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The Black Social Economy and the Social and Solidarity Economy

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Abstract

This entry provides a definition of Black social economy from the perspective of social and solidarity economy (SSE). In countries around the world, Black men and women have pooled their financial resources for their economic gain. More importantly, these individuals cooperate in social and solidarity economic efforts because of the discrimination they experience in the economic, political, and social spheres. Therefore, the Black social economy allows Black men and women to rebel against oppressive economic systems in the countries where they reside. By engaging in SSE efforts like Rotating Savings and Credit Associations (ROSCAs) and money pools, Black people, who often live in impoverished conditions, gain an enhanced sense of self-determination and self-pride.

Keywords: black political economy; black social economy; black feminist economics; black feminism; black womanism; politicized action

Introduction

This entry provides a definition and analysis of Black Social Economy in the African diaspora. People of African descent around the world have engaged in this political economy as a way to gain political and economic power. The term the Black Social Economy was first coined by Hossein in 2013 because there was a need to expose the assumption that the social economy interacts with state and private sector actors. Hossein (2013) examined the politicized economic cooperation between historically excluded people of African descent when they use informal banks, known as rotating savings and credit associations (ROSCAs). This has been, and remains, difficult because of the institutional racism and discrimination they have encountered. As a way to overcome these obstacles, many people have participated in solidarity economic undertakings. These strategies require them to collaborate and pool their resources with individuals from their same background for material gain shared by all.

This entry is significant because it describes how marginalized people can prosper despite the discrimination they endure, and even more importantly, are able to enhance their financial gain. The Black Social Economy pushes against this understanding that the third sector can interact with the public and private sectors. In 2018, cases were compiled for the first time to define and to show through case study analysis the various organizations that make up the Black Social Economy (Hossein 2018).

This form of Black Social Economy is termed solidarity economics, solidarity economy or social economy— people working in solidarity with one another and profiting financially in communities deprived of substantial political and economic resources. Men and women around the world engage in these political economy strategies as a way to counter the barriers posed by racial capitalism, defined as the economic profit whites receive from exploiting the labour of Black individuals (Robinson 1983) and to make more equitable economies for all.

1. Defining Black Political Economy

Put simply, Black Political Economy can be defined as the concerted attempts of Black people to advance their political and economic status. Black intellectuals such as Carter G. Woodson, W.E.B. DuBois, E. Franklin Frazier, and Harold Cruse believed that African Americans would be better served by focusing on the enhancement of their economic, rather than political, power (Tauheed 2008, 693). However, African American scholars have often lamented their lack of political rights out of the belief that these rights would result in an improved quality of life. Black Political Economy emphasizes both political and economic gains simultaneously. In fact, the pursuit of economic power is a political act. By engaging in solidarity economy such as mutual aid, individuals have benefitted themselves and their communities financially, but have also indicated their power to challenge political and economic barriers.

This point leads to the question: How can people of African descent pursue these political and economic goals when they constantly must combat political and economic discrimination? Voter suppression is a growing problem for Black voters in elections worldwide. Discrimination is also still prevalent today in banking, financial, real estate, and other industries. As a result, some people have difficulty gaining access to credit, loans, mortgages, and other fiscal resources. Philosopher Charles W.

Mills once discussed the presence of a 'political, moral, and epistemological' racial contract that has often relegated African Americans to an inferior status (Mills 1997, 9). Throughout history, individuals, corporations, and other entities reaped political and economic benefits while at the same time denying an equal status to people of African descent. The denial of equal status is rather common in all racially structured societies. For instance, in countries such as Australia and India, Aborigine and Dalit citizens are members of their nations' 'untouchable' classes, at the bottom of their respective racial caste systems. Because they endure vehement discrimination on a constant basis, they must find innovative ways to improve their political and economic plight. For instance, Curtis Haynes and Jessica Gordon Nembhard (1999) examined the presence and effectiveness of cooperative economic efforts in impoverished American inner-city communities. As a way to enhance their financial wealth, these individuals and others throughout the diaspora engage in the collaborative efforts outlined in the next section. However, the discriminated people's engaging in cooperative endeavours also involves risks as Jessica Gordon Nembhard, author of *Collective Courage: A History of African American Cooperative Economic Thought and Practice* (2014), discusses the great risks that African Americans took when engaging in cooperative endeavours during and after their enslavement.

2. The Practice of Social and Solidarity Economy

The Social and Solidarity Economy (SSE) encompasses organizations and enterprises that seek to accomplish both economic and social goals, encourage cooperative relationships that build solidarity among participants and allow participants to have an equal say in how the cooperative enterprise operates. Examples of SSE endeavours include, but are not limited to, cooperative financial structures, mutual women's aid groups, and self-help groups (see the entry "Contemporary understandings of SSE"). The UN Inter-Agency Task Force on Social and Solidarity Economy (UNTFSSSE) educates the public about social and solidarity economic endeavours that result in economic, social, environmental, and political development.

One example of the Black Social Economy is Rotating Savings and Credit Associations (ROSCAs). Throughout the world, women and men participate in ROSCAs - also known as money pools, giving circles, and sou-sous. Through ROSCAs, individuals are able to save money, pool resources, allocate money to each other, purchase necessities, and increase wealth. These organizations allow groups of people to work in solidarity with each other as a method to reap increased returns. These practices constitute the very essence of mutual aid because men and women work together to aid themselves and others they trust in their networks. ROSCAs have been particularly useful in countries with either few banks and financial institutions or hostile banking institutions.

So, how do these ROSCAs work? Every month, each person contributes the same amount of money. One group member receives the untaxed funds which are referred to as the 'hand' (Hossein 2018; 2013). Thus, they allow members to avoid banking fees, loan interest, and bureaucracy. After each group member has received funds, the group then decides whether any changes need to occur in terms of the composition of the group, the amount of funds contributed, etc. The bi-weekly, monthly, or weekly investments may be small or large, but must be made for an allotted period of time. The group selects a treasurer who collects the funds, selects

the date(s) funds will be distributed (unless members have requested that they receive their hand on a certain date), and determines who will contribute what amount. Members also have the option of doubling their contribution and receiving two hands in one cycle. A 'fund manager' then distributes the hand to a different contributor every month until the pool is empty (Hossein Forthcoming).

ROSCAs are used in different forms in countries around the world. The term and practice originated in West Africa, where the Yoruban term for this type of program is *esusu* and refers to the savings accumulated from the pooled money of several people. In many countries, ROSCAs are the only method for individuals to profit from their monetary investments. Some of the different names are highlighted in Table 10.1.

Table 10.1: Different names of ROSCA in different regions or countries

| Name | Region or country | Name | Region or country |
|------------------------|-------------------------|------------------|-------------------|
| <i>equip or idir</i> | Ethiopia | <i>sandooq</i> | Sudan |
| <i>higgler</i> | Jamaica | <i>gama'ya</i> | Egypt |
| <i>susu</i> | Ghana | <i>cheetu</i> | Sri Lanka |
| <i>sol or main</i> | Haiti | <i>chits</i> | India |
| <i>hagbad or ayuto</i> | Somalia | <i>community</i> | Pakistan |
| <i>restourne</i> | Congo | <i>hui</i> | Vietnam |
| <i>jangui</i> | Cameroon | <i>arisan</i> | Indonesia |
| <i>esusu or ajo</i> | Nigeria | <i>jou</i> | Japan |
| <i>itega</i> | Kenya | <i>kye</i> | Korea |
| <i>tontines</i> | francophone West Africa | <i>esusu</i> | West Africa |

Source: (Hossein Forthcoming with UTP).

In America, these groups are referred to as the Mexican *tanda*, Peruvian *pander*, Bahamian *asousous*, Bajan *lodge*, Haitian *main or sol*, Trinidadian *susu*, Dominican Republic *sociedad*, Guyana *box hand*, or the South African *stokvel*.

3. Politicized Microfinance and Feminism

Politicized microfinance is a term that was developed to characterize the political significance of solidarity economic strategies. Microfinance is a banking system used mostly by poor and lower-income individuals who lack access to established banking systems. Politicized microfinance occurs when people make their own independent banking systems that are not encumbered by state regulations. It comes in two forms. The first is primarily used in Caribbean countries like Trinidad and Guyana when people pool their resources and provide a hand to each member. In these countries, ROSCAs provide enough funds for individuals to open their own businesses in some cases. In the other form, politicized microfinance enlightens

people about the discrimination endured by people of African descent in countries like Haiti, Jamaica, and Grenada (Hossein 2016, 12). For example, in Jamaica, the Rastafari community developed a cooperative form of the economy after being ostracized by other Jamaicans who rejected their way of life.

This concept has also been discussed as an example of contemporary feminism. ROSCAs and other solidarity economic methods empower women of colour financially but serve an even greater purpose. They allow these women to enhance their economic capital (at times in communities where they lack political influence). In *Politicized Microfinance: Money, Power, and Violence in the Black Americas* (2016), Professor Caroline Shenaz Hossein discusses the challenges that marginalized women encounter when seeking assistance from financial institutions. Many of these women reside in communities that are not only racist but patriarchal as well. Because of the obstacles, they encounter when seeking to utilize their countries' financial establishments, money pools and ROSCAs provide a beneficial alternative offering shared resources. Female participants receive a sense of autonomy in addition to tools for financial wealth in countries that deprive women of equal rights. These problems are exacerbated for women of colour because many heavily rely on their male family members for their and their children's subsistence. In some situations, women of colour are forced to flee abusive relationships. When seeking independence and safety for themselves and their children, they benefit from solidarity economic initiatives that allow them to amass the funds necessary to take care of themselves and their families. By pooling their money with their allies, they are able to bypass banks that historically have refused to lend money to women from their racial, immigrant, and/or class backgrounds.

Although they are engaging in feminist work by working collectively to empower themselves and other women, many of these women do not refer to themselves as feminists. The poor women who utilize these methods believe that they are simply doing what is necessary for their survival and self-sufficiency. In the US, Mississippi civil rights activist Fannie Lou Hamer provides an example of a Black feminist who influenced the residents of her community to pool their resources to enhance their political and economic capital. Hamer lived in poverty all of her life but developed a Freedom Farm Collective (FFC) in 1969. She purchased 40 acres of land with the assistance of a charitable donation in Ruleville, Mississippi and used it to empower her community.

This collective allowed poor Black farmworkers in Mississippi to work on and own land in a state that once had laws prohibiting Black Mississippians from doing so. Because land ownership had always been equated with wealth and influence, the 1865 Black Codes (and an environment of terror) placed strict restrictions on Black land ownership. Eventually, the members of the FFC purchased a total of 640 acres and 'provided a crucial means for local farmers to have some sense of financial and even political autonomy' (Blain 2021, 121-122). Thus, Mrs Hamer provided a means for her neighbours (most of whom lived in poverty) to gain financial resources, she empowered her community and engaged in feminist political work without referring to it as such.

This entry has provided an analysis of the Black Social Economy in which people of the African diaspora have utilized mutual aid as a form of politicized economic cooperation in response to their business and social exclusion. People of African descent have benefited immensely from the SSE. Women of African descent in both

urban and rural communities have especially benefited from cooperatives, especially informal ones known as ROSCAs that have allowed them to escape oppressive family situations, support their families, and achieve financial gain. Despite their circumstances in oppressive societies, cooperatives reveal that poor people can always find innovative ways to empower themselves.

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