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Towards a New Economics: Concepts and Experiences in Latin America[1]

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2.1. Introduction

On the basis of a critique of the market economy advocated by neoliberal economic doctrine, this chapter presents the Social and Solidarity Economy (SSE) both as an alternative theory and as a counter-hegemonic programme of political action framed within the substantivist economics current inspired by the works of Karl Polanyi and Karl Marx. The chapter identifies the ethical and economic principles, and the institutions that contrast the practices of a market economy against those of the SSE. It considers how the 'New Lefts in power' in Bolivia, Ecuador, Venezuela, and Argentina, and to some extent in Brazil, have institutionally supported the growth of the SSE. It discusses some of the concrete projects of economic transformation, and the new constitutional and/or public policy processes. Finally, the chapter discusses the advances and contradictions that the SSE sector faces in Latin America, and offers some generalizable lessons that have been learned so far in the 21st century.

The chapter aims to contribute to debates about the nature of the 'New Left' or 'Pink Tide' Latin American governments with an analysis of the projects and transformations that have taken place since they came to power. The objective is not to present ideal models, but to discuss social and political projects involving contradictions and conflicts, even amongst themselves and their supporters, that are not always easily resolved. Specifically, it aims to gain an understanding of how the new left states have supported these economic processes, an issue which is not always adequately taken into account. From this, we focus on clarifying the conceptual framework on which it is proposed that further analyses of this issue can be based.

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[1] En: Peter North and Molly Scott Cato (Editores) Towards Just and Sustainable Economies: The Social and Solidarity Economy North and South, Policy Press. 2018.

In terms of method, the starting point is the necessary critical analysis of the market economy, an obligatory reference given that it is the market that the neoconservative political project – with its economic ideology known as neoliberalism – seeks to impose on Latin America, exposing the relationships between society and economy to the interplay of forces of the real-world global market. Similarly, the question of how to move from an (admittedly historically incomplete) market economy to an *economy with a market* in a transformative process guided by the interests of popular sectors must also be subjected to critical thought.

This critique is founded upon a conceptual and methodological proposal with paradigmatic claims which is inspired by Karl Polanyi. We develop this proposal by clarifying the relationship between ethics (without which there would be no effective transformative projects) and economics, and expanding the set of principles for the integration of economy and society by recovering the analytical priorities raised in the classical texts of Marx. Our analysis is made concrete through a discussion of the relationship between this conceptual framework and the theoretical and practical current of the Social and Solidarity Economy (SSE) that is widespread in Latin America; in particular the new constitutional processes in Bolivia, Ecuador and Venezuela, and the major public policies associated with the SSE approach, particularly in Brazil. As data, we analyse both constitutional texts, and reflect on personal experiences assisting the design and/or the critique of laws aimed at regulating the development of the new economy in Ecuador.

2.2. Concepts and practices of the market economy

Conventional economics is both a discipline with scientific pretensions and a doctrine with hegemonic intentions that is dedicated to the formal development of models of a market system in which the laws of supply and demand reign supreme, following the rules of methodological individualism. Here, a general equilibrium and a socially-optimal allocation of resources arises out of the utilitarian interaction of entrepreneurs and enterprises, guided by the maximization of profits on the capital invested; and consumers aiming at the maximum satisfaction of their preferences, which are independent of the conditions of supply and the preferences of other consumers. Firms and consumers, it is assumed, have no other ties than those associated with the exchange of commodities. This presupposes the perfectly self-

regulating operation of a system of interconnected markets characterised by perfect competition, where prices are formed by the matching tendencies of supply and demand.

This is a logically and empirically unattainable utopia. It is inconsistent, as Franz Hinkelammert and Henry Mora have shown (Hinkelammert, 2000; Hinkelammert and Mora, 2009), because it is not in fact a 'system of production of commodities by means of commodities' (Sraffa,1960), that is, it is not an internally coherent system as is claimed, since it relies on the extraction of labour and nature that are not products of the system; because competition leads necessarily to monopoly; because if a condition of general equilibrium is reached, competition disappears; and because scarcity is not a natural condition, but produced by the market mechanism itself. All of these factors render the possibility of an equilibrium or a global optimum illusory. From an empirical point of view, there does not exist, and has ever existed, a single case that fits this model or closely represents it. Economic agents do not possess the knowledge or computing capacity assumed by the model, nor do they display the utilitarian, selfish, and asocial morality that is assumed. Moreover, whenever the dominant forces in society have sought to bring about this utopia by freeing up the economy to real-world market forces (economic liberalism at the beginning, and neoliberalism at the end of the 20th century), intrinsic self-destructive tendencies have manifested themselves. Neoliberal advocates have explained away the difficulty of rationally upholding their truth-claims with the hypothesis that the natural evolution of societies *will* necessarily lead to a self-regulating market economy (the 'end of history').

On the other hand, its autopoietic character has not been corroborated, as from the emergence of the capitalist market system to the present day the role of the modern state in reproducing the 'external' conditions of the system has been decisive. Far from being a 'natural' development, the capitalist market system was built through violent methods (referred to as 'primitive accumulation' by Marx) that separated workers from the means of production and from free access to nature. This is how the markets in labour and land – treated as fictitious commodities – were formed. With present-day globalisation and the return of 'savage capitalism' in particular, the mode of accumulation, according to Harvey (2004), is no longer based on the classic mechanism of extracting surplus value from labour, but on the plunder of nature – treated as a reservoir of 'natural resources' (for example,

Amazonia), on the global overexploitation of hundreds of millions of politically repressed workers (for example, in China), or the gigantic levies on the wealth of the population mediated by the state (for example bailouts of the financial sector). Capital, which does not reproduce its labour power, nor its natural resources, launches into a speculative financialization that, in addition to the crisis of its accumulation regime, provokes a series of social and ecological crises, the treatment of which is ultimately political.

Thus, economics, based upon a theory of the market economy, does not present itself as a theory of a historically-situated capitalism, nor does it acknowledge the characteristics just outlined. It barely admits a few 'mismatches' between abstract models and perverse reality. To protect itself dogmatically, it has developed a protective belt (Lakatos, 1993) made up of models that are complementary to, but not logically integrated with, the main theory (imperfect competition, macroeconomic cycles, asymmetric information, external diseconomies, transaction costs, markets in ecosystem services and technologies, theories of innovation, etc.), the purpose of which is to protect the core of a theory which poses the perfect market as the objective and the benchmark of real economies. In the face of the evident 'failures' of the market, the explanation and diagnosis given by its professional advocates is that more markets are needed, and so the theory ideologically resists its rejection by existing evidence, contradicting its own falsificationist epistemological matrix.

During the recent historical period (which has clearly not ended) characterised by the hegemony of the neoconservative political project of capitalist globalisation, neoliberal doctrine has sought to justify the uncompromising implementation of this model in real-world societies. Like any utopia, attempts to adjust reality to the model have proved destructive of society and natural systems because of their extractivist postulates (regarding labour power and ecological systems) and its ethic of the irresponsibility of economic actors.

In the last three decades of the 20th century, beginning with the Pinochet dictatorship in 1973, the neoconservative project built another empirical economy in the countries of South America by means of the ruinous privatization of the public sphere, the drastic reduction of the social and regulatory state, and the dismantling of the economic structures that development policies – however incomplete and contradictory – had attained (Amin,

1990). It has generated widespread *structural* social exclusion, and set in motion ecological imbalances that are irreversible within social timeframes. This process has put both life on the planet and the cohesion of societies – although weak, unfair and conflictive – at risk. Social resistance to this project has been met with the violence of civil-military dictatorships, blockades against international economic relations, demands for the payment of unpayable, illegitimate and odious external debts, and provocative actions aiming to destabilise societies and topple people-oriented governments.

2.3. The Social and Solidarity Economy approach

In view of all the above, critical thinking requires a discourse distinct from conventional economic theory, and this differentiation has generally been achieved by adding the qualifier 'Social' to 'Economy'. Its theoretical implication is to reaffirm both that the relationship of embeddedness (Polanyi, 2012) between society, economy and nature is an inevitable feature of the socioecological metabolism (Hinkelammert and Mora, 2009), and that any attempts to make the real-world economy autonomous of social and political control will produce the above-mentioned destructive outcomes. Such processes of disembedding are always viewed as relative, as even in the most liberal of societies they involve the exertion of State power and concentrated corporate power, as well as the manufacture of a particular common sense that serves to legitimise regressive policies. In everyday life, economic liberalism proposes that the population should incorporate the logic of the market and the institutionalised patterns that it requires as second nature, accept that their social position is a function of market success, and that the 'good life' is defined by the possession of 'stuff' and by practices of consumerism. In conceptual terms, it implies assuming that it is inevitable that the organisation of economic processes (of production, distribution, circulation and consumption, and their coordination) is in the hands of a supposedly objective mechanism that necessarily generates cumulative inequalities, having no morals other than those of competition, utilitarianism, and irresponsibility regarding the negative effects produced by the selfish behaviour of individuals and organizations.

In contrast, we affirm (on anthropological, historical, and epistemological grounds) (Polanyi, 2012; Oviedo Freire, 2013; Coraggio, 2011b) the expanded reproduction of life as our ethical principle. Consequently, the objective of the organisation and institutionalisation of economic practices is to secure the livelihood of all human beings in accordance with historically-situated definitions of what are legitimate needs and wants, or what society considers a 'dignified' life. This being the case, we recognise that the social division of labour is a feature of any complex society, resting on both material and symbolic foundations: the satisfying of wants is a social relation, not merely the consumption of a commodity. When these foundations are not well established, the viability of the system itself is in doubt: although under conditions of injustice it can nevertheless endure, as in the case of capitalism.

The theory of the 'social' economy allows the framing of alternatives to neoliberal proposals. Thus, the adjective 'Solidary' or 'Solidarity'

– understood not in the philanthropic, but the consensual democratic sense (Laville, 2013), without asymmetries between the participants of this relationship – suggests that, to counteract the forces of the global market and avoid its unwanted effects, society (and politics) should affirm relations of reciprocity within the setting of a democratic system that legitimates the reconciliation of diverse interests. Recognising the plurality of motivations in real societies, the aim is to leave behind the prevalence of selfishness and to recognise that human beings are not merely functional agents of a market system that objectifies her by making her into an obstacle to – or a resource for – particular strategies of utility maximisation. Rather, the aim is to recognise that, in addition to competition, economies are constituted by relations that are intersubjective, communicative, reciprocal and cooperative, and based on complementarity. This solidarity also includes attention to the needs of future generations and the recognition of nature as an organic condition of human life in society, with its own laws and equilibria, and, for indigenous peoples, as subject. In particular, it acknowledges democratically- guaranteed human rights and the responsibilities of community living, the values of social justice and a restorative r elationship with nature as a condition of life; a relationship that, in present-day Latin America, finds its maximum discursive expression in the metaphor of *Buen Vivir* or *Vivir Bien*: 'good living' or 'living well',

a westernised translation of *Sumak Kawsay* (Quechua), *Suma Qamaña* (Aymara), *Teko Porâ* (Guarani), and other knowledges of indigenous peoples.

Understood by means of an analytical framework, empirical economic systems are theorised as multidimensional and historical, and, consequently, any explanation or comprehension of and intervention in 'the economic' must necessarily be transdisciplinary. This contradicts the proposition that 'the economy' is a societal sphere subject to its own laws, as supposedly universal as the laws of Newtonian mechanics, and that must be apprehended by that 'social science' known as economics as forming 'natural' limits to human action.

The alternative theoretical SSE framework, which is still under construction, includes, in a critical manner, elements of market theory to explain the tendencies of price (or terms of trade) formation according to notional laws of supply and demand. This inclusion is motivated by the fact that it is recognised that the 'market' both exists (although socially and politically regulated) and, moreover, is a *necessary* institution of modern economies, no less so than planning, community consensus and other modes of social coordination. Proposals for its elimination cannot be sustained. There is, however, a total confrontation with the dominant conception of the 'perfect' market, and with the treatment of human capabilities, nature, knowledge, money and the commons as fictitious commodities. The theory of the 'pure' market is rejected because the advocacy by neoliberal theorists of an all-pervading market principle, i.e., the market as *the* economic institution subordinating all others through 'rational choice theory' postulates the commodification of all human activities constituting social life in the name of totalised instrumental rationality, as well as its own morals of utilitarian and irresponsible individualism. All of this implies a claim to universality that tends to homogenise cultures.

2.4. The substantive economy approach

The core of this body of theory (SSE) is the *substantive economy* approach, supported by the generalisations made by Polanyi on the basis of the historical and anthropological studies of concrete economies available at the time he undertook his research. It is also supported by Marx's theory of the modes of production (Assadourian et al., 1977) which states that, in any

real-world society, the economic process is integrated into socioeconomic formations that combine a range of modes of production and reproduction. According to this approach, in any real-world economy, the principle of the market – when present – is *one among many*. It may be the dominant mode, or subsumed by others (householding, reciprocity, or redistribution). On the other hand, it is affirmed (as is implicit in Polanyi's work) that the economy is and must be a moral system with rational ethical principles (Ulrich, 2008).

Thus, in one and the same economy, complementary or contradictory economic institutions and principles coexist, regulated by various moral rules and ethical principles, just as society is made up of a multiplicity of communities and cultures. This implies an understanding of contradictory practices or the ambiguous behaviour of individual actors (for example, cooperatives that behave like capitalist firms, individuals that are competitive in the sphere of exchange but show solidarity with their family or community of reference). We suggest that, put in terms of broad categories, these principles can be outlined in Table One:

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Some of these principles are embodied both in individual practices and at the level of communities or entire societies through internalised norms and values. For example, the application of the oikos principle ranges from production for consumption at the household level to proposals for food sovereignty, countering the vulnerability of life that comes with the subjection of livelihoods to the vagaries and speculative movements of capital in global food markets. In this regard, guidelines for individual and collective decision making include the acknowledgement of one's own abilities, not exposing oneself to unfairly competitive or exploitative labour conditions, toxic or unsustainable environments, and appreciating the benefits of the diversification of local production.

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Table One

	Capitalist Economy	**SSE**	**State socialism**
Ethics			

	Accumulation to maximise capital – socially irresponsible.	Reproduction of life for all and to safeguard the natural environment – socially responsible.	Reproduction of collective/state capital – limited social responsibility
Principles for the production of productive labour			
Possession or separation of workers from other factors of production – for example the natural world, scientific and practical knowledge	Capitalist direction. Work dependent on proprietors or possessors of the means of production. Concentration of the means of production in private hands.	Autogestión. Autonomy for workers, families or communities as possessors of the means of production: • For household production (oikos) • For exchange. Equitable access to the means of production	State direction. Work dependent on the state as possessors of the means of production. Means of production as state property, or owned by a workers co-operative.
Co-operation, Complementarity	Heteronomous (owner, salaried)	Voluntary, according to custom.	Heteronomous (voluntary, workers councils
Relations between work and the natural environment	Extractive, unlimited growth.	Equal, respectful exchange	Extractive, unlimited growth
Typified by:	Privately-owned company	Pleural: families, communities, mutual aid networks, co-operatives, associations, public enterprises,	State-owned company
Principles of appropriation and distribution			
	Indirect (by class and categories of monetary income, salary, unearned income, rent, interest	Directly by the worker, the community, or a central authority	Directly, through wages and surplus.
Principles of redistribution			
	Progressive-regressive according to the dynamics of capital flows and the balance of class forces. Limited public goods.	Progressive: paying attention to the needs of all. Investment, spending the surplus.	Conforming to the plan; creating the largest possible surplus of reinvestment.
Principles of circulation			
Reciprocity	Asymmetric	Symmetric	Symmetric (or a simulation of) /asymmetric
Exchange	Free market	Market, barter network, social money	Administration according to the plan
Principles of consumption			
	Individual, according to unequal incomes, unlimited desires, irresponsible	Individual, communal. Social, equal, sufficient, according to local custom and practice, responsible.	Enough to each according to the central plan.
Principles of co-ordination			
	Self-regulating market, with correction of 'market failure'	By the community or society, participatory planning. Market limited and subordinate to society.	Central planning and regulation. Quasi markets

Thus in the SSE, the plurality of economic principles in an *economy with a market* where there is room for everyone (individuals, groups, communities) to freely organise their lives to the extent that they do not interfere with social cohesion or with the principle of satisfaction of the legitimate needs and wants of each and all, is affirmed – on the basis of empirical evidence and rational arguments – by the programme for the construction, development and reproduction of an economic system guided by the ethical principles of life. In contrast, the dominant economic doctrine advocates a *market system* – and corresponding market society – tending to *commodify* all life and to impose utilitarian values, competition, inequality, and irresponsibility regarding the consequences of individual actions on others and on nature. Rather than cultural diversity, this doctrine affirms the standardisation of values and the imposition of a Eurocentric culture that is none other than that of the countries that were the origin of the capitalist mode of social organisation (Quijano, 2008).

Given that they have historicity, generating varying combinations over time, the principles listed above should not be seen as static. There are different temporalities associated with the processes themselves, and with the cultures in which they take place. Finally, there are interdependencies and dialectical relations between categories, such as: (1) the definition of nature as a resource influences the conditions for extractivism; (2) the appropriation of a surplus can be achieved at the moment of distribution of the product according to the relations of ownership of the means of production and knowledge, and/or at the moment of redistribution or circulation; (3) the structure of ownership of the means of production depends on historical legacies and the accumulation of surpluses; (4) the capacities of appropriation through the processes of production and circulation are related to, and can be partially corrected through, the democratic application of the principle of redistribution; (5) consumer desires and patterns of consumption are determined to varying degrees by the strategies of material and symbolic production and by the circulation of products, and in turn influence production; (6) mechanisms of coordination affect the other categories of principles and institutions, and depend on the political regime and the structures of government; and so on.

Any diagnosis, prognosis and proposal for action that relies on these interrelated categories should acknowledge the particular and historical context of each real-world

economy. This includes an understanding of the principles of feasibility, and of the social and political responsibility for the proposal. However, practices aiming to correct or modify certain unwanted situations do not always represent strategic programmes for the transformation of the particular circumstances or of the system that generates them, and their feasibility may be limited to actions that are functional to the reproduction of a system that does not correspond to declared ethical principles. Under the conditions determined by a hegemonic system, coherence and effectiveness are difficult to achieve, and the same is true for processes of transformation such as those discussed in this chapter.

The characteristics of SSE practices for transitioning from a capitalist market economy

A great variety of SSE practices, which together embody the ethical principle of the defence of the reproduction of life (although sometimes in contradictory ways), are guided both by this framework of critical thinking and by the conviction that 'another economy is possible'. This ethical principle is not based on *a priori* moral values, but on a judgement that is in fact universal: the economy of life is the ultimate end (Dussel, 1998; Hinkelammert and Mora, 2009).

Within the historical framework of material possibilities guided by this fundamental principle, mediated by the definition of specifically economic principles, the practices of the SSE incorporate moral elements of a non-universal nature: elements referring to human actions in the sphere of economic processes, and their consequences in specific situations. While acknowledging cultural diversity, it can nevertheless be postulated that these practices include, as common moral principles of action:

- promoting the inclusion of each and everyone in the system of social division of decent work, in particular community and/or self-managed associative work, recognising cooperative practices and the complementarity of individual jobs;
- ensuring that production is socially and ecologically responsible, managing processes of technological innovation with this in mind;

- safeguarding biodiversity and the diversity of economic forms and associated cultures, while respecting their dynamics and development;
- recognising that the economy and culture cannot be disembedded;
- promoting a fair distribution of the means of production and the wealth produced, and in particular recognising the state's responsibility in this area;
- advocating reciprocity, and in particular fair trade rather than utilitarian contracts;
- recovering the role of money as a public good, and encouraging the development of community currencies at local levels;
- ensuring the provision and distribution of the material means for satisfying the legitimate needs and wants of all, avoiding forms of consumerism that destroys nature and objectifies social relations. Promoting the fulfilment of needs by means of synergistic satisfactors;
- affirming awareness and critical-reflective practices as well as truly democratic participation, advancing towards the goal of human emancipation from objectifying structures.

More specifically, by SSE practices we mean non-capitalist economic experiences originating firstly in society towards a generation of material foundations and social ties aimed at achieving, at the individual or community level, the direct reproduction of a decent life and its corresponding moral values; and secondly in the public sphere – whether or not of the state – ensuring the reproduction of the material foundations or general conditions directed at the improved reproduction of the life of individuals and communities. As a condition for sustainability and a goal of itself, these economic practices seek to establish a virtuous relationship with society guided by the ethical principle of ensuring the development and reproduction of life for everyone, in balance with the whole of nature. This implies the reinvention of the state in its relationship with civil society (Santos, 2005) and, of course, of the political system. Far from trying to implement a ready-made and agreed-upon institutional system, these practices are part of an open-ended transition process with a time frame corresponding to the structural transformations anticipated.

These transformative practices are situated within a socioeconomic system in which capitalism is hegemonic. In the face of this hegemony, actions towards the satisfaction of needs must engage in a cultural struggle for other values, other visions of the world, and other epistemologies.

2.5. Developing the SSE in Latin America

Two major categories of practice predominate the SSE in Latin America, practices which are both very limited in terms of the programme of action suggested above. On the one hand, following the crisis of the mechanisms of inclusion provoked by neoliberalism, practices oriented at the reinsertion of the excluded and destitute through displays and practices of solidarity have emerged at the microeconomic level. Paradoxically, the aim of these practices is to achieve the insertion or reinsertion of individuals into the *same* markets from which they have been excluded, even though these markets will *keep* excluding masses of human beings, and continue to drive relentless processes of the destruction of natural equilibria. Instruments such as microcredit or subsidised small-scale seed capital accompany such programmes. On the other hand, through fiscal policy, the redistribution of monetary incomes (though not the means of production) is extended towards sectors of extreme poverty. Such efforts, however, can only be sustained by political will or moral principles, which can be difficult to uphold over long periods of time given the pressures of capitalist globalisation in both material and symbolic ways.

Both these sets of practices lack a totalising vision oriented at the construction of 'Another Economy', that is, another economic system characterised by social values and solidarity (as prescribed, for example, by the Ecuadorian constitution), even though it may not be possible to design an entire new institutional system. This level of thought and systemic action is essential for building Another Economy, rather than merely mitigating the social consequences of neoliberal globalisation that the powerful find undesirable or dangerous, thereby improving the governability of the peripheral capitalist system. It implies that all the communities that make up society should consider and practically engage with all the above

principles, countering the forces of the market and the processes of reproduction of capitalist culture. A firm foundation for this process is the 'popular' economy, with its potential to form a broad and organic sector of economic solidarity, making democratic demands on the state. The fact that SSE organizations are motivated by desire to facilitate the expanded reproduction of the lives of their members, rather than capital accumulation, allows us to affirm the possibility of extending that logic to relationships with others, based on reciprocity (Coraggio, 2011).

It is also important to note that there are relatively few of those collective agents that are indispensable for both sustaining this project of structural transformation, a project that involves a developing a different meaning of the 'economic', and injecting it into the logic of liberal democracy such that it becomes the basis for the constitution of people, articulating the interests and demands of various sectors (Laclau, 2005). Given the consequent difficulty of reconciling and articulating the practices of diverse agents at the centres of national authority with micro-level practices in what is a long transition, constructivist practices operating at the intermediate socioeconomic level as mediators between the two levels become significant. This involves creating or consolidating territories consisting of inter-subjective relations of proximity, characterised by solidarity at the material and symbolic levels between individuals, communities, and their natural environment, as foundations for the emergence of collective subjects with relative autonomy and a sufficient degree of detachment from the laws of the market. In the words of Alain Caillé, the goal is to 'revive, in the midst of secondary sociability, the cardinal values of primary sociability: loyalty, interdependence, trust, reciprocity' (Caillé, 2009).

This is important as, as Polanyi and Marx showed, the market was, and remains, a social construction made by forces relying on the violence of economic, political, symbolic and even military power; forces which currently progress the neoconservative project for world domination. The project for Another Economy, or SSE, faces opposition from these forces, and cannot ignore the need to radicalise democracy as an integral part of this alternative project. (Gaiger, 2014).

Constitutional and legislative issues

The recent constitutional processes and the associated enactment of new laws in Venezuela, Ecuador and Bolivia, explicitly embody and institutionalise forms of SSE[2]. In the case of Venezuela, we find an abundance of names used by the same government over a period of 12 years: social, communal, popular economy, etc. (see Azzellini, this volume). Among other things, this mirrors the rushed process of economic exploration, experimentation and learning that has taken place there. We can, however, also observe the evolution of the meaning of the social economy proposal in those countries, ranging from the democratisation of capital and the market - where the social economy based on associative companies and self-managed microenterprises is seen as an alternative and complementary to both the private and public economies - to the full blooded construction of a 'Socialism of the XXI Century'.

In Venezuela, Ecuador and Bolivia laws have been enacted in support of a 'people's power' oriented at building a Communal Economic System, formed by Communal (direct or indirect) Social Property Enterprises, Family Production Units (which are commercially oriented), and Solidarity Exchange Groups. Faced with a bureaucratic state opposed to the new policies, and a society without organisations numerous or strong enough to put into practice autonomous initiatives or to take up the slogans of the government, an attempt was made to encourage cooperation by dedicating a great wealth of resource to the establishment of new social production enterprises, especially cooperatives, with results well below expectations. For similar reasons, a new institutional framework was set up to support practices aimed at building 'Another Economy', with new actors - the Missions. These are large mobilisations, particularly of young people, in parallel with the structures of the state, one of which ('Vuelvan Caras', which translates as about-face) was responsible for mobilising resources and incentives for community-based economic initiatives.

In the case of Ecuador, the new constitution recognises various forms of organisation of productive processes in the economy, such as public, private and mixed enterprises, as well

[2] A more detailed treatment of this topic is in Coraggio (2012).

as family, domestic, autonomous, community and associative enterprises, and cooperatives. The last six constitute the so-called Popular Economy, and the last three, the Popular Solidarity Economy (PSE), to which the constitution assigns a prominent role. Similarly, the 'National Plan for Buen Vivir' stresses the importance both of the PSE, and of participatory mechanisms for the formulation of public policy. With respect to the latter, no substantive progress has been achieved so far, which indicates the degree of resistance from existing institutions, including the state bureaucracy, civil-society organisations, and the general citizenry. Article 283 of the new constitution provides that 'the economic system is social and solidary and is comprised of the public, private, mixed, popular and solidarity forms of economic organisation, as well as those indicated by the Constitution', adding that 'the popular and solidarity economy will be regulated in accordance with the law and will include cooperative, associative and community sectors'.

In the case of Bolivia, the new Constitution requires the state to recognise, protect and promote cooperatives and the systems of production and reproduction of social life that are based on the principles and visions of indigenous peoples and nations as well as farmers. It also specifies that the state should prioritise support for the organisation of associative structures by small producers in urban and rural areas.

Public Policy

In line with the general principle of redistribution that guides public practice in a SSE, a common feature of the politics of the new century in Latin America under the new left governments has been the redistribution of both monetary incomes and public goods (education, health, housing programmes, etc.) in favour of the poorest sectors of the economy, those neoliberalism has left behind. This has been facilitated by state appropriation (through renegotiation with multinationals, nationalisation, or heavy taxes on private exports) of international rents arising from price increases in the global market, and the application of high-productivity technologies in the raw material producing sectors. While social movement actors have been active in this regard (e.g. MST in Brazil, the recovered factories of Argentina) progress in terms of the redistribution of the means of production, in particular of land and

water, has been limited or non-existent at the macro level. Arguably this is due to a desire to avoid the heightened social conflict that would come with advances in this direction, and avoid the complicated web of legal actions that this would provoke when conducted within the rule of law. They also respond to the SSE principle of guaranteeing labour market participation for everyone, and as such do not generate major conflicts with the propertied classes, with the exception of when elites argue that they are subjected to higher taxes to subsidise people who 'don't want to work'.

When viewed from a substantivist perspective, these elements of the SSE would be referred to as 'social policy', meaning compensatory social policies that address extreme poverty organised sectorally as 'education policy', 'health care policy', or 'fiscal policy' etc. The question of naming is no less important when disputing hegemony in the field of the 'economy'. In fact, the use of the new labels – Social Economy, Solidarity Economy, or Social and Solidarity Economy – has generally been limited to the promotion of programmes for micro-entrepreneurship based on associative and self-managed labour. They have been understood as ways of integrating the excluded into paid work, that is, into the production of goods and services for the market, and as such typically do not manage to break away from the matrix of compensatory social policy. The main instruments are monetary subsidies conditional on the realisation of self-managed associative activities such as microcredits which while widespread are a small part of the wider economy. Sometimes these projects are supported on communitarian grounds, and sometimes on business grounds. The usual training is provided. The sustainability of such micro-enterprises is, however, a recurring problem. The main causes of difficulty are competition in a market economy context, the incompleteness and uncertainties of public policy, and the absence of collective actors and organisations pursuing this strategy. It is well known that such programmes are unable to step out of the paradigm of the capitalist firm when assessing the actual and potential efficiency of popular enterprises.

In the Brazilian context, advances have been made in the context of the formalisation and recovery of workers' rights, including important improvements in wage levels, and the recognition of the status of the 'associated worker' with access to social security systems. In contrast, even in the cases of Bolivia and Ecuador where the existence of family and

community economies has gained constitutional recognition, little or no attention has been paid to the development of household production for home consumption, except in the case of self-built homes.

The relationship between society and nature, which in SSE discourse is couched in the Westernised terms of defending the 'rights of nature', has in all cases faced problems arising from its contradiction with the neo-developmentalist models that have re-emerged in the SSE processes discussed above. This contradiction has no easy solution because, on the one hand, Latin American economies, including the most industrialised, remain dominated by primary exports, while on the other hand, the preservation of the electoral legitimacy of the new left governments required continued improvement in the standards of living of the majority, in a context of economic stability. Given the political difficulties of advancing on other internal fronts, such improvements require a growing surplus, which in the short term depends on increasing exports. One possibility for reducing the impact of this contradiction, and the impact of unsustainable extractive activities that threaten the balance of nature, is to bring about an increase in societal self-sufficiency supported by regional integration, a project requiring a consensus about a shared project that goes beyond the proper and fair management of a peripheral market economy.

In regard to reciprocity, there is a notable recovery, development and coverage of social security, tending towards universality. In the case of Argentina, private saving schemes have been nationalised, although not the pre-paid health insurance companies. In terms of exchange, interventions in the system of prices of goods and services – aimed *inter alia* at directly limiting their variation, ensuring that education and health care services are free of charge, subsidising basic goods and services, and capping interest rates – have managed to reduce the cost of living for low-income sectors, but have equally benefitted the middle class because of the difficulties of effective price discrimination. The multiplication of popular market fairs and popular credit systems constitutes another instrument, in this case for sharing responsibilities with producer and consumer organisations. Barter networks and the creation of community currencies have been left to grassroots initiatives, although in the case of Venezuela these institutions are expressly recognised by the constitution. The fair trade path has also been left to civil-society initiatives, except for its legal recognition in Brazil and

the important case of ALBA (Bolivarian Alliance for the Peoples of Our America), led by Venezuela, which involves Central American countries as well as Bolivia and Ecuador. Its aim is to introduce reciprocity into the trade relations between the member economies (e.g., the exchange of Venezuelan oil for education or health care services provided by Cuban professionals).

With regard to consumption, an issue obviously driven by other policies, there has been a return to models where stimulating demand is seen as the engine of economic growth, both through public spending as well as transfers of resources to the base of the income pyramid. Since the utilitarian perspective is that individual well-being is based on increased consumption, although the poor are not at risk of consumerism these policies can generate a certain 'trickle-up' effect leading to an exacerbation of consumerism. In all cases, the commercial, financial, and industrial sectors and the media have generally enjoyed sharp increases in earnings and profits as a result of the application of this model. However, the response of the capitalist sectors in terms of greater productive investment has been limited, resulting in a growing gap in the current account balances of these countries (except for Brazil), which simultaneously find themselves blocked from obtaining resources on the international financial market. In fact, despite the gains obtained, the more concentrated sectors – especially the financial – use their capacity for action and their control of the media to harass and destabilise these processes.

Finally, in terms of system coordination, the three Andean processes have recovered the notion and the institutional framework for state planning, although without taking on board the criticism, raised before the neoliberal era, of its technocratic nature and the lack of civil-society participation. This extends to the largely technocratic style in the design and management of public policy. This represents a failure to adhere to the democratic principles of SSE practices.

2.6. Conclusion – after the pink tide?

While there have been many advances, changes in government, particularly in Venezuela, Brazil and Argentina, suggest that progress on the implementation of 'another economy' has been limited. SSE policy has continued to operate with the understanding that individuals and communities will continue to operate in utilitarian ways. There has been an Increasing recognition that cooperation and reciprocity are difficult paths to follow given the persistence of the individualist culture that has been internalised as 'common sense' during the neoliberal period. Consequently, the main mechanism for the development of solidarity is not intersubjective, but superstructural, mediated by the state: and this does not facilitate the formation of collective agents capable of transforming the economic system. To the contrary, these processes, originating with autonomous popular mobilisations and the actions of social movements, have tended to deactivate such agents once government power is attained, as indicated by the predominant style of leader-mass politics[3] and it is not clear to what extent they will survive the passing of these leaders. In short, there is a concern that, being logically close to leftist programmes, the SSE approach may be limited to constituting a branch of social policy oriented at the poor, serving as valuable moral support for a neo-developmentalist model, with a tendency, for pragmatic reasons, to relapse into the reproduction of utilitarianism and extractivism.

Innovative practices falling under the umbrella of SSE may share the ethical horizon of the reproduction of dignified lives for each and all as the ultimate criterion, but may nevertheless differ in scope and form when translated into concrete public practices, and even be contradictory in the short term. Seen from the point of view of society, the problem is not easily resolved. Even though large social movements have driven or supported the process of change in favour of the popular economy, as well as more far-reaching attempts to create a new economic regime, these movements suffer from internal contradictions and should in any case defend the validity of their political mandate while they start to adapt economic practices to new proposals for their institutionalisation.

From an intergenerational point of view, as already stated, the popular economy and its forms of resistance or survival provide the socioeconomic and cultural foundations on

[3] See the Chapter by Azzellini, this volume.

which to build an SSE. The peasantry and its renewed organizations (MST in Brazil, Via Campesina, etc.), the Argentine piquetero movement[4], feminist movements, ethnic movements, currents of liberation theology, and environmental movements, are organised social forces or forces that emerge in certain situations, that continue to have the potential to consolidate a political will able to take steps towards a social and solidary economic system, as a constituent part of a national and popular project that is regional in scope.[5]

[4] This refers to the popular mobilizations to defend jobs, initiated in areas affected by deindustrialization caused by neoliberal policies at the end of the last century. The name derives from the form of protest; occupying public spaces and, especially, cutting transit. These mobilizations eventually gave rise to a national organization.

[5] On this topic, see also: José Luis Coraggio and Jean-Louis Laville (Org.): La economía social y solidaria en movimiento. Nuevas perspectivas teóricas y prácticas, UNGS (forthcoming).

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