

# Social Economy & The Contemporary Crisis

- The Great Transformation



Gsef

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# What is Social and Solidarity Economy?

*People-centered  
Economy*

**Economy  
for ALL**

*Economy of  
strawberry fields*

Capitalism with a human faced

**Economy of  
Cooperation**

**Social and  
Solidarity  
Economy**

*Social Innovation*

**Ethical  
consumption**

**Social Impact**

The Fourth Sector

*Sustainable Economy*

# What is the Social and Solidarity Economy(SSE)?

SSE refers to the production of goods and services by a broad range of organizations and enterprises that have **explicit social and often environmental objectives**. ▶▶▶ **Purpose**

They are guided by principles of **cooperation, solidarity, ethics and democratic self-management**. ▶▶▶ **Core Values**

SSE includes **cooperatives and other forms of social enterprise, self-help groups, community-based organizations, associations of informal economy workers, service-provisioning NGOs, solidarity finance schemes, among others**. ▶▶▶ **Forms**

**-by UN Interagency Task Force on SSE**

# THE 7 COOPERATIVE PRINCIPLES

voluntary  
and open  
membership



democratic  
member  
control



member  
economic  
participation



autonomy  
and  
independence



education,  
training and  
information



cooperation  
among  
cooperatives

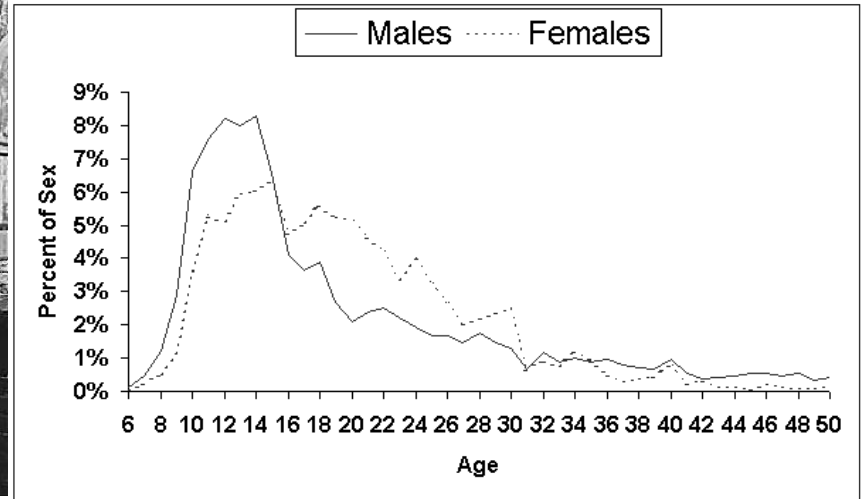


concern  
for  
community



# Historical Background of SSE

# 19<sup>th</sup> Century Industrial Revolution



⇒ Drastic changes in the means of production and subjection of labor into the capital, detachment of society from economy

⇒ Rapid societal changes and the side effects: alienation of workers from their production, commodification of labor, birth of classes.

# Reactions to the crisis

## **“As it is”**

by newly emerged capitalist, merchants who start capital accumulation and monopoly. Trying to solve social issues by charity.

## **“Another Revolution”**

by Marxist who believes in a revolution between classes. Trying to turn the frame of capital and labor over for proletariats to regain power.

## **“Alternative to both extreme”**

Against the material-centered perspective, conflict or dispute, and for the people-centered, self-governed, cooperative economy and society.

⇒ Criticized as dreamers, or socialists

⇒ Founding members of cooperative movements



# Role of Christianity in the Formation of Early SSE

# Spain (Basque) – Mondragon



- In Mondragon city, Spain, **Father Jose Maria Arizmendiarieta** started cooperatives and vocational school in 1956, to help people overcome their lives from the destruction of Spanish civil war.
- The 7<sup>th</sup> largest group in national economy
- Field of business: finance, supermarkets, electronics, car parts, machinery, education
- 281 member cooperatives, revenue: 14.8 billion Euro, Capital: 32.4 billion Euro 84,000 employees ( in 2011)

# Italy (Emilia Romagna) – Bologna

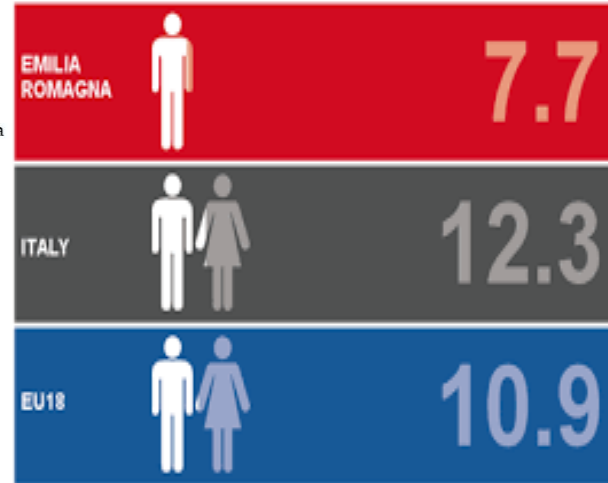
## The history in brief

1854-1899: origins of cooperatives  
1900-1914: take-off of cooperatives  
1915-1944 interwar period (fascism)  
1945-1950: re-birth of cooperation  
1951-1972: economic boom of Italy  
1973-2013: economic boom of cooperatives



Bologna and  
Emilia-Romagna

% UNEMPLOYMENT RATE (EUROSTAT 2015)



\* Map from GSEF 2014 'Tito Menzani' (Univ of Bologna)

- Socialist and **Catholic movements** played a pivotal role in the formation of early Italian cooperatives in the aftermath of bad harvest and severe damage on Italian rural economy in the late 19<sup>th</sup> C.
- 1854 (first Torino workers' cooperatives), 1892 (L. Cerutti, Catholic's first farmers' bank by 1902 – 736banks)
- The third Italy (Emilia Romagna) – 8,000 cooperatives account 30% of economy and most of enterprises are SMEs (1 enterprise / 10 citizens)
- GDP 40,000 USD (two times more than the average Italy GDP and low unemployment rate)

# Japan



- The father of Japanese cooperativism – **Pastor Kagawa Toyohiko** (1888 – 1960) dedicated his whole life to poor and marginalized
- Kobe slum rehabilitation (1910s), labor activism and disaster relief efforts during the great Kanto earthquake (1920s)
- He Established Kobe Consumer Co-operative and Nada Consumer-cooperative, and other forms of cooperatives – students, medical co-ops throughout Japan (Tokyo, Kyoto)
- After the WWII formed the Co-op union association to remedy war-tone society.

# Korea



- **Sister Mary Gabriella** – initiated the first credit union in Pusan 1960 / Korea in the postwar devastated society, under the military regime.
- The credit union grew over 52 credit unions in 1964 and formed the Korean Credit Union League (KCUL) 1,027 (CUCs) total members 5.2 million and 39,699 billion KRW assets in total.
- When it comes to the formation of cooperatives, YMCA and other Christianity branches led the Christian cooperative movements in Korea in the early 20<sup>th</sup> century.

# Current status of SSE (data from ICA)



Co-operative enterprises worldwide employ 250 million people, and generate 2.2 trillion USD in turnover while providing the services and infrastructure society needs to thrive.

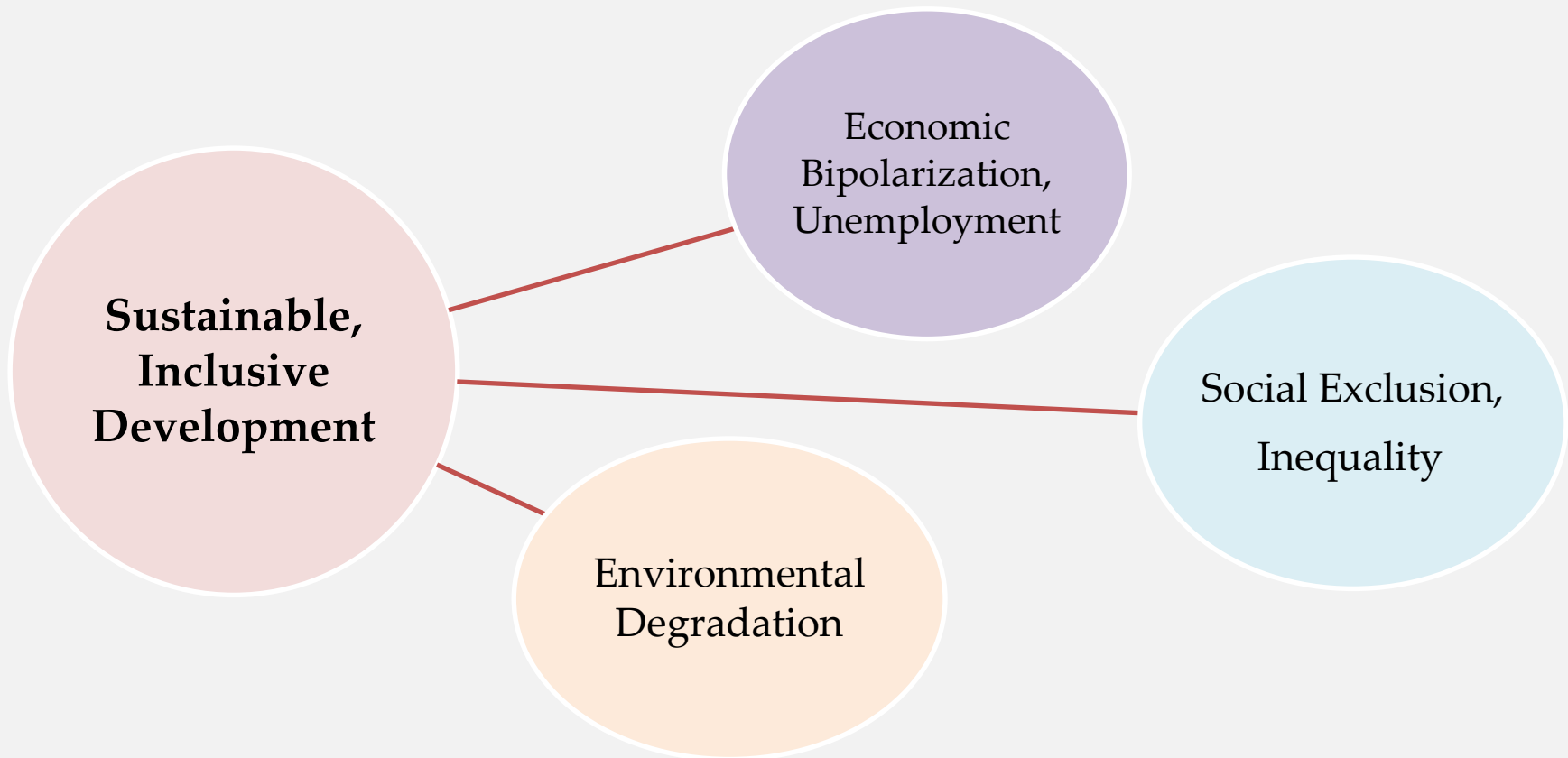
- Within the G20 countries, co-operative employment makes up almost **12 %** of the total employed population.
- The turnover of the largest 300 co-operatives has grown by 11.6% to reach **2.2 trillion USD** in 2012, equivalent to the GDP of Brazil.
- The International Co-operative Alliance represents close to **one billion individual members** of 95 countries, which consists of **1/7** of total human population.

# Contemporary Crisis

# Crisis of Humanity in 21<sup>st</sup> Century

- Neo-liberalism accelerated issues of income polarization, unemployment, housing, poverty, etc.
- Market failure proven by international financial crisis in 2008
- Climate change and environmental degradation
- Social exclusion of minorities(women, migrants, minor ethnic groups, people with disabilities, etc. )





# Why SSE is a viable tool for Asia?

- Regions with highly developed SSE had less damages from economic crisis.  
Eg) Mondragon group overcome the crisis in 2008 by sharing jobs and agreed salary cut(80%) with 0% of lay-offs, and even 15,000 newly employed.
- Its principle of democracy include all members into the process of decision-making.
- SSE organizations/enterprises are more value-oriented and concerned of their social and environmental impact.

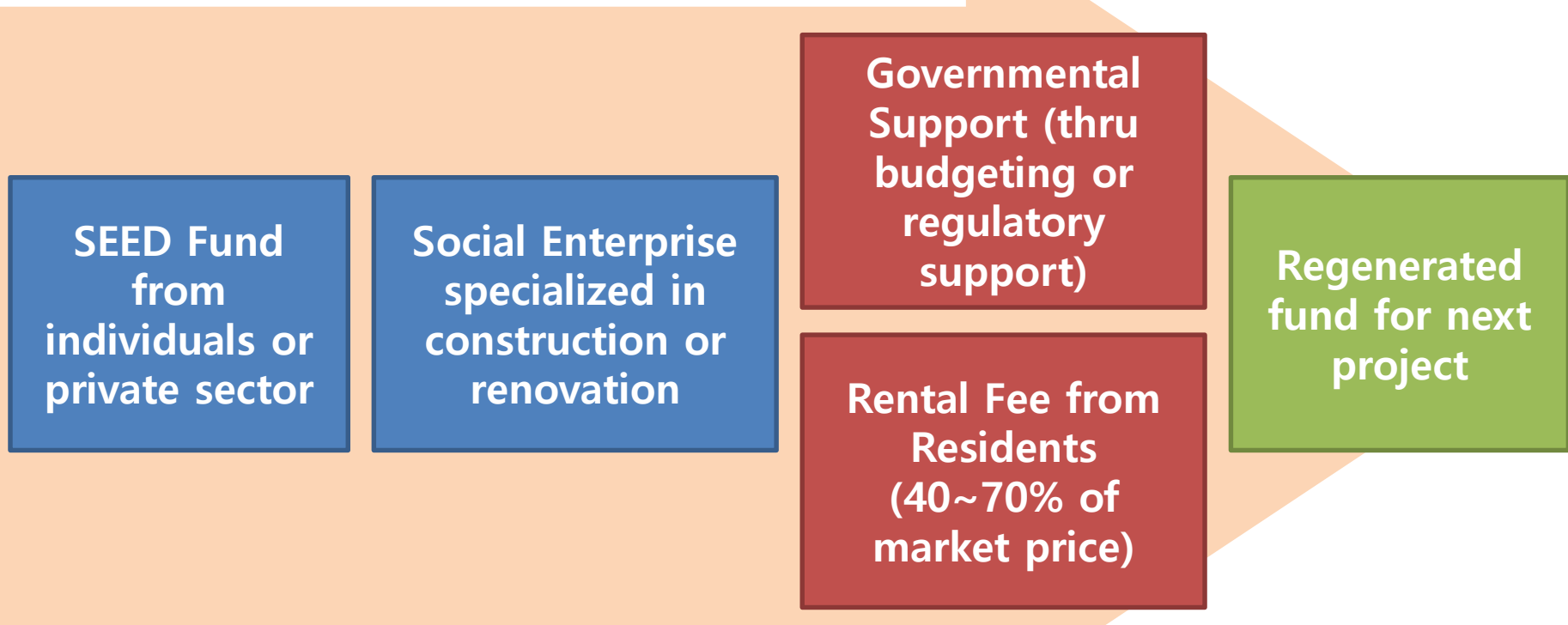
# Resurgence of SSE in the contemporary world

- ILO, OECD, EU's emphasis on cooperatives, social enterprises and decent work since 2008 financial crisis
- Formation of UNTFSSSE for international efforts of leveraging SSE for SDGs
- Developing countries in particular, SSE and focus on city level is regarded as a main driver for localizing SDGs and inclusive development that minimize the negative side-effects of development

# SSE Best Practices

# Social Housing (Korea)

- For the welfare of the less benefitted people in the society  
ex) youth, elders, people with disabilities, homeless, etc.
- Providing stable and long-term housing
- Not for profit, but creation of rolling fund.





# Social Housing, Youth / Minsnail Union (Korea)



- Youth led social housing cooperative to tackle housing issues of Korea where rent is unaffordable for many youth while diminishing community values
- The union build/renovate a house and letting for its members and it offers affordable and community driven alternative housings
- It advocates the youth's rights via its social housing projects (now operates more than 10 districts in Seoul Metropolitan areas) and actively advocates the youth/housing policy of Korea

# International Development, Culture / Co-Ground (Australia)



- Youth led community social enterprise that runs coffee shops, organize cultural events and raises funds for community development
- The 100% Profits goes to Asia-Pacific region for community development in economically disadvantaged areas and notably disaster stricken area
- In Vanuatu, Co-ground helping villages by raising funds and building schools and libraries



# Art / Education

## Phare Performing Social Enterprise(Cambodia)



- Youth led social enterprise based in Cambodia, which was established as a sister organization of an art school trying to rebuild and heal the community through the art after the Cambodian Civil War (1970-1975)
- It established to provide art education and social support for the war-stricken youth, and then the PPSE has been started in 2013 as a social enterprise support system for the NGOs.
- Phare has been contributing to the revival of Cambodian arts and culture.

# Sustainable Tourism / Women

## 3 Sisters (Nepal)



- '3 Sisters Adventure Trekking and Empowerment women of Nepal (EWN)' provides employment opportunities to socially and geographically disadvantaged women
- It involves women in the adventure tourism business and providing training and education programs for girls for their economic and social empowerment.
- The case is establishing the good precedent to the youth who are contemplating the way to deal with their own regional issues and building the self-supporting economy.

# Fairtrade, Community/ Coopetarrazu – Costa Rica



- Coopetarrazu is a Fairtrade coffee cooperative of more than 3,000 small farmers in Costa Rica
- More than 75% its profits goes to the farmers and the rest 25% invested into local community development
- It operates with democratic decision making system and environment friendly harvesting
- Coopetarrazu also operates cooperative funds for farmers

# ICT / Private Sector, KT GIGA Story (Korea)



- Provides ICT solutions such as mobile medical diagnose service, smart-farming
- Setting up infrastructure (including energy) for remote rural areas particularly for disadvantages people
- It also helps poor children in Bangladesh by training them IT skills
- The projects show that ICT and the involvement of private sector can contribute vitalize remote- rural and enhance the quality of life

# Rural Development Happy Green Coop (Buthan)



- Youth led rural cooperative to improve the life of rural community in Buthan and to provide opportunities for young generation
- If focuses on grass root, GNH (Gross National Happiness), preserving traditional values centered development rather than sole emphasis on 'growth'
- Its members are 18 farming households (125 family members) and 19 youth member working on community bank, developing food products to increase and support farmers and provide job opportunities for the youth

# Energy / Community Trust Gramoorja (India)



Solar PV Microgrid - Ghodichapada, Maharashtra, 2015



Solar PV Microgrid - Melghat, Maharashtra, 2016

- Youth led social enterprise to provide electricity through decentralized power plants for the rural areas of India
- With the support from municipalities and private sectors, it installs micro power grids in remote areas and community. It enables energy self-sufficiency also through a trust, community manages its operation, profit and management.
- It is now expanding its projects to other renewal energy such as bio gas through wider partnership with NGOs, corporations and impacting other social issues such as women empowerment

**Epilogue:**

**The Great Transformation  
of Our World..**

**Starts from ourselves**

The logo features a glowing blue and white globe of the Earth in the background, set against a dark space with stars. The word "UNIVERSAL" is written in large, bold, 3D gold letters across the center of the globe. Below it, "100TH ANNIVERSARY" is written in smaller, gold, all-caps letters.

**UNIVERSAL**  
100TH ANNIVERSARY

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- Network of local governments and civil society organizations to promote SSE, established in 2014
- Bi-annual forum, GSEF 2018 in Bilbao, Spain (Oct. 3~5, 2018)
- [www.gsef-net.org](http://www.gsef-net.org), [www.gsef2018.org](http://www.gsef2018.org)



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**Thank You**