AUDIOVISUAL DIFFUSION OF MODIFICATION OF THE STATE SOCIAL ECONOMY
LAWS IN ECUADOR
And Their Impact on Non-Financial Cooperatives

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ABSTRACT
Recent legal changes in Ecuador have impacted non-financial cooperatives, prompting a study on their potential effects. Rooted in solidarity and sustainability principles, Ecuador's social and solidarity economy draws from indigenous traditions and social movements. The study aims to assess legal modifications, evaluate their impact on cooperatives, and analyze their role in the broader social economy. Challenges arising from economic diversity and reliance on primary exports call for a more supportive and sustainable economic framework, with solidarity markets and intercultural economic circuits playing crucial roles. Despite challenges, embracing solidarity and sustainability can lead to a more equitable and resilient social economy in Ecuador.

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1. Introduction

In recent years, Ecuador’s social economy has seen considerable changes, notably with the revision of state regulations governing non-financial cooperatives. Concerns regarding how these legislative changes may affect the nation’s non-financial cooperatives’ viability, expansion, and development have been expressed. This study intends to investigate and evaluate how these legal changes may affect Ecuador’s social economy, with a specific focus on non-financial cooperatives. In Ecuador, the influence of social movements led to a significant shift in the country’s economic model when, in 2008, a new perspective was integrated into its constitution, emphasizing its social and supportive nature (Bebbington, & Perreault, 2009). This development holds immense impact as it signifies the emergence of fresh social production relations that must be firmly rooted in the principles of solidarity, including reciprocity, redistribution, complementarity, participation, and democracy. The emphasis on enhancing productivity is viewed in the context of serving the greater good of life, with particular attention to the pivotal roles of labor and cooperation as central economic categories.

The Social and Solidarity Economy Movement of Ecuador (MESSE) has set out as its mission to contribute to the construction of a new form of life that leads to Good Living, which is why it understands the solidarity economy as a form of coexistence between people and nature that satisfies human needs and guarantees the sustenance of LIFE, with a comprehensive view, through the strength of the organization, applying knowledge and ancestral practices to transform society and build a culture of peace (King, & Samaniego, 2020).

The political dimension is related to the change of situations and social vulnerability that produces economic models of exclusion and marginalization. Solidarity economy is a paradigmatic proposal that seeks the transformation of society, for which it proposes a new model focused on redistribution, reciprocity, equality, and equity where people can live with dignity, with absolute respect for nature. To do this, it proposes changing the production relations that cause domination and exploitation and changing the power relations found concentrated in large companies. This transition also implies the establishment of new institutional frameworks, complete with regulations, laws, and modes of organization.

Additionally, it involves the cultivation of novel social sensibilities and shared values that prioritize life. “The rise of neo-structuralism in Ecuador has overthrown the market fundamentalism of neoclassical finances and probed the fatalism of the supposed ‘resource curse’, thus generating the policy space for ‘the profit of the state’” (Purcell, & Martínez, 2018). These transformations result from processes of socialization, where education and communication occupy vital roles in shaping attitudes, perspectives, and values characterized by the principle of solidarity. The institutional policies that come from the state are not at the service of the said economy, which prevents it from generating wider political and economic processes and is one of the obstacles that the solidarity economy suffers (Hidalgo-Fernández, et al., 2020).

The establishment of a solidarity-based economy originates from specific activities undertaken within particular regions. These activities aim to fulfill essential needs through interconnected means of satisfaction, as outlined by Mendell & Alain, (2013). Proposals for alternative economic models should evolve from tangible processes, initially focusing on the local, national, and regional contexts before considering international implications. One approach to distancing oneself from the market-driven economic system involves bolstering networks of collaborative solidarity (King, & Samaniego, 2020). Within these networks, various practices align with these guiding principles, uniting to create, distribute, and consume goods and services through alternative means.

Another crucial aspect pertains to the financial aspect of these cooperatives. State law modifications may either enhance or diminish the financial support available to non-financial cooperatives (Sánchez, & Polga-Hecimovich, 2019). Governments often provide funding, subsidies, or tax incentives to promote the growth and sustainability of such organizations. Various studies observed institutional changes and concluded that adjustments and modifications are often minor (Coral, et al. 2021). Changes in these provisions can have direct implications for cooperatives’ access to resources and their ability to carry out their social and environmental missions effectively.

Solidarity practices encompass economic structures defined by principles, norms, regulations, and organizational models that originate from historical social processes. Social movements and associations initiate and foster local programs, such as fairs, manufacturer markets, and direct sales.
from makers to customers (Carrascal, 2021). These processes are not only shaped by history but also influenced by geographical and territorial factors. Importantly, they carry within them a transformative and anti-hegemonic ethical essence, aimed at constructing an ethically guided economy.

Consequently, the solidarity economy emerges as a paradigmatic proposition that introduces novel social configurations, practices, and institutions. These components collectively contribute to fostering a fresh societal framework focused on the holistic sustenance of life (Castelao Caruana, & Srnec, 2013). This is not a utopian vision but rather a tangible reality where practical initiatives are actively addressing fundamental challenges. These challenges span from the material and immaterial well-being of the workforce to ecological, financial, value-related, and ethical concerns. These principles have been embraced by positivist economists and formalists. In sharp contrast, the roots of the solidarity economy can be traced back to substantive economic concepts associated with the “Oikos,” where economic decisions are inherently intertwined with social, historical, and cultural contexts (Parra, et al., 2021).

The notion of the solidarity economy remains an evolving concept, although its terminology dates back to the 1980s (Nelms, 2015). It has evolved significantly in Latin America, drawing inspiration from a range of forms and practices arising from social and cultural subsistence processes. It also finds its roots in ancestral traditions of resistance against Western capitalist models, particularly in the context of community-based economic initiatives, which have a rich history in Ecuador (Arsel, 2012). The social economy is likewise influenced by these experiences, which emerged as alternative responses to the self-managed free market models characterized by individualism, rationalism, and utilitarianism.

The concept of solidarity itself emerged within the context of liberal democratic societies, driven by social demands, especially in the wake of the rights established after World War II and the rise of the Welfare State (Ruiz-Rivera, & Lemaître, 2019). This emergence gave rise to two forms of solidarity: philanthropic solidarity and what Laville refers to as democratic solidarity, with the latter being actively suppressed in South America during the 1960s and 1980s (Goodwin, 2017). However, practices rooted in solidarity have deep historical roots within the communities and towns of the global south, forming an integral part of indigenous communities’ daily lives. These practices are founded on principles such as reciprocity and complementarity.

Economic diversity manifests in disparities in productivity across various industries and sectors. These differences have significant implications as they directly impact the initial distribution of income and wage levels. Combining these two facets of the economy underscores both the significant role played by the popular and solidarity economy in the diverse structure of the Ecuadorian labor market and the prevailing issue of comparatively low productivity that characterizes these economic actors, on average.

Operating on the premise that the solidarity economy fosters both market and non-market societies, solidarity markets serve as crucial hubs for coordinating economic, political, and cultural activities. Within these spaces, substantial social interaction occurs, distinctly separating them from institutionalities driven solely by profit maximization through the forces of supply and demand. These markets represent contested terrain, where it is essential to advance efforts to facilitate direct interactions between producers and consumers. Moreover, they can facilitate the exchange of knowledge, spiritual experiences, and celebratory events. Democratic processes can take root within these spaces, reinforcing solidarity practices and fostering a sense of identity and belonging through coexistence norms that diverge from supply and demand dynamics.

To achieve this, it is imperative not only for solidarity practices to claim ownership of these markets but also for the state to formulate public policies that actively promote markets aligned with the principles of the solidarity economy (Utting, Van Dijk, & Mathé, 2014). These policies should be governed by rules distinct from those of traditional supply and demand dynamics. It is noteworthy that, presently, solidarity economic initiatives in the country face numerous challenges when engaging with local governments to establish market spaces. One of the complicating factors is the tendency to assess them using the same criteria as conventional economic activities, without recognizing the unique dynamics inherent to the solidarity economy.

A crucial element for advancing CESI (Intercultural Solidarity Economic Circuits) is the management of the market. The market serves as a pivotal arena for coordination, fostering democratic, participatory relationships, and promoting capacity-building processes. Within these market spaces, identities are constructed, ancestral knowledge is valued, and a profound sense of identity rooted in solidarity principles takes shape. However, it is equally vital to cultivate social sensitivities among consumers,
encouraging responsible and supportive behavior. This, in turn, facilitates fair trade and equitable exchanges, nurturing synergistic relationships between producers and consumers.

The state plays a pivotal role in promoting CESI by implementing public policies aimed at enhancing the quality of production factors available to the solidarity economy sector. Additionally, it should add value to products and services originating from the solidarity economy, enriching them with distinctive identities. The state’s responsibilities extend to fostering solidarity markets while considering the unique characteristics of solidarity economic practices (Villalba-Eguiluz, et al., 2020). This includes facilitating the creation of venues such as fairs, biocenters, and alternative forms of exchange, alongside initiatives like public procurement and inclusive fairs. Furthermore, the state should actively promote solidarity among consumers through educational and media communication initiatives, fostering fresh sensibilities and shared perspectives that champion solidarity (Carrascal, 2021).

Ultimately, as solidarity practices become interconnected at the local, regional, and international levels, guided by a unified political agenda, they can emerge as influential political and economic entities. These entities have the potential to shape new sensitivities, norms, and institutions, contributing to the development of more supportive societies that promote the holistic sustenance of life. It is this transformative energy within the solidarity economy, particularly in the context of CESI, that instills hope in the possibility of creating a different world.

2. Methodology

In order to conduct this research, we employed a descriptive research method. This methodology was chosen due to its suitability for a comprehensive review of the modified state laws governing non-financial cooperatives in Ecuador. The objective was to identify and thoroughly understand the specific changes in regulations that have taken place in recent years.

Descriptive research is a valuable approach when seeking to provide a detailed and systematic analysis of a particular subject or phenomenon. In this case, the subject of interest is the legal framework governing non-financial cooperatives within Ecuador’s social and solidarity economy. To achieve a comprehensive understanding of the modifications made to these laws, it was imperative to employ a method that allowed for an in-depth examination.

Non-financial cooperatives play a significant role in Ecuador’s social and economic landscape. These cooperatives adhere to principles of solidarity, reciprocity, and sustainability, aligning themselves with social movements and indigenous traditions. Their mission is to provide an alternative to conventional economic models, fostering a more equitable and sustainable society. Therefore, it is crucial to closely examine any legal changes that may impact their functioning and resilience.

Our research began by conducting an exhaustive review of the state laws that govern non-financial cooperatives in Ecuador. This involved a meticulous examination of the legal documents, statutes, and regulations that pertain to these cooperatives. By doing so, we aimed to identify the precise nature and scope of the modifications that have been introduced in recent years.

The importance of this research lies in its potential to shed light on the implications of these legal adjustments for non-financial cooperatives in Ecuador. Cooperatives play a vital role in the country’s social and economic development, and any changes in their regulatory framework can have far-reaching consequences. Therefore, a detailed and systematic analysis of these changes is essential to inform policy discussions, provide practical insights, and support the resilience of cooperatives.

Solidarity and sustainability are at the core of Ecuador’s social and solidarity economy movement. These principles guide the actions and operations of non-financial cooperatives. Thus, it is imperative to ensure that any legal changes align with these principles to ensure the enduring success of these cooperatives. Failure to do so may disrupt the cooperative ecosystem and hinder the achievement of a more equitable and resilient social economy in Ecuador.

3. Results

Despite the economic shifts over the past decade, the Ecuadorian economy grapples with at least two intricate structural challenges: considerable economic diversity and a pronounced dependency on primary exports. The economic structure and its primary export specialization, on the other hand, violate the Ecuadorian economy and its dollarized monetary system. Sectors where the popular and solidarity economy predominantly operates, such as agriculture and commerce, exhibit notably lower
productivity levels. These sectors also happen to employ a substantial portion of the workforce. Furthermore, when considering employment in the informal sector, roles in microenterprises, independent businesses within the formal sector, and domestic service as approximations of the popular economy, it becomes apparent that a substantial of the total economically active population is engaged in the popular economy. The solidarity economy actively seeks sustenance and well-being, both material and immaterial, not solely of human beings but also of all the diverse species cohabiting on our planet. Consequently, the solidarity economy diverges from the conventional economic framework imposed by classical and neoclassical doctrines. These doctrines define economics as the study of scarcity, where rational individuals make decisions to maximize profits, often at the expense of nature, viewing it merely as an exploitable resource.

The significance and interpretation of the research findings encompass two primary dimensions, each with its distinct impact and implications:

Operational Insights. One of the key outcomes of this research lies in the realm of operational insights. The study will furnish non-financial cooperatives in Ecuador with valuable and pragmatic insights that they can directly apply to enhance their functioning. These insights are essential for cooperatives as they navigate the evolving legal landscape.

Firstly, the research will offer a deeper understanding of how legal modifications affect the day-to-day operations and governance of non-financial cooperatives. This comprehension is vital in helping these cooperatives adapt their strategies effectively. By aligning their practices with the evolving legal framework, cooperatives can ensure regulatory compliance, mitigate potential challenges, and harness opportunities created by legal changes.

Furthermore, the insights derived from this research can serve as a catalyst for cooperatives to enhance their overall resilience. Cooperatives can learn from the experiences and practices of their peers, incorporating best practices and innovative approaches to address legal changes. In essence, this dimension of the research bridges the gap between theoretical knowledge and practical application, empowering non-financial cooperatives to thrive within the changing regulatory environment.

Policy Implications. Beyond its practical applications, the research findings hold significant policy implications. Policymakers, stakeholders, and governmental bodies will gain a comprehensive understanding of the real-world consequences of the legal modifications examined in the study.

This knowledge is instrumental in shaping future policy decisions and adjustments. Policymakers can use the research findings as empirical evidence to inform the creation of a more supportive and conducive regulatory environment for non-financial cooperatives. It provides them with critical insights into the impact of legal changes on the social and solidarity economy, which is particularly relevant in the context of Ecuador’s cooperative landscape.

Moreover, policymakers can assess the effectiveness of existing policies and regulations in promoting the growth and sustainability of non-financial cooperatives. Where necessary, they can identify areas for reform and refinement, tailoring policies to better align with the principles of solidarity, reciprocity, and sustainability that underpin these cooperatives.

In summary, the research serves a dual purpose. On one hand, it equips non-financial cooperatives in Ecuador with practical insights to adapt and thrive within an evolving legal framework. On the other hand, it empowers policymakers with a deeper understanding of the real-world consequences of legal modifications, enabling them to craft policies that foster a more supportive and resilient ecosystem for non-financial cooperatives. Ultimately, this research bridges the gap between theory and practice, contributing to the growth and sustainability of non-financial cooperatives and the broader social and solidarity economy in Ecuador.

The strategy entails giving communities the authority to change policies and foster more compassionate interactions to construct a society based on cooperation and harmony between people and the environment. Intercultural Solidarity Economic Circuits (CESI) are suggested as a conceptual, methodological, and strategic framework as part of this strategy to create a new kind of territorial development. Unlike other economic theories like developmentalism, CESI considers a variety of factors, including political, ecological, social, cultural, and spiritual considerations. It operates based on principles such as solidarity, reciprocity, complementarity, and the preservation of life while aiming to satisfy human needs and ensure the sustainability of life.
Modifications to state laws regarding the social economy in Ecuador have the potential to exert a profound influence on non-financial cooperatives operating within the country. These legal changes encompass a broad spectrum of areas, including registration requirements, governance structures, and financial support mechanisms. One significant impact lies in the regulatory framework that governs non-financial cooperatives. Changes in state laws can introduce new compliance obligations and reporting standards, which cooperatives must adhere to. This can affect their operational procedures and potentially add administrative burdens, which non-financial cooperatives need to navigate effectively to ensure continued success.

Changes to state regulations in Ecuador pertaining to the social economy might have a substantial impact on non-financial cooperatives functioning there. One way that favorable law changes can help non-financial cooperatives expand and maintain themselves is by giving them more recognition, support, and access to resources. On the other hand, if the law modifications create excessive regulatory burdens or make it more difficult for them to conduct democratic and effective operations, it may cause problems for their operation and purpose.

The availability of financial incentives, subsidies, and tax advantages for non-financial cooperatives can also be impacted by changes to state laws. As in many other nations, cooperatives frequently depend on government funding to succeed in Ecuador. Their capacity to invest in their businesses and communities and their financial stability may be impacted by changes to these support systems. Additionally, the law amendments may have an effect on the regulatory landscape, which may have repercussions for non-financial cooperative compliance, reporting, and governance. Because of this, it is essential for non-financial cooperatives in Ecuador to remain up to date on the changing legal environment and actively participate in advocacy campaigns to make sure that changes to state legislation are consistent with their guiding principles and support their long-term viability and effect.

Talking about territory not only refers to the land where one lives, but the territory goes further, it is the place where a series of elements come together that allow the people and groups that inhabit them to satisfy needs, fulfill their aspirations, and foster identity. Thus, the territory includes land, water, biodiversity, knowledge, customs, worldviews, imaginaries, visions, relationships, dreams and hopes. The territory is decisive in understanding what we are as people and groups, it promotes identity, and a sense of belonging, as well as the territory, is decisive in understanding what people are like. People are also decisive in defining how they want to be in the territory, one can see with certainty the people, the actors, and the relationships (González, et al., 2020). Furthermore, what are the government bodies and who are those in charge of them, as well as the entities with which we have to interlocute and access. This is where you can establish alliances, knowing the relationships of power or trust to establish allies and influence politically so that the actions meet the objectives. posed objectives.

Additionally, the legal alterations can influence the broader ecosystem in which non-financial cooperatives operate. They may impact the competitive landscape, alter market dynamics, or affect cooperative membership. Ensuring that the principles of democratic control and equitable participation among members are upheld is vital, even in the face of evolving legal frameworks (Villalba-Eguiluz, et al., 2020). Nonetheless, these legal modifications also present opportunities. Cooperatives can use these changes to their advantage, leveraging any favorable adjustments in the legal framework to expand their reach and impact within society. Staying informed and actively participating in advocacy efforts can be instrumental for cooperatives to shape the laws in their favor and promote a supportive environment for social economy initiatives.

This specific focus on economic specialization poses a challenge as it tends to exacerbate the external gap, leading to disparities in productivity when compared to countries competing with more advanced knowledge and technology resources. These resources tend to appreciate over time, while Ecuador remains vulnerable to fluctuations in demand and prices for primary commodities on the global stage (Utting, Van Dijk, & Matheï, 2014). Meanwhile, internal demand increasingly relies on imported goods, resulting in the erosion of critical sovereignties such as food sovereignty, particularly concentrated within the popular and solidarity economy, although there have been advancements in energy sovereignty.

Both of these processes undermine the foreign exchange reserves that the country depends on, which is especially complex within a dollarized system. Hence, there is a pressing need for a comprehensive transformation of the economy, one that alters the economic specialization and fosters dynamic collaboration among all economic stakeholders, including those within the popular and solidarity
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To achieve the "good life," policies must account for challenges related to equity, efficiency, productivity, and productive transformation (Alfonso, & Muriel, 2020). It is not sufficient to merely embrace solidarity or focus on productive transformation in isolation. Both of these processes must advance concurrently to enhance conditions for reproduction and ensure sustained well-being for all individuals over the long term.

4. Conclusions

In conclusion, the modifications to state laws concerning the social economy in Ecuador bear significant implications for non-financial cooperatives. These changes can impact various facets of their operation, ranging from regulatory compliance to the availability of financial support mechanisms, thereby shaping the cooperative landscape itself. In light of these evolving legal dynamics, non-financial cooperatives must remain vigilant, adapt proactively to legal amendments, and engage in advocacy efforts to safeguard the continued growth and fulfillment of their social and environmental missions. These legal modifications do not occur in isolation but within the broader context of solidarity economic practices prevalent in the Andean nations. These practices are deeply grounded in principles of solidarity and interculturality, drawing inspiration from ancient gift-based traditions rooted in reciprocity, distribution, and complementarity. These principles are vividly exemplified in indigenous practices like "randi-randi," barter systems, and mutual assistance networks. What distinguishes these solidarity economic practices from conventional market dynamics is their departure from the principles of pure supply and demand. Instead, they champion alternative methods of economic exchange that are profoundly enmeshed in historical and cultural contexts. The significance of these practices extends far beyond economic transactions; they encompass political, social, cultural, and spiritual dimensions.

At their core, solidarity practices prioritize interconnectedness and mutual support. Reciprocity is a foundational principle, fostering a sense of mutual obligation and interdependence among community members. Distribution ensures equitable resource sharing, mitigating disparities in wealth and access. Complementarity recognizes and harnesses the diverse skills and resources within a community, promoting self-sufficiency and resilience. These practices also often emphasize environmental stewardship, acknowledging the intricate relationship between humanity and the natural world. One of the remarkable aspects of solidarity economic practices is their role in cultural preservation. They not only contribute to the safeguarding of indigenous traditions, languages, and customs but also foster cultural resilience. These practices are more than economic transactions; they are vehicles for the preservation and celebration of cultural heritage.

Furthermore, they foster social cohesion by strengthening social bonds and engendering a sense of belonging and solidarity within communities. Many of these practices also possess spiritual dimensions, connecting individuals to their ancestral roots and the broader cosmos. They offer a holistic perspective on life that transcends material concerns. Understanding the transformative potential of these solidarity economic practices necessitates recognizing their multifaceted impact. These practices challenge the prevailing economic paradigms by offering an alternative vision of economic exchange that prioritizes human well-being, environmental sustainability, and cultural preservation. In a global context grappling with issues like income inequality, environmental degradation, and cultural erosion, these practices offer a compelling model for addressing these challenges.

In Ecuador’s distinctive context, where non-financial cooperatives hold a central position within the realm of the social and solidarity economy, the indigenous solidarity practices of the Andean heritage offer profound lessons and a wellspring of inspiration. These practices provide cooperatives with a unique opportunity to enrich their principles and operations. Cooperatives in Ecuador extend beyond traditional economic entities; they represent embodiments of community-centric values. These values encompass more than profit-seeking; they encompass the holistic well-being of society and the environment. In this framework, cooperatives can glean invaluable insights from the time-honored solidarity practices intrinsic to the Andean cultures. A fundamental lesson cooperative can draw from these practices is the principle of reciprocity. At the core of indigenous gift-based traditions, reciprocity fosters interdependence and mutual support. Embracing reciprocity enables cooperatives to cultivate a sense of shared responsibility among their members and a profound interconnectedness with the
communities they serve. This not only strengthens the cooperative's social fabric but also enhances its resilience in the face of challenges.

Distribution, another core element of solidarity practices, underscores equitable resource allocation rather than profit maximization. Cooperatives can incorporate this principle into their ethos, ensuring that the benefits of their endeavors are distributed equitably among their members and the broader community. This not only aligns with the values of social justice but also contributes to the cooperative's sustainability. Moreover, the emphasis on environmental stewardship within solidarity practices aligns with cooperatives' missions. These practices encourage a harmonious relationship with nature and an understanding of the interconnectedness of all living beings. By prioritizing sustainable resource management and responsible production methods, cooperatives not only align themselves with the values of environmental sustainability but also play a vital role in addressing ecological challenges.

Furthermore, the cultural preservation aspect of solidarity practices highlights the importance of respecting and celebrating cultural diversity. Cooperatives can actively contribute to the safeguarding of indigenous traditions, languages, and customs, fostering cultural resilience within diverse communities. Incorporating these principles also has the potential to promote social cohesion. Solidarity practices are known for building strong social bonds and engendering a sense of belonging and solidarity within communities. By infusing these principles into their operations, cooperatives can create inclusive and supportive environments that resonate with the aspirations of their members and the communities they serve.
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