

*Sara de Heusch*

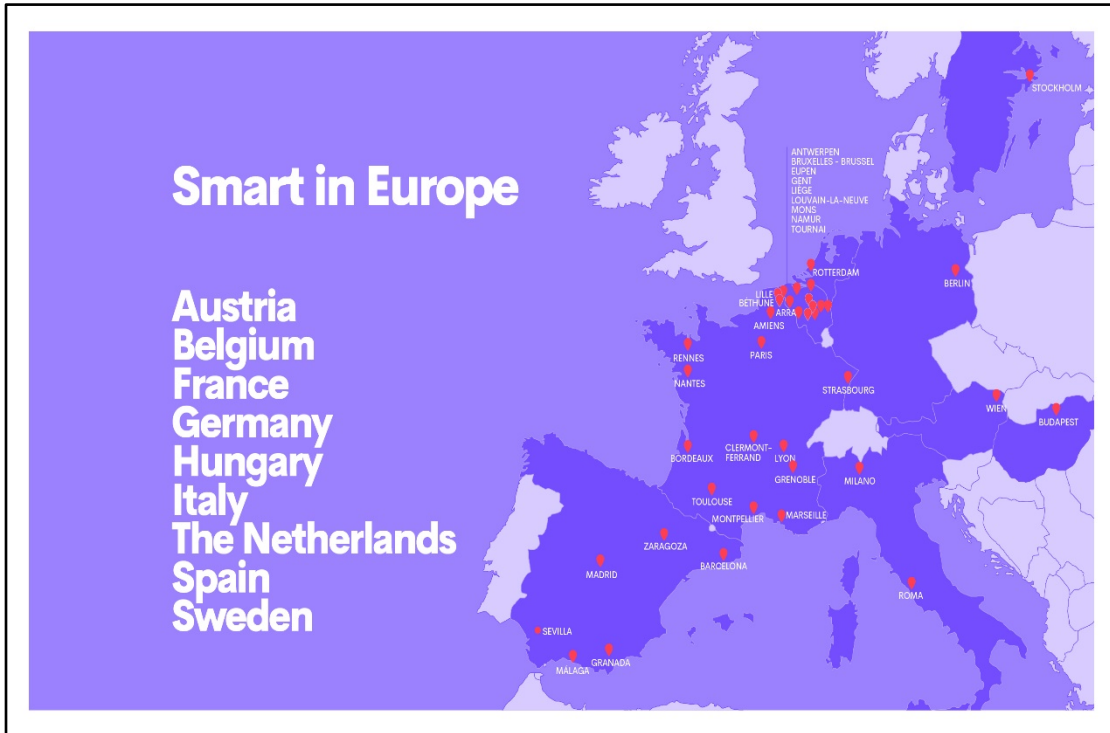
## **Smart: a cooperative of and for freelancers<sup>1</sup>**

Hello, everybody. Thank you very much for the invitation. It's truly an honor to be here. Tonight, I will talk to you about a cooperative of freelancers, Smart (<https://smart.coop>), that is present in 9 European countries, 37 cities and counts over 35,000 members across Europe. It actually started out as a small, nonprofit organization for artists in Belgium. It was a long journey, a story of mutualization and solidarity that started out more than 20 years ago.

From the beginning, the idea of Smart was to provide freelancers –initially from the artistic and creative sectors– with means to develop their economic activities in the form of a double solidarity. The first one is linked to the mutualization of means and risk and the other one is linked to the legal status under which freelancers work. Often freelancers are pushed to be self-employed, because they're autonomous. In our model, we mutualize the role of employer which allows to provide freelancers access to the most protective legal status, the one of salaried worker.

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<sup>1</sup> *Transcribed text of Sara de Heusch's speech at the event Work/Labour in the Digital Age - Program Technology, Society and the Left, Nicos Poulantzas Institute and Transform! Europe. Video available at <https://vimeo.com/398223787>*



## The genesis of Smart

As I mentioned, Smart started out as a nonprofit organization, Smart stands for: Société Mutuelle pour ARTistes (Mutual Society for Artists). And we were addressing artists who have very specific characteristics: They have irregular income and a diversity of clients (which can be from the public sector or the private sector). They have a diversity of jobs, if you think of musicians, for example, often they don't only compose music or perform, they also teach music, which, in some countries, also means that they're complying with different rules and regulations following the activity undertaken (performing or teaching). And lastly, especially in Belgium, being a very small country, freelancers in the artistic sector are highly mobile geographically. If they want to tour around, they have to cross borders otherwise they have very limited capacity for selling.

All these working characteristics imply that they face administrative complexity and

need a simplification, a practical translation of all the administrative and legal prerequisites. In fact, when Smart appeared in Belgium, we allowed many people to get out of informal labor. At the time many artists were not declaring their work, not because they didn't want to pay taxes and Social Security, they were simply so afraid of making mistakes they would end up having to pay more fines than they could afford. The administrative complexity for freelancers can vary from country to country, but clearly increases when working internationally.

Since Smart was very implemented in the French community of Belgium, many members were working in France. At one point we had some requests in France to develop a Smart locally. That worked out, and we thought "if we can make it in France, we can make it anywhere", because the country has developed a very complex legal framework for those who have multiple jobs.

Therefore, beginning of 2010, Smart started to actively develop contacts in other countries, searching for social entrepreneurs that were active in the creative field. What these encounters made us realize is that following the countries, artists had to work under different legal statuses. For example, performing artists in France are mandatory salaried workers under the status called "intermittent". In Germany they are considered self-employed. Both have specific access to social protection because the legislator recognized their complex situation as well as the specificities of the artistic sector that requires research and rehearsals that are rarely paid off. What Smart came to understand from the internationalization of its activities, is that regardless of the legal status and national legal frameworks under which freelance artists were working, they were actually facing the same challenges: being paid, accessing insurances, accessing social protection, training, and difficulty with their cash flow. So, when Smart started to develop around Europe, we realized that what we were dealing with was not strictly issues of the art sector. It was more specifically the labor related issues of artists and creatives. And what we've managed to solve for those workers, were actually answering questions of a much broader population, the freelancers.

## Smart's shared services

As I said, Smart was born as a mutual society, the idea being that all the benefits, all the income that is generated after running costs are paid, are reinvested in developing services members need to develop their economic activity and which they can't afford alone. In Belgium, thanks to its online tool that automatizes the administrative prerequisites, simplifies paperwork and all the declaration of work for our members, Smart can deal with hundreds of contracts per day, which means a broad income to develop a string of services, that support freelancers in the development of their economic activity. Along the years, Smart developed training sessions at an affordable price, free information sessions and tailor-made advice provided by advisors. These make up 50% of Smart Belgium and France's over 250 staff members. They answer questions related to budgeting, accountancy, social security, markets, networking, and so on. Smart also provides insurances, against work accidents which extend to private life, because especially when you think of artists, usually if they have a problem or an accident, it's not when they're on contract, it's when they're rehearsing, and when they are rehearsing, they are rarely covered by a labor contract so the insurance never works. We were able to negotiate a special extension to private life to avoid these types of situations. We also have legal services which can do mediations, for example, when there are cross-border intellectual property rights issues or double taxation or even when there's a dispute between the freelancer and its client.

We also provide financing and investment services for freelancers, who rarely access these through banks. If a freelancer goes to a bank and asks for a loan for let's say a new piano, the bank is rarely going to give him or her credit, because of the irregularity of the freelancers' income. But Smart has developed down to earth and lower prerequisites than banks when it comes to measuring the sustainability of economic activities and it also realizes the importance of investment for a

flourishing economic activity. Smart also constituted a guaranty fund to pay its members within seven working days regardless if the client has paid or not. This is very important for the freelancers' cash flow. For these two services (guarantee fund and loans), Smart is actually taking economic risks, risk that is mutualized at the cooperative level for the benefit of all the freelance members.

Smart also developed co-working spaces and third places. I think by now everybody knows what co-working spaces are, but "third places" is a concept less used. They are spaces open to anybody. For example, at our headquarters in Brussels, if you come to our premises, the first thing you see is a big room with tables, and there's a coffee machine, where everyone is welcome to help themselves. It's a place open to everybody, but it's also a place that professionalizes the freelancers who don't always have to work from home. When they have a meeting with a client, they can come to a professional place and negotiate contracts, or even work on a project with other collaborators.

All these services are provided thanks to a simple mechanism of redistribution based on mutualization of means. This is the power of mutualization, which I find is well synthesized by a French expression that says: "little streams make big rivers".

## **How does Smart work?**

One may ask at this point: "but how does it work?". Basically, the freelancer finds his/her own clients and they negotiate the terms and conditions of the work to be done, the freelancer declares the work on the Smart platform, the client signs it and from that moment on, Smart mutualizes the role of employer which allows Smart to hire the freelancer for the duration of a project. The freelancer can work alone, but he or she can also collaborate and engage with other people. If you think of a band, for example, sometimes it's easier to invoice a concert as a whole rather than having four different contracts for four different people. With a single invoice, members of the band can deal with who gets paid how much, and they can also declare professional expenses. So really, it's about functioning as if they had their

own company, but they're using a shared enterprise. I'll come back to that topic a little later.

On the other hand, what Smart does is it calculates and declares all the social contribution and taxation related to the contracts, it declares and pays them directly to the relevant authorities. Smart also pays the net-income to the freelancers within the seven working days and offers all the services that I mentioned above.

Economically speaking, in Belgium, on every euro we handle, we charge 6.5% levy which, together with mutualized employers' contributions, is going to finance all the Smart services and running costs.

## **Main drivers of EU labour market evolutions**

Freelancers are the fastest growing population in the labor market in Europe<sup>2</sup>, and especially since the crisis of 2008. Why are there so many freelancers today? The answer is multifold. Well, of course, there's the issue of globalization, all the big companies externalizing services which are not core to their business, thus leading to the development of a constellation of small and medium enterprises around them. There is also the development of a service-based economy. And in an economy where, in average, in Europe, over 90% of the companies are small, and even micro-enterprises and these have a hard time hiring some profiles on a permanent basis. Let's think of a small company that has five employees. They need a website, they need a graphic designer, but can they hire a graphic designer full time all year round? No, they can't. And what we're seeing is that these small enterprises are hiring a lot of freelancers. And by the way, many freelancers appreciate working for different clients outside a subordinate relation.

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2 [www.i-wire.eu](http://www.i-wire.eu), [www.eurofound.europa.eu](http://www.eurofound.europa.eu)

There is also the democratization of education. Most of the freelancers that chose our cooperative to work are in the creative sector, of course, but also, more broadly, the knowledge economy. Typical jobs that are developed by freelancers within Smart are: artists, craftsperson, graphic designers, I.T developers, consultants, yoga teachers, translators, many different jobs that need education and training. And the good news is that, in Europe, we are in a highly educated society. So, we have a highly educated population, for whom it is actually very easy to start an activity on the market. All they need is a laptop most of the time, a cell phone, and they're ready to go. Now they have to develop a clientele, which is more complex, but production costs have been dramatically reduced compared to the industrial-based economy (see J. Rifkin).

Another factor that has increased the number of freelancers is the flexibilization of labor policies. Many governments across Europe have pushed people who were unemployed to become their own boss, to create their own jobs, as if it was simple. But reality shows that it's easy to start an activity, it is another question to make it sustainable.

When it comes to the issue of quantity of available work on the labor market, as Juliet Webster has mentioned in her presentation, there is a vivid debate as to the impact of digitalization and artificial intelligence. 'Is it going to really change the labor landscape?' 'Are the machines really going to replace the human work?' and so on. We don't know, but for sure, it already has an impact that we cannot measure and totally understand yet. Juliet Webster talked about click workers, writers that edit themselves, Uber drivers, and so on. They are new types of workers that are increasing the number of own account workers across Europe.

## **Consequences of labour market evolutions**

All these evolutions have led to a diversification of the labor market. Many scholars and Unions like to insist on the fact that 80% of the European labor market is made of salaried workers, which is true. It is also true that it is the most protective legal

status because of the security of income and the social protection it brings. This is particularly true for those who have an open-ended full-time contract. But these workers represent less than 60% of the European labor market which leaves us with over 40% of the labor market in so-called atypical employment: 15% are self-employed, about two thirds of which are solo self-employed (which means they don't have employees) and the rest have part-time contracts, fixed term contracts and so on.

When we talk about freelancers, statistically, these workers are very difficult to find, because you can find them in the solo self-employment, but you can also find them in very short or longer fixed-term salaried contracts (for example, in the I.T. it's very common). Economically and sociologically speaking, they're a very diverse population. When we talk about freelancers, we don't necessarily speak of self-employed, but also of people who hop from one fixed-term contract to another.

### **Smart: for whom?**

Freelancers, that's a lot of different profiles. So, who are we for? When we decided to open up to all freelancers, it wasn't just the Smart management that saw the added value, both for Smart and for freelancers, of opening up membership to other sectors. In fact, when Smart decided to become a cooperative, in 2015, we wanted to do it in a democratic and participatory way. We wanted to make sure that the Smart members co-designed the major changes we were undergoing such as what type of cooperative we would become. Topical working groups were organized, and one of the working groups was entitled "Smart with whom and for whom?". I participated in that working group, and I was surprised to see that all participants unanimously agreed to open up to other sectors of activity. In fact, by the words of a participant "Smart should be for anybody who needs it, regardless of the sector of activity".

What Smart has observed along the years, and especially since we have opened up to all sectors of activity, is that the model we have developed responds to a



very wide diversity of professions, work practices and also of socio-economic profiles. Smart has become a unique observatory of the gray zone of employment in all its diversity. The political or academic approach usually tends to address specific categories of so-called "gray-zone of employment". Many studies or policies address artists, precarious workers or even other categories separately, but they have a hard time seeing what they have in common and the continuum within the gray zone of employment between the classical salaried worker and the liberal professions that work as self-employed worker.

What these workers in the gray zone of employment find within the Smart model, is a model that gives them both the autonomy to work independently to develop their economic projects, to choose when to work, how to work, as well as access to solidarity. And this is innovation, as in our legal frameworks, these are not combinable. Because usually, either you are a subordinate salaried worker who in return has access to regular income and access to social security, or you are a self-employed worker who is independent (no subordination) and you will be well-off. Because when one thinks of self-employed work, usually one thinks of liberal professionals: doctors, lawyers, and so on. And that was the case when the social protection models in Europe were created. Starting before the Second World War, and mostly consolidated right after the Second World War, that was the reality of the industry-based economy. But today, things have evolved for the reasons I've mentioned before, and we see that there's a lot of workers who don't match neither of these two archetypical figures of workers. They need both autonomy and social protection.

So, what profiles can be found within Smart? We've identified, through direct exchanges with members, analysis of data and also thanks to researchers that collaborate with us, researchers such as Isabelle Ferreras, and Julien Charles, different typologies of members. There are the entrepreneurs, the ones who really want to make a lot of money and to hire people. They chose Smart either because they genuinely like the model or because they want to test their model in a safe way, they may want to open their own company eventually one day, and usually, if

they do, continue to collaborate with Smart members as their activities prosper.

Smart also has people that are in sectors of activity that Juliet Webster spoke about, in the creative sector specifically, but not only, where working intermittently is the only way to work or at least for the vast majority. Such as artists, consultants and so on.

There are also the people who have a steady job, it can be part-time or full-time, but it's more something of a bread-winning activity. It's not something that they necessarily like, but they need the stability. Alongside, they develop activities they like, where they can make use of the knowledge and skills that they've developed through education and life experience. Smart is a place where they can develop these activities, declare this work at their rhythm. Some people develop their entire career this way, juggling with these different jobs, and sometimes they will be able to develop part-time or full-time freelancing job as a self-sufficient economic activity.

Smart welcomes occasional workers as well. Those are people for example, who have a hobby and once in a while they're capable of selling it. For example, somebody who likes and is really good at knitting and who is able to sell their knitted items at Christmas markets once a year. They don't want to open up their own company for a once in a year selling.

And then there is a very interesting typology, new for us, which we can call the post-growth worker. These are people who are very conscious of the environmental and social challenges that we are living and that lay ahead of us. They've decided to be part of the solution, they want to live a life which allows for a better and more responsible economy. So, they don't want to have a lot of money to buy a lot of stuff. They'd rather decide on the minimum income they need to live off, and also be able to have time to do care work, self-development and sometimes even activism, working in the commons, or more broadly for their communities. And they find within Smart a model that allows them to do that. Often

these people want to work, they focus on jobs that they find meaningful or that they really like.

In fact, for some people, the most important thing they seek in a job is the gesture or task it entails. For instance, a carpenter once explained to me the pleasure he felt in the act of wood-working, of working with his hands, and how miserable he would be to have a 9 to 5 job where he would have no pleasure in his tasks. It's important for many members to have work that is meaningful to them. Work that is meaningful can also be work that promotes certain values or where one can self-develop. For these persons, this is more important than income stability, and it may entitle developing different jobs<sup>3</sup>. In fact, most of our members, as most independent professionals broadly, are slashers, which means people who have different jobs (e.g. journalist/writer/radio host).

## Smart and digital platform workers

For a short period of time, from 2015 to 2018, Smart even had digital platform workers which actually came as a surprise. Suddenly, Smart realized many members were working for the same client, but something was problematic in the way they operated. We didn't know how these platforms worked so we gathered the workers, and we asked them to explain. They told us that they were working for food delivery platforms and were paid by the delivery, the amount received varied and they had no insurance. Smart realized it had two options: either not to work with these platforms whose practices we do not approve (as we believe they should hire workers directly) or, try to negotiate better working conditions for the workers. Smart opted for the second option, in order to answer an urgent situation and the needs of the workers at that given moment. And it worked! We obtained that the platform workers would be paid by the hour, would work minimum of

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3 [www.i-wire.eu/output](http://www.i-wire.eu/output)

three-hour shifts, would have a fixed hourly income, would be reimbursed for the use of their tools –namely their bike and the cell phone– and they would also had access to prevention and security before their first ride. And with this, of course, they also had access to our insurances. End of 2017, Deliveroo unilaterally stopped this commercial agreement, stating that the workers wanted more flexibility. What we believe is that the decision was based on legal changes that occurred in Belgium which freed Deliveroo from the necessity of having salaried workers. Students no longer mandatorily needed to be salaried workers to keep their students' status<sup>4</sup> and a legislation allowed people to work for a collaborative platform and earn untax money (up to 500€/month)<sup>5</sup>. Politically speaking it was even dangerous for them to have salaried workers, given their business model, it could have created a motive to force all riders to be salaried.

Thanks to a study undertaken by ETUI (European Trade Union Institute) with our collaboration, we were able to analyze the data of riders that chose the Smart option and to deepen our understanding of their situation through questionnaires. What came out is that they were happy to have the flexibility, but they didn't need more flexibility than what the Smart solution allowed. And actually, what the Smart solution provided them with was control over their earnings; by being paid on an hourly basis, they could decide how many hours they were going to work to earn the amount of money they needed. While now as reported by bikers who continued to work with the platform as independent "collaborators", they can make themselves "available to work" on the Deliveroo platform, they then have to go to a specific place in the city and wait for the delivery order to be given to them. So, they can be there for an hour and not have anything to deliver. But they have to be there. They can't be home on their couch fiddling on their phone or being with

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4 Students now have access to "self-employed student" status, <https://socialsecurity.belgium.be/fr/elaboration-de-la-politique-sociale/statut-etudiant-independant-faq>

5 Loi de Croo, <http://www.econospheres.be/Loi-sur-les-plateformes-collaboratives-un-manuel-pour-organiser-le-travail-ou#:~:text=La%20loi%20De%20Croo%20est,en%20tant%20que%20revenus%20divers.>

family. And they're not paid for that "available time".

A new innovative experiment we are developing to provide more income stability to our members, is the open-ended contracts. For those who want to and generate enough income on a yearly basis, we propose a new formula of open-ended contract. It's a model based on the French Activity & Employment Cooperatives (CAE) which allows freelancers to smooth their income along the months, we do an average and pay them a monthly salary. This option not only regularizes income, it also provides them with better access to social security.

### **Smart: a project with a political dimension**

Smart is also a project with political dimensions. We're not linked to political parties, but we're activists. We consider ourselves not only as a cooperative of freelancers and for freelancers, but as a shared enterprise, an enterprise in which freelancers can plug in whenever they need to. Think like car sharing, but only instead of sharing a car, you're sharing a company, which is a particular type of company. It's a cooperative. And we believe that this model can really answer to major challenges of the labor market today, especially that gray zone of employment.

Smart is a cooperative of and for freelancers. They are our main shareholders, but we're also a multi-stakeholder cooperative. Basically, in Belgium, we have two categories of stakeholders. We have the freelancers, this category is the most important in absolute numbers as well as in terms of representation on the board. There is a residual category which has employees, like me, staff of the cooperative, but also partners and clients who want to get involved in the cooperative. In fact, some clients were previously Smart members, freelancers, who, for some reason or another, at one point of development needed to develop their own company. So, they had to create their own company, but they need occasional expertise and still want to support Smart because they believe that it was thanks to Smart that they were able to develop their activity.

As a cooperative, participatory governance is crucial, especially for the newer generations. So of course, the members can vote at the General Assembly, they can be elected at the board. But beyond that, for us it's important that the members can really participate in how the cooperative evolves. And basically, every year from the year in which we decided that we were going to become a cooperative, we involved our members and all the community around Smart to decide, what type of cooperative it would become. Because there are so many types of cooperatives out there. Every year we have working groups with each a specific question for shareholders to debate. They make recommendations that are validated by the board and then by the General Assembly. And then the recommendations are implemented in the development of services.

To give you an example, the first year of the participatory process called Smart In Progress, we had the working group tackling the issue of opening up to different sectors, it was called 'Smart for whom and with whom'. The participants unanimously agreed to opening up to 'anybody who needs Smart', as long as we made sure that we were a responsible employer. To ensure that, the idea emerged to put into place an ethical committee. The year after, we set-up in the frame of the Smart In Progress a working group on how this ethical committee could function, and now we have a running ethical committee. That's just one example among many of the participatory process Smart put into place. It's not just about the usual suspects and elections, it's really about involving our very lively community in different ways.

In fact, we haven't just set up a cooperative, we're also creating commons that have to be shared and preserved. There's the shared enterprise *per se*, but there's also the mutual guaranty fund. I've heard members say "that's our money" and they're right, the guarantee fund is their common money. And also, it's very important in our model that there's no possible speculation. All the members who benefit from the shared enterprise, who are Smart members, they have to contribute, they have to buy a share. This share (30€ in Belgium) can only be reimbursed if they leave the cooperative; but it will never provide them with

economic surplus.

So, to conclude, what we've achieved with our shared enterprise is social innovation. In fact, we've been accredited and we're very honored to have received two Social Innovation Prizes. One was provided by the ERC of the European Commission for best proven impact, and the other one by the Royal Society for the Arts in London on the future of work. Why is it so? The main arguments that are put forward is that we're providing solutions for people in the gray zone of employment, and providing them with means to juggle both with the freedom and autonomy they need in their work, but also providing them with a double solidarity, the one linked to the mutualization of means, the other linked to the most protective legal status, which is the one of salaried worker. Smart members access social protection to which they contribute as well; it's also very important to remember. Smart also provides freelancers with an alternative to having to be self-employed, which can be, in many countries, very complicated and is linked to a high risk of poverty. But we're also an alternative to having to create a company because in Belgium, for example, the rate of new companies' bankruptcy after two to five years is very high. So Smart is also about preserving freelancers and the collectivities from that economic impact. With Smart, freelancers cannot go bankrupt because they are going to pay as they go and get paid as they go.

## Open questions

Before I end my presentation, as I was asked to, I would like to throw some questions in the debate. We, as western societies, are going through major challenges, that are deeply questioning our economies and our society. Nobody has the one-catch all solution on how to create more solidarity, inclusive of all the diversity of workers. What we know today, is that within the social security frameworks that western European countries have created over 70 years ago and more, the best social protection is the one linked to the salaried worker, specifically the one that works under full-time open-ended contract. But can we provide such

protection to other workers? And should we even limit the protection to the worker? Because when we say "worker", we're always talking about the person who is doing an activity in exchange for money. But a lot of activities that are necessary for society and for the market, as Juliet Webster mentioned previously, are not paid. I would like to address this issue through two types of activities that are invisibilized in our societies: all the work before and after contract earning as well as the care work.

In order for many freelancers to get a contract, they also have to undergo what I call invisible work. If you think of the artist, all the preparatory work is rarely paid-off by contracts. For instance, if you want to sell an album, you have to have an album, which means you have to create the music, and that's work. And then, you may have an album, but then you also have to disseminate the album, organize concert tours to actually make an earning from your work. So there's all this invisible work before and after the "paid work" that is rarely paid off. The question of invisible work also applies to an increasing number of consultants and researchers that have to bid to access to funding. They spend days working on submitting a project and they're not even sure they're going to get the funding. Before, universities internalized that for researchers. But now more and more universities are hiring researchers by the (funded) project. This invisible work today it is actually expanding to a lot of workers and sectors of activities. I think we have to take that evolution into consideration.

And then there is the care work like taking care of one's children, ill or elderly family member or even undertaking activities that create social bonds and well-being of the community, like community gardens and commons activities broadly. These activities are rarely paid off and never give access to social protection, precisely because they are not paid, therefore not considered as work. I'm not saying that this particular type of care work should necessarily be paid off as an economic transaction. I would personally find it very sad that taking care of one's kids or elderly family should be envisaged that way.



Regarding invisible work, it should be recognized as providing added value, but in reality, today, most people who are doing this invisible work, be it the commoners or women, they are actually penalized for doing this invisibilized work. They don't get any recognition; how can we change that? How can we make sure this invisible work is properly recognized in social protection models through access to rights and means of living? It's a question I put on the table.

But even among workers that actually get paid for the work provided, there are inequalities. The same job can be done as an employee or as a self-employed, it's not necessarily the same level of income and clearly not of social protection. For Smart, in terms of social protection, there should not be a distinction between workers following the legal status under which one works.

Beyond that, given the social and environmental challenges we are facing, we must ask ourselves: can we continue to produce lots of stuff that we're just going to throw away? Can we really afford that? Can we afford to keep that pace of production just to save employment when human survival is at stake? And given our labor market counts many people who work too much and others that don't work enough or at all, shouldn't we revise our working time?

Given specifically the social challenges that we face (the growing inequality, the insecurity of a growing number of workers...) and the invisible work we have presented, isn't it time to rethink our social contract? Why should most social protection related to income (such as unemployment, pension, sick leave ...) be linked to work as a contract? Shouldn't social protection aim at allowing everybody to live in dignity, not only the workers? In my personal opinion, it's about time we rethink our social contract in terms of decent life rather than merit linked to paid work (as we considered today in labor law). In order to include the diversity of workers in our social protection mechanisms and to depenalize invisible work, shouldn't we start thinking about social protection in terms of human rights rather than productive labor? As a human being one should be entitled to a decent life. There is enough wealth all across the world for everybody to have a decent life. It

may mean for many westerners (Europeans or Americans), and especially the wealthiest worldwide, to have to downsize their lifestyle, to have less "things" and live simpler lives, but maybe it's necessary to save humanity. I leave you with these open questions and thank you for your attention.