

The Sharing-Cooperation-Solidarity Economy: An outline of new development path for developing countries

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ABSTRACT

Rostow's approach to economic development, summarized in *The Stages of Economic Growth*, involved an economy passing through a sequence well-defined phases. His growth theory has been accepted as development paradigm by many developing countries. Nonetheless, in the past recent years, it becomes clear that Rostow model imposes several weaknesses, namely debt and dependency problems. External debt flourished in so many developing countries until it possesses risk of default, and also developing countries become much more dependent to technologies coming from the developed countries. In other words, we need a new path for development which may offer more liberating effects instead of making dependent islands here and there. And in this paper we consider *The Sharing-Cooperative-Solidarity Economy* as possible new development paradigm for developing countries. This is an outline paper, not so elaborated yet.

1. Introduction

There is little doubt that the work of Rostow has had considerable influence in the fields of development economics and economic history. His best known work is *The Stages of Economic Growth*, which drew extensively on earlier studies. It is perhaps best summarized by the first few sentences of the introductory chapter: "This book presents an economic historian's way of generalizing the sweep of modern history..." [1]

Nonetheless, there are critics to Rostow's model too. For instance, in recent years, it becomes clear that Rostow model imposes several weaknesses, namely debt and dependency problems. External debt flourished in so many developing countries until it possesses risk of default, and also developing countries become much more dependent to technologies coming from the developed countries.

In other words, we need a new path for development which may offer more liberating effect, and promoting *bottom-up initiatives* instead of making dependent islands here and there. And in this paper we consider The Sharing-Cooperative-Solidarity Economy as possible new development paradigm for developing countries. Our proposal is based on recent observation of rapid growth of sharing economy in many countries, accelerated by shared hotel apps such as Airbnb and also by Uber taxi etc. We can expect that such a new business model will have tremendous impact to traditional business models.

This is an outline paper, not so elaborated yet.

2. Possible alternative: Sharing-Cooperative-Solidarity economy

There are many recent social innovations in recent years, including those which are accelerated by new technologies. But not only that, many social entrepreneurs are flourishing too, bringing new hope of integrating business profitability and social goals.

- a. *Sharing economy*: Our proposal is based on recent observation of rapid growth of sharing economy in many countries, accelerated by shared hotel apps such as Airbnb and also by Uber taxi etc. We can expect that such a new business model will have tremendous impact to traditional business models.

- b. *Cooperative economy*: Although the size of many cooperative initiatives are still small compared to commercial enterprises, but the cooperative organization grows significantly in recent years. [3]. Effect of market enhancing rules has been discussed by Grillo [4].

Table 1. Effects of market-enhancing rules on the working of cooperative firms

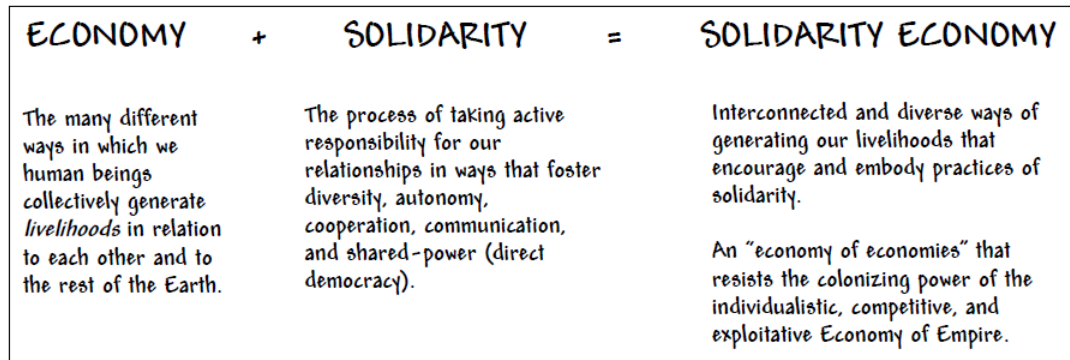
Cooperatives	Collective benefit	Effects of market-enhancing rules	
		For cooperatives	For society
<i>workers cooperatives</i>	<i>to prevent shirking</i>	neutral or beneficial	beneficial
	<i>to prevent opportunism</i>	detrimental	detrimental if no outside option are opened beneficial if no outside option are opened
<i>customer (suppliers and consumers; credit) cooperatives</i>	<i>to prevent deadweight loss</i>	detrimental	beneficial
	<i>to prevent opportunism</i>	detrimental	detrimental if no outside option are opened beneficial if no outside option are opened
	<i>information transmission</i>	detrimental	detrimental

The key figures of cooperative economics is shown below:[5]



c. *Solidarity economy*: [6] In Europe and many countries, solidarity economy becomes one of new buzz word, because it can prove itself to be a viable alternative to capitalistic way of life. After all, once an individual passes his/her threshold of minimum wage, there will be more freedom to actualize his/her potential, including for more meaningful activities such as expressing care and hospitality towards the needy. And that is the essence of becoming human. Neuroscience experiments also show that there is mysterious glow which is emitted from human brain, each time

they do something good for others. This way of caring and nurturing have been mostly neglected in traditional economic thinking, which emphasize that one should maximize profits for their whole life. This is likely to be the new way of life adopted by many Z generation and Millennial generations alike.



Source: Ethan Miller [6]

FIGURE 4 Women weaving the entrails of a community built and operated anaerobic wastewater treatment plant for recycling domestic effluents for further use for agricultural production on communal lands in a highland community in Ixtlán de Juárez, Sierra Norte, Oaxaca. (Photo courtesy of Carlos Pailles, Director, Center for Ecological Support, Huatulco, Oaxaca, Mexico)



Source: David Barkin [7]

Therefore, we submit wholeheartedly that The Sharing-Cooperative-Solidarity economy can offer a better path for economic development for developing countries.

3. Concluding Remarks

While we appreciate the clarity of Rostow's development stages, we should acknowledge its limitations and weaknesses. In other words, we need a new path for development which may offer more liberating effects instead of making dependent islands here and there. And in this paper we consider The Sharing-Cooperative-Solidarity Economy as

possible new development paradigm for developing countries. Our proposal is based on recent observation of rapid growth of sharing economy in many countries, accelerated by shared hotel apps such as Airbnb and also by Uber taxi etc.

Therefore, we submit wholeheartedly that The Sharing-Cooperative-Solidarity economy can offer a better path for economic development for developing countries.

More observation and experiments are recommended to verify our propositions.

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