

A Social and Solidarity Economy

A Social and Solidarity Economy:

The Ukrainian Choice

Edited by

Anton S. Filipenko

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FOREWORD

In February 2016, the Institute of International Relations at the Taras Shevchenko National University of Kyiv held an international symposium called, “A Social and Solidarity Economy: The Ukrainian Choice.” This event marked a new direction for research into alternative economic models. The social solidarity economy, characterised by socialisation and solidarism, emerged in the economic development paradigm. World experience conclusively proves that where there is social entrepreneurship, solidarity becomes increasingly common. This is the case across the globe, regardless of a country’s geographical location or level of economic development. The Research Institute for Social Development operates under the auspices of the UN. There is a worldwide network (RIPESS) that brings together public institutions, social movements, and volunteer associations relevant to the scientific research and practical implementation of alternative economic models. Fifteen “world social forums” and dozens of regional events took place between 2001 and 2015. In October 2015, Berlin hosted the European forum on the solidarity economy (“Solikon”). This was attended by about 1,500 participants from European countries, the US, Canada, Brazil, Cuba, the Republic of Korea, and Japan, amongst others.

Section IV of the European Union’s Charter of Fundamental Rights features aspects of solidarity and refers to such elements as human dignity, freedom, equality, and solidarity, etc.

It should be noted that solidarity is organically inherent to the Ukrainian people and mentality. This defining feature has always helped Ukrainians to survive in times of hardship. Prominent domestic intellectual leaders, Taras Shevchenko, Hryhoriy Skovoroda, Ivan Franko, and Lesia Ukrainka, always called for the defence of unity and for the country to be built on the basis of cohesion and solidarity. Principles of solidarity are of paramount importance when Ukraine is making a historic transition from a planned, centralised economic system to a market, socially-oriented economy. The activities of the Polish trade union, “Solidarity”, are a striking example of solidarity in a post-socialist country. Headed by L. Wałęsa, it created a radical socio-economic and political transformation that made Poland one of the most successful countries in Central and Eastern Europe.

The crucial historical period that Ukraine is now experiencing requires the implementation of radical political, economic and social reforms. Changes are also needed in the country's foreign policy. This is with a view to embodying the values of Western civilisation to the fullest extent, in the process of bringing Ukraine closer to the EU and implementing the Ukraine-EU Association Agreement.

**Valeriy Kopyyka - Doctor of Political Studies, Professor,
Director of the Institute of International Relations at Taras
Shevchenko National University of Kyiv.**

PREFACE

GISELA NOTZ, PHD

In the face of increasing globalisation and related crises, there is widespread unemployment, increasing precariousness, exorbitant rents, privatisation, poverty, climate change and armed confrontations. This has led politicians, sociologists and trade unionists to argue about a future beyond the working society. The third sector is made up of a shadow economy consisting of civil work, new volunteering, voluntary services, the strengthening of self-help and a “solidarity economy,” or, “alternative economics” beyond or between the market and the state. This is the “new future model” and it has been used as a panacea against unemployment and the destruction of the environment. However, it often amounts to nothing more than old wine in new bottles. Many efforts do nothing to change social and gender inequality and actually contribute to the formation of new lower social classes, especially among people of different origins. These systems are also based on the old gender contract that regards the home and care work as intrinsic to the role of women. Anyone can be of the opinion that it is an illusion to imagine a concrete utopia. However, it is also possible to believe that it is essential to develop new alternatives to traditional economic concepts and the capitalist-patriarchal society of work that causes social, racial and gender inequalities. We have to find answers and we need them here and now because I do not believe in the afterlife.

This book was compiled by authors from Ukraine and puts forward some answers to these questions. The key question that has run through my mind for several decades raises an old, well-known dilemma: Can anyone open a “window to another world” within the existing system? Is it possible to develop self-managed alternatives in the lap of what already exists? Is there a real life in what is wrong?¹ This issue is to be resolved by Ukrainian colleagues, whose discussions lie in the scope of claims about the state and organisation of an alternative economy.

¹ Gisela Notz: *Theorien alternativen Wirtschaftens. Fenster in eine andere Welt*, Stuttgart: Schmetterling, theorie.org. 2012, 2. Auflage

What do I understand by an alternative economy?

An alternative economy can mean so much more. I stand by the term, even though it is often replaced by “solidarity economy,” because I regard it as an alternative to the existing economic order. An all-encompassing definition cannot be given. This term is an object of discussion. An alternative economy can be defined as alternative economics, the solidarity economy, counter-economics or counter-culture. In any case, an alternative economy marks a transition between the market-centric capitalist economy, public production and service sectors, and the so-called “informal economy”. In this border area we deal with very different economic structures. An alternative economy includes cooperative or self-managed companies as well as a wide range of community-oriented projects and non-profit organisations. The hope for a different, better world in which exploitation, oppression, a hierarchy of human dominance, alienated work and patriarchal structures are absent, and self-determined living and working conditions are the norm, has led to a rise in the theories and concepts of alternative economics. These theories are being implemented in self-managed companies and communitarian ways of working and living, along with associated projects and initiatives. Among the actors, there are discussions about how a better way of living can be achieved. The fact is that, in the course of postmodern diversity, our “multi-options-society” — with its colourful fair of alternative projects — has become more and more diverse, and spiritual projects are apparently taking place within the “alternative scene” of a liberate-anarchist movement. Many who are intervening, who are perhaps even conservative or right-wing, complicate the possibility of taking an unequivocal position.

The concept of this book, as I understand it, is emancipatory approaches to alternative economics. It is also concerned with the concepts used by company members to work within human, ecologically-compatible processes with democratic and — as far as possible — self-determined organisational forms that are self-managed in collective, non-hierarchical structures conforming to certain standards. These standards allow activities to be performed that create ecologically-compatible and socially useful products or services. Self-managed projects can be understood as being in the following areas: housing, educational, consumer and working projects. There is no typical, ideal, private property, land or building; operating assets and income are neutralized, i.e. they are not personally available. This is also true for cooperatives and municipalities created from free unions of people who organise their

communal living and working in radically democratic communities, in which all people have the same rights and responsibilities.

Until now, there has been no uniform system of theories in terms of the usual understanding of closed models of alternative economies. It is therefore impossible to agree on a common theoretical basis for global alternative economics. This is also clear from the heterogeneous contributions in this book. There are many different historical and current theoretical approaches, and the actors themselves (from their experiences in many countries of the world) have developed approaches that could be worthwhile starting points. It is a pity that representatives of individual “directions” (mainstreams) always claim that their approach is the right one for a world without exploitation and destruction, while others wear rose-tinted glasses to view what actually fits quite well into the concept of the neo-liberal policy.

Since the 1970s, an alternative movement has been founded in Germany and other countries. However, this does not mean that many new lifestyles, needs and interests, or living and working opportunities are alternatives in our multi-options society. If people have no reason to find out what an alternative and better world could look like, it’s possible they will be convinced that there is a risk that a new approach could go wrong.

Most of the players hope for a life beyond capitalism, or at least to be an autonomous island in the capitalist world. Equal members of collectives try to resolve the problems of individual isolation and a focus on gender roles through new forms of coexistence. Alternative forms of economics can be suited to an expansion of economic thinking as a whole and enable a different way of thinking about and developing an economy for life. It cannot relate only to the state. Even if universal diversity seems to impede international cooperation, international networking is necessary, as discussions at numerous conferences have shown.

Concepts of the alternative economy are not a new invention

Theories and projects attributable to alternative economies have existed longer than the concept of a capitalist economy. One should consider, for example, the utopias of the English philosopher Thomas More (1478-1535), the Italian philosopher, poet and politician Tommaso Campanella (1568-1639), the early socialist, entrepreneur and trade unionist Robert Owen (1771-1858), the French company theorist and critic of early capitalism Charles Fourier (1772-1837), or Gustav Landauer’s

(1870-1919) idea of the “propaganda of the deed.” No model, however, could be easily used within the current framework.

The highlight of this history was, without doubt, the alternative and self-managed enterprises of the 1970s in West Germany. An alternative culture with living communities, alternative enterprises and a communitarian life appeared in connection with student, environmental and ecological movements. Consciously or unconsciously, they drew on anarchist and socialist theories of the past. Such questions as “reform or revolution?” and “is there ever a right life in the wrong one?” (Adorno) were re-thought. In spite of the ever-recurring doubts over whether it is possible to build autonomous utopian islands within existing — or at the edge of — patriarchal capitalism, many communities were founded to develop “here and now” experiments of alternative economies. Some of them were developed by people who had received “professional bans” and had no chance of securing their livelihoods in the academic field. Later, these experiments emerged from factory occupation and house-squatting. Cultural projects, bookstores, publishing houses, distributors, and printing houses were the first self-managed projects. Tea rooms, consulting and training facilities, pubs, cabaret, theatres, film groups, and unions of craftsmen followed. Projects with soft energy and environmentally-friendly, energy-saving, alternative technologies also joined the list of projects. Most of them were “companies with no boss.” Such companies can target the development of responsible working and living cultures in coexistence with the prevailing capitalist-patriarchal economy, before the general conditions exist for revolutionary transformation. Some of the work, in terms of the self-confidence of a union of equal members, continues today.

Can a wrong life be lived rightly?

This question is being raised again. Originally, it was posed by the social philosopher, Theodor W. Adorno. In his essay, “Minima Moralia” (1944-1947, California), he wrote that “there is no right life in the wrong one.” But in any case, he argues, it does not matter how people live their lives. He does not advocate resignation and doing nothing as long as the wrong life is changed. If a wrong life cannot be lived rightly, there is also – in his opinion – a “substitute for true life.” He raises the question of whether freely-associated individuals could create “asocialisation” and thus build models of real life. There must be such a life “as one might imagine life would necessarily be conducted among liberated, peaceful human beings who feel themselves in solidarity.” He also argues that it has

to be assumed that the scope for such action under the increasing pressure of crisis is significantly reduced. Therefore, the following statement is correct: “No emancipation without that of society.”² Thus, he does not exclude the concept that the “window into another world” can be opened within the existing system, in the here and now.

² Theodor W. Adorno: *Minima Moralia. Reflexionen aus dem beschädigten Leben*, in: Rolf Tiedemann (Hg.): *Gesammelte Schriften* Bd. 4, Frankfurt/M. 1997.

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In order to achieve unity and a thematically-integrated book of twelve contributors, effective communication with the authors has been vital. Communication in this case has meant coordination between authors in terms of the content and requirements of their chapters, end matter, images, tables, etc. This important task has been performed by Kateryna Dedeliuk and Roman Stakanov – both young scholars. They are *sui generis* volunteers in the creative arena and I am obliged to them for their assistance in producing this necessary and useful work.

INTRODUCTION

ANTON S. FILIPENKO

A crucial element of economic theory is microscopic, or microeconomic, diversity. Variability and individual diversity at a microeconomic (microscopic) level drives the evolutionary process. These are the main ingredients of the creative evolutionary processes that generate novelty. “The future is not given, but is created in an unfolding evolutionary process”, said the Belgian physical chemist and Nobel Prize Laureate, I. Prigogine (1917–2003).

In this case, the novelty for the Ukrainian economic realm is a national, solidarity economy, as an alternative to the current oligarchic economic and political system. A core insight for new evolutionary synthesis is that nature is creative, and that novelty and genuinely unpredictable outcomes are generated as evolutionary processes unfold over time. The creativity argument has all the more force when we are concerned with social processes that are driven by human choice and inventiveness.

It is more accurate to discuss the Ukrainian choice of economic model in the context of Ukrainian history and its national mentality. The concept of a national, solidarity economy has to be more attractive for the Ukrainian people. Nationality and solidarity should represent a philosophy: the spiritual content and background of the economic model.

A national and solidarity economy is based on three fundamental principles: national outlook (world view), popular sovereignty and solidarity.

Micro-level research dominates the literature on the solidarity economy and reveals active, self-managed family enterprises, as well as cooperative and communal enterprises and developing social businesses. This is very important in terms of microeconomic diversity. The basis of this solidarity is the process of public goods production.

At a micro-level, the national, solidarity economy builds from the bottom up. National enterprises, cooperatives, private farms, associations, non-profit organisations, and volunteer associations all constitute the “bottom-up approach.”

The implementation of geo-economic and macro-level principles is much more complicated. Macro-level solidarity principles enable the necessary conditions for the talents and powers of individuals to be realised and established. This includes free access to resources for business development. The national economy at a macro-level is a holistic system. There are newly set rules and adequate institutions for solidarity forms of management.

The geo-economic level represents, first of all, fair trade as a trading partnership that is based on dialogue, transparency and respect, and which seeks greater equity in international trade.

Thus, the essence of nationality and solidarity ideas in a new economic system is, firstly, the emancipation of citizens' social and creative energy, so they can have a closer relationship with issues of property, power and control. Secondly, an economic policy should yield improvements in human welfare. Thirdly, a new economic and political philosophy must provide every Ukrainian citizen with a safe guarantee that they will be able to lead a modern way of life with quality education and training, health care, high-paying jobs, personal safety, and social protection under the conditions of freedom and democracy. These issues are mainly highlighted in Chapter 1.

In Chapter 2, the social economy through the relationship between the economy and social behaviour is explored. The ways in which the behaviour of producers and consumers depends on public morality, ethics, and other humanitarian philosophical approaches is analysed. The authors believe that, under the conditions of global instability, rising inequality and dwindling natural resources, a new economic platform is needed for the sustainable development of mankind. The economy of solidarity could become such a platform for the future.

Analysing the works of Ukrainian thinkers-solidarists, Chapter 3 concludes that Ukrainian solidarism is contained within the mainstream of all-European spiritual principles and is associated with the search for not only a national but also a social ideal. Ukrainian solidarist philosophers have actually criticised the capitalist class system and offered an "ideal" national and social order in line with the ideas of Western "classical" solidarism. The ideas of Ukrainian solidarists reflected the main ideas of solidarists in Europe and supplemented them with visions of changing the old political system, which was unable to lead Ukraine to success.

In considering the socially-orientated development model, Chapter 4 states that there are objective reasons for its implementation in Ukraine. The country has been shaping up its market institutions based on the principles of a socially-orientated market economy. Thus, Ukraine will

have to solve a number of urgent and difficult tasks in order to reach European standards of pay, safety at work, living conditions, health, education, culture, and social security, etc.

Chapter 5 considers social entrepreneurship as a subject of particular interest in Ukraine because of its historical background, and proposes a mechanism for the promotion of social businesses at national and regional levels.

Chapter 6 is devoted to the place and role of social innovation today. It states that social innovation is a relatively new concept of economic development and is an important part of a solidarity economy. Social innovations can be regarded as dealing with the welfare of individuals and communities.

The author of Chapter 7 points out that the social economy is a rather controversial concept that relates to a specific strategy of social and economic policy that has been widely applied, particularly in several European countries. A way of addressing the social problems that exist in today's economic dynamics, amid the global crisis and regional economic turbulence, is by promoting equal employment conditions and reducing unemployment within a social economy.

A solidarity economy has a specific demand for finance because of its ongoing commitments to cooperatives, community and non-profit activities, microbusinesses and private entrepreneurship. This is stressed in Chapter 8, which examines the structure and modern diversification of solidarity access to finance. It identifies the social and human features of banking and looks at social responsibility in financial institutions and their management.

As a professor of Khmelnytsky National University, I. Zhurba has devoted his research to the regional aspects of a solidarity economy with specific reference to Ukrainian problems. In Chapter 9, he analyses the socio-economic and social development of countries over the last decade, and proves that there are a number of systemic problems in the economic structure of the world economy and international economic relations. The central issue that he addresses is unpredictable economic crises and social problems. He justifies the failure of many of the theoretical and economic provisions of modern economic science.

Chapter 10 examines the various aspects of the internal economic image of a country that has adopted a social and solidarity economy. It analyses the link between the external and internal social and economic images of a country or, in other words, the integration of a bloc, on the one hand, and economic solidarity at various levels on the other hand. The author groups countries into five clusters and provides their detailed

characteristics. The surprising conclusion he comes to is that advanced economies are more pessimistic in comparison with the economies of developing countries that depend on economic growth trends.

Chapter 11 highlights the global value chains (GVCs), global production networks (GPNs), and global commodity chains (GCCs) and their relationship to the processes of globalisation and integration. In this context, specific attention is paid to the issue of integrating the national economy of Ukraine into European value chains. It is a vertical level process, which means it is possible and necessary that SSE businesses function effectively on the basis of an established input-output formula and involvement in high-quality value-added chains, such as those in the manufacturing sector, export, distribution, sales, new products and technologies.

Rumiantsev and Yaremovych believe that, in the near future, the solidarity economy will be the driving force behind the transition to sustainable economic development. In Chapter 12, they prove its effectiveness in social and economic terms, both at national and international levels. In international economic relations, solidarity, above all, finds its expression in the intensive development of international trade.

LIST OF ABBREVIATIONS

| | |
|-------|--|
| ACP | African, Caribbean and Pacific countries |
| AEDI | Association of Economic Development of Ivano-Frankivsk |
| ANSPE | La Agencia Nacional para la Superación de la Pobreza Extrema (Social Innovation Centre of National Agency for the eradication of extreme poverty) |
| APEC | Asia-Pacific Economic Cooperation |
| ATM | Automated Teller Machine |
| BRICS | acronym for an association of five major emerging national economies: Brazil, Russia, India, China and South Africa |
| CIC | Community Interest Companies |
| CIS | Commonwealth of Independent States |
| DCFTA | Deep and Comprehensive Free Trade Area |
| DIY | Do It Yourself |
| EACB | European Association of Cooperative Banks |
| EEC | European Economic Community |
| EU | European Union |
| FDI | Foreign Direct Investment |
| FISE | Fundacja Inicjatyw Społeczno-Ekonomicznych (Foundation for Social and Economic Initiatives) |
| FLO | Fair Trade Labelling Organisation International |
| FRS | Federal Reserve System |
| FT | Fair trade |
| GABV | Global Alliance for Banking on Values |
| GCC | Global Commodity Chain |
| GDP | Gross Domestic Product |
| GDRC | Global Development Research Center |
| GNI | Gross National Income |
| GPN | Global Production Network |
| GPS | Global Production System |
| GVC | Global Value Chain |
| HDI | Human Development Index |
| IBE | International Business Entities |
| ILO | International Labour Organization |
| IMF | International Monetary Fund |

| | |
|--------|--|
| INSEAD | Institut Européen d'Administration des Affaires (European Institute for Business Administration) |
| IOM | Institute for Organizational Management |
| IPFSD | Investment Policy Framework for Sustainable Development |
| IT | Information Technology |
| JV | Joint Venture |
| LLC | Limited Liability Company |
| NAFTA | North American Free Trade Agreement |
| NEM | Non-Equity Mode |
| NGO | Non-Governmental Organization |
| OECD | Organization for Economic Cooperation and Development |
| P2P | Person-to-Person |
| PSI | Program of Social Investment WNISEF |
| R&D | Research and Development |
| RIPESS | Réseau Intercontinental de Promotion de L'économie Sociale Solidaire (Intercontinental Network for the Promotion of the Social Economy) |
| SICP | Social Innovation and Civic Participation |
| SIX | Social Innovation eXchange |
| SM | Stabilization Model |
| SME | Small and medium-sized enterprises |
| SN | Special Needs |
| SRC | Socially Responsible Company |
| SSE | Social and Solidarity Economy |
| STR | Short Tandem Repeat |
| TNC | Transnational Corporation |
| UN | United Nations |
| UNCTAD | United Nations Conference on Trade and Development |
| UNDP | United Nations Development Programme |
| UNESCO | United Nations Educational, Scientific and Cultural Organization |
| UNRISD | United Nations Research Institute for Social Development |
| UNSSE | United Nations Inter-Agency Task Force on Social and Solidarity Economy |
| USAID | United States Agency for International Development |
| USFWC | United States Federation of Worker Cooperatives |
| USSR | Union of Soviet Socialist Republics |
| UST | Unified Social Tax |
| VAT | Value Added Tax |
| WEF | World Economic Forum |

| | |
|--------|--|
| WHO | World Health Organization |
| WISE | Work Integration Social Enterprise |
| WNISEF | Western Newly Independent States Enterprise Fund |
| WTO | World Trade Organization |

CHAPTER ONE

ALTERNATIVE ECONOMIC SYSTEMS: A NATIONAL, SOLIDARITY ECONOMY FOR UKRAINE

ANTON S. FILIPENKO

1. The Alternative Economy

Among the alternatives to the fundamentalism of the modern market, the social and solidarity economic models stand out. The problems of a social, national and solidarity economy have recently been widely discussed in the economic literature and at international conferences (Notz 2012; Satgar 2014; Utting 2015).

A. The Social Economy

The social model is well-established, proven in practice, and theoretically and methodologically grounded within the ontological and epistemological coordinates of postmodernism. This model was theoretically substantiated by the German scientific school of ordoliberalism and was practically implemented by Chancellor L. Erhard. Continental, northern (Scandinavian), Anglo-Saxon and Mediterranean social models differ in terms of the nature and level of social services. As part of the social economy, Salamon and Anheier classify the economic activities carried out by businesses, cooperatives, associations and companies and state that they are governed by the following principles: the provision of services to members of the company prevail over the yield; autonomous management; democratic decision-making processes; priority given to working people in terms of capital and income distribution (Salamon and Anheier 1997, 30). However, the social model has been criticised recently due to strict cost-cutting drives in EU member states,

following the global financial crisis of 2008–2009 and the reduction of social services within the concept of the welfare state.

B. The Social and Solidarity Economy

The model of a social and solidarity economy (SSE) is suggested as a certain alternative to the modern social model because it is more people- and eco-oriented, comprises recognised values, and focuses on cooperation, solidarity, democratic governance, autonomy of the state, and business and market institutions (Uttig, 2015, x-xi). These kinds of synergies between social and solidarity economies complement each other and create a model that may, on the one hand, be an alternative to capitalism or, on the other hand, become a Trojan horse of liberalism (Uttig 2015, 60). This so-called plastic, sharing economy or mixed model, may evolve into horizontal, vertical and combined (transversal) levels. The horizontal level reflects the activity of micro-enterprises, cooperatives and other similar structures that allow their members to address issues such as overcoming poverty, unemployment, ensuring access to material and financial resources, participation in training, and so on. The vertical level represents the possibility and need for the effective functioning of SSE business entities on the basis of a known input-output formula and involvement in high-quality value-added chains (the manufacturing sector, export, distribution, sales, new products and technologies). We may see that the enterprises of a social and solidarity economy at this level are subject to strict requirements in terms of performance, adaptability and competitiveness. The combined (or transversal) level requires a diversified strategy aimed not only at interactions with production partners but also at establishing relationships with customers and the surrounding residents. World practice shows that there are successful projects of SSE centres within big businesses, something which is also developing in mainstream, postmodern social processes.

C. The Solidarity Economy

The solidarity economy does not have a single theoretical and methodological basis, as such. As previously mentioned, it is considered to be a component of a social or sharing economy (Uttig 2015, 143) and is associated with the works of utopian socialists such as Saint-Simone, Fourier, Owen, and Proudhon, among others (Dash 2013). On the other hand, the transformational function of a solidarity economy is emphasised, which arises as a result of the creation of an alternative to capitalist norms

of production, consumption, and finances etc. (Satgar 2014, 13, 38, 51; Notz 2011, 117–18). Therefore, the key difference between the social and solidarity models is that the first allows for inclusion in the social and economic processes of the wider public, while the second stipulates a transformation of the actual capitalist system through the gradual but steady introduction of alternative economic forms, following a bottom-up approach. A solidarity economy relies on three main tenets, which historically have accompanied exchange and the development of market relations: market principles (when the proposition and demand for goods is balanced by prices); redistribution, which allows for delegating to a central authority power to allocate resources; reciprocity, which correlates with relationships between groups and individuals who respond in kind because they are willing to show a social connection between the participants of the social process. It is worth mentioning that these principles are stated in contemporary economic periodicals on the solidarity economy. However, they were initially shaped in the works of A. Smith, K. Polanyi, and C. Lévi-Strauss.

2. The Social-Economic Choice

The first attempts to formalise social choice were made by the French authors, J.-Ch. de Borda (1781) and J. de Condorcet (1785). In a narrow sense, social choice is considered within the framework of the capitalist economic system, resonating to some degree with public choice theory. The Journal of Economic Literature attributes social choice to micro-economics (clubs, committees, and associations), and public choice to its sub-division of “economic models and political processes” (rent, elections, legislative bodies, and constituent behaviour). Public choice focuses on public opinion research and constituent behaviour. Social choice examines society as a whole or its particular components: rights and liberties, public (social) goods, environment, and gender policy etc. The normative aspect of social choice manifests itself as the component of the welfare economy. The main works on the issue were published at the end of the 20th and beginning of the 21st centuries. They include the scientific research of: A. Feldman (1980); P. Patanyak and M. Cells (1983); K. Suzumuri (1983); P. Hammond (1985); D. Starrett (1988); K. Arrow¹ (1997); and A. Seinne (2009) etc. The complementarity of public and social choice theories clearly shows itself in Arrow’s general possibility theorem, also known as

¹ K. Arrow’s universalism is manifested in it belonging to two scientific fields: public and social choice.

Arrow's impossibility theorem. The key elements of Arrow's theorem are: the social welfare function; aggregation methods; axiomatic methods; welfare-evaluation methods; and voting methods. According to the axioms of the theorem, social welfare function must satisfy the following four conditions: 1) The Pareto effectiveness criterion must be valid (if every actor prefers c to b, then society as a whole should prefer c to b); 2) No individual may determine a collective decision (the absence of dictatorship); citizens should not allow their right to vote to be sold (the absence of market environment); 3) Independence, i.e. the choice between two options is independent from possible alternatives (social choice, if there are other alternatives, should only depend on the preference between these alternatives); 4) Unlimitedness of the sphere (the requirement that all logical social preferences be permitted, harmonised, finally formulated and embodied as an understandable individual choice) (Keizer 2015, 109). The impossibility theorem states that one may not fulfil all of these conditions simultaneously. At the same time, in combination with other studies similar in content (the Gibbard–Satterthwaite theorem, the legal theorem of Condorcet, and the median voter theorem, etc.), important scientific and practical results may be achieved in the social choice system. Based on methodological individualism, aggregating individual preferences and choices, and by using elements of formal logic, scholars formulate a series of axioms of societal choice in terms of social welfare functions. This also applies to areas such as the principles of compensation and justice, rights and liberties, birth rate, productivity, natural resources, welfare, poverty, and so on. To some degree, this toolkit may also be used when choosing and defining an economic model.

3. The Economic Choice of Ukraine

The economic model of any country may not be chosen arbitrarily. This choice is determined by factors which fall into three major groups: global (civilisational); national-historic; and current interest (related to the current internal and external situation of a country). To what degree and in what way did these factors influence the choice of the economic model of Ukraine and the establishment of the current economic system? It should be noted that in the process of economic (and also political) choice, the main link (axis) was interaction between global and current factors, with national-historic participation often being only symbolic. After gaining independence, which was followed by the bankruptcy of the state-planned economic system, it was logical that the economy should be transformed into an alternative, more efficient one: the market economy, which

dominated (and still dominates) Western civilisation, as well as many other civilisations. The market principles were formulated in the Washington and the post-Washington consensuses and finally became the basis of market transformations in Ukraine, not through evolutionary, natural processes (as had been the case in many Western countries) but as the consequence of top-to-bottom change. As K. Polanyi mentioned, “the market was brought about by a conscious, often coercive interference of governments, which literally imposed market economy upon society, pursuing by no means economic goals” (Polanyi 2002, 270). Therefore, the combination of global (civilisational) and current (internal and geo-regional) factors created serious contradictions. First, at the turn of the 21st century, the traditional self-regulating market system started showing evidence of market failure, which became a dominant feature of the modernist era and evolved into other quantitative and qualitative characteristics of the postmodernist age. Secondly, the internal political and economic environment and surrounding geo-regional space: the CIS objectively found itself strongly dependent on the previous, socialist-planned development (path dependence), which was hampering the introduction of structures more effective than those of the past. Thirdly, national-historic, mental and genetic factors of the indigenous nation — which should have been the core foundation of the new post-Soviet political and economic system of Ukraine — were absolutely overlooked. Because of these contradictions, a quasi-market, oligarchic-type economy emerged which was unstable, volatile, susceptible to internal and external shocks, and defined by utterly low productivity and a lack of the internal mechanisms needed for dynamic sustainable development. European and global economic marginalisation, a deep social stratification, rising poverty, and the lumpenisation of the population all determine that there needs to be a radical transformation of the current economic system, in accordance with reality and the requirements of the postmodern era. Here, the key point is the exhaustibility of the liberal economic system, which has dominated recent centuries. The experience of both developed and developing countries shows the intense theoretical search for alternative economic models acceptable for the new state of global society. The intrinsic features of this are, first of all, considerable improvement in the global population’s level of education and the quality of human capital, as well as its ability to self-organise, self-govern and self-improve. Second is the emergence of networking systems in the economy, politics, science, culture and the social sphere. Third is the deepening of globalisation in all aspects of life, and an intensive information-exchange. Fourth is the exacerbation of the inter-civilisational contradictions that encourage the

search for fundamental anthropological principles and the crystallisation of national identity. These processes directly affect the nature and content of modern economic models in general, and the national one in particular. From a theoretical-methodological basis, the current economic model should be transformed into a sharing solidarity economy, the main features of which are a socialised market based on the development of new types of ownership, and a sense of national character and solidarity.

4. The National, Solidarity Economy

The need for domestic alternatives capable of transforming the current economic system can be seen at two main levels: the macro and micro. A national economy should be systemically holistic and encompass primary sectors, units, and organisations (national enterprises, cooperatives, farms, associations, non-profit organisations, and voluntary associations, etc.).

A national, solidarity economy rests on three fundamental principles: public world view, popular sovereignty, and solidarity. Nationality is the originality of each nation in terms of its historical, geographic, economic, and political development, as well as other conditions. Nation is the national identity of the people and it manifests itself in their nature. Ethnology is also similar to nationality as the science of life, customs and traditions, and the spiritual creativity of people. “To understand the nation,” as I. Franko wrote, “is to understand people that live in a particular area and get to know their current and past condition, their physical and mental characteristics, their institutions and economic status, their trade relations and intellectual ties with other nations” (Franko 1986, 254). The mechanical introduction of a liberal market economy in Ukraine, based on the principles of the Washington and post-Washington consensus, without taking into account the full complexities of Ukrainian realities, has resulted in the creation of a political and economic system that is foreign to the historical traditions of the people. The only alternative to the previous model (which will prevent the repetition of the situations of 2004-2005, 2008-2009 and 2013–2014) is the establishment of a fundamentally new economic model – a national, solidarity economy².

² The term “national economy” was first used by a Venetian monk, Giammaria Ortes, in 1774 (Klosinski 2012, 228). In the national linguistic space, people often use the term “national economy”. Let us refer to the opinion of the Italian intellectual A. Gramsci, who noted that “in many languages ‘national’ and ‘public’ are synonyms or near synonyms” (Gramsci 2014, 165).