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Social and Solidarity Economy and Resilience in the Context of Multiple Crises

Beverley Mullings
Queen's University, Canada

Tinyan Otuomagie
Queen's University, Canada

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Abstract

While the Social and Solidarity Economy (SSE) has existed since time immemorial, its value to the functioning of economies and societies has taken on new meaning since the start of the new millennium. Examining the practices of co-operatives, self-help groups, and social enterprises this entry examines how its institutions, and its activities collectively function to support and sustain local communities in times of crisis, the contexts within which they are successful, and the challenges that they face as they are called upon to play an expanded role.

Keywords

Global Financial Crisis; Covid-19; gender; social reproduction; social enterprises; mutual aid/self-help; Indigenous communities; Black communities

1. Introduction

The Social and Solidarity Economy (SSE) refers to a myriad of institutions guided by principles and practices that value cooperation, reciprocity, redistribution, solidarity, ethics, and democratic self-management. Including cooperatives, mutual benefit societies, not for profits, foundations, and social enterprises, Social and Solidarity Economy organizations and enterprises (SSEOs) exist at every level within the global economic system, influencing all manner of economic exchange including finance, production, distribution, exchange, and governance. SSE includes a wide variety of institutions and practices that range from totally voluntary organizations on the one hand, to social enterprises that use the tools and some of the methods of business, to provide social, cultural, economic and health services to communities.

Global development organizations like the OECD, the EU and the ILO have been increasingly supportive of SSEOs, viewing their activities as key to building models of inclusive growth. Policy makers in Europe and North America have become more attuned to the important role that SSEOs play in enabling communities to adapt to uncertainty, vulnerability and crises. For example, during the 2008 financial crisis and more recently, the Covid-19 pandemic, not only did SSEOs like cooperative banks prove to be more resilient than their for-profit equivalents, the forms of civic engagement that mutual aid and not for profit organizations like food banks, time banks and soup kitchens generated helped the most vulnerable to respond to rising levels of unemployment, food and housing insecurity and general social need. The turn towards the SSE within policy circles can be seen in the number of programs that have been launched both to support their activities and measure and maximize their social impact. The 2013 United Nations Inter-Agency Task Force on SSE (UNTFSSSE), the 2020 OECD/ European Union Global Action: “Promoting Social and Solidarity Economy Ecosystems”, and the 2021 European Union Social Economy Action Plan represent some of the initiatives that are being undertaken to position the SSE as a possible alternative model of development, and to identify and create the conditions for them to flourish. Governments have also begun to recognize the value of SSEOs during periods of crisis, with several in Latin America passing laws and constitutional articles, and creating Secretariats dedicated to SSE.

To fully understand what constitutes an enabling environment for SSEOs it is necessary to examine the role that different types have played during periods of crises. While the organizations and enterprises defined as part of the SSE generally share a commitment to collective social and environmental goals, how these goals have been executed during different periods of crisis is as varied as the different types of institutions that fall under this umbrella term, their location in time and space, and the particular crises to which they respond.

2. Social Reproduction and SSE

As early as the 1980s, feminist scholars documented the important role that SSEOs played in the social reproduction of communities afflicted by the global recession that followed the 1970s debt crisis. Writing largely about communities in the global south, these studies aimed not only to bring a human face to the increasing levels of inflation, soaring unemployment and rising levels of sovereign debt, but also to examine the forms of agency, mutuality, and collective action that communities engaged to survive the widespread austerity policies that many governments were obliged to implement as a condition for access to loans from international lending organizations. Feminists were

some of the earliest scholars to document the close relationship between SSEOs and the care economy, and the important role of women within them. Many of the self-help, mutual aid and cooperative activities documented in the 1980s and 1990s emerged during periods of intense crisis, when neither states nor private enterprises were able to adequately provide for collective consumption. With their attentiveness to the social reproductive practices of everyday life, feminist scholars documented how communities collectively organized to address eroding levels of access to employment, health, food, and housing, emphasizing the importance of these practices to the health and welfare of not only households and communities, but also, of the environments within which they lived.

Although studies throughout the 1980s and 1990s drew attention to the importance of SSEOs to the survival of households and communities, their role in the market economy, or what is often referred to as the ‘real’ economy, was rarely acknowledged. Certain types of SSEOs, and the broader concept of SSE, were marginalized within government economic agendas. Notable exceptions were cases where organizations had become large and their economic contributions significant (the Mondragon cooperative being a case in point). This began to change at the start of the new millennium as civil society organizations mobilized to reflect upon, debate and strategize ways to build an alternative, post-capitalist economic system, and governments began to pay greater attention to the benefits that could be derived from SSEOs playing an expanded role in the delivery of social services (see the entry “Social policy and SSE”).

Gibson Graham’s (2006) book entitled *A Post-Capitalist Politics* is illustrative of the way that scholars have sought to bring renewed attention to the value that marginalized and often invisible non-market and unpaid economic activities within the SSE bring to the overall functioning of market economies. They argue that by restricting our definition of ‘the economy’ to the market economy we obscure the vastly different ways that exchange is negotiated, the different ways that labour is performed, and importantly, the diverse ways in which we could produce a kinder, gentler, and just world. Developing the concept of *community economies*— economies that put ‘*ethical negotiations of our interdependence with each other and the environment center stage*’, they highlight the sociality of all economic relations and the interdependence that exists between a broad variety of economic and non-economic activities. They are emphatic that in recognising the value of these diverse economies it is important to avoid the practice of ‘*singling out certain activities as necessarily or invariably more important, more independent, more determining of economic “health” and distinguishing them from those that are more expendable, dependent, and less determining or potentially destructive within the economy*’ (p.95). Such a practice, they argue, would suppress the ethic of ‘being in common’, inter-dependence and care, that has been so integral to the responsiveness of SSEOs to social need during periods of crisis, and vital to the challenge of re-socializing the economy in the future. While mutuality, and a commitment to the creation of ethical spaces of care are instrumental elements in the success of community economies, Ferreira (2021) warns that they should be understood as commitments that are not exempt from ongoing practices of coloniality, racism and gender-based exclusion. For as she argues, these relations of power are not entirely absent in the efforts of SSEOs to support and build resilient communities.

3. Financial Co-operatives and the 2008 Financial Crisis

The 2008 Global Financial Crisis, and more recently, the COVID-19 pandemic has brought into sharp relief the possibilities and limits that face SSEOEs as they take on an expanded role in the provision of services to meet social needs. In the case of banking, for example, Birchall and Kelitson (2009) found that during the 2008 financial Crisis when many private investor-owned banks required public bailouts, cooperative banks not only remained financially sound, some even saw increases in members, assets, deposits and loans. In the immediate aftermath of the crisis when other banks stopped lending to small and medium size enterprises, cooperatives were able to draw on the surpluses that they would have normally distributed to members, in order to weather the financial crisis. Because financial coops are member-owned and funded, and because they operate within democratic governance structures, they tend to be more risk averse than private banks. Thus, in the case of the United States, co-operatives were not embroiled in the sub-prime mortgage crisis because of the moral constraint that the direct relationship between member savings and loans. That some financial co-operatives thrived during the 2008 crisis speaks also to the level of trust held for these institutions by their members. For as reports show, membership levels increased after the 2008 financial crisis as consumers looked for safer and more ethical alternatives.

Cooperatives owned by historically marginalized communities offer stability, but also access to stable employment, and services that include pensions, retail services, renewable energy and food distribution that are more likely to remain stable during periods of crisis than private companies because of the level of trust that they cultivate among their members. In Canada, for example, Arctic Cooperative Limited, a service federation of 32 independently owned and controlled Inuit, Metis and First Nations cooperatives in Nunavut, Northwest Territories and Yukon, experienced their best year of operation in 2008 when revenues increased by 12 percent over the year before. The success that financial cooperatives have demonstrated in the face of crisis should not, however, be understood as evidence of their effectiveness in responding to the medium and long-term crises experienced in every community. As numerous scholars have documented, there is a long and ongoing history of racial discrimination against Indigenous and Black communities within banking and finance from which mainstream financial cooperatives have not been exempt. Without an acknowledgement of the systemic nature of racism, gender discrimination and other forms of exclusion in finance, the success of cooperatives in meeting social need during periods of crises will continue to be limited to only those who are included as members (see the entry “Finance sector and SSE”).

The Covid-19 pandemic represents another kind of crisis, one that is revealing the possibilities for and limits to the capacity of SSEOEs to meet social needs during periods of crisis. With the spread of the pandemic many countries have had to contend with food shortages, rising levels of unemployment and social infrastructures stretched to their limit. In the poorest countries, where access to vaccines has been limited, the virus has ravaged their populations, disrupting the market economy and fuelling levels of inflation to historic highs. As indicated below, various types of SSEOEs have responded proactively to enable people to cope during the pandemic.

4. Social Movements: the case of the Landless Workers Movement

With the third highest death toll than any other country in the world, Brazil is one of the countries most affected by the COVID-19 pandemic. Limited state support, coupled with a long history of racialized injustice affecting Black and indigenous peoples, meant that the right to food quickly became a social crisis, impacting women and especially women heads of families. It is in this context that the Landless Workers Movement (MST) - a social movement that seeks to transform the lives of poor Brazilians by securing access to land and campaigning for land reform, intervened to reduce the impact of the crisis on the most vulnerable populations. A non-hierarchical collective inspired by liberation theology, and the pedagogy of Paulo Freire, the MST is part of an extensive network of SSEOs that include 100 agricultural cooperatives, 170 community clinics, 66 food processing factories and almost 200 farmer associations. In the context of the pandemic and the state's refusal to assist, the MST has stepped in to help poor families, donating over 6,000 tons of food and 1,150,000 lunch boxes to food insecure people and families across the country.

The success of the MST's Christmas without Hunger campaign which mobilized and distributed food during the pandemic, can be attributed to its broad vision of agrarian reform through education, solidarity, and a commitment to living sustainably with the environment, as well as the trust that MST has cultivated among the neediest of families and communities. Their consistent denunciation of Brazil's ongoing practices of land dispossession and racialized social inequality, combined with their programmes to promote job creation, move trade, guarantee income and decent living conditions have greatly contributed to their fundraising success.

5. Social Enterprises and Covid-19

As Rasheda Weaver (2020) observes there remains much to learn about the role of social enterprises in periods of crisis is not well understood. Social Enterprises are organizations that use commercial or business strategies for the benefit of society or the environment. They exist in a variety of corporate forms ranging from non-profit organizations that operate revenue-generating businesses to for-profit businesses with a social goal. At their core, social enterprises are organizations that are governed by business principles and in the context of Covid-19, like many other small and medium sized enterprises, they were adversely affected by the social distancing restrictions that most governments imposed. In the early days of the pandemic, some scholars saw the dual mission of social enterprises as a crucial to the ability of economies quickly to bounce back in the post-Covid recovery given their contribution to employment and the economic health of communities. As the pandemic has worn on, however, it has become clear that there has been much variability in the ways that social enterprises have fared the crisis and that for some this has shifted the balance between their social mission and their economic goals.

A recent survey by the British Council, Social Enterprise UK and United Nations found at the start of the crisis social enterprises worldwide reported that there was a high risk that they would have to close their operations if not given government support (Darko and Hashi 2020). As many as a third of social enterprises reported that they had no access to government support, and among those who did assistance varied significantly with levels of support being highest in South-East Asia and Europe and lowest in sub-Saharan Africa and South Asia. Crucially the survey found that social enterprises led by women fared the worst, with a third reporting having to reduce their activities and three percent

closing altogether. The survey also found social enterprises to be agile with 90% of those surveyed stating that they were operating under different business models to the ones they had operated before the pandemic. Social enterprises in the IT, software and computer services and childcare sectors appeared to have fared better than those in tourism, hospitality, radio, or television given the optimism expressed about the growth of their businesses three to six months after the survey. Similarly, social enterprises that were small or that served vulnerable and marginalized groups were the least optimistic about growth. The findings of the British Council survey suggest that how social enterprises address and mitigate the short- and long-term impacts of multiple crises on the economy and society depends on the sectors within which they operate, their dependence on external finance, and in the context of Covid-19, their use of online technologies. These observations are mirrored in the responses of social enterprises that have offered financial services during the pandemic.

The Kenyan mobile money service provider M-Pesa is hailed as a social enterprise success story because of the way that its mobile-phone enabled money transfer system has facilitated the movement of money, primarily among poor people without access to formal financial services. Grown to become Africa's largest FinTech firm on the African continent with profits of USD 765 million in 2021, M-Pesa has been credited with making a social impact – with one 2016 study estimating that it had lifted 2 per cent of Kenyan's out of poverty (Suri and Jack 2016). Claims of M-Pesa's contribution to poverty reduction, however, have not gone unchallenged. Questioning the assumption that financial inclusion is instrumental to social transformation, Bateman et al (2019) argue that FinTech concentrates the bulk of its value in the hands of a global digital financial elite with little redirected to the poor communities that they serve.

At the request of Kenyan regulators, M-Pesa suspended charges on transactions under KES 1,000 (USD 8) between March and December 2020. The removal of transaction charges was part of a general effort to discourage people from engaging in physical cash monetary transactions, by providing an incentive for them to use its digital platform instead. M-Pesa's revenues fell briefly during the period when the fees were waived, but quickly rebounded, rising by 45.8 % during the first half of the fiscal year, (April and September) when charges were reinstated and as the number of subscribers swelled from approximately 20.5 million in March 2021 to 50 million active subscribers in September 2021. Digital payments technologies across East Africa helped informal businesses and mutual aid groups to stay in touch with their customers and supporters, and hence stay afloat. Unlike cooperatives, however, the approach to financial inclusion of social enterprises like M-Pesa, rests upon on its provision of fee-based opportunities, rather than collective redistributive measures aimed at providing the unbanked poor with the means to take advantage of financial opportunities (Natile 2020). As such the benefits offered by social enterprises in periods of crisis are constrained by the relative emphasis placed on individual wealth creation rather than collective wealth distribution.

6. Conclusion

While institutions guided by principles and practices that value cooperation, reciprocity, redistribution, solidarity, ethics, and democratic self-management have existed since time immemorial, their value to the functioning of economies and societies has taken on new meaning since the start of the new millennium. Examining the practices of co-operatives, self-help groups, and social enterprises during periods of crisis, this entry has examined how these institutions, and their activities collectively function to support and sustain

local communities in times of crisis, the conditions under which they are successful in doing so and the challenges that they face as they are called upon to play an expanded role.

Given the broad spectrum of SSEOEs, ranging from mutual aid groups to social enterprises, it is difficult to be definitive about the effectiveness of their role in mitigating the impacts of multiple crises. Mutual aid groups, for example, that prioritize caring for each other and meeting basic survival needs are very different from social enterprises that try to balance the need to be profitable with a social vision. As examples from the MST movement show, its capacity to respond to social need in the face of the Covid-19 crisis is largely due to the philosophical perspective of the organization and its members. But like many mutual aid groups, they too must rely on external financial support and the unpaid labour of members – resources which are severely tested in the context of overlapping and long-term structural crises embedded in histories of coloniality, racism and gender inequality and state violence. Cooperatives have proven to be effective in responding to the impacts of crisis because of their structures of accountability that engender trust among members, the fact that members share in both profits and losses, and the balance that many have struck between the interests of their members and those of the communities they serve. But without a framework attentive to ongoing forms of coloniality, racism and patriarchal oppression, cooperatives can exclude certain communities, fulfilling a social mission but only for a favoured group.

As governments and development organizations create larger roles for SSEOEs within their crisis response agendas, some will experience pressures to expand their mandates in ways that force them to drift away from their social mission and the ethical principles behind them. External support for SSEOEs has often also meant the imposition of state control and a habitual disregard for their independence and autonomy (see the entry “SSE and co-optation, isomorphism and instrumentalization”). Among social enterprises the danger of mission drift – a shift away from principles and practices that value cooperation, reciprocity, redistribution, solidarity, ethics, and democratic self-management – is especially high (see the entry “Social enterprises”). Unlike cooperatives, they are neither bound by structures and mechanisms to ensure democratic control nor obliged to redistribute the profits they earn. Thus, in periods of crisis such as the Covid-19 pandemic social enterprises may experience greater possibilities for mission drift as economic opportunities expand. Paramount to the effectiveness of SSEOEs in the context of multiple and overlapping crises is the trust and the validation of inclusive communities. Without trust that SSEOEs are committed to principles of sustainability and equity and the redistribution of wealth, their contribution to an alternative vision of human development will be limited.

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