micro-finance by entirely invoicing the costs of its services to its users, who would be « poor » and extremely « poor » populations, is, except in a number of rare countries, largely in the process of failing and thus, by necessity, sooner or later, will have to be abandoned.. This objective is only reached in exceptional conditions which it is necessary to study with precaution to define the conditions and the limitations of their reproducibility. Also, new objectives can be given to organisations of micro-finance by the public authorities which are increasingly acting not directly but by subsidiarity and should thus, like every service provided to the human communities that they represent, just as much be assessed and their performances, impacts and effects compared as to whether the cost is covered directly or indirectly. As micro-finance has developed on a large scale in the countries of the South whose governments have considerable deficiencies, often reinforced by structural adjustment policies, many observers are convinced that these new public policies were characterised by a generalised and irreversible disengagement on the part of the State, and thus these analysts were unable to understand the new face of the State which « does not act », but which « gets others to act ». Its potentialities and its limitations are particularly not very well understood.

Micro-finance illustrates a certain amount of continuity and also a rupture with regard to the former associative, mutual benefit and cooperative economy. It cannot be one « against the State ». It expresses, even inversely to what some of these neo-liberal promoters have claimed, the necessary return of the State, but of another kind of State, acting in a decentralised way and through subsidiarity. Its measures, its programmes and its organisation bring together, for better and sometimes for worse, the *State*, the *market* and *society*. However, if a solidarity-based economy can be considered as a new form of collective action and public intervention, then it is essential from an intellectual viewpoint to produce and disseminate the concepts that are necessary to be able to understand their multiple forms and their emergence; just as, from a practical viewpoint, it is urgent to raise the questions of governance to which it gives rise and to measure not only certain positive

or negative effects but more generally the impacts of these measures and the subsidies granted. These new public policies and forms of collective intervention call for transparent information. This is far from being the case. A large number of non-governmental organisations cloak themselves in the dignity of good will and charitable action in order to refuse the dissemination of information making it possible to assess the real impact of their actions and the effective costs of these and it is then possible to challenge, without indulgence, the solidarity that they claim to practice... sometimes with profit.

However, in distinguishing the *wheat* from *the chaff*, a solidarity-based economy in general and micro-finance in particular, offer considerable potentialities for inverting the current priorities of public policies centred at all the levels of decision-making on the eradication of poverty by economic action; in other words, micro-finance can break with neo-liberalism and contribute to making the fight against social inequalities, discriminations and exclusions a priority central element. Both by the sensibility of their practitioners and the real capacities of these measures and organisations, its initiatives have much more chance at local and global levels to place the fight against inequalities, discriminations and the different processes of marginalisation and exclusion at the forefront.