

SOLIDARITY ECONOMY and the COOPERATIVE EXPERIENCE

ROSA C. MERCADO, *Editor*



Center for Labor and Grassroots Initiatives

Solidarity Economy
and the
Cooperative **Experience**

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Foreword

The lingua franca of “cooperatives” and “solidarity economy” is broad and empowering. As substantive concepts, processes, movements, and phenomena, “cooperatives” and “solidarity economy” are neither mutually exclusive nor wholly unrelated. To be sure, no dichotomy exists between them. Both espouse collectivism and cooperation. Both expose the perils of rugged individualism and competition. Both foster inclusion, not exclusion. Both encourage dynamic, rather than static, approaches to development. And both convey the crucial role of institutions and organizations in societies, whether in the social, economic or political sphere. All these demonstrate that “cooperatives” and “solidarity economy” are germane to the discourse of industrial relations as a multidisciplinary field.

The collection of works in “Cooperatives and the Building of a Solidarity Economy”—the Asia-Pacific Congress held at the University of the Philippines School of Labor and Industrial Relations (UP-SOLAIR) on 15 and 16 May 2008—reflects all these, and more. That the works have become doubly significant is abundantly clear, given the current global economic crisis and its perceived causes. Thus, the Center for Labor and Grassroots Initiative (CLGI) of UP-SOLAIR embarked on the project to publish this collection of works.

For their valuable time, attention and support, CLGI takes this opportunity to acknowledge and thank the following: Dean Jorge Sibal, Prof. Marie Aganon, Ph.D., Prof. Rene Ofreneo,

Ph.D., Ms. Rosa Mercado (who is also Editor of the current publication), and the faculty, staff and students of UP-SOLAIR; Mr. Christopher Ng of Union Network International – Asia Pacific Regional Organization (UNI-APRO) and Mr. Takaaki Sakurada of Japan Federation of Service and Distributive Workers Union and Japanese Trade Union Confederation (JTUC- RENGU); Mr. Jose Umali, Jr. of National Union of Bank Employees (NUBE); Ms. Linda Wirth of the International Labor Office (ILO) Sub-Regional Office for South-East Asia and the Pacific and Prof. Mirko Herberg, Ph.D. of Friedrich Ebert Stiftung (FES); and, last but not the least, the Congress paper presenters, facilitators, documenters, and participants.

Prof. Atty. Jonathan P. Sale
Officer-in-Charge
Center for Labor and Grassroots Initiatives

Cooperatives and the Building of a Solidarity Economy (SE)

Rosa Mercado, Editor

Introduction

There is a movement that is making ripples in Latin America and some parts of the world. This movement is rewriting the script of economic globalization. It consists of ordinary but earnest people who have grown tired of being driven around by financial and business cartels which have pushed the global economy to disaster. The movement is loosely called "Solidarity Economy" and it has taken the driver's seat, so to speak, steering it to the direction where it wants it to be.

What is Solidarity Economy and where does it come from? There are many definitions being propounded but they somehow converge to mean the same thing. One definition describes it as a "coming together of people as a cohesive unit working to serve common vision and interests to form the economic foundation of these initiatives." Another regards it "as a human economy that creates healthy and meaningful social relationships in the course of meeting needs and pursuing dreams." Another defines it as "an economy centered on people, not on profits, and on ecological sustainability, instead of immediate gains at any cost."

Another yet profound definition speaks of Solidarity Economy as an "alternative economic model to neo-liberalism, one which is grounded on solidarity and cooperation rather than the pursuit of narrow, individual self-interest and that promotes economic

democracy, alternative models of local economic governance, equity and sustainability rather than the unfettered rule of the market." Care for people, care for environment and fair sharing of surplus are said to be the three distinguishing features of a Solidarity Economy.

In its broadest sense, Solidarity Economy has the makings or features of one or many of these composite characteristics: it is a mass movement for and by ordinary people; who are working collectively and purposively to meet their economic, psychological and social needs; who are working towards fulfilling their total development as human beings; who are conscious of their history, culture and environment and acts responsibly towards protecting their collective heritage and patrimony.

Solidarity Economy represents a diverse array of economic activities that mutually support and reinforce each other. It is supposed to integrate the whole marketing supply chain from investment to production, trading and consumption. The following are examples of economic "spaces" and initiatives within the SE framework: fair trade and ethical trading, microfinance, barter and local exchange, home-based production; community generated currencies, land trusts, forest and communal agriculture, social banking, worker's associations, eco-villages, green technology and environmental groups, participatory budgeting, collective kitchens, weekend or subsistence markets, free clinics, community initiated day cares and many more. Finally, we have the different kinds of cooperatives (credit, consumers, marketing, producers, housing, transport, health, manpower, etc.) which figure significantly in any SE endeavor – and the list is still growing.

Solidarity Economy draws its appeal and mobilizing factor as an agent of social and economic change. The word solidarity itself has been the battle cry of political forces all throughout history. In Poland, Lech Walesa named his organization Solidarity to rally working people against the excesses of the Communist regime. In South Africa, Nelson Mandela led the Anti-Apartheid

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Movement through solidarity among native South Africans. In Germany, Karl Marx advocated the solidarity of the working class against capitalism to give birth to a new economic order.

Latin America and Solidarity Economy

Latin America is said to be the original place where the word Solidarity Economy has come to have a tangible existence. In recent history, most of Latin America has suffered the brunt of structural adjustments imposed by the International Monetary Fund and World Bank. It has opened its doors wide to unhampered trade and entry of capital, lifted its tax barriers and devalued local currencies in exchange for foreign investment and debt restructuring. However all these accommodations have not delivered the promised progress but resulted in a wider margin of unemployment and increased impoverishment of the people. Consequently, the radical and progressive elements which have been fighting against foreign domination and social injustice for a protracted period have come together to propose an alternative economy, which eventually coalesced to form a Solidarity Economy. Today, SE is particularly observed in Brazil, Argentina and Venezuela where it has obtained equal prominence along with the trade union and cooperative movements.

In Brazil the viability of Solidarity Economy was tested when unionized workers took over a sugar mill previously owned by the Harmony Agricultural Company. The workers forced the company to declare bankruptcy when it was unable to meet its obligations to the workers. It is now the biggest worker-managed business enterprise in the country providing employment for 4,300 families. The enterprise has diversified from sugar to include vegetable and livestock and has expanded its market to over five municipalities. In other parts of Brazil, workers have taken over about 200 floundering private companies and have turned them into solidarity based economic enterprises (Osava 2009).