

Solidarity Economy in Mexico: Towards an alternative based on intercooperation and mutual support

La economía solidaria en México: hacia una alternativa basada en la intercooperación y el apoyo mutuo

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Summary: Introduction. 1. Approaches of Solidarity Economy in Mexico. 2. Mexican legislation on Solidarity Economy. 3. Public resources for the Social and Solidarity Economy sector. 4. Solidarity Economy networks in Mexico. 5. Opportunities and challenges of Solidarity Economy in Mexico. Conclusions. References

Abstract: This article analyses the situation of solidarity economy in Mexico. The work is structured in five sections in which the reality of these economic alternatives, which aspire to become effective tools to fight against poverty and exclusion, is examined from different analytical axes that provide knowledge about their different conceptual and practical approaches; on the legal framework that protects it in Mexico and the public resources assigned for its promotion, as well as the potential and limitations that the network of solidarity economy has in Mexico. This work concludes with a brief conclusion of the challenges it faces.

Keywords: Solidarity Economy, Economic alternatives, Human Rights, Vulnerability, Intercooperation

Resumen: En este artículo se analiza la situación de la economía solidaria en México. El trabajo se estructura en cinco apartados en los que la realidad de estas alternativas económicas, que aspiran a convertirse en herramientas efectivas de lucha contra la pobreza y la exclusión, es examinada desde diferentes ejes analíticos que aportan conocimiento sobre sus diferentes enfoques conceptuales y prácticos, sobre el marco legal que la ampara en México y los recursos destinados para su promoción, así como del potencial y

limitaciones que la red de iniciativas de la economía solidaria tiene en México. El trabajo finaliza con una breve conclusión sobre los retos y desafíos que enfrenta.

Palabras clave: Economía solidaria, alternativas económicas, derechos humanos, vulnerabilidad, intercooperación.

Introduction

Mexico is immersed in a circle of inequality, poverty and lack of economic growth. According to the report of the United Nations Development Programme (UNDP), in 2013¹, Mexico was within the 25% of countries with the highest levels of inequality in the world². The same report showed that in 2010, the wealthiest 1% of the population gets 21% of the nation's total income. This suggests that there is a difference of 28.5 times between the income of the 10% of the richest families and the 10% of the poorest families.

Another report from WealthInsight³, showed that the number of millionaires in Mexico grows faster than the economy. For instance, the number of millionaires grew 32% between 2007 and 2012; while, during the same period, the economy grew less than two percent. This gap between the rich and poor is hindering the fight against poverty and pose a threat to Mexico's sustainable growth. Additionally, by the end of 2013 there were 2.7 million people unemployed; this figure rose five percent compared to 2012⁴; and forecasts indicate that these figures will not improve in the upcoming years.

The figures presented show, on the one hand, the extent of inequality that exists in Mexico and, on the other hand, evidence the structural tendencies of capitalism of creating conditions of inequality and vulnerability for a large percentage of the Mexican population.

Solidarity Economy presents itself as a transformative anticapitalist practice, that claims for a more redistributive and equitable socioeconomic model. This model is opposed to the dominant capitalist

¹ The latest report (2016) of the United Nations Development Programme (UNDP), showed that the quality of life of Mexican families does not improve and inequality persists.

² The Gini coefficient for 2014 was 0.459. This coefficient is a measure of statistical dispersion intended to represent the income or wealth distribution of a nation's residents, and is the most commonly used measure of inequality. A Gini coefficient of zero expresses perfect equality, where all values are the same. While a Gini coefficient of 1 (or 100%) expresses maximal inequality among values (for a large number of people, where only one person has all the income or consumption, and all others have none, the Gini coefficient will be very nearly one).

³ WealthInsight is the leading source of high quality intelligence on global high net worth and ultra-high net worth individuals (HNWs and UHNWIs) in the wealth management sector. This platform offers exclusive details on HNW and UHNWIs including their wealth, business interests, advisors, associates, social and philanthropic activities. For more information: <http://www.wealthinsight.com/About/>.

⁴ Data from the National Institute of Statistics and Geography (Instituto Nacional de Estadística y Geografía, INEGI).

logic that places accumulation, growth-for-growth sake at the centre of economic life (Miller 2005).

Initiatives under the Solidarity Economy framework are presented as a vision and claim the role of the economy as a mean rather than as an end itself. This role of economy is at the service of people, constantly seeking ways to improve its quality of life and its environment. An economy that places at the centre of its agenda the ongoing reproduction of healthy and mutually-supportive society. This vision claims for the real function of economy, reconnecting it with the cultural, social and political spheres.

These alternatives have been developed in Mexico, from two different paths. The first one is the academia. The academia has contributed to an analysis of the social consequences resulting from the aforementioned; and also to the construction and validation of conceptual and methodological instruments that help build social alternatives and to promote alternative economic projects (Cadena, 2005). The second path comes from the society. Citizens and grassroots organizations are mobilizing to build organizations and create economic practices that offer them more opportunities and a better quality of life. Communities are, now, realizing that alternatives are necessary to create political, economic, and social spaces, in which they can effectively resist the destructive impacts of the capitalist organization of the economy (Barkin and Lemus 2014, 6433). These alternatives foster relationships of solidarity and mutual aid and encourage commitment to broader work for social and economic justice (Miller 2010, 1).

Some of the significant actors, who have influence these alternative economic practices in Mexico, are Michiza⁵ association in Oaxaca, and Sociedad Cooperativa de Trabajadores Pascual in Mexico City. Michiza association integrates 900 coffee producers, collects 414 tons of coffee and exports 260 tons of organic coffee through fair trade channels. Furthermore, Sociedad Cooperativa de Trabajadores Pascual⁶, an extraordinary urban experience; nowadays it generates 5000 direct jobs and its annual sales exceed 3500 million Mexican pesos and has managed to stay and fight in a market dominated by Coca Cola and Pepsi Cola (Marañón 2013, 18).

⁵ Michiza association has been promoting organic coffee production since the mid-1990's and has been fair trade certified since the early 1900's.

⁶ A Mexican soft drink maker mostly known for its fruit flavored beverages marketed under the Pascual, Boing and Lulú brands. The company was originally a private enterprise, started in 1940. In October 1984 Pascual started to function as a Cooperative, after 3 years of struggle.

These developments, both conceptual and empirical set the bases that allowed the approval of the Law of Social and Solidarity Economy (LESS) in 2011⁷. This law is one of the first ones on Solidarity Economy in Latin America; it was created after a long vindication by organized civil society in Mexico, for the establishment of a homogeneous regulatory framework that recognizes the importance of the social sector of economy⁸.

Despite the progress, need to be recognized daunting challenges still lie ahead in the promotion and development of Solidarity Economy in Mexico. Challenges and resistances are not only, political or economic, derived from the relations with the state and the market.

There is also some resistance on the epistemological foundations on which these initiatives are based. This issue problematizes the solidarity character of these practices and poses the question of how solidarity is actually implemented in these initiatives. However, the primary concern has to do with their emancipatory vocation and their transformative potential in a new economic and social paradigm, based on relationships of intercooperation and mutual support. Can these initiatives, of solidarity economy, be considered as an embryo of an anticapitalist society?

From this general approach, and in order to understand the theoretical origin and some of the difficulties of Solidarity Economy in Mexico, we will present two main streams of thought and practice that intend to support the development and promotion of these economic alternatives. Next, we will discuss the legal framework of Solidarity Economy in Mexico, focusing on the limitations derived from the legislation and the public resources destined to the sector that, in some way, give an insight into the reasons of its little incidence in the Mexican reality. Thirdly, the main networks of the solidarity economy in Mexico are, synthetically, presented. This will enable us to assess its potential to face the challenges that are ahead. These challenges are explained in the final part of this article. They draw a demanding but realistic roadmap that Solidarity Economy should follow in order to consolidate itself as a real and effective alternative in the economic sphere.

⁷ The latest reform of the Law of Social and Solidarity Economy (LESS) was on December 2015. In this paper we use the latest version of this law.

⁸ In Mexico, the Social Sector of the Economy is composed of the following forms of social organization: I. Ejidos; II. Communities; III. Organizations of workers; IV. Cooperatives Societies; V. Companies belonging largely or solely to workers; and VI nonprofit organizations. In general, all forms of social organization for the production, distribution and consumption of goods and services socially necessary." (LESS 2015).

1. Approaches of Solidarity Economy in Mexico

In Mexico, Solidarity Economy roots trace back to the economic practices of grassroots movements during the 1980's, such as the worker takeover of bankrupting enterprises (such as Sociedad Cooperativa de Trabajadores Pascual), and the establishment of community-based projects (such as Michiza Association).

A number of researchers have made contributions to the theoretical and empirical framework of the Solidarity Economy in Mexico (Vietmeier 1999; Villarreal 2004; Cadena 2005; Collin 2007; Santana 2012). Their studies have reported evidence about the particular characteristics of initiatives of Solidarity Economy, both in rural and urban contexts. For example, Díaz (2012) found that solidarity economy practices in Mexico are fragmented and have structural differences between their actors, networks and institutions. The author states that Solidarity Economy in Mexico, remains an isolated sector, formed by independent and disarticulated initiatives.

Surveys such as that conducted by Collin (2014) showed that actors involved in the Solidarity Economy sector in Mexico, reject neoliberal formulations and state that the solutions provided by the market economy prove inadequate. On the other hand, they accept formulations of a protecting welfare state model. However, these preferences do not translate into practice.

The survey showed that in Mexico there is no congruence between the militant discourse of Solidarity Economy and the internal organization of its practices. In fact, Solidarity Economy in Mexico has been involved on a debate about the role of the state and the market in the activities performed by its practices (Coraggio 2009; Laville 2009; Caillé 2009, Collin 2014).

From this debate, two approaches that intend to guide the study and analysis of Solidarity Economy in Mexico, and its practices, have been developed. The first approach is presented as a transformative approach, based on economic and social activism. While the second approach, presents Solidarity Economy as a supplement or compliment to the existing social and economic order.

a. *Alternative approach*

The first approach presents Solidarity Economy as an economic alternative different from capitalism. The theorists that have developed and adopted this approach (Collin 2014) aim to study the conditions

that are required to create a template for a new economy. They argue that the state and the market are imperfect institutions that create conditions of inequality. Therefore, Solidarity Economy practices should not have any relationship with them.

For the type of Solidarity Economy that finds its roots on this approach, fair trade and social economy initiatives, such as cooperatives and fair-trade channels, don't offer a different economic paradigm with other logic (Collín 2014, 106), and therefore they cannot be considered as part of the Solidarity Economy framework.

This approach suggests that local roots, diversity, reciprocity and interdependence are necessary conditions for an economy to generate social reproduction, abundance and environmental balance (Collín 2014, 107). There are initiatives of self-managed associative work that finds its roots in this approach, such as the autonomous Zapatista municipalities in Chiapas, Mexico⁹.

b. *Complementary approach*

On the contrary, the second approach proposes a complementary vision of Solidarity Economy. This approach has been adopted for some theorists and practitioners of Solidarity Economy in Latin America (Coraggio 2009; Marañón 2013) in the United States (Kawano 2012; Neal 2012; Miller 2012) and in Europe (Laville 2009; Lemaître 2012; Helmsing 2012). This approach presents Solidarity Economy as an economic system and therefore it must include the state and the market.

For instance, Laville (2009) argue that it's the state's duty to collect resources from the market economy, and then direct them to the social sector, whose objective is social development.

Lemaître and Helmsing (2012) establish, that neither the state nor the market are figures that will disappear in the future; therefore, their inclusion in the Solidarity Economy scheme is necessary, but in such a way that support the collective well-being.

⁹ For more information on this, see: Gracia y Horbarth-Corredor (2014).

Table 1

Differences and similarities of the two streams of thought and practice of Solidarity Economy in Mexico

Main Characteristics	Complementary Approach	Alternative Approach
Relationship with the State	It proposes a relationship with the State	There is no relationship with the State
Relationship with the market	It proposes a relationship with the market economy	There is no relationship with the market
External Resources	It receives external resources, specifically from: The State, civil society organizations and non-governmental organizations (NGO)	Does not receive external resources
Values and principles	Solidarity, reciprocity, mutual help.	Solidarity, reciprocity, mutual help, local roots, diversity, autonomy.

Source: Table by the authors based on Laville (2009), Lemaître and Helmsing (2012) and Collin (2014).

The study of Solidarity Economy in Mexico is characterized by a dialogue that is divided into two levels; in which proponents of both approaches move in separated areas of discourse. In spite of this, both approaches agree that Solidarity Economy must be considered as a discipline committed to pluralism, which integrates a set of alternative economic logics and actors. Both approaches also assert that the Solidarity Economy sector should, not only, propose strategies of resistance, but also of emancipation. Solidarity Economy should aim to change the current economic model based on profit, accumulation and competition; and replace it with a new model based on forms of cooperation, solidarity and reciprocity.

2. Mexican legislation on Solidarity Economy

Mexico has adopted laws, policies and other measures to promote the development of the social and solidarity economy sector. These measures have been accompanied by specific legislation and a constitutional framework.

For instance, article 25 of the Constitution (Political Constitution of the United Mexican States, 2017, art. 25) recognizes, in its fourth and

seventh paragraphs, the social sector as one of the three pillars of the country's economic development. This establishes that:

“The public, social and private sectors shall contribute to the national economic development, with social responsibility, without detriment to other forms of economic activity that contribute to the development of the country. / ... / Social and private sector enterprises shall be supported and fostered under criteria of social equity, productivity and sustainability, subject to the public interest and to the use of the productive resources for the general good, preserving them and the environment”

The most significant public acknowledgment that a country can give to the social and solidarity sector is to integrate it into its constitution. This implies, not only a constitutional obligation of the State to the social and solidarity sector of the economy; but also recognizes the importance of the private sector, the public sector and the social sector in the development of the country.

Additionally, the Solidarity Economy sector is also covered by specific legislation. For instance, the Law of Social and Solidarity Economy (LESS¹⁰). This law was created on November 23, 2011; its purposes are: 1) to present the scope of the law, 2) to define the type of organization that comprise the sector¹¹, 3) to present the principles and values that distinguishes the social and solidarity sector from other sectors, and 4) to present specific implementation measures. The specific articles that address this objectives of the LESS are: articles two, thirteen, fourteen and forty-six.

For instance, article 2 establishes that the objective of the LESS is to promote the development and visibility of the social and solidarity economy sector. Additionally, article thirteen refers to the creation of the National Institute of Social Economy (INAES¹²). INAES emerged as the figure responsible for implementing specific public policies related to the Solidarity Economy sector. Finally, article forty-six discusses the public resources destined to promote and support productive

¹⁰ The full text of this law can be review at: https://www.gob.mx/cms/uploads/attachment/file/101052/2._Ley_de_Econom_a_Social_y_Solidaria.pdf

¹¹ “The Social Sector of the Economy shall be composed of the following forms of social organization: I. Ejidos; II. Communities; III. Organizations of workers; IV. Cooperatives Societies; V. Companies belonging largely or solely to workers; and VI. In general, all forms of social organization for the production, distribution and consumption of goods and services socially necessary.” (LESS 2015, article 4).

¹² The official website of INAES can be consulted in the following link: <http://www.gob.mx/inaes>

projects based on solidarity, mutual help and reciprocity. The LESS establishes the creation of the National Fund for the Support of Solidarity Enterprises (FONAES). The purpose of FONAES is to support the productive projects of grass roots and local-based initiatives through a special financial system.

Taken together, this information suggests that in Mexico the Solidarity Economy sector has constitutional recognition, a legal framework, and specific legislation that make its practices visible. However, this raises at least three key issues that are still in the public agenda.

First of all, the LESS does not define the terms of social and solidarity economy. Instead, it only listed the legal figures that compose the sector and groups the organizations that belong to the sector. For some researchers (Conde 2015, 2), not all types of organisms recognized by the LESS are actually forms of social economy while others not included in this are closer to the characteristics of social and solidarity enterprise.

On the other hand, in practice the legal figure of these organizations often conflicts with the activities and objectives perform by the organizations associates to the Solidarity Economy sector. This is due to the context and the daily practice of each type of organization.

And finally, although it is true that through the creation of INAES and FONAES, initiatives associated to the Solidarity Economy sector have access to funding and credits; it is also true that the bases and the conditions for access to it, are still ambiguous.

The following section provides a summary of all the public organisms and funds that are created to help and support, directly or indirectly, organizations of the Solidarity Economy sector.

3. Public resources for the Social and Solidarity Economy sector

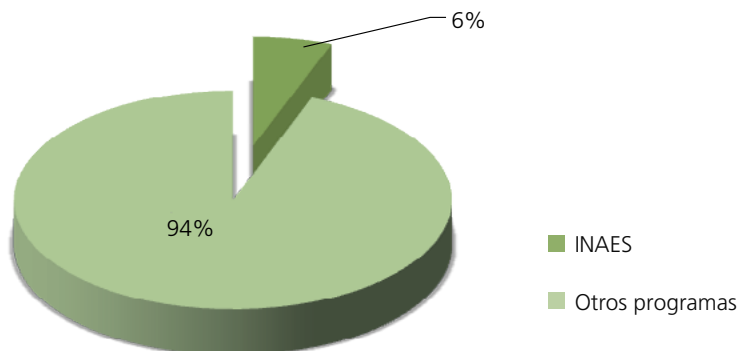
In 2016, Mexican government assigned 47.8 billion Mexican pesos for the promotion and support of the social and solidarity sector. This amount has been divided between INAES and other agencies and organisms that have an indirect impact on the sector. For instance, INAES received 2.8 billion (6% of the total amount). This amount was divided among 4 specific programs (see table 2). On the other hand, 45 million (94% of the total amount) were allocated to different agencies, organisms and programs that have and indirect impact on the sector¹³.

¹³ Data from the chamber of deputies www5.diputados.gob.mx (accessed October 10, 2017).

Figure 1

Public resources destined to the SE Sector

Public resources distribution intended to support the Social and Solidarity Economy sector



Source: Graphic by the authors with information from the Chamber of Deputies, 2016.

The following table shows the distribution of resources destined to INAES programs. The first program has a direct impact on the social and solidarity sector. While the others are only administrative supportive programs that have an indirect incidence on the sector.

Table 2

Distribution of public resources for the social and solidarity sector

Program	Amount (millions of pesos)
FONAES	2,508
Promotion and evaluation of social and community development policy	253.5
Activities to the public function and good government	15.1
Administrative support activities	32.6
Total	2,809

Source: Table by the authors with information from the Chamber of Deputies, 2016.

It is important to mention that out of the total amount destined to FONAES (2,508 million pesos), 46% were allocated to Chiapas, Oaxaca, Coahuila, Guerrero, Puebla and Mexico¹⁴

The following table presents the organisms that have and indirect impact on the sector. It also presents the amount that has been allocated to each one of them. In addition, the table shows the most representative programs associated to the social and solidarity sector, and the amount of public resources that they received.

Table 3

Public resources that have an indirect impact on the Solidarity Economy sector

Organism / Institution	Total amount allocated (millions of pesos)	Most representative programs	Amounts allocated to these programs (millions of pesos)
Secretariat of Economy	496	National program for micro-entrepreneurs and rural women	246
Secretariat of Finance and Public Credit	488	Support to the fishing and rural sectors	450
SAGARPA (Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food)	40,806	PROAGRO (Program of agriculture)	21,509
		Real Productivity Program	9,403
SEDESOL (Secretariat of Social Development)	1,164	—	—
Non-sectoral entities	1,572	Improving Indigenous productivity	1,572
Total	44,526		

Source: Table by the authors with information from the Chamber of Deputies, 2016.

¹⁴ According to the latest report of the National Council for Evaluation of Social Development Policy (CONEVAL) Chiapas, Oaxaca, Guerrero, Puebla and Mexico were within the states with the highest levels of poverty in the country.

4. Solidarity Economy networks in Mexico

Until this point, the article had explored some key issues about the Solidarity Economy sector in Mexico. For instance, it presented key analytical axes of two streams of thought and practice that has been guided the study of Solidarity Economy in Mexico. Additionally, it addressed the legal and legislative framework that supports the sector. In this section, the article will present the most relevant networks that bring together dozens of Solidarity Economy initiatives and organizations.

In Mexico, these ongoing connections aim to form the basis for larger and long-term movements that cultivate spaces of freedom and autonomy, and have the potential to de-link communities from the market economy.

These connections have been united in a space of dialogue that is known as the Mexican Network of Solidarity Economy (Red Mexicana de Economía Solidaria, ECOSOL). This space reunites civil society organizations, academics, researchers, universities, the church, government agencies and even independent entrepreneurs (Cadena, 2005, p. 87). Its aim is to connect and support grassroots organizations that are identified as part of the Solidarity Economy framework; in order to move towards the transformation and democratization of the economy.

ECOSOL has been working in 3 main areas:

- a) The first line of work deals with educational processes, based on ethics and values such as: solidarity, mutual aid, and cooperation.
- b) The second line of work, aim to make a link between 3 main areas of the value chain: production, marketing and consumption. The objective is that initiatives developing activities in these areas are able to work in networks, in order to create hybrid alternative value chains.
- c) The third line of work, aims to support and connect those initiatives associated with the financial link of the value chain; such as: credit unions, community banks and social/complementary currencies. ECOSOL is considered as a "network of networks" that is comprised for at least nine national networks.

Table 4
Networks that form part of ECOSOL

Network name	Area of influence / Type of organization	Description
Agro markets	Commerce	Network that advocates fair trade both in the domestic, and in the international market.
National Cooperative Alliance (ALCONA)	Financial / Production	It is formed by a group of credit, production and savings cooperatives.
Centro de Estudios Ecuménicos	Education	Network of trainers on social and ethical issues.
National center for the support of indigenous missions (CENAMI)	Respect and care for the environment	Network of indigenous groups, whose objective is to promote the respect and care for the environment.
Peasant Coalition	Production	Peasant and farmers' network.
Promotion of popular development (Promoción del desarrollo popular, PDP)	Financial / NGO	It brings together a number of organizations that work to promote local development; and the use of community money and social currencies.
Social Finance Network	Financial	Network that works with credit and savings cooperatives.
Mexican Network of Social and Solidarity Economy researchers (REMISS)	Education and Research	Space in which researchers and academics exchange documents, papers and research related to Social and Solidarity Economy.
Foundation "AHORA"	Exchange and Financing	Encourages the use of social and complementary currencies.

Source: Table by the authors based on Santana (2008).

In addition to these national networks, ECOSOL is also connected with other international networks, amongst them: The World Social Forum, Solidarity Economy International Network (REAS), the alliance for a responsible and supportive world; and the Brazilian network of Solidarity Economy.

5. Opportunities and challenges of Solidarity Economy in Mexico

The study of Solidarity Economy is an unfinished process; and as long as not completed, it faces a series of challenges and concerns. In this section, the article discusses a series of challenges and issues that the Solidarity Economy agenda still need to face. In order to facilitate the discussion, the challenges are classified in 4 different levels: 1) theoretical, 2) empirical, 3) methodological, and 4) legal and normative.

For some theorists (Lima 2009, Menezes 2007) Solidarity Economy represents an ideological field of study. They argue that the study and research on Solidarity Economy lack of strong theoretical foundations.

A second challenge deals with the identification of the criteria associated with the Solidarity Economy activities. For this case, it is important to review the characteristics of each type of organization that integrate the Solidarity Economy sector in Mexico, and confront them with the criteria of Solidarity Economy international organisms¹⁵ to establish their similarities and differences (Conde 2015, 3).

Other issues raised from the theoretical area, includes those that emanate from collective action. Although, the literature on solidarity economy, both in Latin America and in Europe, places special emphasis on the role of collective action and cooperation; little is known about the problems that actors and practitioners of Solidarity Economy face when working together.

In that regard, Wanderley (2016) asserts that cooperation is the result of social and cognitive connections that come along to articulate communities; however, they do not eliminate tensions and disputes that can be generated within the group. The contribution of Ostrom (1990) in this area is fundamental; her studies focus on the governance of the commons. Elinor Ostrom (1990) developed a theory that provided theoretical and empirical tools to solve CPRs (common pool resource problems) problems and to understand why institutions facing these problems are able to evolve for their governance and management over time. She argued that institutional arrangements between appropriators rather than by external authorities help to achieve positive solutions.

The next challenge, concerns the configuration of the market and its role in a new model of economy. The stream of thought

¹⁵ Such as the one developed by EMES International Research Network. For more information: <http://emes.net/>

and practice that advocates for the inclusion of markets, and its mechanisms, faces the challenge to change the market society for a *society with market*. In this paper we agree with De Melo Lisboa (1995), when he argues that a new market can only happen through the construction of solidarity exchanges among solidarity initiatives.

However, it is not enough to assert that another type of market is needed, it's necessary to clarify what type of market should be built, and what place will it have in the configuration of a new model of economy. In this area, some contributions have been made, especially from Economic Sociology. Sociologists have made significant progress in their attempts to understand the origins, dynamics and operations of the market as a social institution (Fligstein and Dauter 2007, 21). This field divide the study of markets into three different groups: the structural approach, the cultural and cognitive approach and the political approach (Wanderley, 2016, p. 81-82). Despite these studies, the place and configuration of the market in this new model of economy is still on the Solidarity Economy work agenda.

The next challenge, has to do with a reflection on the concept of solidarity in the Solidarity Economy frameworks, and it's real economic and quantitative impact.

In this regard, Razeto (2005) proposes to manage the concept of *solidarity* as an economic concept. He argues that the words *solidarity* and *economy* in a single expression constitutes a complex intellectual process. This is because the word *solidarity* is not present, explicitly, in the language of economics.

Razeto identified *solidarity* as a necessary new economic factor, such as land, labour and capital. He calls this new factor: Factor C. The letter C means that this factor is present in the cooperation, collaboration, communication, and other words that start with the prefix "co" (Razeto, 1997, 1999).

For Razeto *solidarity* has a direct economic impact in the organizations and initiatives that include the Factor C in its daily operations. The Factor C may have an impact on several levels of these initiatives; for instance: economies of scale, economies of association, and some positive externalities involved in common and community action (Razeto, 1997). Razeto's research proposes indicators that explain and quantify the impact of Factor C; however it is not enough to assume that the existence of it will help, by itself, these organizations to achieve their economic and transformational goals.

At the empirical level, the first challenge, that *solidary economy* practices face, is related to its ability to manage the contradictions between its economic performance objectives and its social objectives.

These practices must be viable projects in economic terms and manage to survive in a framework of competition that characterizes capitalism, without losing the legitimacy of its militant discourse and coherence of its internal operation.

In the methodological area, Solidarity Economy faces the challenge of developing specific methodological approaches, such as participant observation and action research, to guide the study of these practices.

Although, we have recognized that in Mexico there is a constitutional framework and specific legislation for the social and solidarity sector, it is still necessary to recognize that the implementation of this legislation has not had a significant impact on the sector. Therefore, it is important to create mechanisms and instruments that reduce the gap between the law and its application.

There is a final issue that crosses the theoretical, empirical and methodological areas. Little research has been made to address this issue; it still remains as a key issue in the work agenda of Solidarity Economy in Mexico.

This issue consists in identifying internal and external variables that can be conditions for the successful consolidation of these practices in Mexico; especially, when they try to increase their scale of operation and their level of impact. It is important to recognize the work that, in this area, has already been advanced, specifically the one developed by Gaiger (2001, 2004, 2012) and Razeto (1997, 2005). For Gaiger (2012) an intrinsic element that can ensure the sustainability and success of these initiatives is its ability to articulate an entrepreneurial logic and a solidarity-logic.

The entrepreneurial logic is the search for results through strategic planning and optimization in human and material factors. This will enable these initiatives, not only to survive but also to generate conditions to ensure their survival and development in the long term. On the other hand, the solidarity logic uses cooperation as a key axis and as a source of economic rationalization.

In 2011, Gaiger conducted a comparative study among cooperatives of different types; this study led him to support his affirmation about the importance of entrepreneurial logic and solidary logic. The study also showed that associative work and the socialization of knowledge, meaning the production process, were common factors of success for these initiatives (Gaiger, 2011).

For its part, Razeto suggests that Factor C can be a source of efficiency, and those initiatives that uses this factor, in their everyday operation, will be able to survive and develop in the medium and long term (Razeto 1999, 2005). The author shows some attributes that if

present, in these initiatives, would make their internal organization more efficient. These attributes are: cooperation, knowledge sharing, collective decision-making, and a favourable working environment.

The studies conducted by Gaiger in Brazilian cooperatives, and Razeto in Chile; provided the foundations for future studies related to the internal and external conditions that can help to the consolidation of Solidarity Economy practices.

However, there is a need for further studies in other contexts (for instance, the Mexican context) and in other type of initiatives rather than the cooperatives. For example, little is known about the key success factors associated with some initiatives such as: ethical banks, community banks, alternative currencies, solidarity credit circles, and so on. The challenges that have been addressed so far are summarized in the Table 5:

Table 5
Challenges of Solidarity Economy in Mexico

Level	Challenges	
Theoretical level	Solidarity Economy is considered as a very ideological field.	To identify categories associated with the solidarity economy, with the purpose of arriving at an operational definition that facilitates the outline of what we can consider as a practice of solidarity economy
Empirical level	To manage the contradictions between its objectives of economic performance and its social objectives	To solve the conflicts that emanate from collective action To clarify the concept of the market and its role in a new model of economy To analyse the concept of solidarity and its real economic effects. To identify internal and external elements of Solidarity Economy initiatives that allow their viability and progressive consolidation
Methodological level	To develop specific methodological approaches, such as participant observation and action research	
Legal framework	To generate mechanisms and instruments that reduce the gap between the law and its application	

Source: Table by the authors

Conclusions

The challenges that were mentioned previously, can be encompassed in two basic questions: Can Solidarity Economy become or not a real alternative to the predominant economic system? If yes, what are the instruments and strategies that it will need?

For some authors (Accardo 2009; Caillé 2009; Harribey 2002) Solidarity Economy and its practices cannot represent a real alternative to the predominant economic system. For Accardo, these initiatives have a reformist logic; which means that they do not aim to replace capitalism. Their aim is to repair the damages caused by capitalism; when what is needed to replace capitalism is a revolutionary logic (Rademacher 2011, 5).

Harribey's argument (2002) is similar to Accardo's argument. In his argument, the author emphasizes the three axes of an economic system: 1) the market economy, 2) the non-market economy and 3) the non-monetary economy, based on reciprocity relations. The author recognizes the complexity of conceptualizing these three-axis working together in conditions of equality. Accardo, argue that the mercantile pole of the economy will print its capitalist logic of realizing a quick profit. For this author, the social and solidarity economy is as ideological as the reconciliation of capital and labour (Harribey 2002, 47).

For its part, Caillé (2009) asserts that Solidarity Economy cannot be presented as an alternative economic system. For this author, Solidarity Economy can be considered just as a political system with economic effects. For this author, solidarity economy has two avenues: 1) the one that consider that Solidarity Economy has the potential to replace capitalism (revolutionary logic) and 2) the one that consider this sector as a new model of the so called mixed economy (reformist or complementary logic) (Caillé 2009, 98).

It is clear that Solidarity Economy is a field under construction, in which several strands can be found. All of these approaches, especially the ones discussed in this paper, aim to move towards a different model of economy. In this paper, we propose that this new model of economy should combine a socio-politically regulated market mechanisms as well as relations based on reciprocity, redistribution and mutual support.

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