

The meaning of Solidarity Economy

Interviews with Luis Razeto Migliaro

Chilean sociologist Luis Razeto Migliaro is often credited with coining the expression “solidarity economy” in the 1980s. Since then, the concept has spread to become a central category in a global social movement, the movement for the promotion of the social and solidarity economy. This movement seeks to reorganize economic activity around principles of cooperation, sustainability, pluralism, self-management, and solidarity, as opposed to the competitive individualism and profit-maximizing patterns found in mainstream capitalist enterprises. This movement now spans six continents and involves hundreds of thousands of economic initiatives worldwide, ranging from worker cooperatives and credit unions to community currencies and eco-villages. Unfortunately, little of Razeto’s work has yet been translated into English.

During winter 2010, Haverford College political science professor Craig Borowiak teamed up with Chilean sociologist Esteban Romero to arrange a series of interviews with Razeto about his life, research and views about the solidarity economy. The interviews were conducted by Esteban in six installments between May 7 and May 28, 2010. Each was held in Razeto’s home outside Santiago, Chile. Videotaping and transcription of the interviews (over five hours in total) were generously arranged by Razeto himself. These are available at his website: www.luisrazeto.net. The interviews were translated into English by Noel Ottman, Andres Celin, and Ivana Evans, all students or recent graduates of Haverford College. This was all done with the generous support of Haverford College’s Center for Peace and Global Citizenship and the John B. Hurford '60 Center for the Arts and Humanities.

Interview with Luis Razeto

PART ONE

Esteban Romero: *There are a few questions I'd like to ask about solidarity economy and what you've written about it—popular economy, and the paradigms involved in this new conception of economy. And I'm interested in trying to recover some life experiences that sparked your interest in the "solidarity economy." So then the first question is if there was any life experience during your childhood years and youth that you would consider to have determined, in part, your vision of the popular world.*

Luis Razeto: It's not easy to establish a relationship between what one thinks and such distant experiences. I could very easily refer to how the theoretical construction of solidarity economy is connected to the experiences of solidarity economy that I have seen, that I studied, in different countries in Latin America, many of which I have accompanied and others in which I have participated. However, I believe I can say something regarding your specific question about childhood because, sure...on occasion I am asked, when did I make contact with the solidarity economy, and I thought that...in reality I was born into a context, a family, and a social setting that can perfectly well be considered an expression of solidarity economy. I am part of a fairly large family, from Italian parents who created a family in a rural province of Chile, on the outskirts of the city Los Andes, and they developed, as farmers, an experience which, conceptually analyzed, can be understood as a form of subsistence peasant economy, as a form of familial peasant economy, which later in my work I have recognized in the familial peasant economy of Latin America and Chile and, if it was actually a different experience because immigrants—and not traditional peasants—constituted the economic unit, it can be understood perfectly well with the concepts of familial peasant economy which are part of solidarity economy. They apply perfectly to the familial peasant economy into which I was born; that's why I say that I was born in a context of economic solidarity and in a setting where that sense of family was inserted into an area—a rural community—with neighbors and social ties that are recognized nowadays as strong bonds of solidarity, with quite a lot of mutual help, with quite a lot of collaboration among neighbors to resolve certain aspects of economic activity that couldn't be resolved in an individual way, etc. Thus, I believe that my first years of life, until I left home at the age of sixteen after finishing high school, took place within something that represents a particular form of solidarity economy.

Esteban: *And your parents were first generation immigrants?*

Luis: Well, my father was an immigrant, my mother was born in Chile, but she was also a descendent; her parents were Italians who had immigrated to Chile.

Esteban: *And how long were you in Los Andes, would you say?*

Luis: I was there until I was sixteen. Until high school. After I got my high school degree, I left for Santiago, where I entered religious life. I joined a seminary with the intention of becoming a priest.

Esteban: *This was immediately following Los Andes?*

Luis: Of course, after finishing high school. After I received my degree, I entered the seminary, which, in a certain way, was also a fairly intensely communal existence, not familial in nature, but rather consisting of many students, many priests, many people who all made a life together. I was there three years, living in that community, where the economic situation was also the sharing of all goods and services in function of everyone's needs and according to the structures that make up the typical communal—religious communal—life.

Esteban: *And what motivated your decision to enter the seminary?*

Luis: Well, that was so long ago that it's not easy to say what my motivations were, but...it was the desire to be a priest, to serve society and the community, to have a life with values, basically.

Esteban: *Was your family also religious?*

Luis: My parents were Catholic, but they were not particularly active in the church. They were Catholic, as in Sunday mass, but not in a perfectly regular way. I studied in a Catholic high school, but my family was...it was a Christian family.

Esteban: *And what circumstances—after those three years that you were in seminary—what caused you to abandon that trajectory?*

Luis: Well, there are rather complex personal reasons that one doesn't really share with others, but fundamentally the realization that this was not my calling and the discovery that there were other ways of serving society and participating in important processes that were at that time very rich, very dynamic, and very attractive...And I was also motivated by the desire to integrate myself into the political and social struggles that in those years, in Chile and a little in all of Latin America, were quite intense, and

which produced, shall we say, the expectation of being able to participate in the construction of a society with more justice and more solidarity.

Esteban: *You could say that you were part of that great stream of Christians who abandoned the church but continued to advance Christianity in civil society.*

Luis: I wouldn't say that I abandoned the church, at least not in those years, but I did leave the seminary, although I continued to participate in some church-related activities. But my decision in that politicized context was more political in nature. In fact, shortly after withdrawing from seminary, I joined the Communist Party with the intention of participating in the historic struggle to democratically construct a socialist society.

Esteban: *When you left seminary, did you enroll in another degree course?*

Luis: I studied Philosophy at the Universidad Católica de Valparaíso.

Esteban: *Okay. You have told me also that you went through the FLACSO School for sociology.*

Luis: When I finished the Philosophy degree, I did a Master's in sociology at FLASCO, the Latin American School of Social Sciences.

Esteban: *Was there some connection between your time at FLASCO and your later reflections on the solidarity economy?*

Luis: Not directly; however, the FLASCO experience was very interesting for me because I had the good fortune of having distinguished professors with a lot of motivation and political inclinations. My professors, for example, included Cardoso, who later was president of Brazil; José Serra who currently is a candidate and will possibly also be the next president of Brazil; Ricardo Lagos, president of Chile, was also my professor. I had notable professors who at that time were part of FLASCO's academic body and who put me in touch with this great sociological, and also political, preoccupation and pursuit which were very intense in these professors, and in authors of important books, of the *Theory of Dependence*, etc.

Esteban: *What type of sociology was taught at FLASCO?*

Luis: No...we studied a little of everything, history of sociology...I was influenced not so much by the sociology that we studied as by my contact with the professors—not as much by the material or what would have been a school of thought that impacted me strongly...In reality, no, it wasn't like that.

Esteban: *Afterwards, when did you enter the Technical University to teach?*

Luis: Well, when I finished my Master's in sociology, I began to work at the State Technical University in an evening program aimed towards the technical training of workers, and later I continued—this was for two years—and in reality I was sharing time between my studies, my period of study, at FLASCO, and working at the university. When I finished the Master's I began to work as a staff professor, permanently, at the Technical University's School of Engineering, where I was director of the Department of Social Sciences.

Esteban: *Did you have the opportunity to conduct research during that period?*

Luis: I studied work, the sociology of work, quite a bit; I conducted some research on the engineering profession and research related to education as well.

Esteban: *I understand that you also published a book during that time.*

Luis: I wrote a book, Introduction to the Social Sciences, which was published by the Technical University.

Esteban: *That was directed towards engineers...?*

Luis: It was a basic introductory course in the social sciences, and the book was a study text for engineers, for the engineering students. I had the intention of opening the minds, the consciences, of future engineers to social matters, and incorporating the social question into their background of knowledge.

Esteban: *And is there a relationship between your intellectual reflection during that period, before the coup, and your later reflections?*

Luis: During that period at the time of the Popular Unity—including two or three years before, let's say, from 1967/68—I participated quite a bit in two aspects of the solidarity economy. One was the matter of workers' participation in the management of businesses, which was an important subject studied at the Technical University—we worked on it in connection with the Central Workers' United—and we developed a number of courses, research, well—maybe not research, but at least reflection on and

analysis of the subject of workers' participation in the management of businesses. How to ensure that workers participate in the supervision of businesses, that they also share in the profits of the business, and that they receive, therefore, an education in terms of economy, of administration, and of leadership. We developed many courses of study in that way. And the other experience that I had, that came a little earlier—during my time as a student—was of connecting with various self-management experiences—experiences of self-directed work—initially experiences of the poor, in the Aconcagua province, towards the north, where I went during the summers to work, to include myself as a worker in their self-management initiatives. And afterwards I also had various experiences with self-managed businesses which formed part of the break with private enterprise and where workers took charge of giving continuity to productive activity.

Esteban: *What was the relationship between this reflection of yours—with that, perhaps I'm getting ahead of myself with the questions—between that reflection in the period of Popular Unity—with introductory sociology texts, reflection on the sociology of work—and later, in exile, a text about Gramsci? What happened in the meantime, how was that connection made?*

Luis: Let's see. I told you that in my sociological training, naturally, I learned many things...I learned about sociology, the different schools of sociological thought, I explored the history of sociology in depth, and therefore I got to know the principal authors, probably assimilating many concepts from them; but not in a formal way, not as a part of the curriculum of study—I did a very deep, very systematic study of Marxism. I studied Marxism in depth, through reading and analysis of the principal authors, ranging from Marx himself to all the different, later trends that expanded his thought. And this even led me to write a book; it was never published as a book, in complete form, but many chapters were published in the Journal of the Technical University; in the journal I presented a certain exposition of Marxist thought but from a critical perspective, that is to say, I made a conscious effort, at that time—you have to locate yourself in that era, when Latin America was convulsing from revolutionary political struggles with distinct tendencies, ranging from the most radical, which worked by way of armed struggle, to those like the leftist parties in Chile, who drove processes of construction of socialism through the most democratic channels. In that context I was not Marxist. I knew Marxism intimately, but I was more interested in presenting an open vision of Marxism, or rather, trying to recover from Marxism what seemed most important to me, most valuable, and proposing a vision that was not dogmatic, the most open vision possible, with critical elements, because at that time it seemed to me that they were not correct, or shall we say, they weren't rigorous. So then it was complex, what it meant as an intellectual

process. Connected to what? To my participation in the Communist Party and my participation in the process of the Popular Unity, the movement that was trying to construct socialism through democratic channels in Chile. So then I was a member of the Communist Party without being Marxist, which I declared initially, before joining the Communist Party; I said, "I want to participate through this party in a political process, but I have to inform you and declare from the start that I do not adhere fully, or principally, to Marxist thought."

Esteban: *Now—perhaps as a parenthesis—why was it the Communist Party, and not the Social Party, or maybe MAPU, where there were a lot of Christians?*

Luis: Because it seemed to me that the Communist Party was the party most closely linked to the worker movement and to social movements; it seemed to me that it had more consequential political positions, and that it had a more coherent story than did the other parties. It seemed to me that it was the closest in its political positions—not in its ideology, but rather in its political positions—to what I thought, which was the way of accomplishing this process. You have to remember that the Communist Party was the most moderate of the parties that composed the Popular Unity; it was the least radicalized in terms of its form of struggle; it gave more importance to the participation of social organizations, to unions...

Esteban: *Now, at that same time, who was your intellectual community? What was the group of reference which in some way supported you in your contemplation?*

Luis: Well, I have always worked quite independently. No, I can't say that at any time, even now, I have had a very important or deciding collective reference of intellectual work. Now in those years, I carried out my principal intellectual activity in relation to an body directed by Mr. Alejandro Lipschutz, a wise man, a great scientist: the Institute of Marxist Studies. But I participated in this institute with respect to a very special and very specific theme, which was Christian-Marxist relations. Or rather, the relationship between Christians and Marxists which was at that time was a huge issue; it was the encounter between two cultures that moved, in Latin America, in the direction of contributing to the construction of a more just society, a society with more solidarity. So then I was working there with various people and, now that I remember, it was also very important for me to have the opportunity to converse many times with Mr. Alejandro Lipschutz, who in his house held conservatories, a manner of private classes, for a group of us young intellectuals engaged with that problematic. And he put us in touch with his wisdom, with his anthropological vision, with his knowledge about oriental culture and about...well, research...And also about science itself and the scientific method. In that sense I had the luck of associating, throughout

my period of education, which you are having me recall here, with very illustrious, very important people, who impacted me—more than through the content of what I learned with them, or what they taught—through the intellectual attitude and conviction that motivated them, in terms of contributing to a project for a new society through rigorous, scientific knowledge.

Esteban: *Now then, from what I understand, your reflections on Marxism came before the publication of your first text in Italy, on Gramsci...*

Luis: Yes...

Esteban: *In some ways it is a text that expresses an earlier reflection.*

Luis: Let's see, I began to get to know Gramsci precisely at the Institute of Marxist Research and with Alejandro Lipschutz and with Yerko Moretic, and with other intellectuals who were very open Marxists looking, through the work of Gramsci, to de-dogmatize Marxism and construct a non-authoritarian socialist society, distancing themselves from Leninist ideas, from the dictatorship of the proletariat, etc. Now, the military coup in Chile signified the historic defeat of those processes of construction of a type of socialism through a democratic channel. When the coup happened I went to Argentina for a year; I had to leave Chile to avoid the repression since, moreover, I was detained by the repression...and I had to leave the country. And after a year in Argentina, I went to Italy to work at the University of Rome. This historic defeat meant for me...I thought a lot, or rather, I tried to understand why that defeat had occurred, why no result had been achieved. And following that defeat, it seemed to me that we had to find the theoretical errors on which that project and that process had been based. And also the errors, in general, of the Marxist and socialist thought that had served as the basis for the processes of revolution and socialist construction in countries like the Soviet Union or Cuba, where the concrete results were far from the free, just, participative societies we were fighting for. Then I considered the need to contemplate it all again, a systematic effort to think anew about the social, historical, political, and economic question. And I did that on account of a circumstance that was, perhaps, fortuitous, accompanied by a systematic study of Antonio Gramsci's thought, which I carried out in collaboration with a young Italian intellectual, a great friend, Pasquale Misuraca. Together, in a completely free way, in the sense of independent thought, we spent all our time reading Gramsci, in what at that time had recently appeared in publication: Gramsci's Prison Notebooks in their original form, as they were written and in the order that they were composed by Antonio Gramsci. And then we realized that what was known and what I myself had known about Antonio Gramsci came from the so-called thematic editions

that had been intensely manipulated by the Italian Communist Party, or by the intellectuals who worked on Gramscian thought in that era. They had composed those thematic books by taking parts from different notebooks, assembling them and combining them in a determined form, including censoring, or, at least, cutting out many critical passages, in which Gramsci criticizes, for example, what we later call “real socialism,” referring to the Soviet Union. For example, Gramsci affirms that what has been constructed there is a “system of totalitarian social hypocrisy.” This was totally unknown, because it had been censored from Gramsci’s writings. But when the original version is published, a different Gramsci appears, a Gramsci who found himself—I can understand it like this—in a situation like my own, because Gramsci had been a leading thinker of the Communist Party who had participated in a struggle to construct a type of democratic, open socialism, one with forms of participative action, with a lot of participation of civil society, of workers, and who distanced himself from the Leninist, Soviet model; but who is defeated, who ends up in jail and who in jail considers the need to think about it all again. Then he begins a reconstruction of his social and political conscience; and it is a process through which he increasingly distances himself from his earlier philosophy which, in part, was Marxist, but not only Marxist, because he references other Italian socialist authors like Labriola and other thinkers who brought him to what he then called the “philosophy of praxis,” to clearly distinguish it from what was known at that time as historical materialism and dialectical materialism. But because he was a leader in the Communist Party in a context where there were interactions with other communist parties, such as the international one, well...His formulations in some ways also contained a degree of condescension—I refer to the period previous to his imprisonment—to Leninist Marxism, from which he separated himself absolutely and clearly in his process of rethinking, in the pursuit, in the construction of a “new science,” he calls it. As he says at one moment, in passing, “A new science of history and politics is necessary.” He says it in passing on two or three occasions, as a necessity, and myself and Pasquale Misuraca, the Italian intellectual author with whom I studied Gramsci, we adopted this concept of a “new science of history and politics” and we began to work using Gramsci as a departure point, but also going beyond that author’s concepts with our own developments, to formulate what we are both still working on today, what we call “science of history and politics.”

Esteban: *Now, at the time that you arrived in Italy, there was also a large community of Chileans in exile. What was the link between that community and your intellectual reflections?*

Luis: Let’s see. I was scarcely connected to the group of Chilean exiles, in the sense that I did not participate much in the political life, nor in the life, shall we say, of interaction between Chileans; I was

linked to the University, or rather, I worked at the University of Rome—currently the La Sapienza University of Rome—and after I also worked at the University of Perugia, in the School of Anthropology. So I was more connected to Italians. But specifically regarding the Chilean process, I remained preoccupied, unsatisfied, trying to make contributions to the pursuit of this new thinking, with this critical reflection that I was conducting, and I wrote a series of articles that were published in the Chile-America Journal, which was like a...it wasn't an official organ of exiled Chileans, but it was an important reference point where a lot of reflection, many political analyses, were published, and there I wrote in fairly systematic form a series of articles...which I don't have...I still have to find the texts because I think that they made interesting contributions, but I worked a lot on the idea of how to construct a new social unity, how to forge bonds of political unity, through organizations that have different points of view, aiming for what seemed necessary to me in the perspective of constructing a better society. That society would no longer be called socialist, a concept that I did not continue to adopt, because it seemed to me that perhaps a new civilization was necessary, because it seemed to me that to construct a better society we had to abandon the thesis of antagonism, of conflict as the catalyst of social change, and instead we needed to articulate desires for a new proposal that required bringing together the contributions of many, who may have distinct starting points or original forms of thinking, but who could converge in a new vision. This...well, here I express it in perhaps the most simplistic way, but I have worked on it in my political and historical science writings in a very systematic form. And also in that journal I published a series of articles on the need to create new forms of politics and even new ways of organizing the political instrument, which could be parties. We are talking about the seventies...that is, between '74 and '75, and the end of 1980...I worked on those topics during those years.

Esteban: *You arrived in Italy in '75?*

Luis: In '75, at the beginning of '75, or at the end of '74 perhaps.

Esteban: *And how long were you in Italy?*

Luis: I was there until 1980.

Esteban: *And how did you make the transition from Gramsci to solidarity economy?*

Luis: Well, I returned to Chile, I worked at an NGO, an independent entity called the Programa de Economía del Trabajo, that produced progressive, democratic thought, contrary to the dictatorship...I joined it to examine the subject of economy and work, and the economy of work, which was the

premise of the organization. I have...shall we say, in order to make a more...clear connection between this and what I had studied and worked on in Italy, I have to say that in addition to the reflection on political subjects and Gramsci—which I carried out in Italy in those years, between the end of '74 and the beginning of 1980—in that same period I worked very intensely with cooperativism in Italy. I did research, well, I lived with my family in a cooperative organization, in a neighborhood that was cooperative...

Esteban: *In what sense?*

Luis: It was a neighborhood where all the residents had created that neighborhood as a cooperative effort...

Esteban: *It was like a housing cooperative?*

Luis: Like a large housing cooperative. It was associated with a large construction cooperative that had built the neighborhood. So I became interested in that experience directly and I lived again in an environment of solidarity economy during those years. And moreover, my concern with the search for a new way of creating, of imagining a more just society, had continued, so then I revisited, in conjunction with my study of cooperativism, those studies that I had carried out before regarding self-management, that I just told you about. I began to do a critical study of cooperativism. Cooperativism in Italy was a big movement in those years, it had a lot of force, it was very developed, to the point that there were entire regions of Italy, especially in the north of Italy, whose economies were impacted by cooperative production, by cooperative consumption, as much in industrial as in agricultural production, in the commercial realm, the housing realm, etc. I came into contact with the cooperative thinking that was being developed in Italy during those years, and I quickly realized the enormous potential of cooperativism, of mutualism, of self-management. Yet at the same time I saw the theoretical deficiencies of the movement. Not only in Italy, but around the world. My intellectual pursuit of economic matters—which were part of this larger mission of constructing a more just society—without a doubt, economy is central...With this purpose I developed a critical vision of cooperativism. A critical vision, but which at the same time valorized its motivations and also its achievements, the history of cooperativism, the potential it holds. And when I arrived in Chile, as soon as I began working at the Programa de Economía del Trabajo, I immediately began to work on this subject. And I began to write a book that, later, a year afterwards—I had begun to write it in Italy—we published in Chile in 1981, with the title, “Workers’ Firms and Market Economy.” It was a critical vision of cooperativism and a proposal

for a new way of understanding self-management and cooperativism, but assuming its operation in a market economy and assuming a group of concepts that traditional cooperativism did not consider. During that process, while that critical study, the research that gave rise to that book, was being performed, at the same time I connected with, through the Programa de Economía del Trabajo—I had barely joined it, maybe a few weeks in—I came into direct contact with the experiences of popular economic organizations which were developing in Chile, which were small, self-managed, participative unities of solidarity, of subsistence, designed to face economic problems, and I encountered that which I later called “solidarity economy” and which in a certain way was, in my head at least, a result of the meeting of critical reflection on cooperativism with the analysis of and effort to understand the economic rationale implicit in these experiences of participative economy, of popular economic organizations.

- Translated by Noel Ottman

Interview with Luis Razeto

PART TWO

Esteban: *All right, let's resume our conversation with Luis Razeto. We were talking before about the solidarity economy. You have been credited with coining the term "solidarity economy". How did you arrive at that concept, or that specific term, "solidarity economy"?*

Luis: Yes... I was not the first to utter the phrase "solidarity economy"; but it's possible I was indeed the first to write that term, that phrase, and I began to formulate concepts around it. And that, well, that has been recognized by many people...including in Colombia not long ago—and Colombia is one of the first countries to openly adopt the phrase "solidarity economy," in the cooperative movement and even at the level of government, in 1981 and 1982. I was in contact with them; I went to speak on solidarity economy, they picked it up and not long ago they recognized me, they gave me a medal, saying that I had been the creator of that concept. However, the truth is that I heard the phrase "solidarity economy"—and I've written about and recounted this on various occasions—at a meeting of Popular Economic Organizations in Chile, in late 1980 I believe it was, or perhaps in January of 1981. Through the Work Economy Program we organized different support services for these labor workshops, these group buying initiatives, these popular economic subsistence organizations that were cropping up everywhere in working class neighborhoods during the time of the dictatorship, especially from the year '75 forward. And among the services that we offered, that we organized, through the Work Economy Program—I myself was one of the organizers—was a big meeting of these popular economic organizations. A big meeting in which there participated more than 500 directors of different organizations: labor workshops, Buying Together, community service centers, various types of self-management groups.

Esteban: *All these groups came into being during the dictatorship?*

Luis: During the dictatorship. They were groups that formed to confront economic necessities. There was widespread unemployment, dismissals from work, the State was not offering services—they had reduced the services they offered—therefore people were struggling to survive. And many people gathered, supported also by certain institutions, by Church entities or by churches, and also NGOs like the Work Economy Program. They formed small groups that carried out economic activities by

independent means—and that generated some type of income or solutions for their needs. So, we set up a meeting of these organizations, and various questions were raised for group reflection and later presented in the assembly for everyone to consider. And one of those questions was directed towards the creation of an identity, because there were many distinct types of organizations, as I mentioned—productive workshops, organizations like communal kitchens, group buys, service centers, etc. Thus we asked ourselves, well, here we all are, these groups convening because they have something in common, but what is it that we have in common? What exactly are these groups? Could we possibly all acquire a common identity that would allow us to identify ourselves as a social actor, as a new movement? That was one of the topics that was debated in groups and later appeared in the assembly, where the answers given by the different groups were discussed. In the assembly, two clearly different trends in responses emerged. Some said that they were economic subsistence organizations, organizations that were created to attend to immediate subsistence needs and therefore emphasized the economic. And other groups emphasized that they were solidarity organizations, that they were organizations created to generate solidarity among themselves, to generate solidarity in pursuit of human rights, in the context of the dictatorship; and there was a need for developing experiences of solidarity. And then these distinct positions were, in some way, directed by entities that supported the organizations; on the one hand, the organizations most closely linked to the Church put more emphasis on the mission of solidarity. And many of the entities working through the more professional NGOs that provided them with more technical services stressed that they were economic organizations, subsistence organizations. And during that debate, at a certain moment, an older woman—I believe she must have been over 60 years old—raises her hand. She had been listening, she had not said anything—at least I have no memory of it—and she raises her hand and says that the discussion is useless, that in reality the two positions are right because “what we are”—she said—“we are economic solidarity organizations, we are solidarity economies, because we carry out economic activities and we do it with solidarity...” She made a small speech and said “we are economies of solidarity, we are solidarity economies.” And that settled the debate, and that identity was generally accepted. And then, well, that phrase resonated with me, and I believe it was her own original creation, which came into being at that moment as a reflection that she made to resolve the discussion, after having listened and thinking that both sides were right, because they dealt with confronting economic problems, but also with creating solidarity, doing that with solidarity. So, it resonated with me, and I said to myself, “Of course, this is economic solidarity.” And I connected with the search for a new cooperativism. I had set forth the need—in that book that I was writing at the time—, I was searching for a reinvention of cooperativism, of alternative economies,

of non-capitalist economies, and I said, well, solidarity economy is a concept that can serve not only to express the new way of understanding a new participative, just, solidarity economy, but also to express these processes of participative, associative economic forms that were emerging in response to the crisis in Chile, as well as in other Latin American countries. So I said, that's it!, and began to write using the concept of solidarity economy. The first book I wrote about this...earlier, I wrote some articles and later compiled them, and based on those articles I published a book in 1982 by the title of *Popular Solidarity Economy*.

Esteban: *This was all at the PET (Work Economy Program)?*

Luis: That book was published by the Church, by the Episcopal conference, it was not published by the PET. It was distributed widely in Brazil...and then it was important when the Church sent it to Rome, when the Pope was going to come to Chile, and it influenced the Pope to adopt the concept of solidarity economy. Thus I was told, at least, in a card from the cardinal Etchegaray, who had been a reader of and receptive to that book. Well, the fact is that by 1981 I had begun to write about solidarity economy and economy of solidarity, using the two terms interchangeably.

Esteban: *Now I would like to make a sort of comparison. There is a French sociologist, Jean Louis Laville, who is also credited with coining the term solidarity economy. So then, at the moment in which you began to write and reflect on this at the beginning of the 80s, were you following that school of thought?*

Luis: No. I know Jean Louis Laville, I have spent time with him on a number of occasions. He writes about solidarity economy some time after I had published my books. In fact, in his first book about solidarity economy he cites some of my earlier works, so if one is trying to identify, shall we say, the precedent, you would have to say that...I have it. But I don't consider the matter important. I met Laville, and I believe his book comes at least seven or eight years after my first books on solidarity economy.

Esteban: *And is there some parallel between his thought and your reflections?*

Luis: Look, I met him and I read his book. He published it in French, and a long time later it was translated to Spanish, and I read part of it in French. I believe he adopts the term solidarity economy, he relates it to more European schools of thought, to the donation economy, to charity, and he refers to

European experiences of social economy. But I would not be able to identify, in a rigorous way, the similarities or differences between his and my approach, because I am not sufficiently familiar with his.

Esteban: *Do you believe that some identity exists, about which we could say, “that’s how solidarity economy is done in Latin America”?*

Luis: No, definitively no. At least how I conceive of solidarity economy, I believe it is tremendously varied, diverse, heterogeneous...There’s no model for solidarity economy, as there is a model, or at least some clearly identifiable models, for cooperative economy. I believe that solidarity economy is...in reality, a very heterogeneous, varied, multiple process. It is a process of multifaceted social experimentation, which acquires different forms in different countries, in different places, where each group expresses its projects in a different way and explores the best ways of operating. Now, that’s the practical side. At the level of theory, what I have done—which is, I believe, my principal contribution—has been, apart from recognizing those experiences and trying to understand what they have in common and promote this sense of solidarity economy’s historical identity, what I have done has been to develop an economic conception of solidarity economy which, in a scientific, rigorous way, based on singularly economic concepts, expresses the economic rationale shared by all these different economic initiatives.

Esteban: *Now, considering those differences, do you not also believe that it can be said, well, in the Latin American context, the reflection on solidarity economy takes on this meaning, but in the European context it can have another meaning, perhaps more closely linked to cooperativism, as you were mentioning earlier?*

Luis: Of course, I believe that when you try to apply the concept of solidarity economy to the recognition of particular experiences, without a doubt, those of Latin America and Europe are very different, as well as those of Africa and those of Asia, because today, the solidarity economy can be found practically all over the world, also in North America, in the United States and Canada. So then, we use the same concept to refer to distinct experiences, to different types of organization. Even so, they have something in common, and that’s the fact that they are independent, associative initiatives created through people’s free will as they form groups with the intention of developing experiences of shared economy, where there are criteria for justice in the distribution of contributions and in the distribution of benefits, where they share a spirit of solidarity, etc. In other words, there are common elements that justify the

designation of such different experiences as solidarity economy. Now, on a theoretical level what one does is witness and try to capture the logic, the rationales, that are present in these experiences' ways of organizing, operating, and relating with other economic agents; and then formulate it theoretically with abstract concepts, concepts that have a much more universal value. Now, along those lines, I have come to distinguish four distinct forms of the solidarity economy. We can discuss them further later, but I will mention them to you now. We shall say they are: the *solidarity economy of cooperation*, which includes cooperatives, self-management, and in general the solidarity economy that operates towards the market. The *solidarity economy of communities*, which is a form of solidarity economy that, in terms of the contributions and benefits that each person obtains, goes beyond cooperation and rigor, and generates bonds of companionship, bonds of co-participation in a much more integrated way of life. Then we have the *solidarity donation economy*, in which participate all entities, institutions that assume the needs of thirds as their own and generate activities of rendering services, based on channeling donations that they receive and then project towards beneficiaries. And more recently—although there are also ancient forms of this—a *solidarity economy of networks* has emerged, based on horizontal bonds of information and service exchange. These bonds produce networks that are not integrated organizations, but which carry out activities that tie the different participants together. So, those are the four distinct operational logics and four different organizational forms that share the general criteria for solidarity economy, but which operate with certain differences.

Esteban: *Perhaps, also related to these distinctions that you have established, in the francophone world—France, Belgium, Quebec—there is an important debate among those who emphasize the social economy and others who emphasize the solidarity economy, trying to see what is specific to each sector. The social economy referring to more mutual, cooperative experiences, and the solidarity economy extending that concept also to socially responsible firms, for-profit firms. Do you think there is a benefit in making that distinction?*

Luis: Let's see—the distinction between social economy and solidarity economy, which is very strong in Europe...There they put more emphasis on the social economy, which also exists in Latin America. In Latin America there are also groups and movements that refer to the social economy, and others to the solidarity economy, although here the emphasis is on the solidarity economy. Now, to my understanding, everything called social economy is part of the solidarity economy, that is to say, cooperativism, self-management. So, if we have to make a distinction within solidarity economy, the concept of social

economy does not work. I instead think we have to use a general concept that covers all experiences, and we have to be able to distinguish their different forms, and here I propose the distinction of the four modalities of solidarity economy I was just discussing. Thus it is a different way of understanding. Now, a few years ago in Latin America, there was a debate about what name to adopt for all this, social economy or solidarity economy. The concept of solidarity economy was predominant then, although there are still people who prefer to call it social economy, but these are like alternative concepts more than concepts that are going to identify different parts of reality. Now, I believe that the concept of social economy is a not a very useful concept, because the word social says very little. At the end of the day, everything is social, all human reality is social. Everything is social, therefore, capitalist economy is also social economy, the market is a social reality, everything is social. Therefore, using a general word or all-inclusive concept to identify a particular reality—even when adding characteristics that attempt to give that generality an alternative meaning—seems rather inappropriate, rather useless. Moreover, there's another problem, which is that the application of the "social" concept to economy has been widely used to refer to the public economy. The state economy is social economy. In many countries, people refer to the social sector of the economy to distinguish it from the private sector, such that the private sector is the capitalist economy, and the social sector is the State economy; therefore, they use "social" to identify the forms of economy which are private, but associative—but which are not part of the State—using the concept of social economy, seems to me to be quite inappropriate and unclear.

Esteban: *People also talk about a "social market economy".*

Luis: Social market economy is used in order to refer to something completely different from what we understand as solidarity economy. So I propose definitively that we don't use the concept of social economy, and that it be left for something else, not for referring to the processes we identify as solidarity economy. Moreover, it seems to me that the concept of solidarity economy has an important force to maintain. The concept "social" lacks color and vigor; the word "solidarity" is a word that emphasizes a way of relating, a type of link, participation, intersubjectivity, that belongs to solidarity economy. It is not just a generic social bond, nor simply associativity (since talking about associativity goes beyond the social), but rather, it alludes to a type of relationship and also a set of values that are important to this identity, to this economy.

Esteban: *What is your opinion about the way solidarity economy is practiced in other parts of the world?*

Luis: Well, I have become familiar with many experiences of solidarity economy in different parts of the world, but there are many that I am not familiar with, naturally, and it is very difficult to give a general opinion. I believe that what everyone shares is a process of searching, of experimentation, that is tremendously diversified and heterogeneous. And there are experiences that are much more consistent with the rationale of solidarity economy, and there are other experiences that are not very consistent at all, that more closely resemble capitalist economy; others are marked by ideological elements and are rather confused; that is to say, there's a little of everything. I believe a process of experimentation is taking place, and that process of social experimentation is determining a certain convergence of the most consistent forms of solidarity economy, those with greater economic rationale. This leads to learning experiences which determine a certain direction for the process.

Esteban: *Do you believe there to be regional specificity?*

Luis: I believe that the solidarity economy, like all socially organized activity, is defined by the cultural features of a people. And in this case that makes a lot more sense: since the solidarity economy has not been formalized, there are no regulations, laws, norms, to be accepted by all; so the cultural element—the customs, the ways of thinking of different human groups, that shape these experiences—is a big determinant. Thus it seems to me that there are differences between the solidarity economy practiced in African countries, the one practiced in European countries, the one practiced in North America, and the one practiced in Latin America, and that those differences are the result, the effect, of the different cultures of the people, the subjects, who create these experiences and who experience these ways of making economy. Now, underlying the differences, there seems to be an economic rationale that is precisely what we are conceptualizing in the body of work I have developed throughout all these years.

Esteban: *We were talking earlier about solidarity economy or social economy in other places in the world, and I would like to continue in the vein of international relations. The past decade has seen a peak in international solidarity economy networks, fundamentally through what is known as the “social forum,” although there are also regional forums. What is interesting is that many of these initiatives also have benefitted from the use of international technologies and the formation of international organizations. There is the International Network for the Promotion of Solidarity Economy, RIPES. What do you think*

about the development of these networks? What do you think about the relationship with technology? How has technology influenced the expansion and diversification of these networks?

Luis: Effectively, many solidarity economy networks have been created in different countries around the world, and a number of these networks have in turn connected with each other, creating networks of networks. There are national networks; there is a Chilean solidarity economy network, a Peruvian solidarity economy network—in total, in different countries...There is a Latin American network, there are international networks, which are creating bonds between people and between organizations or institutions which have opted for the solidarity economy; and I think that is an interesting, important phenomenon, which highlights the expanding acceptance and growth of the solidarity economy in different parts of the world. Those networks, for example, allow us to see today that the solidarity economy is a global phenomenon; it is a phenomenon that occurs in all parts of the world. The international solidarity economy network that you mention, RIPES, includes participants from every continent. It is, I believe, the expression of the concept and pursuit of solidarity economy—that today, solidarity economy is deployed widely; that there are many people who accept it and are working on it. I think the function they fulfill is...well, they fulfill various important functions: they promote the idea of the solidarity economy, they publicize experiences of solidarity economy, they establish links between different organizations, they support thought and generate exchanges of ideas and viewpoints that enrich the project of solidarity economy; they also mean giving the solidarity economy a voice and public presence in different arenas—from the academic world to the world of politics; they have led many countries to consider solidarity economy through legislation, promoting the passage of laws on solidarity economy in different regions of the world. Thus this is a phenomenon, a manifestation of the relevance, the vigor of this pursuit and these experiences. Now, I must also point out that these networks, and the organizations created around them, have limitations that are very important to keep in mind. Among these limitations is the fact that participants are mainly people who participate in the solidarity economy through NGOs that support those experiences, or through professional entities that are linked to the solidarity economy by providing services and training, the systematization of experiences, and also creating of moments in which organizations can meet; but missing from those networks—or shall we say, participating in a much smaller proportion to what's necessary—are productive organizations, organizations of commercialization, organizations that provide services directly from the solidarity economy; these hundreds of thousands of the solidarity economy's experiences and economic units do not participate. Therefore, these networks are limited; they are

networks that do not truly express the whole, collective solidarity economy movement. I always say that in Latin America—I say it because it's true, when you get to know the experiences, you understand—in Latin America there are hundreds of thousands of economic units that make up the solidarity economy. Not all of them are explicitly recognized as forming a part of a solidarity economy movement, but they share the criteria, the modes of organization, the forms of acting and relating to each other in the market that all belong to the solidarity economy. They are, shall we say, grass-roots organizations; they are organizations lived by the persons who participate in them, who live from the economic activity performed by these small businesses or organizations. And these hundreds of thousands of organizations do not participate in networks; some of them are represented by certain professional entities to which they are linked by the provision of services, but the organizations themselves are not present, and there are many such organizations...Thus, the idea is that these networks are limited in the capacity they have demonstrated to really integrate the wide universe of entities that in practice make up the solidarity economy. Now, you were pointing out, you were also asking me about technology, and about the types of connections that have been developed through the internet and through other forms of communication enabled by IT. Well, in fact, these solidarity economy organizations use communication technology widely. Or rather, the sites that communicate with organizations in these networks are active and are numerous. People are able to exchange ideas and information, share news about what they are doing, through the web sites maintained by each of these networks, which at the same time connect and establish links with the sites of other organizations, in such a way that there's a universe of relationships that transcends the formal membership of the networks, emerging from individuals' access and also the creation of sites in different parts of the world, which begin to connect to one another. I teach a course in a Master's of Solidarity Economy, and one of the assignments—the first assignment I give the students in this course—is that they search for the presence of solidarity economy on the internet. My objective is to show them how solidarity economy has spread, how it is present and how there is a huge diversity in expressions of solidarity economy. And it is very interesting to receive the homework from the students—each time it's fresh and innovative, because the students explore the internet and find many new things, as time passes. Since the students are fairly large bunch, each one pursues a direction of investigation, and they reveal a very broad presence of solidarity economy on the internet, which reflects the fact that the reality of solidarity economy expressed in this virtual world corresponds to a concrete social economic reality in the non-virtual world, in the real world. I think that communication and internet technologies are hugely favorable, they have been and they are going to continue being so, favoring the expansion of solidarity economy, which does not enjoy many

resources to generate other types of encounters. Realizing the physical meeting of experiences that are distributed in different countries of the world, in different regions of a single country, has very high costs—therefore, the use of these networks facilitates communication enormously.

Esteban: *Now, as you mention the interactions among the different participants, I get the impression that one limitation is that the internet is not used as a commercialization strategy. I know of a case of some coffee cultivators in Mexico, and their big problem is that they cannot put their product on the market. Do you observe that there is a use for the now-diversified internet, not only for interaction among different organizations, but also to put the product there, to know where I am going to find the guy who will produce the primary resource? Do you see that type of interaction right now?*

Luis: I know there have been initiatives of that inclination that have been created and, until now, have not had much success. But it is, in a manner of speaking, an open path which people have been working on for awhile. There are problems because internet commerce has certain demands and complexities. Entities of solidarity economy are not very large, they have limited production capacity, and in general the solidarity economy, one of its characteristics is that it directs production towards the local market, towards its community setting; therefore, initiatives created to connect producers with consumers from different, far-away places in the world find it difficult to do business effectively. This is because online, they can make transfers of the monetary part of the exchange, but the physical transfer requires going through all the systems of mailing and reception of merchandise, and that, at the level of the solidarity economy's productive development, is not very consolidated. Now, without a doubt there are some very strong networks, for example, the entire system called fair trade is very well structured and connected through informational networks, where electronic transfers, payments, are made, and also payments are forwarded and commercial operations are carried out in a very dynamic way, but that, well, it's part of the fair trade movement; it still hasn't spread to many other networks. Even so, there are some active networks for community commercialization or solidarity economy. I believe that it is still incipient and there is a lot of work to be done in that area. The solidarity economy is increasingly taking advantage of the means of communication and commercialization that technology made available to economic agents.

Esteban: *You don't see a conflict between the emphasis that solidarity economies tend to put on the local, and this international connection? And I say this because it would seem the characteristic most*

emphasized in solidarity economies is that it strengthens the local, and international circles traditionally do not reinvest in local economies. What is your perspective on the tension between these two movements? Do you believe that this tension will be resolved in favor of the solidarity economy?

Luis: The question is very interesting because it points out one of the topics being discussed and debated and that is very present in the dynamic of the solidarity economy. The solidarity economy tends towards, and is characterized by, links of proximity among those who participate in it. That is to say, the use of local resources, and also directing production towards satisfying the needs of communities located around the units of solidarity economy. It is a characteristic of the solidarity economy, or a tendency, that is quite strong and takes its logic from the solidarity economy's inherent way of being, which fortifies intersubjective ties, community ties. A large part of the solidarity economy unfolds with a perspective of so-called local development and tends to become a localized economy. Now, this doesn't inhibit, doesn't deny the possibility of the solidarity economy also participating in international commerce and developing commercial relationships all the way up to a global level. In fact, the entire fair trade movement is built on the idea of taking artisanal production or all types of useful goods that are produced in southern countries, in less developed countries, and selling them in northern countries or in more developed countries. And that generates relatively efficient systems of intermediation, and there is a whole structure that proceeds in that sense. That is also part of the solidarity economy and operates with a logic of solidarity economy, of establishing ties although people or entities might be distant geographically, establishing links of solidarity among them, links of mutual aid, of cooperation. International cooperation also favors this type of globalization of solidarity and solidarity economy. I would say that they are two tendencies that coexist in solidarity economy. I believe that...in fact, the major part of the solidarity economy is a localized economy, and efforts to generate commercialization at an international level are the result of entities and projects consciously aiming to establish a bridge of solidarity between the less developed world and the more developed world; and I believe that these efforts have been successful, but also they have also generated tension due to cultural difficulties. What is produced in the south does not always correspond to an adequate comprehension of the needs and the types of goods and services that appeal to those who live in other, more developed regions of the world—but it is a real movement. And it's not so much that there is tension, rather that they are...these tendencies coexist, but they do not negate each other.

Esteban: *Now, in practice, what has happened with those experiences that have been most successful in global exchanges? The question is, and I want to return a little to the part about tension because...how does the solidarity economy resolve the fact that the organizations that have been most successful reinvest in the community and are not transformed into another large corporation or more successful firm?*

Luis: Let's see, I'd like you to specify the question for me a little more. What entities? To which entities do you refer?

Esteban: *I'm referring to those organizations that, as they participate in these new global production circuits and depart from the solidarity economy—How do you provoke...or how do you guarantee, or does some type of effort exist, such that the organizations that have been capable of linking themselves most successfully return to the community and are not transformed into an organization that only is globally linked?*

Luis: That is to say, the solidarity economy is constituted of independent economic units which relate to one another in different ways, by sharing a similar project, establishing privileged economic connections among themselves, structuring networks; but each one of them is an autonomous unit, there's no movement structured by common directives that channels resources from some sectors to others in a planned way. So then, if I understand your question correctly, I would have to answer that the organizations that are most successful and that generate excesses employ those excesses in accordance with their own criteria that, in many cases, are criteria of solidarity, that is to say, they invest in the development of their own experience and generate or expand their productive capacity, integrate new workers, new members into the entities; and also they generate services that will benefit the communities into which they are inserted. But there is no flow of resource relocation, except of course the institutional systems of donations and development aid, which operate based on projects, but which are not part of the excesses generated internally by entities of the solidarity economy; instead they constitute a flow of donations that stems from a different source, from benefactors or even the State, and assigns certain resources to cooperation.

Interview with Luis Razeto

Part Three

Esteban: *I want to make that connection with the internet, but now talking more concretely about your work. When you began to write about these subjects thirty years ago, the internet did not exist. How have you incorporated this technological development into your research program? If it has benefitted you, if you have achieved a greater circulation of your thought?*

Luis: Well yes, without a doubt. I have been working on solidarity economy for thirty years, perhaps more, producing a series of books—research, texts, training manuals, etc. I have been dedicated to producing material that is at the service of the solidarity economy. For a long time those materials had a very limited circulation. That is, of my books, for each one of them, two or three editions of one thousand copies were published—and that was the extent of their circulation. Since the internet appeared, we began to see the potential it had for expanding the presence of the solidarity economy. We created, with the collaboration of my son Juan, a site that we called the “Solidarity Economy Virtual Campus”. We created that at least fifteen years ago, when the internet was only recently being used for expanding educational courses. And there we opened up educational and training courses for the formation of solidarity economy firms, and we placed all my works, all my books, on that site, and through the site we also established links with other authors who have contributed ideas to the solidarity economy, and a lot of material accumulated and achieved a significant circulation. It was a first leap, an enormous expansion of the circulation capacity of ideas, studies, and educational programs about solidarity economy. It was an experience which also taught us that the language of internet communication is different from the language of written text or a lesson delivered in person, before students. This initial experience is still relevant, still active. That site is still open, with everything that was developed; although new materials haven’t been incorporated, it is still available to whoever might be interested, at www.economiasolidaria.net. Eight months ago, we decided to create a new form of communication with a new site, which this time is not centered on the solidarity economy but rather is the expression of my work. I am currently working in a permanent, daily way on the site www.luisrazeto.net, from which we broadcast what we are working on at the same time as we are producing thought or researching or developing knowledge. What I mean is that we have installed all our academic production, all my articles, books, writing, a series of courses, on that site; and the site

allows us to do something surprising, which is that one thinks, writes, develops initiatives, creates projects, and, at the same moment as one does those things, one is communicating them and allowing others access to them, so that they can exchange, contribute, ideas, react to and enrich what you are doing, in real time. So, for example, today on the site we are giving talks, responding to questions from the people who are reading the different texts, doing classes and interacting directly... And at the same time, new writing still in production is presented and corrected publicly. So to me, this is an advancement, possible in this day and age for the first time in history, for intellectuals and those who work with ideas, and for those seeking to interact with other workers from the same field. The ability to do so in person, live, and in the very process of production of knowledge, is extended and enriched by contributions from those who access the site and can feed back into it.

Esteban: *In the United States, a debate began recently between the scholars of solidarity economy and the actors, the practitioners, their organizations, over drawing the boundaries of the solidarity economy. There are different models—a French model, that draws the limits very broadly, very liberally, defining it starting from benefit societies; the Brazilian movement, on the other hand, restricts it to the cooperatives, the beneficial organizations, that are socially responsible; other countries tend to include economies that are best called traditional in the local economy. What do you believe to be the limits? Where can we draw a boundary between that which is solidarity economy and that which is not? There are even people who include NGOs that contract work within the solidarity economy sector. What do you think are the boundaries of the definition?*

Luis: The way you phrase the question is interesting, because, on the one hand, you have the intellectuals, let's call them, who formulate definitions and who have the goal or intention of defining boundaries that allow us to establish who is a part of and who is excluded from the definitions—and therefore, the movement. And on the other hand, we have experiences, those who actively participate in various experiences—benefit societies, cooperatives, informal experiences, etc.—who define themselves as belonging to, or not belonging to, the solidarity economy. I believe that the solidarity economy is constituted as an economic sector, as a social movement, by the self-determination of those who assume and claim for themselves the identity of solidarity economy. That is to say, an entity, a grassroots organization, that says, “I belong to the solidarity economy; I do solidarity economy,” is self-defining the scope of what constitutes solidarity economy. Then, if a country's cooperative movement—to mention an example, that of Colombia—defines cooperatives as a part of solidarity economy, well,

that is self-identification by solidarity economy's actors themselves. If in Brazil productive organizations from the "landless" movement determine and decide to recognize themselves as a part of the solidarity economy, well, they are in their country, defining the range of what solidarity economy is. Now, someone...from that vantage point, self-identification of the solidarity economy by its participants, cannot be exclusive because any subject from any type of organization can say, well, "I belong to the solidarity economy." Anyone can say it: benefit societies, cooperatives, self-management firms, community banks, local currency experiences, to mention a few, popular economic organizations...They define themselves as members of the solidarity economy because, in some way, they see themselves in the idea of solidarity economies, or as they become familiar with what solidarity economy is, they recognize themselves as a part of it. So this shapes a solidarity economy that is extraordinarily broad, diversified, heterogeneous, rich in diversity and experiences that, in some way, by recognizing themselves as a part of the solidarity economy, also begin to establish links among each other, begin to get to know, begin to learn from each other, and they realize that solidarity economy is a wide-ranging movement. On the other hand we have the aims of intellectuals, of professionals, and of those who often hope or intend to lead processes, create structures, and be representatives of a sector or a movement, who tend to define, tend to establish criteria for participation and non-participation, criteria for membership and non-membership, and in a certain way the intellectual appropriates the right of saying who is and who isn't solidarity economy, and to this end he or she formulates lists of characteristics, for example, or determined definitions. I believe that this second way of generating identity and drawing the boundaries of what is and what isn't solidarity economy has very little effective capacity to capture what real solidarity economy is—which can be better formulated through the previously mentioned process. This is for a very simple reason: intellectuals do not agree about what the definitions or boundaries should be, and that is an issue often discussed at the level of networks, in the meetings conducted in solidarity economy networks, trying to define who is a part and who is not. But, because those meetings include people coming from different countries who are in contact with different experiences, in the end they cannot reach a common, shared definition. Circulating in this cultural, social, even political, setting are different definitions of solidarity economy that would establish different restrictions. And there are discussions, well, for some people solidarity economy would be only non-profit entities. For others, solidarity economy consists of entities that operate outside of the market. For others, participation in the market is a natural part of the solidarity economy, so identification takes place using other characteristics more related to the type of management and the manner in which participation in these experiences occurs. Thus, in this area what we have are efforts which, in my

opinion, end up being a little sterile. My personal option regarding this issue is the following. I say that the solidarity economy has three dimensions, which are distinct, interrelated, and connected, but which also must be differentiated. There is a dimension of *reality*, there is a dimension of *theory*, and there is a dimension of *project*. That is, there is a reality of solidarity economy, there is a theory of solidarity economy, and there is a project of solidarity economy. The solidarity economy's reality is multifaceted and is all that which, in some way, tends to be recognized by how it operates in reality, how experiences are organized, by the form in which excesses are distributed; where the important thing is that they be economic entities operating with the principles of justice and solidarity, where each person will recognize him or herself as part of the movement and will achieve an extraordinarily broad identity. That is the solidarity economy's reality. In that vein, it seems to me we can identify ten great processes that come together in the solidarity economy—and that is the subject of one of my books. I speak of the “paths” of solidarity economy, that is to say, different types of experiences and different types of movements that, starting from particular problematic situations, begin to generate economic initiatives that emphasize forms of solidarity, which are employed in attempts to confront and find solutions to those different problematic situations; and at that point I say: there is solidarity economy in popular economic organizations, that is, in the often-informal popular economy, in that part of the economy where principles of solidarity and associativity are lived out, etc. Indigenous economies also express solidarity economy—those communities displaying a communal identity based on cultural connotations that are ancient and traditional.

Esteban: *And perhaps also pre-capitalist ...*

Luis: They can often be defined as pre-capitalist, in that they come from these original peoples, in the case of Latin America. Some solidarity economies are more formalized, by the nature of cooperatives, benefit societies, self-management experiences; there are solidarity economies being created in conjunction with nascent searches for ways of making economy that are more respectful to nature, more ecological, careful about the environment. Or emerging from the problematic of family, of gender, many associative experiences are formed, ways of making economy that integrate many components of solidarity. In total, there are experiences of solidarity economy motivated by ethical or more spiritual reasons, like the idea of fair trade, the idea of ethical banks, the idea of Christian economies or Buddhist or Hindu economies. Thus the reality of solidarity economy is multiple, and no one can say, “We are going to exclude this group because it has ideas not shared by others.” The important thing is that they

be economic experiences where the relationships among participants and the ways of making economy, of distributing resources, of interacting in the market, are guided by justice and solidarity. That is solidarity economy as a reality. The second dimension is the process of constructing thought on solidarity economy, connected to all those experiences. And at that point the solidarity economy begins putting together a theory, putting together a body of thought that is increasingly coherent, broad, rich, and that expresses the economic rationales and the operational logic present in that vast diversity of experiences. I mentioned to you before, that precisely in that direction we can theoretically distinguish four principal, distinct modalities of solidarity economy, all sharing a certain common or general rationale of the solidarity economy, but subsequently differentiating themselves according to a series of other criteria—the solidarity economy of donations, the solidarity economy of communities, the solidarity economy of cooperation, the solidarity economy of networks, the market solidarity economy. So a theory of solidarity economy is assembled, one that is rich, broad, and diversified in that it is connected to practical processes that are also rich and heterogeneous. And then we have the dimension of solidarity economy as project, that is, that whole world of solidarity economy, practical as well as theoretical—and theory that in a certain way articulates and penetrates the practical process and strengthens that identity—and it doesn't exhaust itself of what it is, but rather it looks to the future and thinks about how to develop, how to grow, how to influence the economy as a whole and society as a whole, how to contribute to social transformation, how to be a part of the construction of a new society, even a new civilization. And that is a search, a type of project, that is socially constructed through the meeting of ideas and experiences from those who participate in the reality and the theory of solidarity economy. So, this project dimension of the solidarity economy in some way picks up the two earlier dimensions, in that it puts together something that always has existed naturally, that has always been present in all of solidarity economy, as much in those who think about it as in those who live it, or practice it; and that something is the attempt to be an alternative economy, the attempt to contribute to a more just society, to transform society, and so this solidarity economy is defined also as a project that looks towards the future and pursues its own development and, through its own growth, development, and improvement, pursues the transformation of economy and society more broadly.

Esteban: *Now, if I understand correctly, along those lines, the boundaries of solidarity economy would be related to, on the one hand, the act of self-identification that you were highlighting, but it would also seem—if I understand correctly—to be related to the internal dynamics of the organization. I would understand, then, that it's not just how they define themselves, but also that on the inside there are*

more just relationships, relationships not based on exploitation. From your point of view, how do you explain these relations? Because if they are or aren't relations of solidarity...What is it that defines whether or not these relations have solidarity?

Luis: Well, we could tackle that question on a couple of levels. With regard to social recognition (our first crack at the question), whatever entity—a cooperative or the experience of a youth group that develops a project to generate income in an associative way, with certain principles of solidarity and responsibility among the group, etc.—they say, well, “I am, I recognize myself as solidarity economy,” but, of course, it’s one thing to recognize yourself as solidarity economy, and another for other experiences, that also identify themselves as solidarity economy, to describe you as such or recognize you as part of the movement. So then, what happens is that, in some way, in an implicit or explicit way, the entities have to show themselves to the rest, and they get the label of solidarity economy as they explain how they operate, how they are organized, and what they are like, at the same time as they recognize as kindred those organizations that were previously only self-recognized. Or rather...solidarity economy is a horizontal process; no one controls the door of entry or exit. There is no militancy, shall we say, with norms determined by some authority. It’s a type of structure, a type of movement, with completely original characteristics. So, experiences interconnect as networks interconnect. To be part of an open network, when the network is open, what does a person have to do? He or she should say, “I’m interested in being a part of this network, but I qualify to be a part of this network because this is what I am, this is what I support, this is what I have, and this is how I characterize myself.” And the others will or will not establish links to the unit, the subject, who is integrated into the network to the extent that it benefits the others to do so, to the extent that they recognize that subject as kindred, to the extent that they want to interact with it.

Esteban: *It’s important, in the context of the question, the part where you say, “I stand before you and present myself to be recognized, because this is how I do economy, this is how I produce, this is how I distribute”...*

Luis: Of course, exactly, that’s the thing, that is the issue. It’s not a process of initiation, nor is there someone who sounds the bell for you and says, “You are a part of the solidarity economy,” no. There is a process of self-recognition for each subject, each entity, but they have to be recognized by the others; for them to be recognized, they must present themselves before the others, and they have to compete,

in a certain sense, not before an authority, but before everyone else. And they are tested, explaining who they are, how they go about it, what their field is, what their principles are, what the criteria of their organization are...And thus an entity is recognized by the others, and a network assembles...a network which, as it grows, becomes aware of the existence of many entities that don't belong to the network but which could be a part because they share those ideas of solidarity, and allows those entities to be presented, to be introduced to the others, and to integrate in some way. And searching for integration is part of the spirit of these entities of solidarity economy. Those who form an organization of solidarity economy normally do not shut themselves away, because the spirit of solidarity moves them to connect with others, it moves them to look for other entities similar to themselves, who share in the pursuit of a different alternative economy, who share a certain project of transformation, of being able to establish commercial ties, or links of exchange of ideas or of any type, with their fellows. Trying to establish links with others like themselves is inherent in those who associate in solidarity. And so these entities actively pursue relationships; and as they form these networks, meetings, mutual recognitions, this process becomes increasingly dense and facilitates integration, but it is not an organization with an entry and an exit, with authorities that define who is and who is not—for me that is a fundamental principle. And it's not always understood like that, because in some places, well, there are some people who assume themselves to be the doorkeepers of solidarity economy or attribute to themselves the ability to discern who belongs and who does not, but in reality that is not consistent with the intrinsic spirit of solidarity economy, which is an open spirit and a horizontal spirit where there are no authorities.

Esteban: *I'm interested now in returning to the part about the global nature of solidarity economy, but more specifically your experience or the experience of the solidarity community in Chile. Have you had any contact, or have local leaders had any contact, with solidarity economy initiatives in Brazil or Canada, to name two countries?*

Luis: Let's see, throughout all my years in the solidarity economy, I have traveled in practically all the countries of Latin America, and a large part of the countries of Europe, and I have had contact with a multitude of experiences; in general, they see me as someone who has something to contribute and teach regarding the subject, so I receive a lot of invitations...and therefore I have connected with an enormous number of solidarity economy experiences in many countries throughout the world. In Canada, which you mention, I was invited a few years back to hold classes and conferences on solidarity

economy at the university level, but I'm not in direct contact with the experiences of organizations, like I am in Brazil, Colombia, Venezuela, Ecuador, Perú, Bolivia, Argentina, Chile, Paraguay. So...in general, in Latin American countries and also Central American and Caribbean countries.

Esteban: *You mentioned that your web site also contains a program of study, a postgraduate program. What is the role that universities or research centers should play in this whole process of solidarity economy?*

Luis: Look, I believe that the solidarity economy is a new way of making economy—and to be able to affirm itself as an alternative and as an economic sector that grows and is relevant worldwide, it needs to strengthen its scientific, conceptual dimension and knowledge about its own rationale or rationales. Like how capitalist economy has its university schools of training for economists, for business administrators, for commercial engineers that in some way are at the service of that rationale and that type of economy; and in the same way that, through universities, public or state economy also forms its own bodies of intellectuals that empower it and serve it; I believe that solidarity economy needs the same thing. It needs to apply itself on a higher level of economic thinking, on the one hand, which implies developing research, theory, and knowledge. And it needs to train skilled personnel at all levels, from the most highly to the most simply trained of entities' participants, to those of the highest managerial character with the potential to develop policy for groups in the solidarity economy. So, to me it seems that universities, which in many countries are starting to form academic bodies to work on solidarity economy, still have a broad space, a broad field to develop. As the solidarity economy grows, it also demands skilled professionals, managers, solicitors of that economy, people skilled in solidarity commercialization...because in the solidarity economy, one does not commercialize as one would in capitalist economy; the criteria for commercialization of firms in capitalist economy, which often deceive the consumer, are not the same criteria employed in commercialization within the solidarity economy. The latter looks for a different bond with clients, participation in the definition of products, in total, fairness in determination of prices, etc., and transparency in information presented to consumers. So, in the solidarity economy, management as well as technological development or commercialization or organization of labor operate in inherent ways, with an inherent rationale that should be understood, and should be theorized, and should be learned by those who operate with it, because knowledge will help them operate more efficiently, training them better, obtaining better results. And therefore I

believe that the academic world, which is already beginning to integrate solidarity economy, will increasingly do so in response to the demands of the solidarity economy's expanding reality.

Esteban: *Now, from what I understand, what you're saying is that a big part of universities and research centers' role, in general, consists of research on the role of solidarity economy, and also training. Would you exclude research centers as practitioners of solidarity economy?*

Luis: No, no I would absolutely not exclude them. I believe that one of solidarity economy's contributions is to link theory and practice in a new way; therefore, research and development of theory related to these experiences cannot be done from a desk, it requires a distinct method of participative research, it requires involving the actors in the research process. So, I believe that knowledge for the solidarity economy must be constructed according to a logic of solidarity economy, according to a logic of participation with solidarity, of sharing information, experiences; an academic entity that works with this will have to live these experiences in some way, connect in solidarity with the subjects being investigated and benefitting from the production of knowledge. Of course, this aspect of solidarity economies extends further, into education and training. For example, in the solidarity economy, we think it an error to introduce training for leaders. Other movements put a big emphasis on the education of leaders, but in solidarity economy we think that every member of an organization has to assess themselves and develop personally; therefore, if one person trains the leaders, he or she tends to continually produce a group of people that qualify to be leaders because they have been trained as such. We in solidarity economy say that training must be available for all members of an organization and not only for its managers, because if it was directed towards the leaders, we would contradict our own objective that decisions in the solidarity economy be participative, horizontal decisions; the power of decision should not be concentrated in one group that has privilege or the monopoly on knowledge or technical competency. So, that is an example to show you how solidarity economy's own logic generates new ideas about the ways in which we should or could develop an education consistent with the spirit of solidarity economy.

Esteban: *Do think that the solidarity economy's impact on research centers could take place, for example, in the organization of research programs—in that they are not organized with that type of structure where you have the researcher and the assistants—for instance—who are not included in the authorship? Could we think that a research project with solidarity would have a more horizontal relationship between*

the researcher responsible—as he or she is sometimes called—and those who work collecting data, but who often go unrecognized for their ideas, for their contributions during the research process...?

Luis: Research or the production of knowledge for the solidarity economy, in my opinion, requires a research logic different from that of conventional academia, I am convinced of that. I believe that the contributions that have been made to knowledge of and thought on the solidarity economy demonstrate that. They are not the result of research structured according to the conventional way of performing research. That does not mean that there aren't people who specialize in knowledge, in the production of theory, and who therefore have a different role from the people on the practical side of things. But what is different is the type of connection that exists between them and a certain participation in building knowledge. I like to reference a concept of Antonio Gramsci's that we mentioned at the beginning of our conversation, which is the concept of *living philology*. Antonio Gramsci said that in order to understand the reality of social processes, it was important to start with the experience of those who participated in the processes; he said that it is necessary for the experience of groups, of people and of groups, to undergo a process of interpretation or first interpretation and comprehension, by the people and groups themselves; the lived experience—thus, *living philology*—...Why philology? Well, because it has to do with understanding that which is lived, that direct experience, interpreting it, achieving a first understanding of it. And I think that, starting with the living philology carried out by participants in these experiences, that first version, employed by those who intend to generate broader, more universal, more theoretical knowledge, requires the theoretician, or the intellectual, or the researcher who wants to acquire broader knowledge to be in direct contact with that group and be capable of collecting the group's first interpretation of their own experience. The issue is much broader and more complex, and it helps demonstrate why I believe that the search for a solidarity economy—which is part of a wider search for a civilization with more solidarity, one that is different from the one we share and have today—requires the development of new structures of knowledge and also new forms of research.

Esteban: *What types of questions would be most relevant right now for empowering a solidarity economy? What type of research program could universities support to respond to the questions that would be most urgent for the solidarity economy sector right now?*

Luis: Well, that is a rather difficult question to answer immediately, because it would require me to stop and think...it is an excellent question, a very important one. If you wouldn't mind, let's leave it for a little bit later, to be able to offer a useful answer.

Esteban: *There are a few academic programs in Brazil that try to strengthen the solidarity economy. You also mention an online program devoted to the solidarity economy. Are there other initiatives in Chile, at other research centers, related to this particular element—I am thinking of large public universities, or the private universities that have multiplied around the country?*

Luis: Look, there are... I am familiar with at least three research or work groups at a university level which are centered on the solidarity economy. One is at the University of Santiago, where there is a center for research on cooperativism and social and solidarity economy; they have a group of investigators and also people who carry out education and training. Then, there is another work group at the University of Concepción, which also has taken up the subject of solidarity economy as one of its lines of research in the area of social sciences. And there is a group of academics or young graduates from different universities who have come together at a private university—they are also working on the topic of solidarity economy. It's possible there are others that I am not familiar with.

Esteban: *There are certain authors who think that the solidarity economy responds to or is a certain radical or revolutionary alternative to capitalism, while other authors observe that it is a sector that is internally incorporated into the system and that, in a certain way, legitimizes capitalism. Do you see some radical potential in the solidarity economy?*

Luis: Look, I believe that the solidarity economy is a sector of the economy; I can't imagine that all society's needs can be met with the logic of solidarity economy, as much at the level of individual needs as at that of collective needs. It seems to me that a good economy, a coherent economy, a complete economy, requires a private sector, based on individual initiative; it requires a public or state sector, based on the logic of planning, the logic of regulated economy; and it requires a sector of solidarity economy, based on the logic of associativity and integrated, participative economic organizations. In that sense it is a sector, not a complete alternative, or rather, there's no possibility of a system where in a country, or in a determined place, all the economy is solidarity economy. I believe that would deny legitimate rights and important needs—individual as well as state needs—to generate economic activity.

I believe that a good economy is a pluralist economy. Now, today's economy is already pluralist; even when we talk about a capitalist economy, well, part of the economy is capitalist, there's another part that is state, public economy, and there's another part that is solidarity economy, no matter where you are in the world. What has to change or at least is part of the project of solidarity economy is that, first, the solidarity economy sector is very small and has enormous possibilities for expansion and development, for being a much more important sector, one which best attends to a wide range of people and society's needs, aspirations, and desires. In the second place, I believe that the solidarity economy has the ability to impact other economic sectors, contributing to their transformation, democratizing them, or rather, the state and individual private economies are economic forms which, in the presence of solidarity economy and through interaction with a strong, consolidated solidarity economy, can experience transformative processes, making them more socially responsible, democratizing their modes of operation, expanding, at the heart of public and private economies, the participation of workers and of their other different participants. So I believe that the project of solidarity economy is not just for itself, but also means influencing, impacting, and transforming the economy as a whole, without encompassing everything itself—do you understand? Now, on the other hand, the solidarity economy is a complete economy in the sense that, being a sector, it is a complete economy as the other economies are themselves complete, in the sense that it contains all the dimensions of economic activity: production, distribution, consumption, accumulation. And it has the possibility of opening up into any area of economic activity with its own logic, with its own rationale, and it does so most broadly in the areas of economic activity where it is most efficient, where it has comparative advantages with respect to the other sectors, where it is capable of addressing economic needs better than the other sectors. So as this economy opens up and develops, it constitutes itself as an alternative in the rather specific sense that it is an alternative for all the subjects who constitute a society, inasmuch as the people, workers, technicians, or those who possess capital or savings they want to invest, have different options before them, and so the solidarity economy is an alternative for any subject who possesses resources or economic factors, in the sense of employing those resources in the private capitalist economy or in the solidarity economy or in the state economy...they'll choose the solidarity economy when it demonstrates that it can offer them better conditions, good results, adequate productivity, efficiency, etc. And it is an alternative in that sense, not an alternative in the sense that it imposes itself on everything and completely displaces other economic activities. We live in a world of free choice, where individuals and human groups make decisions and choose...they choose to buy a product produced in the solidarity economy or in another economy....a world where they decide

to work in the solidarity economy or in other economic forms, and people make those choices according to their interests, their necessities, their ethical choices, their values...and the solidarity economy is present as an alternative in any circumstance and in any economic decision that the subject should take. Only if this economy is more efficient, if it is capable of providing greater satisfaction, better results—then it is going to grow, because people are going to choose it.

Esteban: *This type of coexistence that you mention, between different sectors, the capitalist sector with the solidarity economy sector, I understand that this is also what you refer to as “democratic market”. And, if we understand it in those terms, can we say that this economy, this democratic market—when it coexists with these other sectors—then it is transformed into a post-capitalist society?*

Luis: Well, the concept of the democratic market is precisely the expression of a project, of a type of economy in which different economic sectors coexist in a pluralist way, all of them democratized. Or rather, a sector of democratic solidarity economy, a sector of democratic state or public economy, and a sector of democratic, individual private economy...in that sense it is the project—what I was talking about before—the impact that the solidarity economy aims to have on economy as a whole, on other sectors. Now, that’s a project that can keep building, and it is building today, but it looks to the future. And obviously, a democratic market is not the expression of a capitalist economy; it is the expression of a fair economy, a democratic economy, a new economy. I believe that it’s not only a new economy, but also, so that it comes true in a broader or fuller sense, we are talking about a new civilization, a civilization superior to the capitalist state civilization, as we might define the current modern civilization.

Interview with Luis Razeto

PART FOUR

Esteban: *So let's continue our interview with Luis Razeto on the solidarity economy. Luis, in Brazil and Canada, the state is actively participating the promotion of the solidarity economy; in Brazil, there's a ministry doing that, with Paul Singer. What do you believe the role of the state to be in the promotion of the solidarity economy?*

Luis: Well, not only in Brazil and Canada, but also in various Latin American countries, the state is fulfilling very important functions in the solidarity economy's development. Now, the matter of the state's role in solidarity economy is highly debated; it gives rise to rather intense discussions within the networks of the solidarity economy. I have a point of view that is not shared by everyone, but which I would like to express articulately, because there are many aspects to consider. The first thing that I think important to mention is that solidarity economy cannot be created out of or by the state, and I say that because there are people who believe the state should be the driving force, the creator, the financier, of the solidarity economy. I believe that this leads to a type of distorted, extraordinarily dependent solidarity economy, which in the end is not genuine solidarity economy. The state, however, has functions to carry out in relation to the solidarity economy, as it has functions to carry out in relation to society as a whole. For example, lending certain types of service and certain types of resource to the solidarity economy, with conditions similar to those it provides for the other sectors of the economy. The state can be a claimant of the solidarity economy's products or services—food for schools, materials used in hospital and public health, in public job creation policies—it can offer the solidarity economy opportunities for development, market opportunities, opportunities to take advantage of resources. But I don't believe it should do so in the sense of privileging the solidarity economy, which is contrary to what many people think. But I think so for the following reason: when the solidarity economy develops in dependence on the state or under privileged conditions that aren't the same as what other economic sectors and other types of firms must face, then that creates a situation of weakness in terms of inherent energies, which are indispensable in order for the solidarity economy to develop with strength, with autonomy. When tax exemptions are established by law, for example, they favor the development of solidarity experiences relative to others, but at the same time, those tax exemptions mean that the solidarity economy weakens its own ability to attain the efficiency and competitiveness necessary in the

open market, where it should be operating in equal conditions with the other sectors. And public policies change. The cooperative movement in many Latin American countries has experienced profound crises when governments reduce the benefits or tax exemptions or advantages that they had created for cooperatives before. It also happens that this type of linkage tends to convert things into the executors of public policies, because the state favors determined economic subjects to the extent that it uses them, it employs or functionalizes them according to its own purposes and objectives. Thus, cooperativism or forms of economic solidarity often develop which are private or associative executors of public health, public job policy, or public policies of a different type. And so a severely dependent solidarity economy develops, and even a state closely linked to these experiences ends up co-opting them. In the history of Latin America, there have been a plethora of experiences of popular organization processes, where these organizations end up being co-opted by the state with objectives that aren't genuine, that aren't the ones they started out with... It seems to me that the solidarity economy has to get up on its own feet, on its own resources, on independent projects and initiatives, and to take advantage of opportunities the state offers to all types of economic initiatives, but to not be hoping for privileges, nor the creation of special conditions, nor promotion efforts that end up creating a weak solidarity economy that lasts as long as state support lasts, but which afterwards retreats because it lacks strength of its own. Now, the state should do many things with respect to the solidarity economy in general. For example, an important function of the state is to institutionalize and recognize these economic forms as it recognizes the other modalities. As the solidarity economy operates in a different way than the other economic forms, it should be legally recognized as legitimate. For example, in legislation on labor and work, work is regulated in accordance with how it is structured and how it operates in capitalist firms—with a fixed salary, with modalities belonging to dependent work. But in the solidarity economy, work is autonomous and associative and, in short, the logic of the solidarity economy causes the remuneration of labor to become, more than a salary, the result of the economic operation, part of the distribution of surpluses generated in those experiences. So that would require special labor legislation for this type of worker, as has also occurred with public sector workers. The workers of the private capitalist firm, workers in the public sector, and solidarity economy workers labor in different ways, they relate in different ways to the entities in which they participate. So then the rights and duties they have also should be regulated differently, and that still does not exist—instead, general labor legislation is applied to the entities of solidarity economy, specifically, legislation which regulates the dependent salaried work of capitalist economy. It is, therefore, the duty of the state to recognize a different reality and establish norms that guarantee workers' rights and responsibilities

which are different from the rights and responsibilities of workers in other sectors of the economy. The same thing happens with respect to the constitution of societies. Laws regulate the creation of business and there is also law that regulates the formation of cooperatives, but many forms of economic solidarity do not find, among the existing legal alternatives, a modality applicable to what those economic units are, to their ways of contributing productive factors, to the ways in which surpluses are distributed, to their ways of interacting with other agents in the market. This requires the state to be capable of understanding this reality, of recognizing it and giving it legal expression consistent with these rationales. And in that endeavor, given the profound heterogeneity and diversity inherent in the solidarity economy, the state should be very thoughtful. I say that because in some countries, errors have been committed precisely in the sense that the state departs from what the cooperative experiences are--which is very regulated organizing forms, very established in how they are constituted, in how they are controlled, in how they are directed, in how capital is administrated, etc. The state tends to create very rigid laws for the solidarity economy, which hinder the flexibility and obstruct the adequate recognition of the great heterogeneity expressed in the solidarity economy. Thus, a law for solidarity economy should be a very simple, basic law, that allows participants great autonomy—based on the principle of autonomous will—to define the modalities in which they want to operate, their objectives, their ways of contributing factors, their forms of remuneration, etc. I believe that in that sense, the state is still very far from fulfilling the true functions it should fulfill in relation to the solidarity economy, and it is more predisposed to operate in a traditional manner, that is, promoting it, creating entities that support it, that quantify it, that give it credit, etc., but which are forms of state action based on an inadequate understanding of the solidarity economy's reality.

Esteban: *Now, you refer to the unintended consequences when the state deals with the solidarity economy sector as you describe—a privileged treatment; however, what should be done in situations where the state has given a privileged treatment to big capital, to corporations, in such a way that it has subsidized them—the case of the United States, the case of Chile—what should be done so that cooperatives start off on a similar footing or level with respect to other sectors of the economy, so that they don't begin on an uneven playing field; or rather, competing when a subsidized economy already exists, versus the other which is not subsidized, there is an imbalance, and they begin with a very different footing in competitiveness...?*

Luis: Let's see, on the one hand there's the matter of theoretical consistency. The solidarity economy has as a project the democratization of the market, a state that functions in fair terms for all the distinct sectors, that doesn't privilege one over the others, etc., and therefore the solidarity economy fights against the type of situation that actually exists, where the state strengthens large corporations or creates conditions that favor them. Therefore, if one fights for democratizing the market and the functioning of the state, and wants the other sectors to not enjoy unfair privileges that distort how the market and economy work, one can hardly work against that and at the same time be asking for or demanding for oneself the allocation of such privileges and advantages. There has to be consistency when you have a project...Now, in the face of those situations that you pointed out, it seems to me that the solidarity economy has enough power of its own and enough efficiency to permit it to operate in the market, to open its spaces of participation in that market, and to achieve positive results and expand without a need for obtaining privileges and benefits, even when other economic sectors are patronized by the state. We can't forget that the solidarity economy wants to be an alternative and wants to be a transforming force in society, and it also wants to impact the economy and market as a whole. Therefore, it has—I believe—enough energy and motivation to develop with autonomy. If it is not autonomous, it doesn't have the potential to act transformatively.

Esteban: *Luis, there are many local experiences of solidarity economy—do you believe it's possible to generalize about experiences, and apply one space to other spaces, in some way? For example, solidarity economy experiences in Chile—do you believe they can be transferred to other spaces?*

Luis: Let's see, transferred...

Esteban: *Or can they be useful in some way?*

Luis: Transferred in the sense of being exactly duplicated or of creating branches elsewhere, I would think not, because each economic unit is created by its own participants and therefore has to operate with the principles that they themselves define and without a relationship of dependence with mother units, in the case of them being branches. Now, I do believe that there is much to be learned from the most successful experiences, on the part of those who are creating or who have minor projects in other parts of the world. It seems to me that a transfer of knowledge exists, there are processes of learning, there is a lot to learn from the most successful experiences, and I believe that occurs constantly;

experiences like that of Mondragón in Spain, like the popular consumption fairs in Barquisimeto in Venezuela, or experiences that proceed very successfully in Colombia or in Brazil and which are constantly visited, which transfer knowledge; there are teaching exchanges between the most developed and least developed groups. I don't believe they should start from zero, or that each group should experience everything, that is to say, you have to learn from what gets results.

Esteban: *Locally, do you know of any initiative to map the solidarity economy; or in other contexts, in other countries?*

Luis: Well there are efforts to map the solidarity economy in many countries; they exist in Brazil, in Colombia, in Venezuela, and they take advantage of technology and computing to make contact with those experiences, to locate them; there are also mapping experiences in Italy. I believe this effort is interesting because it allows us to see how the solidarity economy is present in many places. Now, there is a problem with these maps, and it has to do with the criteria of what is mapped, what is considered part of the solidarity economy. I don't know a single chart of the solidarity economy that recognizes or integrates, for example, the free fairs as forms of solidarity economy, when they effectively are; or a multitude of experiences of familial peasant economy, which are expressions of solidarity economy, but which aren't mapped because they don't tend to be considered part of the solidarity economy. The solidarity economy is everywhere, it is so widespread that when you consider this broad concept, the mapping should fill the spaces of the maps with experiences. And it doesn't happen like that. The great difficulty is in recognizing which experiences or initiatives are mapped and which are left out.

Esteban: *What is the usefulness that you see in this type of initiative?*

Luis: Well, they favor the exchange of experiences, an exchange in which they recognize each other as part of a strong movement spread across the globe. There are many organizations that believe they are unique and aren't aware that many others are doing things in a similar way. I believe that it favors the development of forms of commercialization among initiatives and experiences of this type, in the sense that mapping consists of not only identifying experiences and putting them on a map, but also describing them and seeing what services and products they offer, what their demands are, in total, depending on how rich the information incorporated is, the mapping will be more useful or less useful.

Esteban: *Your work is very little known in the English language; all that exist are perhaps some documents that people can download on Google and translate with the online translator. What type of publications would you like to see translated into English?*

Luis: Well I would very much like my work to be translated into English. I have written two main types of books. Some are expository and introduce solidarity economy in general, and others are of a more academic character and tend to express solidarity economy's economic rationale. So if I had to choose and say which I would like to see translated to English, I would say: of the books oriented towards the grand public, which mainly introduce the solidarity economy, I believe the most appropriate—and this has also had the highest circulation and been translated to Portuguese and Italian—would be the book, “The Paths of the Solidarity Economy.” With respect to the texts more theoretical in character, the most important—not the most important in general, but the one I would like to see translated first, because it presents the theoretical problematic of the solidarity economy most systematically—would be the book, “Workers’ Firms and the Market Economy.”

Esteban: *Do you believe that those two texts, or perhaps another text, best represent your ideas about the solidarity economy?*

Luis: Let's see, the text “The Paths of the Solidarity Economy” is a recognition of the reality of the solidarity economy in Latin America, and therefore, it is a vision of all the dynamics that we are recognizing as a part of the solidarity economy; and along with the description of those dynamics, there is a reflection on the problematic that they deal with, and on the feeling that those processes have, in such a way that it is quite a rich book. And regarding the book, “Workers’ Firms and the Market Economy,” on the theoretical plane, it is the first book of theory that I wrote—there are later ones that include more concepts and that enrich the conceptual development, but it seems to me that the fundamental stuff is in the first text, and it contains the basic conceptual body that later undergoes developments and enrichment. But if we want to introduce the concept, we must start with that book which sets out the basic issues.

Esteban: *You said that text has already been published in other countries?*

Luis: “The Paths of the Solidarity Economy,” yes, it’s been published in various countries. It’s been published in Spain, it’s been published in Uruguay, it’s been published in Chile, it’s been published in Colombia, it’s been translated and published in Italy, as well as in Portuguese in Brazil.

Esteban: *Which of these texts do you think would be most appropriate for an undergraduate, a girl or boy starting college?*

Luis: I believe “The Paths of the Solidarity Economy” would be very useful for them because it’s more motivational and because it analyzes the process from a broad, interdisciplinary perspective. In contrast, the other is a text of economy theory.

Esteban: *Where is the solidarity economy headed? Where is the vanguard of the solidarity economy?*

Luis: There is no vanguard of the solidarity economy, in my opinion. There are some countries where it has achieved greater development, for example, in Colombia and Brazil, it is more strongly developed, in the case of Latin America. I believe that in Spain, of the European countries, and also in Belgium, there are important developments in the solidarity economy, especially in Spain, where there is a large and valiant network of solidarity economy. In Italy as well there are interesting experiences.

Esteban: *Many organizations in the solidarity economy sector receive donations—and here I hope to engage another part of your theory that refers to donations—from an economic organization that we can call the traditional capitalist sector. So, for example, we could think of a women’s cooperative receiving donations from a corporation. Do you think this complicates the distinction between the solidarity economy and the more traditional market? Do you see a problem there, a conflict between these two activities?*

Luis: I’m not familiar with cases of important donations received by experiences of solidarity economy that came from capitalist-type business, but I don’t exclude the possibility of it happening, especially in the context of the concept of the “social responsibility of business” that is still discussed quite a bit today. But no...I don’t know of experiences of solidarity economy that are strongly supported by donation initiatives from private businesses. I believe that donations in general, those that proceed from international cooperation as much as the subsidies that come from the government—and the case you

mentioned would also apply to them—impact experiences of the solidarity economy in different ways, and that in itself is a problematic to be analyzed. In the first place, it's not true that you "shouldn't look a gift horse in the mouth," by which I mean that when donations are offered to an entity, the entity should analyze them, it should weigh their origin with the purposes for which they are made, and what to do with them, if that is going to create links of dependency or not. I believe that the receiver of donations should be the one to make the decision of whether or not to receive them, of asking for them or not asking for them and being cautious about the impact they can have. I believe that in general, donations are useful when they are given well, that is, when they come to complement certain resources, once the group that develops an experience has done everything it can on its own and lacks elements that it cannot get itself, and therefore can turn to those who would make donations. But starting by asking for donations and making them the foundation of an experience destines the experience for failure, because donations can be complementary to one's own effort, but in no case can they be the foundation of experiences of solidarity economy, because the donation generates an attitude of dependency, it generates an attitude of hoping for them to be given, more than the attitude of effort, of autonomy, of one's own contributions, which is the origin of genuine experiences. Experiences of solidarity, those that are successful, are those in which participants risk it all for the experience, they give everything they have, they make progress through their own efforts. When the donations are many, that spirit, that intangible, that inherent energy, weakens, and the experiences also begin to decline.

Esteban: *Let's see, do you believe that it's the same thing to consider monetary donations from a corporation, as donations of labor that other organizations can make or bring to the table? Like volunteer work...*

Luis: Of course, volunteer work is a more widely applied form of the solidarity economy. I believe that the same thing occurs, or rather, we must analyze the impact of that work, how it's contributed, how it's carried out, the efficiency with which it's done, because sometimes very good intentions go into volunteer work, but in practice it's work that disperses energy, that in the end teaches a false meaning of work, in that it's difficult to demand output, results, from volunteer work, and it's very important, in economy, that such things apply. So, with regards to contributions in the form of labor, we must submit them to the same analysis to which I referred before in relation to donations of another type.

Esteban: *However, I am also thinking of donations that, as you say, affect the solidarity economy, but that transform it positively, change its goals, perhaps change an organization's objectives, which take a new direction as an unintended consequence. I'll give an example—now, following the earthquake in Chile, many organizations have had to reinvent themselves, many of them need to receive donations because the factory closed, fishermen don't have nets, etc. And in some cases they are reinvented. In that sense the donation—as I see it—can be a catalyst for new experiences more than an obstacle to an organization's functioning.*

Luis: Certainly. I believe that donations...I pointed out the care that receivers should take when accepting donations, but they accept them because they help them, because they are useful, because they can contribute. Now, I believe that what you are saying is very important, that is, there are external elements that come to an entity and that enrich it very much, even sometimes in a case where monetary donations come accompanied by demands that the group carry out a related project and a process of dialogue about this project ensues, which enriches the entity. It also happens where, through volunteer work, people from a certain place contribute their own experience, their knowledge, and they open the minds of people who had not had contact with those broader experiences. So, of course all this is very valuable and has to be valued, only it has to be weighed in each case, not taken for granted that donations will be, in and of themselves, favorable, every time.

- Translated by Noel Ottman

Interview with Luis Razeto

PART FIVE

Esteban: *We continue our conversation with Luis Razeto on Solidarity Economics. I would like to ask you some questions focusing more on the framework with which you approach the concept of Solidarity Economy. It seems to me that you take two different approaches when developing your arguments on this concept. One seems to be more scientific, if you will, focusing on its theoretical foundations. The other seems to be more axiomatic, which makes a case for a certain type of Economics from a moral standpoint. Do you feel these approaches can be compatible with each other?*

Luis: Well, that is what is at stake when speaking of Solidarity Economy. How do we integrate and articulate an ethical Economics or a moral Economics based on values of solidarity? The great difficulty in formulating a coherent concept of Solidarity Economics is precisely articulating these ethical and moral claims with the rigorously scientific tools we find in conventional theories of Economics. These theoretical tools should tell us **how this Economics is**, and the ethical claims tend to make assertions about **how this Economics should be**. At the theoretical level, my body of work has always focused on how to theorize the rationality reflected in the Solidarity Economy using a rigorous scientific approach, as well as the concepts found in economic theory. Many of these concepts have been, of course, reformulated, but I have always stayed within the boundaries of economic theory. Within these boundaries, I have attempted to articulate different types of economic activity and behavior, and of relationships between individuals that reflect these ethical concepts of justice and solidarity. I argue that a theoretical approach to the Solidarity Economy requires a new structure of knowledge that differs from that of modern, positivist sciences such as sociology, economics and political science. It also, however, must differ from the philosophy and ideology behind abstract and axiomatic ethical claims that formulate how human beings must *be* in the world. Thus, I have attempted to develop a structure of knowledge that integrates both of these dimensions. I feel that this theoretical integration should be founded in the unique rationality that distinguishes the concept of Solidarity Economics from others. That is, it is this rationality of the Solidarity Economy that integrates these purely scientific aspects of economic theory with the different concepts found in philosophic, axiomatic and ethical arguments around notions of solidarity.

Esteban: *Following this logic, it seems to me that the critique you make of conventional Economics is that it can only incorporate certain types of rationality, or certain “rationalities”, whereas another approach to the study of Economics could incorporate different rationalities. Does the study of the Solidarity Economy, then, express different rationalities, or does it merely express one rationality while another theoretical approach to Economics might articulate a different rationality in the economy?*

Luis: Before I answer your question, I want to clarify something about the point I made earlier. The *real* Economy is the result of *inter-subjective* human activities. The human beings that make up an economy invest it with their interests, motivations, passions and ambitions, as well as their ethical and moral concepts, and the ways in which they relate to one another. Thus, in the real economy human beings socially articulate all of these different dimensions in the enactment of what we call economic activity. The ethical dimension of human behavior is completely embedded in the real economy. When modern social sciences that are based on a positivist epistemological paradigm, particularly Economics, attempt to separate the *factual* from the ethical or axiomatic, their process of formulating theory is, to a certain degree, arbitrary. From a reality that is complex, they choose to focus only on a specific aspect and attempt to abstract the inter-subjective dimensions that are present in the facts of this economic reality. In this sense, I argue that it is necessary to elaborate a theory that theoretically reintegrates the factual, ethical, axiomatic, and even aesthetic dimensions that are inherently integrated within economic reality, and embedded in economic activity. Returning to your question, then, economic rationality is made up of the subjects of an economic reality. There is no economic rationality that is independent from the economic activity of individuals or organizations. The rationality with which economic activity and economic organizations are made up is the rationality that individuals and associations invest in these activities. It is we as human beings that incorporate our rationality into our economic activities, our economic organizations, and into the economic processes we endeavor. If we accept this, then we can consider the argument that there is no single rationality, since human beings behave and relate to each other in different ways, and articulate their decisions differently as well. The real economy that we construct through our activities also reflects these distinct rationalities that we invest in it. One of these is the capitalist rationality; that in which human beings behave as capitalists; they seek to maximize their profits, as well as establish goals and objectives in terms of return on capital and investment. They work and treat different factors of production such as labor and technology with certain criteria, and establish and operate economic units in a certain fashion. Now, when another group of human beings decides to engage in economic activity with a different set of criteria: cooperation and solidarity, as opposed to

competition, and seek to generate communal, shared benefits, as opposed to maximize individual profit, it is acting upon a different logic. This logic is embedded in the economic reality that they are creating; that they are building. This is why I argue that there is no single economic rationality. Neoclassical economic theorists claim that “economic rationality is as such...” No. This economic rationality is one that certain groups or social groups have embedded in their economic activities at a certain period in history. At different points in time human beings have engaged in economic activities with other economic rationalities. It is indeed possible to create economies that operate under different rationalities that are based on objectives, relationships, and notions of how to calculate and measure efficiency that are inherently different.

Esteban: *Now, you have also mentioned that a Solidarity Economy already exists, that is part of reality and not a utopia; that we only need to assume, as you say, a different rationality that is not supported by conventional economic theory. If this is the case, however, it seems that in modern economies, it is the capitalist sector of the economy that has colonized all other rationalities. If so, how can the sector made up a rationality of solidarity flourish in the context of this colonization?*

Luis: Of course, in this current economy the capitalist logic is undoubtedly dominant. Most enterprises are organized by people that invest capital and seek a maximum return on this capital. They operate in the market with these particular objectives. Now, in this current economic reality, there is also a sizable sector which is organized by the Government, and operates under the logic of the State. Organizations in this sector make decisions that seek to satisfy common societal needs and develop a country's economy. This sector of the economy operates under a *statist* rationality. The Solidarity Economy is different from both the statist and capitalist economy. It is an economy in which economic initiatives are organized by small groups of human beings that associate with one another in the form of cooperatives, communities and networks in which they themselves decide how these associations should be structured. As associations, they decide how their economic activities should be set up in terms of production, commercialization, finance, etc. Thus, there *is* a Solidarity Economy. Its subjects are organized in small (and in some cases not as small) groups that are intermediate collectives, larger than the individual, but smaller than the collective represented by the State and the nation. Individuals freely associate with one another in an economic project in which they place their resources and operate it with the objectives they set for themselves. Both the objectives, as well as the gains derived from the economic activity, are set and distributed collectively, and they often seek to engage with and benefit

the larger community, creating a greater sense of social consciousness and responsibility. Now, this type of economic activity is much less present than that which is organized around private capital and around the State. But it is real, and it exists in every single country. Everywhere there are cooperatives and different types of organizations that set out to achieve goals under rationalities that are different than that of maximizing capital, or of generating common societal benefits and national economic development in the way the State does. These types of organizations, however, are articulated in a complex context. I feel that the commonly held notion that an economy operates as a fully coherent system under the sole logic of capitalism is mistaken. Reality is much more pluralist and diverse, and within the real economy we find a sizable sector that operates under the logic of private capital, another that does so under the logic of the State, which is also sizable, and a smaller but growing sector that operates under the logic of cooperation and the integration of communities.

Esteban: *Nonetheless, it seems that this Solidarity Economy is an underdeveloped sector in the sense that it has not fully flourished, if we can claim that there is such a perfect state in which an economy has fully flourished in terms of its development. However, there is this sense that it could definitely grow more, isn't there? But it seems that it is "David against Goliath" in the sense that it is not only subsumed within the conglomerate of economic activities that operates under the logic of capital, but is also in competition with real actors such as local and transnational corporations...*

Luis: I agree that the Solidarity Economy is underdeveloped and that its potential to grow goes far beyond what we have seen so far. Other sectors of the economy undoubtedly control much of the distribution of wealth and very large portions of the demand for products and services. They own a large part of the Earth's resources, and thus associations within the Solidarity Economy find it extremely difficult to operate in this context in which resources are already allocated in other sectors, that already meet most social needs. However, given that this sector possesses its own rationality, it has its own advantages in relation to the capitalist and the State sectors. Within certain parameters of production, it can provide more adequate answers and solutions to different human and social needs. It is in these cases where it can be more efficient in meeting such needs that resources are allocated to generate economic activity, and consumers find that these types of activities offer them better life solutions than the capitalist or the State sector. Now, in any case, I agree that this is definitely a struggle. Creating the spaces within an economy in which this type of economic activity can take place is complex and difficult given that it must do so in a certainly hostile environment. It is not people or culture that is hostile. The

fact that these activities are carried out with a logic of solidarity and in a way that seeks collective gain and justice is definitely attractive to many in society. The obstacles to these initiatives come from those who control markets and resources and do not want to facilitate the expansion of economic activity within the Solidarity Economy, as it holds the potential to compete with them in procuring resources in industries with high levels of productivity.

Esteban: *One of the critiques you make of conventional Economics is that it rejects the idea that markets, particularly labor markets, which you have written quite extensively on, are determined by relationships of power. In terms of labor, economists argue that social mobility, specifically job and professional mobility, takes place in a perfectly competitive labor market. In reality, a job is not obtained necessarily through a neutral process of applying to jobs using one's credentials, but through one's social capital. That is, this happens through the people one knows within a certain network that can lead to obtaining it. This is what has been defined as social capital, correct? So, what place does this social capital have in your theory? Could you say that this social capital resembles this community factor you point out?*

Luis: Indeed. In terms of the former, I agree entirely that the market is not a neutral reality that operates as an automatic mechanism, under certain laws, that pairs up the demand and supply of goods and services with determined values. The market is a social construction that coordinates the decisions made by all economic subjects that participate in an economy. In the market, Individuals and organizations manifest their preferences and options, and compete with one another. It is a highly subjective process in which some are deceived by others, alliances are formed, and different types of power are exerted over others to increase influence over and access to the market. Markets, therefore, are correlations of social forces. Currently, the concept of *social capital* holds a lot of currency within modern Economics, particularly in studies of business management. It is used to describe the fact that the integration of different human beings generates conditions that facilitate production and increase the ability of an enterprise to compete in the market. A private enterprise with social capital is one in which its workers are committed to it. They promote it, raise awareness of it, and consider themselves a part of it in some way, even if they simply operate and do not own its means of production. Within the Solidarity Economy, we use the concept of *C Factor* to describe the productive energy of economic units that operate according to its principles. This C Factor is a result of the integration of the consciousness, will, and emotions of those who join efforts to meet their economic objectives; it is a result of the integration of the entire collective. These individuals share these objectives and experience shared

positive feelings when they are met, as well as negative ones when they are not. There is a strong element of human integration in the Solidarity Economy, and the energy that results from it carries significant advantages for economic units that are organized in this way. Thus, in the Solidarity Economy we do not call this *social capital*, as it is a concept that has its exclusive place within the capitalist logic. The C Factor, as I have said before, is a form of social energy. It is the energy generated collectively through solidarity.

Esteban: *You have also criticized conventional Economics for not acknowledging the relationships between these factors. More specifically, you have said that it presents them as if they existed in an ideal manner, as opposed to distinguishing them and illustrating how they operate in reality. However, it seems to me that you have also distinguished them in a somewhat ideal form. For instance, one could argue that there is also a C Factor in a private capitalist enterprise. In your view, do these factors interact with one another or do they remain separate? Or, do they embody a certain type of rationality?*

Luis: In my view, these factors of production are the same in all enterprises. That is to say, all economic units need labor power, technology, entrepreneurship, capital and finance. And, all enterprises possess an element of social cohesion and unity between those who work in it, be it what we call C Factor in a solidarity economy, or *social capital* in a capitalist economy. They represent the same type of phenomenon. Now, if I understand your question correctly, the problem in your view is the way in which conventional economists define and determine these factors, namely that they are objective forces that hold a determined market value, manifested through market prices, and have a certain level of productivity as long as they are articulated rationally in economic units organized under this rationality. In what is called *comprehensive economic theory*, these factors are understood as different types of human energy, at least in the sense that there is an inherent subjective dimension in all of them that we must comprehend, if we are to fully understand how they relate to each other and the role they have in determining the productivity of an economic unit. This is evident, for instance, in the case of labor power, which is a function exclusively of the *labor* of workers. Workers, as human beings, invest not only their physical energy in their work, but also their drive and effort to finish different tasks. They are also limited by tiredness and fatigue, and thus are ultimately limited in their ability to implement their productive energy, which is their labor. On the other hand, it is commonly held that *technology* simply represents machinery or systems of information. Technology, in fact, is knowledge. More accurately, it is the expression and application of different types of knowledge that are developed

through the creative efforts of individuals and groups of people. It is, thus, a highly subjective factor of production. Technological innovation does not take place through the work of machines, but through the creative process of addressing problems in new ways that are informed by the use of scientific and empirical knowledge. Following this logic, *entrepreneurship* is based primarily on the activity of decision-making, which is also a highly subjective process. Entrepreneurship as a factor of production cannot be considered independent from the individuals who are making entrepreneurial decisions. Even *capital* and the physical means of production have a subjective dimension. The fact that a worker does or does not feel that he or she owns a particular physical item of capital has a significant impact on the productivity of its use. If workers feel that they own the means of production of the economic unit they are part of, then they will definitely carry a different attitude when using than if they feel their responsibility in operating it has been delegated by its owner. Thus, the concepts used to describe these factors of production in the Solidarity Economy permanently point to the subjectivity of the economy as a hidden dimension, or at least one that is not represented or illustrated within conventional economic theory. Moreover, as we identify and understand the inherently subjective nature of the processes that take place within economic units, we can also identify the different criteria, ethical considerations, moral values, types of behavior and ways in which people relate to one another that are all invested in these units by those who operate them. More importantly, as we do so, we can come to understand the advantages and the superiority of operating them in a way that is articulated through and around these superior social and ethical values, making these economic processes more inclusive and participatory; more human.

Esteban: *In terms of businesses in particular, do you think they can only operate under the logic of capital, that is, around capital as a factor of production, or can they also be organized around the factor of labor?*

Luis: Indeed, when a capitalist creates an enterprise, what he or she does is invest capital, either owned or obtained through other means, and thus structures it around capital as a base factor. All other factors, labor, entrepreneurship, are *hired*: they are paid for by capital and thus are integrated under a capitalist logic. Conversely, when an enterprise is organized by a group of workers, which also, of course, has to be done in part through the investment of capital, they are primarily investing their *labor*, their capacity to work in an organized manner. Thus their objective is not to maximize their return on capital, but instead to maximize the collective profit; to maximize their return on labor. Now, it is also possible to

organize an enterprise around technology as a factor of production: those who possess certain knowledge or have created a technological innovation can invest it in an enterprise and seek to obtain the maximum amount of profit and benefit from this enterprise. Thus, it is a mistake to consider enterprises merely as capital investments. The Business Economics one studies in universities claims that “a business is a capital investment that seeks to maximize the return on capital”. I argue that enterprises can also be the investment of work, technology or community, meaning the C Factor we referred to earlier. Thus, I argue that there are multiple ways to create, organize and operate enterprises.

Esteban: *Could we say that there is a rationality of capital, one of labor, and one of consumption as well?*

Luis: Well, consumption is a different component of the economic process. Consumption is the use of goods and services used to meet and satisfy human needs. In conventional Economics it is often explained as the spending of earned income in the market. I argue this has to do more with *distribution*. Consumption is when goods and services that have been produced through economic activity are used by consumers to satisfy their own needs. Now, we can also say the same about production, as we referred to it before: human beings can use goods and services in different ways, to meet different needs, since they live their lives in different ways. Within the Solidarity Economy there is also a different way of distributing and consuming goods and services that operates under a logic different than that of capitalism. For example, consumption is determined collectively; goods are consumed in a way that benefits a group of people, and not simply the individual. The concept of consumption is obviously more complex than this, but what I am trying to say is that there are different rationalities of consumption, just as there are different rationalities of production.

Esteban: *I am thinking about the debate that took place in Latin America in the 1980s around the informal sector. Some have said that there is a particular rationality within the informal sector of the economy that is not purely capitalist, but perhaps an immigrant rationality. It is the rationality of a subgroup within the economy that captures its own market. There are others that say that this alternative economy that was created in the '80s, and remains through the work of immigrants, is a “chayanovian” economy, one that seeks to maximize family income, as opposed to return on capital. Is this rationality similar to that of the Solidarity Economy?*

Luis: Of course, I think that the informal, or popular, economy is constructed by people with their own logic and their own way of life. I have always argued that it is individual subjects who make up an economy. Any economy will always be organized according to how these individuals relate to one another, their behavior and their decisions, and will be invested with each person's desires and objectives. Now, the informal economy is quite heterogeneous and is made up of many different types of activities. There is an informal economy that is organized around criminal activity and one that is organized around the principle of solidarity. To put it perhaps too simply, the latter is made up of the economic decisions of people *with* values, whereas the former is made up of the economic decisions of people *without* these values. Thus, I believe we must be very careful not to confuse the concept of the Solidarity Economy with the popular or informal economy. There is a part of the popular and informal economy that is based around principles of solidarity, and there are also enterprises within the Solidarity Economy that are not informal, and in fact are quite developed and formalized. Now, the Solidarity Economy can be accurately characterized as one that focuses on the human being, and seeks to enhance the lives and meet the needs of those who participate in it. In this way, it is similar to the logic of Chayanov you mentioned. However, Chayanov applies this concept specifically to rural families that do not seek to maximize monetary profits, but instead seek to improve the life of the family group through the development of the different economic components that are needed to live a progressively better lifestyle. It is, thus, an economy that seeks well-being and happiness for the family that organizes and carries out economic activities. In the Solidarity Economy, this works in a similar way. The group, collective or community that make up an economic unit seeks the well-being of the entire unit, and not the growth of monetary capital that is not tied to the quality of life of those who integrate the community, unlike capitalist enterprises which aim to accumulate and reinvest capital without regard to the livelihood of its employees, or even its stock owners.

Esteban: *Now, by "enterprise" do you mean "corporation"? For instance, in terms of his theory of the Protestant ethic behind the capitalist organization of the means of production, Max Weber argues that the entrepreneur is the individual who realizes a creative activity based on a logic that is not centered on maximizing the return on capital, but on the realization of certain values. Could one distinguish, then, between different types of logic within a capitalist enterprise?*

Luis: Yes, it is indeed an oversimplification to speak of a singular capitalist logic. Throughout the history of capitalism, enterprises have evolved in their structure and the objectives they set out to achieve.

Although at different times they have also set out to benefit a collective or community through improving a widespread aspect of material living, as well as simply to generate the opportunity for employment, all capitalist enterprises have followed the primary objective of maximizing the return on invested capital. I argue that the fundamental characteristic of all enterprises is that those who start it invest it with the essence of *who they are*, what they wish to achieve; they invest it with their subjectivity. The type of relationships they wish to develop within the enterprise are articulated internally in its operating logic. Thus, over time, the rationality of an enterprise becomes an objective foundation of its operating structure. This is why there is such diversity in the operating mechanisms of enterprises that all follow a capitalist logic. This sort of diversity also exists between enterprises that operate within the Solidarity Economy. However, we *can* in fact distinguish certain fundamental differences between enterprises that follow a capitalist rationality and those which follow a rationality of solidarity. The bottom line, in my view, is that an economy is the result of integrated human activities that are carried out with certain rationalities, ethical considerations, ambitions and ways of relating to one another, and that these are always embedded in whatever enterprise human beings create.

Esteban: *This sounds like an idea you have suggested before. You have said that markets are made up of a number of actors. Following Gramsci, I believe, you have called these “determined” markets. Are these “determined” markets necessarily a part of the Solidarity Economy?*

Luis: Well, they are the same thing. The market is not a machine that operates independently from individuals. The market is made up of the interactions of all the individuals that invest it with their resources, factors of productions and products, and derive their needs and their demands from it. Thus, it is the result of the interactions between all these individuals. Markets, then, can be structured in very different ways according to the types of behavior that predominate in its exchanges. For example, a market in a rural community, or one that operates within an indigenous society, will do so very differently than one in a modern, industrial city. In a small village or town the relationships between people are closer and individuals are more aware of one another. Relationships can be either positive or negative based on past experiences with each other. This will lead to certain types of exchanges, such as purchases through store credit or informal, person-to-person loans. In other contexts, markets will be much more competitive, demanding and formalized, and will operate according to a much more impersonal and anonymous logic. Thus, markets, just like enterprises, are not monolithic in terms of the way they operate. There are markets that are more unequal, some more democratic, others more

competitive, and others more based around principles of solidarity; some are more integrated, and others more conflicted.

Esteban: *In your analysis, however, all of these would be determined markets...*

Luis: Socially determined. According to Gramsci, as you have pointed out, markets are socially determined by factors of cultural, social, environmental, ethical, judicial and political nature. Thus, cultural and legal norms are embedded within them.

Esteban: *Now, what would it take for, let's say, an authoritarian and hierarchical market to become a democratic one?*

Luis: Well, for a market to be democratic it needs to operate in a certain way. Wealth and power should not be concentrated in the hands of a small number of individuals; there should not be large inequalities between different market actors. Neither should individuals have to face rigid price levels predetermined by monopolistic economic activity. All actors should, to a certain extent, have an effective participatory role in decisions of resource allocation. In monopolistic markets, major decisions are made by very few powerful individuals and, faced with rigid market conditions, the majority of market actors can only choose to "take-it-or-leave-it", given that their decisions cannot have a significant impact on the market. Thus, we speak of a *democratic* market, borrowing the term from outside the theoretical realm of economics, referring to an economic environment in which there is a certain degree of equality between actors, as well the possibility for anyone to become an actor.

Esteban: *Now, the movement from a certain kind of market to a democratic market seems to belong to the realm of politics, not economics. However, politics as such is not quite present in your analysis.*

Luis: No, it is. It depends on what we consider politics to be. I believe that power relations are indeed embedded in markets. The State holds significant power over markets: it has a monopoly over certain economic decisions; it can establish norms and laws through legislation, create regulatory frameworks and bodies, and it can establish minimum wages. Thus, the State undoubtedly has an impact on the structure of markets. I agree with you in the sense that a process of market democratization depends highly on the decisions made by the State as an influential market actor. It is indeed a powerful market

actor. However, it is not the only actor that has significant influence, and the degree to which it can influence markets is sometimes overestimated. There are also other actors that hold power within the market. Consumers, when organized, can hold significant market power, and so can businesspeople and heads of industry, as well as *other* States with which national enterprises conduct trade. Markets are made up of all of these relations and, as a result, will at times be more or less unequal, or more or less democratic. Consequently, they will also possess tendencies towards democratization, as well as tendencies towards a greater concentration of market power. This, in essence, is *politics*, but not *party* politics. It is politics in the more general sense of the processes and instances in which individuals organize their will and their consciousness, in order to have an impact on the way in which things happen in reality.

Esteban: *This market that you have illustrated using Gramsci's analysis, the determined market, is one that is definitely related to political power. Gramsci argues that it is important to take into account that those who manage and organize different factors of production can become actual political parties. What other type of political organization could also push for the democratization of the market?*

Luis: I believe that any market actor, even an individual, can have effect on the market that is greater than zero, either by choosing to allocate his or her labor in a certain enterprise, for instance, or by choosing to purchase a good or service to satisfy his or her needs. There is no market actor that does not have some impact on the functioning of the market. Even if infinitesimal, it will always be greater than zero. Now, individuals that organize into collective actors, and share objectives, will have an increased impact over its functioning. For example, consumer organizations can have a large impact on the market, and can push in the direction of greater market democratization through leveraging their power against large corporations that control important market segments. The same goes for workers. Although individual workers indeed have power over decisions of where to work, and under what conditions, those who organize collectively either as unions or other forms of worker organizations can multiply their power over the market. The idea, then, that only political parties can influence the mechanisms of markets is mistaken. Although there is certainly some market power to be obtained through party politics, albeit indirect, autonomous producer organizations, even those made up of small entrepreneurs, can have a direct effect on economic processes and the functioning of the market, without the need for direct political representation within it. In fact, the range of action of the State within markets has been decreasing over time, and organizations such those of associated consumers

could, in my view, have a greater impact than the State. I believe that States will have to take this potential influence into account when deciding to intervene in the market in their own interests.

Esteban: *What role would you attribute to corporations in this context? My view is that, even if individuals through their actions in the market can modify its functioning, there are some actors that can alter power relations more effectively. Corporations would have much more power than small consumer organizations...*

Luis: By *corporations* do you mean large economic units, or a collective of enterprises?

Esteban: *Large economic units...*

Luis: Well, they do indeed possess greater market power through large market shares, influence over other enterprises, and their control over vast amounts of resources. They can influence all the market elements under their control to move in a particular direction within it.

- Translated by Andres Celin

Interview with Luis Razeto

Part Six

Esteban: *I want to emphasize the part about the market now, rather than the politics. Would it be an incentive for the social economy to create its own market, or participate in the same market competing with other production factors? How could the solidarity economy grow?*

Luis: Well, I think the solidarity economy is likely to create its own markets, in the sense of producing for consumers who are integrated in the sector, and generating many links between companies of the solidarity economy that are going to provide each other with inputs and somehow establish lines of production, etc. In that sense it could be said that there are certain niche markets that articulate the exchanges between individuals that are considered part of the solidarity economy. However, I think that has some large limitations for the growth of the economy, and I also think the solidarity economy has to be able to offer its production and services to all of society. Therefore it must operate openly in the market, and simultaneously it may be able to provide input, resources, manpower, technologies that are generally available in society and that come from and are allocated through the general market. I believe that the solidarity economy cannot be separated like an island. It can create links between members of the solidarity economy that reinforce their ties and the exchanges and the reciprocity between them, but they operate in the open market and can take advantage of every opportunity and all resources that are offered for all types of traders in the general market. At the same time the goods and services they produce are being made available in the general market and therefore, they make expansion of operations possible. I cannot imagine a solidarity economy that refuses to participate in the market. That is a remnant of anti-market ideologies that existed some point in the cooperative movement. For example, in much of the history of cooperativism in the nineteenth and twentieth century, the cooperatives said "we will only operate with partners." So a cooperative of consumption will sell the products only to those who are members of the cooperative. Therefore, a savings and credit cooperative will grant credit to and raise funds only for those who are members of the cooperative. I argue that operating in this manner restricts its field of operations. They operate in a very small market, and therefore will raise funds only for those involved there, but a solidarity economy does not have to refrain from raising capital or from acquiring production factors that are offered in the wider society. It does not have to have a restricted market because it operates in the open market.

Esteban: *But you believe that some type of “positive discrimination,” so to speak, would not be necessary?*

Luis: It is something that many say that the solidarity economy needs the State to promote, so that there may be tax breaks, lower taxes, and special benefits. I am somewhat reluctant towards that because I think the solidarity economy has to unfold on its own strength and not under the umbrella of state protection. When organized under such protection, it is weak and will always need that protection. A solidarity economy has to have its own forces, with its own comparative advantages, with its own energies, and act in relation with the State. Like any company, the State offers opportunities, grants, to every type of enterprise, and the companies of the solidarity economy will also compete for those benefits, but under the same conditions as everyone else. It does not seem necessary to me, or less convenient; this economy is sometimes expected to have these privileges.

Esteban: *Perhaps you could explain, what would be the contribution of the solidarity economy, not only for its own sector, but for the whole economy? What would the solidarity economy be giving to the market, to the democratic market?*

Luis: Seen from a strictly economic standpoint, the solidarity economy has some comparative advantage over other economies, and it also has drawbacks. For example, there are areas of human needs that are better met by the solidarity economy than the capitalist economy or by the state economy. I believe, for example, that in the subject of education, the solidarity economy’s way of being causes an organized educational experience with the logic of the solidarity economy to have far superior results to those of a university or an organized educative center with a logic of a private enterprise or a logic of a state-owned business, like a public school, because of the type of relationships that link between the subjects involved in it, learning opportunities, the chances of transmission and communication of information and knowledge, and even the possibility of creating participatory learning experiences. There are many human needs, such as the need for recreation, the need for coexistence, the need for us humans to share, to be assisted by others, to be cared for, to be protected from diseases. The solidarity economy is likely to give much better answers than those offered by the capitalist economy, which serves the same needs with its own logic and the State that serves the same needs with its own logic. There are other areas in which the State has a better chance of solving problems, for example when it comes to meeting social needs where public goods must be shared. Well, the solidarity economy has the same problems as

the capitalist economy in addressing those areas of economic activity. And there are other areas in which perhaps the capitalist logic has advantages over the solidarity economy in providing products for a certain type of individual need, for example, the need of differentiation with regard to others—that every individual has in some way. Perhaps the logic of the solidarity economy tends to satisfy the collective identity, generating a sense of belonging, and therefore satisfying those needs in an adequate way, in a fair and therefore equitable way. Therefore, the solidarity economy is not suitable for such needs as the need to stand out amongst the others, by way of dressing, or the possession of certain items that will generate social prestige as an individual. The solidarity economy does not meet such needs as well as the capitalist logic can, which operates exactly with that criterion of appreciation, differentiating individually, etc. Neither does the state adequately work to fulfill those needs. So I believe in a plural economy. I think the best way to expand the human experience, to improve community life, to create more opportunities of employment for human beings, are given by a pluralist economy, where an important sector of the solidarity economy is geared to meet those needs that that sector provides and fulfills in a better way. And there are other human needs that are better met by the economy that operates with a logic of individual investment, and others that are better met with the logic of a state economy.

Esteban: *I would like to ask you a question as close to the previous question. The solidarity economy is often limited to the working classes, to low-income sectors, what would be the contribution of the solidarity for those individuals of wealthy classes?*

Luis: Look, the wealthy classes have, in a certain way, an atrophy of many areas of human experience. They have often focused on the accumulation of goods, of capital, they look for contentment through the possession of artifacts, and they limit the use of their being, their person, in terms of adequately fulfilling one's knowledge, communication with others, inclusion in the coexistence, learning of broader human experiences than those of their own small sector. So a person highly integrated in the market, because he operates with the capitalist logic that generates a lot of money for him, tends to address all his needs with money, but money is not always the best means of fulfilling all human needs. There are needs, such as the necessity of coexisting, of recreation, of communication, of participation, that you cannot buy with money. You may be able to buy products of those necessities but they are not products that fulfill those needs well. There are needs that must be satisfied with a different logic, a communal logic, so...

Esteban: *Even for those sectors that have or have focused their energy into another kind of rationality?*

Luis: Yeah, precisely what I mean, there is an atrophy of certain aspects of wealthy people's personality, and therefore they have been conducting the search for satisfaction with the use of their large quantity of money, but not all human needs are best satisfied using money. For example, in the case of caring of a sick person, it is true that you can pay and pay a lot for medical care, but that will not replace the love and affection that can provide the person, being served in a human environment with the certain types of affection that are given in small communities, for example. Also in the field of learning, you can learn, of course, paying for good teachers in order to be able to compete and to get first place. But then you prevent yourself from sharing the process of learning with another. So there are aspects of learning that you will never be able to incorporate. And then, with the logic of the solidarity economy, I am convinced that the issues of education, health, recreation, coexistence, even food, and the creation of urban spaces and neighborhoods are better addressed with the logic of the solidarity economy, at lower economic cost, but with a much higher profit. Even in the case of security and protection against threats of crime, for example, the community may be more protective than the bars, padlocks and locks that are used to protect those who feel alone in the world and not included in a community.

Esteban: *Well, we are again with Luis talking about the solidarity economy and democratic market. There is another question which I would also like to relate to two aspects: one about labor and one about finances. You previously in other works, have done a critique of the use of labor to determine prices in the exchange; however, in your latest work, you reassess the concept of labor to establish a unit of measure that you call 'work value' in a sort of financial system. Could you speak more in depth about the relevance of labor in the solidarity economy?*

Luis: Well, there are several levels at which we could discuss this question. In general terms, I believe that there are close ties between labor and solidarity. Labor is an activity that is carried out socially, that generates ties of friendship, solidarity, and communication between people. It is one of the productive factors most directly human, so to speak, and therefore the solidarity economy and any economy that seeks to be fair and to be at the service of human beings, must undoubtedly assess the work. It also must, perhaps, put it above other factors—such as the capital or the material means of production. So at that level it seems to me that the economy of labor and the solidarity economy, the economy

centered on labor, and the economy centered on the community, are part of the same search for a fair economy, for a non-capitalist economy, for a human economy. Now, when we are dealing with the issue of the value and the theory of labor value, we enter a level of a different analysis. It is the old and ever-present issue, that was formulated by classical economists, of "what is the economic value and how can it be measured" And it should be recalled that throughout the history of economic thought, related to economy history in general, different theories have emphasized different factors of production as the main sources of the creation of value and thus, have determined different ways of measuring economic value that is created in the economy. The physiocrats put emphasis on the Earth, on nature in a way, as the creative source of value. They believe that all economic activity should employ physical means of production that somehow had to be extracted from the Earth. And therefore, the owners of land, the donors of the productive factor considered to be the most important and central should be those who deserved to appropriate the value created in the economy in greater proportion than those who provided other factors of production. In fact, in the pre-capitalist economy, in the rural economies, in the feudal economies in general, the measurement of wealth was made in terms of physical assets: how many hectares of land, how many planted trees, how much cattle produced, and how much had the property increased in wealth and value. The idea that labor is the source of wealth, not nature, emerges in the classical thought. Before that concept that the work is the source of all wealth is the idea that the capital is the source of wealth, that wealth created by those who organize the economic activities, the decision-makers, those who manage. From that comes the concept of *capital*, capita, head, or those who lead productive activity, the captain of the industry, the captain of the enterprise. He is the one that generates wealth and becomes the head and organizer of the company on the basis that he is the contributor of the financial resource, of the money needed to make the investment, to buy the production factors, to organize economic activity based on its capital investment. Then the idea emerges that the contributor of the financial resource is the main source of all wealth and the person who deserves to appropriate the value created by the economic activity. Subsequently the critique of political economy, and especially Marx, formulates the idea that ultimately all wealth is the result of human labor. It is human labor that creates wealth, therefore the theory of labor value arises, i.e. the idea that the creation of wealth is always the result of human activity, above material resources that are provided by nature, that are already there, that do not create new value for themselves. Instead, the value is created by human activity applied to those resources, to these inputs, to these machines, to those other factors of production. And then the idea emerges that money is no longer what measures wealth. There are no longer physical assets as there were in the economy that valued primarily material

resources, which was measured by physical inventory. It is also believed that money should not be the quantification of monetary gain, but rather the economic value should be measured in terms of the work involved in the activity that generated the wealth: so many hours of work, so many days of work. And Marx proposes a theory precisely in this regard, and argues that the wealth generated should reward that factor that produced the wealth—labor. And from that the Marxist thesis arises, stating that when labor is underpaid and generates profits for capital, an extra value appears, resulting from the operation of labor of those who would be the true creators of wealth. In the Comprehensive Economic Theory that I've developed, I formulate a concept that differs from the previous ones, insofar as it seems necessary to me to recognize that all production factors contribute to the creation of value, they contribute to the creation of wealth. There is a contribution that makes the material means of production and there are those who put the material means in productive activity—their owners. There is a contribution made by those who finance economic activity. There is a contribution of the labor factor. There are also other contributions that traditionally never were recognized, such as the contribution of knowledge, of technology. Technology is also a creator of value and value management, such as the system of decision-making. This may not be the same as who gives the money or who organizes the company, but it may refer to people who have special abilities of administration, organization, creativity, innovation, etc. And in addition to all that, in the solidarity economy, we add the existence of a sixth productive factor: the community factor, *Factor C*, which we call the solidarity factor, because the social energy generated by an integrated and supportive group, also contributes to the creation of wealth in a company. So the idea is that the value generated by economic activity is the result of the combined action of at least these 6 factors, and these 6 main factors deserve to be rewarded for their contribution to the creation of value. What they receive should be based on the productive factor that they contribute so that the distribution is fair. It must be proportional to the productivity of each of the factors involved in the creation of value. Now, in the matter of how the solidarity economy considers the possibility of recovering itself as an element of measuring value, the time of labor or any other means other than money, well, what we are pointing out is as follows: any of the factors of production that we have just mentioned, these six factors, can make the head of a company. That is to say that a company may be organized by the workers, but it can also be organized by the financiers, by technicians who possess the knowledge, by the owners of the material means of production, by the community that provides Factor C, or by those who manage the company, who satisfy that factor of administration. So, when a company is organized by the labor factor, or by workers, the workers are those who set the objective of the company, and are those who set the criteria

for measuring the profits of the company, because what they expect is to increase the value of the work that they have invested in the company, to enhance the very factor that is constituted as the organizer. In that case, or in companies of workers, the best way to measure, to evaluate the economic result and the economic costs, the sacrifice involved in productive activity, is to do it in terms of time or quantity and quality of the work invested in the generation of that wealth. In other types of companies, another element can be used. For example, a company created on the basis of investment knowledge, on the basis of investment in technology, the economic value—costs, benefits, and the difference between them, in other words, the profits— can be evaluated by the amount of knowledge that has been created and the evaluation of the knowledge that has been applied in the company. Now, that leads us to a slightly more complex technical subject of what may be the units of measurement, which are different in each of the different factors that serve to measure the productivity of the company and, in general, the economic activity.

Esteban: *What would be the funding—we are thinking about the funding for the different factors, right?—what would be the funding for Factor C?*

Luis: Well, any economic activity needs to operate with the six factors of production, which is to say that there is no economic activity that does not have to be financed. There is no economic activity that does not require the application of human energy, work, decision-making and management, therefore financing is required. Now, in the solidarity economy, the financial factor is in some ways the same financial factor of any economy, which is expressed in money, which is expressed in credits, which is expressed in a capacity to cover expenses that will be remunerated, paid with the results of economic activity. The difference between financing in the company and the solidarity economy and financing in the capitalist economy is that the financial factor in the capitalist economy is dominant, which has placed it as the head of all economic activity, whereas the financial factor of the solidarity economy is a subordinate factor in economy. It is a factor contracted or provided by the same partners, but it does not determine the objective of the economic activity. The objective of the economic activity in a solidarity economy is not to maximize the profit of the invested capital, of the used financing, but it is to maximize the benefit for the work involved, for the organized community of the economic activity, for the people who provided the necessary information for this activity, and also for those who provide financing, but in proportion to their actual contribution.

Esteban: *When we talk about the central bank of labor, we are talking about a new type of funding, is this part of the ethical financing?*

Luis: Well, the central bank of labor and the movement of ethical finances are two slightly different things, but they are related. The idea of a central bank of labor incorporates the idea of a financial system of the economy of labor and solidarity. It is operated with criteria for funding, ways of attracting resources for the solidarity economy, ways to compensate for those resources, consistent with the rationale of that economy. The movement of ethical finance is a very interesting movement that has developed quite a lot in Europe, and also in different parts of the world with different degrees of development. It involves incorporating criteria of solidarity, in the end, ethical criteria in decision-making, both by those who have money that can be placed in the financial system and by those who receive the money to fund activities. What the ethical Bank does is call those who have savings to have them allocate those savings to the Bank, to place them in the ethical Bank on the basis of the commitment that this Bank use this money solely for activities which are guaranteed and meet certain ethical requirements. These requirements include the use of economic units where there is no exploitation of labor, where there is no destruction of the environment, where there are established friendly relations with the community of the environment where the company is located, for example. So resources are gathered on the basis of calling people who have savings with ethical criteria, and that money is placed by the Bank to finance economic activities which meet certain ethical requirements. When people do this—place their money under these conditions—it is likely that they will have to limit the benefit of their savings because they are going to operate under a market, under a more restricted demand for financial resources. But the interesting thing about this is not the sacrifice they have to make, but the fact that the economic decision of the saver is an economic decision that has incorporated a criterion of solidarity, an ethical approach, to a decision of where to save. He is not only guided by the criteria of maximizing the usefulness of his saved money, but he also considers gaining profit and having a positive interest rate through his savings. But he has added a criterion that leads him to determining where, under what conditions, he invests or places his money. He not only looks at his own profits, but looks at the social and environmental profits, etc., and in that sense, it is a movement that is part of the solidarity economy.

Esteban: *We can think, then, that this movement—the ethical financing—is also part of a movement of responsible consumption...*

Luis: Of course, the responsible consumption movement has the same logic. Consumers who will buy products in the market do not buy guided solely by the benefits that they are going to get, but they incorporate an ethical criteria into their decision to buy. In other words, they only buy products that are guaranteed under certain demands, for example, that these products are not pollutants, that they have been produced with clean energy, that they are products made in associative units of the solidarity economy, where labor is respected and rewarded adequately. In other words, the ethical consumption movement asks consumers that they incorporate into their decisions not only the criterion to maximize their individual benefits—because nobody is going to spend money without expecting benefits—but they add ethical criteria, environmental criteria and criteria of social solidarity.

Esteban: *We can also then think about funding, for example as a consumer credit, but that consumer credit has to be oriented by other parameters...*

Luis: I do not know if ethical finance has put this criterion into practice for the consumer, but what you point out would be completely logical and it would be an idea worthy of being considered by the entities of ethical finance. As far as I know ethical finance finances productive activities, with ethical criteria, but they could also finance the consumer on the basis of generating a clientele of consumers that operate with ethical criteria, and they could associate that with a card system, for example. I am imagining, based on the idea that you presented, which I had never heard before, cards or credits that may be used exclusively in shops of fair trade, in stores that operate with criteria for responsible consumption. I find the idea very interesting.

Esteban: *Well, you also just mentioned it, part of this same movement is the movement of the fair trade; I would also like to take this idea back to the first works in which you were involved... it is reformulating a sort of pricing system, but involving the needs of vulnerable social groups. So, I talked before about the price index for the consumer of the poor, the CPI of the poor. Now you have, somehow, reformulated this idea of prices in what you call the 'fair price'. I would like to know if you can give us more information; enlighten us a little more about how this idea of prices could be applied in an ethical movement, in a kind of ethical consumption...*

Luis: Of course, the movement of fair trade, which is also called in some countries "fair and supportive trade", incorporates criteria of solidarity in commercial activity. Then there are intermediaries who are traders, that are entities that do the intermediation, that buy from producers and sell to consumers, that operate with ethical criteria, only buying products from producers selected for certain social, environmental, ethical criteria in general, and sell those products to the public in general, but organizing it on the basis of ensuring that the products sold at these stores meet certain ethical requirements. All these activities—consumption, finance or trade, which incorporate criteria of solidarity, which is added to the criteria for the search of usefulness, of the investor or of the consumer or of the one that performs commercial activity, they have a cost—they have a cost in the sense that at the end there is a sacrifice, in addition to the criterion of its own profit, that the person that considers an ethical approach makes. In fair trade it is likely that products are slightly more expensive; in ethical finance it is likely that the investor will get a lower interest rate; the trader that operates with ethical criteria has a lower marketing margin, a lower brokerage margin. This means that these movements have a problem, that they are going to operate only with a limited part of the market, with the savers, the consumers, the producers, those who are willing to sacrifice some of their economic benefit for the consideration of the ethical criteria. Now, most people do not operate in this manner, they seek to maximize their own profit, it is what the system that we are in from several centuries ago has formed, to the *homo economicus*, in which one maximizes his own profit, hence there are few who are motivated by these ethical reasons. Perhaps there would be more, but they are not familiar with this logic...this movement is growing anyway, but it will always have the problem of facing a more difficult condition in order to compete in the market in general with those who operate with ethical criteria. We have tried to address this problem in a different and new way, in the theory of the solidarity economy, to the extent of the economy's ability to provide its participants with better benefits than the participants of the capitalist economy have. Or when they make a decision with the logic of the solidarity economy, they must obtain better benefits than when operating with a logic of the capitalist economy. This is obtained by operating a more comprehensive solidarity economy, not only partial activities of the solidarity economy for running one or another type of action, such as saving, such as consuming, but rather through a system, through a structure of a solidarity economy. This system produces with solidarity, distributes with solidarity, consumes with solidarity and builds up with solidarity. That is to say, it is necessary to have a solidarity economy that includes all aspects of economic activity, with a rationality in which this economic system as a whole gets an advantage, obtains higher return in the measurement in that the solidarity operation provides a productive factor that reduces costs, including costs of the

conflicts and the costs of competition that often involves losses. At the same time the productive factor increases the benefits to carry out the activity in a way with others. Consumption in an associative manner generates more benefits than doing it individually; production as a community generates more profits than production with an individualistic logic, etc. The matter is rather more complex, but what we want to say in this regard is that the solidarity economy addresses this problem with a more comprehensive proposal that overcomes these demands now being leveled at those who want to operate ethically in the economy, having to sacrifice their own profit. In a more integrated economy, more consistent with the logic of the solidarity economy, the benefits are increased and the costs and sacrifices are reduced for all those involved in it, in such a way that it becomes a more efficient economy from the point of view of the individual profits and benefits, and in comparison to the capitalist economy.

Esteban: *Now, there is also another factor in this idea of an alternative trade or fair trade. You report that, raised this way, it will be a very limited trade because they would have to compete with prices that occur on a much larger scale; however, many of these prices are based on exploitation — child labor, exploitation of indigenous groups — so it is not necessarily a competitive price, so to speak. So we could think that a price where such exploitation does not exist is going to merge somehow with this idea of a different price, a fair trade ...*

Luis: Yeah, that's why I precisely pointed out to you that it takes a more comprehensive solidarity economy, and not just particular actions, because when a company underpays for work and uses the means of production provided by nature in a way that destroys them and does not recover them, it generates a loss for the economy as a whole from which it benefits. In other words, it lowers its costs based on the fact that society as a whole loses, because that underpaid workforce involves workers who are losing productivity, which is less developed because the destroyed nature is losing productive potential in the future, and so on. So it is possible to obtain, in a partial activity, lower production costs by exploiting factors, or destroying factors, transferring the cost to others, but those costs are real and the economy assumes them. So in the solidarity economy those costs are internalized and the losses of the workforce or natural resource are avoided, because they are integrated and are valued in an economic rationality that takes into account the importance of those factors of production that are strengthened and developed. For that reason I point out that a small and limited solidarity economy struggles with showing that it is more efficient than a capitalist economy because the capitalist economy

is very inefficient, but the economic units are efficient because of what they destroy and many of the costs that they produce are socialized, or externalized. On the other hand, the solidarity economy does not generate those costs, but it does count them towards incorporating them into the economic activity, and therefore often have to operate with higher prices. But if you compare the efficiency of the solidarity economy with the efficiency of the capitalist economy, seen as more integrated groups, seen as different production systems, you'll see that this economy is more efficient. It is able to provide more benefits to society as a whole, more fulfillment of the needs of human beings and less destruction of resources, of productive factors, which, by definition, is economic efficiency.

Esteban: *How do you see the evolution of the solidarity economy at the time? With this I want to specify that your solidarity economy project includes a number of benefits as you point out, however, it seems to be a long term project, not a project that can, it seems, be incorporated in a very short time so that individuals can operate with that different criteria. How do you see that transition between logic, logic of capitalism to post-capitalist logic, which is the one that the solidarity economy would be proposing?*

Luis: Very interesting question. The solidarity economy already exists on a small scale and there are, as we have seen, economic units and individuals that operate with the logic of the solidarity economy, entailing certain difficulties for sustaining itself that are overcome by operating with ethical criteria or with solidarity criteria. The project of a solidarity economy, which is most necessary, is a long-term project, as you say, because it needs to grow naturally and it has to expand. In order to expand it has to demonstrate that it will improve its own efficiency, that it will increasingly demand less sacrifices from its members, and that it is able to provide more benefits until it establishes respect for other economic forms when clearly it exceeds them in terms of providing people with greater benefits which other economic alternatives provide. Therefore it is a long-term project, and there is a process of progressive growth of this solidarity economy. Now, as this process operates in a context, what happens, what has happened historically and what will probably happen is that there are times in which there is an acceleration of growth in the solidarity economy, which are precisely the stages or moments of crisis in the capitalist economy...

Esteban: *You're referring, for example, to the crisis that occurred in Chile in the '70s?*

Luis: For example, the crisis that occurred in Chile in the '70s - '80 involved a great development of the social economy, because the capitalist economy shrank, and generated high unemployment, widespread poverty. People had to seek alternatives to address their needs, and found that a good way to do it was partnering, establishing supportive ways of producing, consuming communally, distributing what was generated by fair criteria, and so on. But this can happen even today and is happening today in the context of this crisis in which we are living. across the world the search for a solidarity economy has been considerably strengthened and the initiatives of the solidarity economy are growing precisely because there is a crisis within the economy and the markets in general. So it is a long-term process, but there are moments or periods in which this economy is steadied, is consolidated, and delivers its own growth with greater force.

Esteban: *I now would like to move on to another area that is the environment. You've done a critique of economic conceptions about the environment. Now, the assessment of the environment in your argument has always been economic, with the criticism of the idea of the capital as maximizing the benefit that is not capable of longer term; from the same state, from the public sector as you call it, that also seeks to improve the quality of life in the long term, but that generates resources for the State. However, there are other criticisms of the way the capitalist societies assesses the environment, which may be an assessment relating to ethnic groups, to religious groups...what place do these different assessments occupy in the solidarity economy as you define it?*

Luis: Of course, I've always placed emphasis on economic study, or I've worked on an economic theory of the solidarity economy, and therefore I have emphasized in that dimension the analysis of the issue of the environment and natural resources, searching for how an ecologically healthy economy can be realized, generating an improvement of the environment and not its progressive deterioration or destruction. Now, without any doubt, the environmental issue transcends the purely economic dimension because human beings live in nature, we need it for our individual and collective use in the broadest sense, and the care of the environment involves a way of relating to nature which is part of a culture. We must develop a culture, a way of living that is not only respectful of nature, but even a lover of nature, capable of assessing it in the broadest sense, not considering it simply as a source of resources that should be used indiscriminately. In that regard the indigenous cultures of Latin America have a lot to teach us. For them the Earth is the mother and the relationship with her, therefore, is a filial relationship. It is the relationship that is had with a mother. In the concept of "Mother Earth" that

they use, there is an affection, care of nature, and that is also expressed in their economic activity, and it is expressed in all aspects of life. I think that certainly the subject of the environment, the care of nature, ecology, transcend the economic issue and must be part of a new civilization in which we learn to relate to nature in a way very different from what has characterized modern society and much of the history of mankind. I think in that sense, there are also philosophical and religious aspects involved and an entire theology that today is developing in some environments by religions in addition to Christian that propose the need to interact with nature as something that is part of life and that is a gift that we must not use to serve ourselves, but a creation that we must serve. So I believe that without a doubt, the environmental issue has cultural dimensions, social dimensions, dimensions of civilization, which have to be incorporated well beyond the simple economic aspect. I believe that today the emphasis must be placed economically because basically the economy is a process of exchange between man and nature, a process of exchange in which this nature may be destroyed or may be enriched and assessed, valued, depending on how this exchange is executed, how this activity is carried out, because nature supplies us with resources. At the same time, everything we consume will give to nature. Nothing happens outside of nature. So the accelerated destruction of the ecological balance and the environment is the result of a way to make an economy that does not take into account the value of the resources and the importance of renewing them and of reproducing them for the future. That is why I consider the economic dimension of the environmental matter very important, but certainly this transcends far beyond.

Esteban: *Currently when there are large capital investment initiatives, companies are asked to do environmental impact studies, as it is called, do you see any future for this type of assessment?*

Luis: Well, it's something, but far from sufficient. There is pressure from the community, from the environmental and ecological culture, which has led to demand states and governments, to take into account the protection of nature and therefore require, through regulation of investment, these environmental impact studies to try to minimize the effects that this has. I think that that is something. I think it is a positive step, but the logic of capitalist accumulation, the exacerbation of the usefulness, of the hyper-competition, makes the requirements small palliatives, because in the end, those rules are broken. At the end, the competition dominates, and the logic of economic growth dominates. The demands that governments put in place are weak in respect to preventing negative environmental impacts on new investments.

Esteban: *I also have the impression that the capital investment or the projects of the States, observe nature in its current state; however, there are no plans, the economic benefits that could be discovered in the future are not considered: medical properties, that have not been considered so far, could emerge, etc. How, from the point of view of the solidarity economy, could those projections look in the future? How can we think about the issue of "well, there's a benefit that may exist that has not been taken into account yet, but it could worth something"?*

Luis: Of course, we must learn to quantify the environmental impacts of investments, of economic activity and of the current modes of consumption, because all that is currently considered as if it were to happen regardless of the economy. The value or the cost that it has is not quantified and does not live in the present, but they will have to assume it in the future. It is the same as debts. When a country gets into long term debt, well, it is transferring to future generations the cost of consumption or of activities that it is financing today with these credits. In the case of the environment, the same thing occurs: the cost is transferred to future generations. We are transferring high environmental, financial, and all other types of costs to future generations, so it is tremendously irresponsible. Now, governments are very guilty, in a sense, they are responsible for this, because the governments generally act with very short term logic, thinking in terms of their time in office. In every government that lasts four, five or six years has to demonstrate economic performance in terms of economic growth, in terms of increased consumption of people in the short period in which they govern to be able to be re-elected for the following period. So they do not take into account those future generations that will be affected by their decisions today, because those future generations do not vote today. Therefore the logic of the State economy and politics tend to neglect those environmental criteria and considers them only under the pressure of the citizens of this environmental and ecological awareness that has been developing. But it is weak, because when confronted with the alternative to an investment that will generate employment, that destroys the environment in the future, that will increase unemployment in the future by not making that investment, greatly weakens the capacity to have a civil society with environmental awareness. Therefore, addressing the present sacrifice is required in order to not transfer it in a much more serious and magnified state to future generations.

Esteban: *How can the solidarity economy assess a resource of which the future properties are unknown?*

Luis: Assessing in the sense of quantifying its cost...

Esteban: *Or its benefits, there may be a few plants that have a property that we have not discovered yet, but that we might in the future.*

Luis: There, in a way, we return to one of the first issues you raised here: the economic value. If we consider that the value is only quantified in monetary terms, it is impossible to quantify a range of costs and benefits that have to do with the environment. What is needed is an economic theory that still has to develop its indicators and modes of quantifying all productive factors and that still has to develop a theory of the integral value. This would take into account that the economic value is the financial value plus the value in terms of natural resources, plus the value in terms of what happens to human beings because of their work—that develops their skills or that can deteriorate their life through overworking. What happens to the community is that it can lose important levels of integration, of coexistence. So, one must move to a comprehensive concept of economic value. And I think that this step is the economic proposal for the comprehensive economic theory, a theory of the integral value which, in conceptual terms, we have formulated in an especially precise way in the book "Foundations of a comprehensive economic theory." But it still needs to be developed in terms of methodology and instruments of quantification, measurement and operation.

Esteban: *The solidarity economic theory that you've shown relieves the role of many factors that have been traditionally considered; we talked about six factors, including Factor C, and also talked about the labor factor. However, there are several elements which apparently still have not been considered within the labor factor, and I am thinking of economic activities which are carried out in the home, that are not part of the market, but that are part of a domestic economy and all activities that the feminist economy has emphasized should somehow be part of an economic assessment.*

Luis: Of course, they are part of the economy. The work done in the home, food production, health services, educational processes that occur within the family unit, are creators of economic value. They use productive resources that can be damaged in the process, but they can also be evaluated and grow. In fact, through education, for example, organizational capabilities, the spirit of innovation, technological capabilities, etc. are used through the effort that makes the family because of the children's education and all the dynamics that are developed in the home. I believe that a family is an

economic unit, like a company. It is an economic unit that operates with another logic, a rationality distinct from a company, which is geared more towards consumption, more oriented towards the strengthening of human resources of that familial economic unit. And of course, in that regard, women, who are traditionally considered to, and indeed, lead their lives much more focused on the domestic economy, on the family economy than on the enterprise economy or on the public sector, their contribution is much higher and must be recognized much more than it currently is. That domestic economy ultimately supports the development of the economy because there is where the labor force is and where the people are educated. It is the family that supports the health of people, that supports children's education, and the training of the labor force. That economy is based on the capacity that the economy has to generally reproduce, to expand and to provide new products for the whole of society. But that domestic economy is as if it did not exist, it is hidden, it is devalued and it seems to me that one of the things that the solidarity economy does is emphasize the importance of the economy of the family and economies of community, social networks that operate more widely in the ties between families in a neighborhood, of a sector, where many activities are developed that are essential to sustaining the society and obviously it deserves and can require recognition and an assessment of its work from of the society as a whole.

Esteban: *In Chile, and also in many other societies, there has been a growing incorporation of women into the labor market; in advanced countries the incorporation is practically equal to the incorporation of men, but at the same time women have what is called or what feminist economists called a "double working day". We can think that in this sense it is a factor that is not rewarded.*

Luis: The solidarity economy proposes and presents a different solution, because it also integrates the business production economy, so to speak, in a logic of solidarity economy in which families are integrated in a harmonic way. Therefore, the solidarity economy is not generating this division of the working life of the woman, who is on the one hand, in one rationality when working on a salaried basis, and in another rationality when working in her family economic unit. I think that there is a convergence of goals, purposes, and there should be much more awareness of the solidarity economy as part of a process of development and the women's liberation, in regard to the current conditions of this modern civilization and the capitalist economy.

Esteban: *I would like to round up this part with a provocation. Throughout all these discussions, the idea that the democratic market is a post capitalist market has emerged; the solidarity economy as we have seen it until now, would it be a post modern economy?*

Luis: Yes, in the sense that it comes after the modern economy, because what is modernity? It is called modernity based on a sort of organization of social, economic, political, and cultural life, that originated 4 or 5 centuries ago and that today is somewhat depleted. It is a civilization—the modern civilization—and the solidarity economy, the conceptions of the comprehensive economy, and the democratic market economy, are pointing to a new civilization, to the development of an economy that go beyond, that improves, that refines, that exceeds the dynamics of the capitalist economy. So in that sense it is post modern, but not in the sense of post modernity that is spoken of today, that makes reference to certain types of habits, behaviors, which are part of the deterioration, part of the final stage of modern civilization, not part of the beginning of a new civilization, superior to modern civilization, more developed, more advanced. But in terms of a type of development, and a type of different achievement, the solidarity economy operates with a rationality distinct from the civilization and the modern economy.

Esteban: *I believe that we have covered many areas of the solidarity economy; I would like to know if you want to add some things...*

Luis: No, I think that we have had a very wide-ranging conversation with many themes. The only thing that I can add is that we are still discovering and getting to know this solidarity economy, and many people participating in it are not aware enough of the importance to study, to learn about the different rationality. In that sense I see the need to go more in-depth on all these issues that we discussed here, that we have been able to develop on a certain level of conversation and of reflection. But much more profound knowledge can be acquired through study, reading and the process of reflection. It is an economy that we are experiencing in practice, and also conceptualizing and theorizing in relation to that practice in a process that is underway and that somehow is still original.

Esteban: *Well, thank you, Luis for all the conversations.*

Luis: No, thank you for the contribution and the questions and the opportunity to present some of these ideas.

- Translated by Ivana Evans