

**SOCIAL SOLIDARITY ECONOMY (SSE):  
An alternative to Neoliberal Economy**

by

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### **Neoliberalism and its impact on developing countries**

Walden Bello (2009) defines neoliberalism as a perspective that champions the market as the prime regulator of economic activity and seeks to limit the intervention of the state in economic life to a minimum. Bello cites the University of Chicago as being the 'academic font of wisdom' that advanced the neoliberal perspective in economics, while the International Monetary Fund (IMF) and the World Bank (WB) were the key institutions that translated this theory into policy. As succinctly put by Chossudovsky (2009), Director of the Centre for Research on Globalization, the IMF and WB lend money to trigger the reimbursement of the debt and in the process they impose conditions which in effect establish a parallel government. Chossudovsky points out that there is no sovereignty under that kind of arrangement. Policy reforms imposed by IMF and WB as loan conditionalities on debtor countries included fiscal discipline, reducing public expenditures, trade liberalization, encouraging foreign direct investment, privatization, deregulation, and securing property rights (Williamson, 1990).

Neoliberal economic policies have wrought havoc on developing and less developed economies. They have brought about loss of export incomes and jobs, reduced revenues and capacities of states to deliver social services; reduced social services (healthcare, education, eldercare); increased income inequality; loss of worker protection (informalization of labor, lower wages and benefits, lower rates of unionization); environmental degradation; and increased frustration and insecurity (Garrett-Peltier & Sharber, 2008).

The case of the Argentina demonstrates how neoliberal policies have vastly devastated a nation's economy (Bowman & Stone (2006):

- The Argentinean peso devalued, previously pegged 1-to-1 to the US dollar, to a third of its former value.
- Transnational companies (TNCs) flocked to the country, driving large national industries out of business while smaller ones simply folded due to competition.
- Owners of domestic enterprises saw that bankruptcy was inevitable. They first stopped paying retirement, then health, then wages, until workers had no bus fare to work. Then they fled the country, taking with them the country's money.
- Unemployment rose to 25% as state employees lost jobs; production was reduced; food crisis exacerbated the financial crisis.
- The purchasing power of all savings dropped by two thirds. The middle class was wiped out. They joined the ranks of the poor, the socially excluded, and the marginalized.

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<sup>1</sup> Speech delivered at the 40<sup>th</sup> Anniversary and symposium on Solidarity Economy of the Pacific Asia Resource Center (PARC) in Tokyo, Japan on 23 March 2014

This scenario of economic devastation is replicated in other developing countries of Latin America as well as in Asia (Quiñones, 2013b). In the Philippines neoliberal policies have brought about widespread poverty incidence (around 70% of the population in 2012 or some 66 million Filipinos, are living off less than P104, roughly US\$2 per person per day), high unemployment rate, averaging 11% and the underemployment rate 20% over the period 1997-2012, and high prices of privatized education, health and housing (Ibon News, December 2013).

Pervasiveness of poverty mentality, growing social tensions unrest, increasing economic and social insecurity, and a general pessimism about the prospects of development are the “social costs” of neoliberal policies (Beneria, 2003).

Rampant poverty has fueled the massive outflow of Filipino manpower to other countries. The number of Overseas Filipino Workers (OFWs) increased from 8.2 million in 2008 to 10.5 million in 2012 (Table 1). OFW remittances may have contributed in reducing (slightly) the country’s unemployment rate from 7.4% in 2008 down to 7.0% in 2012, but the social costs of absentee parents and broken families are tremendous. Moreover, the growth of OFW deployments has not dented the country’s greater problem of underemployment. Around one fourth of the labor force is underemployed.

Almost gone unnoticed is the increase of the proportion of women engaged as self-employed workers in the informal sector, a phenomenon resulting from the rising costs of living. Although the percentage of total self-employed workers declined from 47.6% in 2008 to 42.8% in 2012, the percentage of women among the self-employed persons moderately increased from 39.3% in 2008 to 41.6% in 2012. This phenomenon needs closer attention because of the prevalence of solidarity-based economic initiatives in the informal sector and the ubiquitous presence of women in these initiatives.

Table 1. Employment, Unemployment & Underemployment in the Philippines, 2008-2012

Item	2008	2009	2010	2011	2012
<b>EMPLOYMENT</b>					
Total employed persons ('000)	34,089	35,061	36,035	37,192	37,600
% wage & salary workers	52.4	53.3	54.5	55.2	57.2
% self-employed (% to total)	47.6	46.7	45.5	44.8	42.8
<b>UNEMPLOYMENT</b>					
Total self-employed persons ('000)	16,241	16,380	16,409	16,654	16,108
% women	39.3	40.0	40.4	41.0	41.6
<b>UNEMPLOYMENT</b>					
No. of unemployed ('000)	2,716	2,831	2,859	2,814	2,816
Unemployment rate (%)	7.4	7.5	7.4	7.0	7.0
<b>UNEMPLOYMENT</b>					
No. of underemployed ('000)	6,579	6,692	6,762	7,163	7,514
Underemployment rate (%)	19.3	19.1	18.8	19.3	20.0
<b>UNEMPLOYMENT</b>					
No. of Overseas Filipino Workers ('000)	8,188	8,579	9,543	10,456	10,490

Source of basic data: Bureau of Labor & Employment Statistics, Republic of the Philippines website

## **Solidarity-based alternatives to the Neoliberal Economy**

The failure of neoliberal market-oriented economy (NME) to redistribute wealth and income more equitably and to eradicate poverty is turning the attention of more and more people to social solidarity economy (SSE) as an alternative. Unlike in Latin America and increasingly in Africa and Europe, people in Asia are generally not aware of the term 'social solidarity economy'. Nonetheless, they practice it by banding together and organizing their own economic activities based on collective work and mutual cooperation as a means of survival and as a form of resistance to social exclusion and marginalization by the neoliberal economy.

SSE is generally associated with the economic activities of cooperatives and other similar initiatives that share a common set of operative values: cooperation, autonomy from centralized authorities, and participatory self-management by their members (Miller, 2010).

SSE differs from NME in three fundamental ways:

- *Man as an economic actor and a social being*: NME regards man as a rationale economic actor, and sees man's political and social behavior as being shaped primarily by economic factors (DeLong, 1997). SSE regards man as a social and ethical, even spiritual, being. SSE sees man's economic behavior as being guided fundamentally by core values and social ties/ relationships.
- *Motive*: Based on the premise that man's basic instinct is self-interest, NME prioritizes maximization of profits and consumption for self-aggrandizement. In the NME paradigm, satisfying the individual self-interest is the greatest common good. SSE recognizes that man also possesses an instinct for altruism, for caring and sharing. It prioritizes the pursuit of the social good - meeting the needs of people and ecological sustainability. In the SSE paradigm, the individual cannot have life and live harmoniously apart from the collective community.
- *Mobilization and allocation of resources*: NME views the market as the only rationale way to efficiently allocate wealth and resources. Given the conflicts in human self-interest, NME regards competition as necessary for market efficiency. Devoid of human compassion, market rationality naturally thrives on competition and perpetuates the unequal distribution of wealth and resources. SSE is grounded on solidarity and cooperation among economic actors who are moved by their belief systems and social ties. SSE promotes the sharing of wealth and resources to 'maximize' the social good.

The term 'solidarity' is synonymous with *Bayanihan* in Filipino. *Bayanihan* denotes solidarity among members of organized group of people in a common, collective action. It portrays oneness of purpose, moments of togetherness, caring and sharing. It represents a "shared responsibilities" approach to building sustainable communities. SSE is an inclusive economy that pursues the triple-bottom-line goals of social development,

environmental conservation, and economic sustainability in a compassionate manner, giving emphasis on 'caring and sharing' in the process of undertaking collective action (Quiñones, 2012)

The end goal of SSE is sustainable community. A sustainable community is a place (territory) where people thrive to enjoy good health & create a dignified quality of life. The three P's (people - enhanced social wellbeing; planet - healthy climate & environment; and profit - economic sustainability) are the *necessary conditions* for a sustainable community to exist. But these conditions are not sufficient to ensure that sustainable communities will not revert back to the extractive, growth model of development. The *sufficient conditions* are ethical/ edifying values and a social mission-oriented or socially responsible governance (Quiñones, 2013a)

Five cases presented in the forums organized by the Asian Solidarity Economy Council (ASEC) are cited in this paper as concrete expressions of SSE in territories.<sup>2</sup> These are the supply chains of: (1) rice farmers in Western Visayas, Philippines; (2) Coco Sugar producers in Southeast Mindanao, Philippines; (3) T'nalak (native cloth) weavers in Southwest Mindanao; (4) Eco-tourism enterprise in Cambodia; and (5) Community Forestry in Nepal.

Table 2 (see page 10) presents a description of the above SSE cases or models based on five dimensions, which also constitute the necessary and sufficient conditions for a sustainable community. These are: the ethical values upheld by SSE actors, socially responsible governance, social development goods/ services, economic sustainability, and ecological conservation measures (Quiñones, 2013c).

- ***Ethical values***: The ethical values upheld by the five SSE models under study include solidarity/working together, autonomy from centralized authorities, participatory self-management, and respect for/honoring the economic/social/cultural rights of members.

- ***Socially responsible governance***: The cooperative model of SSE is prevalent in the Philippines. Members elect their officers, they participate in decision-making, and they share in the coop's profits. In Cambodia, people dislike the term 'cooperative' owing to its association with mass murder and oppression under the Pol Pot regime. SSE practitioners in Cambodia prefer to use the term 'social enterprise'. In Nepal, community self-management of the commons is a thriving practice. All these SSE models develop their enterprise supply chain thru partnerships with supportive local & international development organizations as well as government agencies which provide access to loans/investments and niche markets.

- ***Social development goods/services***: The UN Research Institute of Social Development (UNRISD) defines social development as "one that is concerned with processes of change that lead to improvement in human well-being, social relations, and social institutions, and that are equitable, sustainable, and compatible with the principles of democratic

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<sup>2</sup> The Asian Solidarity Economy Council (ASEC) maintains a collection of case studies of SSE initiatives in Asian countries. These studies are reviewed in Quiñones, Benjamin. Jr (2015). "Social and Solidarity Economy in Asia: A south-south and triangular cooperation perspective". Geneva: ILO.

governance and justice, and which integrates social and collective dimensions” (UNRISD, 2011). All five SSE models are not only engaged in the production of a good or service for their target clientele; they also provide other services (e.g. microfinance, marketing services, values formation, counseling, entrepreneurship training, technical assistance, etc) that enhance human well-being, social relations, and social institutions.

- *Economic sustainability*: The 5 SSE models cited in this paper ensure the economic sustainability of their self-managed enterprises by producing quality and eco-friendly products, and maintaining the vibrancy of the enterprise supply chain through cultivation of social ties and institutional linkages with investors/microfinance providers, input suppliers, institutional buyers/ marketing agencies, and technical assistance agencies (both governmental and non-governmental organizations).

- *Environmental conservation measures*: The 5 SSE models are conscious of the close links and inter-dependence between their SSE enterprises and the environment. Except for the eco-tourism enterprise in Cambodia, the other 4 SSE models are engaged in extractive production – they source raw materials for their products from nature. Like the other 4 SSE models, however, the Khmer Homestay in Cambodia is a social enterprise that thrives on local culture and environment. The Khmer Homestay entrepreneur is conscious of the need to protect the local culture and environment from the harm of pollution and destruction that foreign tourists may inflict.

The aforementioned framework for defining, measuring, and evaluating SSE enterprises is currently being used by the Asian Solidarity Economy Council (ASEC)<sup>3</sup> for its research program on supply chains of solidarity-based community enterprises.

### **Mainstreaming the SSE Movement**

At its 5<sup>th</sup> international meeting on SSE held in Manila in October 2013, RIPESS concluded, among others, that SSE initiatives and projects are aplenty and mushrooming in the Philippines as well as in other Asian countries. At their current developmental stage, SSE initiatives and projects in Asia are like new born ‘babies’ whose umbilical cords are still linked to the ‘mother’ neoliberal economy.

Under what conditions will the SSE initiatives and projects in Asia become a fully independent economic system? Can they alter society that is dominated by neoliberal economy? Or, will they remain dependent on the accommodation of and nourishment from an un-protective and uncaring ‘mother’ economy?

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<sup>3</sup> ASEC is an association of SSE practitioners and advocates in Asian countries. Since 2007, ASEC has been organizing the Asian Solidarity Economy Forum (ASEF) once every two years (2007- Manila; 2009-Tokyo; 2011-Kuala Lumpur; 2013-Manila; and 2015 -Kuala Lumpur) to encourage research studies on SSE and enhance greater understanding of the various concepts and practices of SSE enterprises in different areas of Asia. The Asian Forum 2013 was conducted together with the 5<sup>th</sup> international meeting of RIPESS (Reseau de Promotion de l’Economie Sociale Solidaire), an association of SSE advocates & practitioners in 5 continents (Africa, Asia, Europe, Latin America & the Caribbean, and North America). ASEC is the RIPESS continental network in Asia.

Although the SSE models reviewed in this paper demonstrate their innate capacity to change the mode and relations of production, such capacity is localized and severely restricted by the scanty resources at the disposal of small social enterprises. At any rate, the SSE initiatives and projects have tremendous potential to develop an 'other world' and a new model of development.

Toward this end, some of the steps that need to be undertaken to strengthen and scale up SSE initiatives are the following:

1) *Establish Community Companies, with households being their basic economic units.* In the example of Community Forest, individual livelihoods and enterprises are subordinate to the community rather than the other way around. The working principle is that the community acts as a holding company that coordinates the development of local enterprises. The village is not owned by enterprises of individuals/households. Rather, the enterprises of individuals /households are integral part of the collective Community Enterprise/Company. Put differently, SSE establishes community companies, not company towns (Roxas, 2006).

2) *Integration of micro and small enterprises into supply chains of solidarity-based community enterprises.*

The example of SSE model in Cambodia demonstrates how small social enterprises can work together to complement each other's contribution to the entire value chain. Each social enterprise contributes a unique service and adds value to the whole eco-tourism value chain. As a result, the element of competition is eliminated, and all enterprises involved in the value chain are motivated to cooperate in a mutually beneficial undertaking.

3) *Strengthening participatory & socially responsible governance of the community company.* The SSE models reviewed show that the community company strives to find ways of involving households in the governance of their economic activities. Having its roots in the family, the community company can use social norms, ethics and other social philosophies to influence consumer behavior. Its economic transactions are guided by core values shared by the households and by social ties among them.

As pointed out by Dr. Cielito Habito (2013), socially responsible governance is based on servant leadership, transparency, accountability, subsidiarity, and participation. Habito argued that socially responsible governance in SSE can be strengthened through education that is geared towards:

"Not just earning income, but **creating wealth**.

"Not working for others, but **creating jobs** for others (entrepreneurship vs. employment).

"**Social responsibility**, not just productivity.

"Instilling not just knowledge, but **wisdom** (ability to use knowledge to solve problems)".

But SSE cannot be learned fully in classrooms. One can only adopt it as a way of life through a continuous process of learning by doing. Only then can SSE be a potent vehicle toward inclusive and sustainable development.

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**Table 2. SSE Cases in Cambodia, Nepal, and the Philippines**

DIMENSION	Rice farmers (Philippines)	Coco sugar producers (Philippines)	T'nalak women weavers (Philippines)	Eco-tourism (Cambodia)	Community forest (Nepal)
1. Ethical values	<i>Bayanihan</i> (solidarity, working together) values; autonomy from centralized authorities; participatory self-management. Economic & social rights of members are upheld.	<i>Bayanihan</i> (solidarity, working together) values; autonomy from centralized authorities; participatory self-management. Economic & social rights of members are upheld.	<i>Bayanihan</i> (solidarity, working together) values; autonomy from centralized authorities; participatory self-management. Economic, social & cultural rights of tribal women are upheld.	Helping one another; autonomy from centralized authorities; participatory self-management. Economic & social rights of partners are upheld.	Caring for the commons; autonomy from centralized authorities; participatory self-management. Community members respect each other's rights to protect the forest as their source of livelihood.
2. Socially responsible governance	- Rice farmers form their own cooperative, elect their officers, & participate in decision-making. Dividends distributed when possible. - Rice farmers strengthen their supply chain thru partnerships with microfinance institution for access to loans & marketing of products	- Coconut farmers organize production groups for synchronized production of raw material (coco sap). Farmers participate in decision-making & receive premium price for product - Coconut farmers strengthen their supply chain thru partnerships with microfinance institutions & Fair Trade buyers	-T'nalak women weavers formed their own cooperative, elect their officers, & participate in decision-making. Dividends distributed when possible. - T'nalak weavers strengthen their supply chain thru partnerships with international organizations & government for investments & marketing of products	- Khmer Homestay brought together four independent enterprises to collaborate in providing services to tourists. Partners mutually agree on rules of engagement & price of services. - Khmer Homestay strengthens its supply chain thru partnerships with travel agencies, churches & friends in developed countries	- Community members federate various local organizations to self- manage the common forest resource. Members participate in decision-making. - The community forest Federation strengthens its supply chain thru partnerships with government & NGOs for marketing of products
3. Social development goods/services	- Main product: rice - Production & marketing loans - Marketing of products of coop members - Entrepreneurship training,	- Main product: coco sugar - Production & marketing loans - Marketing of coco sugar - Fair Trade labeling -	- Main product: handicrafts made of T'nalak cloth - Microfinance program - Marketing of products - Counseling	- Main service: Home-stay (alternative to hotels for tourist accommodation ), integrated with local transport, food	- Main products: Forest food products, herbs for medicine, firewood. - Entrepreneurship training,

	p training, values formation, & technical assistance to members	Entrepreneurship training, values formation, & technical assistance to members	- Entrepreneurship training, values formation, & technical assistance to members	catering, guided sightseeing, & shopping - Counseling, values formation & technical assistance to partners	values formation & technical assistance to members
4. Economic sustainability measures	Farmers cooperative ensures supply of production inputs & microfinance as well as marketing of products, and strives for 100 percent collection of loans. It also promotes good post-harvest practices to minimize losses & ensure high quality rice.	Coconut farmers take good care of coconut trees. Microfinance institution ensures provision of credit, while Fair Trade buyers ensure market for products.	T'boli households maintain production of abaca plants as source of raw materials. Cooperative provides microfinance & markets the products of members.	Partners patronize each other's services and market their services both individually & collectively. Partners practice transparency in entering into contracts with tourists	Households are organized into groups to guard the forest and enforce the Federation's rules & regulations in balancing forest conservation with household's requirements for forest products.
5. Ecological conservation measures	Cooperative enjoins members to use organic fertilizers & pest repellants while lessening the use of chemical fertilizers & pesticides. Coop also promotes biodiversity by encouraging members to diversify production.	The coco sugar processing company practices clean & sanitary processing, 'zero waste' in disposal of coco products, and eco-friendly packaging. Coconut farmers are encouraged to diversify production by inter-cropping their coconut farms.	Cooperative promotes clean and green activities through solid waste management and tree and crop planting to increase biodiversity and diversify production.	Partner enterprises promote local organic food & products to tourists. They constantly remind tourists not to pollute the environment with thrash and/or to buy endangered animal/ bird species.	The Federation instills among community members the discipline of forest conservation as interlinked with the community's survival & development.