

Expanded abstract

Significance of the solidarity economy in the regional economics resilience. The case of Colombia

Objectives

It is a fact the renewed interest on economic growth and resilience studies considering the multiple and recent crises in the world. Consequently, it represents a conclusive argument for studies focused on the impact of new variables as those social related to solidarity economy on the ability to resist and recover from adverse exogenous events within a set of explanatory factors with a longer tradition in the literature. What it is more, there are some emerging economies that does not have an overview of resilience in theoretical and empirical terms such as Latin-American countries. Colombia, for example, has faced at least three periods of resilience in the period 1999 - 2019, without the post pandemic period due to Covid19. Contrast, this economy does not have a regional approach to economic resilience and less that include new determinants deduced from other theoretical proposals complementary to the mainstream of Economics as discipline.

Thus, following the institutionalist theory that proposes social capital as an explanatory element of economic growth, this document aims to study two variables of the solidarity economy in Colombia such as income and the number of associates as decisive determinants in the recovery of aggregate production by region (also approximated through so-called departments). In these terms, the relevance of social capital as a formal institution in aggregate performance is review; then its epistemological similarity with the solidarity and cooperative economy is presented; finally, the resilience scope is extended to solidarity practices. The theoretical sweep serves to make an empirical assessment, so then, to test the importance of solidarity organizations for the study of regional resilience in Colombia.

Methodology

A literature review is used that supports both the theoretical association of the categories treated (growth, economic resilience, solidarity economy) and the econometric model choice (fixed effects panel). The first specification is done in concordance with macroeconomic tradition of aggregate performance models with institutional variables, so then it is called growth model because the dependent variable is the average variation of regional GDP. However, is it also estimated a second model using a measure of resilience (resistance coefficient divided by another recovery coefficient) as a dependent variable. For their part the explanatory variables are measured based on the availability of highly validated information in public institutions

in Colombia such as DANE, DPN, CEPAL and ministries; they included production per capita, investment, human capital, and public budget achievement. For the solidarity economy variables, public statistics are extracted from the Colombian Solidarity Economy Superintendence database.

Results

The results of the article can be classified at three levels: theoretical, methodological and policy issues. In the theoretical field, a search for social capital as an informal institution and its role as economic performance explaining factor is developed, with the goal of show the association feasibility between social capital and the solidarity economy; in fact, this kind of capital is originally and epistemologically correlated with solidarity economy under the concept of participation in voluntary and non-profit organizations. Related to former explanation, the definition, typologies, and measurement of resilience in Economics are introduced, usually using the GDP, and it is shown how it can respond to formal and informal institutional variables; finally, it lands on the role that the solidarity economy can play in resilience according to some studies identified in the recent past.

At the methodological approach level, it is verified the panel model is appropriate to analyze the resilience in an emerging economy such as Colombia because the expected signs of model coefficients are obtained both in the conventional and new variables. As a methodological plus, the text proposes to measure the resilience by monetary income for the aggregate of the solidarity sector; it was proposed to establish a comparison with the economic resilience of the entire economy at the level of each political-administrative unit (department).

At the public policy level, the article trats briefly three elements addressed by the document of the National Council for Economic and Social Policy, so-called CONPES document, in their number 4051 of 2021 in Colombia, actions to be followed to improve cooperative resilience. These refer to major incidence of the promotion of associativity, training in the cooperative and solidarity model, and the need for reliable statistics for the solidarity economy sector.

Conclusions

In terms of conceptual analysis, the following causality is validated: a) Economic growth is a positive function of social capital, because performance depends of general of informal and formal institutions directly; b) Regional economic resilience is figured as an arithmetic division of resistance and recovery of rates what depend of regional growth; c) Consequently, regional resilience may depend on institutional variables such as social capital, which has a common background with the solidarity economy.

This particular way of doing economy in Colombia, although it has obvious relevance in the performance of the economy as a whole due to the income and transfers generated, in regional terms it has a greater impact through the number of associates, that is to say, a growing number of people linked to solidarity economy organizations in each political-administrative unit

may mean greater possibilities of recovery in the short term in this country, an argument in favor of a greater extension of the solidarity and cooperative model in the near future.

Three immediate recommendations are derived for the estatal entity in charge of fomenting in the Work Ministry of Colombia, the Special Administrative Unit for Solidarity Organisations: a larger budget for promotion, creation, strengthening, developing, integration and protection of solidarity organizations; the necessity of new methodological strategies for the promotion of the solidarity model and the mandatory commitment to improve the information systems and databases.

In methodological matters it is necessary to apply other complementary approaches in addressing regional economic resilience, such as quantitative methods for the study of differential trajectories of regional recovery, qualitative and mixed methods, including factors beyond the economic, such as be the achievement of the Sustainable Development Goals – SDG from the moderating role of the solidarity economy.