# 3

# Solidarity and Protection in Bolivian Popular Economy

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## 3.1 Introduction

Over the past decade, there has been considerable convergence of the debates on informality, vulnerability, and social protection. The debate on informality, for example, no longer focuses exclusively on low productivity and tax evasion, but increasingly also on the lack of social protection (ILO, 2002 and 2011; Chen, 2005; Perry et al., 2007). The lack of income, health, and old-age security, in particular, is recognized as having negative impacts on both personal well-being and the economic performance of informal workers. Together with other risks, in particular commercial risks, inadequate regulations, exposure to macroeconomic shocks and corruption, this results in a high degree of vulnerability in the informal economy (Grimm, van der Hoeven, and Lay, 2011). It is also increasingly recognized that protection can be created within the informal economy, as demonstrated by a new branch in the literature on social policy and welfare regimes (Barrientos, 2004; Martínez Franzoni, 2008; Martínez et al., 2009). The capacity of workers in the informal economy to provide their own protection is based primarily on mechanisms of solidarity and personal protection grounded in local practices of production, exchange, and financing. So far, there has been little study of these mechanisms. To some extent, there has been a tendency to identify these mechanisms with 'abusive demands' by family or community members, that can result in 'forced redistribution' detrimental to business development. This negative interpretation might explain this lack of attention. But it may also be due to the epistemological and methodological difficulties of integrating solidarity and economic activities in a common analytical framework.

This chapter aims at helping to fill this gap by critically analysing the contribution of different types of informal economic practices to social protection using survey data from the city of El Alto (Bolivia) and local literature. It is based on an interpretation of Karl Polanyi's principles of economic integration (1944 [1983]) as modalities of interdependence in production, financing, circulation (or transfer), and consumption as observed in the Latin American approach of a 'popular economy' (as defined in section 3.3.1). Section 3.2 presents the relevant aspects of the current debate on the informal economy, vulnerability, and social protection, and the main characteristics of the Bolivian case. Section 3.3 describes the questions our research sought to address, the theoretical framework, and the case study. This provides the basis for our analysis of four types of socio-economic practices that seek to provide protection against certain vulnerabilities in the informal economy of El Alto in section 3.4. Section 3.5 concludes.

## 3.2 Informal Economy, Vulnerability, and Social Protection: Literature Review and the Bolivian Case

### *3.2.1 The New Debate on Informality*

Conventional approaches to studies of the informal sector—be they dualistic, structuralist, or legalistic—usually assume strongly differentiated formal and informal labour markets, even though their interpretations of the origins of this segmentation, the relationships between the segments, and the public policies to be implemented differ significantly (Candia, 2003; Chen, 2005). Over the past decade, the debate has been evolving to increasingly reflect the inner dynamics and heterogeneity of the informal 'sector'. This heterogeneity derives from the following aspects:

(i) The size of enterprises and the reasons for informality, which may be due to exclusion, or, on the contrary, to exit strategies to escape fiscal and social regulations (Perry et al., 2007).

(ii) Productivity, distinguishing between a large segment of 'survivalists', a small group of top performers, and a substantial group of micro- and small enterprises with low levels of capital but high levels of return on the invested capital (Grimm, van der Hoeven, and Lay, 2011).

(iii) Levels of income and employment status, ranging from employers, own-account operators, unpaid family workers, wage workers in informal enterprises, and industrial outworkers in formal enterprises (Chen, 2005).

(iv) Degree of segmentation of the informal and formal labour markets. While in some countries, such as Argentina and Colombia, segmentation is indeed high, in others, such as the Dominican Republic,

significant rates of transition between the two labour markets can be observed (Perry et al., 2007).

As a consequence, the concept and measurement of the informal 'sector' have been reoriented in three main directions. First, the focus has moved from a simple observation of the characteristics of enterprises (formal or not) to the nature of employment relations—whether or not they are regulated and protected. The International Labour Organization (ILO), in particular, has reoriented its approach, from simply observing the 'dilemma of the informal sector' to the '[promotion of] decent work along the entire continuum from the informal to the formal end of the economy' (ILO, 2002: 4). Second, consequently, the informal 'sector' has given way to the broader concepts of *informal economy* and *informality*. Third, the criteria ascribed to the informal sector of non-compliance with regulatory frameworks and low productivity[1] have been extended to indicators of exclusion from state social protection (see Box 3.1).

**Box 3.1** EVOLUTION OF THE CRITERIA FOR MEASURING THE INFORMAL ECONOMY IN BOLIVIA

Following the productivist definition, criteria for measuring the informal sector in Bolivia were initially based on a distinction between five segments of the urban labour market: domestic, family (own-account workers and unpaid family workers), semi-entrepreneur (workers in a private enterprise of no more than four people), entrepreneur (workers in a private enterprise of five people or more), and the state. The informal sector was defined as the sum of the semi-entrepreneur and family segments. Informality was further assumed to be characterized by low productivity.

In its special report on informality in urban labour markets in 2007, the Unit for the Analysis of Social and Economic Policies of Bolivia (*Unidad de Análisis de Políticas Sociales y Económicas*, UDAPE) introduced two new criteria: a legal one, based on tax contributions, and vulnerability, based on whether or not contributions were made to a pension scheme. Estimates for this third criterion are significantly higher than the first two (see Box table), drawing attention to the lack of state welfare benefits for a much larger proportion of workers than those working in small enterprises or not paying taxes.

| Types of measure | Criteria | Informality as a percentage of working population (per cent), 2005 |
|---|---|---|
| Productivity | Small size of the productive unit | 59.31 |
| Legal | No fiscal identification number | 65.23 |
| Vulnerability | No contribution to a pension scheme | 78.64 |

*Source*: Author, based on UDAPE (2007).

[1] Recommended by the ILO at the 15th International Conference on Labour Statistics in 1993.

### 3.2.2 Informality and Vulnerability

The debates on informality are thus extending beyond the criteria of productivity and tax evasion to include also lack of social protection and vulnerability. In a broad sense, vulnerability can be defined as 'a state in which a deficit of resources or other adverse conditions affects the individual's capacity to cope with critical life events and processes and the ability to take advantage of opportunities'.[2] In this sense, informality and vulnerability, although not fully correlated, are linked in several respects. First, informality, understood literally as the absence of a formal structure and lack of consistency (Hart, 2010), and not just of appearance, is a cause of irregular sales and incomes. Second, informality tends to limit business opportunities, usually to the local level where micro and small informal enterprises can be recognized as reliable business partners. Third, informality deprives workers of long-term and short-term social insurance, while increasing the risk of occupational accidents and diseases due to poor working conditions. Lastly, informality generally reduces the monetary resources of individuals and families, as incomes in the informal economy are significantly lower than in the formal economy, except for a small group of top performers.

This relationship between informality and vulnerability clearly holds in the case of Bolivia, where the informal economy accounts for a considerable share of employment—the highest in South America—and is characterized by a high degree of fragmentation of entrepreneurship, and, particularly, by low incomes and low levels of education (see Table 3.1).

**Table 3.1** Indicators of vulnerability of the Bolivian informal economy

| Dimension | Indicator | Measure (per cent) | Year or period |
|---|---|---|---|
| Extent | Share of employment | 67 | 2004 |
| Growth | Growth of self-employed workers | +6.9 | 1990–2000 |
| Fragmentation | Share of self-employed workers | 81 | 2002 |
| | Share of wage workers | 19 | |
| Low incomes | Ratio of average income in the informal sector to average income in the formal sector | 38 | 2006 |
| Low level of education | Share of informal workers with primary education | 73.2 | 2006 |

*Source*: Author, based on Chen (2005); ILO Labour Statistics Database (2006); and UDAPE (2007 and 2010).

[2] Definition of the Swiss National Centre of Competence in Research 'Overcoming Vulnerability: Life course Perspectives', based on Oris and Ritschard (2004).

### *3.2.3 Informality, Vulnerability, and Social Protection*

A second debate, on social policy and social protection, introduces new dimensions to the discussion on informality and vulnerability. Between the 1940s and 1980s, a 'Bismarckian' model prevailed in Latin America, according to which social rights would progressively expand from some 'nuclei' of wage workers in the public and private industrial sectors to successive 'crowns' of new protected workers. Clearly, access to this 'social citizenship' has remained limited in the whole region, as it has excluded urban informal workers and rural workers, and its coverage has varied greatly across the countries. Bolivia is one of the countries where it has been very limited, with health coverage for only 26.3 per cent of the total population and pension coverage for around 22 per cent of the economically active population in 1981–5 (Salazar, Jiménez, and Wanderley, 2009: 40–1).

In the 1980s, the Latin American external public debt crisis and the subsequent structural adjustment programmes profoundly challenged this model. As a result of declining employment in the public sector and in private industries, the nuclei of protected workers began to diminish rather than expand. New social assistance policies targeting 'the poor' were introduced, followed by new measures such as conditional and unconditional cash transfers. In the 2000s, the idea of a two-dimensional protection system, where the traditional coverage would be complemented by universal minimum guarantees began to gain ground in international organizations and national governments (Bayón, Roberts, and Saravi, 1998; Schteingart, 1999; Goirand, 2003, Barrientos, Gideon, and Molyneux, 2008; ILO, 2011).

Assessing these changes is complex. On the one hand, the reduction of the insurance scheme in favour of greater assistance has been criticized as a denial of social citizenship to the poor and as representing a form of depoliticization of the debate on redistribution. This criticism has been exacerbated by the fact that work force and resources of the poor have been used in so-called poverty reduction programmes (Dagnino, 2003; Goirand, 2003; Lautier, 2003). On the other hand, especially in countries like Bolivia where social insurance had so far been reserved for a few privileged segments of the population, the new assistance policies and the non-contributory transfers, particularly in the area of pensions, finally provided benefits to vulnerable populations (see Box 3.2). Moreover, and unexpectedly, these changes widened the extent of social protection and turned the attention of observers and policy-makers to the *informal* provision of welfare and protection (Bayón, Roberts, and Saravi, 1998).

This shift is reflected notably in the new literature on welfare regimes in Latin America (Huber, 2002; Martinez, Molyneux, and Sánchez-Ancochea, 2009; and Wanderley, 2009). Inspired by the pioneering work of Esping-Andersen (1990) on the forms of capitalism and welfare regimes in OECD countries, it

**Box 3.2** EVOLUTION OF SOCIAL POLICIES IN BOLIVIA FOLLOWING THE STRUCTURAL ADJUSTMENT PROGRAMME OF 1985

In Bolivia, the welfare system experienced a significant setback with the structural adjustment programme of 1985: health coverage fell from 26.3 per cent of the total population in 1981–5 to 21.3 per cent in 1986–90. Meanwhile, as the average income fell by about 25 per cent in eight years (1981–9), new assistance programmes were introduced, notably a food-for-work programme and a Social Emergency Fund (created in 1987). However, their impact was limited in comparison with the needs. From the early 1990s onwards, social policies focused on mothers and children, leading, at the end of the decade, to new universal minimal benefits in maternal and infant care (SUMI) as well as elderly care. At the same time, pension insurance was privatized (in 1997), though its coverage did not increase. A non-contributory pension programme for all Bolivians over 65 years of age was created (BONOSOL), which was replaced by *Bono Dignidad* in 2008, with new conditions of access and a new funding model. Since 1997, the country has benefited from the Heavily Indebted Poor Countries (HIPC) Initiative of the World Bank and the International Monetary Fund (IMF), implemented through a series of measures, including employment programmes such as PLANE, PROPAIS, and, more recently, EDIMO.[3] The protection system is now much more diverse than it was thirty years ago, but it remains fragmentary and insufficient (Instituto Prisma, 2000; Farah, 2003; Salazar, Jiménez, and Wanderley, 2009; Wanderley, 2009; UDAPE, 2010).

broadens the perspective of social policy by drawing attention to its interaction with labour markets and families. New, Latin American specific typologies of these regimes point to the role of the informal economy and of households in providing protection. For example, Barrientos (2004) speaks of a 'liberal-informal' and 'hyphenated Latin-American welfare regime', relying on a mix of provisions through households, the market, and the state. Martinez Franzoni (2008) distinguishes between three groups of Latin American countries: (i) those following a '*productivist welfare regime*', as in Chile, where a large insertion of the population in the labour market acts as a direct protection against risk; (ii) those following a '*protectionist welfare regime*', as in Costa Rica, which relies on a significant redistribution of resources through public policies; and (iii) those following an '*informal-familialist regime*' exemplified notably by Bolivia, which, not being able to follow either of the above strategies, delegates much of the social protection to households, especially to the poorest.

[3] Respectively the *Plan Nacional de Empleo de Emergencia* (National Emergency Employment Plan), *Programa de Lucha contra la Pobreza y Apoyo a la Inversión Social* (Programme to Fight Poverty and Support Social Investment) and *Empleo Digno Intensivo de Mano de Obra* (Labor Intensive Decent Employment Programme) (author's translation from Spanish).

## 3.3 Theoretical Background and Research Design

### *3.3.1 Research Objectives and Theoretical Framework*

The evolution of the debates on informality, vulnerability, and social protection, and growing evidence of the multiple sources of protection give rise to new questions. How is social protection being produced in the informal economy, especially in countries like Bolivia where an informal-familialist welfare regime prevails? On which types of social relations is such protection based? What kinds of vulnerability are the different protective mechanisms able to cope with? And how do these mechanisms interact with one another?

While comparative and statistical studies, especially those on welfare regimes, have proved useful for identifying these issues, they do not allow us to explore the complexity of the practices of protection in the informal economy. This objective calls for more localized studies and a shift from the classical approaches of the informal economy, focused on the nature of employment relations, on the conditions of transition to formality, and on the promotion of decent work, to studying the inner socio-economic logics of informal economy. In Latin America, such an approach has been introduced through the concept of 'popular economy',[4] which can be briefly defined as 'the diversity of economic activities and social practices developed by popular groups in order to ensure the satisfaction of their basic material and immaterial needs through the use of their own working force and available resources' (Sarria Icaza and Tiriba, 2006, author's translation from French). Combined with the principles of economic integration according to Karl Polanyi, understood as the modalities of interdependence of production, financing, circulation, or transfer, and consumption (as argued in the introduction to this book), this approach allows us to consider the various forms of protection rooted in the informal socio-economic practices of popular groups, but without idealizing them.

Various forms of protection arising from such interdependencies may be based on relationships of solidarity and obligation among peers, drawing on the principles of reciprocity or householding (e.g. between producers of the same cooperative, or *compadres* of an indigenous community); but they may also consist of centralized and often hierarchical relations, driven by the principle of redistribution or, again, householding (e.g. between the members of an indigenous community and their local authorities, or between the parents and children or husband and wife of a patriarchal family). However, while

[4] This concept has been used widely by Latin American sociologists and economists since the 1990s (Razeto, 1984; Razeto and Calcagni, 1989; Larraechea and Nyssens, 1994; Coraggio, 1995; Núñez, 1995; and Singer, 2000), but its use in the Anglophone world is more recent (see, for example, Hull and James, 2012).

reciprocity produces protection through solidarity between the members of a group, it may also lead to local exclusion, and hence to rising inequalities.

### *3.3.2 Case Study and Method*

Our case study focuses on protection through practices of production, exchange, and financing in the popular economy of El Alto in Bolivia. This city of 1,000,000 inhabitants, located on the Altiplano above La Paz, grew from the rural migration of the last six decades. Almost three-quarters of its inhabitants identify themselves as part of the indigenous people of the Aymara. El Alto is also the poorest city in the country, with about two-thirds of its population living below the poverty line. Vulnerability in El Alto is due to three main factors: (i) rural migration in conditions of poverty; (2) a massive[5] insertion into the informal economy; and (iii) a lack of social policies and inadequate economic policies. In addition, El Alto is known for its strong unions, associations, and cooperatives of producers and vendors. Some of them belong to the Solidarity economy and fair trade Movement of Bolivia (*Movimiento de Economía solidaria y Comercio justo en Bolivia*) created in 2009.

The following is an analysis of four types of practices of production, exchange, and financing used by Aymara migrants in El Alto, based on urban-rural circuits, on family networks, and on 'solidarity economy organizations'.[6] Our aim is to illustrate some mechanisms of protection in the popular economy, and to demonstrate the utility of the Polanyian conceptual framework. The selected practices are significant in El Alto, but they do not constitute an exhaustive inventory; protection practices rooted in local churches, *fiestas*, or unions, to name just a few, are not taken into account here. Our analysis is based on both local literature (especially on small producers, social networks, and rural–urban linkages) and field data on solidarity economy organizations,[7] about which there is very limited literature.

[5] Amounting to 70 to 75 per cent of the working population, according to the productivist definition.

[6] As a first approximation, these organizations are groups of producers of the popular economy aiming, by various modes of collective action, at being inserted more favourably into the markets so as to increase and/or stabilize their incomes. For a more detailed characterization, see 3.4.3.

[7] An initial survey (2005–7) covered thirty organizations of solidarity economy; a second survey (2010–11) involved thirty women producers from eight organizations. Part 3.4.3 is based on the first survey, while parts 3.4.1, 3.4.2 and 3.4.4 are based on the second one. Both surveys were qualitative, aimed at understanding the inner logic of the socio-economic practices and situating them in their social, political, and macroeconomic contexts. In addition, our data are based on interviews with leaders of umbrella and support organizations, workers of microfinance institutions, political leaders, and researchers in Bolivia (Hillenkamp, 2009 and 2012).

## 3.4 Protection Practices in the Popular Economy of El Alto

### *3.4.1 New Family and Community Solidarity to Secure Food Supply*

A first type of practice consists of compensating for weak and irregular cash incomes through small farming activities. This type of practice, long denounced by Karl Marx as a way of resorting to the 'natural' economy to reduce the cost of reproduction of the labour force, acquires a new meaning when considered in terms of protection. Different principles of economic integration can be distinguished between farming activities in urban plots and those in rural areas.

#### (I) FARMING ACTIVITIES IN URBAN PLOTS

The main type of habitation in El Alto consists of a few rooms built on a considerably larger plot of land. This leaves enough room for small, subsistence farming activities, especially in the outlying districts.[8] Residents raise small livestock, such as rabbits, sheep, or guinea pigs, or grow grains—typically quinoa—or vegetables for their own consumption.

The dominant principle of economic integration is householding: work and production are *shared* by the whole family or, less frequently, by part of the family living on the plot. This can be a nuclear family, or an extended family consisting of several generations and sometimes including lateral kin, especially young parents from the countryside. The strategy consists of partial autarky aimed at protecting part of the food consumption from market fluctuations. Protection is both direct, as food prices vary on local and international markets, and indirect, as incomes fluctuate as a result of changes in product and labour prices.

#### (II) FARMING ACTIVITIES IN RURAL COMMUNITIES

A large and stable proportion of about 30 per cent of the residents of El Alto maintain agricultural production in their rural community where they own land or livestock (typically sheep or camelids). This practice rests on two conditions. First, the city dwellers have to maintain tight social relations with their community, especially by participating in the local political system, by engaging in working groups, and by sponsoring social events and ritual celebrations. Second, they have to entrust part of the agricultural work to a member of their family living in the community, generally a brother or sister, as they cannot carry out the entire work themselves. They usually participate on an ad hoc basis, typically during seeding, harvesting, and food

[8] According to a recent survey of the Food and Agriculture Organization of the United Nations (FAO, 2011) in Latin America, urban agriculture is a significant and growing activity, including in El Alto.

processing, and give part of the production to the brother or sister or other family member(s) who helped them.

These practices rely on three different principles of economic integration and three different types of interdependencies: (i) reciprocity; (ii) redistribution, through the symbolic and material exchanges required to maintain one's membership in the community; and (iii) householding, with the member(s) of the family performing the agricultural work, as both labour and production are shared between the rural and urban part of this new family network. Far from diminishing community ties and nuclearization of the family, these interdependencies, based on new urban–rural complementarities (Albó, 2002; Antequera Durán, 2010), allow both parts to secure their livelihoods: they protect the urban dwellers' food supply from market fluctuations and they increase the rural dwellers' access to land and to urban products.

### *3.4.2 Domestic Solidarity for Market-Oriented Income-Generating Activities*

A second type of practice in the popular economy of El Alto consists of mobilizing the variety of resources available within the family network to develop one or several market-oriented income-generating activities. These resources are varied, such as family know-how, for example in handicrafts, a room on the street to set up a small shop, a room or a place in the patio to accommodate a productive workshop, family networks to market a product, family savings to invest in a new activity, or an unused room of the house that can be used as collateral in a mortgage contract.

In all these practices, 'family' solidarity is mobilized to pool the resources needed for the development of one or more petty market activities. However, these solidarities should not be idealized. First, while in some cases these practices may represent a deliberate exit strategy from the formal economy, and may be valued by their proponents as a form of autonomous work (Rossel and Rojas, 2000; Wanderley, 2004), in the majority of cases, they are driven by exclusion from the formal economy, rooted in ethnic and gender discrimination (Rivera Cusicanqui, 1996; Salazar, Jiménez, and Wanderley, 2009) and poor formal education. In these cases, family solidarity appears to be a response to vulnerability arising from irregular and low incomes in the informal economy. It takes the form of a diversification of activities and the mutual sharing of risks and resources. Two principles of economic integration are mobilized in an asymmetric way: the market, which influences the type of production and the price levels, and householding, as an *instrument* of this production. Even though the role of family solidarity is positive at the local level, it raises the issue of social justice, because, on a structural level, it

compensates for the lack of formal employment and provision of state welfare benefits.

Second, 'family' solidarity is not necessarily fair or efficient insofar as it relies on specific relations within family groups and networks. The concept of 'domesticity' helps explain this ambiguity. Etymologically, domesticity relates to life at home (*domus*), but also to servitude. The balance between these two conflicting aspects is shaped by historical social and economic conditions. In rural Aymara communities, relations between men and women are based on the principle of complementarity, and male and female roles are relatively undifferentiated at the household level (Harris, 2000; Farah and Salazar, 2007). With the migration to El Alto and insertion into the informal economy, gender roles tend to become differentiated and more hierarchical. First, the informal labour market is segmented according to gender, with a revenue gap of about 60 per cent.[9] Work in the domestic sphere then becomes increasingly separated from income-generating activities. It is considered inferior and falls essentially on women. In this context, domestic solidarity is far from being based on equal relationships within the family. Petty market activities of the different members of a family group are certainly interdependent, but the nature of the interdependence may take the form of domination and even exploitation, rather than support and fairness.

### *3.4.3 Solidarity Among Producers for Improving Their Position on Markets*

A third type of practice has acquired some significance in the popular economy of El Alto: the creation of groups of producers claiming to practise a 'solidarity economy' (*economía solidaria*). Men or women producers with a similar activity, generally in the handicrafts sector (e.g. weavers, producers of musical instruments, tailors, carpenters, and goldsmiths) form an association, a cooperative or an informal group. Groups generally have at least an internal rule book and a legal status, and some are listed on the trade register and even in the fiscal system.[10] From the point of view of the producers, the group enables the production of larger and more regular quantities of products. This facilitates access to more demanding and lucrative markets such as 'fair trade' (*comercio justo*) markets, whether based on national or international certification through organizations such as Fairtrade Labelling Organizations International (FLO) or the International

[9] According to a survey by MECOVI (Programme for the Improvement of Surveys and the Measurement of Living Conditions in Latin America and the Caribbean) in 2001–2.
[10] In contrast, none of the groups interviewed was contributing to social security.

Fair Trade Association (IFAT), through non-governmental organizations (NGOs) involved in development cooperation, through direct orders, or through local stores. This marketing strategy requires a high level of coordination, which generally involves standardizing the products, sharing productive and financial resources, and searching for orders or retail outlets for the whole group. As for decision-making, solidarity economy groups are based on a model of democratic self-management through the election of an executive board based on a rotating system inspired from the community model, and debate among their members, generally through weekly meetings.

One principle of economic integration involved here is reciprocity. Based on the acceptance of horizontal interdependencies between producers, this principle is applied here in a very different context from that of rural communities. It aims primarily at reducing vulnerability resulting from the disadvantageous position of individual producers on the markets, due to their low level of production and limited radius of sale. However, this is not the only principle, even if it is certainly the most visible one, since it is cited frequently by producers. Another reason for producers to join a group is to collectively access training, funding, and support programmes, and, notably, to improve their access to markets.

Given the paucity and inadequacy of public policies for promoting small producers in Bolivia, such forms of support have been provided mostly by NGOs financed by international development agencies or by private foundations. These resources, although generally useful, and even indispensable for their beneficiaries, induce a vertical relationship that can generate dependence on the NGOs, in particular when the producers have to rely on only one or a few NGOs for such support. Far from idealizing public policies, which carry the specific risk of political 'clientelism', this type of support, based on generosity, is of a fundamentally different nature from that based on the right to public support. Protection, for instance by providing access to a fair trade market, induces a potential relationship of domination of the NGO which provides this access over the group of producers. Also within the group, a hierarchical structure tends to develop between some outstanding leaders able to 'capture funding' (*captar fondos*) and the other producers. The principle of redistribution thus has contradictory effects: on one hand, it strengthens the principle of reciprocity between producers by providing protection against vulnerabilities resulting from their disavantaged position on the markets; on the other hand, it induces a hierarchy within the group and a risk of dependence on the support organization, which contradicts the initial objective of solidarity among peers.

### *3.4.4 New Solidarity Among Women to Reconcile Their Productive and Reproductive Roles*

Finally, solidarity economy groups may provide a specific means of solidarity for women. Since the 1980s, the number of such groups composed exclusively of women has increased significantly in El Alto and other Bolivian cities, contrasting with the former model of male-headed cooperatives and farmers' associations.[11] These new all-women urban groups reveal another ambiguous aspect of solidarity between producers. Starting from the rationale of women with different migration profiles and ages entering a group, two specific functions of the groups can be identified.

#### 3.4.4.1 HELPING WOMEN TO FULFIL THEIR NEW PRODUCTIVE ROLE OF GENERATING A MONETARY INCOME

This function is essential, whether for married women whose income, arising from their participation in the group, is considered a 'supplement' to their husbands' (although this supplement might be considerable) or as the principal income for women heads of households.[12] This function also varies according to the professional aspirations of the women, which reflect their migration history and level of education. First generation migrants generally consider working as artisans in a group after having worked as domestic servants, street vendors, or home workers selling to a middleman. Second and third generation migrants, on the other hand, mostly aspire to 'professional' jobs, typically as secretary, nurse, or teacher, or to a better paid handicraft job that allows them to 'excel' (*superarse*). Groups can be a vehicle for these aspirations, insofar as they enable their members to perform more demanding activities (e.g. goldsmith), fund studies, supplement their income as professionals, or apply for professional jobs. They also give women access to training or enable them to become leaders.[13]

#### 3.4.4.2 HELPING WOMEN RECONCILE THEIR PRODUCTIVE ROLE WITH THEIR DOMESTIC RESPONSIBILITIES

This second function of the women's groups, which is especially important for those with young children, is based on their ability to set their own organizational criteria within the production group. These include flexible work schedules adapted to those of their children's school, possibility to do part of their work at home or take their children to their workplace, and in some

[11] This was despite the fact that agricultural work usually involved the entire family.

[12] Which is the case for about one in six women in El Alto (Salazar, 2000).

[13] For an analysis of the contribution of solidarity economy groups to women's empowerment in Andean Bolivia, see Charlier (2006).

cases, receive specific support from the group, such as a small monetary compensation for maternity leave. It must be noted that these opportunities do not exist in all groups. It depends, in particular, on the share of work that can be performed at home, the technical characteristics of the activity, the cost of the equipment the women work with and the division of labour within the group.

While the self-organization of women in the popular economy deserves respect, it has its limits. The protection resulting from reciprocity among women is insufficient to cope with negative events of long duration, such as disease, or events affecting all women, such as the lack of old-age security. In addition, there is a particular risk that the existence of solidarity among poor women will provide an excuse for not expanding necessary social protection and failure to introduce important economic policies aimed at creating more employment.

## 3.5 Conclusions

Our analysis of four types of informal practices of production, exchange, and financing in El Alto (Bolivia), based on Karl Polanyi's principles of economic integration, demonstrates their contribution to social protection (see Table 3.2). Far from being obstacles to the economic performance of informal enterprises, these practices, based on the principles of reciprocity, redistribution, householding, and the market, provide different types

**Table 3.2** Summary of the vulnerabilities, protection practices, and principles of economic integration analysed in El Alto

| Dimensions or causes of vulnerability | Protection practices | Principles of economic integration |
|---|---|---|
| Fluctuation and/or insufficiency of cash income | Production of food for own consumption in urban plots, and, in rural areas, through new family and community links | Reciprocity, redistribution and householding |
| Exclusion from the formal labour market | Mobilization of the resources of the domestic group to develop petty market activities | Market and householding |
| • Disadvantageous position in goods markets<br>• Lack of specific policies for economic development | Groups of solidarity economy | Reciprocity and redistribution |
| Contradictions between the productive and reproductive roles of women | Female groups of solidarity economy | Reciprocity and redistribution |

of protection against specific vulnerabilities (see Table 3.2). Our analysis highlights this role, while drawing attention to the different types of interdependence underlying protection and their consequences for the status of individuals. While some practices that rely on the principles of reciprocity of householding are based on solidarity among peers, others, starting from the principle of redistribution or, again, householding, can lead to hierarchy, dependence, and even exploitation.

Lastly, our analysis also provides evidence of the limited protection available based on local resources in the informal popular economy and the complementary role of state welfare programmes (such as pensions and health insurance schemes for informal workers) and policies of economic promotion (in particular access to markets and financial schemes for organizations of producers). Showing the interaction between economic practices, protection, and solidarity thus points to the necessity of a much stronger integration of the fields of social protection and economic promotion through public policy.

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