If not for profit,
for what and how?

SOCIAL ENTERPRISE

Popular Economy in Santiago de Chile: State of Affairs and Challenges

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1. INTRODUCTION

The issue of informality represents one of the major challenges in the fight against poverty (Heintz, 2009; Lautier, 2004). The traditional response has often been to apply Western entrepreneurial rationality to informal actors and look upon their small-scale productive units as pre-capitalist firms, whose growth potential supposedly depends on the provision of adequate tools such as funding and training (Lautier, 2004). Do informal initiatives actually share the capitalist spirit of entrepreneurship? This is the question we propose to answer here.

Using a so called "popular economy" analytical framework, we focus on the socio-economic operating rationale intrinsic to informal initiatives to find out whether their logics can be assimilated to those of the traditional capitalist firm. Characteristically, this approach sets out from the fact that the specific living contexts of informal actors shape their socio-economic practices and therefor are crucial to an understanding of their mode of operation (Fonteneau *et al.*, 1999). Our analysis concentrates on the collective/associative forms of the informal economy, the so-called "popular economy organizations" (Razeto, 1990; Nyssens, 1997) as these can more appropriately be compared with capitalist firms than individual or household-based initiatives. What follows specifically concerns Chile, a pioneering developer of the popular economy movement in South America.

Section 2 outlines the historical context of the study, namely the economic and political evolutions in Chile since the 1970s and their effects on the popular economy. This background clarifies our empirical findings and puts them into perspective. Section 3 presents the methodology used for our field research conducted in Santiago de Chile from March to June 2012. Section 4 analyses the collected data with the view of answering our initial question. On the grounds of these observations, section 5 reassesses the theoretical discourse of the 1980s and early 1990s on Chile's popular economy organizations. Section 6 puts forth our conclusions.

2. THE HISTORICAL CONTEXT: THE EVOLUTION OF THE POPULAR ECONOMY IN CHILE SINCE THE 1970S

(a) Macroeconomic and political evolutions since 1973

The 1973 *coup d'état*, during which the armed forces led by Augusto Pinochet took power, put a definitive end to the socialist project of Allende's government. Alongside violent political repression, the junta adopted a radical neoliberal economic policy inspired by the Chicago school–spearheaded *inter alia* by Milton Friedman (Ffrench-Davis, 2008).

Advocates of neoliberalism often see non-state intervention as one of the model's hallmarks[1]. In Chile, this became the ideological justification for the various economic reforms carried out during the dictatorship. As this sought to turn an import-substituting, regulated, statist economy into a free-market system, these reforms consisted of three key features:

1. State reforms. First of all, companies and properties expropriated by Allende's government according to irregular procedures were restored to their former owners. Thus in 1974, 257 companies and about 3,700 agrarian estates returned to the private sector while traditional public companies were privatized. As a result of these privatization and reprivatization processes, the number of state-owned companies and banks fell from over 400 in 1973 to 45

[1] It has been abundantly documented, however, that contrary to this anti-interventionist discourse, a neoliberal regime, both for its establishment and survival, relies on massive state intervention (Harvey, 2005). We refer to Karl Polanyi, who takes the view that the economic sphere and market exchanges are embedded in their social, political and cultural context. Accordingly, conceiving of economic activities regardless of their context is ideological.

in 1980 (Meller, 2007). A second set of reforms concerned cuts in public spending, especially in state social welfare and redistributive programs. The weight of public expenditures in the economy fell from 20% of GDP in 1971-72 to 15% in 1975 and to 12% in 1981. Fiscal reforms were introduced to eliminate the fiscal deficit in the context of a drastic program of anti-inflationary stabilization. Finally, the military regime decentralized government administration by transferring "significant administrative responsibilities to lower levels of government while further centralizing political power and control over resources" (Posner, 2004, p. 62).

2. Liberalization and deregulation of the economy. Pinochet's regime encouraged the flexibilization of the labor market, which implied the weakening of unions and workers' atomization. Prices were liberalized: out of 33 controlled prices in 1974 there remained less than 10 in 1976. The junta also proceeded to the liberalization of the national financial market, followed by capital account liberalization in 1979 and 1980.

3. Integration of the national economy to the international economic space. This process consisted, first of all, in trade liberalization, which resulted in a significant increase in Chilean exports: from US$ 1,309 m in 1973 to US$ 3,835 m in 1979 (see table 1). As to imports, Chile evolved throughout the 1970s from a complex tariff and non-tariff structure–with an average duty of 94%–toward the establishment of a uniform 10% tariff and the elimination of all non-tariff barriers (Meller, 1992). After exhibiting a moderate growth rate between 1974 and 1976 and a drastic decline in 1975 linked to Chile's economic recession that year, imports increased substantially after 1976, accompanied by an unrestricted opening to foreign investment[2].

[2] Chile's development model adopted from 1974 onwards emblematically illustrates the current which Peemans calls "extraverted authoritarian modernization" (2002); this characteristically combines an authoritarian state and a national economy integrated into the international community through an opening to international markets and the development of international trade.

Table 1. *Evolution of Chilean imports and exports, 1970-90.*

Year	Imports FOB (millions of current dollars)	Exports FOB	Annual growth rate (%)	
			Imports	Exports
1970	956[a]	1.112	0,9	2,1
1971	1.015[a]	999	8,5	0,8
1972	1.103[a]	849	3,2	-15,1
1973	1.288	1.309	-5,4	2,8
1974	1.794	2.151	3,4	45,9
1975	1.520	1.590	-38,7	2,4
1976	1.479	2.116	4,3	24,4
1977	2.151	2.185	35,5	11,9
1978	2.886	2.460	17,6	11,2
1979	4.190	3.835	22,7	14,1
1980	5.649	4.705	18,7	14,3
1981	6.513	3.836	15,7	-9,0
1982	3.643	3.706	-36,3	4,7
1983	2.845	3.831	-15,1	0,6
1984	3.288	3.651	16,5	6,8
1985	2.955	3.804	-11,0	6,9
1986	3.099	4.199	9,7	9,8
1987	3.994	5.223	17,0	8,8
1988	4.833	7.052	12,1	6,1
1989	6.502	8.080	25,3	15,7
1990	7.065	8.310	0,6	7,6

a: these are imports CIF.
Source: Meller (1992).

From an economic viewpoint, the dictatorial era is generally divided into two periods (Ffrench-Davis, 2008; Silva, 1995). The first one (1973-1981) corresponds to the application of the aforementioned reforms and thus offers the purest example of neoliberal orthodoxy. As for the second period (1982-1990), although the general paradigm remained unchanged, several heterodox measures were introduced in economic policies, which gave this era a more pragmatic and less ideological character.

On 5 Oct.1988, a national referendum was held to determine whether Pinochet would be maintained at the head of the state for another eight years. As the "no" vote won with 55.99%, the General was forced to resign his position following the 1989 presidential elections.

From March 1990 to 2010, the country was administrated by governments stemming from the Concertación de Partidos por la Democracia, a coalition of center-left parties. The four successive presidents were Patricio Aylwin (1990-94, Christian democrat), Eduardo Frei Ruiz-Tagle (1994-2000, Christian democrat), Ricardo Lagos (2000-06, social democrat) and Michelle Bachelet (2006-10, socialist). The conservative candidate Sebastián Piñera won the Chilean presidential election in 2010. Governments of the Concertación sought to avoid a brutal break with the economic policies in force and opted for a "change in continuity" (Laban and Larrain, 1995). Under the first two administrations Chile experienced one of the most prosperous and stable periods of its economic history with an annual average growth rate of more than 7% between 1990 and 1998 when the Asian crisis spread to Latin America (Ffrench-Davis, 2008). Between 1990 and 2006, the effective GDP grew 5.5% annually in average.

(b) The rise and fall of popular economy in Chile

Popular sectors were disproportionately affected by neoliberal economic reforms (Oxhorn, 1995). In addition, many who had acquired a certain level of education and been expelled from the formal sphere of the economy, joined popular sectors. According to Martínez and Tironi (1985, p. 146), this implied "a displacement of approximately 103,000 workers from regular wage-earning employment to independent [informal] employment or open employment" so that the informal sector accounted for 37% of all employment in 1986 (Angell, 1989). The arrival of these workers with better participation and organizational skills and greater social consciousness changed the social, political and cultural landscape of the popular world (Nyssens, 1997). Parallel to this, traditional spaces for popular participation (political parties, unions, neighborhood committees, etc.) were repressed. Ironically, the conjunction of these two factors–the new political and socio-cultural landscape of popular sectors and the repression of traditional popular participatory institutions–encouraged the mushrooming of popular sector groups and a modification of the political *locus* for the benefit of non-partisan actors, who were more difficult to repress (Garretón, 2001; Posner, 2004). The second half of the 1980s thus could be called the "Golden age of the popular economy in Chile". In 1987, around 220,000 persons, i.e. 16% of the population of *poblaciones*[3], belonged to a popular organization of some kind, whether productive or not (Oxhorn, 1994b; see also Garretón, 2001).

Parties from the Concertación explicitly took into account the interests of popular sectors. Indeed, during the 1989 campaign, the coalition committed itself to repaying the enormous "social debt" inherited from the military regime (Oxhorn, 1994a). Consistently, the state substantially increased social expenses dedicated to the poorest, and in July 1990 established the ministry of planification and cooperation (Mideplan) to administrate these resources. Moreover, the Aylwin government recognized the significant role that popular organizations could play under the newly restored democratic regime. This government also set up the División de Organizaciones Sociales (DOS), a bureau in charge of ensuring the interface between the government and various community organizations on the assumption that a genuine democracy needs autonomous organizations within civil society and that the state must facilitate their emergence (DOS, 1990). The programs of this organization precisely aimed to promote the creation of popular organizations as alternatives to the action of the state to assist the poor by explicitly attempting to preserve the positive experience of popular organizational activity during the dictatorship. Yet, the aspirations for more social equity were subordinated to the need for a compromise with the right wing regarding the institutional reform and the maintenance of macroeconomic stability through the continued implementation of free-market policies (Ffrench-Davis, 2008). In fact, as will appear later on, the ruling political parties' wish to support the popular economy was compromised from an early stage and its achievement very limited. Indeed, the Golden age of the Chilean popular economy seems to belong to the past: the number of popular organizations has declined sharply[4]. To account for this decrease, we can rely on the two necessary conditions for the emergence and sustainability of social economy initiatives identified by Defourny and Develtere (2000): the condition of necessity and that of collective identity. The former refers to the pressure of acute material difficulties while the latter refers to the sense of sharing a collective identity or a common destiny within a close-knit social group. Of the two, the latter seems particularly crucial because "When the popular sectors are characterized by both a weak

[3] This term refers to Chile's peripheral and marginalized urban areas; they are the equivalents of Argentina's "villas miseria" and of Brazil's "favelas".

[4] To our knowledge, there does not exist any actualized statistical database listing popular economy initiatives in Chile. However, a recent report dedicated to networks and institutions of the solidarity economy (Romá Martí, 2010) mentions 132 organizations for the whole country. The category "networks and organizations of producers" comprises 21 organizations at the national level. Despite the difficulty of surveying popular organizations, these numbers appear to differ widely from those available concerning the end of the 1980s: in 1989, there were still 2,479 PEOs just for the Metropolitan Region and the province of San Antonio, (Donovan & Gonzalez, 2004).

sense of collective identity and low levels of collective action, popular organizations will tend to be atomized and short-lived. People will move in and out of organizations according to changes in their material situation and the availability of alternative solution" (Oxhorn, 1994b, p. 60).

In the present case, both conditions clearly contributed to the development of popular economy organizations (PEOs) over the past decades: an important part of the population, excluded from mainstream employment and social protection, shared important unsatisfied needs and the identity of *poblador* (shantytown dweller). Today, however, while the condition of necessity is still present, the condition of identity seems to be lacking in Chilean popular sectors, which could partly explain the decline of the PEO movement.

As for the condition of necessity, despite remarkable economic vitality over the last years, Chile's poverty level in 2009 still reached 15.1% of the population, among which 3.7% of indigents (MIDEPLAN, 2009). The situation is different regarding the condition of identity: although popular sectors were still sharing an inspiring identity reference in the 1980s, such as that of *poblador*, this has weakened over the years. One important symptom of this phenomenon is widespread political apathy and disenchantment among popular sectors (Oxhorn, 1994b; Posner, 1999, 2004), which is empirically supported by falling (though legally mandatory) participation to municipal elections. From 1992 to 1996, the proportion of null and blank votes rose from 8.9% to 10.21% (Posner, 1999). When combining the 1996 figure with the abstention rate, the total reaches 23.14% (Servicio Electoral República de Chile, 1997). For the 2000 municipal elections, this figure amounted to 20.46% (Servicio Electoral República de Chile, 2001). The turnout for neighborhood association (*juntas de vecinos*) elections is also very low, about 2% of the eligible population (Posner, 1999). In fact, the identity of *poblador* failed the test of various events and, in particular, the return to democracy, for at least two reasons–one political and the other economic–developed hereafter.

Concerning the first reason, it is necessary to explore the evolution of the relationships between the elites of political parties and popular sectors during the democratic transition. From May 1983 to about June 1986, the parties opposing the dictatorship essentially relied on social mobilization, which was increasingly dominated by popular sectors, to secure the transition toward democracy (Oxhorn, 1994b). By contrast, the return to democracy in 1990 and the events leading up to it were dominated by parties and political elites; these deliberately sought to demobilize popular sectors and to channel their political activities towards electoral forms of political participation only. Indeed, the opposition to the military dictatorship considered a massive electoral support essential to increase their negotiating power in the face of the military junta before the 1989 presidential elections and against the right wing under the new democratic regime. The opposition to Pinochet's regime, hence, devoted all its efforts to the maximizing votes, especially among popular sectors given their numerical importance. Implementing this strategy implied that all activities indirectly related to the electoral process, including PEO activities, were considered mere epiphenomena.

Olavarría (2003) and Bresnahan (2003) emphasize the links existing between the political marginalization of popular sectors and the institutional pressures weighing on the political parties at the end of the dictatorship to pursue the economic policies influenced by Pinochet's neoliberal ideology. Indeed, the junta's influence extended well beyond the return to democracy through constraints on the decision-making and the representation capacities of political institutions sealed in the 1980 Constitution. This, for instance, proclaimed the military the "guardians of democracy" and sanctioned a series of "authoritarian enclaves" among which 9 designated senators–2 chosen by the president, 3 by the Supreme Court and 4 by the National Security Council, dominated by the military. They were thus ensuring a majority for the right wing at the Senate. The authoritarian enclaves also consisted of a binomial electoral law that produced an overrepresentation of the right, and an amnesty law for the crimes committed by the military. The Constitution as well gave Pinochet a permanent siege at the Senate, which he occupied from 1998 to 2002, which brought the number of non-democratically elected senators to 10 out of 48. This system of non-elected senators was removed during the reform of the Constitution in Aug. 2005. According to Olavarría (2003), the

political elites' response to these constraints guaranteeing the continuity of neoliberal policies consisted in adopting a technocratic approach to the political activity, which weakened their relationships with popular sectors and contributed to their demobilization. Bresnahan (2003) also mentions that the pursuit of neoliberal measures was supported by the main external actors– international financial institutions, the United States, transnational capital–whose hostility could have threatened the democratic transition. Maintaining neoliberal measures was also part of the compromise made by the government to the national right-wing parties.

Some confusion among popular sectors also contributed to their demobilization. For many PEO leaders, the elections were a totally novel experience, either because they were too young to have participated to the democratic regime in pre-dictatorial Chile or because they had not taken part in any political activity before their mobilization within PEOs under the military junta. Moreover, popular sectors had hitherto never had an autonomous role in any kind of democratic process. Hence, these leaders were not in a favorable position to create innovative forms of alternative political participation in a context dominated by parties willing to restore traditional forms.

This analysis as a whole supports the view of a political marginalization of popular sectors since the democratic transition, which is explained by a change in the strategy of parties opposing the junta; by the institutional and international constraints on these parties, which pushed them to embrace the neoliberal vision and by a certain confusion among popular sectors, as explained above. Consequently, the collective identity of the *poblador*, which, around the mid-1980s, had brought together the popular sectors around a common will to implement collective solutions to their economic, political, social and cultural marginalization, began to disintegrate from 1987 onward. It is worth mentioning, though, that the increasing exclusion of popular sectors as a collective actor does not mean that their interests were not taken into account by the parties in power, at least at the beginning.

The second reason for the popular sectors' fragmented collective identity is economic and lies in the pursuit, for almost 40 years, of neoliberal policies that left great flexibility to the market and encouraged the development of individual strategies. These policies resulted in dwindling state support to collective initiatives developed by popular sectors. This is illustrated by the decentralization process of government administration mentioned above: while substantial administrative responsibilities were transferred to municipalities, notably for health care and education (Kubal, 2006), their fiscal and policy-making autonomy remained seriously constrained since taxes were still set and collected by the central authority (Yáñez & Letelier, 1995). This left little capacity for local governments to construct policies or to provide resources to respond to grassroots initiatives' needs and concerns (Posner, 2004).

In addition, these neoliberal policies increased competition among all actors on the market, leaving little room for collective experiments driven by non-exclusively economic objectives. The neoliberal position of Chile, which was very open to globalized trade, also contributed to the weakening of the PEO movement. Indeed, many organizations were active in small manufacturing and handicraft (embroidery, puppets, fabric and clothes, woodcraft…). The opening of the country to imports from countries where wages are considerably lower (China, India, etc.) caused many of these small workshops to close down because they could not compete with these imports; their members, therefore, had to disperse and individually look for other sources of income[5]. This is supported by empirical evidence: in their analysis of the impact of increased Chinese imports on the Chilean manufacturing sector, Álvarez and Claro (2009) found that the former negatively affect employment growth as well as the chances of survival of manufacturing plants while firms have limited ability to escape these imports. In another article, Álvarez and Opazo (2011) highlight a significant decrease

[5]According to an interview with the former president of the Fundación Solidaridad, an institution supporting PEOs.

in relative wages in sectors—and especially small firms—exposed to higher Chinese-import penetration.

3. ANALYTICAL FRAMEWORK AND METHODOLOGY

(a) Analytical framework

After presenting the contextual elements related to the historical evolution of PEOs in Chile, we now turn to the in-depth analysis of a sample of PEOs in Santiago de Chile. This section, therefore, presents an analytical framework along with some methodological elements.

Neoclassical economics provides few tools for an in-depth study of production organizations. Indeed, the enterprise is analyzed in purely narrow, technical terms, its *raison d'être* being the maximization of profits. It is seen as a "black box" that varies according to the production function; it formalizes the state of the technology, i.e. the relationship between inputs and outputs, at a given point in time (Lemaître, 2009b). Contract theories constitute a second traditional approach of the organization (Akerlof, 1970; Alchian and Demsetz, 1972; Jensen and Meckling, 1976). In addition to production costs, they also take into account transaction costs, and the transactional aspects are central to the analysis. According to Eymard-Duvernay (2004: 32), "the concept of the firm as a production function is supplanted by the concept of the firm as a structure of coordination" of contracts. While the firm exists by virtue of market imperfections arising from informational problems, these theories present it as an extension of the market in the sense that it is a "legal fiction" (Jensen & Meckling, 1976). That is to say, it is an artificial legal construction, with no real existence as a collective entity, created to concentrate a whole lot of contractual relations similar to the market (Coriat & Weinstein, 1995). The third main traditional approach, the so-called new institutional economics, is a vast field of inquiry that goes beyond a mere contractual approach and aims at the study of economic organizations as institutions to show their efficiency as governance structures (North, 1990; Williamson, 1975, 1985). This constitutes considerable progress for the analysis of economic initiatives since it becomes possible to study them in greater depth, and especially to apprehend their diversity. Even from this approach, though, organizational forms—like other institutions—are explained in terms of market failures: they emerge when the market cannot allocate resources efficiently, i.e. by minimizing costs. The standard neoclassical theory and its extensions (Favereau, 2006) thus adopt either a minimal vision of the enterprise (Eymard-Duvernay, 2004) or a vision in terms of an efficient solution, seeing it as maximizing efficiency (Granovetter, 2000). Traditional approaches leave little room for the plurality of logics underlying popular economy initiatives. On the other hand, a popular economy analytical framework understands the economy as an institutionalized political process. It views the production unit not only in terms of its organizational dimension but also in its institutional context.

Consequently, orthodox economic paradigms mostly reduce the modern enterprise to the capitalist firm led by investors with the aim of maximizing profits. This probably explains the pretension of the capitalist model to constitute the universal organizational archetype, both in economic models and in public development policies, which are very often directly inspired from them.

This reductionism also holds for informal sector economic models, based on the implicit assumption that development proceeds by means of growth in the formal (modern) sector. The informal sector is studied as to its place and its role in relation to the formal sector (Perry *et al.*, 2007), and its analysis is generally functional to the formal one. Little research has been carried out about the identities and the inner operating rationales developed by such a huge amount of diverse economic initiatives and about how they interact with their environment (multidimensional public policies, global economic trends, etc.). Informality, however, is a very significant and persistent phenomenon. It was estimated that in 2006 40% to 50% of Chilean enterprises operated informally (Contreras *et al.*, 2008). As little empirical and theoretical progress has been made in this research area, a popular economy

analytical framework means to open the black box of this reality, thus bringing to light the diversity of economic practices developed by popular groups to meet their own and their relatives' material and immaterial needs through their own efforts and other available resources (Sarria Icaza & Tiriba, 2005). In the Latin American context, the popular economy framework also emphasizes the contrast between the economic practices of national elites and those developed by popular sectors (Hillenkamp, 2009). As for popular economy organizations, they represent the collective components of these economic practices. They are defined as organizations gathering individuals who share a same situation (whether they live in the same area, work in the same company, belong to the same religious community or share similar political orientations). They gather to face up to common economic challenges and, particularly, to meet their basic needs. To do so, they develop activities in the spheres of production, distribution or consumption of goods and services (Razeto, 1990).

Hence, in order to overcome the reductionism of traditional economic thought, we sought to build a theoretical model of the firm based on the existing literature, one which would allow us to capture not only the characteristics of the traditional capitalist firm but the logics of other forms of organization (see table 2).

Table 2. *Models of capitalist firm and of popular economic organization*

	Capitalist firm	Popular economic organization
Finality	Capital accumulation	Enlarged reproduction of group members' life
Beneficiary category	Investors	Active members, members' families and/or members of the community
Dominant category	Investors	Active members

Source: Created by authors.

The *finality of the organization* refers to the objectives that motivate its creation. This is generally the decisive criterion used to distinguish the different types of enterprises, and which determines the different aspects of their structure and functioning logics. Whereas the capitalist firm is supposed to have a finality of profit maximization and to pursue capital accumulation (Eymard-Duvernay, 2004), popular economy organizations pursue a finality of so-called "enlarged reproduction of life" (Coraggio, 1999, 2006). Beyond the "simple reproduction"[6], it is a process of sustained improvement of the quality of life of those concerned, and achieved over an extended period of time (e.g. one generation). While this process generally takes place at the household level, it can also constitute the finality of collective practices, such as community social networks of exchange and mutual help or, as in our case, popular economy organizations. The process of enlarged reproduction of life presents two main dimensions: a material and a symbolic one (Coraggio, 2006). The material reproduction refers to goods and services such as food, housing, clothes, education, care etc. and is often characterized by the presence of forms of solidarity between members. The symbolic reproduction of each of the members refers to the participation to rituals or other institutions with a symbolic value, the affirmation in the public space etc.

[6] According to Coraggio (1999), this term does not refer to mere subsistence (or biological reproduction) but to a morally acceptable minimal standard of biological and social quality of life evolving according to basic social needs.

The enlarged reproduction is materialized, among other things, by what some authors call strategies of risk minimization and diversification. Indeed, if the objective is the improvement of the quality of life of the household or the organization's members rather than the extension of the activity, groups will logically seek to secure their income rather than take thoughtless risks (Banerjee & Duflo, 2007; Gomez, 2008).

As regards the *beneficiary category*, according to Razeto (1991), any form of enterprise pursues the maximization of a surplus, i.e. the difference between the total revenues and the total expenses of the enterprise. What distinguishes the different forms of enterprise is the use that is made of this surplus or, in other words, their beneficiary categories–a concept developed by Gui (1991) that designates the category owning the rights on this surplus. Furthermore, as Gui (1991) explains, the distribution of the latter is not necessarily carried out in an explicit way–under the form of dividends or boni, for instance– but can also be implicit, without any established contract–as in the case of discounts for members or an increased quality of goods and services. In this perspective, the expression of "potential surplus" is used to designate the surplus distributed by the organization both in explicit and implicit ways to the beneficiary category. It is worth mentioning that this category is often directly related to the finality of the organization.

As for the concept of *dominant category*, also defined by Gui (1991), it designates the actors who have the residual control rights, i.e. the decision-making power that is not shared with other stakeholders in the statutes or by (informal) contract (Lemaître, 2009a). The dominant category is also related to the finality of the organization since it is the dominant category which determines the latter.

(b) Methodology

This theoretical framework–based on the concepts of finality, beneficiary category and dominant category–was applied during a field research project conducted in Santiago de Chile from March to June 2012 for the obtention of a master's thesis in economics (Bauwens, 2012). We conducted a multi-case study (Yin, 2009) with a sample of popular organizations (n=24), located in different peripheral districts of Santiago (*poblaciones*). We considered that a case study design is especially suited for inductive theory building through an in-depth understanding of processes, particular events or situations (Eisenhardt, 1989), and that multiple cases yield more grounded and accurate results than a single one (Eisenhardt & Graebner, 2007).

This case study was based on semi-structured interviews with members of the organizations concerned. Additionally, we interviewed a former executive director of the Fundacíon Solidaridad, a support structure that closed down in 2011 after 36 years of activity, and four scholars specialized in popular movements in Chile. In total, 29 interviews were conducted, all of which were digitally recorded and transcribed.

To select our sample, our hope, initially, was to gain access to the existing database of support institutions, among which we would have randomly selected a representative sample of organizations for our case study. This hope was based on previous empirical research on popular organizations in Santiago de Chile. As indeed this data was becoming outdated (see e.g. Nyssens and Van der Linden, 2000), we still banked on the existence of several thousands of PEOs. After exploring various possibilities, however, our approach had to be abandoned, owing to the declining number of PEOs described in the previous section and the recent closure of various emblematic support institutions, such as the NGOs PET (Programa de Economía del Trabajo, Program of Labor Economics), Fundación Solidaridad and PROSAM (Programa de Acción con Mujeres, Action Program with Women). Whereas we kept our main focus on our initial research question, new sub-questions emerged: why did popular sectors favor individual strategies to the detriment of collective initiatives?

Do associative initiatives still exist, perhaps under new or different forms? And if so, what are the factors fostering or impeding their development?

Due to the absence of complete and up-to-date database, we had to modify our initial purpose and adopt a more exploratory and abductive approach. We set ourselves the task of compiling a sample of subsisting popular collective initiatives on the urban territory of the Santiago Province. Meanwhile, we adapted our interviews in the search for answers to our new questions. This approach shed light on the existence of associative forms differing significantly from traditional PEOs (see next section). Organizations were selected by theoretical sampling (Flick 2009), a sampling method "tied to the purpose of generating and developing theoretical ideas rather than being aimed either at producing findings that are representative of a population or at testing hypotheses" (Hammersley, 2006, p.298). We contacted two institutions: the FOSIS (Fondo de Solidaridad e Inversión Social), a governmental organism whose mission is to provide vulnerable people and micro-entrepreneurs with financial and technical support, and the Vicaría de Pastoral Social y de los Trabajadores, a NGO depending upon the Catholic Church. Through these two institutions, we managed to contact 16 PEOs. We named the organizations belonging to this first group "activity-based organizations" (see section 4.1). We also identified another type of associative initiatives (n=8), which we named "territorial organizations" (see section 4.2). Although the latter present a lower "degree of collectiveness", they constitute a more recent form of popular associative dynamics that, to our knowledge, has not yet been studied in Chile and, interestingly, lead us to reconsider our initial hypotheses. To derive theoretical insights from the interviews, we followed an analytic induction approach (Manning 1982), "a research strategy of data collection and analysis which explicitly takes the deviant case as a starting point for testing models or theories developed in research" (Flick, 2006, p.4). We iterated between empirical data collection and theory review until theoretical saturation was reached.

On the basis of the analytical framework developed above, each dimension–the organizations' finality and their beneficiary and dominant categories–has been tested through several empirically identifiable indicators (see table 3).

Table 3. *Dimensions and indicators studied*

Dimensions	Indicators
Finality	- I.1.1. Explicit objectives - I.1.2. Employment growth - I.1.3. Sales growth - I.1.4. Presence of extra-economic activities, such as cultural, social, political or recreational ones - I.1.5. Diversification of income sources
Beneficiary category	- I.2.1. Surplus allocation - I.2.2. Presence of support mechanisms in case of work interruption
Dominant category	- I.3.1. Presence of a general assembly - I.3.2. (Non-)democratic nature of decision-making processes - I.3.3. (Non-)democratic nature of executive management

Source: Created by authors.

The interview guide remained open, according to the methodology of semi-structured interviews. The themes to be explored included: 1) some socio-demographic and other objective facts about the organization and its members (gender distribution, average age, education level, activity sector, year of creation and degree of formalization); 2) the three dimensions of the analytical framework and, specifically, the aforementioned indicators; and 3) questions relating to the history and evolution

of groups, their relationships with external actors, especially support institutions and the difficulties encountered. This third set of themes essentially aimed to answer the aforementioned sub-questions.

In the case of activity-based organizations, 12 interviews took place in the presence of all members and 4 with the leader only; in the case of territorial organizations, all interviews were with the leader only as these tend to be significantly larger. The in-depth analysis of these organizations made it possible to collect both quantitative and qualitative data about the studied aspects.

4. ANALYSIS OF THE FUNCTIONING LOGICS OF POPULAR ECONOMY ORGANIZATIONS IN SANTIAGO DE CHILE

Our sample concerns two types of organizations, which we named respectively "activity-based organizations" (n=16) and "territorial organizations" (n=8). On the basis of our analytical framework, we outline the finalities and logics of each type along with their members' socio-economic profile.

(a) Activity-based organizations

(i) General information

The groups belonging to the first category gather people who work collectively for the production of similar goods or services. These groups are informal except for two having a legal personality. Indeed, especially for the oldest groups that were created under the dictatorship, the few advantages of legalization do not appear to be worth the cost (time, administrative procedures etc.). The groups range between less than one to 39 years' existence and fall within 3 generations: the *1st-generation* groups, created under the dictatorship, i.e. existing for at least 22 years (n=7), the *2nd-generation* groups, for 6 to 16 years (n=5) and the *3rd–generation* groups, for less than 5 years (n=4). The latter were formed mainly to attract financial resources from supporting governmental institutions making the creation of collectives conditional to funding. This, however, is not to ignore the strong affective relationships between members.

As for the groups' members and their socio-economic profile, they are mostly women from *poblaciones* with a weak to average education level. Just two groups counted one man among their members. This disproportionate gender representation is consistent with the findings of various authors, who show that women are overrepresented in informal self-employment while males are more often informal employers or regular informal wage workers.[7]

In many groups and particularly 1st generation ones, the members' average age is relatively high as it ranges between 61 and 70 years.

From an economic point of view, 14 out of 16 groups are active in the craftwork sector (embroidery, clothing, puppets, leather craft…) and the remaining 2 offer catering services. These groups count but between 2 and 25 people, they create little employment and generate little income, the level of generated revenue for the majority of groups standing below 100,000 Chilean pesos per month[8]. Furthermore, as they do not have any fixed retail outlet and as the demand for their products is generally very variable, most are confronted with serious commercialization problems.

[7] According to Maloney (2004), one possible explanation for this disproportionate gender representation in informal self-employment may be found in some desirable characteristics of the sector, especially flexibility. Indeed, since women generally bare the reproductive tasks of the household, the sector of small independent activities would better enable them to balance their reproductive and productive roles.

[8] On 20 July 2012, 100,000 Chilean pesos were equivalent to 167.8 euros and 205.9 dollars (http://www.bcentral.cl/). As a comparison, the minimum wage in Chile is fixed to 182,000 Chilean pesos.

As regards relationships with external actors, all groups did –or still do– receive some form of support (funding, commercialization opportunities, training, premises etc.) by different organisms according to the generation they belong to: 1st- and 2nd-generation groups are or have been supported mainly by secular NGOs, such as the NGO SOL (Solidaridad y Organización Local, Solidarity and Local Organization), or by organizations depending upon the Catholic Church, such as the "Vicaría de Pastoral Social y de los Trabajadores" or the "Fundación Solidaridad", and unsurprisingly so as the Church provided a protective umbrella to organizational activity during the dictatorship. As to 3rd-generation groups, they are mainly supported by governmental organisms and programs, whose mission it is to offer funding and training to small initiatives from vulnerable sectors, and by municipalities. This difference among group generations reflects a deeper change in support institutions, namely decreasing support from the traditional supporting actors under the dictatorship, such as the Church[9] and secular or religious NGOs, and emerging governmental actors, which either did not exist or did not play this role under the dictatorship and are the result of the more progressive positions of the various governments under the democratic regime.

A related question arising during interviews concerns the dependence of organizations upon external actors. Indeed, many 1st-generation groups (5 out of 7) and some 2nd-generation groups (2 out of 5) today commercialize their production very sporadically, to say the least. Until recently, these groups sold almost their whole output to the Fundación Solidaridad, which, in turn, distributed it abroad through fair trade networks. When, however, the latter put an end to its activities in 2010, the groups did not find other commercial outlets for their products. Those interviewed continue to meet and work together but mostly to exchange techniques, learn from each other and maintain long-time social and friendly relationships. These observations are first indications that these groups do not pursue capital accumulation and expansion as a finality but gather for other purposes. Informants from one of these groups told us that, when they were supported by the Fundación Solidaridad, they knew the country of destination of their products but ignored the clients' precise identity and did not get to find out more about the market: thus they did not know the exact sale price or quantities. Their role, from an economic perspective, was confined to dealing with the orders placed by the Fundación and to be remunerated for this. In some cases, the Fundacíon itself provided them with raw materials (wool, fabric…). It clearly appears that there existed a dependence relationship between a significant number of groups and support institutions.

(ii) Finality

- **I.1.1. Explicit objectives**

As a first indicator of their organization's finality, all groups were asked to classify the following statements according to their importance that they represent for their activity: 1) growth of sales and activities, 2) job creation for people of the broader community, 3) creation of a stable income for the family of the organization's members and 4) creation and maintenance of social and emotional bonds. This data reveals some interesting indications regarding the finality of the organization as expressed by the actors themselves. Table 4 presents the answers received from the organizations and reads as follows: the numbers in the cells represent the number of groups that have ranked first the statement of the corresponding column. For each generation, the growth of activities seems to be the least important priority while the creation of a stable family income comes first.

[9] With the return of democracy, the Church took the position that the civilian government was responsible for resolving social issues linked to poverty and thus concentrated its resources on more explicitly religious activities. Consistently, it has been gradually distancing itself from popular-sector organizational activities (Oxhorn, 1995).

Table 4. *Explicit objectives*

	Activity growth	Creation of jobs in the community	Creation of a stable family income for members	Creation of social and emotional bonds
1st generation	1	2	3	1
2nd generation	1	1	3	–
3rd generation	1	–	3	–
Total	3	3	9	1

Source: Created by authors.

- **I.1.2. and I.1.3. Evolution of volumes of employment and sales**

Table 5 presents the distribution of activity-based organizations according to the evolution of their volume of activity, both in terms of revenues and in terms of employment between their year of creation and 2012.

Table 5. *Distribution of groups according to the evolution of their volume of activity between their year of creation and 2012*

	Revenues	Employment
Growth	5	2
Stagnation	8	2
Regression	3	12
Total	16	16

Source: Created by authors.

It appears that, for a majority of organizations (11 out of 16), the volume of sales either stagnated or decreased. As far as employment is concerned, the number of workers for many initiatives (12 organizations) fell gradually, a fact that can be accounted for by the tendencies presented in section 2, especially for the oldest initiatives, and more generally by the lack of individual incentives to stay in the group. This absence of sustained growth trend in revenues and employment suggests that these groups are more survival oriented and means either that the group does not pursue capital accumulation or that it is *not able* to achieve it. Hence, to determine the finality of organizations, other indicators must be considered, such as the presence of extra-economic activities within groups, notably political ones.

- **I.1.4. Presence of extra-economic activities**

In this perspective, various authors have advocated the necessity to integrate gender in economic analysis (e.g. Benería, 1995; Elson, 1999; Sen, 1996) and particularly "to look beyond market activity *per se* to nonmarket activity and to women's well-being more generally" (Sen, 1996, p. 822). Since the majority of organizations are mostly composed of women, it is interesting to look at their extra-economic dimensions through gender analysis. Several interviewees confirmed that these

activities provide their female members with the satisfaction and the dignity to earn their own income. In addition, since these women are generally more involved than their husband in sustaining their household and reproductive labor, this independent source of income gives them more autonomy in the decisions to be made in order to provide for their family.

Secondly, for the oldest or 1st-generation PEOs, the economic activity was secondary really to the political one, which in the past at least was very important: many of them were involved in social movements (of women, workers etc.). Some, under the aegis of the Catholic Church, took part in protests against the military regime and in actions supporting the parties opposing the junta. Beyond their technical and professional training, members of 1st-generation PEOs also took part in citizenship education activities, as they became aware of their economic, political and social exclusion. Several participants insisted on the importance of personal development through productive activity. According to one of them, "The workshop taught us to grow as women". Thus, 1st-generation PEOs correspond quite faithfully to the concept of "policy-driven cooperatives" such as defined in the typology proposed by Lemaître and Helmsing (2012), where the economic activity supports citizen awareness.

Yet, this intense political activity fell sharply over the years. NGOs no longer give training in matters of civic education and social movements have broken up. Still, the political dimension is present today, even in the more recent organizations, i.e. the 2nd- and 3rd-generation ones, while the 3rd-generation groups are more centered on the economic aspect. For instance, the–mostly female–organizations which the members of 3rd-generation PEOs also belong to essentially strive to reinforce their entrepreneurial and managerial competences.

- I.1.5. Diversification of sources of income

The last indicator related to the organization's finality is the diversification of sources of income (and, therefore, risk). Indeed, as explained in the previous section, members give priority to risk diversification and prefer several small sources of income rather than a large one (Gomez, 2008). In the case of activity-based organizations, the activities developed by the groups are, for all members, subsidiary activities. These, indeed, are coupled with other sources of income, such as other small economic activities operated individually, the husbands' income or some social allowance. An informant explained that the activity of their workshop depends on the husbands' work and increases if these become unemployed. This flexibility enables women who are responsible for their family to combine their professional activity with reproductive labor.

(iii) Beneficiary category

- I.2.1. Surplus allocation

As regards the *beneficiary category* and the surplus allocation, which represents only small amounts, the majority (n=9) distributes it among its workers according to their productivity, i.e. according to the number of produced pieces or, in one case, according to the numbers of worked hours (see table 6). Five organizations divide it equally among their workers, namely among two 1st-generation and three 2nd-generation groups. Among these cases, 4 do not distribute the integral surplus to workers but set aside a residual fraction–between 5 to 10%–to constitute a small reserve. One (3rd-generation) organization only allocates its surplus to one person. In the latter case, workers are informal paid workers, whereas in the 15 other cases, the surplus constitutes their remuneration. One group constitutes a reserve dedicated to the purchase of raw materials. Capital investments are extremely rare.

Table 6. *Distribution of groups according to the surplus allocation*

Use of the surplus	Number of organizations
1. Divided	
1.1. Among workers	
Equal shares	2
Equal shares + small reserve	3
According to needs	0
According to productivity	8
According to productivity + small reserve	1
1.2. Assigned to 1 person	1
2. Reinvested in the activity	
2.1. Capital investments	0
2.2. Investments in raw material	1
Total	16

Source: Created by authors.

- **I.2.2. Presence of support mechanisms in case of work interruption**

On the other hand, 9 organizations out of 16 somehow show solidarity with the workers constrained to temporarily stop working owing to disease or death. These organizations either remunerate their workers as usual–for the groups that distribute the surplus in equal shares–, pay them less than usual, or collect money or goods, sometimes thanks to an organized event (e.g. bingo). In addition, 8 organizations out of 16 contribute time or money to individuals or groups within their own community.

These various observations highlight the solidarity, relative but real, pervading economic relationships, be it among group members or within the community at large. They suggest that the *beneficiary category* of these initiatives, rather than the shareholders, is the organizations' members and their families, if not also community members.

(iv) Dominant category

- **I.3.1. Presence of an assembly**

As far as the *dominant category* is concerned, all organizations have a general assembly composed of workers which the majority systematically attend, except for one 3rd-generation organization–the one in which the surplus was allocated to one person, and in which essential decisions are taken by this same person.

- **I.3.1. and I.3.2. Nature of decision-making and executive management processes**

Except for this organization, decision-making processes are democratic since decisions are made either according to the "one person, one vote" rule or by consensus. As for the executive management process, this, in 6 cases, involves all the workers, which is facilitated by the small size of the groups and by the high frequency of the meetings. The other two modalities of executive management are either the delegation to one person–a leader supposed to be democratically elected (n=5)–or the delegation to a group of people, usually a president, a secretary and a treasurer (n=5). Those groups adopting these two modes of delegated management are sensibly larger than the rest.

(b) Territorial organizations

(i) General information

The eight organizations making up this second category, called here "territorial organizations", differ from the previous ones in that what binds their members together is not their activity, which is undertaken individually, but the territory, i.e. generally the municipality. On the other hand, members of activity-based organizations share the production process in addition to the territory. In this sense, the "degree of collectiveness" within these organizations is lower than in activity-based organizations. Territorial organizations are also more recent; the oldest among them were created only 12 years ago (as compared to 39 years ago for the oldest activity-based organizations). They are craftsmen's organizations gathering various activities: jewellery, wood- or metal-based craftwork, clothing, basket-making, etc. Only two organizations also include other activity sectors: food, certain services and sales and purchasing activities. The groups count 24 members on average within a range extending from 7 to 47.

While only 2 out of the 16 activity-based organizations are formalized, all territorial organizations have a legal personality, which suggests better capacity to achieve legal recognition than activity-based organizations. This does not imply that all members, taken individually, have formally registered. In this respect, the degree of (in)formality indeed differs greatly from one organization to another: in one organization, only very few members are registered with the Service of Internal Taxes, while in another organization, this registration is a prerequisite for integrating the group. Between these two extremes, the remaining 6 organizations present a proportion of formally registered members varying from approximately 30 to 60%.

Members' socio-economic profiles share some common features with those of activity-based organizations': they are mostly female–although the proportion of men is larger here than in the first organization category–, they come from peripheral districts and the average age is between 35 and 60 years. Most members have an education level somewhere in between primary and secondary school, although some hold a university degree (which is not the case of any activity-based organization).

As regards their relationships with external actors, their main supporting institution is the municipality, the support of which however, varies considerably, let alone occasional conflicting relationships.
Table 7 shows the general characteristics of activity-based versus territorial organizations.

Table 7. *The activity-based organization and the territorial organization*

	Activity-based organizations (n=16)	Territorial organizations (n=8)
Element common to the members	The territory and the production process	The territory
Average number of members	8	24
Average duration of existence (in years)	17	7
Level of education	Low to average	Average
Number of organizations with legal personality	2	8
Supporting institutions	Secular and religious NGOS (for 1st- and 2nd-generation); governmental institutions and the municipality	The municipality

Source: Created by authors.

For the rest of this section, we tried as far as possible to follow the structure suggested by our model, as we did for activity-based organizations. Since the members of territorial organizations, however, do not share the production process, we could not apply all our indicators.

(ii) Finality

- **I.1.1. Explicit objectives**

Regarding their *finality*, while activity-based organizations' members share a continuous production activity, those of territorial organizations gather on the basis of other common needs and goals: creating commercialization channels–in particular by holding fairs and by sharing their costs–,organizing training sessions, applying to governmental projects for funding–these projects often require the collective character of the initiatives as a qualifying condition–, or promoting products, e.g. via a website. Seven out of eight groups established a system of monthly fees that members have to pay to cover the administrative and management costs of the organization. On the basis of these observations, it appears that the formation of territorial organizations is partly rooted in a logic of clustering: people associate to execute certain activities together as economies of scale resulting from their association reduce their average costs. Clustering also stimulates exchanges of knowledge and information between members and facilitates the access to certain services, such as credit, subsidies and training. These logics of clustering may also permeate activity-based organizations, if to a lower extent, as they did not come up in interviews.

- **I.1.4. Presence of extra-economic activities**

As regards their extra-economic activities, the political dimension of these territorial organizations is mainly centered on the corporatist interests of the sector. First of all, the organization increases workers' negotiating power with authorities in order, among other things, to obtain strategic public spaces for holding fairs. As for craftsmen organizations, they claim a legal recognition of their status as craftsmen, which would guarantee them social protection as well as simplify administrative

procedures to export and sell their products throughout the country. These interests are sometimes represented in governmental or other institutions. For instance, the presidents of two organizations and two members of another represent their respective organization in the Consejo Nacional de la Cultura y las Artes, which belongs to the Ministry of Culture. Yet, the representation of the sector at meso and macro level is still embryonic, as we will see below. Besides these claims, some groups also seek to promote a fairer economy: two organizations belong to the "Nodo de Comercio Justo", a fair trade organization network, and were present at the "Encuentro de Economía Solidaria" (Solidarity Economy Meeting), which took place in Talca (South of Santiago) in 2012. In 7 out of 8 cases, group members also organize recreational activities, such as dinners, traditional and religious celebrations etc. Two leaders mention their organization's social involvement: the one offering volunteer training in handcraft techniques (painting, fabric making, etc.) to children attending municipal schools; the other, collaborating with an association dedicated to helping homeless people.

- **I.1.5. Diversification of sources of income**

For a majority of groups in this category (n=5), the activity developed within the organization is not the members' main source of income. The latter undertake other productive activities or benefit from other resources (a partner's income, an allowance etc.). In three cases, however, members live exclusively from the activity developed within the organization.

On the whole, the finality of territorial organizations seems to significantly depart from mere economic motivations to embrace some aspects of enlarged reproduction of the members' life, as defined above. Although a logic of clustering is clearly present, these organizations also carry out political and social activities. Yet, political activity is centered on the corporatist interests of the sector and can be assimilated to lobbying. This is another distinction with activity-based organizations, whose political objectives are less subordinated to functional objectives and more related to the creation of citizen participation spaces *per se*, especially within 1st-generation groups.

(iii) Beneficiary category

- **I.2.2. Presence of support mechanisms in case of work interruption**

Regarding their *beneficiary category*, these organizations do not distribute an explicit surplus *stricto sensu* because production activities are carried out individually. Yet, given our interest for the *potential* surplus as defined above, we also looked at other redistribution mechanisms. In this regard, 4 out of 8 territorial organizations collect basic commodities or money to support those affected by work interruption.

(iv) Dominant category

- **I.3.1. Presence of an assembly**

As far as the *dominant category* is concerned, all territorial organizations hold a general assembly of workers generally on a monthly basis.

- **I.3.2. and I.3.3. Nature of decision-making and executive management processes**

The decisions are made by consensus or on the principle of "one person, one vote" rule. Executive management, in all cases, is delegated to a democratically elected management committee consisting of a president, a secretary and a treasurer. The internal governance thus is participative, although certain decisions may be made by the management committee itself. Two organization presidents justified this practice by a lack of commitment on the part of the general assembly members. To curb absenteeism at general assembly meetings, one organization decided to set up a

system of penalties. Table 8 summarizes the findings in terms of finality, beneficiary category and dominant category for activity-based versus territorial organizations.

Table 8. *The activity-based organization and the territorial organization*

	Activity-based organizations	Territorial organizations
Finality	- Absence of sustained growth trend - Presence of extra-economic activities - Creation of citizen participation spaces - Political activities declined over generations	- Logic of clustering - Presence of extra-economic activities - Political activities centred on corporatist interests
Beneficiary category	- Surplus distributed according to productivity for most groups - Presence of solidarity mechanisms in case of work interruption - Support to the broader community	- Presence of solidarity mechanisms in case of work interruption
Dominant category	- Presence of a general assembly composed of workers - Democratic rules of decision (one person-one vote or consensus)	- Presence of a general assembly composed of workers - Democratic rules of decision (one person-one vote or consensus)

Source: Created by authors.

(v) Specific challenges

Finally, attention was paid to some challenges specific to territorial organizations. A first obstacle lies in mistrust among small producers. Asked why producers sharing the same activity did not cooperate in the production process, several leaders voiced the desire to protect their work against competition and plagiarism, especially in craftwork, as well as circumspection towards cooperation owing to unsuccessful past experiences. Sometimes, the benefits of cooperation did not occur to producers thinking that they manage better on their own and that "what [they] have, [they] don't owe it to anyone", as to a territorial organization leader. Another challenge for territorial organizations, mentioned by Allan San Juan and Reinecke (2006), lies in the fact that these organizations develop a vision that is essentially short-term and centered on specific and punctual problems; thus they struggle to transcend their local experience to articulate the interests and the contributions of the sector of micro-enterprises to national development strategies. In addition, they tend to consider the municipality as the institution *par excellence* of the territorial reality and as the administrative level that can address their demands in terms of public policies. This lack of representation at meso and macro level was emphasized by the president of one territorial organization who is also the head of the Confederación Nacional de Microempresarios y Artesanos de Chile (CONAMARCH), a federation of several organizations of micro-entrepreneurs that seeks to assert itself as a representative of the sector and a credible interlocutor in relationships with governmental authorities. According to her, while the federation still exists, it has not been able to take on a leadership role and its activity has declined severely over the past few years.

5. DISCUSSION: THEORETICAL FEEDBACK ON THE NOTIONS OF POPULAR ECONOMY ORGANIZATION AND OF COLLECTIVE INITIATIVE

(a) The factors for the formation of collective initiatives

Having analyzed the evolution of the Chilean popular economy and collected empirical results, we can infer some theoretical insights into the study of PEOs and the creation of collective initiatives. While we advanced in the 1990s that "apparently, the popular economy is now asserting itself and is being recognized as an active economic subject" (Nyssens, 1997), we must acknowledge that this assertion was too optimistic. The decreasing number of PEOs and the changes occurring among the various generations of PEOs lead us to qualify the theoretical discourse on the Chilean popular economy, as formulated in the 1980s and the early 1990s, in particular by Razeto (1991, 1993), by highlighting some key elements conditioning the dynamics of cooperation.

A first element is the presence of a *deeply rooted leadership*. Indeed, the inability of the territorial organizations to assert themselves beyond the local level is partly due to the absence of unifying leaders able to open their somewhat narrow and short-term vision[10]. A second element of success and sustainability of collective productive experiences lies in the presence of what we call *a pragmatic factor of cohesion*, i.e. the need for individuals to clearly perceive the direct advantages of cooperating in the production process. Indeed, it is not because these advantages are real that they are seen as such by popular actors. As explained by a former leader of an institution supporting PEOs, "the member of the popular economy must live and provide for his/her family. Thus simply saying that in group, we are going to manage it, because all together, we can do it, if this doesn't give him/her a real job opportunity, it doesn't work". If popular actors do not perceive the immediate benefits of cooperation when confronted with the realities of the Chilean globalized economy described above, they will focus on the individual generation of income.

A third essential element that transpires from the research is the degree of *trust* among members, which constitutes a component of the condition of identity and which plays an important role in the voluntary setting up of collective initiatives. Within territorial organizations, in which the production process is not integrated, a climate of mistrust is prevalent, especially among craftsmen, for whom mistrust is a form of protection. As a territorial organization leader told us when asked why cooperation between members was not more developed, "my work is unique. I don't associate because my partner would copy my work […]. We always pay attention to the protection of our work and here in Chile it's very common".

These factors are all inherent to initiatives. Yet, as explained in section 2, the decline of the popular movement has been sped up by an alteration in the relationships between popular sectors and political elites and by the continued pursuit of neoliberal economic policies. Hence, a fourth, more macroeconomic factor influencing the dynamics of cooperation lies in the *political and economic*

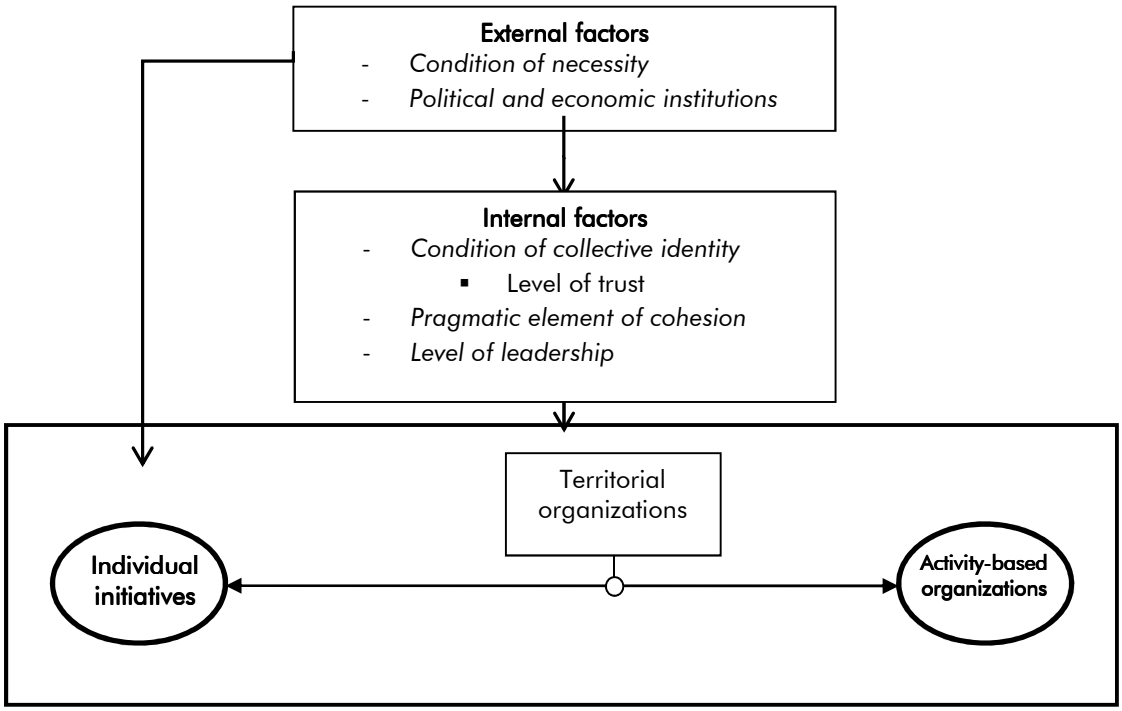
[10] This importance of strong leadership is also illustrated by the case of the CUP (Comando Unitario de Pobladores, or Unitary Pobladores' Command). This organization was created in 1986 at the Unitary Congress of Pobladores and results from an explicit will to create a popular social movement by gathering hundreds of popular organization leaders. At first, the CUP enjoyed considerable autonomy, which made possible the organization of the First March Against Hunger in June 1987. Yet, this relative freedom of action dwindled as the parties opposing the regime gathered around a strategy aiming to beat Pinochet in the upcoming referendum. Tensions between parties and the nascent popular movement reached a peak when CUP leaders disobeyed the former by organizing a Second March Against Hunger. As one of the original leaders explained, « The political parties removed all of the leaders of the CUP in June-July [1988]. Political leaders [more loyal to their parties] were put in their place. The logic of the operation was that of the Command for the No … *The social organization was disarticulated because it lost its best leaders* … The CUP lasted six months. Out of 40 leaders, only [one] remained » (cited in Oxhorn, 1994a, p.59. Italics added).

context and institutions, which can be more or less favourable to the emergence of collective initiatives. The analysis of the influence of this factor is made possible by a popular economy analytical framework and confirmed by a wide range of research, which shows that "state structures and institutions, along with the kinds of linkages political parties develop with civil society, are the primary determinants of the level and form of popular sector political participation" (Posner, 2004, p. 58). Various comparative studies focusing on Latin America indicate that popular sector initiatives structure their political and economic participation according to the resources and the political opportunities available to them (Cornelius, 1974; Goldrich, 1970; Houtzager & Kurtz, 2000; Portes, 1989).

(b) The individual and the collective: the two extremes of a continuum

The problems that the movement of PEOs was confronted with as well as the current difficulties faced by territorial organizations lead us to see the individual and the collective as the two extremes of a continuum of field realities rather than as distinct categories. Such a perspective yields a better understanding of the hurdles to overcome when setting up collective initiatives. Figure 1 synthetizes the elements developed above. While this list is not exhaustive, what it shows is that both internal and external factors to organizations can either help or hinder the setting up of collective experiences.

Figure 1. *The individual and the collective as a continuum*



External factors include the condition of necessity and the influence of political and economic institutions. These factors can act either directly on the creation process of PEOs or indirectly through the action of internal factors, for example when political institutions affect the collective identity of a social group and the degree of trust among actors.

The internal factors comprise the condition of collective identity, which itself includes the level of trust among actors, the pragmatic elements of cohesion as well as the degree of leadership.

On the spectrum of initiatives, territorial organizations feature between individual initiatives and activity-based organizations (i.e. PEOs in the full sense of the term), as the former present a lower degree of collective integration than the latter. The place of the various existing initiatives on this spectrum depends on the degree of collectiveness they develop, which supposedly depends on the aforementioned factors.

6. CONCLUSION

To conclude, we suggest that current PEOs in Santiago de Chile differ in their functioning from the traditional capitalist firm as theorized by standard economic theories in various respects. We have shown that accumulation or growth is not their unique objective. This embraces some aspects related to the "enlarged reproduction of life" as theorized by Coraggio (1999, 2006), which are notably reflected by explicit objectives as expressed by the organizations themselves, the absence of sustained growth trend among activity-based activities and the presence of extra-economic activities and the diversification of sources of income. The beneficiary category is constituted by the members, their families and, in some cases, by local community members. Moreover, as regards the dominant category, the conducted research highlights the existence of participative and democratic processes, which are not based on capital ownership. These elements bear testimony to the social and political dimensions of these organizations, despite the relative weakening of such dimensions within more recent groups.

Our observations also reveal a deep change that took place over the last twenty years, which is materialized by the differences between the various generations of PEOs, especially from the point-of-view of their political dimensions and their external supports, and between activity-based and territorial organizations. Our analysis of the historical context also highlights a sharp decrease in the number of PEOs. The cause of the decline of the popular movement is to be found in its evolving relations with the political elites opposing the dictatorship. Indeed, we have seen that the cohesive reference represented by the identity of *poblador* started eroding under the effect of events occurring before the democratic transition. The pursuit, for almost forty years, of neoliberal policies favoring the coordination of economic decisions by the market also partly explains this change.

Therefore, it seems necessary to adapt the theoretical approach to the Chilean popular economy as it was formulated during the 1980s and at the beginning of the 1990s (Nyssens, 1997; Razeto, 1991, 1993). Indeed, our research data emphasizes the need to take into account the current realities of collective dynamics within popular sectors. This is why we suggest looking upon individual and collective dynamics as the two extremes of a continuum rather than as distinct categories. Such a conceptualization makes it possible to highlight the various factors, both internal–the condition of identity, including the level of trust, pragmatic elements of cohesion, and the level of leadership–and external–political and economic institutions, and the condition of necessity–that hinder or, on the contrary, stimulate the creation of collective initiatives within the popular economy. We hope that this proposal may contribute to a closer understanding of the challenges facing popular sectors in their attempt to build collective action, and pave the way to public policies supporting their efforts.

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