


# Chapter 12

## The Social and Solidarity Economics, Public Policies, and Non-Monetary Economic Practices: The Case of Associative Firms in Loja, Ecuador

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### ABSTRACT

*The prevailing economic and social model contains great inequalities. Against this backdrop, the Republic of Ecuador, in its constitution of 2008, included recognizing ancestral practices at an economic and social level and granting special protection to “mother earth” or Pachamama based on the common element of solidarity between ecosystems and human beings. Despite this, continuous growth processes have blunted some of the tools and institutions created in Ecuador to redress poverty and rebalance existing economic and regulatory abuses. To analyze this situation, a series of group interviews were carried out in two communities of Loja (Ecuador) to analyze the scope and continuity of current ancestral practices and the effectiveness of processes established in the social economy. The analysis shows the lack of continuity of these practices and their associated benefits for people and communities with limited resources.*

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## INTRODUCTION

Economic and social inequality points towards alarming prospects for the majority of the globalized world. More wealth is concentrated in the hands of 1% of the global population than in the remaining 99%. Even more starkly, 62 individuals have amassed fortunes equivalent to the combined resources of 3.6 billion people, demonstrating the current lack of fairness in the redistribution of wealth and the need to introduce and develop an economic and social system within everyone's reach (Oxfam, 2016). Economic models guided by private interests enable the accumulation of power and influence, obeying the common denominator of continuous growth (Passet, 2013; Piketty, 2014; Mason, 2016). There is a vested interest in maintaining methods for accumulating wealth by one part of the population-based on the dispossession of the rest of the globalized world (Harvey, 2007). Processes of labor exploitation, extractivism, pollution, and a sham collaborative economy are becoming the norm. The markets are gaining power, and endemic corruption is the rule rather than the exception (Luque, 2018, 2019). This pattern is repeated in Ecuador, where national poverty stands at 23.2% and extreme poverty at 8.4%. The poverty percentage reaches 40% in the rural sector, while extreme poverty stands at 17.7% above specific estimates (INEC, 2019).

As a result of this, today's reality drives significant swathes of the population towards living standards far removed from models of anthropocentrism and consumerism. Certain corporations impose choices, trends, and tastes by their overwhelming offer of new products and services in the guise of modernity and necessity (Luque, 2017). They are driven to obtain the highest possible returns by promoting disproportionate processes of individualism and consumerism in the face of existing inequalities (Acosta, 2017). The Earth's limits are broken by techniques such as extractivism of natural resources (and its consequences) and the associated continually rising pollution. Regulations favor transnational developments. According to Banerjee (2019), reducing taxes for companies to boost investments is a myth. By doing so, we are merely giving incentives to the rich who already have excessive cash reserves. Once again, we see that lowering taxes—for corporations—creates extra wealth for those who least need it. By the same process, millions of people are squeezed out of an economic and social system geared towards production. The enjoyment of leisure, holidays, and the family is unattainable for many globalized populations who lack the resources and time (Sassen, 2015). Business is protected over and above human rights, fostering competition to land the next order between factories, even within the same group. Governments desperate for investment create legislation favorable to transnational corporations (TNCs), compromising human rights and the general interest (Hernández Zubizarreta and Ramino, 2016; Oliván, 2019; Luque and Herrero García, 2019).

Given this constant assault of the consume-dispose-consume mindset, the resulting social problems have led to solidarity initiatives such as cooperatives, mutual societies, associations, and all kinds of ancestral practices. In these, precedence is given to the redistribution of wealth, and collective values replace ownership by the few over the many. This fact stands in stark contrast to the traditional business paradigm in which wage differences between workers and CEOs can be of several orders of magnitude and decision making is concentrated in the hands of only a few.

Socially-based economic models arise spontaneously from the current needs or act as an escape valve for a production system that, by act or omission, forces some to look for alternatives. According to the Encyclical, *Laudato Si: on care for our common home*, by Pope Francis and Beroglio (2015, p.73), "Christian tradition has never recognized the right to private property as absolute or inviolable, and has stressed the social purpose of all forms of private property," hence the need to explore new social,

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