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## **SOLIDARITY SOCIOECONOMY: HUMANIZING GLOBALIZATION**

Marcos Arruda<sup>1</sup>

### **NEOLIBERAL CAPITALISM HAS FAILED TO OFFER A HUMANE PATH**

Since World War II, and particularly since the 1980s, the world has been led into an increasingly dangerous path. The acceleration of technical progress and the transition from the Industrial Age to the Age of Knowledge has entailed an impressive growth in global material wealth. But it has generated, at the same time, immense social, ethnic and hemispheric inequalities, as well as threatening trends. One side of neoliberal globalization is that both income and wealth are extremely concentrated. The other side of the same coin is the massive poverty, social exclusion and steady destruction of ecosystems.

The world's richest 20% are now responsible for 86 percent of global consumption of goods and services, whereas the share of the 20% poorest is only 1.3 percent. 1.5 billion citizens of the Planet survive with only up to one dollar per day, while the 7.7 million millionaires, according to a recent Merrill and Lynch survey, possess US\$ 28.8 trillion in material wealth (nearly three times the current GDP of the USA). 51 of the 100 largest economies in the Planet are private transnational corporations. The largest 500 corporations have managed to increase their production and sales by 700 percent in the past 20 years while *reducing* their labor force. In 2003 they controlled 43 percent of the global GDP but employed only 1.6 percent of the global labor force (ETC Group, 2003).

Brazil is the most industrialized nation of the Southern Hemisphere. It is the 12<sup>th</sup> largest national economy in the world, yet it is the 65<sup>th</sup> among 175 countries in the Human Development Index ranking. Brazil suffers from a chronic epistemological disease, that of separating economic activity from social well being. A former President, Dictator General Medici, stated in 1971 that "Brazil's economy is doing fine, it is the life of people that is not going well". Whose economy is doing fine, I asked then? Not the people! The practical result of this is that Brazil ranks 6<sup>th</sup> among the most unequal Nations in the world. 80

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<sup>1</sup> Economist and educator, coordinator of PACS (Institute of Alternative Policies for the Southern Cone, Rio de Janeiro), member of the Alliance for a Responsible, Plural and United World and fellow of the Transnational Institute (Amsterdam). This article is partly based on the author's summary of the seminar on a Solidarity Socioeconomy, held at the World Social Forum, February 2002, Porto Alegre, Brazil.

thousand are the millionaires, in a population of 177 million inhabitants, control US\$ 1.75 trillion, or twice the Brazil's 2003 GDP. Meanwhile, 53 million live under the poverty line, 22 million of which are totally destitute.

## **IMPENDING THREATS**

Financial consultant and author Bernard Lietaer (2001: chapter 1) identifies four dangerous manmade trends.

*The Age Wave* – Until a little over one century ago, human life expectancy had been estimated at about 18 years. Today, “two out of three of all human beings who have ever reached the age of 65 are alive”. The human population explosion the Planet is witnessing, therefore, has another factor besides high birth rates: it is increasing longevity. The job and pension systems will have to be urgently reshaped if we are to choose to preserve human lives instead of merely concentrating material wealth. Population growth tends to transform the economics and politics of the world. And it is a problem that can only be confronted with education and a redefinition of the very goals of the Economy. *How will society provide the elderly, asks Lietaer, with the money to match their longevity?*

*Information Revolution* – Lietaer recalls a 1967 article in *The New York Times* predicting that “by the year 2000, people will work no more than four days a week and less than eight hours a day. With legal holidays and long vacations, this could result in annual working periods of 147 days and 218 days off.” This was truly possible to have become a reality in the turn of the century. But the neoliberal twist of the 80s and 90s made sure it would not happen. The key to understand why 700 million able and willing people are chronically unemployed or under-employed worldwide is the fact that the gains of productivity generated by the Information Revolution have been privatized, rather than democratized. This has resulted not only in structural unemployment in both South and North, but also in worsening working conditions, non-remunerated working hours and a variety of ‘work diseases’. While American labor productivity, says Lietaer, has grown by 30 per cent between 1973 and 1993, pay has dropped by about 20 percent in real terms over the same time period. Average working hours increased by 15 percent and white-collar workaholism has become a tacit requirement to keep your job.” Jobless growth today is a global phenomenon. Each corporation argues that if it does not join this trend, it will be unable to compete with the others. This proves that current globalization has set up ‘a war economy’, where all compete against all, enterprise against enterprise, worker against worker, nation against nation, capital against labor, seeking to submit or eliminate each other. *How can our economies provide a living to additional billions of people when our technological choices make jobless growth a reality and the gains of productivity always more concentrated?*

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*Climate Change and biodiversity extinction* – Lietaer gathers impressive evidence about this trend. He first focuses on the accelerated increase of natural disasters, reporting that “the insurance losses due to storms, floods, droughts and fires for 1998 alone are higher than what was paid out for the entire decade of the 1980s (...) 85 percent of all insurance payments worldwide now go towards compensating for natural disasters. A combination of deforestation, [with desertification] and climate change is blamed for these problems”. He adds that “four times more people now die in natural disasters than in all war and civil disturbances combined.” On biodiversity extinction, 69 percent of professional biologists surveyed in 1998 concluded that we are living now through the ‘sixth extinction’, more rapidly affecting a wider range of biodiversity than any of the previous five. Lietaer indicated that “we are in the process of losing between 30 and 70 percent of the planet’s biodiversity within a time span of only 20 to 30 years.” And, Lietaer recalls, as opposed to all previous extinction, this one is due to the actions of one species – our own... *How can we resolve the conflict between short-term financial interests and long-term sustainability?*

*Monetary Instability* – While global trade barely supersedes US\$ six trillion, daily financial flows worth US\$ 1.5 trillion daily change hands in electronic financial transactions. The disproportion is so great that financial crashes have recurrently happened at the national and regional spheres from 1994 (Mexico) onwards, “not as random accidents, but signs of systemic dislocations of the official monetary system,” says Lietaer. *How can we prepare for the possibility of a [national, regional and, perhaps global] monetary crisis?*

Bernard Lietaer is only one of many authors who believe that another economy is possible, one that would lead to ‘sustainable abundance’, to ‘markets in solidarity’ (Razeto) and to ‘true work emancipation and human-social self-development’ (Arruda). In this brief paper, I do not attempt at outlining the transition from the existing world towards one that is human and planet-friendly. I should stress, however, that there is no other path to make this transition than to take the existing reality, political economic agents and social relations as the starting point. It is heartening to realize that an economy based on new values, such as cooperation and solidarity, reciprocity and respect for diversity is already a reality among many groups and social sectors around the world.

**STRATEGIC VISION OF A SOLIDARITY ECONOMY**

Heloisa saves about half the pesos she earns as a university professor in Buenos Aires, because she buys goods and services in “créditos” at one of Argentina’s 1,060 solidarity exchange clubs. *Crédito* is the social currency being used as a medium of exchange between citizens of Buenos Aires districts organized into solidarity exchange clubs. These involve nearly three million

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Argentines and are just one dimension of what is called a system of solidarity socioeconomy. Other dimensions include self-managed cooperatives and associations engaged in producing and trading goods and services, purchasing equipment collectively, collective borrowing from credit cooperatives or banks, collective purchasing for consumption, solidarity micro-credit schemes, solidarity collaboration networks where cooperatives either sell and buy from each other, or sell to workers' organizations, people's movements, churches, participatory local governments and other socio-political agents responding to the challenge of creating a solidarity socioeconomy and globalizing cooperation and solidarity.

A Solidarity Socioeconomy<sup>2</sup> does not arise from thinkers or ideas; it is the outcome of the concrete historic struggle of human beings to live and develop as individuals and groups. It arises also from the crises of viability in the dominant world system centered on capital, on the market and on competition as an avenue to civilization.

A Solidarity Socioeconomy is a fundamental part of another societal and civilizational project. Its horizon is not anti-globalization, but globalization based on cooperation and solidarity. A Solidarity Socioeconomy is not just a microeconomic project. Nor is it just an economic project. If people count, and since we are multidimensional beings, if economy (from the Greek *Oikos-Nomos*, manager of the house) is the art of managing and caring for the various houses we inhabit, then the project is at the same time socioeconomic, political, cultural, environmental, energetic and, for many of us, spiritual.

A Solidarity Socioeconomy is also conceived as a "work economy" (José Luis Coraggio), a "humane-economy" (Loebl) or "an economy of work in solidarity" (Luis Razeto), because it takes the work, knowledge and creativity of men and women workers as a central value. History, anthropology and economics prove that women are solidarity beings *par excellence*. They are concerned above all with the inhabitants of the house and oversee the well being of each and every dweller. Theirs is an ecocentric approach, as opposed to the masculine egocentric bias.

Other basic values of a Solidarity Socioeconomy include - lesser and higher - basic human needs, which demand a consciously managed mode of technological progress; the various human exchanges supported by values such as cooperation, reciprocity, two-way (dialogical) communication, respect for diversity, solidarity and conviviality; and a harmonious mode of exchange with Nature, our mother and our broader biosystem.

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<sup>2</sup> The name intends to indicate the central reference of this economy - the individual and social human being - and the central value guiding social relations - solidarity.

**ACTION STRATEGIES**

Overcoming the brutally competitive, corrupt, oligopolistic economy centered on capital is a task of everyday life, and everyone can contribute to building alternative solidarity socioeconomic practices. This demands moving beyond action in isolation and working to develop productive chains where each link has a collaborative connection with the others, forming a coherent subsystem concerned with maximizing *cooperative advantages* and developing both the efficiency of each agent and *systemic efficiency*. Action strategies to fulfill the vision of a local-to-global solidarity socioeconomic include:

\* Combine three simultaneous action strategies:

- (i) Research, critique and denunciation of inequitable structures and social relations – national, international and global – such as the indebtedness crisis of Southern countries, free trade and investment treaties like the FTAA and the Mercosur-EU agreement, the increasingly invasive activities of transnational corporations in the area of sustainable food security and sovereignty.
- (ii) Launch proposals of public policies in the perspective of self-managed economic and social development of peoples, nations and regions and advocacy with local, national and global power agents. This includes:
  - pressuring the private sector, awakening its sense of social and environmental responsibility and working for the adoption of codes of conduct;
  - pressuring the State – at the local, national and global levels – for substantial changes towards participatory democracy, social investment, regulations, changes in legislation to introduce, among other things, recognition for and promotion of a Solidarity Socioeconomy and other forms of direct democracy such as sectoral people's councils (like the Participatory Budget Council). This front has broad long term horizons: the occupation of State power by organized society at various levels, and the creation of democratic agents of global governance, such as a Global Parliament, a World Social Bank, an International Solidarity Fund and a World Equitable Trade Organization.
- (iii) Creation of new socioeconomic relations and practices based on cooperation, reciprocity and solidarity. This includes:
  - Spreading the project, values and praxis of a Solidarity Socioeconomy throughout society, underlining the importance of reinventing money and its uses, and developing solidarity financial networks on various scales;

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- And enlarging South-South, South-North, West-East and rural-urban trade and exchange, both direct and electronic.

\* The rooting of associative and cooperative enterprises in the persons involved, in the territory, the neighborhood, the community, the biosystem.

\* The mounting empowerment of men and women workers towards becoming conscious, active and collaborative subjects of their own enterprises, and of all the dimensions of their lives, from the local to the global. This involves developing an economic sector of social ownership and self-management, overcoming specialization and professionalization, and educating workers towards becoming intellectuals, scientists, politicians and sometimes even government officials.

\* The growing interlinking among self-managed enterprises, in the form of transparent, participatory and consciously collaborative *networks* fed by energy arising from the practice of values such as respect for difference, complementarity among differences from local to global, and always building new ties of unanimity in diversity.

This is precisely what *radicalizing democracy* means. It implies overcoming the traditional forms of democracy, to the extent that it institutes society as a whole, working to create and recreate life, as the subject of its own social and human development. In such a context, the State is gradually reshaped as an orchestrator of diverse social subjects empowered for the collective management of their own communities and territories.

Aware of the fact that a Solidarity Socioeconomy cannot exist without the simultaneous growth of a Solidarity Culture, we must develop **a whole new educational system**, as well as decentralized educational sub-systems, adapted to the children, young people and adults of the different sectors of each society. This includes certain indispensable factors:

- The educational process must be based, on the one hand, on the praxis of individual and group autonomy and self-management and, on the other, on solidarity. It must envisage the development of the full potential of each and every pupil. This means that the personal transformation envisaged is integral and will not emerge from ideas or professorial speeches alone, but above all from the practice of new values and modes of relationship.
- Transformation implies risks, obstacles and complex contradictions that are not only external but also internal, not only objective but also subjective. Since we are complex, contradictory beings, we

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must be prepared for this challenge by developing a **philosophy of conflict** that makes us capable of using dialogue, rather than coercion, as a means to develop unanimities around common projects.

Structural and cultural transformation is a long process anchored in the individual, social and historic human beings that we are, and also in the reality of globalized capitalism. These are largely contradictory references, but paradoxically they conceal within themselves the germs and the potential for their own radical transformation and supersession. We need to muster faith in the loving Nature of the human being, inexhaustible patience and persistence in order to win.

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