



Presentation and application of the popular and solidarity economy in Ecuador

Apresentação e aplicação da economia popular e solidariária no Equador

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ABSTRACT

This article has been developed from a qualitative approach through a bibliographic documentary review, applying the case study research method. Its objective is to briefly analyze the application of Social and Solidarity Economy (SSE) measures in Ecuador. In this way, the paradigm shift in the concept of development is addressed, emphasizing the relevance of other more inclusive and sustainable theoretical approaches such as *Buen Vivir* and SSE. Moreover, this work highlights the constitutional commitment assumed by Ecuador to the Popular and Solidarity Economy (PSE) and *Buen Vivir*, concepts whose aim is to achieve a fairer, more harmonious, and egalitarian society. Finally, actions are proposed for the implementation of the SSE through specialized education, awareness campaigns, gender equality initiatives, and communication.

Keywords: Buen Vivir, Sumak Kawsay, Social and Solidarity Economy, Popular and Solidarity Economy, Ecuador.

1 INTRODUCTION

Throughout the twentieth century, numerous currents emerged that defined what is considered development within a society. However, economic development has been, to this day, the most common way of analyzing this concept. Despite this, throughout history, alternatives to capitalist development have emerged and led to the idea of development as the need to satisfy the needs and enhance the capacities of humanity.

On the other hand, the Social and Solidarity Economy (SSE) can be considered as an alternative – based on solidarity and work – to the current economic system and the prevailing



idea of development. Among its postulates, in general, this way of thinking promotes social participation and an adequate distribution of wealth.

In addition, it is considered a direct response to the various social problems of the 21st century, such as poverty, the informal economy, inequality, unemployment, the role of women in the workplace, the deterioration of the environment, etc. SSE proposes the idea of a new model of development that is more alternative and integral. sustainable, fair and humane.

This conceptual approach may be given a different name depending on the country where it is applied. In the case of the Republic of Ecuador, the term "Popular and Solidarity Economy" (EPS) is commonly used. And its application integrates concepts such as "Buen Vivir", which, from an indigenist-South American perspective, offers (by placing people and their living conditions at the center) an alternative to the orthodox vision of development, with the aim of building a more just society.

2 ABOUT THE DEVELOPMENT CONCEPT

After the end of World War II, through the Truman doctrine, the concept of development was institutionalized, allowing for the presentation of ideas that we now know as "Foreign Aid" and "underdeveloped" countries. In the following decade, according to what was proposed by Míguez (2017), a multiplicity of proposals would have flourished, considering economic development as a priority objective and giving the State a leading role in the process. "The theories of development that proliferated after World War II have fueled, from then until today, the myth of economic development" (Míguez, 2017, p. 144). In this sense, Krasner (2010) provides a broad perspective on the trajectory of the development of the State under three conceptual approaches: modernization theory, rational choice, and institutional capacity. Moreover, each of them has its own criterion in relation to foreign aid, and their relative predominance is reversed, i.e., modernization theory and institutional capacity dominate discourse and practice.

Broadly speaking, the theory of modernization - according to Krasner, is the most recognized - measures development in terms of economic growth and holds that political transformation and democratization are the result of social change and economic growth (Krasner, 2010, p. 590). This theory understands that democracy is a consequence of economic growth, that is, high economic development ensures the permanence of democratic regimes (Krasner, 2010, p. 691), thus avoiding the establishment of dictatorships. On the other hand, Krasner (2010, p. 692), contrary to what the theory of modernization suggests, states that there is no direct relationship between income levels and the permanence of autocratic regimes.



On the other hand, the theory of institutional capacity (1960s) attaches great importance to institutions as guarantors of political order and economic growth. Thus, these entities, in addition to being adaptable, complex and autonomous, must be effective and have institutional capacity. Therefore, the authority, legitimacy, and effectiveness of the central institutions of the state are fundamental for authors who emphasize institutional capacity (Krasner, 2010: 695).

With respect to the external environment (as proposed by Krasner), both theories point to the following: on the one hand, modernization considers that it can provide resources in the form of capital, new technologies, or opportunities for economic exchange; on the other hand, institutional capacity asserts that external threats can create incentives, sometimes very persuasive, to increase state power, or else, the international environment can suggest a range of state activities that are ill-suited to the limited capacity of contemporary developing countries (Krasner, 2010, p. 701).

Regarding foreign aid, both theories present different points of view. For modernization theory, donors should provide resources, while institutional capacity focuses its attention on the role of donors as actors who should strengthen institutions in target states (Krasner, 2010).

The debate on the concept of development has been extensive in relation to its rationale and, as stated earlier, Krasner offers us a starting point to begin studying it. It is important to understand that, as a whole, this concept has been tense due to the need to analyze the life and level of satisfaction of the population. Thus, it is relevant to point out that, in addition to the theory of modernization (which observes development from the economic and technical aspects of technical progress), there are other visions of development.

From the perspective of international organizations, such as the United Nations or the World Bank, one can speak of development as the ability to meet the basic needs of a given population. On the other hand, there is also an idea of development that seeks to develop the basic capacities of the population, attributing this definition to the United Nations Development Program (UNDP) and to the idea of Human Development of the well-known Amartya Sen, who proposes another way of conceiving development, placing freedom as its main characteristic (Cejudo, 2007)¹.

In addition, alternative concepts have emerged, with perspectives from the South, which propose a different view and seek a conceptual rupture that leaves aside the ideals of the Washington Consensus and the more orthodox approaches to the concept of development. In this

¹ Sen's contributions culminated in the construction of the Human Development Index (HDI) used by the UNDP, evidencing a major paradigm shift.



sense, the Buen Vivir of Ecuador (together with the social and solidarity economy) is presented, a concept that, in principle, responds to the way of life of the original peoples of the region and offers a full life (*Sumak Kawsay*) for every human being in harmony with nature.

THE SOCIAL AND SOLIDARITY ECONOMY AND ECUADORIAN LEGISLATION

The new constitution adopted in 2008 under the presidency of Rafael Correa in Ecuador allowed the introduction of elements aimed at the implementation of a social and solidarity economy (under the name of "popular economy") within the constitutional framework itself. Article 304 establishes as objectives of trade, in item 5, the promotion of the "development of economies of scale and fair trade" (ECUADOR, 2008), specifically micro-enterprises and actors of the popular economy benefited from preferential treatment.

In addition, this article and others resulted in the creation of the Interinstitutional Committee for the Promotion of Fair Trade, represented by the Minister of Foreign Trade. This new organization promotes the construction of new social relations and practices of production, especially distribution and consumption based on justice, equity and co-responsibility. Its main axes are the strengthening of the regulatory and institutional framework of fair trade, the opening of markets for fair trade products and services, and the strengthening of fair trade organizations and companies. In other words, the idea is to promote and strengthen fair trade practices.

The Interinstitutional Committee for the Promotion of Fair Trade is not the only governmental organization promoting fair trade, the Institute of Popular and Solidarity Economy and the Superintendence of Popular and Solidarity Economy were also created, among others.

However, both organizations act in very different ways. The Institute of Popular and Solidarity Economy supports Popular and Solidarity Economy Organizations in legal processes, in the preparation of projects, in technical support and, in general, acts as a privileged informant for other organizations. Meanwhile, the Superintendence of Popular and Solidarity Economy represents a supervision and control entity, with the intention of being a leading regional technical institution and an international reference in 2022 in terms of supervision and control, promoting consolidation and contributing to the "Buen Vivir" of citizenship.

2.1 POPULAR ECONOMY AND BUEN VIVIR

The most important point of the constitutional revision in the case of Ecuador is the inclusion of the concept of "Buen Vivir" in the Constitution. The expression "Buen Vivir" is the translation of the kichwa concept of *Sumak Kawsay*, which promotes harmony between human



beings and nature, although it is difficult to define it precisely, which justified the creation of a "Buen Vivir" Secretariat in 2013, with the aim of its conceptualization.

The constitutionalization of "Buen Vivir" emerged after the crisis of the 1990s caused by the neoliberal model that led to great political instability in the country. In response, the Ecuadorian people decided to elect Rafael Correa as president in 2006. In his 2008 constitutional revision, former President Correa included "Buen Vivir" in Article 283 as a way to promote the equitable distribution of the benefits of development, the means of production, and the creation of dignified and stable jobs.

This new national project emerged as an alternative to Western development and as a break with the myth of progress and the inexhaustible character of natural resources of the previous development model. Article 283 of the Constitution of Ecuador promotes self-managed associative initiatives, especially the development of forms of enterprise that were previously excluded from the formal economy, such as cooperatives, associations, or communities.

However, it is important to keep in mind that the EPS model is new, but it does not reject the globalized economy. Therefore, the reconciliation between "Buen Vivir" and development is the main challenge of this new model. Moreover, the harmony between human beings and their environment promoted by "Buen Vivir" does not include the concept of development.

In the process of creating the new Constitution, the Ecuadorian indigenous population played a considerable role, especially the Confederation of Indigenous Nationalities (CONAIE), which promoted values of protection of natural resources and the balanced management of wealth, which helped in the adoption of Sumak Kawsay as a constitutional foundation and, thus, in a constitutional commitment in an unprecedented way.

In this way, Buen Vivir is not only an alternative and overcoming the myth of development, but a true new social contract that fully includes the harmonious bonds between human beings and nature.

The new Constitution of 2008 allowed the implementation by the public authorities of a "National Plan for Buen Vivir" with precise economic, social and environmental objectives that seek the humanization of the economy through five fundamental principles: self-subsistence, reciprocity, redistribution, exchange and planning (SARRADE, 2015, p. 6).

The unique character of Ecuador's Popular and Solidarity Economy, compared to other countries that apply the Social and Solidarity Economy, is related to the constitutional commitment of the State and the fact that EPS is considered an economic sector in itself. For this reason, the



National Institute of Popular and Solidarity Economy has its own budget and substantial savings that allow it to identify agents, finance projects and create productive circuits.

The use of the word "Popular" is interesting, linking to the "citizens' revolution" promoted by former President Rafael Correa, transforming citizens into direct agents of change, appropriating politics for themselves. In addition, EPS does not represent an insignificant portion of the Ecuadorian economy, since in 2009 the popular economy alone accounted for 64% of employment and 25.7% of GDP (SARRADE, 2015, p. 9).

"Buen Vivir" and EPS have mainly resulted in concrete initiatives through specific plans. For example, the "development of the central corridor" plan, implemented in 2007, sought to consolidate EPS in rural areas through four circuits: "good food", "good tourism", "good manufacturing" and "good service" (SARRADE, 2015, p. 10). The "good food" circuit has had positive results with improved working conditions, increased family income, and the promotion of gender equality. However, it is important to highlight in many cases the insufficiency and irregularity in production, limited access to finance, deficiencies in commercial strategies and technical assistance, and administrative difficulties.

2.2 THE INDIGENOUS INFLUENCE IN ECUADOR'S BUEN VIVIR

EPS consists of new forms of production and cooperation accompanied by the reintegration of those excluded from production and consumption. In general, it is also important to consider that EPS ensures the harmonized use of the workforce and available resources to meet basic needs, whether material or immaterial.

In short, it is a path towards a more supportive and equitable society. At the same time, EPS is designed by and for the popular sectors, being a dimension of the economy that goes beyond the concept of material profitability and is mainly interested in improving the quality of life through reciprocity and cooperation (CARRANZA; MARTINEZ, 20). This type of economy manifests itself through mercantile exchanges that favor human formation, culture, health, etc. For this reason, activities related to EPS are mainly born from collective actions that generate community production.

However, it would be a mistake to believe that the solidarity economy is simply the result of academic and political analyses based on the recovery of the concept of Buen Vivir. In fact, the constitutionalization of Sumak Kawsay comes after learning solidarity and projects based on the values of Buen Vivir. This concept is a direct legacy of the pre-colonial period in Ecuador, as



demonstrated by the existence of agrarian collectivities that spontaneously collaborated for the common benefit.

Today, these forms of collaboration, commonly known in the Kichwa language as "mingas," still exist. "Minga" means "collective work for purposes of social utility and reciprocal character", it is an unpaid work, without direct utility or, at least, without direct benefit to those who perform it. The mingas are collective actions for the common good that have allowed the survival and even the development of communities. We can distinguish three types of mingas:

1. Community minga: in which a leader asks for help from others to perform a service that benefits the common good. Participants then share a lunch (each one takes something) to thank others for their work and thank Pacha Mama.
2. Family minga: in which a member of a family seeks the support of their relatives to carry out a job that cannot be done alone. Participants also have lunch together in this case, but the beneficiary offers them food.
3. Voluntary minga: which results from word of mouth, it is an external help to carry out exhaustive and urgent work in a short time. Sometimes this help comes from outside the community itself (which can result in a possible exchange in the future). In this case, we see how minga can go beyond the boundaries of the Kichwa culture and integrate into the Ecuadorian culture.

To show that "Buen Vivir" is a concept that arises directly from indigenous customs, we can cite several examples. In the last years of the 1990s, the indigenous communities of Cayambe carried out mobilizations in response to CONAIE's proposals (HERRÁN, 2013). During this political protagonism, they were able to demonstrate their forms of local autonomy, their community projects directed by community leaders, the large presence of women leaders and the new intercommunal organizations.

In 1979, the case of the indigenous communities of Zumbawa (HERRÁN, 2013) had a significant impact on current policies related to buen vivir. In fact, at that time, the Central Bank of Ecuador's Marginal Rural Development Fund (FODERUMA) boosted rural development through loans granted to indigenous people, with a "guarantee" of repayment based solely on trust in indigenous people. These microcredits, with community responsibility, were important generators of development, not only boosting production, but also strengthening community organization. Nowadays, this case makes it possible to give credibility to the financing of projects within the context of Buen Vivir.



2.4 PROPOSALS: FROM LOCAL TO GLOBAL

Cooperativism is a system that can work and be a hope not only for local development, but also for global development, that is, at the national level. In the context of this article, three possible actions are recommended to be implemented in Ecuador, so that the entire country can benefit from the Popular and Solidarity Economy.

The first focus is education. Implementing the Popular and Solidarity Economy in a cooperative is not something automatic or natural for many people. Therefore, it is necessary to have EPS specialists in the country. The education system could train, for example, business students who are aware of fair trade issues, engineers who specialize in profitable ecological production, or biologists looking for alternatives to chemicals. The world of research and investment in more educational material can also play a considerable role in training these specialists. However, in order for this new knowledge to be truly useful, it is essential to encourage the creation of positions of those responsible for the Popular and Solidarity Economy within the companies themselves.

The second focus is to raise awareness, both among the population and among businessmen and politicians, so that everyone (in Ecuador and around the world) is aware of the importance of the Popular and Solidarity Economy, especially for producers and the preservation of the environment. In addition to raising awareness of EPS, there is also a need to raise awareness of gender equality. To achieve these goals, education is also key for the youngest. For adults, awareness can be raised through posters and seminars, more broadly, with new laws to protect the environment, increase the quality of life for workers or ensure that women have the same opportunities.

The third focus is communication, especially between indigenous people and the rest of the Ecuadorian population. In fact, there is a certain isolation of the indigenous people while all the people have much to learn from them.

To improve communication, it could be interesting to propose "giant mingas" in which non-indigenous Ecuadorians participate in order to discover the advantages and humanity of this custom, and perhaps apply it. In addition, it is necessary to promote diversity in educational institutions so that in "indigenous" schools there are, for example, non-indigenous Ecuadorians, allowing for greater communication and understanding between the two cultures, which in a way are one.



In addition to communication with indigenous peoples, it is necessary to consider communication with political powers and improve it through the implementation of participatory democracy, both local and global.

4 FINAL THOUGHTS

Throughout this work, we explore the concept of development from diverse perspectives of thought, highlighting the importance of rethinking traditional definitions towards more inclusive and alternative approaches. For this reason, we highlight the emerging and innovative role of the Social and Solidarity Economy, particularly in the context of Ecuador and "Buen Vivir".

The inclusion of Buen Vivir in the Constitution of the Republic of Ecuador marked a significant precedent, promoting harmony between humans and mother nature, as well as a more equitable distribution of development benefits. For its part, EPS, in its commitment to reciprocity, has emerged as a true alternative that advocates the inclusion of sectors excluded from the formal economy.

It is of utmost importance to recognize and highlight the ancestral legacy of EPS, especially in Ecuadorian indigenous communities, where practices such as "mingas" have demonstrated the importance of community collaboration for common well-being. In addition, the insertion of indigenous values and practices in politics and economics has been instrumental in redefining development models in South America.

The proposal to implement EPS throughout the Ecuadorian national territory requires a comprehensive perspective that encompasses education, awareness-raising, and excellent communication. Educating future generations in the values of the solidarity economy, raising awareness among society as a whole, and fostering communication between indigenous and non-indigenous peoples are key steps to move towards a more inclusive and equitable model of development.

Ultimately, the challenge lies in finding a balance between EPS and the globalized economy, as well as overcoming the limitations and challenges faced by this alternative model. The path towards sustainable and just development implies not only adopting more supportive economic practices, but also driving a cultural change that intrinsically recognizes the importance of reciprocity and local cooperation for building a society.

The case of Ecuador offers valuable lessons on the "integration of alternative visions of development," especially the incorporation of indigenous principles into national policies. Buen



Vivir and the Popular and Solidarity Economy represent a new path towards a possible inclusive and dignified development, where harmony between human beings and nature is a central point.

In short, the search for a more equitable and, above all, sustainable development model does not seem to be an easy path, however, the experience of an Andean country such as Ecuador demonstrates that it is possible to integrate diverse and/or alternative approaches to build a more solidary, equitable and harmonious society.



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