SOCIAL ECONOMY AND A NEW MODEL OF DEVELOPMENT

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The COVID-19 pandemic has revealed some issues in our societies, raising common political, economic and social problems around the world.

On the one hand, the capitalist system is in crisis. It is the same system that in the past helped liberate the domination of feudal regimes and developed productivity. However, ethical norms and rules have been lost to achieve immediate gains due to greed and short-term vision.

On the other, there is also a social crisis. The institutions of the social contract, that had for decades balanced and laid the foundations of modern societies and democratic regimes, are now in jeopardy. The system that proposed solidarity and equality has degenerated.

That is why today we must undertake important reforms and transitions, so that inclusion, justice, sustainability and equality become the pillars of a new development model. Faced with this situation, social economy provides solutions to fight against this crisis with a change of perspective.

Social economy is already a fundamental part of the private sector and contributes to sustainable development and competitiveness. It is a top-level business actor that energises the economies of countries such as Spain, France or Portugal. In the European Union it generates 8% of GDP and represents 10% of all companies. In the countries bordering the Mediterranean, it has a high socio-economic impact with more than 3.2 million social economy companies that generate 15 million jobs.

Prosperity is interdependent on inclusion and sustainability. Entrepreneurship is not sustainable if it does not incorporate and reflect society. Social economy is a vibrant sector of the economy and fosters sustainable and inclusive societies, along with jobs and growth, but it needs adapted and supportive ecosystems to thrive.

The Mediterranean is facing a serious demographic challenge and needs to create six times more jobs than are currently available. With youth unemployment of 35%, 45% for women, the situation is quite dangerous in some countries. Having a healthy, inclusive and sustainable business ecosystem would produce prosperity and channel all that potential.
In Europe, social economy encompasses a plurality of successfully consolidated companies and entities that provide jobs, social cohesion and are a key factor in the implementation of the 2030 Agenda for Sustainable Development. For this reason, the Mediterranean needs to promote these values and business models, establish a legislative framework that allows them to operate at a regional level, and support their growth and access to finance, so that they can contribute to the socio-economic development of the region.

Serious and coordinated action is needed to create inclusive economies and youth employment. In addition, the way must be made easier for the private sector and greater public investment much be created in infrastructure, health and education, which provides the required tools. A project is needed to create alternatives that can cope with the big energy of youth and women, as well as some options that improve their representation within the government of organisations, and allow the use of that energy for economic and social reconstruction.

It is possible to favour the process of innovation and experimentation, in addition to the collaboration between all market players, even in sectors of activity not connected to social economy. The key to this is to recognise the added value of social economy organisations, improve their ability to report on the social and economic dimensions of their actions, and use that potential to fight against unemployment.

Traditional banks could improve their risk assessment practices to more accurately estimate the risk associated with loans to social economy organisations, create suitable financial instruments for them, and increase participation through dedicated guarantee funds. It would also be appropriate to encourage actors in the social economy field to mobilise their own financial resources by creating mutual funds. The objective is to support social entrepreneurship and social companies.

Social economy must be part of a new model of economic development, which also encompasses a green and blue digital revolution, to achieve a just, equal and inclusive system that meet social expectations and reduce the injustice gap. The fight against inequality and poverty must be at the centre of this great challenge.