

Workshop

Community Commitment and Enabling Policy for Development of Social Economy

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KIM, ChangJin

SungKongHoe University in KOREA

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I . General Concepts

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Social Economy

1. Characteristics

- An economy that pursues different objectives from the capitalist market economy and the private economy.
- Profit-making is not its top priority.
- It pursues to improve the welfare of (community, social economy enterprises) members and their contribution to the society.

Social Economy

2. Principles of Operation

- Autonomy for management from the government and big capital.
- Governance: democratic control by members
- Voting policy: One-man one-vote
(cf. incorporated company: one stock one vote = voting rights in proportion to capital)
- Surplus: patronage dividend or reserve fund(for educational and cultural activities, social contribution)

3. Organizational Types(in Europe & Quebec)

- Co-operatives(Producer coops, Consumer coops, Workers Coops, Multi-stakeholder coops)
- Mutual benefit societies(finance & insurance sector)
- Associations(economic activities)

4. Social Economy Enterprises in South Korea

- Co-ops
- social enterprise
- community business('Maul kiop')
- self-sufficiency agency(social services)

▶ Development of Local Community

1. Traditional Approach:

- One-sided input of resources from the outside of the community
 - Focused on the change of physical environment and public engineering work(esp. construction)
 - Preferential treatment for particular individuals to access the resources (capital, authority)
- *“the more developed the community, the poorer the people become.”*

2. Innovational Approach:

- Improvement of the residential and living environment to meet the need of the local community
 - Welfare delivery system led by the community (activists, support groups, volunteers)
 - Focused on realizing community sovereignty in socio-economic, cultural and political life
- ,
- *“create more jobs and build trusts within the community and promote social capital “*

Enabling Policy

- Open-minded attitudes are much needed by the government agencies and public officials
- Partnerships among the community, local governments and regional experts
- Cooperative governance among central and local governments, research institutes, civic groups and support groups

In South Korea

- Competition between the conventional ideas and innovational approach
- The ‘boom in cooperatives’ after the passage of the General Act on Cooperatives at Dec. 2011
- Seeking collaboration frame with Cooperative and social economy
- Unevenness (or Asymmetry) between the (conservative) central government and (innovational) local governments, and among various regions

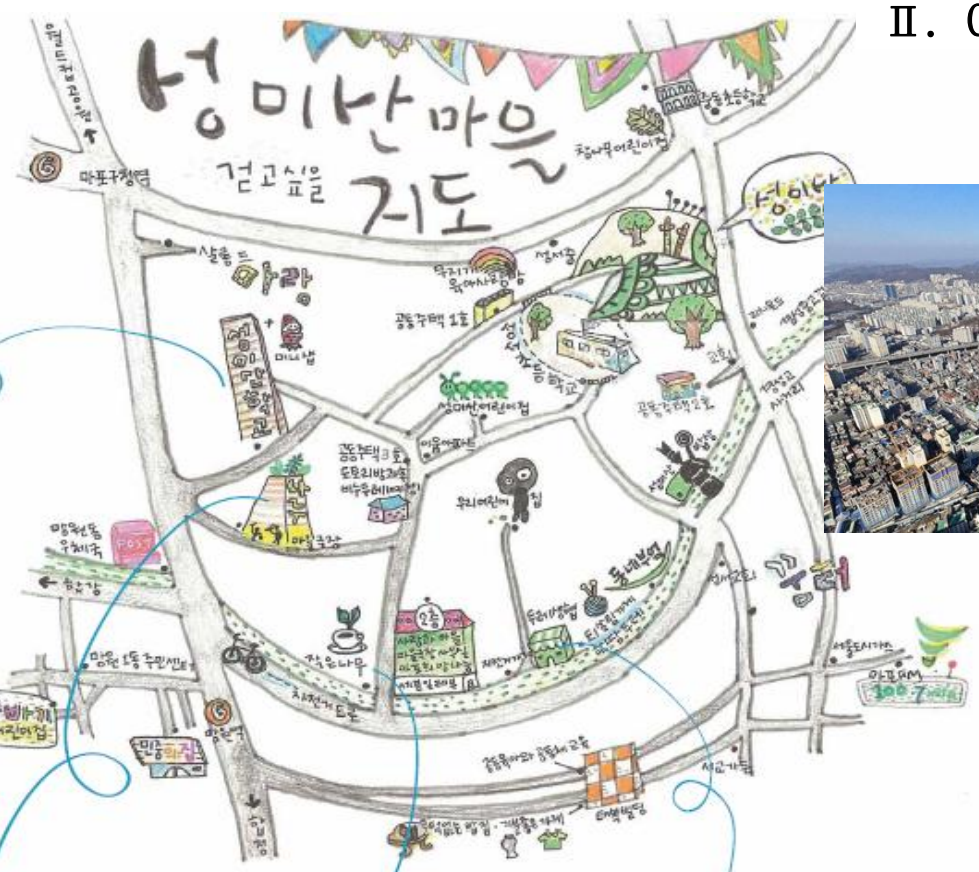
In Seoul under the gov' t of Park Won-Soon

- Changing approach way for community development - by vitalizing local community
- Establishing medium level supporting organization - community support center, social economy center
- Co-working system of cooperatives and local community movement - from co-producing to co-construction of public policy

II. Cases of South Korea

- ▶ Metropolitan City: Sungmisan Village, Seoul
- ▶ Small City: Wonju, Gangwon Province

▶ Sungmisan Village



Sungmisan School



Community Theater



“Dure” Consumer Cooperative



작은나무

Café, Small Tree

▶ Sungmisan Village Community

1. A community started from cooperative childcare to “raise our kids together”
 - 1994 - Established a cooperative childcare cooperative, “Our Daycare Center” , by 20 households of double-income families
 - 1995 - The 2nd childcare center “Flying Daycare Center”
 - 1999 - Organized extra-curricular classes as part of the cooperatives

2. Community Based upon Organic Food Cooperative
 - 2001 - The consumer cooperative established relations with the local residents to purchase environmentally friendly foods
 - Current annual sales: 5 billion won / Investor: 5,500 households / Focused on local activities
 - Forming community clubs for mountain climbing, farming, study, choir... and supporting their operation
 - Central role as a joint management organization for events including Sungmisan Village festival, concert in forest and village sports day

▶ Sungmisan Village Community

3. Community Created by the Spirit of Solidarity

: “Save Sungmisan” strike

- Jul. 2001 - Oct. 2003
against building a water reservoir
construction project on the hill behind the village

→ Film <Dancing Forest>(2013)

4. Community business within Village: currently about 20

- 2002 - side dish store “Village Kitchen” / hand-made soap shop “Soap Dure”)
- 2004 - alternative school of 12 years, “Sungmisan School”
- 2007 “Car Sharing”
- Village broadcasting (Mapo FM), village café “Small Tree”
- “Sungmisan Atelier” for the people with disabilities, environmentally friendly bedding maker “Stitch Dure” , “Caring Dure”



▶ Sungmisan Village Community

5. Fostering community and civic culture in a metropolitan city

- 2009 - Established Sungmisan Village Theater (cooperated with 4 civic groups)

- 15 club activities

Korean traditional percussion band, theater company, photo club, rock band, movie club, choir and drawing club...



▶ Sungmisan Village Community

6. Lesson

- Basic Philosophy: Social needs, cooperative resolution
 - “If the state and the market does not find a solution to our problem, we will do it together for ourselves”
- Community business(“Village enterprise”) establishment process

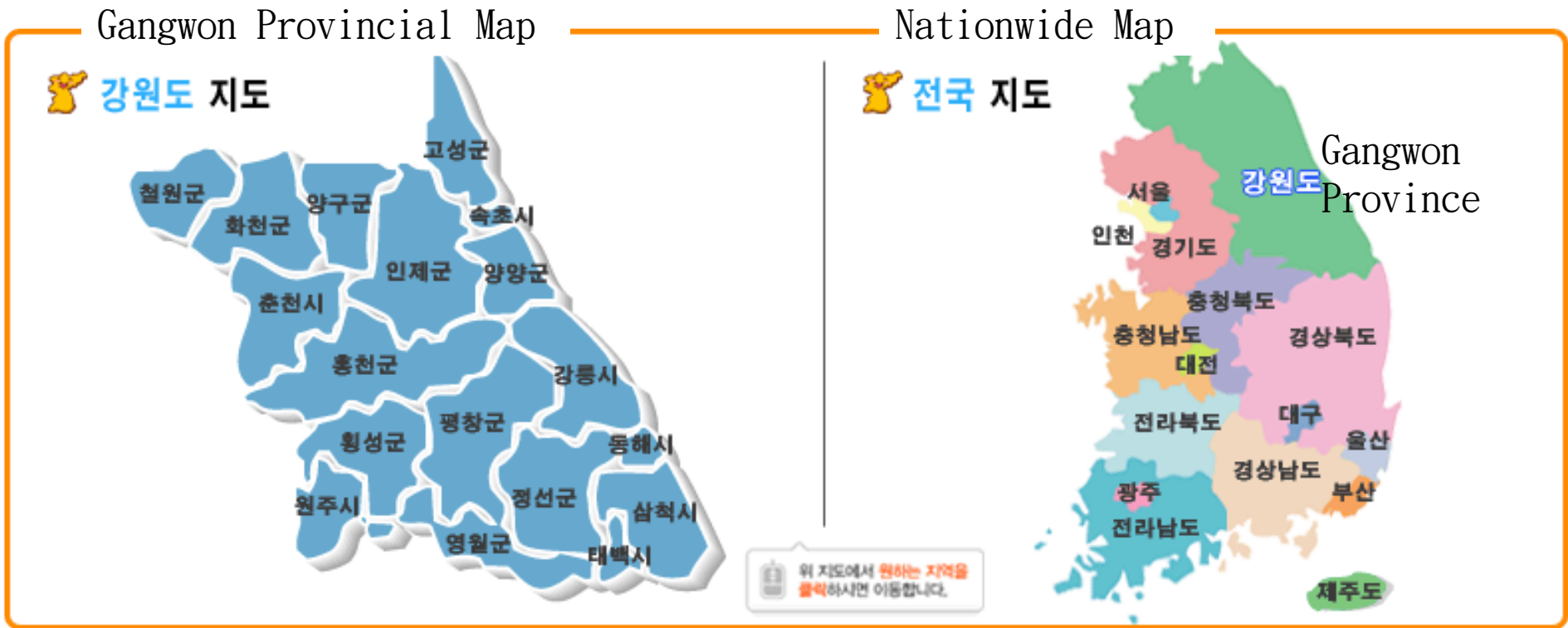
“Proposal for establishment” by residents

- “recruiting investors”
- “participation by investors”
- “participation by the management”
- “participation by consumer”

- Establishing a voluntary participation system and a culture of activity through cooperatives
- Forming a mutually beneficial life network for the local community

▶ Small City: Wonju

1. The City of Cooperatives, Wonju



- Population of 327,000 (11% of the population are cooperative members)
- As of 2013, 35,000 joined 19 local social economy enterprises
- the first city that proved that the social economy can take the significant part of the local economy in South Korea.

▶ Small City: Wonju

'The City of Cooperatives, Wonju'

There were Bishop Ji Hak-soon (1921~1993) and educator/activist Jang Il-soon (1928~1994) in Wonju. As they set forth the aspirations and worked together to establish credit unions under the spirit of "saving farmers and retailers from high interest loan", the cooperatives started as relief activities rather than associations.

2. Poverty, Flood and Cooperatives

- Nov. 1966 - Established "Credit Union"
- 1969 - Established Cooperative Research Center
- 1972 - Established Credit Union Act, Created <Wonju Credit Union (current Wonju Bright Credit Union)>
 - Flood damages from heavy rain, received Catholic Support Fund from Germany
 - Established Disaster Relief Commission, supported damaged farming households with support project for Korean native cattle breeding
- 1985 - <Wonju Consumer Cooperative (current Wonju Hansallim Consumer Cooperative)>
- 1989 - Consumer cooperatives <Wonju Consumer Cooperative>
- ~1993 - Established 167 cooperatives and 74 consumer cooperatives in farming and mining villages
- 2002 - <Wonju Medical Consumer Cooperative>
- 2003 - <Wonju Cooperative Movement Council> (current Wonju Cooperative Social Economic Network)

▶ Small City: Wonju

3. Wonju Cooperative Social Economy Network

3.1 Network Member Groups and Social Enterprises

Agriculture, Processing/Logistics	Consumer	Social Service	Education	Credit	Culture	Environment/Ecology
Korean Catholic Famers' Movement	Wonju Hansallim	Wonju House of Sharing	Playing House Garden	Bright Credit Union	Cultural Consumer Cooperative	Nonamegi, Inc.
Samdo Consumer Cooperative	Wonju Consumer Cooperative	Self-Support Center	Real Flower School	Nuri Cooperative	Shinhwa Village	Dajawon, Inc.
Wonju Consumer Cooperative	Senior' s Consumer Cooperative	Galguri Sarangchon	Young Pheasant Wayfinding	Galguri Cooperative		
Wonju Hansallim (Producer)	Medical Consumer Cooperative	Westart				
Salim Agricultural Products, Inc.	Sangji University Consumer Cooperative	Wonju YMCA Agaya				

Happy Sirubong
Environmentally Friendly Food Service Center
Sharing Sunshine (Co-op.)
Shinhwa Village

- ▶Agriculture, Processing and Logistics: 9
- ▶Consumer: 5 (Senior' s Consumer Cooperative - Job creation)
- ▶Social Service: 2
- ▶Credit: 2
- ▶Culture: 2
- ▶Environment/Ecology: 2 (9 Social Enterprise)

▶ Combination of Small Urban and Farming Communities: Wonju

3. Wonju Cooperative Social Economy Network

3.2 Mutual Aid

Mutual Aid			
Expansion of union members/members	Sales Increase (Jointly Owned Shop)	Building Educator/Teacher Pool	Financial Hub
Cooperative Fund	Job Creation	Sponsorship Connection for human/material resources	Mutual Investment
Social Service Provision	⇒ Systematization of Mutual Aid (Blocking = Creation of Protected Market)		

▶ Small City: Wonju

4. Effects of Wonju Cooperative Social Economy Network

- Build the grass-root foundation of the region to realize the social economy
- Prove that the social economy can create alternatives for the local economy
- Many of the social economy organizations have reached agreements on the visions and strategies of cooperative movements. Wonju Cooperative Social Economy Network is the symbol of the agreements.

▶ Small City: Wonju

5. Driving Forces of the Success of Wonju Cooperative Social Economy Network

- **Prioritized Activities to Contribute to Local Communities**
 - Encouraged more residents to participate in cooperative movements
 - Such experience of participation will establish and expand new cooperatives.
- **Emphasis on solidarity and democratic operations of the community as a way to compete and deal with the globalization**
 - Improved life quality, developed capacity through the process of solidarity and provided opportunities to realize the possibilities of the alternatives and learn for capacity building

III. Quebec, CDR(Cooperative of Regional Development)

▶ Quebec and Social Economy

▶ Cooperative of Regional Development (CDR)

▶ Quebec and Social Economy



▶ Quebec and Social Economy

1. Overview of Cooperatives and Social Economy of Quebec

- 3,300/appr. 9,000 total cooperatives in Canada are in Quebec (as of the end of 2010)
- 8.8 million cooperative members: about 70% of the Quebec' s population joined cooperatives
- Particularly financial and insurance cooperatives are much more developed: Desjardins Financial Group, SSQ, Promutuel...
- Creation of around 90,000 jobs overall
- The social economic sector accounts for 8-10% of the GDP of Quebec (cooperatives, social enterprises, non-profit sector, volunteer work)
- **Quiet revolution (1960-70~)**

. A social revolutionary movement to establish identity of the people in Quebec who use the French under the social, economic, and political revolutions by the provincial government of Quebec since 1960.

It involves the growth of cooperatives and many kinds of non-profit associations.

When a social democratic party like the "Quebec party" takes the office, cooperatives and local development is more actively promoted.



▶ Quebec and Social Economy

2. The Success of 'Quebec Model'

2.1 Official Recognition of Social Economy

- From the state(provincial government + federal government)
 - Cooperative and Social Economy Act
 - Provincial agency for coops & Social economy sector
- From the civil society
 - Many French school cooperatives
 - Expanded influence of cooperatives and social economy on the local community
 - Successful hosting of international conferences(2006, 2012, 2014)

2.2 Co-Construction of Public Policy

- Not one-sided policy making or enforcement by the provincial government
- Co-production and co-construction of policy under the requests from the cooperatives and the social economic sector, and participation
- Open-minded attitudes of public officials and volunteers of the civil society
- Capacity building of the civil society not to be suffocated by the governmental support

▶ Quebec and Social Economy

3. Partnership

3.1 Close Relationship

- Until 1980, the Quebec provincial government pursued the “quiet revolution” in a close partnership with the social economy.
- As legislations have been well established, the government support is provided in a multi-faceted way including funds and tax benefits.

3.2 Regional Development Project Led by the Public Sector

- Traditional regional development projects are typically government’ s work to do, but Quebec tried regional development based on cooperatives.
- The provincial government can increase the efficiency of budget administration when cooperatives take the lead.
- It is not the case that the public sector mobilizes the civic sector, but it is the case

that the civic sector takes the initiatives in combining the government agencies.

▶ Cooperative of Regional Development (CDR)



1. Cooperative of Regional Development (CDR)

- A network of 11 Cooperatives of Regional Development (CDRs) covering 17 administrative districts across Quebec
- Funded by the provincial government as an expert group for development and operation of cooperatives
- It is not a government agency
- Cooperatives of 10-20 expert members (workers cooperatives or solidarity cooperatives)
- In the level of local community, residents/businesses are organized and supported in the form of cooperatives
- Connection of technical assistance, expert support, and financial means (Federal/provincial government subsidy, credit union, social finance system)

→ **Cooperatives boom in Gatineau region that did not have a tradition of cooperative**

: Under the leadership of CDR, there are healthcare cooperative, dairy cooperative, housing cooperative, organic food consumer cooperative, community cooperative café, funeral cooperatives in active operation.

▶ Cooperative of Regional Development (CDR)

2. Implications of Quebec Model

2.1 Partnership between the Civil Society and the Public Sector

- Capacity building of the civil society is the prerequisite.
- Must secure efficient supports by the public sector and evaluation system

2.2 Overcoming Economic Crisis

- potential alternative of neo-

liberalism model

- Spread of economic structure without “layoff for company’ s profit”
- A model actively involved by labor unions to “save the economy” with their own workers’ solidarity funds
- A civil society welfare model to supplement or replace “state welfare system from the above”

Thank you
