Social Economy &
The Contemporary Crisis
- The Great Transformation

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What is Social and Solidarity Economy?
Economy for ALL

Social and Solidarity Economy

Economy of Cooperation

People-centered Economy

Ethical consumption

Social Impact

The Fourth Sector

Sustainable Economy

Capitalism with a human faced

Social Innovation

Economy of strawberry fields
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
19th 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
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\textsuperscript{th} 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)
• 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 19th C.
• 1854 (first Torino workers’ cooperatives), 1892 (L. Cerutti, Catholic’s first farmers’ bank by 1902 – 736 banks)
• 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)
• 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.
• **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 20th century.
Current status of SSE (data from ICA)

- 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 21st 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.)
Sustainable, Inclusive Development

Economic Bipolarization, Unemployment

Social Exclusion, Inequality

Environmental Degradation
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 UNTFSSE 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.

**SEED Fund** from individuals or private sector

**Social Enterprise** specialized in construction or renovation

**Governmental Support** (thru budgeting or regulatory support)

**Rental Fee from Residents** (40~70% of market price)

**Regenerated fund for next project**
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.
Coopetarrazu is a Fairtrade coffee cooperative of more than 3,000 small farmers in Costa Rica

More than 75% of its profits go 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.
• 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
- It 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)

• 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 expending 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
• 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)
Thank You