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Responsible consumption and solidarity-based finance

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Summary:

There is a growing awareness across Europe of the need to incorporate social values into individual and collective consumer and savings choices with a focus on local products with social labelling and ethical financial investments.

Community-based initiatives are on the increase: these include solidarity foodstores, inclusive co-operatives and businesses which promote social integration, social micro-loans, socially responsible local partnerships between producers and consumers, socially-committed buying groups and local-level structures for non-monetary exchanges.

This report describes these practices and shows how local and regional authorities can take action within their own administrative services through the use of public procurement, by encouraging businesses to take more responsibility and by coming to the aid of economically vulnerable persons.

R : Chamber of Regions / L : Chamber of Local Authorities
ILDG : Independent and Liberal Democrat Group of the Congress
EPP/CD : Group European People's Party – Christian Democrats of the Congress
SOC : Socialist Group of the Congress
NR : Member not belonging to a Political Group of the Congress



CONTENTS

INTRODUCTION	4
HISTORICAL BACKGROUND	5
1. RESPONSIBLE INSTITUTIONAL CONSUMPTION	7
1.1 Public procurement, social clauses in public contracts, socio-labels and other certificates...7	
<i>a. Responsibility vis-à-vis remote production</i>	<i>7</i>
<i>b. Domestic social practices</i>	<i>8</i>
<i>c. Social clauses in public contracts</i>	<i>8</i>
<i>d. Encouraging access by small businesses to public contracts: splitting up supply and demand by co-construction.....</i>	<i>9</i>
1.2 Financial support: public subsidies subject to corporate social responsibility	9
2. RESPONSIBLE INDIVIDUAL CONSUMPTION AND SUPPORT FROM LOCAL AND REGIONAL AUTHORITIES	9
2.1 The consumer/citizen as both producer and consumer.....	9
2.2 Fair and responsible civic practices.....	10
<i>a. Solidarity-based savings.....</i>	<i>10</i>
<i>b. Producer-consumer shortcuts.....</i>	<i>11</i>
<i>c. Support for consumers' associations.....</i>	<i>11</i>
2.3 From public authorities as promoters to public authorities as partners	11
<i>a. Shared social responsibility of economic players and pooling tools and spaces</i>	<i>11</i>
<i>b. Creating new currencies</i>	<i>12</i>
3. SUPPORT FOR ACCESS TO PRODUCTION/CONSUMPTION TO PERSONS CURRENTLY EXCLUDED.....	13
3.1 Activity production or active integration, or how to help individuals to become creators responsible for their own lives	13
3.2 Active reintegration: micro-loans and micro-financing.....	13
<i>a. 1st micro-loan level: social micro-loans</i>	<i>13</i>
<i>b. 2nd micro-loan level: occupational micro-loans.....</i>	<i>14</i>
<i>c. Micro-financing action</i>	<i>14</i>
3.3 Co-operative structures promoting activities, or “business incubators”	14
3.4 Community enterprises	14
3.5 Occupational assistance establishments and services for persons with disabilities	15
3.6 Consumption by economically and socially underprivileged populations: solidarity foodstores	16
3.7 General-interest social services.....	16
4. SUPPORT STRUCTURES AND LEGAL MECHANISMS.....	16
4.1 Tools	16
4.2 Networks	17

5.	DEVELOPMENT PROPOSALS FOR PUBLIC AUTHORITIES	17
5.1	Recommendations for the local level.....	17
5.2	Recommendations for the national level.....	18
5.3	Recommendations for the European level	18
	CONCLUSION.....	18

INTRODUCTION¹

The expression “responsible consumption” covers a set of purchasing practices determined by lifestyles and (non-)consumption choices whose common denominator is the desire to incorporate positive social values into individual and collective economic behaviour.

The stakeholders themselves refer to these practices differently depending on the basic underlying values of this essentially cultural approach, ie they variously call this type of consumption *alternative, ethical, fair, solidarity-based, critical, responsible, sustainable, eco-responsible*, etc, or else give it no particular name at all.

Most of these forms of consumption adopt “responsible” behaviour with varying frequency. They make an enormous, yet discrete, contribution to the spread of this movement, not only quantitatively but also by ensuring that consumption is talked about every day. Setting an example is extremely powerful in a community in search of common-sense reference points.

It is difficult to assess the preponderance of responsible consumption in the overall economy because we only have partial assessments in specific sectors (eg *buying organic products, fair trade* and *ethical finance*). It is impossible to quantify non-purchase of such products, except where products are being *boycotted*.

Some of these practices operate without money as a medium of exchange: this is the case of *time banks, bartering, service exchanges, voluntary service*, etc, while others are not distinguished from trade in general, eg *local purchases, the second-hand trade* and *small local producers*.

It is difficult to gain a full overview of the many practices coming under the umbrella term of “responsible consumption” because of the rather sketchy borders between indicators. In particular, the traditional dividing line between producers and consumers is beginning to blur, considerably broadening the prospects for innovation. People with increasingly varied and complex means of supplying products and services beyond what they need for their own consumption, ie their excess production, are capable of generating income (*prosumers [producer-consumers]*).

Some producers provide free services just for pleasure, although these practices, which are common in the fields of music, images, free software and donations, are not always ethically motivated. Web2.0, with its UGC (User-Generated Content) model, produces Internet sites whose content is provided and updated by the users, which, paradoxically, guarantees information security and real-time updating. The best known example is Wikipedia, a free site open to all which is updated just like any other encyclopaedia maintained by a paid team would be. Many would agree that tomorrow’s information will be provided via this kind of system, to the detriment of the press and other media, whose editorial line is often under the ideological control of the majority shareholders.

We can be sure that although this trend towards free service provision and exchange of goods and services is currently a minority phenomenon, it is growing rapidly because the idea of *responsible consumption* is in the vanguard of modernity, where the consumer’s power is on the increase in all the fields of globalisation, democracy and access by all to information.

¹ The Congress Secretariat wishes to thank the consultant, Ms Pascale DELILLE, for drafting this report.

HISTORICAL BACKGROUND

Freedom of choice

For European consumers, commercial freedom of choice began spreading just after the Second World War in western Europe and towards the end of last century in the East.

Where the market is concerned, the customers' freedom of choice is not only a matter linked to their economic status (which must be sufficiently high to accede to the market and to choose among the products available) but also involves securing information on products. Marketing superficially interprets needs, but it does not bring about the requisite radical innovations in the system.

Information

Information on product quality is the area in which consumer demand has changed most over time: the quality of a given item is not confined to its properties, which are intrinsic, but also means answering questions about this item.

Philanthropy

Up until just after the Second World War, most consumer goods were supplied by a production/distribution system and identified on the basis of their place of origin, in accordance with traditional consumption patterns. Consumers did not link any given product with the information which had been circulating since the beginning of the century on working conditions in colonised countries. This information was often conveyed by churches and writers, and it was humanitarianism which promoted religious and non-governmental organisations (NGOs) to tackle the problems of small-scale producers and the "Third World".

Trade, not aid

In the 1960s the decolonisation process prompted a civic debate against the background of suffering and guilt. A few years after the FAO first sounded the alarm on world famine conditions (1960), a number of Dutch cane sugar marketing groups adopted the slogan "Trade, not aid" to forge a link between trade and consumption in rich countries in a spirit of equity and respect rather than "charity". In 1965, ATOs (Alternative Trade Organisations) began to spread, followed in 1969 by the global Fair Trade movement and world shops.

Boycotts

At the end of the 1960s, concurrently with the debate on freedom inspired by the Vietnam war, the Prague Spring and the French students' movement, consumers began to boycott products from non-democratic countries, as well as Coca-Cola as a US army supplier. A firm link was thus established between politics and consumption.

Environment

In 1971 – in other words just before the first oil crisis of 1973 - the Club of Rome² published its "*Limits to Growth*". Furthermore, an increasing proportion of the population of Europe was protesting about over-consumption and leaving the towns for the countryside or India. However, this did not stop consumption, far from it! People simply became concerned about the environment, throwing out old ideas such as the opposition between nature and culture. This process transformed the view of Nature, which had traditionally been seen as hostile and having to be combated and conquered, making it a friend to be protected. The Body Shop trade name, which was created in 1976 in the United Kingdom, took the lead in this movement, developing a market of 1 200 products which are today sold in 2 100 shops in 55 different countries.

² The Club of Rome is a non-profit, non-governmental global think tank and centre of innovation and initiative which brings together scientists, economists, businessmen and heads of state.

Perceived quality and lifestyles

In the 1980s the debate on quality shifted from the means to the outcome of consumption. Lifestyles result from consumer habits, seen as reflecting living standards, which are linked up to prices in the collective imagination (the “obsession” with commercial commodities was followed by the “brands fad”, using alluring images to trigger maximum consumer response). “Intrinsic quality” was replaced by “perceived quality”, which currently dominates marketing and is taking over the audiovisual media.

Safety

After the discovery in England (1986) of the first case of so-called “mad cow’s disease, the BSE epidemic spread to a number of developed countries, just as Ulrich Beck³ was developing his theory of the “risk society”. The European Economic Community was also at the time striving to promote safety as part of basic product quality, which had scarcely been touched on in the consumers’ rights recognised under the UN Guidelines for Consumer Protection which were rather geared to improving balance on the global market.

Boycotting brands and emergence of the low-cost sector

A global organisation, IFAT, was set up for the fair trade movement in 1989. Internet was one of the main vehicles for developing this social trend. International companies were prime targets for boycotting because of their behaviour in under-developed countries (eg the Nestlé Group). Many brands were boycotted for social reasons (the NIKE Group with regard to use of child labour). Price was henceforth considered in isolation from quality. “Low cost” goods were increasingly well designed and manufactured under good conditions, especially since some companies (eg IKEA) began to spotlight their social and environmental responsibility.

Institutions

Globalisation came under fire in Seattle in 1999, inducing the United Nations in 1999 to add the right to sustainable development to its Guidelines for Consumer Protection with an eye to the Millennium Goals for Development. After some initial hesitation, ISO (the International Standards Organisation) opened its doors to representatives of governments, NGOs and workers’ and consumers’ organisations in order to co-operate with enterprises in formulating the contents of ideas such as “social coresponsibility”.

Local authorities and social responsibility: a slow “reconquest”

Validation by the European Court of Justice of the “lowest social bidder” in public procurement

There have been two landmark judgments by the European Court of Justice. In 1988, the *Beentjes* Judgment (Netherlands) confirmed that public purchasers could demand the recruitment of unemployed persons as a precondition for enforcing a public contract. And in 2000, the European Commission brought proceedings against the French Nord Pas-de-Calais Region for including social criteria (anti-unemployment measures) in its conditions for executing a public contract. The European Court of Justice found in favour of the region, which opened the way for assessing bids in accordance with their social performance at the public contract award stage.

Relocating the economy and preserving economic biodiversity

Furthermore, the increasing popularity of sustainable development has had a rebound effect on responsibility and sustainability in the social and economic fields, which have become the other two mainstays of sustainable development.

The increasing use of carbon inventories is strengthening the position of advocates of economic relocation (as far as possible producing locally what will be consumed locally), especially since the sources of employment are to be found in small production units or services and the building industry, which is difficult to relocate. Nevertheless, the myth of the region as being competitive

³ Beck, Ulrich (1992), *Risk Society: Towards a new modernity*. London: Sage.

in the context of globalisation, housing prestige activities run by mobile and unpredictable multinationals which must be “sweet-talked”, is proving hard to eradicate. Methodologies and debates are spreading on the viability of economic relocation⁴.

The question of free competition is also raised by the low-cost production methods of countries which fail to respect social rights, while at the same time public procurement cannot officially give local companies preferential treatment. However, many enterprises are now insisting on “community preference” in the name of corporate social responsibility.

The concept of “market inadequacies” and public authority intervention to correct them

Under the latest EU directives on State aid, which are currently at the consultation stage, local authorities are assigned some powers of regulation and allowed to support the “weak links” in the market with an eye to improving social cohesion. This amounts to a veritable reconquest of the capabilities for political regulation of the economic system for the greater benefit of local and regional areas and their populations.

1. RESPONSIBLE INSTITUTIONAL CONSUMPTION

Responsible consumption is part of a global process taking place at a given point in the life cycle of products (production, distribution, consumption, recycling) and services. Social responsibility must, however, be exercised at all stages in the cycle, because concentrating the action on one stage only would be completely ineffective.

In Europe, public procurement accounts for between 10% and 15% of GDP, which means that the authorities are in a position to persuade bidding enterprises to adopt an ethical approach. Their practices can also set an educational example if they take the time to provide proper information on their choices so as to provide optimum incentives for the citizens to follow suit.

1.1 Public procurement, social clauses in public contracts, socio-labels and other certificates

a. Responsibility vis-à-vis remote production

Local authorities can use public procurement to encourage enterprises to verify their sub-contractors’ compliance with ILO standards, or indeed suggest that they subscribe to an international label such as the SA8000 standard (www.cepaa.org/).

Other approaches not covered by this label raise the problem of supervision, which is the weak link in local mechanisms. Sub-contractors often have sub-sub-contractors over whom the enterprise bearing ultimate responsibility has no control: gradual progress is being made in this field thanks to the gradual implementation of social traceability. This is why public purchasers would do well to co-operate (eg in purchasing unions) and standardise their practices in order to reduce the cost of applying for checks (eg to a fair trade organisation) and put effective pressure on enterprises to adopt this kind of approach.

For example, the City of **Munich** has launched a campaign against child labour with NGOs and the “Agenda 21 Co-ordination One World” network. A document has been prepared to help businesses audit their sub-contractors on this subject, and an independent inquiry has been commissioned from a fair-trade organisation.

⁴ The “Slow Food” movement, www.slowfood.com, which originated in Italy, has become international, with the global “integrated circular economy” launched by Gunther Pauli www.zeri.org (Zero Emissions Research and Initiatives) and the French REPAS network www.researepas.free.fr, including the ARDELAINÉ co-operative in the Ardèche region.

The **Tuscan** regional authorities have set up a regional ethical commission together with associations of municipalities, consumers, employers, NGOs, the Labour Inspectorate, immigrants' associations, trade unions, etc, to hold working meetings on social and environmental responsibility. The region defrays 50% of the expenses incurred by businesses in securing SA8000 certification. The Commission also funds studies on relocation practices and compliance with social criteria by sub-contractors (Fabrica Ethica: www.fabricaethica.it).

b. Domestic social practices

Public authorities can support anti-discrimination policies in the services field (eg by accompanying tenders with a questionnaire on current corporate practices). They can also offer support and training in non-discriminatory practices by attempting to alter representations and remove prejudices in public/customer relations and vis-à-vis recruitment and work distribution and organisation within individual departments.

Public authorities can apply for a corporate assessment from the relevant European organisations. Regions are increasingly co-financing this type of approach vis-à-vis SMEs, which at least has some educational value, even if the results are not binding. Moreover, these *corporate assessments* provide a great deal of quantitative data conducive to new human development indicators that could be standardised and used to guide public policies.

The *Global Reporting Initiative* (www.globalreporting.org), in which the United Nations Environment Programme (UNEP) is a partner, was originally created for major enterprises, but a separate version has now been created for smaller firms. The reporting framework embraces public authorities, enterprises and all sections of civil society concerned by production, using a system for assessing social and environmental criteria.

In **Belgium**, the first European socio-label was introduced in 2002 under Belgian legislation intended to guarantee decent working conditions throughout the production chain, from the European continent to sub-contractors in southern countries. Any business meeting these criteria can apply. A multipartite organisation embracing NGOs, public authorities, consumers, employers and trade unions, checks the conformity of the application after which the relevant Ministry grants the label for three years. Inspections may be carried out and sanctions imposed during the three years of the label's validity (www.label-social.be).

c. Social clauses in public contracts

Such clauses may concern the conditions for awarding the public contract (and therefore be one of the purposes of the contract) or the conditions for its enforcement (and therefore become mandatory during the implementation of the contract, rather than being used to help select a bidder).

In **France**, the new Code of Public Contracts allows part of the contract to be earmarked for social performance in the integration field in respect of population groups facing social difficulties, provided the contract incorporates the integration concept. Otherwise, integration is effected under contract enforcement conditions, whereby the businesses selected must reserve a given percentage of the overall number of hours for population groups identified as being socially underprivileged.

In **Catalonia, Spain**, regional government departments are required to earmark 20% for integration or occupational assistance enterprises: a portal on the site www.comprasocial.net embraces all the social value-added enterprises in the region, including fair-trade firms.

d. Encouraging access by small businesses to public contracts: splitting up supply and demand by co-construction

Public procurement can help prioritise local action to prevent unemployment and business relocations. The facility for splitting up public contracts means that certain sections of them can be tailored to SMEs. Prior dialogue is conducted among all the parties involved to ascertain the possible responses of the local market and thus obviate the risk of redundant contracts being concluded. Each section may also comprise social and/or environmental criteria, and where there is no response to one specific section the rest of the contract can nonetheless be successfully implemented. This practice fits in with the drive to preserve “economic biodiversity” (*ecodiversity*) and promote social dialogue.

The European Commission has recently been addressing the issue of SMEs and their access to public contracts, even though it still prohibits the “local preference” approach. The Small Business Directive will be tabled by the European Commission in June 2008. It is mainly designed to promote preferential access (a term which is no longer prohibited in European terminology) for SMEs to European public contracts and the EU market in general, presenting a framework for the European Private Company (EPC) in respect of small unlisted companies.

In the **United Kingdom**, the Sustainable Procurement Task Force has pinpointed the need to encourage SMEs to tender for public contracts because economic relocation is one of the criteria for sustainability. A guide, the “E-training package”, has been drawn up for small businesses and made available on the website of the British Public Procurement Agency.

1.2 Financial support: public subsidies subject to corporate social responsibility

One trend that is emerging in the European regions involves making financial subsidies for companies subject to mutual contracts. The contract specifies the number of jobs created, whereby the company must refund the subsidy if the jobs are prematurely terminated. The same applies if it relocates some or all of its activities, etc.

Subsidies can even be transformed into refundable loans, where the companies have no obvious social or environmental value-added characteristics. This is an original way of forcing them to integrate social responsibility before they have even started operations.

These measures are effective in preventing the socially damaging secondary effects of production relocations.

2. RESPONSIBLE INDIVIDUAL CONSUMPTION AND SUPPORT FROM LOCAL AND REGIONAL AUTHORITIES

2.1 The consumer/citizen as both producer and consumer

A responsible consumer is a stakeholder who is able to interact with his or her societal environment by making choices in accordance with his/her level of awareness of and information on the products and services on offer. This presupposes having moved beyond the economic survival stage. On the other hand, solidarity can be exercised by making quality mutually available in order to meet as many of the vital needs as possible.

The problem at the present time is that there are too many overqualified people in possession of the know-how and knowledge without being able to express them socially, mirrored by an increasing mass of elementary, and therefore secondary, needs which are not being met for lack of financial resources. On the one hand we have a wealthy and highly competent society whose service and production capacity is restricted for lack of solvent resources and outlets, with, on the

other, a constantly increasing number of vulnerable people excluded from the great “consumption feast”.

Furthermore, it is not enough to practice an irreproachable type of consumption if one’s activities directly or indirectly promote a pernicious social effect. This explains the importance of forums for exchange of information and participative democratic practices to enable all citizens to step back and think about the societal background to their activities.

A responsible consumer is therefore an active citizen who is both a transmitter of activities that meet a given need (paid and voluntary work) and a recipient/beneficiary of products and services, of which (s)he compares the social and environmental repercussions:

- in the case of products, at all stages of their life cycles, from production to recycling;
- in the case of services, the social conditions (types of contracts, employee rotation, non-discrimination on recruitment and in-house, etc): suffering at the workplace denounced in films and reports, chronic burn-out in some occupations, individuals facing increasing social insecurity and being written off as mere adjustment variables.

What can local authorities do to support responsible practices on the part of their citizens and offer them spaces in which to conduct “high social quality” activities and commitments?

2.2 Fair and responsible civic practices

a. Solidarity-based savings

Increasing numbers of savers now expect their banks to invest their money in a socially useful way: the ethical criteria of SRI (Socially Responsible Investment) used to be left to the discretion of the banks themselves, which used ethical funds to create their own solidarity-based investment products on the basis of ratings drawn up by agencies specialising in such funds (usually company shares). More direct assignment mechanisms such as solidarity-based savings accounts and direct purchasing of equities can benefit solidarity action for deprived groups, building social housing, etc.

The major areas for such practices are still local and Third-World development under programmes for micro-loans, environment, social issues, combating harmful social or technological practices, excluding enterprises manufacturing harmful products (tobacco, arms, presidencies, etc).

Public authorities are becoming increasingly involved in solidarity-based finance:

- firstly because microfinance (see chapter 3) helps populations in difficulty to develop in their own local areas, greatly benefiting the local social fabric;
- secondly because of the development of pension funds, or *épargne salariale* (“wage savings”) in France and *épargne pension ISR* in Belgium, which are ultimately intended to replace the pay-as-you-go systems. According to the economists A. Landier and D. Thesmar, employee shareholding schemes are too dependent on the success of the relevant companies and expose the most vulnerable employees to risks against which they are usually protected. Moreover, they undermine social protection systems, as they are not subject to the payment of contributions.

Draft legislation has been tabled in Belgium to regulate the *épargne pension ISR* on the basis of sustainable development criteria. Under French legislation between 5 and 10% of these funds can be invested in solidarity economy enterprises whose basic characteristics are defined in the relevant legislative text.

However, these trends are criticised in some quarters as being mere illusions designed to disguise the fact that these products attack the basic social *acquis* of the right to a “redistribution” (*répartition*) pension based on inter-generation solidarity.

b. *Producer-consumer shortcuts*

URGENCEI is the international network that links up mainly organic farming practices, organised at the request of the consumers themselves. Users arrange for the distribution of products, often providing prior financing for production, thus sharing the financial risk with the farmer, who complies with the schedule of conditions drawn up by the consumers.

Solidarity support organisations provide individuals in social difficulty with access to this type of production via solidarity support funds (mutualising extra costs) or converting time spent helping the farmer into production credits.

Local public aid can take the form of land or building loans, or subsidies on the cost of victuals for populations in difficulty, thus ensuring that they receive healthy food while also helping consolidate the association. National and regional public aid may consist in defraying the costs of training farmers in organic techniques.

In Italy, solidarity purchasing groupings (consumer co-operatives) place group orders in order to secure better prices for organic or high-quality products; they are currently operating more or less in isolation from local government bodies.

c. *Support for consumers' associations*

Public authorities can provide support for consumers' associations endeavouring to raise consumer awareness beyond individual interests or satisfaction, prompting an understanding of interactions, repercussions and the general interest (educational facilities to highlight the social impact of economic choices).

The authorities can also support consumer education campaigns targeting children (preventing obesity) or persons applying for selective aid (preventing over-indebtedness).

2.3 From public authorities as promoters to public authorities as partners

How can we move on from a vertical financier/finanee rationale to a network of socially coresponsible partners?

As partners, the authorities can take part in schemes promoting local preference, whereas they are denied that possibility in public procurement by the EU directives on freedom of competition. Restoring social and economic leeway and creating new solidarity networks and novel forms of mutualisation and co-operation is becoming a major challenge in sustainable societal development as a first step towards more sober, more participative and sustainable lifestyles. This means thinking more in terms of multipolarity or at least of balance between pairs of opposites so as to create a new social dynamic.

a. *Shared social responsibility of economic players involves pooling tools and spaces*

There is another way of enhancing “social time”. It is a case of conferring a value of exchange (or mutualisation) on an activity previously relegated to the private sphere because it does in fact produce a genuine social added value. To this end, we must create new qualification/quantification tools to serve as indicators.

The issue is how to ensure the visibility of “social time”: how to ensure social recognition for, or indeed economic expression of, a socially useful activity (voluntary service, care for infants or the elderly, mutual assistance, knowledge transfer, etc) and how to link such activities up with professional work.

Time banks (Local Exchange Trading Systems – LETS) recognise pluri-activity and clarify multi-competency (catalogue of supply and demand, websites, distribution lists, meetings of participants during exchange fairs, etc). They provide economically fragile or excluded populations with a mode of social and economic expression, thus encouraging respect for dignity using a proactive, participative approach. Links are forged by exchanges between previously unconnected stakeholders, promoting social mixing and maintaining a relational support network.

b. Creating new currencies

Creating a specific currency helps communities re-establish the regulatory function of monetary circuits, which can serve as an incubator for activities providing stakeholders with an area of autonomous creation for developing their own projects. The fact of entering this area incurs the responsibility of all the parties involved, who must engage in debate and adapt to the common goal: there is a transition from a relationship of subordination (assistance/justification) to a more horizontal peer-to-peer relationship in which the public authorities become partners and defend their corner in a participative manner.

Local currencies can help mend the local social fabric. Enterprises communicate on their values and secure their customers’ loyalty, making their consumption meaningful and sometimes providing commercial advantages. Public authorities can participate in this virtuous circle by earmarking some of the currency for the most vulnerable populations, supporting them in their consumption in a non-discriminatory manner.

By way of example, the CHIEMGAUER in the Prien region of **Bavaria** in Germany is a currency with participatory management. It supports voluntary associations and local production (organic food, renewable energy, etc), while fostering co-operation (shortcuts) between various players: users, businesses (over 200) and distribution. One Chiemgauer is equal to one euro and costs one euro. The currency is produced at a central location and it is sold at the rate of 100 Chiemgauers to €97 to non-profitmaking associations, which sell it to their members or the public at the rate of 100 Chiemgauers to €100, thereby earning euros to fund their own activities. Businesses accept Chiemgauers at parity and use them within the system for their own purchases or exchange them at the rate of 100 Chiemgauers to €95. The difference is offset by an increase in their turnover in euros, as use of the local currency increases sales in euros. The currency depreciates regularly, losing 2% of its value every three months. The distinctive characteristic of the system lies in the way the partners take charge of organisation themselves: the businesses hold an information meeting for all stakeholders (promoters, associations, businesses, users, etc) in one of the three main geographical zones every month, helping to ensure convergence of interests and to make concerted development proposals.

The circulation of these new currencies should be governed by charters on shared social responsibilities. These charters would be regularly renewed among their customers and employees and the local and regional authorities catering for them, thus facilitating joint construction of collective preferences and renewal of social participation by economic stakeholders (enterprises, consumers and public services). These forums for public debate should help circulate information on the social repercussions of economic choices, and could become areas for education in responsible consumption and social responsibility.

Information on specific modes of production can promote individual consumer responsibility by encouraging positive discrimination for each instance of purchasing. This might lead us to expect a decrease in irresponsible consumption and an increased critical distance from types of productions which are too cheap to be socially responsible.

Local monetary systems thus constitute an additional method of funding regional development at a time when competences are being transferred to the regions without the requisite budget. They are having a positive impact on social cohesion and local development, and nourishing a local economy or fair trade system governed by a non-protectionist ethical charter which is open to any enterprise that meets its social and environmental criteria.

3. SUPPORT FOR ACCESS TO PRODUCTION/CONSUMPTION TO PERSONS CURRENTLY EXCLUDED

3.1 Support for activity production or active (re-)integration, or how to help individuals to take responsibility for their own lives

The decline in human participation in production due to increasing mechanisation/computerisation (including in the service sector) has not increased wealth and leisure time for the majority of citizens. The services which are booming in western Europe are unskilled personal services subject to the minimum wage, which are mainly provided by women working on an irregular imposed part-time basis. This population group belongs to the category of “poor” workers who experience difficulty in meeting their own vital needs even when they are in work. The fact is that responsible individual consumption cannot develop until the vital needs have been met, otherwise the struggle for survival reduces choices so far that it would almost be indecent to expect the individuals in question to show responsible discernment.

More often than not, the current approach to dwindling paid job opportunities as a form of expression and a means of obtaining social and monetary recognition produces guilt feelings on the part of the individual, encouraging him or her to seek excellence and to be better trained and more competitive than the next person. It does not tackle the problem of there not being room for everyone. This will increasingly be the case if we adhere to the same old approach. There is even supposed to be an unemployment threshold in order to keep wages down. This means that the current mechanisms entail a risk for (re)integration, pushing the less combative even further down the ladder. Job insecurity affects women more than men.

It would therefore seem legitimate to place the emphasis on other means of participation and social inclusion which already exist but confer no economic rights in return. The density of the European voluntary association network provides a good overview of the wealth of competence and knowledge used to run activities in a given sector, which is vital to the functioning of our societies in terms of social cohesion. The new qualification/quantification indicators represented by the local currencies mentioned above are an appropriate means of promoting activities which are increasingly being ignored by official financial circuits.

There is a consensus in favour of supporting the development of individual activities in the form of small or micro businesses rather than that of voluntary or co-operative projects, even though individual local and regional authorities can choose to grant their subsidies in accordance with their convictions without necessarily following current social “fashions”. The main obstacles to setting up in business are the overcautious attitude of banks and the increasingly difficult conditions for securing loans, while the phenomena of over-indebtedness and banking exclusion are continuing their progression Europe-wide.

3.2 Support for active reintegration: micro-loans

a. 1st micro-loan level: social micro-loans

Micro-loans granted to persons excluded from conventional banking services by micro-finance professionals can help them compensate for the lack of the requisite funds for changing status and reintegrating into society.

This first micro-loan level is often needed for resuming work where income has dropped because of a decrease in aid. The increasing complexity in some countries of public and private mechanisms for assisting unemployed and destitute persons is creating a veritable “poverty trap”, deterring them from resuming work. Micro-loans can also be useful for paying old bills and debts (rents and electricity and water bills, etc) which hamper normal social functioning.

There are quasi-municipal credit establishments which lend money against surety, ie on deposit of an item of value, which is sold if the person cannot refund the loan (traditional social micro-loan).

b. 2nd micro-loan level: occupational micro-loans

Individuals wishing to implement their own personal projects may be eligible for professional micro-loans, which constitute a solution for individual future plans because of the regular loss of paid jobs in industry and the service sector. However, there is a high risk factor, and over one third of these micro-enterprises fail to survive their first year of operations.

In Denmark, the *Jak bank* innovation has adopted the principle of the “tontines”⁵. By mutualising savings in order to re-create a non-speculative bank participants can build up working capital for loans accompanied by a bonus points system, guaranteeing both non-interest loans and solidarity-based savings.

c. Supporting micro-financing action

Micro-financing techniques cannot be created without due preparation, and the authorities are strongly advised to develop partnerships with recognised professionals from the micro-finance sector. On the other hand, upstream identification of the target group capable of setting up in business under a micro-financing scheme and downstream support for persons with such business projects are matters for the local and regional authorities. The organisation of logistical support and the social measures thus funded from public sources is more than paid for by the increase in social and economic contributions from the micro- or small enterprise, which benefits the whole municipality or region.

3.3 Co-operative structures promoting activities, or “business incubators”

Supporting and mutualising facilities and competences for logistical and management aid are provided for by a single structure, and prospective new entrepreneurs try out their activities within a protected framework. There are many mechanisms to support business creation, from advice and training to financial support and loans. “Business incubators” are organisations which go even further in protecting the future entrepreneur, paying them salaries or granting them occupational trainee status pending the launch and test runs of their new enterprise. In France, “work and employment co-operatives” provide this sort of “employee” status: the future entrepreneur becomes involved in the life of the co-operative, and can even remain a member of it while continuing to develop his or her own activity (especially in the services and crafts fields). There may or may not be a maximum limit on periods spent in such co-operatives.

“Work and employment co-operatives” have a similar mode of functioning to occupational insertion enterprises and receive subsidies to cover about half of their expenses, the rest coming from profits earned from their activities.

⁵ An investment vehicle which combines features of a group annuity, group life insurance and a lottery.

3.4 Community enterprises

The above examples apply to individuals who have retained sufficient autonomy and capacity for action, but there are currently more and more people facing social, relational and psychological difficulties which are often due to traumatic work experiences or excessively long periods spent outside the working environment. Such individuals need more personalised and comprehensive support, which can be provided by structures responsible for integration through economic activities. Such structures offer the beneficiaries an employment contract in a traditional economic sector on completion of their integration course.

However, some populations need intermediate measures, eg young unskilled persons, individuals having difficulty securing or retaining jobs and people with disabilities. This applies to posts in the service sector with employment support measures including training and qualification or pre-qualification work experience.

Integration through economic activity has two separate levels that are recognised in European legislation: firstly, organisations which produce goods and services with an eye to marketing them, operating in the commercial sector, and secondly structures which conduct socially useful activities on the basis, *inter alia*, of commercial services. Located upstream of the commercial sector, these structures create integration activities for those who are furthest away from the job market and whose main source of income is from public funds. The public authorities support such processes by placing orders and running vocational qualification and occupational integration markets, with the production activity merely providing a pretext and a medium for the integration efforts.

3.5 Occupational assistance establishments and services for persons with disabilities

There are establishments and services providing support through work in which most of the workers have disabilities and, because of the nature and/or seriousness of their impairments, cannot exercise an occupation under normal conditions. This system is based on Article 26 of Directive 2004/18/EC of the European Parliament and Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts. This Directive points out that sheltered workshops and sheltered employment programmes efficiently promote the integration or reintegration of people with disabilities in the labour market. But since such workshops might not be able to obtain contracts under normal conditions of competition", it should be provided that "member States may reserve the right to participate in award procedures for public contracts to such workshops or reserve performance of contracts to the context of sheltered employment programmes".

These mechanisms are the subject of positive discrimination under "best social bidder" clauses in public contracts, and a European Directive currently under discussion on State aid recognises the legitimacy of public authority corrections to market shortcomings. This means that public procurement, ie consumption by State departments and local and regional authorities, are implementing a policy of shared social responsibility.

Local authorities often help select the target groups for such mechanisms. Good upstream provision within a well-constructed integration process transforms the "obligation on the employer" clause into a "service provision for enterprises" clause. Public monies to finance integration return to the local and regional authorities and provide labour for enterprises in sectors which may lack it (eg the construction industry), setting in motion a process which in fact works to the benefit of all, especially that of workers involved in the integration process.

3.6 Support for consumption by economically and socially underprivileged populations: “solidarity food shops”

Such “shops” enable households living below the breadline to purchase food and hygiene items at prices far below those charged in normal shops.

The principle is as follows: foodstuffs, 60% of which are unsold items from hypermarkets and 40% from food banks, are sold at 20% of their original price to families in need. The latter may be referred to the solidarity food shops by the municipalities and social services for a renewable period of six months. The shop premises are usually provided by the municipality, and the shops are managed by employees (in subsidised employment) and voluntary workers. Moreover, persons undergoing (re)integration can work in them in order to learn sales techniques.

3.7 General-interest social services

The predominance of the rules on competition and freedom of movement must be challenged and replaced with new regulatory principles such as co-operation, solidarity and redistribution, in the case of genuine public-interest services. Joint management of social services is a reality in many sectors and countries and may combine national objectives, local consultation forums for all the parties involved and organisation of competition between service providers. The broader aim is to recognise that plural economic management principles also mean plural service providers (public, private profit-making and private non-profit) and a combination and mutualisation of resources (commercial, non-commercial and non-monetary).

4. SUPPORT STRUCTURES AND LEGAL MECHANISMS

4.1 Tools

OECD guidelines for multinationals

The OECD has opened a complaints service for NGOs, trade unions and citizens in general with regard to the conduct of multinationals in the social and environmental fields. Contact points have been set up in all countries. Complaints have mainly concerned human rights, trade union rights and employee consultation. The OECD can only issue a consultative opinion which has no legal force, although it can have a deterrent effect because of the negative publicity it creates for the enterprise in question.

Social balance sheet and participative reporting

The Global Reporting Initiative is a facility providing SMEs with corporate balance sheets and multipartite social dialogue: www.globalreporting.org.

Agendas 21 link up the corporate and environmental aspects. They serve as a basis for consulting the various parties involved in a given territory. The bases are universally shared, but individual territories can decide to concentrate on specific themes. The non-restrictive guidelines are mainly designed to be educational and informative, but they can sometimes produce excellent practical results. *Agendas 21* have the advantage of attracting extensive media coverage and being implemented throughout Europe.

The *Clean Clothes Campaign* provides consumer information and appeals to multinationals to defend workers’ rights and improve their working conditions worldwide: www.cleanclothes.org.

4.2 Networks

The following examples of networks can be mentioned:

- Alliance for Social and Ecological Consumer Organisations (ASECO) www.aseconet.org.
- The International Council for Local Environment Initiatives (ICLEI): the European branch was behind the Procura + Campaign for the incorporation of social and environmental clauses into public contracts: www.procuraplus.com.
- European branch of the United Towns Organisation (Eurocities): a presentation of social procurement tenders is to be found on www.eurocities.org/.

5. DEVELOPMENT PROPOSALS FOR PUBLIC AUTHORITIES

5.1 Recommendations for the local level

Public authority intervention to correct market shortcomings is legitimised in the quest for local economic opportunities for population groups living below the breadline. Local autonomy must be maintained if we are to begin to respond to the following vital needs:

- housing: town/country partnership for the rehabilitation of depopulated rural areas by means of programmes to support settlement by new rural populations;
- food, clothing, amenities: municipal provision of arable land and premises to promote the organisation of grower/consumer shortcuts; solidarity-based food shops (subsidised employment and provision of premises).

Exchanging and maintaining social involvement and a local action team

- Forum for exchanging and recycling services and second-hand items, as well as unusual skills and know-how: Local Exchange Trading Systems (LETS), time banks and competence exchanges.
- Creation of new qualification/quantification indicators to account for social value-added involvement time by citizens and “low-profit” local production.
- Creation of charters on social responsibilities shared among the different parties involved in a given territory, and creation of an area for fair production and consumption.

Information, acquisition of knowledge and skills indispensable for social (re)integration

- Public computer areas equipped with free software to cut installation and maintenance costs, with adult education programmes (groups undergoing (re)integration, the elderly, etc).
- Internet portal presenting all local social value-added production: information on and visibility of the shared fair market, for instance, the Ecoplus card in Heidelberg in Germany, which entitles users to reductions on products and services from the latter (<http://umweltpluskarte.oekostadt.org>).

Integration through the economy thanks to public contracts

- Ensuring general use of social clauses in public contracts through training for elected representatives and technical staff.
- Introduction of a social clause facilitator, an interface among conventional enterprises, integration structures and the local and regional authorities.
- For very small local authorities, mutualisation of purchases through a common procurement centre incorporating social (and environmental) clauses into its tenders and supervising integration in the service provision sector, possibly also imposing sanctions in the event of non-compliance with commitments by the enterprise.

5.2 Recommendations for the national level

- Creation of socio-labels
 - for production (sub-contracting enterprises or European distributors) from countries which do not prohibit child labour or guarantee trade union rights, etc;
 - for European production facilitating the introduction of schemes for integration via the economy or in sheltered employment enterprises;
 - for services guaranteeing minimum training and support for persons involved in (re)integration.
- Information campaigns on irresponsible modes of consumption relayed by the press and presented in schools: combating obesity, excessive TV viewing, drug use, over-indebtedness, etc.

5.3 Recommendations for the European level

- Creation of a social indicator on the model of the ecological footprint, viz the social footprint.
- Creation of a socio-tax on the model of the eco-taxes on all imports with an excessively heavy social footprint.
- Inclusion of social criteria in choices of European fund allocation vis-à-vis tenders, whatever the subject or level of projects or the conditions for their implementation (eg mandatory allocation of a percentage of jobs to economic (re)integration structures in implementing the project).

CONCLUSION

Europe can help regulate globalisation, which has now become virtually uncontrollable. What other heavyweight player can influence the international scene in highlighting such concepts as social responsibility and protection of the environment, public health and safety/security?

Europe is one of the biggest global markets. If this market could produce access conditions which defend its vision of the common weal by means of fair participation by as many as possible in socio-economic activity and responsible consumption, it could have an enormous impact on the rest of the world.

Mr José Manuel Barroso, President of the European Commission, has advocated “protection without protectionism”, that is to say countering social irresponsibility before it boomerangs back on us. A recent meeting of the MEDEF, the French employers’ union, held on 19 February 2008 in the presence of a European Commission representative responsible for trade, addressed the question “European preference: should we protect ourselves when we have social and environmental responsibilities?”, and overwhelmingly came to the same conclusion.

The examples quoted in this report show that the challenge is not to give in to “introverted assertion of the European identity”, or merely spread the “good word” of Human Rights to the rest of the world. Emphasising “community preference” consolidates social responsibility as an indispensable rule of the game providing non-European partners with the key to an ethical common market. The real aim must be to structure globalisation from a European perspective.