

AN ANALYSIS OF THE SOCIAL AND SOLIDARITY ECONOMY AND POST  
WW II DEVELOPMENT THEORIES

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CANSIN KUVVET

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Assoc. Prof. Dr. Sadettin Kirazcı  
Director (Acting)

I certify that this thesis satisfies all the requirements as a thesis for the degree of Master of Science.

---

Prof. Dr. Oktay Fırat Tanrısever  
Head of Department

This is to certify that we have read this thesis and that in our opinion it is fully adequate, in scope and quality, as a thesis for the degree of Master of Science.

---

Assist. Prof. Dr. Şerif Onur Bahçecik  
Supervisor

**Examining Committee Members**

Assist. Prof. Dr. Zafer Çeler (İstanbul Gedik Uni., SOS)

---

Assist. Prof. Dr. Şerif Onur Bahçecik (METU, IR)

---

Assist. Prof. Dr. Derya Göçer Akder (METU, MES)

---

**I hereby declare that all information in this document has been obtained and presented in accordance with academic rules and ethical conduct. I also declare that, as required by these rules and conduct, I have fully cited and referenced all material and results that are not original to this work.**

**Name, Last Name : Cansın, Kuvvet**

**Signature :**

## **ABSTRACT**

### **AN ANALYSIS OF THE SOCIAL AND SOLIDARITY ECONOMY AND POST- WW II DEVELOPMENT THEORIES**

Kuvvet, Cansın

M.Sc., Department of International Relations

Supervisor: Assist. Prof. Dr. Şerif Onur Bahçecik

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This thesis seeks to analyze the relationship between social and solidarity economy and post-World War II development thinking. Social and solidarity economy is a notion which is highly contested. Different actors define it in different ways and consequently propose different policies. Development thinking emerged in the post-WW II era to eliminate poverty and inequality among people and countries. Social and solidarity economy can be matched with human development and sustainable development in the mentioned development theories. In order to analyze this, I compared the general principles and looked at the missions they assigned to various actors during the development process. Moreover, the social and solidarity economy includes both social and economic dimensions unlike other economic systems. While its social dimension brings it closer to human development, its environmental sensitivity makes it possible to relate it to sustainable development. Therefore, I argue that there is a closeness between the social and solidarity economy and sustainable and human development paradigms.

**Keywords:** Social and Solidarity Economy, Development Theories, Sustainable Development, Human Development

## ÖZ

### SOSYAL VE DAYANIŞMA EKONOMİSİ İLE İKİNCİ DÜNYA SAVAŞI SONRASI KALKINMA TEORİLERİNİN ANALİZİ

Kuvvet, Cansın

Yüksek Lisans, Uluslararası İlişkiler Bölümü

Danışman: Dr. Öğr. Üyesi Şerif Onur Bahçecik

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Bu tez sosyal ve dayanışma ekonomisi ile İkinci Dünya Savaşı sonrası dönemde ortaya çıkan kalkınma teorilerinin ilişkisini analiz etmeyi amaçlar. Sosyal ve dayanışma ekonomisi tartışmaya çok açık bir kavramdır. Farklı aktörler bu kavramı kendi açılarından tanımlar ve dolayısıyla ona göre politikalar önerir. Kalkınma düşüncesi 2. Dünya Savaşı sonrasında ülkeler ve insanlar arasındaki eşitsizliği ve yoksulluğu yok etmek amacıyla ortaya çıkmıştır. Sosyal ve dayanışma ekonomisi bahsedilen kalkınma teorilerinin içinde en çok insani kalkınma ve sürdürülebilir kalkınma ile eşleştirilebilir. Bunu analiz edebilmek için genel prensiplerini karşılaştırılmış ve kalkınma sürecinde çeşitli aktörlere yükledikleri misyonlara bakılmıştır. Sosyal ve dayanışma ekonomisi diğer ekonomik sistemlerden farklı olarak hem sosyal hem de ekonomik boyutlar içermektedir. Sosyal boyutu onu insani kalkınmaya yaklaştırırken, aynı zamanda çevreye duyarlı oluşu sürdürülebilir kalkınmayla ilişkilendirilmesini sağlamaktadır. Bu nedenle, bu tezde sosyal ve dayanışma ekonomisi ile sürdürülebilir ve insani kalkınma paradigmaları arasında bir yakınlık olduğunu savunulmaktadır.

**Anahtar Kelimeler:** Sosyal ve Dayanışma Ekonomisi, Kalkınma Teorileri, Sürdürülebilir Kalkınma, İnsani Kalkınma

To my beloved mom, Rüstem, Firenze,

My precious little family



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## LIST OF ABBREVIATIONS

BALTA	The BC-Alberta the Social Economy Research Alliance
CCF	Cooperative and Community Finance
CRESS	Chambre Régionale de l'Économie Sociale et Solidaire
EC	The European Commission
EESC	The European Economic and Social Committee
EFSSSE	European Forum of the Social and Solidarity Economy
FDI	Foreign Direct Investment
GAD	Gender and Development
GDP	Gross Domestic Product
GNP	Gross National Product
ICA	International Cooperative Alliance
ICOF	Industrial Common Ownership Finance Ltd
IGO	Intergovernmental Organizations
ILO	The International Labour Organization
IMF	The International Monetary Fund
KEİG	Kadın Emeği ve İstihdamı Girişimi
MCC	Mondragon Cooperative Corporation
MDG	Millennium Development Goals
MNC	Multi-National Companies
NGO	Nongovernmental Organizations



OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of Petroleum Exporting Countries
PAD	Post-Modernism and Development
PWC	Post-Washington Consensus
RIPESS	Réseau Intercontinental de Promotion de l'économie Sociale Solidaire
SDGs	Sustainable Development Goals
SEOs	Social Economy Organizations
SOC	Social Overhead Capital
SRI	Socially Responsible Investment
SSE	Social and Solidarity Economy
SSEO	Social and Solidarity Economy Organization
SYRIZA	Synaspismós Rhizospastikís Aristerás
TFSSE	Task Force on Social and Solidarity Economy
UK	The United Kingdom
UNRISD	United Nations Research Institute for Social Development
USSR	The Union of Soviet Socialist Republics
WAD	Woman and Development
WC	Washington Consensus
WED	Women, Environment, and Development
WID	Woman in Development
WW II	The World War II

## **CHAPTER 1**

### **INTRODUCTION**

People have been fighting for survival on earth for millions of years. In the past, human beings, who had to fight the challenges of nature and overcome wild animals and harsh weather for their basic needs, first and foremost still fight for similar things. All world history is history of development. The first people were trying to feed themselves, hunting wild animals and picking up plants. Later, when they moved to the settled life and made a division of labour, their understanding of art changed as they had more time to devote to their own special tastes. Humanity was in the process of constant change and development. Long before development was considered scientifically, people were unconsciously striving for development. The emergence of capitalism and of the industrial revolution, and the occurrence of world wars are actually closely related to the development process.

#### **1.1. Short Definition of the Social and Solidarity Economy**

Social and solidarity economy is an umbrella term that combines the notions of social economy and solidarity economy. I argue that both economies in the most basic sense are that various groups of people come together with the solidarity base to create a work environment that is sensitive to the environment and basic working conditions and sustain their lives by earning money. Nevertheless, the definition of both the social economy and the economy of solidarity is quite complex and intertwined. For instance, according to a Spanish law, the social economy is defined as a set of business and economic activities that are carried out, within the private sphere, by institutions that seek a general economic or social interest (or both) in accordance with some principles which can be listed as autonomous and transparent, democratic and participatory

business management that persons and the social objective take precedence over capital; distribution of profits obtained from economic activity based on the work contributed or the service or activity; fostering solidarity, local development initiatives, equal pay for women and men, and sustainability; and lastly being independent from public authorities (the Spanish Social Economy Employers' Confederation, n.d.) However, solidarity economy is a practice that seeks to transform the dominant capitalist system, as well as other authoritarian, state-dominated systems, into one that puts people and the possibilities and proposals new systems planet at its core (Kawano, 2012, pp. 2–3) While the social economy generally works to ensure the well-being and welfare of its members, solidarity economy takes a more radical attitude and aims to take a real action in the real life.

Since the general principles overlap with each other, many international organizations and other organizations working on the social economy in the world combine these two concepts and use the term social and solidarity economy.

## **1.2. Case Selection**

The social economy, which can be called as the ancestor of the social and solidarity economy, does not have a long history. When we look at its usage in the current sense, it can be said that this concept is approximately 200 years old. I met the social economy recently. In the summer of 2018, I took a chance to do traineeship in the Peace Affairs and International Relations Department of SYRIZA, which was the then ruling party of Greece. I first came across the concept of social economy, I could not understand it because it was quite different economic concept that I have ever seen before. During my traineeship, I was assigned to write an article about the place of social economy in Greece's exit from the 2008 crisis. In order to write this article better, my coordinator introduced me to the head of an organization that is in social economy in Greece. This man attributed more socialist value to the social economy and regarded it as an alternative to capitalism. I finished my article after a short interview with him. Thanks to this article, I developed a passion to learn much more about this topic. Therefore, I chose it as my thesis topic.

I argue that the social and solidarity economy is a very important field of study because we often face economic crises in the neoliberal world. Both as a result of the privatization policies brought by neoliberalism, and of the crises caused by layoffs, many people become unemployed. In addition, factors such as poor working conditions, exposure to mobbing and sexist treatment in the workplace, and low wages also affect negatively people in business life. However, the social and solidarity economy aims to eliminate the abovementioned negativities and create an environmentally sensitive business environment. For this reason, the number of social and solidarity organizations established over time have been increasing. For example, in the 28 countries of the European Union, in the period 2002-2003, a total of 11,142,883 people was employed in the social economy, while this number increased to 13,621,535 during the 2014-2015 period (Monzón & Chaves, 2017). As time goes by, people's interest in social and solidarity economy organizations increases. At the same time, the number of intermediary organizations that provide information for the social economy organizations is rapidly increasing.

### **1.3. Research question and method**

The main research topic of this thesis is to analyse the relationship between the social and solidarity economy and the post-World War II development thought. As a result of the document analysis conducted for this purpose, it is found that human development and sustainable development can be conceptually close to the social and solidarity economy. The social and solidarity economy has also been influenced in some respects by basic needs theory, feminism and post-development. In this thesis which is written through a qualitative method; books, statistics, reports, working papers and articles written by various IGOs, NGOs and scholar were used. It has also been faulted by the social economy own publications and the legal documents of the states. There is also important information from online dictionaries and databases, websites and video interviews. As a result of the relevant piece of information obtained from all these sources, an induction was made, and it was concluded that the paradigms

of sustainable development and human development are the most basic insights that feed the social economy.

#### **1.4. Analytic Framework**

In this thesis, it is compared the basic principles of social and solidarity economy as analytical framework with those of other development theories. In addition, the values attributed to actors such as government, NGO and IGO in the development process have been a decisive criterion. Based on these two points, the social and solidarity economy was compared with the development theories that emerged after the Second World War.

#### **1.5. Outline**

Chapter 1 of this thesis is an introduction. After giving a brief description of the social and solidarity economy, I explained why I chose this topic. Then I explained my research question and the method I used. After mentioning my analytical framework, I give the general outline of the thesis.

In Chapter 2, I gave detailed information about social and solidarity economy. I explained the concepts of social economy and solidarity economy that contributed to the formation of this economy. I talked about its history, its main aims and its actors. Then I talked about their perspectives on social and solidarity economy. And finally, I talked about how social and solidarity economy organizations are financed and Mondragon CC, the best practice.

In Chapter 3, I have described in detail the development theories that emerged after World War II, which are development economics, modernization theory, dependency theory, basic needs theory, neoliberalism, feminism, human development, sustainable development and post-development.

In Chapter 4, which is the discussion session, I divided the post-war development theories into three groups. I analysed each group's relationship with the social and

solidarity economy and looked at whether they could be conceptually close the social and solidarity economy.

And in the last chapter, I mentioned a brief summary of the things I explained in the entire thesis and listed some of the shortcomings of the social and solidarity economy. Finally, I finished my thesis with my suggestions for future research.

## **CHAPTER 2**

### **THE SOCIAL AND SOLIDARITY ECONOMY**

#### **2.1. Introduction**

People must act with solidarity and cooperate with other people to continue their lives. In ancient times, people used to go on collective hunting to find food and collectively collect the foodstuffs that were essential for their survival. People who meet their basic needs through coming together and helping each other are alienated by those who argue that human nature is selfish. For several centuries, the economic thought, which the market economy system built upon to maximize interests, opened deep wounds in both human and nature. The interests-based relationships between individuals distract people from this real potential, that is, solidarity with the people around them. But for some time, the hegemony of the market economy has broken a little. Since the concept of social and economy has entered the literature, ‘giving without taking’ has gained importance again. People in today's global world are no longer closing their eyes on other people who are in need, or environmental degradation, and they are trying to make a sacrifice in order to make these better and to establish a new system within/alongside the market economy. These activities are the basis of the social and solidarity economy. Nevertheless, the social and solidarity economy is certainly not a charity that is just a favor. It approaches all of its activities based on rights.

In this section, the main aim is to reach the concepts of solidarity economy and social and solidarity economy from the concept of social economy. For this purpose, this section is written to give the reader a general background. After the emergence of the concept of social economy, it was branched as a solidarity economy by different institutions. Then the concept of social and solidarity economy emerged. I argue that it would not be wrong to call social and solidarity economy instead of social economy

and solidarity economy. Because the concepts are separated from each other by such abstract boundaries that if one captures a difference, the other similar feature reduces the difference being different. For this reason, these three concepts are used at the same time while supporting the basic argument in the discussion part of the thesis.

The social economy that emerged in the modern sense in the 19<sup>th</sup> century gave birth to the solidarity economy. These two concepts, which are similar in terms of many features and differentiate from each other with a few features, can be used alone or they can be combined under one roof as a social and solidarity economy. Therefore, the social economy is the precursor of the concept of social and solidarity economy. In this thesis, the concept of social and solidarity economy is used in general. However, sometimes, the concepts of the social economy or solidarity economy are also used in the thesis because these three concepts were very ambiguous.

This section provides extensive information about the social and solidarity economy. Firstly, it is explained how different actors define these concepts. The way in which various SEOs, IGOs, and academics define the social and solidarity economy also provides insight into how they understand and operationalize it. Then the basic characteristics and aims of social and solidarity economy are listed. As mentioned before, various actors attributed the concept of social and solidarity economy to their own definition and purpose.

To summarize, social and solidarity economy organizations are environmentally sensitive organizations that are established by the members to meet the needs of the members or a certain social group, are managed in a democratic, transparent and accountable manner, with the aim of creating a social change as much as making economic profit. In general, cooperatives, mutuals, social enterprises, associations, and foundations are regarded as social and solidarity economy actors. Different actors attribute different meanings to the social and solidarity economy. For example, some see the social and solidarity economy as an alternative to capitalism (namely Ash Amin, RIPESS, ILO and EFSSE), while others merely add meaning to the shortcomings of the market economy. Various social and solidarity economy



organizations can be financed in different ways. But the most basic way of financing is membership fees. Equity capital, donations, microloans are also considered as financing means. I suppose that Mondragon has a special place in all of these social and solidarity economy organizations. Mondragon is the world's largest workers' cooperative founded in the Basque Country of Spain (UK, 2019). Mondragon, which became a company after the first cooperative established in the industrial production sector in the 1960s, has become the world's largest workers' cooperative over time. Not only in the production sector, but it has also expanded its network by establishing cooperatives in the fields of education, banking, insurance, etc. It even has its own cooperative university.

## **2.2. Definition**

According to Graham Smith, the term social economy is French in origin (*économie sociale*). It aims to distinguish this group of organizations from public authorities and private enterprises with an exclusively profit-making objective (Smith, 2004, p. 3). The social economy concept, which has branched out as a solidarity economy over the past few decades ago, is now used as a social and solidarity economy. There are some concepts in development literature called as buzzword which means, according to the Cambridge Dictionary, a word or expression from a particular subject of area that has become fashionable by being used a lot, especially on television and in the newspapers (The Cambridge Dictionary, n.d.). According to Andrea Cornwall and Deborah Eade, the buzzwords in development studies can be listed as poverty reduction, social protection, globalization, participation, citizenship, etc. (Cornwall & Eade, 2010). I argue that the concepts of social economy, solidarity economy, and social and solidarity economy are concepts that have not become a buzzword in the development literature. On the contrary, I argue that the concept of social economy is a concept that has not entered the literature enough. Number of scholars who works in this field can be counted on the fingers of two hand.

Before defining the social and solidarity economy, I argue that it would be more accurate to define the concepts of the social economy and solidarity economy.

### **2.2.1. The Social Economy**

The academics, IGOs, and NGOs that work on the social economy make their own definition. Because the social economy is a highly contested concept, each academic, IGO, and NGO define the concept in accordance with their view. Even states define the notion in order to prevent any legal conflict. Other than these, the social economy organizations make their own definition. Because there is no single and agreed definition, studying the social economy is like trying to catch moist in the air with bare hands. Therefore, many things about the social economy are not agreed upon now.

European Economic and Social Committee makes a very long and comprehensive definition of the social economy. According to EESC, the social economy is composed of the set of private and formally organized enterprises which have autonomy of decision and freedom of membership. These organizations are established to meet the needs of its members by using market mechanisms and by producing goods, providing services, insurance, and finance. Members may take part in decision-making mechanisms or receive a share of the profit, regardless of their financial contribution to the enterprise. These organizations are also democratically run with the principle of one member one vote. The surplus cannot be appropriated by the economic agents that create, control, or finance them (European Economic and Social Committee, 2016).

According to Mook, Whitman, Quarter, and Armstrong, the social economy is formed by the combination of different self-governing forms of organization for the sake of achieving some social goals. These social goals are higher than economic goals. There are two basic concepts in the social economy: social and economic purposes. Every organization in the economy has a social and economic purpose, but their superiority to each other is changing (Mook, Whitman, Quarter, & Armstrong, 2015).

As quoted by Amin, Cameron and Hudson, the ‘social economy’ constitutes a broad range of activities which have the potential to provide opportunities for local people

and communities to engage in all stages of the process of local economic regeneration and job creation, from the identification of basic needs to the operationalization of initiatives. The sector covers the economic potential and activities of the self-help and co-operative movements, i.e. initiatives which aim to satisfy social and economic needs of local communities and their members. This sector includes co-operatives; self-help projects; credit unions; housing associations; partnerships; community enterprises and businesses. The social economy is the fastest growing sector in Europe and this context is fertile ground for the creation of many new enterprises locally. (Amin, Hudson, & Cameron, 2002, p. 1).

According to The BC-Alberta Social Economy Research Alliance (BALTA), which is a regional research collaboration and a network focused on the social economy researches in Canada, the social economy has been formed by organizations that act with the principle of reciprocity for social and economic purposes. These organizations explicitly include all co-operatives and credit unions, non-profit and volunteer organizations, charities and foundations, community associations, and social enterprises that work for social purposes. (The BC-Alberta Social Economy Research Alliance, n.d.).

Quebec is one of the preminent places where the social economy organizations are able to find suitable places to develop themselves and the place where the best practices of these organizations can be seen in the world. According to Social Economy Act of Quebec which is a legal and binding document, the social economy means all the economic activities with a social purpose carried out by enterprises whose activities consist, in particular, in the sale or exchange of goods or services. ... a social purpose is a purpose that is not centered on monetary profit, but on service to members or to the community and is characterized, in particular, by an enterprise's contribution to the well-being of its members or the community and to the creation of sustainable high-quality jobs (Éditeur officiel du Québec, 2019).

There are some conclusions to be drawn from the definitions of social economy made by different actors. The first is that the social economy has two objectives: social

purpose and economic purpose. Social purpose is superior to economic purpose. Therefore, the main purpose is not to make a profit. The second common feature is that social economic activities are made for the welfare and well-being of the members of the organization and therefore of the general community.

### **2.2.2. The Solidarity Economy**

The concept of solidarity economy is a notion that has not yet completed its descriptive evolution.

Solidarity Economy Association summarizes this concept as meeting the needs of a particular group of people or society that are not met by the state or private sector or that are not met by moral means, through various activities and thus create a more sustainable and fairer world. Moreover, this association says that solidarity economy organizations are in close relationship with various social movements and want to establish an alternative economy that serves for all (Solidarity Economy Association, n.d.).

According to the definition of Jason Nardi, solidarity economy aims to create a new development paradigm that adopts the principles of the solidarity economy by completely changing the social and economic system. It abolishes the idea of maximizing profit, which is located at the center of the neoliberal capitalist system and replaces it with people. As an alternative economic system, the solidarity economy includes all three sectors: private, state and third sectors, which means that the solidarity economy can spread and operate in all three sectors. (Nardi, 2016).

According to the definition of the U.S. Solidarity Economy Network, the solidarity economy is an initiative that aims to create an alternative development framework with various principles for a systemic transformation. These principles include solidarity and cooperation, equity in all dimensions (race, ethnicity, gender, class, etc.), social and economic democracy, sustainability, pluralism (not a one-size-fits-all approach), and putting people and planet first (U.S. Solidarity Economy Network, n.d.)

The common point in the definition of solidarity economy is the effort to produce an alternative to the economic system, unlike the social economy. Following this obvious difference, the rest of the characteristics are similar: putting people at the center rather than profit, having a social purpose, and so on.

### **2.2.3. Social and Solidarity Economy**

International Labor Organization combines ‘social’ and ‘solidarity’ notions and makes them single. According to ILO, the social and solidarity economy means several enterprises and organizations aiming to produce goods, services, and knowledge to the communities in need. These enterprises, which can be listed as cooperatives, mutual benefit societies, associations, foundations, and social enterprises, have specific social and environmental objectives and aim to foster solidarity amongst people (ILO, n.d.-b).

According to Intercontinental Network For the Promotion of Social Solidarity Economy (RIPESS), which is an important the social economy organization, the social solidarity economy is an alternative to capitalism and other authoritarian, state-dominated economic systems. In SSE, ordinary people play an active role in shaping all of the dimensions of human life: economic, social, cultural, political, and environmental. SSE exists in all sectors of the economy production, finance, distribution, exchange, consumption and governance. It also aims to transform the social and economic system that includes public, private and third sectors. SSE is not only about the poor, but strives to overcome inequalities, which includes all classes of society. SSE has the ability to take the best practices that exist in our present system (such as efficiency, use of technology and knowledge) and transform them to serve the welfare of the community based on different values and goals (RIPESS, 2015, p. 2).

Peter Utting, Nadine van Dijk, and Marie-Adélaïde Matheï define the social and solidarity economy as follows: This term is increasingly being used to refer to organizations and enterprises engaged in the production of goods and services that are

autonomous from the state and are guided by objectives and norms that prioritize social well-being, cooperation, and solidarity (Utting, van Dijk, & Matheï, 2014, p. 1).

This logic, which is mentioned in the definition, contradicts the basic values of today's mainstream capitalism such as making more profit, indirect social benefit, shareholder returns and competitive advantage, and limited gains of workers from collective bargaining. All these contradictions put the social and solidarity economy in a different place within the global market (Utting et al., 2014).

ESS Forum International sees the social and solidarity economy as a way to democratize the society, empowers individuals and society, uses human capital and local resources to do so, operates in all sectors of the economy, mobilizes cultural, social and social life, and creates global partnerships for social and economic problems (ESS Forum International, 2017).

In general, the definitions given above show that the difference between the concept of social economy and the concept of solidarity economy is about how to take part in the capitalist system. The social economy does not aim to change the existing system. However, the economy of solidarity strives to create an alternative economy. The concepts are not fully reconciled in themselves. The social economy, solidarity economy, and social and solidarity economy still do not have a clear and agreed definition. Each actor defines them in his own way and produces politics accordingly.

However, considering the features mentioned below, it will be seen that there are more similarities than the differences between the social economy and solidarity economy. Therefore, in this thesis I will use them all.

### **2.3. History**

The history of solidarity goes back ancient ages. Since then, people have come to solidarity in many subjects. The history of the social economy is the history of women and men who have mobilized to meet the challenges of their times and the needs of their communities (The Chantier de l'économie sociale, n.d.). People have been in solidarity with one another in order to survive and survive. However, people did not

use solidarity only when they needed it. They also provided solidarity by helping someone who was in need of help.

The concept of social economy emerged in the 18th century nominatively. Utopian socialists, who have historically given the meaning of the cooperative system, such as Owen, Fourier, Saint Simon, and Proudhon, are among the first writers of the social economy. Charles Gide (1847-1932), Léon Walrus (1834-1910) and Frédéric Le Play (1806-1882) contributed greatly to the development of the concept of the social economy, as well (Restakis, 2006).

Not only socialists but also social Christians have been influential in the development of the social economy. At that time, there were many social economy initiatives that were formed by the efforts of low-level clergy and the Christian community (Defourny & Develtere, 2000).

It is said that the first the social economy organization established in the modern sense was the Rochdale Equitable Pioneers Society which was established in England in 1844. The concept of social economy is nominally mentioned in the book *Nouveau traité d'économie sociale* written by Charles Dunoyer in 1830 for the first time (Poirier, 2014).

According to Pun, Hok-bun Ku, Yan, and Koo, by the 1950s, the concept of the social economy lost its popularity it once enjoyed in the 19th century. Because welfare state systems emerged from many parts of the world, and there was no need for the social economy. However, by the 1970s, it was seen that the economic systems that dominated the market, namely capitalism and the planned state economy, did not fully meet the needs of people and the concept of social economy reappeared. The social economy was re-applied to meet the social needs that the state could not meet, and the capitalist market could not provide (Pun, Hok-bun Ku, Yan, & Koo, 2015).

Chambre Régionale de l'Économie Sociale et Solidaire (CRESS) de Normandie divides the history of the social economy into two parts. First part is between the late 19<sup>th</sup> cc and early 20<sup>th</sup> cc. During this period, there occurred the establishment of social

protection and insurance, development of education and recreation, support for health and social action but also the organization of production and distribution in times of wars. In the second part, which was over the last 50 years, we see development of popular education, issues related to housing and professional integration, development of personal services, implementation of environmental education, other consumption patterns i.e. recycling, green energies, short circuits etc. (Chambre Régionale de l'Économie Sociale et Solidaire de Normandie, n.d.).

The concept of solidarity economy is a new concept compared to the concept of social economy. It was first used by Felipe Lorda Aliaz, a member of an anarchist union in Barcelona. In 1937, Aliaz introduced the concept of solidarity economy into the literature for the first time with his book *Por une economía solidaria entre campo y la ciudad* (In English, *For a solidarity economy between the rural and the city*). Since the 1980s, more emphasis has been placed on the solidarity economy. I argue that the reason why the emphasis on the solidarity economy raised since then is the negative effects of neoliberalism over the lives of people. The solidarity economy was defined globally as a result of The first “International Meeting for the Globalization of Solidarity” which was held in Lima, Peru in 1997. After this meeting in Lima, Lima Declaration was accepted and there happened several changes in the solidarity economy between 2000 and 2002. Rather than sticking firmly to the previous version, the leaders of this movement developed a new vision by combining the solidarity economy and the social economy. Thus, the concept of social and solidarity economy emerged (Poirier, 2014). Following the talks in Lima, the World Social Forum was founded in 2001. After the 2<sup>nd</sup> International Meeting for the Globalization of Solidarity held in Quebec in 2001, RIPESS (Réseau intercontinental de promotion de l'économie sociale solidaire; in English Intercontinental network for the promotion of social solidarity economy) was founded. After the meeting in Quebec, various meetings organized by RIPESS established a network of social and solidarity economy organizations with diverse backgrounds and improved their contacts(Pun et al., 2015).

As a result, although solidarity is a very old concept, the social economy emerged in the modern sense in the first half of the 1800s. In the course of progress, it first derived



the solidarity economy. Then, the concept of social and solidarity economy was derived in order to remove the abstract lines and to achieve a more holistic structure. Today, these concepts continue to gain new meanings and to be transformed.

## **2.4. Basic Features and Aims**

In this section, the basic characteristics of the social economy, solidarity economy and social and solidarity economy are examined. You will see that these notions have a lot of similarities, rather than differences.

### **2.4.1. The Social Economy**

Canada has an extensive social economy network. For this reason, they have included laws to regulate the activities of social economy organizations within their legal order. In their legal system, the social economy and the social economy organizations are elaborated in detail. For example, according to The Social Economy Act of Canada, which was enacted in 2013, there are six basic principles of the social economy enterprises. Firstly, these enterprises aim to meet the needs of their members or the community. Secondly, the enterprise is not under the decision-making authority of one or more public bodies. Thirdly, they are ruled by democratic governance by its members. The fourth principle is that they want to achieve economic viability. The fifth principle is about the distribution of the revenue. According to this principle, it is prohibited the distribution of surplus earnings generated by its activities or provide that surplus earnings be distributed among its members in proportion to the transactions each of the members has carried out with the enterprise. Lastly, the rules applicable to a legal person operating the enterprise provide that in the event of its dissolution, the enterprise's remaining assets must devolve to another legal person sharing similar objectives (RIPESS, 2015).

John Pearce was one of the major and influential scholars in community development and community enterprise, and the precursor to social enterprise. He died in 2011 (the Social Audit Network, n.d.). Pearce's diagram of the social economy is used in many

sources i.e (Magzan, 2014), and (RIPESS, 2015). In this respect, he is one of the important people in the literature. According to him, there are four fundamental principles which underpin the social economy thinking. The first one is the idea of working for the common good. According to this principle, the social economy enterprises should have a positive impact on the people, the environment, and the local economy, which is called 'triple bottom line.' The social economy enterprises aim to create maximum benefit with the least damage to the environment and people. Therefore, they shall be socially and environmentally responsible. The second principle is to care for human resources. With this principle, Pearce wants to explain that whoever working for a social economy enterprise should be cared for, supported, and developed by the enterprise. Working conditions of paid employees, volunteers, management committee members and trustees, ordinary members, and beneficiaries of the organization shall work in good conditions. The third principle is good governance and accountability. By saying this, the author emphasizes the importance of autonomy of the social economy enterprises. If an enterprise cannot be away from any outside effect, it cannot fulfill its duties. In the decision-making process, the social economy enterprises must be away from external influences. By doing so, they can achieve accountability. The last principle is asset lock and use of profits. According to this principle, the wealth of the organization must be kept for the benefit of the organization and this wealth shall not be distributed among members in accordance with their own interests (Pearce, 2009).

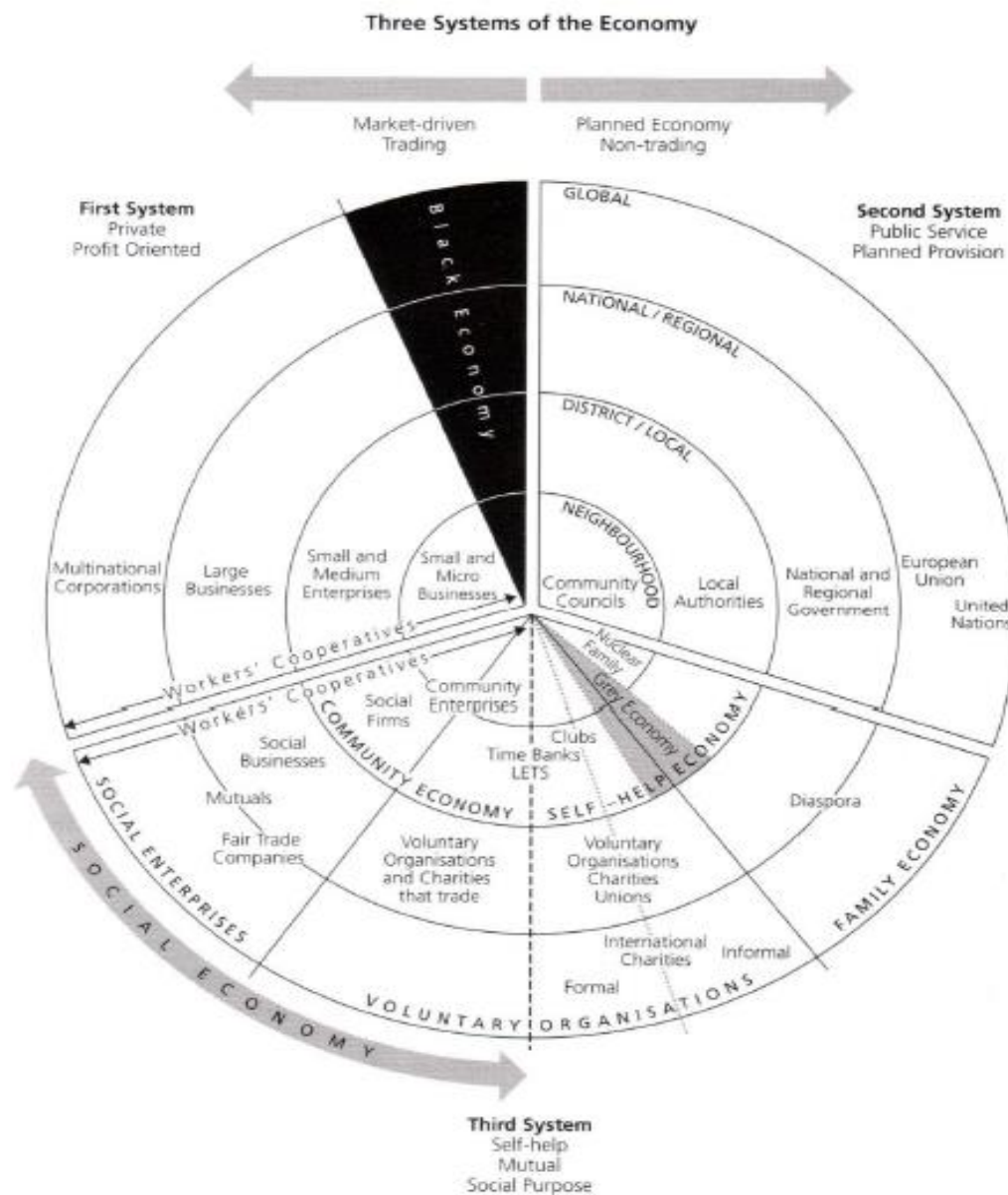


Figure 1 The Position of the Social Economy Relative to Other Economies (Pearce, 2009)

According to Social Economy Europe, the social economy has some values and features of the social economy can be listed as follows:

- democratic governance;

- autonomous management and independence from public authorities;
- the primacy of the individual and the social objective over capital;
- combination of interests of members/users and/or the general interest;
- voluntary and open membership; reinvestment of -at least- most of the profits to carry out sustainable development objectives, services of interest to members or of general interest;
- defense and application of the principles of solidarity and responsibility (Social Economy Europe, 2007).

The BC-Alberta The social economy Research Alliance (BALTA), suggests five features of the social economy. Firstly, a social economy enterprise aims to serve its members or the community as a whole, instead of striving for financial profit alone. Secondly, the social economy enterprises are neither private businesses nor public agencies. Thirdly, a social economy enterprise establishes a democratic decision-making process that involves the participation of users and workers. The fourth point is that these enterprises give priority to people and work rather than to capital in the distribution of revenue and surplus. Finally, they are based on principles of participation, empowerment, and individual and collective responsibility(The BC-Alberta Social Economy Research Alliance, n.d.)

When we look at the features listed by John Pearce, Social Economy Europe and BALTA, we can see that it is common to all of the items such as good governance, environmental sensitivity, and creating common good. These are already the basic rules of the social economy.

#### **2.4.2. The Solidarity Economy**

According to Jorge Santiago S., who is the former head of Social and Economic Development for Indigenous Mexicans (Desarrollo Económico y Social de los Mexicanos Indígenas) and has worked since the 1970s creating economic alternatives in Chiapas, the southernmost state of Mexico (Santiago, 2014), there are ten fundamental principles that underpin a solidarity-based economy. These are the

holistic development of each human being, growth of the individual and of the community of which they form part, solidarity in the form of support and mutual assistance, democratization, social enterprises that are based on local development processes, social development, respect for nature and for other human beings, technology and financial resources to be at the service of human development, the right to work, to education, to health, to leisure, to a dignified existence, and the importance of popular cultural values in the development process (Santiago, 2011).

Solidarity Economy Association says that the solidarity economy is built on five core values. The first of these values is that everyone is equally involved in decision-making. One's opinion or status is not superior to the other. This is sometimes called participatory democracy. The second value is equity. This value emphasizes that no one in the organization can be subjected to pressure for any reason. The same thing is aimed at the social level, as well. Everyone has the right to take part in the activities of the organization freely. The third value is sustainability. No organization in the solidarity economy sees nature as the property of human and as open to human use only. On the contrary, they say that the economy, which has an extractive and harmful nature today, should be replaced by more sustainable alternatives. Another value is pluralism. It is wrong to think that there is only one way to meet people's needs and that this is the only right way. There are multiple ways to create a sustainable world. The final value is solidarity. The solidarity economy organizations support and promote co-operation, sharing, reciprocity, altruism, love and caring over individualism, competitiveness, and division. (Solidarity Economy Association, n.d.).

#### **2.4.3. Social and Solidarity Economy**

As can be seen in the figure below, the main features of the social and solidarity economy can be summarized under six headings. Firstly, it emphasizes participation and requires the active involvement of the members, users, or beneficiaries in the decision-making processes of the organization. The principle of solidarity aims to ensure the wellbeing of everyone by dividing the profits. According to the principle of voluntary involvement, no one can be forced into a social and solidarity economy

organization. Participation must be voluntary. Another principle is the collective dimension. The emergence of the social and solidarity economy organizations results from the will of people and/or groups to join forces in order to meet their own needs or those of others. The social and solidarity economies are independent of market economy and state authority. This is the source of their autonomous structures. Finally, the social and solidarity economy (as sufficiently pronounced in its name) have both a social and economic function. It must also be economically sustainable, although its main objective is to achieve social change rather than profit (Fonteneau, Neamtan, Wanyama, Morais, & de Poorter, 2010).

Here is a point to emphasize. Although social economy, solidarity economy and social and solidarity economy organizations claim to be autonomous, they are not fully autonomous. First of all, they have a connection to the state because in most countries they continue to operate within the framework set by the rule of law. Otherwise, they cannot gain a legal status. They act within the framework of the laws of the state. This is the first point to connect those organizations and the state mechanism. Secondly, many organizations finance themselves through state funding. This bond makes it difficult for them to put a distance from the state and take independent decisions from the state. Third, they cannot abandon the market. The dominant economic system in the world today is neoliberalism. An organization cannot survive without achieving the profit-loss balance envisaged by this liberal idea. In order to ensure its financial sustainability, it is necessary to produce cheap and sell in a high price, in order to make a profit and provide the needs of the members, even if these organizations are against that. For this reason, they cannot completely detach from the neoliberal markets, even if they so wish. The production and sales environment are neoliberal markets. When we consider these points, we cannot say that the organizations within the social economy, solidarity economy and social and solidarity economy are hundred percent autonomous.

All in all, the principles of the social economy and solidarity economy are very similar to each other. The principles of the social and solidarity economy can also be seen as the united and unified form of the other two economies mentioned.



Figure 2 Basic Features of Social and Solidarity Economy (ILO, 2010 p.6)

## 2.5. Forms and Actors

As can be seen below, there is no definite consensus on the types, forms, or actors of the social economy.

According to an OECD, there are four kinds of social economy organizations. The first type is associations. This type of organizations is the result of a free decision of a group of people who decide to join to collaborate in seeking a solution to a specific social problem. The second type is foundations and trusts. These are entities underpinned by an endowment from an individual or a group of people, often with the financial support of public bodies and private companies. Their aim is to accomplish specific goals decided by the founders, either for the benefit of a specific group of people or for the community at large. The third type is cooperatives. These are enterprises where ownership rights are assigned to a specific category of agents other than investors (consumers, workers, or producers). Traditional cooperatives mainly aim to promote the interest of their members. However, a new form of cooperatives is also devoted to

the pursuit of general-interest goals. The last type is mutual aid societies. They were launched in the early nineteenth century to insure workers against work disability, sickness and to make provision for old age. With the introduction of public compulsory insurance schemes, mutual societies were marginalized or institutionalized. Recently, new mutual aid societies have emerged in areas where public insurance schemes did not spread (OECD Local Economic and Employment Development Programme, 2007).

According to the European Commission, the social economy organizations historically have been grouped into four major categories: cooperative enterprises, mutual societies, foundations, and associations. Firstly, EC accepts the International Cooperative Association's definition of cooperation. EC sees the cooperatives as an effective method to overcome economic and social difficulties; and being capable of enhancing the ability of disadvantaged groups of people to protect their own interests, by guaranteeing self-help outside the family in accessing basic goods and services. Also, EC thinks that cooperatives continue to contribute to socio-economic development, support employment growth, and sustain a balanced distribution of wealth in both industrialized and developing countries. Secondly, mutual aid society is an association that offers insurance services to the benefit of its members. It is based upon reciprocal contracts and requires that members receive benefits as a consequence of their participation. Thirdly, an association consists of a group of people gathering for a specific purpose. Associations can be structures that have their own rules, legal and membership obligations, but can also be formed when people come together without any structure. They include both advocacy organizations and other forms of the free association of persons around a common interest, and some of them evolve into enterprises devoted to the production of goods and services where making a profit is not the essential purpose. Lastly, foundations are legal entities created to achieve specific goals for the interest of a specific group of people or of the community at large, by using systematic fundraising. These organizations are above all committed to promoting social, religious, educational activities, or various general-interest activities according to the founder's will (European Commission, 2013).



In addition to the four components introduced by the European Commission, ILO sees social enterprises as part of the social and solidarity economy, in addition to those discussed above. According to the ILO, social enterprises are enterprises that have a unique social purpose, clearly centering this goal, using a financially sustainable model, receiving no grant or donation other than their own earnings, being accountable to their stakeholders and beneficiaries and clearly showing their social impact (ILO, 2017b).

UNRISD addresses social and solidarity economy organizations more extensively. According to it, social and solidarity economy actors can be listed as follows: cooperatives, mutual associations, NGOs engaged in income-generating activities, women's self-help groups, community forestry groups, associations of informal sector workers, social enterprise, fair trade organizations and networks, as well as various forms of solidarity finance (UNRISD, 2014, p. 1) As can be seen, UNSRID has made more distinction than the OECD, the European Commission and ILO do.

## **2.6. Perspectives**

To address the needs of members or a particular segment of society, people put forward a democratic, transparent, human-centered, non-profit-centered system, and call their structure as a social economy, or solidarity economy, or a social and solidarity economy. In these three concepts, there are fundamental principles that they agree on. If we consider these principles as the trunk of a tree, we can say that the differences begin in the branches of the tree. The European Commission, for example, uses the concept of social economy in their official website and lists the main objectives of the social economy as to serve the members and not to obtain a return on investment as the traditional mainstream capital companies do based on the principle of solidarity and mutuality and 'one person one vote' principle (European Commission, n.d.). There is no claim to be an alternative to capitalism. In his book, Ash Amin sees the continued existence and growth of various social economic organizations in Argentina and Brazil as a sign of real possibility in an alternative, non-capitalist, economy (Amin, 2007, p.

16). Similarly, John Pearce says that he sees the social economy as a third or alternative system within the whole economy (Pearce, 2009).

In other words, we see that the meaning attributed to the concept of social economy changes from actor to actor. The term "alternative generation", which is normally used with the concept of solidarity economy, has shifted to the social economy in Amin and Pearce's works. However, the European Commission still does not assume the role of producing an alternative economic system or order to the social economy.

I argue that Changhwan Shin has written a comprehensive summary of the approaches to the social economy. In his article, "A intellectual approach to the relationships between the social economy, social welfare, and social innovation", Changhwan Shin argues that there are three perspectives on the social economy. The first one is the emancipatory perspective. This perspective argues that providing emancipation of people from capitalism and eliminating its negative effects on lives of individuals can be realized through a radical change from the capitalist economy to the social economy which is an alternative to the market economy and state economy. According to Ash Amin, who supports this view, in order to overcome capitalism, which results in inequality, egoism, and recurrent crises, people need a new economic system. This new system shall provide social and environmental needs, empower producers and consumer, and strengthen solidarity and moral care among people. Therefore, the meaning and social status of the current economy shall be radically changed. Moreover, according to another scholar Andre Gorz, employment and city structure must be changed to move beyond a wage-based society. The second one is the complementary perspective. This perspective claims that the social economy can be complementary to the market economy. Because it has some limitations, the social economy cannot change the current economic system but complement the overall social configuration. The last one is the pessimist perspective, which argues that the social economy is an agent and a strategy of neoliberalism. It is an outcome of the privatization policies implemented in Europe. For some years, the Third Sector has been gradually bureaucratized because of its tight cooperation with the public sector.

There, in time, voluntary activities and many other basic features of the social economy have been marginalized. Its strong emphasis on democracy, autonomy, and participation have decreased (Shin, 2016).

In addition to such perspectives, I think another perspective can be developed. Social and solidarity economy can be used for different purposes in liberal and non-liberal countries. For example, cooperatives, which are part of the social and solidarity economy, were used for different purposes in the 20th century. In Nazi Germany and Mussolini's Italy, cooperatives were used as instruments to consolidate fascist power. But in Argentina, the Zapatista movement has given a more radical meaning to the social and solidarity economy. Or in liberal countries such as Canada and France, the social and solidarity economy has been given a role to assist in the production of prosperity. From this point of view, it can be said that social and solidarity economy is basically a neutral concept, but it gains meaning with the political context in which it is located.

## **2.7. Finance**

How the social economy is financed is also important for analyzing the relationship between the social and solidarity economy and the post-WW II development theories, which is the central question of this thesis. Therefore, this section describes how the social economy organizations are financed. However, as the way of organization changed, it is necessary to open separate titles for cooperatives and social enterprises, as the financing methods also changed. The financing of these actors is different from other actors.

In the financing of social and solidarity economy organizations, we see a concept called social and solidarity finance. According to UNRISD, social and solidarity finance includes such finance instruments such as ethical banking, financial cooperatives, community development banks, solidarity microfinance, community-based savings schemes—including rotating savings and credit associations, and savings and credit cooperatives—solidarity revolving funds, complementary

currencies, crowdfunding, participatory budgeting and, arguably, crypto-currencies, impact investing and social impact bonds (UNRISD, 2015, p. 1).

The objectives of this concept include:

- democratize access to finance;
- reinsert values and practices of solidarity and reciprocity into the financial sphere;
- foster local economic development; and
- build a sense of community and mutual support. (UNRISD, 2015, p. 1)

According to Nathanael Ojong, membership-based the social economy organizations provide the necessary funds for their activities from their membership fee and share. The use of membership fees is one of the most used methods to finance a social economy organization. It also gives them the flexibility to spend funds. However, only membership fees are not always sufficient. In these cases, funding methods such as grants, debt, quasi-equity, and equity are also used. The use of external financing resources may have a structure that prevents the social economy organizations from making flexible decisions, deviates from its primary purpose, and creates instincts to fulfill the wishes of the financier. Some factors influencing the financing of the social economy organizations can be listed as functions, governance, stage in the life cycle, funding the needs of the social economy organizations, and funding needs. At the same time, each the social economy actor namely cooperatives, mutual benefit societies, foundations, and social enterprises have different financing methods because they are governed with different management systems (Ojong, 2015).

Amélie Artis puts forward an approach towards the finance of the social and solidarity economy, which is called the social and solidarity finance. Artis draws a conceptual framework for the social and solidarity finance and argues that this way of finance collects public or private individuals' savings, receives state aids and grants, gives loans and provides capital for businesses to invest. The enterprises that are funded by the social and solidarity finance are the businesses with high social benefits and works

on the fields like environment, education, or social welfare. At the same time, these businesses target certain social groups; such as women, unemployed people, or business starters. The main purpose of the social and solidarity finance is to provide easy access to financial resources to those who do, develop, or create income-generating activities. To guarantee the repayment of the funding provided, the productive financing is the only eligible for the social and solidarity finance. Unlike the well-accepted capitalist commercial banking system, the sole and ultimate goal of the social and solidarity finance is not to make profits. In the social and solidarity finance system, the relationship between lenders and borrowers is based on the principles of reciprocity and solidarity. Solidarity finance, also, is grounded on the voluntary and intended help of individuals to other individuals and expresses mutual interdependence. According to Artis, three basic elements link the actors of solidarity finance to each other. The first one is to hold on to one goal, namely, to finance the economic activities of the social economy organizations. The main purpose of solidarity finance is to establish profit-making enterprises for the repayment of loans in the future. It focuses solely on the financing of productive investment, and completely ignores the financing of consumption. The second one is the complex network of relationships between individuals and organizations. The relationship between the actors is not only financial. Social connections also occur. The last one is the actors who implement the mentioned relations and realize the common goals. Savers, borrowers, entrepreneurs, partners such as banks and public authorities, and intermediaries are some of these actors (Artis, 2017).

Apart from all the mentioned financing methods, a concept called impact investment has entered the literature for several years. In the working document "Impact Investing: a Way to Finance the Social and Solidarity Economy?" written by Camille Guézennec and Guillaume Malochet, it is claimed that two new changes have recently emerged within the framework of the social and solidarity economy. These are the fact that apart from the traditional non-profit sector, social enterprises are also starting to grow in the entrepreneurial sector; and new sources of financing for social enterprises have been emerging for some years. Guézennec and Malochet argue that the social economy

organizations can be financed with a new tool called impact investment in this working paper. They define this term as those investments which seek to have a good financial return and at the same time a social impact (the so-called "double bottom-line"), as much in the OECD countries as in development aid projects. Thus, impact investing differentiates itself both from those investments that seek simply a social impact (philanthropy) and from those that are solely looking for financial returns. Impact investing also seeks to differentiate itself, in principle, from the so-called 'socially responsible' investments (SRI), used for financing quoted companies using criteria that reflect the environment, the social dimension, and corporate governance (Guézennec & Malochet, 2013).

Cooperatives, like the rest of the social economy actors, are financed in very different ways. Membership fees, common or preferred stocks, bonds, borrowing from banks are some of these ways. At the same time, many cooperatives finance themselves to a significant extent with the savings of members in the enterprise as a reserve. Apart from these classical methods of financing, cooperatives have created their own financing system. In this financing method known as revolving capital, members contribute to the principal to the extent of their patronage. After the co-op has had the use of this money for a certain period, it is returned to the members as new contributions flow in to replace it (American Historical Association, n.d.).

As the interest in the social economy organizations and especially cooperatives increased worldwide, the number of organizations that supported cooperatives by funding them increased, as well. The UK-based Cooperative and Community Finance (CCF) is one of them. This financial institution was established by Industrial Common Ownership Finance Ltd (ICOF) in 1973 to provide accessible financing to cooperatives and other social enterprises. According to their own words, they provided funding to organizations owned by their members and managed democratically. They give loans ranging from £ 10,000 to £ 70,000 and with interest rates ranging from 6 percent to 10 percent. At the same time, they can give loans up to 150,000 £ to organizations that fulfill various conditions. New enterprises, workers' cooperatives, employee buyouts,

housing cooperatives, renewable energy cooperatives, and community-owned shops, pubs and facilities can be listed as the organizations that the CCF generally lends (Co-operative & Community Finance, n.d.).

According to the ILO, there are two ways in which a cooperative can raise capital. These are internal and external resources. The first kind of internal resources is member contributions. It provides some of the capital required for cooperative activities through the share, loans, and deposits provided by the members. In addition, some members may wish to contribute to the cooperative as a grant or donation. However, if members have recently started to work or are still unemployed, that is, they cannot make much financial contribution to the cooperative, the funds will be insufficient. If the surplus is high in the cooperative, members may also wish to lend their rights back to the cooperative. The second kind of internal resources is that the members invest in the deposit accounts in places such as credit unions and provide cooperative funding. Normally, the legal order prohibited producers and service cooperatives from collecting deposits and lending from them because this is not the main task of these cooperatives. However, it is possible for members to fund other cooperatives through credit cooperatives. The last type of internal resources is membership fees and periodical charges collected from members. The members have already earned the money they paid through the cooperative and paid the cooperative as a fee. When it comes to the external sources, the first one is the commercial loans granted by financial institutions in exchange for security. Financial institutions may prefer to provide short-term loans instead of long-term loans when the cooperative is still in its startup phase. At the same time, the cooperative may be obliged to obtain permission from regulators before obtaining a commercial loan. The last external source is that suppliers or service providers postpone their receivables from the cooperative, which is in the startup phase, in exchange for the products and services they provide (ILO, 2017a).

According to the consortium document written by SWECO<sup>1</sup>, T33<sup>2</sup>, University of Strathclyde<sup>3</sup>, Spatial Foresight<sup>4</sup> and Infeurope<sup>5</sup>, there are supply-side and demand-side within the framework of social entrepreneurship. While on the supply side, there are actors such as public institutions, foundations, banks, and other financial institutions; on the demand side, there are social initiatives of actors such as unemployed people, women, students, disadvantaged people, and migrants. There are intermediaries between the supply- and demand-sides. Intermediary actors can be listed as venture philanthropy funds, banks, crowdfunding platforms, charitable foundations, and community development finance institutions. Firstly, venture philanthropy funds are a technique to finance social initiatives. They are used to obtain social and financial returns by providing a grant, equity, or debt. Secondly, socially and ethically responsible banks offer loans to businesses and organizations that are in line with their values. Commercial banks can also provide loans to social enterprises for philanthropic purposes. Thirdly, crowdfunding platforms help ensure equity, loan, reward, and donation. Fourth, charitable foundations invest in traditional equity and bond markets and use dividends to fulfill their social duties. Lastly, community development finance institutions guide social initiatives to make the necessary investments for the community. It also provides financial and capital services that traditional financial institutions do not provide (SWECO, t33, University of Strathclyde, Spatial Foresight, & Infeurope, 2016).

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<sup>1</sup> It is a private company working in the fields of environmental engineering and architecture.

<sup>2</sup> It is a private company that aims to support public administrators making informed decisions to benefit citizens through interpreting the language of EU programmes on behalf of regions, taking experience and data from assessments and field studies back to European institutions. (T33, n.d.)

<sup>3</sup> It is a university based in Glasgow, the UK.

<sup>4</sup> Spatial Foresight is a private consultancy and independent think tank in the area of European territorial policies and research. (Spatial Foresight, n.d.)

<sup>5</sup> Infeurope S.A. is a services provider based in Luxembourg delivering solutions to European clients in the fields of communication, multimedia, intellectual property, semantic web, managed IT services and many other areas. (Infeurope, n.d.)



## **2.8. Best Practice – Mondragon Case**

I argue that as a cooperative organization, The Mondragon Cooperative Corporation (MCC) is a good example in analyzing the relations between the social and solidarity economy organizations and sustainable and human development theories, with its core values, characteristics and a number of innovative aspects. The importance of sustainable development, which is one of the core values of Mondragon, is a sign of the fact that there is a conceptual closeness between cooperatives and hence the social and solidarity economy, and sustainable development.

### **2.8.1. What is Mondragon?**

The Mondragon Cooperative Corporation is a complex structure established in the Basque Region of Spain in 1950s, consisting of many cooperatives. Members of the cooperatives provide most of the workforce. However, there are also unionized workers in the cooperatives and the corporation. As of 2017, MCC has 143 production plants in 5 continents. There are four primary business areas: finance, industry, distribution, and knowledge. MCC has 98 cooperatives, 143 subsidiaries, and 25 entities. MCC invested 451 million euros in 2017. Industry and distribution business cover approximately 96 percent of the MCC structure, and knowledge and finance have a 4 percent share. It has around 67.000 employees throughout Spain, 73.000 employees across Europe, and 13.600 employees worldwide. It plans to invest in 7 critical areas in the future. These are automotive; sustainable energy and smart cities; infrastructure, construction, and restoration; health, well-being and aging; developing human capital; solutions for the home; equipment and manufacturing assets (Mondragon Corporation, n.d.-a).

Mondragon defines itself by highlighting four points. The Mondragon model is a corporation committed to solidarity using democratic means in governance and organization. It encourages members to participate in management, profit, and company ownership and develops various joint projects for personal, social, and company progress. The model aims to maintain education and innovation activities by developing human capabilities and technological skills. Finally, it aims to strengthen other companies in the market by increasing cooperation and applying its own model (Mondragon Corporation, n.d.-b).

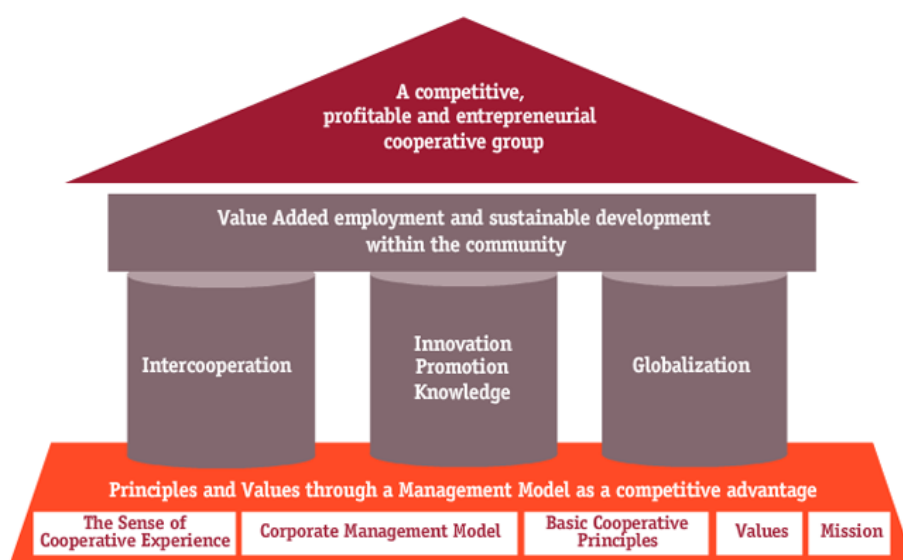


Figure 1 Basic features of Mondragon CC (Mondragon Corporation, n.d.-b)

### 2.8.2. Background

The period when the MCC was founded was actually the age of welfare state and planned economic models in the world. For this reason, people did not tend to be a member of cooperatives too much because their own social needs could be met by these models. However, this does not mean that the cooperatives are disappeared.

The Basque region was in a very bad situation after the Spanish Civil War. People living in the region supported the Republicans and fought against Franco's army. After the war, the inhabitants suffered from hunger. Moreover, the national economy was severely affected by the war. After all, Spain entered a period in which the economy was shaped by the state. It was forbidden to strike and form a union. The cooperative movement of Mondragon emerged in such an environment.

Catholic Father José María Arizmendiarieta founded a professional school in 1943 in Mondragon. The aim of the establishment of this school was to provide technical training to young people living in the region and to find jobs in nearby factories. In 1956, the first company named Ulgor was founded by five students of this school with the support of Father. In 1959, a financial company called Caja Laboral was founded. This company would become a bank and would provide financial support to the MCC in the future. (Workplace Democracy, 2014) In the course of time, the MCC expanded its field of activity to make Mondragon a center of attraction.

### **2.8.3. Mondragon University**

I argue that it is very important that a cooperative has established or be able to establish a university in order to maintain its values. Therefore, the following point about the Mondragon experience is worth considering. In 1997, three educational cooperatives under the MCC umbrella came together and founded Mondragon University in Mondragon. They call themselves a cooperative university affiliated with Mondragon Corporation. Thanks to the MCC and other companies in communication, students pursue their education in the working world from the first years of university education. At the same time, students have the opportunity to work as a part-time paid employee within the corporation. In addition, all students work on a project within the company in their senior year as their final year project (Mondragon Unibertsitatea, n.d.). As can be seen, this university employs the qualified labor force necessary for the group of companies. Most of the graduates are employed by the MCC. There are also a number of programs for students who want to continue their education in masters and doctoral programs. The master's program of The Social Economy and

Cooperativism and the doctoral program of The Advanced Management of Organizations and The social economy show that the MCC had not abandoned its the social economy understanding when it was transformed from a small cooperative into a large corporation.

#### **2.8.4. Characteristics**

Mondragon Corporation, in its first cooperative congress in 1987, has set some specific principles. It has created a series of ideas with the accumulations it has accumulated since its establishment. Mondragon listed these ideas as follows: open admission, democratic organization, the sovereignty of labor, instrumental and subordinate nature of capital, participatory management, payment solidarity, inter-cooperation, social transformation, universality, and education. According to these principles, Mondragon is open to all who accept and embrace its own values. The worker-members are equal in rights, and there is a democratic structure based on the sovereignty of the General Assembly. The idea of the sovereignty of labor is dominant rather than the understanding of salaried workers, and the welfare created is shared to the extent of the labor contributed. Capital is seen as a tool connected to labor. Self-management, which is provided by the participation of members in the management, brings some significant concepts such as consultation, negotiation, and transparency, which are quite important for the company. The worker-members are paid at a sufficient and fair level. Solidarity with the cooperatives in the world, in Europe, in Spain and in the Basque region, as well as in other cooperatives within Mondragon, is important for sustainability and continuity. There is a desire to create a social transformation. Acting on themes such as peace, justice, and development, the MCC is in solidarity with those who operate in the field of social economy and believe in economic democracy. Finally, the MCC provides the necessary education to achieve all these principles mentioned (Mondragon Corporation, n.d.-c).

Ramon Flecha and Ignacio Santa Cruz summarize the characteristics of the Mondragon model in five points. The first characteristic is the competitiveness of the

Mondragon model, which derives from its democratic nature. Each member contributes to the decision-making process and is informed about the cooperative. Before taking a decision, the members are consulted. Each member has one vote. Being more egalitarian and democratic, Mondragon differs from other capitalist companies. The second characteristic is the continuous conversion of profits to investment to ensure economic growth. The general assembly of each cooperative decides how to spend 70 percent of the remaining profits after taxes. By law, 10 percent of the profit must be transferred to education and to the pro-cooperative fund. 20 percent must be allocated to the cooperative's reserve fund. However, as a general custom, half of the 70 percent mentioned above is reserved for the cooperative's reserve fund, and the remaining half is allocated to workers as capital. Using profits as investment continuously, Mondragon established its own banking system, the innovation science park, the Mondragon University, and its own social security system. The third characteristic is that there are strong solidarity ties between workers in the corporation. A system of solidarity between cooperatives provides workers a guarantee when the economy is in a bad state. For example, since the 1970s, when a cooperative is closed, its workers are re-employed by being directed to other cooperatives. In addition, a fund called the Employment Assistance Fund provides the necessary financing for the workers who lost their jobs to sustain their lives. Unlike other capitalist companies, Mondragon does not have the logic of firing personnel in times of crisis. Another characteristic feature is the high egalitarian salary system. CEOs working at Mondragon receive six times higher salaries than the lowest salaried worker. Compared to other capitalist firms, senior employees in Mondragon receive fewer salaries. But middle-level workers receive higher salaries than workers in capitalist companies because they also receive dividends from the cooperative. Another feature is the provision of job security to the workers at Mondragon. Temporary work is rare, and the corporation cannot employ more than 20 percent of all workers in a temporary job. Furthermore, a worker cannot be employed as a temporary worker for more than five years. Finally, some advantages have been developed for workers at Mondragon. In a crisis period, if the cooperative was

adversely affected, the workers had three chances: they would retire early, by either leaving the cooperative and receiving compensation or being re-employed in another cooperative within the corporation. In addition, the workers and all their family members are provided with health insurance of € 30 per month, and education allowance of € 15 per month (Flecha & Cruz, 2011).

## **2.9. Conclusion**

The social economy, solidarity economy, or social and solidarity economy are used as if they are synonymous in some sources. Some see the social economy as a complementary field to support the market economy, while others see a more radical meaning and see it as an alternative to capitalism. Also, some scholars have a pessimistic opinion on the social economy. Accordingly, their expectations differ from the mentioned concept. These organizations, which were created by the members without profit maximization but still without breaking the market to provide the social needs that the state or capitalism could not provide, occupy a big place in today's economy. Many people are employed in the social economy initiatives, and most of the overall employment is made through the social economy organizations. The main point to be emphasized in this part of the thesis is to give background information about the definition, history, major features and aims, actors, ways of financing, best practices and approaches of the social economy. At the same time, it is important to understand not only the social economy but also neighboring concepts such as solidarity economy and social and solidarity economy. Because some sources use them as synonymous and do research according to them, some emphasize that their differences are more important. I argue that all three concepts actually come from the same conceptual background. For this reason, in this thesis, I will look for their conceptual sources of them based on their similarities.

## **CHAPTER 3**

### **POST-WW II DEVELOPMENT THEORIES**

#### **3.1. Introduction**

The way we perceive an object or phenomenon guides the way we define, problematize, and solve it. Therefore, how we perceive development leads us to theorize, problematize, and solve it. There have emerged plenty of development theories after the end of WW II. Each of them tried to explain and worlds of development and “underdevelopment” in their own ways. I argue that it is necessary to begin with the dictionary meaning of this term before explaining the concept of development in the sense that all social scientists understand. According to the Cambridge Dictionary, development is the process in which someone or something grows or changes and becomes more advanced. (The Cambridge Dictionary, n.d.). If a phenomenon, object or living entity can realize its purpose of life since the moment it was born or emerged until the time of death or disappearance, then that phenomenon, object or life is developed. Things that cannot complete their development cannot achieve the purpose of life. Although we are completely the same with nature, we are completely different. We, as humans, are going through a development process like other living things in nature. However, some of us cannot complete their development exactly because they cannot realize their potential. The situation is the same for countries. Why do people live? What are the purposes of life? Why do individuals and countries come to the world? Why would they give them a life-and-death battle to survive? What do they get from these wars? Will the things that are earned from the war satisfy them? Our answers to these questions tell us why we need development, or we really need development or not.

I also argue that to perceive a concept fully, it is necessary to understand the exact opposite meaning, which is “underdevelopment” in this context. Underdevelopment means deprivation of development, in short. Everything that prevents people from a respectable and happy life and living according to human dignity is a part of underdevelopment. The term “underdeveloped” was first used by President Truman in his inaugural address in 1949. He said that “We must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas” (Dichter, 2019). After the end of WW II, the almost entire world was devastated. As the war did not jump to the US, the infrastructure on the mainland US was not damaged. However, the physical infrastructure of the European states was almost completely damaged. The situation was no different in other regions of the war. In order to prevent the fall of some countries in the hands of communism and to reconstruct the entire world, especially the Western European states, the Bretton Woods Conference was held on July 1944, and the International Bank for Reconstruction and Development was established to rebuilt devastated areas by giving funds. Also, the International Monetary Fund was established to ensure the stability of the international monetary and financial system. (The IMF, n.d.) Many scholars and policymakers of that period began to produce theories for development.

The idea of a “civilizing mission” in developed countries has a very long history. The colonial states saw the responsibility of bringing civilization to the local people in their colonies and took various steps for this. The Western imperialist states wanted to teach the uncivilized indigenous people, who still wandered in the forest naked and used the barter method to buy something, modern dressing, urbanization, and exchange of goods with money. They saw it as “The White Man’s Burden.”<sup>6</sup> By the 1945s, this logic was still maintained by developed states. With the end of World War II,

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<sup>6</sup> “The White Man’s Burden: The United States and The Philippine Islands” is a poem written by Rudyard Kipling in 1899. In this poem, Kipling urged the U.S. to take up the “burden” of empire, as had Britain and other European nations. he racialized notion of the “White Man’s burden” became a euphemism for imperialism, and many anti-imperialists couched their opposition in reaction to the phrase. (Gray, 2014, p. 38)



decolonization movement gained momentum and both superpowers, namely the USSR and the United States, were trying to take the newly independent states into their own camps. To this end, the US and the Soviets tried to attract newly established states that were economically weak by giving them foreign aid. The capitalist world used the Bretton Woods institutions in order to bring the newly established states to their side without falling into the hands of communism, that is, the World Bank and the IMF. The national economies of the states were organized by these financial institutions to provide prosperity and development.

### **3.2. Development Economics**

After the War, countries entered a process of rapid recovery and reconstruction. During this process, they produced various development theories. Development economics is the first of these. According to Peet and Hatwick, development economics is a field in development literature that was founded in Britain after the Second World War (Peet & Hatwick, 2009d). Extensive efforts have been made among economists to eradicate poverty and underdevelopment caused by decolonization (Piasecki & Wolnicki, 2004). During 1950s, development economics was seen as the main way to make underdeveloped regions developed. According to Redhaki Desai, this Keynesian approach aimed to increase government spending as the private sector wanted to keep their capital for themselves and reluctant to make an investment in times of crisis. By using macroeconomic tools, the state aimed to raise public expenditure. The state was the main development agent and had a responsibility to create job opportunities and bring welfare like health, education, insurance, and public pension. Also, the state was assumed to be the owner of key industries (Desai, 2012).

Arthur Lewis was a Caribbean economist who was born in 1915 in St. Lucia and died in 1991. He was very prominent scholar of development economics. His paper 'Economic Development with Unlimited Supplies of Labour' (1952) is the key in this approach. Lewis argues that there is a dual economy model in underdeveloped regions which are agricultural and industrial economies (Lewis, 1954). According to Hayami

and Good, Lewis's work can be summarized as follows. The reason why excess labor is employed in rural communities of developing economies is the mutual aid and income distribution that is made between family, tribe or village members. Thus, marginal products which are produced by laborers are sold in the market in this way. However, the income obtained here is well below the official minimum wage. Laborers who earn lower income than the minimum wage by selling agricultural products they produce, should have a shift to the industrial sector in which is given the institutional minimum wage at least. Accordingly, the supply of labor for the industrial sector tends to increase to the point where all the surplus labor migrating from the agricultural sector ends. Until then, capital and profit continue to increase. When all the surplus labor in agriculture is absorbed by the industry, then the wage rates in the agricultural sector begin to rise depending on the marginal product curve. At this point, the escalation from the agricultural sector to the industrial sector begins to stop because workers can also earn enough money in the agricultural sector. Thus, the transition from traditional to modern economy is ensured. After this point, the dual economy is finished, and agriculture becomes part of the modern economy. There occurs an increase in the wage rate and per capita. In fact, the most fundamentally negative aspect of the traditional economy is that it is intertwined with poverty and surplus labor (Hayami & Godo, 2005)

Like Lewis, Paul Rosenstein-Rodan is one of the leading scholars of development economics. He was a Polish economist who lived between 1902 and 1985. He is the founder of "The Big-Push Theory". The industrialization of international depressed areas as such East and Southeast Europe is in the interest and benefit of the whole world. The income of the depressed areas needs to increase faster than the income of the prosperous areas. Only in this way the income gap between the different regions of the world may close. According to Rodan, 25% of the world's population was agrarian excess population, meaning the wasted labor. This waste can only be solved in two ways: either workers will be transported to industrialized areas or industrial zones will be installed in places where waste workers are too (Peet & Hatwick, 2009c). Small amounts of investments in the backward regions do not lead to development.

On the contrary, it causes the investment to be wasted. In order to realize the development, large amounts of investment should be made to these areas (Rosenstein-Rodan, 1943).

Like Lewis, Rodan is an advocate of balanced growth. They have linked the underdevelopment problem of poor countries to their own internal dynamics and argued that when some arrangements were made to improve the relations on the market axis, in other words, when the markets were intervened, these dynamics that prevent development could be neutralized (Solmaz, 2008). I argue that development economics led to the formation of modernization theory. Because, as can be seen in the following parts, the fact that modernization theory and development economics concentrate on state-centric and industrial development makes them close to each other.

### **3.3. Modernization Theory**

Modernization theory has a prominent place in development theories because during 1950s and 60s it was widely applied in many countries. This theory emerged primarily in the field of sociology and then spread to other fields such as economics. It generally provides a gradual transformation from undeveloped situation to developed situation. The fact that what is called as undeveloped and developed has been determined by some people, such as politicians. To give an example in detail, a very large part of the world had become underdeveloped after Truman's speech. In the modernization theory, undeveloped regions are expected to reach the level of development by following specific paths.

The main features of the modernization theory are summarized by Peet and Hartwick as follows: improvement of transport networks; expanding the area of communication and information media; the growth of integrated urban systems; the end of traditional ethnic distinctions; the emergence of money economy; development of education; participation in non-reactionary organizations and activities; act as a modernization

provider and create proximity to the urban core; and physical freedom of movement (Peet & Hatwick, 2009a).

Talcott Parsons, an American sociological theorist, contributed greatly to modernization theory. Placed in the structuralist-functionalist line, Parsons focused on how societies broke away from traditional forms and went towards the modern form and considered this to be a social evolution. Based on the theory of evolution in biology, he explored how societies evolved into social evolution and is adapting to new conditions. According to Parsons, societies can successfully adapt to significant changes in their environment. Their adaptation to long-term changes, particularly the French Revolution and the Industrial Revolution, is remarkable. The distinction between traditional and modern has been the cornerstone of modernization theory. The analytical categories, which are either traditional or simple, and the analytical categories, which are described as modern or complex, actually refer to Western or non-Western social, political and economic forms of organizations. For this reason, modernization theory is mostly criticized for being normative. Roughly, this theory has two waves (Grugel & Hammett, 2016).

The first wave of modernization theory is often seen as a synonym for Walt Whitman Rostow, who was an American economist and political theorist. He argues that the societies fall into five different categories economically: the traditional society, the preconditions of take-off, the take-off, the age of the mass consumption (Rostow, 1960).

### **3.3.1. Traditional Societies**

Production in traditional societies is limited and based on pre-Newtonian science and technology. Products that are traded and their quantities vary by year. Also, The type and quantity of agricultural production changes from year to year. The total population and the income of the people do not display a consistent change between the years. Technology is very limited. However, this does not mean that they are reluctant to invent things and create innovations. It only shows that they cannot systematically

perceive the physical environment in which they live. Most of the working force works in the food production sector. The society is based on hierarchical structure. Those who control the people enjoys land rents and get high living standards. Much of the income are spent on religious and other types of monuments, which people cannot physically benefit from. They also spend high amount of surplus for wedding or funeral ceremonies. The landowners hold the political power in their regions (Rostow, 1960).

### **3.3.2. The Preconditions for Take-Off**

The first nation in Europe that started the process of precondition for take-off was the Great Britain in the 17th cc. In the post-medieval period, the first initiatives for the preconditions for take-off in Western Europe began to emerge. There were two reasons for this: the accumulation in modern science and the establishment of a modern scientific mind; and the unification of the discovery of new land and the desire to create new technology. Thus, both European and overseas markets have been able to expand. This expansion was not only in terms of trade but also in terms of increased specialization in production, expansion of financial institutions, and increased demand of market enterprises to produce new products. However, the whole process was inherited from the old traditional social structure: a sort of reflection of the old dynastic race on colonization and trade in order to control European territory.

Some technical developments are needed for the preconditions for take-off. For a sustainable industrialization, radical change should take place in three non-industrial sectors. First, the social overhead capital (the SOC) needs to be built. The SOC is the social capital mainly owned by the government that is the basic facilities and services needed for the functioning of a community or society, such as transportation (roads), education and health (schools, public libraries, and hospitals), communications and utilities (telephones, water, electricity), etc. Second, the agricultural sector should be open to technological innovations. Because when preconditions for take-off takes place, it is expected that the general population will increase, and the urban population will rise disproportionately. Therefore, food will be needed to feed the growing

population. Increasing agricultural production is important in this respect. The third and final sector is to increase the import of general products thanks to the efficient production; imports of certain natural raw materials; and, if possible, increase capital stock.

In order to have these technical developments, the agricultural community in the traditional society should be willing to accept new techniques and be able to respond to expanding market opportunities. In addition, the national government shall prove freedom for industrial entrepreneurs to make them to enter the market. Most importantly, the national government should be able to provide a peaceful environment in which modernization activities will take place as well as to be willing and able to provide the SOC (Rostow, 1960).

### **3.3.3. The Take-Off**

The take-off period differs from the previous industrialization periods. The development in this process is self-sustaining; not vicious and inconclusive. From economic perspective, the take-off communities exhibit a rate of net investment of at least 10% annually. The number of entrepreneurs and technical staff should be increased. Capital resources should be institutionalized in a way that the economy might be suffer from a shock. i.e. not fully protecting economy from the shocks but institutionalize it with this condition. Investment resources should be rearranged, and growth should be resumed. From social perspective, the take-off period is perceived as a victory against those who wish to maintain traditional social, political and cultural relations. In this period, the phenomenon of nationalism has a facilitative role between the traditionalists and the moderns. Therefore, traditional groups are not completely destroyed by the moderns (Rostow, 1960).

### **3.3.4. The Drive to Maturity**

Industrial processes were diversified in the drive to maturity period. New sectors came to the fore and pushed the old sectors into the background. In the third quarter of the 19th century, coal, iron and heavy industries were in great demand. However, in the

drive to maturity period, sectors such as steel, shipping, chemical, electricity and modern machinery production began to gain importance and increased their share in the economy. Consequently, they accelerated the over-all growth.

Not only the technological developments but also the desire to provide income from the natural environment and government policies were effective in the formation of new emerging sectors. According to Rostow, the time of entering the drive for maturity period began in 1850 in Great Britain, in 1900 in United States; in 1910 in Germany and France; in 1930 in Sweden; in 1940 in Japan; and in 1950 in Russia and Canada.

As countries reached technological maturity, the quality structure of the workforce began to change. The number of populations working in agriculture and living in rural areas decreased. The population of semi-talented, white-collar and urban workers increased. This new class not only increased the productivity of the labor market, but also changed the consumption habits of industrial civilization.

The increase in per capita income may have been effective in this change. In addition, the new workforce which was composed of people being born in the city rather than migrated from the countryside, was fully aware of the political forces. They could force the government to provide them social and economic security. In addition, the leadership of the industry in the take-off process was not the same as the leadership in the era of drive to maturity. In the former, the industry was directed by men with more unpretentious ideas, and in the latter, it was ruled by men with very glorious visions (Rostow, 1960).

### **3.3.5. The Age of High Mass Consumption**

The leading sectors in the first half of the 20th century moved to the production of durable consumer products and services. As societies matured, two things occurred. The first thing, as the real income per capita increased, people had the freedom to consume in a way that exceeded their basic life needs, like basic food, shelter and clothing. Secondly, the structure of working has changed in various ways. For

example, the proportion of urban population in the whole population increased. In addition, the number of employees working in the offices or in factories as skilled labor raised. Moreover, this population was aware of the consumption benefits of a mature economy (Rostow, 1960).

Rostow, one of the first names that came to mind when it comes to the theory of modernization, claimed that all the countries in the world would pass through similar development paths and destroy hunger and poverty and reach the level of developed countries. However, the situation claimed by Rostow never materialized. The authors of the Dependency theory, which emerged in response to the modernization theory, frequently criticized Rostow and his theory in this respect.

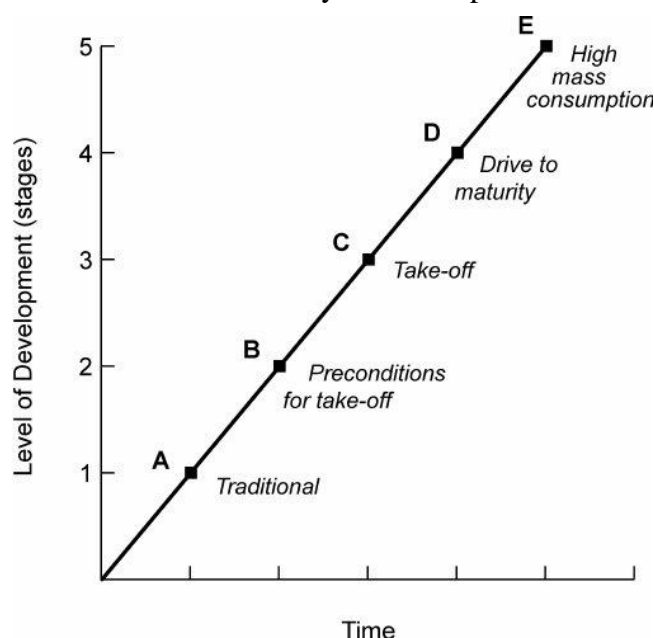


Figure 4 The stages of Rostow's Modernization Theory. (Geyer & Pickering, 2011).

According to Hout, Samuel Huntington is one of the theorists of second wave modernization theory. Hout made this distinction temporally. Huntington contributed more to the modernization theory in terms of political science (Hout, 2016). Huntington was an American political scientist who became quite famous with “Clash of Civilizations” written in 1996. However, his other book, Political Order in Changing Societies written in 1968, is an important work in that it brings a different perspective to modernization theory. In this second wave movement, which began in the second



half of the 1960s, Huntington made more political contributions. According to him, a government's main objective is to ensure political stability. The political gap between more developed countries and less developed countries can only be explained by the levels of political institutionalization, which is related to economic development. According to him, political violence and instability are caused by rapid social change and rapid mobilization of new groups. This situation, combined with the slow development of political institutions, instability becomes inevitable (Hout, 2016).

As can be seen, modernization theory is a theory that emerged in the field of sociology and expanded its fields of influence by spreading to the fields of economics, political science etc. Rostow's ideas have been criticized in many areas of the discipline of social sciences. For example, Paul Baran and Eric Hobsbawm criticize the modernization theory from political economy point of view. Their article "The Stages of Economic Growth" written in 1961 is an answer to W.W. Rostow's "The Stages of Economic Growth: Non-Communist Manifesto". In their article, Baran and Hobsbawm found the development stages of Rostow incomplete and criticized in various ways. Their first criticism was that all four other stages, which Rostow referred separately to as stage, could in fact be considered only "take-off". Other intermediary in the intermediate stages do not add anything new to take off for Baran and Hobsbawm. The second criticism is that Rostow's stages reduce economic growth to only one and single pattern. The idea that every country should and must go the same way regardless of its characteristic features is a very generalizing approach. Rostow's theory says that the same policy should be applied consistently from the Soviet Union to the United States; from Brazil to China. However, technical problems related to economic growth should be solved according to each country's own social and economic structure. Another criticism is that Rostow does not explain why countries should work so hard to reach take-offs. Why should traditional societies modernize? In addition, Rostow's theory does not give a detailed explanation as to why preconditions lead to maturity. For these reasons, Hobsbawm and Baran criticized Rostow's theory of stages of growth (Baran & Hobsbawm, 1961)

All in all, the modernization theory says that there are several fixed patterns for the way of modernization. Every country must apply them if they are in desire of being developed. Because of these arguments, the modernization theory became a supporter of “one-size-fits-all” policies. Consequently, it was criticized by some dependency theorist, i.e. Paul Baran. As will be analyzed later, the theory of modernization contradicts the basic principles of the social and solidarity economy.

### **3.4. Dependency Theory**

The dependency theory is a development theory that emerged as a criticism of the modernization theory. Raul Prebisch was one of preeminent theoreticians of what was later labeled as Dependency School of development. He was an Argentinian theoretician who was born in 1901. He worked as a professor, public servant and UN Officer during his lifespan, and died in Chile in 1986. According to his view, the world was divided into two categories, composed of namely center and periphery countries. The countries in the center benefitted from importing raw materials in very low prices from the periphery for their industrial advancement, and the countries in the periphery suffered from importing final products that were produced by the raw materials imported from periphery, in quite high prices. The prices of primary goods which are produced in periphery has tendency to decrease compared with the manufactured goods which are produced in central countries. Therefore, terms of trade for primary good exporters worsen by time. However, if import substitution policies are applied, this situation may be changed. (Prebisch, 1950)

The international division of labor was working against the peripheral countries. The money they paid to buy imported goods did not cover the money they earned from exports. This was the opposite for the central countries. They spent little money on the import of raw materials and generated more revenue than the final product exports. As a result, the income gap between the periphery and the central countries was widening. This was not limited to the income gap. Countries in the periphery could not invest in technology and other basic infrastructure facilities because they could not generate

income. Therefore, the amount of production and saving could not increase. This vicious circle could never be broken. (Prebisch, 1950)

According to Vincent Ferraro, Prebisch and his colleagues realized that economic growth in highly industrialized countries does not always contribute to growth in underdeveloped countries. Therefore, their works argued that the economic activities in developed countries had seriously detrimental effects on the economies of underdeveloped countries. Such a possibility was not previously foreseen by neoclassical economists before. Neoclassicals, by contrast, claimed that economic growth was beneficial to everyone, even though it was not always equally divided (Ferraro, 2008).

Prebisch's first argument on dependency is as follows: poor countries sell primary products to rich countries, i.e. raw materials. Then, rich countries process these raw materials with their advanced industries and turn them into usable products. Finally, they sell these products to the poor countries. Therefore, rich countries make a profit thanks to the difference between the price they buy the raw material and the price they sell the finished product. Nevertheless, poor countries cannot afford to pay for the price of imported final product imports with the money they earn from export of raw materials. The solution can be as follows: Poor countries will develop their own national industries following import substitution policies and thus will not have to buy products from rich countries. They can also sell their products in world markets (Ferraro, 2008).

However, it was difficult to follow the import substitute policy for three reasons. The first reason was that the poor countries' domestic markets were not wide enough and strong enough to keep prices low, as did rich countries. In this respect, they could not support the local economy of scale. The second reason was whether the political regimes in the poor countries would be able to carry out the transformation towards becoming the producer of products from being the primary product producer. The last reason was about the extent the poorest countries were really in control of the export

of their primary products. For these three reasons, the relationship between rich countries and poor countries has begun to be examined from different perspectives (Ferraro, 2008).

According to Ferraro, there are four main features of the Dependency School of Development. First, dependency suggests that states around the world are divided into two in the international system: dominant or centered states and dependent or periphery states. Dominant countries have advanced industrialization, and consequently being developed countries. However, dependent countries have lower GNP per capita and their economies are based on the export of raw material which is not diversified. These countries generally are located in Asia, Latin America and Africa. Second, external forces have a significant share in economic activities in dependent countries in all definitions. These external forces can be multinational corporations, international commodity markets, external assistants, or communication tools. Developed countries are able to maximize their economic interests through these instruments in other foreign countries. Third, dependency is dynamic by nature. In other words, since the relationship between the dominant and dependent states is dynamic, the situation of inequality becomes more intense and ossified in time. In addition, dependency has a long historical background. Their roots go back to the internationalization of capitalism (Ferraro, 2008).

Although Prebisch is regarded as the founder of dependency theory, many writers who see themselves as dependency theorists criticized Prebisch and contributed to the development of this theory. In the mid-1960s, dependency theory included several authors within itself: Andre Gunder Frank, Theotonio Dos Santos, Enrique Cardozo, Samir Amin, and so on. Thus, this theory gained a neo-Marxist perspective. According to Giovanni E. Reyes, this new attitude using a Keynesian economic approach has four basic features;

- To develop an important internal effective demand in terms of domestic markets;

- To recognize that the industrial sector is crucial to achieving better levels of national development, especially due to the fact that this sector, in comparison with the agricultural sector, can contribute more value-added to products;
- To increase worker's income as a means of generating more aggregate demand in national market conditions;
- To promote a more effective government role in order to reinforce national development conditions and to increase national standards of living. (Reyes, 2001, p. 5).

Andre Gunder Frank, who was one of the most well-known neo-Marxist dependency writers, was born in Berlin in 1929 (Chossudovsky, 2005). He was one of the leading theorists of Dependency Theory. His main argument is that Latin American countries are underdeveloped countries since the 16<sup>th</sup> century. Since then, they have been the satellites of the United States, the capitalist metropole country. The metropole countries deliberately exploit satellite countries and don't want to break the dependency relationship with them. Metropole countries keep the satellite underdeveloped to extract cheaper raw material and more human resources to make them work in their industrial areas. This relationship had been named as "colonialism" or "slavery" before. However, it was called as international trade, now. Even though post-colonial countries are currently independent, their economies are dependent on the metropole's economic decisions and preferences. Multinational companies (MNCs) of the center are always in search of cheap labor, broad market, and abundant and cheap raw materials by establishing their new factories in the periphery. Also, since the legal regulations and sanctions on working conditions in peripheral countries are more relax, MNCs continue to produce comfortably without the compulsory occupational health and safety measures. Also, this leads to a new type of colonialism, namely neo-colonialism. MNCs exploits periphery countries with neo-colonial ways of exploitation. As a result, contrary to the claim of modernization theory, satellite countries could not develop as they were in uneven relations with central countries; not because they could not break away from traditional methods. Foreign policies of metropole countries tend to be allied with international capitalist classes, which is

composed of the owners of MNCs. This international bourgeoisie makes alliance with dominant classes of satellite countries. Therefore, the dependency relationship has two levels; national and international. National dependent bourgeoisie don't want any national industrialization plan because otherwise their interests and the privileged positions in the society would be damaged. According to Frank, one-size-fits-all development policies cannot help satellites on the way to development because each country has their own social, political, and economic history. Therefore, development policies shall be in accordance with this uniqueness. There is no one and single way for development. He also argues that between the end of WW I and beginning of WW II, Latin America experiences very high level of industrialization in his history. As a case study, Frank focuses on the economy of Brazil and describes how its capital, Sao Paulo, became one of the largest and most developed industrial hubs in Latin America. Despite the rapid development of Brazil, Frank argues that Brazil will not break out of the cycle of underdevelopment due to its continued reliance on the more developed nations as a way to export its resources. (Rose, 2016).

Paul Baran is another neo-Marxist dependency theorist who was born in 1909 in the Russian Empire, present-day Ukraine. John Martinussen summarizes Baran's claims that the economies of the backward countries are in a dual structure. According to this claim, there is a large agricultural sector and a small industrial sector in underdeveloped economies. Although the agricultural sector is broad, the profit margin and the economic surplus are low. According to Baran, the most important obstacles to development are class relations and the use of the obtained economic surplus. A comprehensive state intervention is required to get rid of Dependency. Thus, the national industry will go back to the control of the nation, which will accelerate development by spreading to other sectors (Martinussen, 1997).

As a result, the dependency school says that every society should have a way of development based on its historical characteristics. The reason for the underdevelopment is the uneven relationship between the center and the periphery, which is in favor of the center.

### **3.5. Basic Needs Theory**

Basic needs theory was born in the middle of 1970s while ILO was organizing the World Employment Conference. According to the review of Employment Growth and Basic Needs: A One-World Problem written by James H. Cobbe, this approach is both very simple and clear. The main purpose of development plans should be to meet basic needs of the people. These basic needs can be listed as minimum level of food, shelter and clothing required for personal consumption; maximum access to basic community services such as water, sanitation, transport, health, education; and active participation of individuals in decision-making processes that affect them. This report also criticized past experiences at various points. For example, previous development policies did not contribute much to the realization of these objectives. In addition, poverty and inequality were somehow related to employment, and it was not enough to create only very good job opportunities. Finally, the basic needs of people could be achieved over the next few decades, but many laws had to be changed (Parsons, 1977). The Basic Needs Theory was shelved for a while due to the neoliberal policies implemented for the first time by the World Bank through “Berg Report” prepared for the development of Africa. Also, Debt Crisis in the 80s, the spread of neoliberal practices to the world through international financial institutions, and the Washington Consensus affected the implementation of the theory. I argue that the world conjuncture of that time was not in favor of the state taking an active role in development. Rather than an activist state, a passive state was more popular. However, the basic needs theory had an influential effect on the programs and policies of major multilateral and bilateral development agencies, and was the precursor to the human development approach (Ghai, 1999).

### **3.6. Neoliberalism**

Neoliberalism is closely related to the social and solidarity economy because of its consequences, which will be examined in detail in discussion section of the thesis. This new economic trend began to gradually find a place in world politics and economy since the 1970s. Neoliberalism emerged in response to the state-centric

development theories. According to John Harriss, two events in the history of international development took place during 1970s; the OPEC's decision of rising oil prices after Arab-Israeli War of 1973 and Volcker Shock of 1979. These two events led IMF and World Bank put a new approach to development. Firstly, after the end of Arab-Israeli War of 1973, OPEC countries decided to raise oil prices. Thanks to this decision, they had got plenty of dollars which later would be invested as a cheap credit for developing countries, especially in the Latin America. Secondly, Paul Volcker who was the chairman of US federal reserve took a decision to raise interest rate to solve the long-running problems of US economy. As a result of combination of these two events, many countries could not pay their credit debts because of high rates and there occurred a major debt crisis in Mexico in 1982 and 1984. As a result, the international financial institutions, namely IMF and World Bank, involved in the crisis and prepared new adjustment program for those countries. In the context of this reform program, indebted countries were required to cut public expenditures, liberalization of the market and privatization of state enterprises. The IFIs intended to reduce the role of state and consequently stabilization of national economy (Harriss, 2014). According to neoliberal theory, states have been undermining the contribution of individuals to economic development. The rules, regulations and taxes imposed by the state make it difficult for individuals to enter the market. Therefore, free trade, which is the basis for development, cannot be realized. Also, neoliberalism argues that foreign aid is not an effective way for underdeveloped countries to develop. The money given as foreign aid is used by the dictators and bureaucrats of the corrupt governments of the Third World for the continuation of the authoritarian regime and not for development. Development occurs when States remove the barriers to free market capitalism and provide the necessary internal environment for its development. This will be the capitalism itself, i.e. private enterprises. Free trade is the most basic way to ensure development. Thanks to the structural adjustment programs, the infrastructure investments required for development, which the cumbersome state bureaucracy cannot realize, will be made by the private sector. As a result, neoliberalism as a



development agent puts the state aside and attaches importance to the private sector (Thompson, 2015).

Based on the above-mentioned characteristics, it can be said that neoliberalism wants to manage markets on its own without state intervention. I argue that when we look at the social and solidarity economy, such a picture emerges: the social and solidarity economy is a concept that is not theorized by itself. When we combine this concept with various theories, it becomes meaningful. I argue that in neoliberal theory, as in countries like Canada and France, it is a means of reducing the negative effects of neoliberalism and providing the needs of the masses themselves. However, when we examine it with a more radical theory, the social and solidarity economy is an alternative to the current capitalist economy. Therefore, the relationship between social and solidarity economy and neoliberalism is very complex. This relationship varies according to theorizing.

### **3.6.1. Washington Consensus**

Washington Consensus is a part of neoliberal development theory, coined by economist John Williamson in 1989. It is a neoliberal development prescription recommended by international financial institutions to developing countries. This prescription envisions 10 reforms. These are;

- Fiscal discipline, to prevent the balance of payment crisis and high inflation.
- Reordering Public Expenditure Priorities, from non-merit subsidies to the neglected fields with high economic returns
- Tax reform, lower rate of tax extended to a broader base
- Liberalizing interest rates, interest rates determined by the market
- A Competitive Exchange Rate
- Trade liberalization, by elimination of restrictions and restrictions
- Liberalization of Inward Foreign Direct Investment, to ease FDIs
- Privatization, of state enterprises especially in railway, oil, and gas sectors

- Deregulation, to remove rules that will make it more difficult for a company to enter the market
- Property rights (Williamson, 2009, pp. 9–10)

Although the Washington Consensus in particular, neoliberalism in general, has been put forward to bring development to societies; they were criticized for its failure.

### **3.6.2. Post-Washington Consensus**

When the Washington Consensus proved to be failed, a new development approach called the Post-Washington Consensus was introduced by a group of scholars. Ziya Öniş and Fikret Şenses summarizes the basic tenets of PWC as follows: By the end of the 1990s the WC received serious criticism. In this process a new stream of thought was born: Post-Washington Consensus (PWC). In the early 1990s, some new concerns emerged in the World Bank against poverty and the governance of the Bank. Those affected by the successful developmentalist state understanding of Eastern Asia began to show their revisionist lines in their research and publications.<sup>7</sup> These studies emphasized the importance of institutions and the improvement of the state's performance as the main actor of market-centered reforms. The importance of improving institutions and state performance in the transformation of post-communist economies were seen as an important. In addition, the Bank began to realize that poverty cannot be eradicated by increasing growth and trickle-down policies.

The PWC approach is not a monolithic criticism that is created by a single person. Joseph Stiglitz outlined the PWC approach, but many more scholars and policy makers have made a conceptual contribution to this trend. Dani Rodrik, Paul Krugman, Stanley Fischer, William Easterly and Ravi Kanbur are some of those contributors.

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<sup>7</sup> For World Bank studies emphasizing the importance of good governance and the need for increased emphasis on poverty reduction, see World Bank (1990), 2000. For the influential report published by the World Bank on the 'Asian Miracle' stressing the role of the state and the importance of effective institution building in the development process, see World Bank (1993). On transition economies, see World Bank (1996), and on the state, see World Bank (1997) (Onis & Senses, 2005)

According to Öniş and Şenses, the PWC has some basic elements. The first is that the state has an important role in the development process. Orthodox neoliberals favor the expansion of the market by continuously reducing the state's economy. However, the PWC does not see the state as a substitute of the market, but rather two actors complement each other. Affected by the institutional and revisionist approach of eastern Asia in the period before the Asian crisis, the PWC stressed that the role of the state is very important in order to increase the market development. It emphasizes the regulation of the financial system, as well. According to the PWC supporters, the main reason for the crises is the unnecessary risks taken by undercapitalized banks. The financial system must be properly regulated in order to stimulate capital, to improve the confidence of customers in the banking system and to increase the amount of investment. At the same time, the state should support the education that is required to produce manpower. It needs to make the necessary infrastructure investments and transfer technology. Thus, for example, affordable transportation or agricultural efficiency would be increased. The state must also fight poverty and promote equality. East Asian countries have achieved overall growth by applying these policies according to the PWC supporters. Second element is that PWC sees institutions as important actors in the new development strategies. They believe that effective institutions bring a successful development. Another element is that the least developed countries may benefit from the aid flow and market access provided by the industrial countries. The final element is that the PWC emphasized the importance of a democratic regime in creating a transparent and responsible state. It used to be the aim of removing the economic decision-making process from politics. The examples in various parts of the world show that the neoliberal economy cannot be provided with the forms of provincial administration. As a result, corruption and management disruptions occur. It also causes human losses (Onis & Senses, 2005).

According to Joseph E. Stiglitz, the PWC has 6 points. The first one is that development strategies should not be created only by the contributions of Washington, but by of developing countries. The second point is that the one-size-fits-all principle has collapsed. Each country is different from each other in terms of needs, history,

expectations, etc. The development of Eastern Asian countries that do not practice the WC policies can be an example of that. The third point, economic science has not yet put forward a theory that is strong enough about what countries should do. Many agree that excessive protectionism can be harmful, but the opposite is that there is no clear evidence that over-liberal policies will lead to rapid economic growth. Another point is that, in contrast to what the WC has envisaged, successful development does not come by minimalizing the role of the state. Policymakers need to balance it. Because in every successful developed country, the state has a certain level of control over the market, such as regulating financial institutions. The other point is that both state and market institutions should be strengthened. And, at the end, development achievements of states cannot be measured only with GDP. There are other tools, such as social and environmental sustainability (Stiglitz, 2007).

### **3.7. Feminism**

I argue that the feminist movement is broadening perspectives by making significant contributions to both the development literature and the field of social and solidarity economy. According to Fernanda Wanderley, feminism criticizes social organization of care. Feeding, educating, nursing, parenting, supporting and protecting a human being can be among those caring activities. However, some people need more care because of their conditions, such as babies; teenagers; disabled, elderly or ill people. Feminism attacks patriarchy, liberal economic order, and central economy. Because according to them, patriarchy, free market, and planned economy decrease the value of care as a social right. Therefore, feminists want to establish a new economic system in which human is put at the center of political decision-making processes. Both in the market and the family, sexual division of labor systematize the power relations (Wanderley, 2017).

According to Wanderley, feminist thinking criticizes neoclassical economics in terms of several points. In neoclassical economics, there are both horizontal and vertical segregation; the former means the perception of that women can do certain jobs such as being a secretary or teacher, but not a civil engineer; the latter means that women

work at the lowest degree or level in her profession. Moreover, they are not paid equally when they do the same job with men. Women are discriminated in the hiring and training processes, and their salary levels compared by men. All these differences, however, are not related to the quality of production that women produce. Even though women can produce more qualified products or generate more sophisticated ideas than any man can do, women are still paid lower than men. (Wanderley, 2017) In family life, even though the woman somehow breaks the chain and starts to work, the problems don't disappear. Because the man does his part in household work, the women are forced to continue to be productive both inside and outside the house. (Wanderley, 2017)

According to Peet and Hartwick, there are three waves of feminism. The first wave occurred in the second half of 19<sup>th</sup> cc, focusing on contract rights and property rights of women. The second wave begun rising in the early 1960s and lasted until the end of 1980s. It mainly focused on criticism of capitalism and discriminatory attitudes towards women in their family. And the last wave rose during the 1990s in the framework of poststructuralism and postmodernism. They made new concepts enter into feminist field such as antiracism, womanism, postcolonial theory, ecofeminism etc. Based on the works of scholar like Rathgeber<sup>8</sup>, Young<sup>9</sup> and Visvanathan<sup>10</sup>, it can be said that there are five main forms of interaction between feminism and development. These are Women in Development (WID); Women and Development (WAD); Gender and Development (GAD); Women, Environment, and Development (WED); and Postmodernism and Development (PAD) (Peet & Hatwick, 2009b).

First of all, WAD can be associated with liberal feminism. In this approach, it was aimed that the woman would be more involved in the workforce and get a larger share from the income distribution. Thus, women would be involved in the development

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<sup>8</sup> Rathgeber, E. M. 1990. "WID, WAD, GAD: Trends in Research and Practice." *The Journal of Developing Areas* 24: 489–502.

<sup>9</sup> Young, K. 1993. *Planning Development with Women*. New York: St. Martin's Press.

<sup>10</sup> Visvanathan, N., L. Duggan, L. Nisonoff, and N. Wiegersma, eds., 1997. *The Women, Gender and Development Reader*. London: Zed Books.

process with all their strength. But this approach was criticized for creating a perception of 'poor women' about people in the Third World countries; and throwing the women into existing the power relations of the social order without eliminating sexist division of labor. *"In WAD, development was defined as a technical problem requiring sophisticated methodologies available only in the First World."* (Peet & Hatwick, 2009b, p. 258).

Secondly, WAD theory is a theory that takes its foundations from neo-Marxism and dependency theory but is not exactly the same as them. This theory examines the factors that led to the exploitation of women in the process of capitalist development. In this context, it establishes a relationship between capitalism and patriarchy. Women also works when they are involved in reproduction activities at home. The fact that they do not receive any salary from this activity does not mean that women do not work. They, moreover, played a major role in the occurrence of capitalist development, working both at home and outside the home. Nevertheless, this approach is criticized by some people for focusing on only capitalism; and ignoring other distinctions like age, class, race, etc. (Martines, 2012).

Thirdly, GAD approach originated in the mid70s in UK. This approach claims that, unlike WAD, women are divided into class, race and religious sect. It says that the gender-based division of labor must be eliminated in order to break the dependency between men and women. It is due to the sexual division of labor that the dependence between men and women cannot be broken. The GAD approach sees the state as an important agent for women's liberation. By distinguishing between capitalism, patriarchy and racism, it ensures that the state authorities produce the necessary policy according to it (Peet & Hatwick, 2009b).

According to Andrea Martines, there are two more feminist approaches than those mentioned above. The first one is the effectiveness approach that emerged in the 1980s. It argues that the actors who develop development strategies ignore the share of women in production and this in turn increases inequality between women and men.

By including women in the development process, more efficient and competitive sectors can be obtained. Because women are one of the most important elements of agricultural and industrial production. The second approach is the mainstream gender equality approach which is the latest approach in the field of feminist development. According to this approach that emerged in the second half of the 1990s; local, national and international women's movements aimed to ensure the social, political and economic integration of women. After this integration, the society was thought to be developed (Martines, 2012).

I argue that feminism has great importance in realizing development. In a society, women cannot attain more social, political and economic rights, and if gender equality cannot be achieved, the fair distribution of development gains to society cannot take place. In this respect, the social and solidarity economy is in close relationship with feminism. As will be further analyzed, active participation of women in all aspects of life and gender equality is one of the principles of the social and solidarity economy.

### **3.8. Human Development**

The human development approach was built by Mahbub-ul Haq on the Capability Approach. One of the most fundamental differences between economic growth and human development is that economic growth argues that only one thing, and that is income, must increase. Human development, however, argues that all choices must be expanded, whether economic, social, cultural or political. Economic growth is important in destroying the poverty in the poor societies. However, the quality of growth is as important as the quantity of growth. Human development questions the current structure of power. A comprehensive land reform, a progressive taxation system, the renewal of the credit system favoring poor people, the dissemination of basic social services to all deprived people, the elimination of obstacles entering to economic and political life, and the provision of interindividual equality on the road to opportunities increase the link between human preferences and economic growth. The characteristics of human development can be listed as follows. First, human development puts people in the center. Second, it is assumed that there are two sides

of human development. On the first side, there is the formation of human abilities, i.e. improved health, knowledge and skills. On the second side, there is the skills people have acquired for employment, productive activities, political relations or entertainment. The third aspect is that there is a careful distinction between the objectives and means of development, that is, the GDP is one of the instruments used to measure whether development is taking place, and the fact that it has risen may be a positive sign. Nevertheless, the only purpose of development is not to raise GDP. Fourth, development is not only attributed to economic factors but also political, cultural and social factors, as well. What makes human development new and interesting is the fact that it uses factors other than economics when doing analysis. The fifth feature is both the purpose and the means of human development. Therefore, development can only be realized by people and for people.(Haq, 1995)

There are four important components of human development. These are equity, sustainability, productivity and empowerment. According to the equity principle, if the purpose of development is to increase people's choices, then people should have equal opportunities. Equity, it must be understood as the ability to access the opportunities, not equal results obtained by people. In order to create equity in opportunity, things need to be changed in social, political and economic order. For example, the distribution of productive assets, the distribution of income, the credit system, the barriers that prevent participation of women and other disadvantaged minority groups actively in social political and economic spheres must be altered. According to the sustainability principle, future generations should be able to benefit from the opportunities as much as we can benefit now. Also, they should be able to enjoy equal well-being as much as we enjoy today. The sustainability of human opportunities holds a prominent place in human development. For future generations, every kind of capital must be sustainable; physical, human, financial and environmental. In other words, what needs to be maintained is the opportunity to build a habitable life, not humanitarian deprivations. According to the productivity principle, it is necessary to invest in people and to ensure that they realize their own potential at the highest level by providing the necessary macroeconomic environment for them. Lastly, according



to the empowerment principle, the idea of human development does not approach people in a fatherly manner, nor is it a work of philanthropy, nor does it involve welfare concepts. On the contrary, it aims to enable people to develop in order to improve their lives through their activities and processes. The worst policy for poor people is to make them donations and give them charity. The empowerment is a more inclusive definition, to open the way for people to make choices with their own free will. For this purpose, political democracy, economic liberalism, separation of powers, civil society needs. The aim of political democracy is to influence people's decisions that affect their lives. Economic liberalism prevents people from being exposed to excessive controls and regulations when entering the market. With the separation of powers, all elements of civil society can participate in decision making and implementation processes. (Haq, 1995)

In order to achieve human development, the health and education levels of individuals should be improved. Investments should be made in these areas. Thus, they are all provided to obtain equal market opportunities. In addition, individuals should be allowed access to credit and productive assets so that they can establish their own businesses so that they can play the game according to the rules. Finally, both men and women should be empowered to compete on equal terms. The desirable links can be established between human development and economic growth in four ways. Firstly, by increasing individuals' skills, health and education, their participation in the development process can be increased. Therefore, the benefits that individuals gain from this work also increase and they would have a profitable job opportunity. Secondly, a more equitable income and division of assets are required. Third, today there might be some countries that have advanced considerably in terms of human development without good growth or good distribution. The reason for this is that the social expenditures carried out by the government are in good order. Finally, empowering people, especially women, is a sound and reliable way of connecting human development and economic growth (Haq, 1995).

### **3.8.1. Capability Approach**

Amartya Sen, who is the architect of Capability Approach, describes development as expansion of real freedoms that people benefit. In fact, by saying expansion of freedoms, Amartya Sen means the final results and basic tools of development, namely “constitutive role” and “instrumental role” of freedom in development. If development is to be achieved, obstacles that hinder freedoms should be removed: “poverty as well as tyranny, poor economic opportunities as well as systematic social deprivation, neglect of public facilities as well as intolerance or overactivity of repressive states.”(Sen, 1999, p. 3) Capability approach puts freedom in the center because of two reasons. Firstly, whether progress has been achieved should be evaluated in terms of whether the freedoms that individuals have are improved. The effectiveness reason: achievement of development is thoroughly dependent on the free agency of people (Sen, 1999).

According to Sen, there are five sorts of freedom. Each of them aims to enhance overall capacity of a person. These are political freedoms, economic facilities, social opportunities, transparency guarantees and protective security. To be deprived of money greatly disrupts our lives. Because as long as we have income, we can take, do, or be. When we are deprived of any income, the problems that we associate with poverty emerge, such as starvation or famine (Sen, 1999).

Poverty means the deprivation of capability in its most basic sense. This approach points to deprivations which are very important in themselves. It contains more than just deprivation of income. Capability deprivation is affected by not only deprivation of income but also by other factors. Income is not the only way to achieve capability. Also, there is an instrumental relationship between having low income and having less capability. This relationship can vary from society to society, from family to family and even from individual to individual (Sen, 1999).

First, the age of the individual has an undeniable effect on the relationship between income and skill. Young or very elderly people may have different needs depending

on their age. Gender and social roles have an effect on this relationship. The special obligations of the mother and the family obligations determined by traditions affect the relationship between income and skill. The physical environment in which individuals live also affects the skills. For example, in suburbs where there is endemic drought or floods and where distrust and violence prevail, it is difficult to maintain life and develop skills. In addition, individuals cannot enhance their skills in accordance with their capacity in an environment where continuous epidemics are seen. Above all, the individual may not be able to develop his or her skills due to events that are not under her or his own control or can control very little. Therefore, it is necessary to carefully examine the link between income and skill acquisition. Secondly, when being completely devoid of income and using income to achieve a skill come together, then there occurs a more disadvantaged situation. Conditions such as age, disability and illness may prevent individuals from earning money. In such cases, people with income may also have difficulty in converting their income into skills. Old, disabled or ill people need to have more incomes than other people to adapt to normal life and develop their skills. For example, a child with a physical disability may not attend a lot of public school with which he can move comfortably with his wheelchair. For this reason, the family may choose to send their children to a private school so that the school-life of the child is not interrupted. Therefore, income levels of such families are expected to be high. A child of a low-income family may not get this chance. Thirdly, income inequality within a family may hinder the development of skills. For example, in many patriarchal families, boys are more preferred than girls. Even before they are born, families choose to have a baby boy after seeing the sex of the child in ultrasound. Generally, families that expects girl prefer to end the pregnancy. Apart from this, in such families, the family heritage is inherited to the boy. Also, the right to education is provided only to the boy, who is sent to better schools. However, the families do not put necessary value to their girls. They do not want to spend money for her education. In other words, approaching development with income-oriented approach does not explain the lack of skills as seen in this example. Lastly, there is relatively difference between the poor in a developed country and the poor in a less developed country. For

instance, the fee you have to pay for the same social work varies in Norway, in Greece and in India. In other words, you may pay different amount of money for accessing the same social services in these two countries. It obviously requires more income in high-income countries. The benefit of having prosperity is measured by the freedoms that it provides for us. But having wealth does not always bring freedom. In this respect, it is exclusive and not uniform (Sen, 1999).

The reason why I mentioned Amartya Sen in this part of the thesis is that the capability approach that he put forward contributes greatly to the understanding of human development in the future. In this respect, Amartya Sen is an important scholar.

### **3.9. Sustainable Development**

The United Nations Conference on the Human Environment, which is also known as the Stockholm Conference was the first major UN conference about development and environment. It was held in Stockholm, Sweden in 1972. The declaration of the conference, namely Declaration of the United Nations Conference on the Human Environment, was composed of twenty-six principles. All of which aimed to create a balance among people, state and environment.

After the Stockholm Conference, the document “Our Common Future” decided to be prepared by the World Commission on Environment and Development (WCED) in 1983. It was important in terms of defining the definition, objectives and scope of sustainable development. This report, published in 1987, is also named after Gro Harlem Brundtland, who chaired the commission: the Brundtland Report. In the report, a global road map has been drawn up to ensure sustainable development and the concept of sustainability has been presented to the discussion in a more in-depth international environment. The report described sustainable development as follows: “Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” (World Commission on Environment and Development, 1987, p. 43).

Also, the Report says that in essence, sustainable development is a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development; and institutional change are all in harmony and enhance both current and future potential to meet human needs and aspirations (World Commission on Environment and Development, 1987, p. 46)

This concept has two important points in itself. These are;

- the concept of 'needs', in particular the essential needs of the world's poor, to which overriding priority should be given; and
- the idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs.

(World Commission on Environment and Development, 1987, p. 43)

According to the Report, the objectives of economic and social development should be defined by whether or not countries pursue sustainable policies, regardless of economic management patterns or levels of development. Furthermore, according to the report, the main purpose of development should be the satisfaction of human needs and desires. Not only basic needs such as food, dressing, shelter, but also other needs that increase the quality of life should be met. While meeting these needs, new consumption habits should be developed within ecologically possible limits. Development should be understood not only as the growth of production, but also equal opportunities for all. Demographic characteristics are also effective in achieving sustainable development. Excessive population may lead to increased pressure on natural resources and an inability to allocate resources equally. Sustainable development can be achieved where the demography is harmonic with the ecosystem. Previous development methods have been built on excessive exploitation and pollution of the environment. However, sustainable development aims to ensure that the atmosphere, soil, water and any living being on Earth are not harmed and endangered. If a renewable ecosystem has been exploited in one way or another, it must be compensated as much as possible elsewhere. The non-renewable resources should not be consumed at a rate that the soil cannot renew itself. Likewise, non-renewable

resources such as petroleum and minerals should not be allowed to drain completely without finding a way to substitute it. Sustainable development aims to protect plants and animals in nature and to prevent their extinction. Finally, sustainable development says that the ecosystem is a whole and emphasizes that natural resources such as water and land are crucial to the overall integration of the ecosystem (World Commission on Environment and Development, 1987).

The conference, which was held in Rio, Brazil in 1992 under the name of the United Nations Conference on Environment and Development (UNCED), is another cornerstone of the evolution of sustainable development. The Rio Declaration on Environment and Development was accepted at the end of the conference. This conference is also known as The Earth Summit. It provided a comprehensive action plan to reduce the impact of human behavior on nature on a global, national and local scale. This declaration, also known as Agenda 21, emphasized the environmental damage caused by poverty and overconsumption caused by overpopulation. National and local governments were required to make policies and take economic decisions without ignoring the potential damage created by the people to the environment. This conference also dealt with the toxic wastes produced depending on the mode of production. It was decided to use alternative energy sources instead of fossil fuel usage which caused climate change. In order to reduce carbon dioxide emissions, the promotion of the use of public transport rather than the use of personal means was envisaged. There was also increased awareness of water scarcity, which was likely to occur soon. The Earth Summit has also been a focal point for all future UN conferences (The United Nations, 1997).

The Millennium Summit is another step towards achieving sustainable development. Many world leaders attended the Summit in September 2000 in New York. After the summit, a declaration called The Millennium Declaration was adopted by The General Assembly. According to the Declaration, in the 21st century there are six basic values that stand out in international relations: freedom, equality, solidarity, tolerance, respect for nature and shared responsibility. The points listed in Articles 19 and 20 of this

Declaration form the basis of the objectives that we will face in the future as the Millennium Development goals:

Article 19 –We resolve further:

- To halve, by the year 2015, the proportion of the world’s people whose income is less than one dollar a day and the proportion of people who suffer from hunger and, by the same date, to halve the proportion of people who are unable to reach or to afford safe drinking water.
- To ensure that, by the same date, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling and that girls and boys will have equal access to all levels of education.
- By the same date, to have reduced maternal mortality by three quarters, and under-five child mortality by two thirds, of their current rates.
- To have, by then, halted, and begun to reverse, the spread of HIV/AIDS, the scourge of malaria and other major diseases that afflict humanity.
- To provide special assistance to children orphaned by HIV/AIDS.
- By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers as proposed in the “Cities Without Slums” initiative.

20. We also resolve:

- To promote gender equality and the empowerment of women as effective ways to combat poverty, hunger and disease and to stimulate development that is truly sustainable.
- To develop and implement strategies that give young people everywhere a real chance to find decent and productive work.
- To encourage the pharmaceutical industry to make essential drugs more widely available and affordable by all who need them in developing countries.
- To develop strong partnerships with the private sector and with civil society organizations in pursuit of development and poverty eradication. (The United Nations, 2000, pp. 5–6)

Based on these points, the eight-point MDGs were introduced, which can be listed as;

- Goal 1: Eradicate extreme poverty and hunger: According to this goal, the number of people with income less than \$ 1.25 per day will be halved in 2015. Full and productive employment and a decent work environment will be provided, including women and young people. The number of people who suffer from hunger will be reduced by half until 2015. (The United Nations, n.d.-a)
- Goal 2: Achieve universal primary education: All children will be able to start and complete primary education until 2015, regardless of whether they are boys or girls. (The United Nations, n.d.-b)
- Goal 3: Promote gender equality and empower women: Gender discrimination will be eliminated in primary and secondary schools, preferably by 2005; and until 2015, it is aimed to achieve this at all educational levels. (The United Nations, n.d.-c)
- Goal 4: Reduce child mortality: The mortality rate under the age of 5 will be reduced by two thirds by 2015. (The United Nations, n.d.-d)
- Goal 5: Improve maternal health: Maternal mortality will be reduced by 75% until 2015 and Universal access to reproductive health will be provided until 2015. (The United Nations, n.d.-e)
- Goal 6: Combat HIV/AIDS, malaria and other diseases: The spread of HIV/AIDS will be stopped until 2015, and HIV/AIDS treatment for all those who need it until 2015 will be universally provided. Also, the spread of malaria and other notable diseases will be prevented by 2015. (The United Nations, n.d.-f)
- Goal 7: Ensure environmental sustainability: The principles of sustainable development will be included in the domestic policies and programs of the countries and the loss of natural resources will be stopped. Biodiversity will be protected, and the loss will be reduced until 2010. Until 2015, the population without sustainable access to sanitation and clean water will be halved.



Significant progress will be made in the lives of at least 100 million people living in slums until 2020. (The United Nations, n.d.-g)

- Goal 8: Develop a global partnership for development: A clear, rule-based, predictable and non-discriminatory structure will be created in trade and finance systems. Necessary measures will be taken for the special needs of the least developed countries; and landlock and small island developing countries. Debt problems of developing countries will be solved. For developing countries, in cooperation with pharmaceutical companies, necessary drugs will be provided at an affordable price. With the help of the private sector, new technologies, especially information and communication, will be made accessible for everyone. (The United Nations, n.d.-h)

In the World Summit on Sustainable Development, which was held in Johannesburg, South Africa in 2002, the governments reaffirmed their commitment to achieving sustainable development through the Johannesburg Declaration on Sustainable Development and the Plan of Implementation. Rio+20 is another major step towards sustainable development. The United Nations Conference on Sustainable Development, which is the official name of Rio+20, was held in Rio de Janeiro in 2012. With the document “The Future We Want” which was adopted after the conference, the objectives, put forward at the Millennium Summit in 2000 and intended to be realized by 2015, were renewed in accordance with the new needs of the day. The new objectives, called as The Sustainable Development Goals, were decided to be redesigned to be more comprehensive than before and to be realized until 2030. On 25 September 2013, a special meeting was held under the presidency of the UN General Council. At this meeting, the actions taken for MDGs were comprehensively evaluated and a report, titled as ‘A Life of Dignity for All’ written by UN Secretary-General Ban Ki-moon, was presented to the world leaders. Countries have renewed their previous commitments for the realization of the MDGs principles for the next 15 years. After a long design process, the United Nations General Council decided in January 2015 to re-determine the steps to be taken in the name of sustainable development in the post-2015 period. In September 2015, 2030 Agenda for

Sustainable Development was accepted at the UN Sustainable Development Summit. This document enlarged the number of development objectives to 17, which was envisaged as 8 in the MDGs, and also expanded their scope.; MDGs was renewed and expanded its scope as Sustainable Development Goals. There were 17 targets for SDGs and categorized under climate, gender, water and youth.

### **3.10. Post-development**

According to Aram Ziai, the idea of post-development was shaped by the work of scientists such as Gustavo Esteva, Wolfgang Sachs, Arturo Escobar and Majid Rahnema. Some of the writers of Post Development were influenced by social and local movements in the Global South. Escobar, for example, interacts with the Afro-Colombian Organization in Colombia; and Esteva interacts with Zapatista groups in Mexico (Ziai, 2012). Ziai argues that the main purpose of the Post Development writers is to show that the concept of development was presented to the peoples as an ideology with the beginning of the Cold War. According to them, the concept of underdevelopment was invented against the threat of communist USSR during that time. Thus, the Global South was promised some development commitments and the liberal economic system was spread to those countries in this way. With various investments, technology and expert transfers, countries in the Global South were expected to catch up with the Global North countries. However, according to Post Development, this is a very Euro-centric understanding. It is claimed that the Global South, which has a wide variety of cultures, has been forced to follow the steps of the industrialized capitalist Nordic countries, and that all non-Western things are viewed as backward (Ziai, 2012).

However, at the end of the 20th century, post-development authors, namely Wolfgang Sachs, claimed that the developmental era was over because of various reasons. The first reason was that, with the expand of ecological awareness, the Global North, which constantly polluted nature, could not be taken as a universal development model. The second reason was the belief that the old development mentality must be necessarily

changed because of the disappearing of the Soviet threat with the end of the cold war. The third reason was that the development gap between the rich and poor countries was much more widened during the period that various IGOs called ‘the lost decade’. The last reason was that people began to see development agendas as a secret recipe for Westernization (Ziai, 2012).

At such a time, the authors of post-development now claim that their time has come. The communities and social movements in the Global South were now looking for alternatives to development because it was clear that old practices did not bring development. They wanted to have a say in the state, market and science with radical democratic movements, solidarity practices and traditional information systems (Ziai, 2012).

Although some authors criticize the post-development authors for romanticizing local communities and cultural traditions; ignoring the positive aspects of modernity; and giving a recipe for how-to-live towards people living in the Global South; they continued to say that the long-standing development approach is very Eurocentric and that it brings a superior position to the developer party over the being-developed party (Ziai, 2012).

In the last two decades, there has been a literature that rejects the general meaning of development. The people who created this literature were those affected by Michel Foucault and post-structuralist thinking. According to the proponents of this idea, development was nothing but something that only profited those who realized it in practice. Post-development idea claims that the real purpose of development is to achieve modernization, and in doing so it expands the domains of Western states. While the Western states are trying to achieve development with their local national allies in the developing country, the main purpose is to increase their influence. After all, the current understanding of development tries to modernize the lifestyle of non-Western societies and sees this as their task. They want to reshape them by using their Western scheme. The first wave post-development scholars claim that the

development process has destroyed the diversity of local cultural, social, economic and political systems and has been changed to new systems imported from the West. This results in a homogeneous structure by eliminating diversity (Ahorro, 2008).

According to Escobar, the concept of underdevelopment, which Truman put forward in his inaugural speech, opened up a new era in international relations, especially in the economy. It was aimed to bring the underdeveloped regions of the world to the level of advanced societies. However, this discourse that the politicians of the 50s used, created a catastrophe for people in the underdeveloped areas. While being considered by Western values, many countries suddenly fell into a situation that was characterized as advanced unemployment, underdevelopment, poverty, unprecedented pressure and exploitation. Even though approaches such as ‘another development’ or ‘participatory development’ had emerged over time, they did not question whether there is a need for development. The need for development itself was never suspected. States, institutions and experts tried to bring prosperity to the peoples by constantly implementing repetitive development strategies. (Escobar, 1995). He also says that reality in sum had been colonized by the development discourse and those who were dissatisfied with this state of affairs had to struggle for bits and pieces of freedom within it ... (Escobar, 1995, p. 5).

Wolfgang Sachs is another prominent post-development scholar. He mainly focuses on Globalization and Sustainability, Environment and Development, New Models of Wealth (The Wuppertal Institute, n.d.). He says that today's development models are not just a socio-economic effort. These models are also a perception that shapes the reality. And perceptions are always doomed to appear and disappear. The reason for this is not whether the perceptions are correct or not, they are irrelevant to the circumstances, or they take the shapes of hope. However, the era of development pioneered by Truman is now over because the historical reasons for it have disappeared. First of all, the view that the US and other Western countries are the end point of the social evolutionary process, raised by Truman is ended. Because the industrialized Western countries have destroyed both the underground and

aboveground resources of the world that have been come into existence in millions of years. If consumption continues in this way, we will need five or six worlds to sustain our needs. For ecological reasons, being on the top step of the social evolutionary process is not something to be proud of. Secondly, the US was in the first place in the idea of development that Truman put forward. The rest of the world were expected to develop as US did. However, as the USSR became the first industrialized country outside the capitalist atmosphere and wanted to gain more impact in the Southern countries; US begun campaigning for spread the hostility towards communism in these areas and aimed to gain their loyalty. For the next 40 years, the world was the scene of the third world that was forced to be battleground of the two superpowers. Thirdly, development projects changed the face of the world in an unplanned way. Between 1960 and 1980, the income gap between Northern and Southern countries had increased rapidly. The reason for this was that the rich countries could develop faster by using the opportunities they already had. However, the poor countries were slowly taking steps. Finally, suspects about the fact that development was a misinterpreted attempt began to increase over time. People started to fear not to realize development but to realize it. Although catching-up policies were hailed as if it were a historical task, in fact these policies were secret Westernization projects. After all, diversity was lost. Architecture around the world has been simplified, clothing and everyday items become ordinary. Many languages have disappeared. The effects of traditions and customs became invisible. The dreams and desires of people have become odd. Market, state and science were the main elements of this universalization (Sachs, 2010).

James Ferguson is an important scholar working in the field of post-development. In his book *Antipolitics Machine*, Ferguson says that development is no longer a myth, taboo or threat. People have made the concept of development an obsession and addiction. And it also sees this concept as a tool for establishing control or domination. The people around us did not really desire to bring development, neither today nor in the past. We are now living in a capitalist world. Private companies say their profits are constantly falling. We're controlled by a small group of people, and they suck our

blood like vampires. “There is no alternative” is a false. Even now, we have thousands of alternatives, and they are increasing day by day. There is still a group of people in governments, non-governmental organizations, international organizations or academic circles and this group harasses social majority and the planet itself. However, new development alternatives are still emerging (Ferguson, 1994).

The writers of post development have taken a new approach to development literature by criticizing development itself and development discourse. As will be analyzed later in the thesis, the social and solidarity economy does not propose a growth-oriented system, unlike traditional theories of development. In this respect, I argue that they make a system critique from their own point of view, which makes it close to post-development.

### **3.11. Conclusion**

As a result, in this section, I examined the place of development theories in the literature after the Second World War. The Development theories that emerged just after the Second World War initially aimed at achieving economic growth by following policies at the macro level (development economics and modernization theory), but later this attitude was criticized. One-size-fits-all methods of modernization have been replaced by dependency theory, which asserts that the social history of each country is unique. This theory tried to provide the necessary progress for the development of society by using macro tools. Although the basic needs theory that emerged from the work of ILO in the 1970s was overshadowed by the subsequent neoliberalism, it provided a basis for the Capability Approach and Human Development ideas that emerged in the 1990s. Feminism was always in the development literature. This view, which continues to be effective through various transformations, is also effective in social economies. The idea of sustainable development is a paradigm that has begun to develop itself since the 1970s and is now highly branched out in development literature around the world. Post-development questions the whole idea of development. Based on the question of whether we really

have to develop, they not only criticize the concept of development itself, but also criticize development organizations.

## **CHAPTER 4**

### **DISCUSSION**

#### **4.1. Introduction to Discussion**

The main research question of this thesis is the following: is there any relation between the social and solidarity economy and the post-World War II development theories. In the previous chapters, I first gave a piece of detailed background information about the social and solidarity economy. Then I examined the evolution of development theories. The judgment I have come from all the sources I have read is that today, some theories are very close with the social and solidarity economy — for example, feminism and sustainable development. The primary characteristics of some theories give rise to the idea that the social and solidarity economy may have been influenced by it during the development process — for example, human development. But some theories have nothing to do with the social and solidarity economy.

I argue that the relationship between social and solidarity economy and development theories can be examined in three groups. The method used in the analysis when separating groups is how these development theories see development and what agent they see as the main actor in development. The theories in the first group are development economics, modernization theory, dependency school, and neoliberalism. These theories, by their very nature do not refer to concepts such as cooperatives, social economy, solidarity economy, or social and solidarity economy. They have their own other plans to end hunger and poverty. These plans do not include views on the social economy. The development agent for these theories is either the state or the market. They do not believe in the diversity of actors providing development. At the same time, the basic meaning of development for these theories



is different. What the social and solidarity economy wants to achieve through development is very different from what these theories want to achieve. Therefore, there is no conceptual relationship between them and the social and solidarity economy. They don't have interactions.

The theories of the second group indirectly contributed to the development of the social and solidarity economy. These theories are the basic needs approach, feminism, and post-development. Basic needs theory differs from the theories in the first group because it constitutes the cores of ideas that led to the paradigm of human development in the future. Feminism has influenced the development of the social and solidarity economy due to the value attributed to gender equality. Finally, the idea of post-development is related to the social and solidarity economy in terms of creating an alternative economy. The theories in the second group believe in the diversity of development actors, and in many ways, they aim at similar things to what the social and solidarity economy wants to achieve with development.

Sustainable development and human development which are in the third group are the main theories that have very close conceptual relationship with social and solidarity economy. I argue these theories have the highest degree of resemblance to the social and solidarity economy. The concept of social economy has changed in parallel with the changing development paradigms in the world. The social economy, which started with cooperativism in the 19<sup>th</sup> century, has gradually turned into a solidarity economy. The origins of the social economy in the context of the nineteenth century, of course, cannot be the two theories mentioned here, since these are theories that emerged a few decades ago. However, these theories were influenced by the conceptual innovations that caused the branching of the social economy. Especially the concept of social and solidarity economy is in close interaction with sustainable development and human development. Through various IGOs, NGOs and other social and solidarity economy actors, SSEs are getting closer to sustainable development and human development.

I argue that the theories in the second group, namely feminism, basic needs theory, and post-development, do not precisely match the characteristics of social and solidarity economy. There are similarities only at some points. The theories that are most similar to the features of the social and solidarity economy are the theories of sustainable development and human development. For this reason, my argument is that not the theories in the first and second group, but the theories in the third group are the conceptually close to the social and solidarity economy. The theories in the first group have nothing in common with the general principles of the social and solidarity economy. The theories in the second group are similar in several ways. However, similar theories of social and solidarity economy with the theories in the third group are very high.

After the Second World War, everything about the social economy was not completely erased. As a matter of fact, according to ICA, themselves were one of the only international organizations to survive both World War I and World War II (International Co-operative Alliances, n.d.). As can be seen from this, cooperatives have continued to exist in France, Italy, Germany, Japan and some other countries. There are several examples of this. First example is a bulletin titled as “Cooperative Associations in Europe and Their Possibilities for Post-War Reconstruction” was written by Florence E. Parker and Helen I. Cowan under the leadership of the United States Department of Labor in 1944. According to this bulletin, in 1937, there were a total of 800,000 cooperatives in 56 countries around the world and 145 million people were members of the cooperatives. The same bulletin writes that at international cooperative conferences, the speakers says that in the post-war period, a practical, effective and non-profit method should be followed to bring the materials of relief and rehabilitation not only to members but to the whole community. At the same time, cooperatives have a lot of potential value in eliminating post-war hostility among peoples from belligerent countries (Parker & Cowan, 1944).

Secondly, according to Richard McIntyre, after World War II, the concept of social economy became controversial. The Cooperative Act, adopted in France in 1947,

aimed to establish a comprehensive cooperative law after the war, but could not be maintained. Due to the spirit of the time, cooperatives did not find much space in the government in the clashes of economic policies between Gaullists, Catholics and Communists forces in the government. Approximately until the 1980s, when neoliberalism began to be implemented, nationalist economic policies were implemented. McIntyre also says that the social economy continued to exist in that period, but it did not come to the forefront in the context of bringing development (McIntyre, 2018).

Thirdly, The Japan Workers' Co-operative Union (JWCU) stated that their unions emerged from the cooperative movement that was established by the middle-aged and elderly people, who became unemployed after World War II, to create jobs for themselves (The Japan Workers' Co-operative Union, n.d.).

Last example is about housing cooperatives in Hungary after the Word War II. According to Cooperative Housing International which is a sub-unit of the ICA, the Hungarian state benefited from state-managed housing cooperatives when rebuilding the country after the war. Thus, it solved the problem of urgent housing need of the people by contributing less to the construction of the house from the state budget (Cooperative Housing International, n.d.)

Moreover, according to the tables given in the article "Cooperatives: The Italian Experience", written by Carlo Borzaga, Sara Depedri and Riccardo Bodini, a total of 137,885 people was employed in 10,782 cooperatives in Italy in 1951. In 1961, after 10 years, a total of 192,008 people was working in 12,229 cooperatives. In 1971, the total number of cooperatives decreased to 10,744, but the total number of people working in cooperatives increased by 207,477. Since 1981, there has been a high rate of regular increase (Borzaga, Depedri, & Bodini, 2010).

Table 1 Growth in Number and Employment Size of Co-operatives Compared to Other Enterprises, 1951-1971(Borzaga, Depedri, & Bodini, 2010)

	1951	1961	1971	1981	1991	2001
Nr. Coops	10,782	12,229	10,744	19,900	35,646	53,393
Employees coops	137,885	192,008	207,477	352,435	584,322	935,239
Total enterprises	1,504,027	1,938,724	2,236,044	2,847,313	3,301,551	4,319,198
Total employees	6,781,092	9,463,457	11,077,533	13,001,187	14,601,812	16,201,431
Coops/enterprises	0.7	0.6	0.5	0.7	1.1	1.2
Employees coop/ent.	2.0	2.0	1.9	2.8	4.0	5.8
Average empl.coops	12.8	15.7	19.3	18.2	16.4	17.5
Average empl.other	4.5	4.9	5.0	4.6	4.4	3.8

In other words, the increase in the number of social economy organizations is not significant in the process that is dominated by the Development Economics and Modernization Theory and Dependency Theory after the War. As Borzaga et al. stated, as a part of the social economy movement, cooperatives started to grow in a period of oil crisis, serious problems in the production sector, low GDP rates, high inflation and unemployment rates. When the post-war development theories and plans failed to provide the desired return, disadvantaged groups set up more cooperatives to gain jobs. Therefore, both the number of cooperatives established, and the number of their members have gradually increased (Borzaga et al., 2010).

In general, the place of cooperatives in the idea of development is also very important. As the idea of development evolved, it gained various characteristics. Evolution of development makes this notion more human-centred. It tries to strengthen individuals and encourages them to take their rights socially, politically and economically. As the idea of development has evolved, that is to say, the shift from growth-oriented to human-oriented, co-operatives with similar principles have naturally gained importance. For this reason, as Borzaga et al. stated, the number of cooperatives established gradually increased.

The main reason why all these examples and numbers are given is to show that after the World War II the social economy did not disappear completely but remained in small scale. The four examples show that even though cooperatives continue to exist as a social economy organization, they have not reached macroeconomic level like some development theories did, meaning that no state applied social economy as

development-provider. It has not been applied at national level. The numbers show us that there were much less co-operatives at that time than today. So, there was no excessive interest in the cooperatives after the war.

## **4.2. First Group**

### **4.2.1. Development Economics**

Development economics is an extensive literature. Development economics that is mentioned in this thesis is the development economics that arose on Keynes's critique of neoclassical economics in 1936. At the time of the end of the Second World War, Keynesian economic policies were dominant in the West (and therefore many other parts of the world). At the same time, the success of the USSR's central planning method encouraged developing countries to implement statist economic policies. From the late 1940s to the mid-1950s, the Growth Theory method in the development economics gained popularity because it allowed state intervention in the market. It is believed that only statist approaches could bring development. According to this theory, capital formation, which was seen as a product of investment and saving, had to be increased (Engel, 2010).

Since development economics claims that development will be achieved through state intervention in the market and statist economic policies, it contradicts to the basic principles of social and solidarity economy. First of all, as RIPESS argues, the Social Solidarity Economy is an alternative to capitalism and other authoritarian, state-dominated economic systems. (RIPESS, 2015, p. 2). For social economy, actors of development are diversified. In fact, the social economy itself has become widespread because the state cannot ensure development. Secondly, at the same time, social and solidarity economies are autonomous from the state (Utting et al., 2014). Additionally, the social and solidarity economy organizations have been established to meet the needs of the public that cannot be met by the state or the market economy (Pun et al., 2015) Finally, none of the authors of development economics have any indication in their works that cooperatives or other social economy actors can bring development.

For development economists, statist policies can only bring development. For all these reasons, we cannot find any resemblance between the social and solidarity economy and development economics.

#### **4.2.2. Modernization Theory**

After the end of World War II, the decolonization process gained momentum with the weakening of the powerful European states. Countries that achieved their independence by self-determination were economically in a difficult situation. The United States, which wanted to take these states into its domain without being under the influence of the Marxist Soviets, began to take special care of these countries. Various economic plans were made for this purpose. Modernization theory emerged at such a time. In this theory, it is claimed that societies should walk on the path from traditional structure to modernization. The point that every underdeveloped society will eventually reach is modern society. There is an evolving relationship between modern and traditional. These two are in a dichotomy. Third world countries, including Latin America, are seen as traditional societies. Values, structures and institutions belonging to traditional society are the cause of retardation and are the biggest obstacles to modernization. In order to be a part of the modern world, underdeveloped societies must undergo social, political and economic transformations and break their ties with traditional structures (Valenzuela & Valenzuela, 1978). The theory of modernization also has a top-down and state-centred structure. (Zambakari, 2018)

I argue that there is no conceptual closeness between modernization theory and the social and solidarity economy because of three reasons. The first reason is that the modernization theory generally proposes one-size-fits-all policies. However, the social and solidarity economy is a pluralist and opposes the one-size-fits-all approach (U.S. Solidarity Economy Network, n.d.). At the same time, the solidarity economies reject singular economic blueprint and advocate diversity (Hutchins, 2006). The second reason is that modernization theory has a state-centric and top-down nature. As mentioned before, the social and solidarity economy rejects the state-centric

understanding. At the same time, top-down public policies are not accepted by the social and solidarity economy (Matheï, 2014). The third reason, just as in development economics, theorists have given no role to cooperativism or other social economy organizations in modernization theory. These reasons show that there is not conceptual closeness between modernization theory and the social and solidarity economy.

#### **4.2.3. Dependency School**

From the 1960s onwards, the diffusionist strategies of modernization theory were used for the development of Third World countries. However, the situation did not improve in these countries; on the contrary, it got worse. At this point, the dependency theory emerged. According to this theory, it is not correct to divide countries into traditional and modern, to create a dualism and to see traditional structures as the flow of underdevelopment. What causes underdevelopment is the economic expansion policy of the capitalist countries. Countries in the world are divided into two as centre-periphery. The centre has developed capitalist countries, and the periphery has underdeveloped countries. Contrary to the assertion of modernization theory, underdevelopment is not a temporary stage on the way to modernization but rather a permanent situation. There is an unequal exchange in the world markets against the periphery. While the countries in the centre sell their products to the periphery at high prices, the periphery sells their products to the centre at very low prices. Furthermore, the relationship between the periphery and the centre is not only inequality between states. The same situation is observed within the country (Namkoong, 1999).

As can be seen, the dependency theory takes a macro approach by looking for the cause of underdevelopment in the unequal relationship between centre and periphery. However, the social and solidarity economy can operate on both macro and micro scale. Although dependency theory claims that there is no single way of development, the criticism here is actually directed to the stage model imposed by modernization theory. There is no such thing as diversity envisaged by the social and solidarity economy. In addition, as in the previous two theories, dependency theory did not

emphasize social economy organizations in order to meet the needs of the people. There is not any emphasis on the social economy in the works of the dependency theory scholars.

#### **4.2.4. Neoliberalism**

I argue that neoliberalism is a development theory in which the social and solidarity economy is perhaps the most contentious and critical. There are many criticisms of neoliberalism in the literature on social and solidarity economy. According to Öniş and Şenses, neoliberalism is a system that emerged in the late 1970s and rose rapidly until the early 1990s. It proposes that the state should not intervene in the market. Neoliberalism supports individualism, market liberalism, and outward orientation. The primary duty of the state is to ensure the rule of law and the application of legal rules, to maintain the macroeconomic balance and to prepare the physical infrastructure that the private sector can work with. State intervention is the main cause of weak economic growth. If the state does not intervene, the market will recover on its own. In order to achieve economic growth, the market must be freed from the influence of the state, i.e., large public enterprises should be eliminated, and the populist interventions of the state should be ended (Onis & Senses, 2005).

I argue that neoliberalism and the social and solidarity economy cannot be conceptually close to each other because many social and solidarity economy organizations already assign themselves an alternative mission to the neoliberal capitalist system. There is almost nothing they have in common. They contrast with each other as much as black and white. The first difference between the social and solidarity economy and neoliberalism is that the latter puts man at the center and the other puts the desire to make a profit. As mentioned in the previous parts of the thesis, the social and solidarity economy aims to meet the social and economic needs of its members and the general society rather than making a profit, which separates it from mainstream capitalist companies. However, in neoliberalism, the main objective is to increase the rate of continuous profit, which is not distributed to members or general



needs of the society, as in the case of cooperatives. It goes into the pocket of a small class.

The second difference is that the social and solidarity economy is environmentally sensitive and aims at the sustainable use of resources. However, it cannot be said that neoliberalism is environmentally sensitive. Many environmental degradations today are the result of neoliberal policies.

The third difference is that neoliberalism foresees the privatization of state-owned enterprises and creates cyclical crises. This causes people in the working sector to become unemployed from time to time. However, social and solidarity economy organizations aim to create employment by integrating the unemployed. For example, if we look at the example of Greece, it is remarkable that there is an increase in unemployment in Greece after the 2008 crisis. According to the research on the social and solidarity economy in Greece, Greece's challenging socioeconomic context has played a major role in the growth of the social and solidarity economy sector since 2010, including factors such as a high unemployment rate, a lack of job security in the private and public sector, reduced public sector spending, and the emergence of political movements linked with the social and solidarity economy (European Village & Social Enterprise UK, n.d., p. 17). The figure below also illustrates the years in which the social and solidarity economy organizations that participated in the research were established. As can be seen from this figure, the number of social and solidarity economy organizations opened in Greece after the 2008 crisis is quite high compared to previous years.

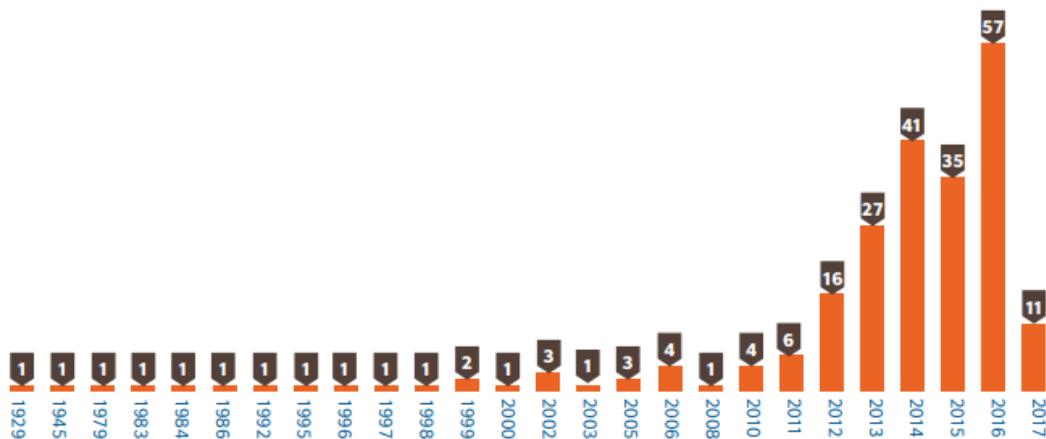


Figure 5 Starting Year of Corresponding Organizations (European Village & Social Enterprise UK, n.d.)

The fourth difference is that neoliberalism emphasizes that individuals need to make rational and self-interested economic decisions by as homo-economicus. However, the social and solidarity economy has more altruistic, social, and even ethical characteristics. It works for the needs of its members and the general public and not self-interested.

Finally, the social and solidarity economy organizations are not in competition but in cooperation and solidarity among themselves. However, there is fierce competition among the mainstream companies in the neoliberal capitalist market.

The examples can be further expanded, but the five points mentioned above adequately demonstrate how the social and solidarity economy differs from neoliberalism. As Moreno, Moreiras and Arco said, a challenge of such magnitude stretches beyond the SSE's own capacities: it implies a paradigm shift in relation to the neoliberal model. Putting people's and life's needs and desires first implies a profound shift in the existing mechanisms for the implementation and control of economic decisions (Moreno, Moreiras, & Arco, 2019).

### 4.3. Second Group

#### 4.3.1. Basic Needs Theory

Abraham Maslow's work in the 1940s is important for listing human needs. According to Maslow's pyramid, there are a total of 5 layers from the bottom to the top of the pyramid. In the two layers at the bottom, there are physiological and safety needs. The third layer is to love and belonging. And in the two layers at the top, there are esteem and self-actualization.

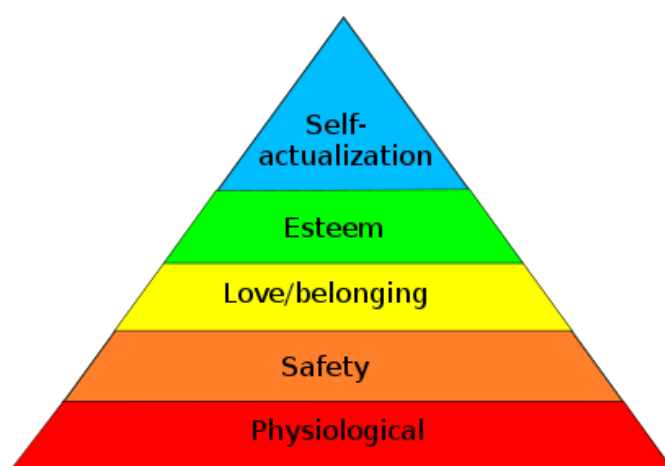


Figure 6 Maslow's Hierarchy of Needs (Heyman, n.d.)

Based on this scheme of Maslow, the concept of minimum needs emerged in India in the 1950s. In the 1970s, the ILO organized the World Employment Conference, and the concept of basic needs became widespread in the field of development studies. After the conference, it was revealed that basic needs had two basic elements. First, they include certain minimum requirements of a family for private consumption: adequate food, shelter and clothing, as well as certain household equipment and furniture. Second, they include essential services provided by and for the community at large, such as safe drinking water, sanitation, public transport, and health, education, and cultural facilities. A basic-needs-oriented policy implies the participation of the people in making the decisions which affect them through organisations of their own choice. In all countries freely chosen employment enters into a basic-needs policy both

as a means and as an end. Employment yields an output. It provides an income to the employed, and gives the individual a feeling of self-respect, dignity and of being a worthy member of society. It is important to recognise that the concept of basic needs is a country-specific and dynamic concept. The concept of basic needs should be placed within a context of a nation's over-all economic and social development. In no circumstances should it be taken to mean merely the minimum necessary for subsistence; it should be placed within a context of national independence, the dignity of individual and peoples and their freedom to chart their destiny without hindrance (Overseas Development Institute, 1978).

The basic needs approach is important in terms of laying the groundwork for the human development paradigm in the future. It has expanded this area by introducing topics not mentioned before into the development literature. Its relationship with the social and solidarity economy emerges from this point. The basic needs theory does not see people only as individuals born to work and produce something. As mentioned above, people should have self-respect and dignity. So, they can be a worthy member of society. Social and solidarity economy likewise sees human being as worthy.

#### **4.3.2. Feminism**

Feminism is a movement that emerged in the 19th century. It contains many different ideas. In this respect, it has many sub-branches, such as radical, liberal, socialist, and so on. But what is common to all feminist movements is to bring women's place in social life to an equal position. There are demands to prevent the exclusion of women from social life, to ensure equal pay for work, and to ensure the free exercise of social political and economic rights. The social and solidarity economy and feminism have a great deal to do. The reason for examining feminism in the second group is that the social and solidarity economy organizations have not yet been able to incorporate all feminist values. Already at the 5<sup>th</sup> International Meeting of Social and Solidarity Economy in Manila, this was admitted. It is going to be analysed this with three points.

First, according to a webinar report created by RIPESS, the social and solidarity economy, and the feminist economy agree on certain issues. They both work for the sustainable development of society with their historical stance against capitalism. They also share the aim of a political and theoretical transformation that will affect all areas of society. Justice, cooperation, reciprocity, joint support for others, and environmental awareness are common in both. However, the social and solidarity economy cannot, after some points, fully support the feminism's vision of changing the heteropatriarchal society. In this respect, the social and solidarity economy still has many ways to go (RIPESS, n.d.).

Secondly, there are five key statements in the declaration of the 5th International Meeting of Social and Solidarity Economy, held by RIPESS in Manila in 2013. These can be listed as follows: 1. Women are still invisible, although they are superior in number in social and solidarity economy organizations. 2. Women's rights must be protected at all levels. These rights include reproductive rights. 3. Social and solidarity organizations must necessarily have a gender perspective. It should be recognized that women have multiple identities, realities, and power relations. 4. All changes require women's involvement and empowerment. 5. Social and solidarity economy organizations can only be successful if gender transformation occurs (RIPESS, 2013). I argue that these key statements emphasize the lack of gender in the social and solidarity economy.

Thirdly, according to the report prepared by European Women's Lobby, stereotyping of women in social enterprises is still continuing. In these enterprises, women are portrayed as people who do different jobs in different organizations but still work at low levels. (Shrair, 2015). Moreover, women are portrayed as not motivated by pecuniary reasons but more by a desire to act as what can only be described as mothers of the community: women are there to help, to build, for others but never for themselves, and are seldom valued or rewarded for their work (Humbert, 2012, p. 10). At the same time, Estrin, Vujić, and Stephan reported that 23 percent of women

working in social enterprises in the UK receive lower wages than men. That is, women pay themselves 23 percent fewer wages. (Estrin, Stephan, & Vujić, 2014).

I argue that the social and solidarity economy and feminism have a lot in common. However, social and solidarity economy organizations have not yet been able to internalize all the features of the feminist movement. There is still a lack of gender in various aspects. Therefore, I argue that there are only few points that make the social and solidarity economy and feminism close. Although they have similar points, they are not exactly the same.

#### **4.3.3. Post-Development**

Post-development is a concept that entered the development literature in the late 80s. As Jon Harald Sande Lie states, post-development theory, which criticizes institutional development from a post-structuralist point of view, uses Foucault's method of discourse analysis. According to this theory, development is an important discourse of power. This discourse obscures the alternative solutions. In the relationship between North and South, the South is defined in relation to the North. It is subjected to the process of normalization and discipline with developmental apparatuses (Lie, 2008).

According to Caroline Kippler, there are three main features of the post-development approach. First, the concept of development is Eurocentric construct. In this construction, the rest of the developed world is expressed as backward. Secondly, there is a technocratic aspect of what is authoritarian of the traditional concept of development used by the West. Some kind of development experts have formed about what development is and how to achieve it. These experts are in a more powerful position than those who are retarded because they have decision-making power. Finally, what the West regards as progress is something that imposes its own truth on the global south by suppressing local cultures and interests (Kippler, 2010).

In their book, J. K. Gibson-Graham<sup>11</sup> stated that post-development is not anti-development. According to them, post-development is not to give up completely, but rather to interpret development differently. It is an attempt to build a new world with new and experimental discourses and practices. Taking into account the practice of social and solidarity economy experienced in Quebec, it will be seen how this economy is an important part of the Quebec economy and a tool that stimulates development. The post-development path followed in Quebec has been an example of alternative economic development (Gibson-Graham, 2010).

I argue that similar aspects of post-development and the social and solidarity economy are that both refuse to be Eurocentric, aim to interpret development differently, and oppose only state-led development. However, there is a point that make them separate. According to Escobar, the institutionalization of development took place at all levels, from the international organizations and national planning agencies in the Third World to local development agencies, community development committees, private voluntary agencies, an nongovernmental organizations which constitute an apparatus that organizes the production of forms of knowledge and the deployment of form of power (Escobar, 1995). However, the social and solidarity economy is not so pessimistic against IGOs and NGOs because they receive much support from IGO and NGOs for the development of its organizations.

In conclusion, the reason for examining post-development in the second group is that although they have similar aspects with the social and solidarity economy, they think differently at some points.

#### **4.4. Third Group**

I argue that the greatest similarity between development theories and social economy is with sustainable development and human development. Human development theory,

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<sup>11</sup> J.K. Gibson-Graham is a pen name shared by feminist economic geographers Katherine Gibson and the late Julie Graham (Professor of Geography, University of Massachusetts Amherst) (The Next System Project, n.d.).

which started to occupy an important place in development literature with the first Human Development Report prepared in 1990, developed the ground for the creation of millennium development goals in the future. After 15 years of implementation, in 2015, the name of MDG was changed, and the scope was expanded to become Sustainable Development Goals. Similarly, sustainable development, which was founded by the Stockholm conference, expanded the scope of this literature by including environmental objectives and results in the development literature. The primary characteristics of human development, SDG, and sustainable development are very similar to the values of the social and solidarity economy. I argue that in the last few decades, human development and sustainable development approach has a significant impact on the social and solidarity economy by combining the concepts of social economy and solidarity economy, and the expansion and strengthening of this economy in the literature.

#### **4.4.1. Human Development**

As a result of my analysis, I argue that human development and sustainable development are the closest approaches to the social and solidarity economy. These two theories are not mutually exclusive.

There are several reasons for that. First, both overlap significantly in their principles. The fundamental values of both are almost the same. Secondly, they impose the same mission on the plurality of actors while providing the wellbeing of the people. The role of plural actors in this process is similar both in human development and in the social and solidarity economy. Now, it is going to be examined in detail.

Keith Griffin and Terry McKinley listed the basic features of this paradigm in their book on human development. In their view, the first feature of human development is the ultimate goal and the best means of economic development. Human development, which is both instrumental and purposeful, enables the enrichment of human life. It is vital to put people at the centre when developing development policies. Since the wellbeing of people depends on multidimensional reasons, the aim of development



should be multidimensional, not merely an increase in statistical data, like GDP (Griffin & McKinley, 1994). The social and solidarity economy overlaps human development with these two characteristics as it puts human at the centre and also has a multidimensional feature. As Sahakian states, the social and solidarity economy puts people at the centre of social and economic life (Sahakian, 2016). Making a profit is not a primary priority. Of course, social and solidarity economy organizations need to be economically sustainable, but the main objective is not to maximize profits.

According to Griffin and McKinley, the second feature of human development is that the economic benefits received by people can be understood as flows originating from the stock of capital. The stock of capital, in turn, can be divided into three components: (i) the stock of natural capital, (ii) the stock of manmade physical capital and (iii) the stock of human capital (Griffin & McKinley, 1994, p. 2). The stock of natural capital consists of natural resources around the world. These sources can be listed as atmospheres, oceans, soil, underground minerals, fauna, flora and freshwater resources. The stock of physical capital is the equipment needed to produce a product, for example, plots and equipment used in agriculture, industry and service sectors and infrastructure possibilities. The stock of human capital consists of people's knowledge, talent, experience, energy and creativity. The ways to have human capital are training, apprenticeship programs, learning by doing, informal contacts by word, newspapers, radio and the information media generally, pure and applied research and private study and reflection. At this point, human development attaches importance to the integration between these capitals. All of these capitals are essential. However, the development of human capital is emphasized more in human development. Similarly, the social and solidarity economy emphasizes the importance of human capital. According to Peter Utting, the benefits of the social and solidarity economy are related to human capital formation. Social and solidarity economies play a significant role in the development of human capital as they offer education and training (Utting, 2016). In addition, social and solidarity economies provide a number of priority needs in the field of health and influence the quality of human capital (Scientific Committee Mont-Blanc Meetings Forum 2015, 2016).

Besides, the social and solidarity economy supports four pillars of human development, which are equity, sustainability, productivity and empowerment. Equity, the first pillar, means equal opportunities for all. It is called equity for everyone to have equal opportunities regardless of gender, race, income, etc. Some organizations within the social and solidarity economy, for example, cooperatives and mutuals, are often established by people who are pushed into a disadvantaged position by society for various reasons. According to KEİG, for instance, women cooperatives are established to reduce women's poverty, increase women's employment, involve women who are difficult to reach by public or civil society policy for various reasons, and develop an alternative development model based on women's actors (Kadın Emeği ve İstihdamı Girişimi, 2015). It is also emphasized in ILO's definition of social and solidarity economy that these organizations are managed with basic needs, inclusion, equity, and sustainability values (ILO, n.d.-a). Therefore, it is clear that the concept of social and solidarity economy affirms the principle of equity, which is regarded as the first pillar of human development. Sustainability, the second pillar, means sustaining the existing advantages. The goal of "providing today's needs without using the resources of future generations" in the human development approach stems from this pillar. Sustainable use of environmental, financial, and human resources is also taken into consideration in the future. The social and solidarity economy both aims to make their organizations economically sustainable and intends to use resources in a sustainable manner (Galera & Salvatori, 2015). Productivity is the third pillar. According to this pillar, productivity can be achieved as human capacities are improved. As mentioned earlier, the social and solidarity economy finds it important to develop human capital. For example, the aim of Mondragon University, founded by Mondragon CC, is to develop human capabilities. Otherwise, it would not be a university. The last pillar is empowerment. These pillars express the power of human choice. With the power to make choices, individuals both become liberated and develop their capabilities as they wish. Empowerment also means strengthening disadvantaged segments of society. The social and solidarity economy was also established mainly to meet the needs of disadvantaged groups whose social and

economic needs could not be provided by the state or the market. These disadvantaged groups can be unemployed, women, the elderly, immigrants, etc. For example, the empowerment and the social and solidarity economy cannot be separated from each other because a group of people who have established a cooperative and provided them with jobs has empowered themselves economically.

Another point that brings social and solidarity economy and human development closer to each other is the plurality of actors in the development process. Both in the social and solidarity economy and in human development theory, the state has a certain role in the development process. It is not foreseen that all development will be carried out by a single actor alone. According to Griffin and McKinley, the institution so-called state has a leading role in the development process. In order for human development to take place, the appropriate environment must be prepared by the state (Griffin & McKinley, 1994). But the state does not exclude other actors. For example, in the first Human Development Report published in 1990, it is stated that a participatory approach including the involvement of NGOs is crucial to any strategy for successful human development. It should provide an enabling policy environment for efficient production and equitable distribution. There is a growing consensus that the state must be strong and effective in creating an enabling framework for people to make their full contribution to development- to expand their capabilities and to put them to use - but that it should not undertake developmental functions that NGOs, entrepreneurs and people at large can carry out better (United Nations Development Programme, 1990). As can be seen here, the state is a kind of facilitator in the human development approach. It provides the necessary environment for development to be realized.

The state is given a restricted responsibility. The social and solidarity economy takes a similar attitude. According to Nancy Neamtan, the social economy is a movement of strategy and of action, aimed and deployed into the heart of a mixed economy that combines the activities of the market, the State and civil society (Neamtan, 2002). Similarly, The UN Inter-Agency Task Force on Social and Solidarity Economy states

that social and solidarity economy organizations and state institutions should establish partnerships. According to it, the social and solidarity economy organizations and other community structures and civil society networks work with state institutions to implement programmes and mobilize resources for development. Under such partnerships, private enterprises can play a supportive role but do not lead the partnership initiative (The UN Inter-Agency Task Force on Social and Solidarity Economy, n.d.). As a result, in human development, the state is obliged to prepare the environment necessary for development. Similarly, in the social and solidarity economy, the state has a supporting and facilitating role in preparing the necessary legal framework in which the organizations can work. In both ideas, it is emphasized that development can be realized by more than one actor, not by one actor.

In conclusion, I argue that there are two main reasons why human development theory is one of the closest approaches the social and solidarity economy. The first is the overlap of common principles. The second is the importance that the actors attach to. The concept of social and solidarity economy fulfils all the requirements of the human development approach today. It is a kind of tool for human development. I argue that if human development did not lie at the root of the social and solidarity economy, such similarity could not emerge.

#### **4.4.2. Sustainable Development**

Sustainable development is, as defined in Brundtland Report, to ensure the needs of the present without compromising the ability of future generations to meet their own needs (World Commission on Environment and Development, 1987, p. 16). The idea of sustainable development, which has been in evolution since the 1970s, was shaped in the Rio Conference in 1992. Sustainable development, which is now almost united with the human development paradigm, is a widely used concept in development literature around the world. I argue that sustainable development is another closest approach to the social and solidarity economy, along with human development, for two reasons. The first reason is that all aspects of sustainable development are in line

with the objectives of the social and solidarity economy. The second reason is the importance given to the pluralism of development actors in both. These two reasons, which are mentioned with the same reasons in human development, make sustainable development conceptually closest to the social and solidarity economy.

As Sonia Boushaba and Taoufik Dagabri have said, the social and solidarity economy and sustainable development have some in common. The economic understanding of both involves social and environmental concerns. The dynamics that favour the social and solidarity economy and sustainable development all meet the aspiration of the population for ethical practices like, among other things, produce and consume differently, take in to account the needs including the social and ecological emergencies, bring man again at the centre of preoccupation (Dagabri & Boushaba, 2018).

According to Isidor Wallimann, industrialization, and lifestyle in today's world are not sustainable for future generations. The size of the resources used is huge, and its impact on the world population is enormous. One day, as people try to maintain this lifestyle, industrial processes will see the depletion of physical and environmental resources. That day industrial production will be down. For all these reasons, it is necessary to establish a more sustainable, predominantly regional, labour-intensive socio-ecological system. And the social and solidarity economy can serve these goals. For example, this economy places more emphasis on the quality of growth than on quantity. It does not pay attention to the growth-oriented industrialization of multinational companies. In addition, the social and solidarity economy is a labour-intensive system and seeks to free both individuals and societies from privately owned capital. What's more, this economy is more valuable to people than to find their deficits. Thus, people deemed inadequate by the traditional labour market are also included in life. Rather than separating societies, they try to bring together the common use of resources. Finally, the social and solidarity economy seeks not to achieve success in the short term, but to secure a constantly growing number of people in the long term. Social and solidarity economy is a social and ecologically sustainable

approach to solve today's problems and to reshape society with all these features (Wallimann, 2014).

According to the UN Inter-Agency Task Force on Social and Solidarity Economy (the TFSSE), the social and solidarity economy is a unifying approach to ensure sustainable development. The role of social and solidarity economy in 8 thematic areas determined by the TFSSE is important for achieving sustainable development. These fields are the transition from informal economy to decent work, greening the economy and society, local economic development, sustainable cities and human settlements, women's well-being and empowerment, food security and smallholder empowerment, universal health coverage, and transformative finance (The UN Inter-Agency Task Force on Social and Solidarity Economy, 2014).

Another reason why sustainable development is one of the closest approaches to the social and solidarity economy is that both share the idea of the plurality of actors in development. Although the state is given a more active role in sustainable development, what is fundamental is cooperation and partnership among all actors involved in development. The same thing exists in the social and solidarity economy. It is foreseen that development cannot be achieved with a single actor. For example, the state is expected to determine the legal framework of social and solidarity economy organizations and create the appropriate environment for them. Similarly, IGO and NGOs cooperate in financing social and solidarity organizations. Civil society plays an important role both in sustainable development and in the social and solidarity economy. The task of achieving development in both views is not just over the state or the private sector. Particularly in the theories mentioned in the first group, development is foreseen by either the state or the market economy.

#### **4.5. Conclusion**

As a result, although the state is given a key role in sustainable development, this understanding of development continues to emphasize the importance of other actors, such as citizens and stakeholders. This shows the importance of the plurality of actors

in sustainable development. Moreover, I argue that if the sustainable development and social and solidarity economy were not so similar due to their characteristics, this phenomenon would not take place widely in the literature. Considering the above characteristics, we see that almost all aspects of the social and solidarity economy are the same as those of sustainable development. In addition, the sustainable development goals that are examined within the human development approach, can be cited as evidence that sustainable development is the conceptual basis of social and solidarity economy.

The ideas of sustainable development and human development are conceptually closest approaches to the social and solidarity economy because of the reasons explained above.

## **CHAPTER 5**

### **CONCLUSION**

#### **5.1. Summary**

Solidarity is an ancient concept. People have been in solidarity among themselves for various reasons ever since they were hunting and gathering. Founded with the first modern cooperatives that emerged in the 19th century, the social economy aims to meet the social needs of its members and the general society. Social economy, which gained different meanings in time, gave birth to another concept called the solidarity economy. When we came to the 2000s, an umbrella concept called social and solidarity was derived. As RIPESS defines, the social solidarity economy is an alternative to capitalism and other authoritarian, state- dominated economic systems. In SSE, ordinary people play an active role in shaping all of the dimensions of human life: economic, social, cultural, political, and environmental. SSE exists in all sectors of the economy production, finance, distribution, exchange, consumption and governance. It also aims to transform the social and economic system that includes public, private and third sectors. SSE is not only about the poor, but strives to overcome inequalities, which includes all classes of society (RIPESS, 2015, p. 2). Social and solidarity economy is a system that can perform economic activities in all areas of life and aims to reshape life not only in one aspect but in all aspects.

Before starting this thesis, the question in my mind was what the relationship between the social and solidarity economy and the development theories that emerged after World War II is; and which development theory lies in its conceptual origin. As a result of my document research, I discovered that some of the post-war theories have nothing to do with the social and solidarity economy. Development economics, modernization theory, and dependency theory followed more macroeconomic policies to ensure



development as theories that emerged immediately after the war. None of them set a task for social economy organizations to ensure development, to eliminate unemployment and to prevent hunger, or rather to meet the needs of the people. Neoliberalism, which emerged in the late 1970s, is almost entirely opposite to the social and solidarity economy. In fact, as given above in the definition of RIPESS, the social and solidarity economy sometimes places the mission of being an alternative to capitalism. If we consider that capitalism and neoliberalism are inseparable concepts, we see that social and solidarity economy and neoliberalism have nothing to do with each other. In addition to all these, none of the scholars of the four development theories mentioned before refer to social economy or co-operatives. For all these reasons, I argue that development economics, modernization theory, dependency theory, and neoliberalism cannot certainly be close to the social and solidarity economy.

The group of development theories that emerged in the post-war period coincides with some of the basic principles of social and solidarity economy in some respects. However, they do not cover each other directly. They have some differences, as well. These theories are the basic needs approach, feminism, and post-development. Basic needs theory is essential in terms of listing the basic needs of people and giving them a new perspective on growth-oriented development theories by entering development literature. The basic needs theory, which became widespread after the ILO's World Employment Conference in 1976, paved the way for capability approach and human development approaches after nearly a decade. The basic needs theory influenced the origins of the social and solidarity economy with the new development idea that puts people at the center. However, since the social and solidarity economy is much more comprehensive, basic needs theory alone cannot be conceptually very close the social and solidarity economy.

Although there are similarities between feminism and social and solidarity economy in various aspects, it has not yet fully internalized feminism in organizations. Currently, female employees receive lower fees than men and continue to work in

lower positions. Although they have similarities, the origins of the social and solidarity economy cannot be sought in feminism.

Although the post-development theory is similar to the social and solidarity economy in terms of bringing a new perspective to development, there is not much closeness between the social and solidarity economy and post-development because the value attributed to the state and other development actors is different.

I argue that the paradigms of sustainable development and human development are closest approaches to the social and solidarity economy because all three emphasize the pluralism of development actors and have similar basic values. The theories of sustainable development and human development, which have been approaching each other for some time, have been well integrated with the publication of the Sustainable Development Goals. The role of social and solidarity economy in the realization of the principles in the SDGs proves my argument. If the social and solidarity economy did not have the same values conceptually with sustainable development and human development, it would not be seen as a mean to ensure development.

## **5.2. Shortcomings of Social and Solidarity Economy**

To me, there are a few shortcomings in the social and solidarity economy. The first is the lack of a clear definition, history, and list of actors in the social and solidarity economy. Especially the concept of the social economy is much more abstract. Each NGO, IGO, SSEO has its own definition and list of actors. Historically, it is not possible to rank the social economy movement in chronological order. As it is said before, working in the social economy is like catching water vapor in the air with your bare hands. Secondly, the descriptive meanings imposed on the social economy also vary from academician to academician. The alternative creation situation, which is normally attributed to the solidarity economy, is also imposed by some authors on the social economy. In other words, without using the word of solidarity economy, they explain all of its features by using the concept of social economy. This is causing the conceptual turmoil. Finally, although the concepts of social economy, solidarity

economy or social and solidarity economy are sometimes used interchangeably, there are slight differences. Some ignore these differences and use them all together. However, some consider these differences to be very meaningful and use them only in their own context. As a result, again, semantic turmoil occurs.

### **5.3. Suggestions for the Future Research**

I propose two suggestions for future research on the social and solidarity economy. Firstly, it is needed to create agreed definitions of the concepts of social economy, solidarity economy and social and solidarity economy. Otherwise, it becomes very difficult to work in this field. Secondly, there is no research in the literature on the conceptual roots of the social and solidarity economy. If the conceptual roots of this economy are found, then it will be much easier to identify, date, and identify its actors.

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## APPENDICES

### A. TURKISH SUMMARY / TRKE ZET

Bu tezin yazım amacı sosyal ve dayanışma ekonomisi kavramı ile 2. Dünya Savaşı'nın ardından ortaya çıkan kalkınma teorilerinin entelektel ilişkilerini analiz etmektir. Yapılan dokman analizleri neticesinde ele alınan dokuz teoriden yalnızca ikisi ile organik bağ bulunabilmiştir.

İlk olarak, sosyal ve dayanışma ekonomisi kavramı zaman içinde evrimleşerek oluşmuş bir kavramdır. Temelinde 19.yzyılda oluşmuş olan sosyal ekonomi ve 20.yzyılın başlarında oluşmuş olan dayanışma ekonomisi kavramları vardır. Sosyal ve dayanışma ekonomisi, bahsedilen iki kavramın 1990larda bir konferansta birleştirilmesiyle oluşmuş bir kavramdır. Genel itibariyle kooperatifler, vakıflar, dernekler ve mtelllerden oluşan sosyal ve dayanışma ekonomisi, yelerinin veya toplumun genel refahını arttırmak ve ihtiyalarını gidermek amacıyla ekonominin herhangi bir sektrnde kurulabilen, sosyal olarak bir deęişiklik yaratmayı amalayan, otonom bir yapıya sahip, gönll katılıma dayanan, dayanışmacı ve kolektif bir organizasyondur. Temel amacı kapitalist sistemde karını maksimize etmek deęil, belirli bir kitlenin sosyal ihtiyalarını karřılamaktır. Bu zellięiyle piyasada bulunan pek ok řirketten ayrışır.

İkinci olarak, İkinci Dünya Savaşı'nın hemen ardından ortaya çıkan kalkınma teorileri temel olarak savaşın olumsuz etkiledięi lkelerdeki ekonomik sistemi dzeltmeyi ve bu lkelerin kısa srede toparlanmasını amalamıştır. Kalkınma İktisadı, Keynezyen bir yaklaşımla makroekonomik araları kullanarak kamu harcamalarını arttırmayı amalamıştır. Kalkınmada devlete ana rol veren bu kalkınma teorisi, istihdam, refah yaratımı, saęlık, eęitim vb. alanlarda devlete nemli roller biçmiştir. Modernleşme Teorisi bir sosyoloji teorisi olarak ortaya çıkmış ancak kısa srede sosyal bilimlerin dięer disiplinlerini de etkilemiştir. Ekonomik aıdan modernleşme, Rostow'a gre beř

adımdan oluşan ve geleneksel toplumdan yoğun kitlesel tüketim topluma giden bir süreçtir. Kalkınmanın sağlanması için Batılı ülkelerin izlediği bu kalkınma yolu izlenmelidir. Bağımlılık Teorisi ise Modernleşme Teorisini eleştirerek dünyadaki ülkelerin çevre ve merkez olmak üzere ikiye bölündüğünü, merkezdeki ülkelerin çevre ülkelerinin sosyal ve doğal kaynaklarını sömürerek kendi kalkınmasını gerçekleştirdiğini iddia eder. Uluslararası iş bölümü her zaman çevre ülkelerin zararına çünkü kendi ülkelerinde yetişen hammaddeyi merkez ülkelere düşük fiyattan ihraç edip, merkezde üretilen mamul ürünleri yüksek fiyattan ithal etmektedir ve bu sebeple kalkınmamaktadır. 1970lerde ILO sayesinde geniş kitlelere duyurulan Temel İhtiyaçlar Yaklaşımı, kendisinden önceki teorilerin kalkınma sağlamada yetersiz kaldığını söyleyerek kalkınmanın temel amacının bireylerinin ihtiyaçlarının karşılanması olması gerektiğini iddia eder. Neoliberalizm, devletin ekonomideki rolünü minimize ederek, onu sadece kural koyucu ve altyapı sağlayıcı bir pozisyona getirerek kalkınmanın gerçekleşeceğine inanır. Bu teoriye göre kalkınmanın gerçekleşemeyişinin temel nedeni devletin ekonomiyi serbest bırakmamasıdır. Eğer ekonomi serbest bırakılırsa, kamu iktisadi teşebbüsleri özelleştirilip deregülasyon sağlanırsa kalkınma sağlanabilir. Feminizm bir kalkınma teorisi olarak pek çok ideolojiden etkilenmiştir, örneğin Marksizm ve liberalizm. Ancak ortak olarak şu iddia edilmektedir: kalkınmanın sağlanabilmesi için toplumsal, ekonomik ve siyasal alanlarda cinsiyet eşitliği sağlanmalıdır. Kadının toplumsal alanlara aktif katılımı sağlanmadığı müddetçe kalkınma tam olarak gerçekleşemez. İnsani kalkınma yaklaşımına göre kalkınmanın temel amacı insan seçimlerinin genişletilebilmesidir. İnsanı merkeze alan, insan yeteneklerini geliştirmeyi amaçlayan, bunu yaparken eşit fırsatların sağlanmasını ve sürdürülebilirliği destekleyen bu yaklaşıma göre her çeşit kaynağın sürdürülebilir kullanımı ve bireylerin kendilerini gerçekleştirebilmeleri için uygun ortamın sağlanmasının kalkınmadaki önemi büyüktür. Sürdürülebilir kalkınma anlayışı 1970lerden beri evrimleşen ve 1980lerde kalkınma literatürüne yerleşen bir fikirdir. Bu kalkınma anlayışına göre sosyal ve ekonomik kalkınmanın temel amacı sürdürülebilir politikalar izlenilip izlenilmediğine göre açıklanır. Sürdürülebilirlik ise gelecek nesillerin kaynaklarını kullanmadan bugün kalkınmayı sağlayabilmek olarak

tanımlanır. İnsani kalkınmayı ve sürdürülebilir kalkınmayı sağlamak amacıyla Binyıl Kalkınma Hedefleri ve ardından Sürdürülebilir Kalkınma Hedefleri adını taşıyan çeşitli prensipler belirlenmiştir. Son teori post-kalkınma teorisidir. Bu teori, kalkınma fikrinin Soğuk Savaş'ın başlamasıyla Batılı ülkeler tarafından dünyanın geri kalanına dayatılan bir ideoloji olduğunu savunur. Küresel Kuzey'de yer alan endüstriyelleşmiş ülkeler, Küresel Güney'de yer alan gelişmemiş ülkelere sürekli kendi kalkınma yollarını takip etmelerini istemiştir. Batılı olmayan her şey geri kalmışlık olarak görülmüştür. Ancak Soğuk Savaş'ın sona ermesi, küresel olarak ekolojik farkındalığın artması, zengin ve yoksul ülkeler arasındaki farkın iyice açılması ve kalkınma reçetelerinin çok Batı-merkezli olduğunun farkına varılması ile bu kalkınma çağı sona ermektedir.

Bu tezde, sosyal ve dayanışma ekonomisinin temel prensipleri ile yukarıda bahsedilen kalkınma teorilerinin genel özellikleri kıyaslanmıştır. Aynı zamanda kalkınmanın sağlanmasında temel aktör olarak görülen kurumlar da analiz edilmiştir. Kalkınma teorileri, sosyal ve dayanışma ekonomisi olan entelektüel benzerlikleri yönünden üç gruba ayrılmıştır. İlk grupta yer alan Kalkınma İktisadı, Modernleşme Teorisi, Bağımlılık Teorisi ve Neoliberalizm hiçbir açıdan sosyal ve dayanışma ekonomisinin temel prensipleri ile benzerlik göstermemektedir. Amaçları yönünden birbirlerinden farklılardır. Ayrıca bahsedilen ilk üç teori kalkınmada temel aktör olarak yalnızca devleti görürken, Neoliberalizm ise yalnızca piyasanın kendisini kalkınma aktörü olarak görür. Ancak sosyal ve dayanışma ekonomisi kendisini bir kalkınma aktörü olarak görür. Devletle çeşitli açılardan iş birliği yapabilir ancak zaten bu organizasyonların temel kurulma amacı devletin ve piyasanın sağlayamadığı ihtiyaçların giderilmesini sağlamaktır. Bunlara ek olarak, bahsedilen dört teorisinin önde gelen yazarlarının hiçbirinin eserlerinde sosyal ve dayanışma ekonomisinden bahsedilmemektedir. Bu da aslında bu teorilerin sosyal ve dayanışma ekonomisine değer atfetmediğini göstermektedir. Bu açıdan ilk gruptaki teoriler, entelektüel olarak sosyal ve dayanışma ekonomisi ile bir yakınlığa sahip değildir. İkinci grupta yer alan Feminizm, Temel İhtiyaçlar ve Post-kalkınma teorileri çeşitli özellikleri yönünden sosyal ve dayanışma ekonomisi ile benzerlik göstermektedir. Örneğin cinsiyet

eşitliğine ve bireylerin ihtiyaçlarının karşılanmasına verilen önem, önceki kalkınma kuramları çok Batı-merkezli bulma, yerel kültürlerle değer verme vb. konularda benzerlikler vardır. Ancak bu benzerliklerin yanı sıra farklılıklar da göze çarpmaktadır. Örneğin sosyal ve dayanışma ekonomilerinin içinde kadınlar hala erkeklere kıyasla daha az maaş almaktadır. Ayrıca sosyal ve dayanışma ekonomisi kalkınma fikrinin kendini felsefi olarak post-kalkınmacılar kadar sorgulamamaktadır. Olaylara daha pratik bakmaktadır. Üçüncü grupta yer alan sürdürülebilir kalkınma ve insani kalkınma hem özellikleri hem de aktörleri yönünden sosyal ve dayanışma ekonomisi ile çok büyük ölçüde benzerlik göstermektedir. Kalkınmanın merkezine insanı almaları, sosyal değişimin kalkınmadaki yerini vurgulamaları, sürdürülebilirliğe önem vermeleri vb. açılardan çok benzer argümanlara sahip olan bu yaklaşımlar, entelektüel olarak birbirlerine benzemektedir.

Sonuç olarak, bu tezde sosyal ve dayanışma ekonomisinin İkinci Dünya Savaşı sonrası ortaya çıkan kalkınma teorilerinin içinde entelektüel olarak insani kalkınma ve sürdürülebilir kalkınma teorilerine yakın olduğu savunulmaktadır.

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### YAZARIN / AUTHOR

Soyadı / Surname : Kuvvet  
Adı / Name : Cansın  
Bölümü / Department : Uluslararası İlişkiler

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