

The Social Inclusion of the Poor According to Hernando de Soto

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Abstract

According to economist Hernando de Soto, it seems that the triumph of the market is a fact and that the way out of situations of poverty in the Third World countries and those that have recently come out of communism necessarily involves the market economy, or in the words of this author, no country with any common sense considers any other option. In this paper I analyze his proposal to include the informality, which is how he calls those who practice underground economy, in the market. It is an original proposal because it intends that they form part of the solution and not be part of the problem and does it through the legal recognition of property rights.

Key words: Hernando de Soto; Social inclusion; Property rights; Market; Informality; Poverty

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INTRODUCTION

It is known that to be able to do a human project requires that the society in which it lives allows it to be done. Social liberty consists of ideals being able to be lived. For that to happen, they need to be allowed and possible. There is a clear relationship between the current conduct in society and the life trajectories and claims to which it can reasonably aspire. The harmony or disharmony, between both, gives place to a social and individual freedom that

can be effective or frustrated, and that way, to a greater or lesser private happiness and social harmony.

The majority of situations of lack of freedom that cannot be overcome in an autonomous way, can be characterized as situations of misery. Misery means not being able to grow, and liberation is the process through which freedom is achieved, the removal of all the obstacles that impede it. The social inclusion of the poor is focused on the less favored, or more vulnerable sector, so that they are not left out of society and on the mechanisms that are going to allow them to overcome their situations of poverty. The study of how to resolve those situations has ethical connotations since it deals with the solving of problems that affect the dignity of man and his behavior to overcome himself.

When talking about social inclusion, ethics, the economy, the market and culture always come up, and this relationship between these topics is one of the most talked and written about topics nowadays. The proliferation of this debates is on its own an indication that this topic is on people's minds, and that it expresses needs that require some consideration and a deeper explanation of the historic frame in which we live. One of the most discussed aspects, partly because of the propositions it makes and also because of its consequences, is precisely the social inclusion of the poor.

It is commonly thought that the first decades of this century were the most agitated time in history, because of the financial markets aggressiveness, among other things, and their growing independence. To live in a fully wired planet allows us to buy shares in a country, sell bonds in a different one, and rent out property in a third country. At the same time, it is also common opinion that this whole situation of globalization and technological development has not managed to decrease world poverty. In the nineties it was considered that, once closed and centralized economies that dominated an important part of the world finished their transition, the extension of international commerce, often called without much

hesitation globalization, would lead to the spreading of welfare. What has sadly happened is not this though. The poverty numbers, instead of decreasing, keep increasing.

There are areas of the world where it is not that they do not decrease, but that they increase their numbers every single year. In some continents or parts of the world, like Latin America, in which, during the middle of the nineties a slight recovery from their poverty was felt, in the second half of the decade the amount of poverty was again increasing (UNITED NATIONS, 2006)¹. Despite this, it seems that the triumph of the market is a fact, that the solution to improve necessarily goes through the market economy, or the words of Hernando de Soto (from now on HdS), no country with any common sense considers any other option.

For this reason, I have considered this a good time to study the fight against poverty and the proposal to socially include informality, made by this author. He understands informality as the group of people that live illegally, pursuing activities in the black market and they therefore live separated from the rest of society. In order to do this, he analyzes the causes why Western capitalism is not useful, or at least it has not been until now, to abolish poverty in Latin America and the countries that have come out of communism. The alleged reasons are clear. On one side, there is a vacuum, a legal *apartheid* that does not accept the illegal market. On the other side, the capitalism tools still persists, which instead of looking for a greater and more evenly distributed wealth, they make it stay in the same hands, the hands of those who live, in what Soto called the *bell jar*, preserved from the dirt.

In his opinion, capitalism is the only viable option to rationally organize modern economy. In this moment in time there is no responsible nation that has another alternative. This is why Third World countries and countries that have recently come out communism balance their budget, cut government funding, try to attract foreign investors, and they reduce their customs duty (Soto, 2001, p.12).

It is obvious that world poverty is a complex, multi-faceted topic, that poverty has many dimensions and layers. HdS is perfectly aware of this complexity, and he makes an effort to take into account the characteristics of the globalized world and he suggests solutions that he says he has contrasted through economic success. He focuses his study on informality. When the conversation turns to informal economy, one problem comes to mind, which is that of employers and illegal vendors and businesses whose industries are not regulated, do not pay taxes and are not governed by laws and regulations, and so to include them into society is still a conflictive topic. But HdS will not see them as the problem, but the solution.

He has two books where he fundamentally expresses

his thoughts: *The Other Path* (1986) and *The Mystery of Capital* (2000). At the same time he is a prolific article writer, where in one way or another, he attempts to bring light to the central ideas of these two books. As most of every public figure of the twentieth century, he is a media man, and he is not afraid to debate in television interviews, which is the reason why he has a lot of his works on the web. In 2009, the Liberty and Democracy Institute, which he presided, presented a documentary titled *The Mystery of Capital among the Indigenous Peoples of the Amazon* with great publicity. It expected to be the field study that endorsed its defense that informal property is incapable of producing capital, since, by lacking the ideal titles of property it does not move the wealth around, which is the principal idea of *The Mystery of Capital*, as we will see later on.

Hernando de Soto is one of the most renowned writers about economic developments, and is consulted by prime ministers and presidents from all around the world. In 2004, *Time* magazine named him one of the top hundred, most influential intellectuals of the world. This Peruvian writer and economist was raised in Switzerland, where he attended both school and university, and ended up doing his doctorate at the *Graduate Institute of International Studies* of Genève. He became famous after his first book *The Other Path* (1989) and more recently with *The Mystery of Capital* (2000), for which he was given the Milton Friedman prize, given by the prestigious *Cato Institute* of the United States. He has been living in Peru for a few years, where he is the president and founder of the Liberty and Democracy Institute², a *think tank* from which he assesses numerous public figures and governments of very different ideologies, although, as he points out, all of them need to have a desire for democracy for the Institute to accept collaborating with them or offering them their services³.

The context in which his thinking is working, liberalism, or neoliberalism, has, through the training it has received, A. Smith's political economy as its backbone and the free market behavior from Hayek's trilogy *Law, Legislation and Liberty* (1973, 1979).

For this paper, I first proceed to comment on the two books written by this author, especially relevant in the study of how to come out of poverty and produce wealth. Then I will carry out an in depth, critical analysis that does not attempt to take away, in any way, any of the merit it deserves, since it does not only approach the problem, but it also proposes a solution. His reasoning has some weaknesses that, to my eyes, should not be forgotten. To conclude, I will finish with a thought about the social inclusion of the poor, which intends to bring some lights to favour the integral development of the less favored and

¹ Cf. "UNITED NATIONS (2006), *Poverty and Human Rights, a Challenge, Population, Inequality, and Human Rights experts meeting, Regional Office for Latin America and the Caribbean of the High Commissioner for Human Rights*.

² Cf. <http://ild.org.pe>

³ This is how he personally explains in several television interviews, when he has been accused of assessing countries that had not yet instituted a democratic government.

prevent the attempts to simply sacralize, the workings of the free market.

1. WHY CAPITALISM ONLY WORKS IN THE WESTERN WORLD AND THE TOPIC OF INFORMALITY

1.1 The Other Path

In his first book he directed his focus to bring light to a different path which is the informal revolution. This was done because of several specific situations in Peru, some of which were provoked by the activities of the group *The Shining Path*, from which the title of the book came, as a response to this group⁴. To do this, he analyzed the demolishing effects that his country suffered from the increment of informality over the poor, and how the constant bureaucracy often made it impossible for small business entrepreneurs who wished to create their own business.

According to Mario Vargas Llosa, in the book's prologue:

"*The Other Path* always moves within the definite and, starting from a phenomenon that has been, until now, poorly studied, and even more poorly comprehended, (informal economy), he proposes a solution to the problems of underdeveloped countries that is in question with the one that most governments and political elites, progressive or conservative, from these countries, but it is the one that has been chosen intuitively and because of their necessity, the unflavored social sectors" and a little bit later on "the option of the "informal" is not the reinforcement and magnification of the State but its radical reduction and decrease. It is not the planned and regulated collectivism, but the giving back the individual, the initiative and the private companies, the responsibility to manage the battle against being behind and against poverty"⁵.

This way, the thesis defended by HdS is precisely that the option for liberty and its implications has not been seriously applied in Latin-America. It is just now, in a spontaneous manner, because of the actions of the poor in their fight for survival, that it is starting to gain some ground imposing itself as the most sensible and efficient option out of the ones that have been used until now by the conservatives and progressives in their fight against underdevelopment. Then, the essential point, HdS will remind us, is that the State does not forget that before the redistribution of wealth there is its production. For this, it is important that the State does not hinder the actions of

the citizens since they are the ones who truly know what they want (Soto, Gherzi, & Ghibellini, 1987).

An informal activity is not a criminal activity. HdS differentiates between means and purposes. Informality is characterized because the means are outside of the law, but the purpose is legal and has social use. He gives numerous examples of informal activities in Peru and of how street peddlers, district creators, bus operators, fight to earn a living, to be able to feed and dress themselves, their families and their employees, which means that they contribute to the national economy and they provide vital services. Despite all this, they live out of the legal boundaries, and in informality, because they do not abide by all the official regulations, with the legal rules that govern these matters.

This way of analyzing the phenomenon of poverty, transcends the typical blueprints of the financial welfarism, where great amounts of resources have been wasted in the financing of bureaucratic philanthropic achievements. The poor, marginalized from the legal frame by the mercantile oligarchies⁶, could benefit from a great amount of wealth, if and only if, before the financing they had the proper structure for incentives that is given by a full and well defined frame of the regulations of their rights of property. The access for the millions of informal citizens to clear property titles, homes, businesses, would be the capital step to deposit into the credit market and through this to a financial structure based on incentives.

1.2 The Mystery of Capital. The Property in Hernando De Soto

A more detailed analysis should be done for the second of his books *The Mystery of Capital*, because he writes it as a proposal to the developing countries and to those that had come out of communism. Here, HdS makes his case expressly defending in favor of capitalism as the remedy for poverty, not because he considers himself, as he expressly says, obsessed with capitalism, but because right now it is the only card that has been found to achieve the goals to develop that man sets himself in any part of the planet. He admits that there are more important things to him, like freedom, compassion for the poor, respect for a social contract and the equality of opportunity, but he thinks that in capitalism, these are better respected than in other economic systems. More concretely, his bet is, within the capitalist system, to generate capital with the property that is owned by the informals if they were given the appropriate coverage.

"If we recognize that the people from the countries in transition into capitalism are not the pathetic beggars, nor are they overwhelmed by obsolete habits, nor are they complacent prisoners of dysfunctional cultures, then why is it that capitalism does not allow them to produce wealth like in Western countries? Why does capitalism only prosper in the west as if it

⁴ This book in its Spanish version has *La revolución informal* (The Informal Revolution) as its subtitle, as a clear reference that the ones who offer the solution will be the illegal people. In the English version, it is *The Invisible Revolution*, referencing that illegal people are not seen because their illegality left them out of the actual world.

⁵ Cf. Soto, H. de, Gherzi, E., & Ghibellini, M. (1987), *El otro sendero. La revolución informal* (pp.283-285). Instituto Libertad y Democracia, Lima. I will not get into the disagreements that the two authors have presented over the last few years, being both echoed by the media, since it is irrelevant to the paper.

⁶ HdS groups under this name megalomaniacal dictators, bureaucrats, and interest lobbies.

was under a *bell jar*? (Soto, 2001, p.15)”

In this book he tries to demonstrate that what is stopping the world from benefitting from capitalism is the lack of ability to produce capital.

“Capital is the force that elevates the productivity of labor and creates the wealth of nations. Capital is the sap of the capitalist system, the foundation of progress, and ironically, it is the exact thing that the poor countries of the world cannot produce, regardless of how hard their people perform the rest of the activities that define them as a capitalist economy” (p.15).

To HdS, it is a defective possession; it is as if the houses of the poor were built on badly defined plots of property, as if their businesses were not constituted with clear obligations. This is not such, if their rights are inadequately documented, and then their possessions are assets that are difficult to transform into capital. On the other hand, in the Western World, every plot of land, every construction, every piece of equipment was represented in a property document, which is the visible sign of a vast, hidden process that connects those resources with the rest of the economy. Thanks to this process of representation, the assets can lead a parallel life to their material existence. That is, they can be used as a guarantee to get a credit. These assets can contribute a link to the loan history of the owner, give an attainable address for the collection of debts and taxes, be a platform for the creation of trustable and universal public services, and a foundation to create values that can be later deducted again and sold in secondary markets. That way, through this process, the Western world would inject life to those assets and make them produce capital.

To HdS this is the mystery of capital, but the Western world is the only place that has the process to transform the invisible into visible. It is this disparity precisely what explains why Western countries can create capital and Third World countries and those from the old communist orbit cannot.

It is not that in the Western countries there is no extra legality, but the perception is different. It is perceived as a marginal topic (of black market, poverty, unemployment) or as a world where there is an abundance of criminals, but outside of the Western world what is marginal is the Law while the extralegal has turned into the standard. The poor have acquired a great amount of property and real estate and productive activities. The thick of the entrepreneurial initiative in those countries is found in the garbage collectors, artifact manufacturers and the companies of illegal construction, located in the city periphery. The only real dilemma for the governments of these countries is to incorporate these economic resources to the organized and coherent legal frame, or to keep living in anarchy.

According to HdS, this is the way it is because any asset that does not have its economic and social aspects set in a formal property system is extremely hard to move in the market. In his opinion this is what happens in Third

World countries and those that have left communism. Besides, since money does not make money, one needs a property right before one can make money. In the Western world the different assets have been living a parallel life, as external capital to the merely physical world. Western countries had the same situation that many countries in the process of development have now, but the error is to think that it is enough to imitate the life conditions, the open markets, the private businesses, etc. The reason is in the system of legal property with broad access which has allowed modern capital to grow.

The majority of the people who are in the extralegal frame are not in it because they want to avoid paying taxes, but because the current law does not deal with their aspirations or their needs. What determines whether one does or does not belong in the *bell jar* which is the market is the relative cost that can take for one to become legal.

As his conclusion, HdS criticizes that there are many who have forgotten that the fundamental agents of change are people, and they have overlooked the poor, and have committed a double omission by also being ignorant of the concept of class. In the words of one of the most prominent gurus of conservatism “they lacked the ability to comprehend, even if just slightly, how others live” (Will, 2001). He practically ends the book analyzing some of Marx’s theories, seeing their successes but also their failures:

“Marx’s intuitions about capital, as observed not long ago by the business magnate George Soros, are often more sophisticated than those of Adam Smith. To begin with, Marx understood clearly that money and goods were not, on their own, more capital than production and subsistence means. That they lack the transformation into capital (...), but did not understand that a good legal property system, like a Swiss Army blade, has many more functions than the elemental blade of being the owner. Marx would probably be shocked to discover that in developing countries a great amount of the masses is not constituted by legal, oppressed proletarians, but by small oppressed extralegal businesses, despite having considerable assets” (Soto, 2001, pp.246-248).

And this is like that because “to have development in poor countries, the poor and the middle-low classes need to be allowed to use their assets as the rich do, and the political challenge is to make this good move from the “extralegal” sector in which they are now, to a more inclusive, legal property system, in which they may be more productive, as well as generate capital for their holders, growth of the nation and markets for the industry (Soto, 2014, January 9). In HdS’s opinion, Third World governments have already demonstrated that it is possible to reform deficient property systems, at least in the case of the rich; now they have to undertake the job so that the more deprived may have titles of legal property and that way free their potential capital. This way, far from seeing the problem in the poor and informal, it will be seen that they are a part of the solution since this way they will incorporate themselves to the world where capital is created.

“The history of Western capitalism really tells the story of how governments, for hundreds of years, were modifying the “rights of the people” to uniform regulations and codes that all could understand and respect. The properties represented by dogs, fences and armed guards changed to be represented by records, titles and shares. Once the Western world managed to focus the property title of a house instead of the house itself, it gained an enormous advantage over the rest of humankind. The patrimonial titles, shares and laws allowed goods to be considered not just for what they are (a house as shelter), but as what they could be (a guarantee to obtain a credit, and that way to start or expand a company). Through standardized property systems that integrate all, the Western countries created a staircase that allowed their citizens to climb from the chaotic basement of the material world to the representative world where capital is created. Far from the poor being a problem, they are in reality the solution. And now it is the precise time for politicians who understand that rights are social consensus, and not the old-fashioned legal elite, who take care of the definition of property” (Soto, 2014, January 9).

The fundamental notion is for the State to always remember that before redistributing the wealth, they have to promote and facilitate its production.

2. CRITICAL REFLECTION

I find especially interesting HdS's proposal to consider the less favored not as part of the problem of poverty, but as part of the solution. Likewise, I find correct the role that he attributes to the State as facilitator of the production, and not as the one in charge of the redistribution. However, in the scene he proposes to defend that theory, he may fall into some simplifications. I will focus on the two points that I find to be most pivotal: the first, the adequate strength of the institutions, and the second, the need to not lose sight of the socio-cultural elements that affect a concrete society or class when proposing their social inclusion.

Referring to the first point, perhaps the most clear critique that can be made, keeping in mind HdS's unquestionable successes and certainly his intention to bring light presenting a solution, is that the reduction that he makes on property seems exaggerated. I agree on the importance of property to speed up the economy of any country⁷. However, in the fight against poverty, as well as the property, the strength of the State's institutions that are dealt with, has a big impact. In fact, many of the criticism HdS receives agree in saying that the property strength problem in Third World countries, and countries coming out of communism is specially political, since the value of property depends on the playing rules sanctioned by the State which in occasions has valued more, for several reasons, the ones from investors than the ones from small owners and is therefore a problem of the legality of the

property that was in fact accepted⁸.

Liberal society, or the constitutional or representative democracy, is not an obvious or automatic system that organizes public life, nor is it a legal recognition of property or the assumption of capitalism or the free market. All of these are human creations, a conquest that is not computerized. At the same time, it does not escape anybody that these creations are not *ex-nihilo* but, like every human creation, they are not aseptic and suffer the influence of the society in which they start, of the hidden worries of the moment, conclusively, they depend on the subject. “The multitude of people and associations that make up society are the key to understand the economy and, in particular, the economy of the developed society which operates on the free market (Neuhaus, 1994, p.28). The different economical and political systems throughout history have had an easier introduction depending on the society and culture they were being introduced into.

But, along with it, there is a matter that HdS barely touches on, which is the inner mechanism of the State in these Third World countries or the ones that have come out of communism. The State should be faster, less bureaucratic and more efficient, but he alludes to this almost superficially. The tangible reality is that practically every government in the countries we are referring to, throughout the last few years they have inflated the whole apparatus of the State, without common citizens receiving a real benefit. The studies about the new social classes indicate that the middle class has developed without the proper support precisely from these States. They have been created from the bottom, without help. This analysis does not appear in HdS's neoliberal thinking.

Nowadays, citizens demand and require a much more effective State that primarily solves the matters of health, education, transportation, etc. without becoming a patronizing State because of this. In fact, a very essential component for the working of a market economy is a healthy competition in the tender of these solutions and the assignments that the State gives, and therefore, it has to go along with the fight against corruption, a central axis of the social fight. Even the old elites and the new bourgeoisie, as well as businessmen, dare to declare that this blot must be fought without mercy. If the levels of corruption do not decrease, the economy will not grow.

HdS knows very well though, that the big transnational companies in some countries have had in their favor a weak, corrupt, restrictive State to be able to install themselves in some Third World countries. They have had the State at their service and not the other way around; they have used it, with the help of corrupt civil servants and politicians. This is why thinking that a company, in some of these countries we are talking about, is on the same level when making decisions as a peasant is to be

⁷ Property registration effectively invigorated the economy in many European countries because it contributed to the system of legal certainty. Once a property was registered, the guaranteed loan with mortgage was certain, because, either the money was returned, or the mortgage was executed. This allowed for the circulation of money and the increase in investments because there was more trust generated by legal certainty.

⁸ Cf. <http://servindi.org>

ignorant of the meaning of equity on a practical level.

Many of the objections that are made to HdS come precisely from this idea, of the experience of checking that when they are put on the same negotiation table, a group of laborers who defend their property, regardless of how well legally recognized they are, in front of a multinational company, the capital of ones and others is not worth the same. Corruption comes in, and the purchase of consciences, sometimes, for some States is cheaper than supporting the peasants (Seifert, 2010, February 1).

The way in which HdS understands property and how it functions in the market is mainly a mental concept. Even though he insists that you have to listen to the demands of the people, "it is necessary to listen to the barking of the dogs" (Soto, 2001, pp.194-196), property does not behave in the market in the way he says it does, or at least not exclusively. In addition to property, countries also need their laws and their governments to protect and favor their development. It is not that the property or the market needs a State to come from the outside to make it possible; it is the development of the market which induces a political organization from society in accordance with their requirements. The dynamism of the market affects very directly the political organization of its social space, in such a way that its relation with the State that represents it is not a relation of mere opposition, but of tight implication and interdependence. This implication and interdependence between market and State creates a dialogue in which the laws, and justice also come into play, which expects the construction of a functional equilibrium, an equilibrium that is not static because it wants to keep redefining itself through time and which grounds itself in the trust that these social structures are not left up to the best bidder, the last influence, and that to modify themselves need to go through several agents.

The second critical point, clearly connected with the previous one, is that he is right in his analysis of property, but he does not give enough importance to the socio-cultural matters that affect situations when looking at the kindness or wickedness of the market.

In this sense, he does not explain how to come out of the blocking points in the development of the marginal people that could be resolved by themselves, for example, how to acquire new production methods, or how to improve their existing production system. This is how to introduce the improvements to the agricultural system, or the one they have, which would allow them to make a qualitative jump by themselves. There are alternatives, and very good ones at that, but most of them go through private initiatives and personal creativity⁹.

When HdS reduces the topic of poverty basically to the topic of legality of property, one could end up with the

impression that, as I said earlier, it is a mental or theoretical concept of property. No doubt, there is a mental concept, but it has to be based on real life (Bromley, 1994, cap 8). In this sense:

"Although the economist de Soto explains how the informal could change into subjects of credit mortgaging their land, he does not take into account that the land sometimes has a meaning greater than the simple monetary thinking of having more money (...) He also does not take into account that land has its uses and that by using it, it starts to lose its value because of its use" (Tiwi Paati, 2014, February 1).

By highlighting the kindness of the capitalist system, it can give the impression that wealth and the movement of capital are the final end since money does not make money, but the movement of capital does generate more wealth (Soto, 2001, p.63). But the problem of poverty is not only an economic problem that is solved economically; other cultural and moral factors come into play, which allow for the search of a solution beyond the mere economical. The economic system does not possess the internal criteria to distinguish between the different elements, those that can solve a need helping with the maturity of a person and those that, even solving the need, do not favor its development. Consumerism, for example, is not something exclusive for the rich. The poor, guided by envy or dissatisfaction, can be consumed by what they do not have in the same way that the rich consume what they have (Neuhaus, 1994).

The triumph of society in the free market seems to be a fact, according to HdS, that we, at least, should accept with resignation, since it is mostly founded on negative arguments, in the confirmation to some disappointing, and disappointed by the lack of alternatives. In this way, he tries to analyze how the developing countries and those who have been under the communist power can come out of poverty having this example almost as exclusive, since it is the only one that has been proven until now to produce wealth while keeping as many human rights as possible.

But ultimately, this spontaneous dynamism of the market is not something that happens with absolute indifference and autonomy, with absolute independence from our attitudes, opinions and perceptions; it is rather the result of its free interaction. The dynamism of the market does not stop affecting us, in fact, or being sensible to our relations and initiatives; it consists exactly on the global flow of the forces that determine the evolution of a civilization, a flow in which we have a very concrete role: to appeal to our effort of analysis and comprehension in relation with its own working, and to our ethical responsibility to do something to redirect it, with a clear conscience of the possibilities and limitations of our active intervention in it.

The same thing happens to HdS in *The Mystery of Capital* as to capitalism or to the free market, they describe themselves as the natural order for society and that is why they have a certain incapability to justify themselves, they

⁹Although to explain these alternatives exceeds the purpose of this work, I can cite the micro credits that have been applied in India or the installation of a radio system in the Peruvian Amazon to know on time the prices of their products in the market.

do not have or feel the need to do it. Also, his defense of legal property and capitalism falls short because there is a disconnection between economy and human development. As I have alluded to earlier¹⁰, he acknowledges that they are people, but while criticizing technocrats, he gives a similar solution by proposing, almost exclusively, the legal frame for property as the means to achieve social inclusion with the least favored classes.

By defending at all costs property in the exact same way it is contemplated in the capitalist market, HdS gives the impression that he does not fully take care of the citizens who live in these countries with situations of poverty. Experience itself shows that it has not always had to be this way. The indigenous people in Latin-America, for example, have always practiced solidarity and reciprocity. Let's think about the work benefit that the members of a community offer each other reciprocally. We can learn from them. In addition to this, nowadays these questions have international proportions, and are even more urgent as the neoliberal and postmodern thinking, in the name of individualism, can see them as archaic behaviors, counterproductive to the development of the people¹¹.

It is undeniable that we live in a world that has shortened distances and at the same time of growing diversity, of cultures, peoples, ethnicities, religion. It is not contradictory that both things happen, in fact they both have fed each other reciprocally. And this is why it is so hard for the postmodern man to create unity from this fragmentation and perhaps, through the relativism underlying postmodernism, does not know how to help everyone as they deserve and unifies it all in a way he thinks is better for him, with the market economy, but without attending the necessities of others. The skepticism, relativism, the weak thinking, so characteristic of our times, does not seem the appropriate language for a respectful and productive dialogue.

To sum it all up, capitalism does not satisfy because it imposes, for the free market, an abstract and cold law which manages without the equality and solidarity that gave it its historic origin and that provoked, in their time, the revolutions against communism. It is as if one could only keep himself in equilibrium in the conflict between effectiveness and ethics, without falling in radicalisms, on top of the foundation of a constitutional democracy, in the political aspects, and of capitalism in the political frame. And, at the same time, we realize that the rules of the free market are not enough because we are trying to resolve not just an economic problem, but a human one.

¹⁰ Cf. quote 9.

¹¹ This is what happens to capitalism and to the market game because as BELL, D. shows (cf. *Las contradicciones culturales del capitalismo*, Alianza, Madrid, 1977) they allow the game of their opponents. In this case it is not because it has a concrete idea about man and its dignity, but because it is indifferent to it.

HdS makes a final proposition for the social inclusion of the poor, but our question is whether this, as he presents it, does not ignore some fundamental aspects. By considering indispensable the legality of the property for the development and for the productivity of the capital, it does not contemplate man in his totality, and leaves out essential aspects on the human development that, by not being considered, end up, in my opinion, being broken. Despite being a possible solution, it is not the only one, nor does it have to be the best. The vertiginous velocity of our sociopolitical and economical panorama requires a stronger argumentative foundation than the explanation offered by HdS.

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