

SOCIAL AND SOLIDARITY ECONOMY A VIEW FROM LATIN AMERICA

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Potential and Limits of Social and Solidarity Economy

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Conceptual framework

The economy

What is the true meaning of “economy”?

A system of production, distribution, circulation and consumption of goods and services

What is its ethical principle and values?

(A) Guarantying freedom of private enterprise

(individualism, utilitarianism, competition, limitlessness, social irresponsibility, negative freedom)

or

(B) Guarantying that everybody has access to what is necessary for a dignified social life

(solidarity, plurality of motivations, cooperation, prudence, social responsibility, positive freedom)

All economic systems institutionalize economic practices through a set of principles:

Production and appropriation of wealth

(social relations among humans and with nature)

Redistribution of wealth

Self-consumption (oikos)

Circulation through networks:

Reciprocity (gift)

Commerce (customary exchange)

Market (exchange at prices set by the market forces)

Consumption

Coordination of individual actions

(A) Market economy

Empirical economies have been following a necessary natural evolution towards an harmonious market economy and society (end of history).

The only rational and universal economic principle is the market and its institutions (private property, contracts, wealth=market value, labour and nature as commodities...)

Economic liberalism postulates that the perfect competitive market is feasible. Its main indicator of economic performance is GNP growth.

They look for a separation from society of an autonomous economic (market) sphere and the commodification of all spheres of social life.

The present (neo) liberal attempt to approach that utopia through its strategy of globalization is producing social and ecological catastrophes.

Another economy is necessary for human sake!!

Is it possible?

(B) Social economy

All economic systems are historical political constructions (non-evolutionism).

Each society institutionalizes its economy in terms of a specific combination and hierarchy of a plurality of economic principles, with contradictions and conflicts, struggling within a given power structure and an inherited material base.

There are and there will be a diversity of solutions to *the economic problem*, i.e.: how to guarantee the reproduction and development of life with dignity for all. Economies can be economies *with* market, not necessary *market economies*.

Neither a market economy nor a solidarity economy are natural events. A new economy, where the values and practices of economic agents are rational from the point of view of life reproduction, must be build through social and solidarity economic practices.

(C) Social and solidarity economy (SSE)

To build a rational economy that sustains a cohesive society, it is necessary that relations of solidarity, recognition and care for the other should prevail over those of individualistic competition. At three levels.

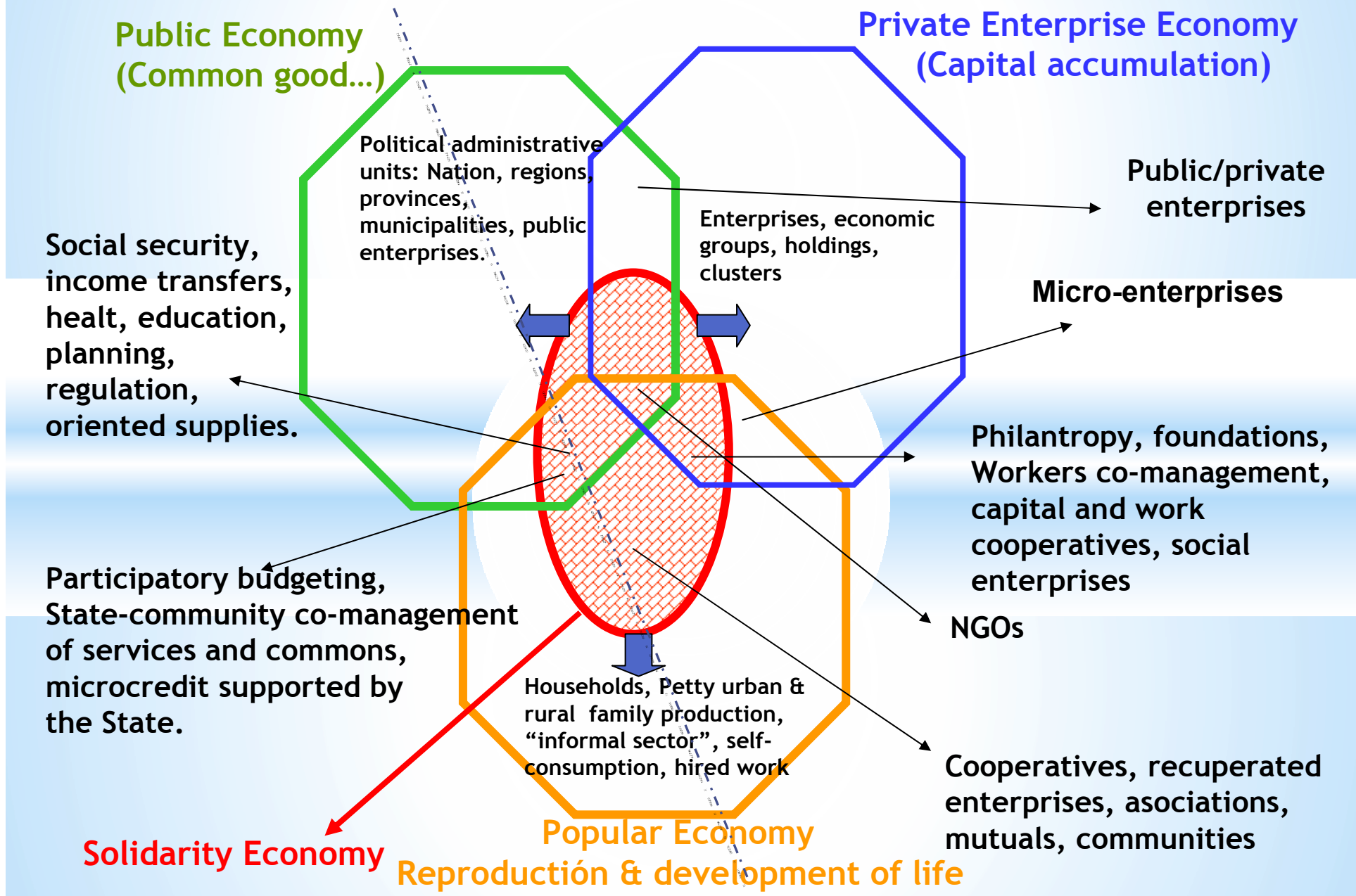
This happens at a micro level: within (internal) Solidarity Economic Organizations (SEO) (worker's households, communities, cooperatives, mutualities, etc.).

At a meso level there can be organic articulations of organizations allowing higher and more complex forms of *ad-extra* solidarity.

Finally, solidarity can be socially embodied by processes of redistribution and construction of commonalities, where State and civil society are fundamental [systemic level].

Solidarity economy is usually associated with the *Popular Economy*. Nevertheless, as part of a mix economy, the sector of SSE must also include the *Public Economy* interventions (mainly redistribution and market regulation) and the philanthropic activities of the *Private Enterprise Sector*.

Solidarity Economy in the Mixed Economy (sectorial diagram)





**Latin America: the point of departure.
Some basic structural features at the end the Millennium**

1. Early laboratory of neoliberal policies (from 1973 on) which resulted in:
2. Structural insufficiency of opportunities to obtain dignifying salaried labor, precariousness, limited social rights associated to labor
3. Massive structural poverty and social exclusion
4. Absence of a generalized social security system
5. Profound social fragmentation. Inequality, polarization/concentration of wealth.
 - Very unequal primary distribution of wealth
 - Weak State redistributive capacity
 - Large rural and urban “informal sector” ≠ POPULAR ECONOMY
6. Loss of industrial diversification that had been obtained through developmentalism
7. External pressure to enter into a spurious competitive integration in the global markets (Free trade treaties)
8. Loss of sovereignty: old and new world-wide institutional arrangements: IMF, WB, WTO, ICSID, submission to foreign justice

Which SSE do we have in Latin America?

There is no paradigm organizing all practices done in the name of SSE.

Three main levels or variants can be recognized in the field of practices by civil society and governments:

- A. PROMOTING INDIVIDUAL UNDERTAKINGS
- B. BUILDING OF AN ORGANIC SUB-SECTOR
- C. ENGAGING IN A SYSTEMIC TRANSFORMATION

Each level includes and gives meaning to the previous one. All of them are necessary to overcome the tendencies towards an all-utilitarian market society, individualistic and structurally exclusionary, and to build an all-inclusive Social and Solidarity Economy.

A. PROMOTION OF INDIVIDUAL UNDERTAKINGS

(Argentina, Brazil and most of the other Latin American countries)

- * “Social” circumstantial policy, focused on the poorest. Asymmetric solidarity pervades.
- * Productive insertion as small associative micro-enterprises. At the beginning seen as a step towards reinsertion as waged labour.
- * Culture of internal solidarity, self-management and association. Limited solidarity with “the other”. Eventually appears the possibility of articulating chains of value.
- * Microcredit: private and supported by the State.
- * State and NGOs as “pushers”. Eventually syndicates and other organizations of civil society take a role.

A. PROMOTION OF INDIVIDUAL UNDERTAKINGS

(Argentina, Brazil and most of the other Latin American countries)

- * The capital enterprise and its criteria of efficiency as a paradigm.
- * Little or no intrinsic dynamics, insufficient for solving the structural crisis of societal integration.
- * Problematic identities. Stigmatization.
- * Influence of the Social Doctrine of Catholic Church (charities) at odds with practitioners of the Theology of Liberation
- * Dispute between welfarist-clientelist policies and bottom-up emancipatory practices.
- * The market sustainability problem.

B. PARTIAL ATTEMPTS TO BUILD SSE ORGANIC COMPLEXES

(Brazil, Bolivia, Ecuador, Venezuela)

- *Wider scope of solidarity, although mainly utilitarian.
- *Creation of a synergic local context while promoting individual undertakings: complementary value chains, networking, relations with local communities, territories.
- *Solidarity articulation of elements from all sectors of the mixed economy: State, private enterprises, popular economy.
- *Solidarity local financial systems, barter and social moneys

B. PARTIAL ATTEMPTS TO BUILD SSE ORGANIC COMPLEXES

(Brazil, Bolivia, Ecuador, Venezuela)

- * More integral public policy**
- * Possibility of collective actors, co-construction of public policies and legal institutions. New solid identities.**
- * Influence of Freire's pedagogy of liberation and the “Theology of Liberation” (bottom-up) with a more systemic view of an emancipatory project...**
- * The question of the sustainability of State policies.**

C. ENGAGING IN A SYSTEMIC TRANSFORMATION (Bolivia, Ecuador, Venezuela)

- * Political and cultural project of structural transformations with wide popular support. “Another Economy is necessary and possible, popular, communitarian, solidary, in any case a plural economy”.
- * Strong redistribution of land, means of production, knowledge and income.
- * Processes of market reform and increased regulation.
- * Strong renegotiation of external debt. Partial disconnection from the global world-system (protectionism) and the multilateral agencies that imposed neoliberal policies (IMF, WB, WTO, ICSID).
- * Pro-active regional integration: MERCOSUR, UNASUR, ALBA, CELAC. (also Argentina and Brazil)

C. ENGAGING IN A SYSTEMIC TRANSFORMATION (Bolivia, Ecuador, Venezuela)

- *Major “return of the State”. Nationalization of key industries and appropriation of international rents (mining, agrarian, etc.)**
- *Major legal reforms. New Constitutions.**
- *Structural solidarity. Major redistribution of resources, reciprocity-based social security systems.**
- *A cultural revolution is attempted: BUEN VIVIR/VIVIR BIEN vs. Eurocentric modernity values and the paradigm of progress through economic development. Mother Nature and her rights. (Bolivia, Ecuador)**
- *Convergence with historic and new socio cultural movements: Indian and afro-descendant, feminist, de-colonialist, peasants, environmentalist, human rights... World Social Forum.**

BOLIVIA	ECUADOR	VENEZUELA
Plural economy	Social and solidarity economic system	Social economy Popular economy
Communal, state, private, social cooperatives	Public, mixed ownership, family, domestic, autonomous, communal, associative and cooperative enterprises and Popular Economic Units.	Social production companies: communal, state-communal, family owned; groups of solidarity exchange. "Missions". Fair trade; social money.

BOLIVIA	ECUADOR	VENEZUELA
VIVIR BIEN	BUEN VIVIR	SOCIALISMO DEL SIGLO XXI
<p>Principles: complementation, reciprocity, solidarity, redistribution, equality, legal security, sustainability, fairness and justice. Harmonic coexistence with Mother Nature</p>	<p>Principles: precedence of labour over capital; fair trade and ethical and responsible consumption; self-management, social responsibility, equitable and solidary distribution of surpluses. The rights of Nature.</p>	<p>Principles: collective interest, complementation, co-management, self-governance, cooperation, solidarity, efficiency, voluntary participation, environmental sustainability, social and gender equality.</p>

To sum up:

- * Most countries in Latin America apply “capitalism of the poor”’s neoliberal policies → individual or associative insertion in the market by means of the development of an “asset portfolio” for the poor, “seed capital”, micro-loans, education...
- * With a mix of SSE variants, Argentina, Brazil, Bolivia, Ecuador and Venezuela have experienced “a return of the State” and a recovery of sovereignty. They all withdrew from the IMF and the World Bank.
- * They have introduced major income redistribution policies. Argentina restored the reciprocity-based social security system. Bolivia and Venezuela progressed with the redistribution of land and limitations on large landholdings. Brazil has made progress with the co-construction of policies for a Solidarity Economy.

In the future:

* Among others, some critical pending matters of a conflictive political nature are:

- extractivism/rights of nature; contradictions between particular and general interest?
- verticality/autonomy; relation with democracy
- state initiative/co-construction of policies
- anti-capitalist civilising project/political pragmatism
- making the SSE idea plausible through the demonstration of concrete positive results
- timing of the transition to a new mix economy with hegemony of the solidarity principle
- Integrate the SSE in the agenda of the emerging historical subjects and the social and political alliances
- Sustainable government/state policy and the stability of progressive political projects

THANK YOU FOR YOUR ATTENTION

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