
37. Reduction of multidimensional inequalities

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INTRODUCTION

Reducing multidimensional inequalities is one of today's greatest social challenges. In the absence of consideration for collective and common interests, poverty, discrimination, reduced social protection, unequal growth, global crises, and the capture of political power by elites can reinforce the trend towards increasing and persistent multidimensional inequalities. To counter this process, the public sector should be empowered to fully exercise its redistributive function, but binding constraints on public finances, authoritarianism, corruption, and the existence of unobservable needs may reduce the effectiveness of public action, or even trigger non-linear dynamics (that is, situations in which public policies may increase, rather than mitigate, inequalities). Similarly, the market should be able to reabsorb the long-term unemployed, those undergoing precarious forms of employment, and informal workers; however, the existence of a "secondary labor market" seems necessary for the "primary labor market" to function properly (Frere 2013). Consequently, despite the commitment of many countries across the international community to reduce multidimensional inequalities, these are increasing worldwide at all levels, especially in the economic and social sphere.

With its origins much closer to those in need, the social and solidarity economy (SSE) often has a comparative advantage over governmental and market organizations in reducing poverty and, hence, multidimensional inequalities. Specifically, SSE organizations and enterprises can contribute to reducing multidimensional inequalities at all scales by developing alternative economies based on solidarity, cooperation, and self-management, creating the basis for inclusive and democratic development. Thus, through observation of the potential gap in the institutional matrix, which consists of the relative underdevelopment of the SSE compared to state and market entities, a process of mutual institutional recognition can facilitate a paradigm shift from inequality to solidarity (Matthaei 2018). However, participating in co-development processes can expose SSE to forms of instrumentalization and isomorphism that may reduce its commitment to achieve a transformative change towards an incremental one (Utting 2018). These risks should not be ignored, and distortions should be assessed and corrected through appropriate actions.

37.1 SSE AND IDENTITY-BASED INEQUALITIES

Within a Marxist conception of the economy, market relations are based on "multiple and interdependent forms of inequality and oppression" (Matthaei 2018). However, while deeply rooted in the paradigm of inequality, capitalism asserts an equal opportunity to compete for wealth in markets, and consequently implicitly contrasts the attribution of individuals to a social class by birthright. In addition, capitalism motivated the development of other movements for equality, such as anti-racist and feminist movements. Although these movements

initially acted independently and took the capitalist class system as given, they later developed an attitude of cooperation against a “particular inequality and those privileged by it” (Matthaei 2018). Today, identity-based social movements have achieved intersectionality, so that, since the beginning of the new millennium, these movements represent the majority of oppressed individuals. Through opposition to a range of inequalities, the spread of transformative ideas underpinning these movements has led progressive social movements to adopt a politics of solidarity. This, in turn, provides the basis for solidarity economics, which are shaping alternative economies that integrate socialism with solidarity (Matthaei 2018).

SSE enterprises and organizations (SSEOs) are key actors of alternative economies, as they reject narrow self-interest and purely (or primarily) profit-oriented behavior. The SSE calls on all individuals, regardless of whether they are privileged or oppressed by existing multidimensional inequalities, to change society towards solidarity and cooperation. Although most activities are initiated by and for the poor and excluded, the spread of the SSE could also be important for many people within the middle class, not only as mere volunteers or consumers of the goods and services it produces and distributes (Frere 2013). Moreover, many people who are not in need participate in solidarity and cooperative activities. Such participation represents their dissension to obtaining benefits from unequal relationships based on an unlevel playing field, implicitly recognizing the intrinsic value of equality and social justice. This bottom-up radicalism contributes towards reducing multidimensional inequalities at all scales, which in turn improves democracy, creating the basis for transformative social development. Finally, innovators and those who have successfully resisted the deterioration of socio-economic relations during crises may find instrumental reasons to support the development of the SSE, as the absence of concern for collective and common instances may eventually undermine their private interests as well.

Concrete examples of how the SSE may reduce identity-based inequalities are discussed as follows. In the United States (US), Cooperative Home Care Associates (CHCA) is a worker-owned cooperative of 1700 low-income women of African American and Latin American backgrounds, employing 2200 home care workers in the South Bronx area of New York City (COPAC 2018a). In India, self-help groups provide women-centered platforms for women’s empowerment and collective action. Specifically, the Self-Help Group–Bank Linkage Programme (SHG-BLP) catalyzes meaningful savings and high loan repayment rates among rural women (Pal and Singh 2020). In Morocco, the Coopérative Taitmatine brings together women who process argan oil into a variety of products, which are commercialized by the cooperative for the national and international markets (Fontaneau and Pollet 2019). In South Korea, Songdo, a social enterprise established in 2010 to provide cleaning and indoor parking services, employed 35 North Korean refugees out of a total workforce of 110, with women accounting for 75 percent of the refugees employed (Fontaneau and Pollet 2019). In Mexico, the Union of Indigenous Communities of the Isthmus Region (UCIRI) is a farmers’ cooperative, influenced by indigenous governance systems, gathering coffee producers from 53 different communities, including Zapotec, Mixe and Chontal ethnic groups, across five different municipalities (COPAC 2018b).

37.2 THE SSE AND SOCIO-ECONOMIC INEQUALITIES

Analyzing the tacit or explicit social norms governing the functioning of markets provides a better understanding of how the SSE contributes towards reducing economic inequalities. In particular, it highlights the issue of equity in individuals' access to, and participation in, market exchanges. This is an area in which the SSE can play a major role. Also, the financial analysis of inequality overlooks the notion that different individuals generally have heterogeneous abilities to convert economic wealth into welfare. Furthermore, within a given social group, some individuals may have less wealth due to forms of cultural, social, economic, and political discrimination (Alkire and Santos 2009). Consequently, the SSE takes on a further role in reducing economic inequalities, through identification of latent socio-economic inequalities which concern both the ability of individuals to convert economic and non-economic wealth into well-being, and the unequal redistribution of resources within formal and informal groups.

On this basis, it appears that, since the beginning of the 21st century, the concentration of wealth has increased steadily, and that the growing gap between the richest and the rest of the population has been fueled by high and persistent levels of income inequality. Returns in the private sector have privileged those who own or allocate capital to the detriment of workers in essential roles, who face increasing precariousness in working conditions (Berkhout et al. 2021). Moreover, economic incentives at all levels are now often focused on extracting wealth instead of promoting the development of resilient and equitable economic systems. This has led to a process of accumulation of wealth and income at the top of the distribution, coupled with a deterioration in the living conditions of those at the bottom, causing the rise of old and new forms of poverty (Berkhout et al. 2021).

Within this scenario, the SSE has proven to be an element of socio-economic resilience, a deterrent to exploitative dynamics, and a factor for inclusive and sustainable growth. Operating differently from business-as-usual, the SSE offers the opportunity to create stable institutional structures by or for vulnerable workers or small businesses. It responds constructively to changes in the labor market, and meets the respective needs of employees and entrepreneurs who wish to network and receive support in running their businesses (Fontaneau and Pollet 2019). Moreover, this alternative way of doing business discourages exploitative practices which are damaging to employees and the environment (UNRISD 2021).

The extractivism that often characterizes economic activity leads not only to an increase in economic inequalities of income and wealth, but also to the impoverishment of global environments (forests, seas, biodiversity, poles, and so on). To preserve these collective interests, however, it is necessary to ensure and develop open and shared access to essential goods and resources (Bance and Schoenmaeckers 2021). Consequently, another role of the SSE in reducing economic inequalities is that of being actively involved in the co-production of common goods and the regulation of their access, fostering inclusive and sustainable practices.

Worldwide, there are many alternative economies in which SSE enterprises and organizations play an important role. For example, many community services in Brazil and other Latin American countries are provided by organizations characterized by common ownership of the means of production, such as collective kitchens and gardens, self-construction pre-cooperatives, and so on (Frere 2013). Also, in India, joint liability groups (JLGs), self-help groups (SHGs) and cooperatives have made financial services accessible to the poor (such as SHG-BLP, see section 37.1). In the US, worker-owned home care cooperatives (such as CHCA, see section 37.1) provide personal and supportive services to people with long-term

physical, mental, or developmental disabilities, or with short-term needs for medical or personal assistance (Borzaga et al. 2019). Finally, in response to the rapid advent of the sharing economy, numerous platform cooperatives have developed worldwide, mostly in North America and Europe, offering the same services on technologically equivalent digital platforms, while remaining jointly owned and democratically controlled enterprises (Saner et al. 2019).

Concrete examples of how the SSE contributes to reducing socio-economic inequalities include the following. In Côte d'Ivoire, the Coopérative Agricole Kavokiva du Haut Sassandra (CAKHS) has been involved in the fight against child labor in the informal and rural economy (COPAC 2018a). In Argentina, the El Amanecer de los Cartoneros is a recycling cooperative of social and ecological work that benefits *cartonero* (waste gatherer) workers – otherwise confined within the informal economy – through the promotion of rights at work and social recognition (Borzaga et al. 2019). In the Philippines, the San Francisco Association of Differently Abled Persons (SAFRA ADAP) produces quality furniture for the government education department, with a staff composed entirely of people with disabilities (COPAC 2018a). In Australia, the Earthworker Cooperative brought together the environmental/climate movement with the labor movement in 2014, to build cooperative factories enabling communities to find ways out of the climate emergency. Today, it successfully runs factories and other cooperatives in energy, water, transport, and landscaping (<https://transformativecities.org/atlas/atlas-36/>). Loconomics is a workers' platform cooperative in California that offers an on-demand web and mobile app for local service professionals, who use the platform as a marketplace to offer a variety of services (Saner et al. 2019). Platform cooperatives are also active in the creative industries, such as Stocksy United, a British Columbia-based enterprise that trades royalty-free photo and video content created by its professional and amateur owners (Brülisauer et al. 2020).

37.3 THE SSE AND DYNAMIC INEQUALITIES

Across the world, the poorest people have seen their incomes fall because of the coronavirus pandemic. Most of those forced into poverty are informal workers, excluded from social protection, social support programs, and access to credit. This poverty trap, which is often unrecognized by those not affected by it, means that even in the case of a rapid return to economic growth, the poorest groups will recover more slowly due to the absence of tailored policies (Berkhout et al. 2021).

Also, due to a general increase in poverty, within advanced economies, inequalities have been growing rapidly, manifesting in a hierarchy that places a class of unemployed and precarious or informal workers in a subordinate position in relation to a middle class that is disappearing from below (Frere 2013). On the other hand, the amount of wealth held by the wealthiest population has increased considerably, and after the economic crisis triggered by the outbreak of the pandemic, stock markets are now growing rapidly.

In this context, given the risk that public action may prove ineffective in reducing social and economic inequalities, the SSE must play a crucial role as an actor of last resort. Meanwhile, at the political and economic level, it must advocate for transformative social development, understood as social development that includes the eradication of all those inequalities that

keep current and future generations at a disadvantage, or limit their capacity to act (UNRISD 2021).

However, over the last 50 years, the downsizing of the public sector, the expansion of the private sector, the reduction of state regulation, and the adoption of selective approaches to social policies have had a negative impact on reducing poverty and inequality. In particular, the discriminatory effects of selective transfers have created divisions even among the poor, neglecting some whilst privileging others (Yi 2010). On the contrary, society needs “transformative social policies,” defined as a set of social policies focused on institutional relations between the political, economic, and social spheres, which bring about a change in relations between people and institutions towards greater cooperation and solidarity (Yi 2010) (see entry 53, “Social Policy”).

Consequently, today, the SSE has an essential role to play in reducing multidimensional inequalities. By participating in public-social and solidarity economy partnerships (PSSEPs), people can cooperate in the pursuit of socio-economic demands even when the constraints imposed on public finances are binding (Bance 2018). In addition, PSSEPs can help to reduce existing boundaries among the public sector, the private sector, and the SSE, creating new opportunities for joint action to reduce multidimensional inequalities (Bance 2018).

37.4 LIMITS AND OPPORTUNITIES

Given that the SSE often operates in an unfavorable political and legal environment, and under unfair conditions compared with private businesses, there are many obstacles preventing it from achieving its full potential. Therefore, the actions promoted by the SSE must be accompanied by solidarity and redistribution expressed by the state and by its full legal recognition (Utting 2018).

A political and legal framework which recognizes the added value of the SSE in creating jobs and contributing to social welfare creates favorable conditions for the SSE to consolidate and achieve its goals. Public policies are particularly effective when they are designed to allow the SSE to contribute towards protecting general interests, recognizing and supporting its many forms and values. However, when the SSE is reduced to the role of service provider, it runs the risk of losing its transformative character, as it faces a trade-off between its economic survival and the social objectives it pursues (Utting 2018).

In summary, mainstreaming practices may help the SSE to go beyond the fringe insofar as SSEOs are based on supportive policies and equal access to markets. However, they also run the risk of diluting or distorting the social and solidarity practices underpinning the SSE. Specifically, the SSE’s commitment to achieving a transformative change can easily be reduced to a focus on incremental change; that is, a process that overlooks changes in those processes of socio-economic distribution that may reproduce or intensify inequalities. With incremental change, the poverty reduction may be modest and may coexist with increasing income and wealth inequalities (Utting 2018).

37.5 THE NEXUS AMONG INEQUALITY, HUNGER, AND POVERTY

According to the United Nations Development Programme (UNDP), besides costing millions of lives, there are several other reasons why the coronavirus pandemic and its socio-economic implications will affect global society for years to come. The severity of the crisis for the poorest countries (especially in sub-Saharan Africa) has been underestimated because of low direct mortality. The poorest countries did not adopt emergency social protection schemes during the pandemic, so they are likely to pay a higher price in terms of increased poverty. High multidimensional poverty is amplifying the negative impact of the pandemic on education and employment, while limiting the space for emergency protection programs. In addition, inequalities between racial and ethnic groups are increasing, as well as gender inequalities (OPHI-UNDP 2021).

As is well known, multidimensional poverty and hunger are closely interlinked phenomena. According to the Food and Agriculture Organization (FAO), hunger is increasing in most of Africa and, to a lesser extent, in Latin America and Western Asia. Globally, many people experience moderate to severe food insecurity, and the lack of regular access to sufficient nutritious food increases risks of malnutrition and poor health. Although mainly concentrated in low- and middle-income countries, moderate to severe food insecurity also affects parts of the population in North America and Europe. For the process of social development to be truly transformative, therefore, the reduction of socio-economic inequalities must be linked to an integrated strategy to eradicate poverty, hunger, food insecurity, and malnutrition (FAO 2019). Community supported agriculture (CSA) adopts this approach, as it is built on both food sovereignty and the SSE. Another way of tackling poverty and hunger in a cooperative and self-determining way is through the development of community-run farmers' markets. These support local farmers by charging a fair price for food produced according to the principles of agroecology.

Around the world, a variety of organizations adhere to the principles of CSA. In Japan, the *teikei* system emphasizes co-partnership between consumers and producers: consumers (usually 30–100 local families) participate in production through labor and capital, and in return receive seasonal, local, and organic food directly from the farm (Takitane et al. 2005). Similarly, the Seikatsu Club is the largest network of consumer cooperatives in Japan. The basic organizational unit of the Seikatsu Club is the Han, which is a small local group of 7–10 neighbors that is responsible for collecting and sending orders to the local center, receiving the products twice a week and distributing them to the members (Takitane et al. 2005). The Seikatsu Club operates according to two basic principles: democratic self-administration, stimulating the participation of all members; and development of a close relationship between the members of the cooperative and the producers (Takitane et al. 2005). In France, the Associations pour le Maintien d'une Agriculture Paysanne (AMAP) are groups of consumers that contract with farmers to buy their products in advance, at a mutually agreed price, for an established period. Consumers meet regularly with farmers to stock up on food, and a committee of volunteers ensures the functioning of the association (Laville 2010). In Italy, solidarity purchasing groups (SPGs) are groups of individuals who decide to self-organize to collectively buy food or other rural productions, selecting suppliers according to solidarity and critical consumption. The main objective of the participants is to align consumption with

the ethical principles of political consumerism: fair prices for small producers; preference for local products; sustainability in production; and transport of goods (Maestriperi et al. 2018).

Concrete examples of how the SSE contributes towards eradicating poverty and hunger are presented as follows. In Malawi, the case of the Smallholder Coffee Farmers Trust is an example of how a sector in mountain communities, with severe physical and economic limitations, can be successfully developed, bringing income to peripheral areas of developing countries (Arnalte 2006). In the Philippines, 3408 farmers are members of the Payoga-Kapatagan multipurpose cooperative, which helps them to switch from monoculture production to integrated agriculture (that is, combining crop production with livestock farming) and to increase their livestock activity (COPAC 2018a). In China, many smallholder cooperatives have been established to sell local products. Approximately 13 percent of smallholder farmers in China are members of these cooperatives, and the income of these households is higher than that of individual farmers (Poirier 2011).

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