

Challenges, achievements and perspectives of the Brazilian Solidarity Economy Movement in the current context of global crises

daniel tygel¹, april 2013

Historical Aspects

To get into the solidarity economy movement in Brazil it is necessary to highlight some periods of the recent history of the country, especially the military dictatorship of 64-84, the neoliberal context of the 90s, along with a large force arising from the bases and which is supported by a wide range of sectors.

In 1984 came to an end in Brazil a dictatorship that during 20 years operated a severe repression of free thought, democracy, and the right to gather in the streets. As in other countries in Latin America, the presidents elected after the re-democratization (Fernando Collor de Melo [90-92], Itamar Franco [92-95] and Fernando Henrique Cardoso [95-2002]) strived to follow the neoliberal guidelines represented by the International Monetary Fund. As a result, the 90s are now known in Brazil as "the lost decade", which generated a strong weakening of the country's industrial park and a sharp inflation and massive unemployment, besides the privatization of many large companies, except those held back by intense protests by social movements. Fernando Henrique Cardoso has begun the monetary policy that still stands today, which stabilized the Brazilian inflation and thereby ensured his reelection in 1998.

The 80s and 90s were marked by a renewal and strengthening of Brazilian social movements, which became an important force of consistent oppositions to the neoliberal policies expressed by Collor and FHC. Movements like MST (landless movement) and CUT (worker's central union) emerge, and the social pastoral and rural unions are strengthened. In 1986 the Workers Party (PT) is created and has the support of organized popular sectors, gaining strength and experience in prefectures and state governments, and enters into the national government from the year 2002, with the victory of Lula. The Lula administration, between 2002 and 2010, and later Dilma Rousseff, gave greater emphasis to social actions of direct income transfer and real increase in the minimum wage, which made an important positive impact to alleviate extreme poverty. However, the developmentalist perspective is maintained, although now supplemented by the Keynesian logic.

It is within this context that the solidarity economy grows, especially during the 90s, in the process of unemployment and structural crisis in the country. New solidarity economy initiatives are created, in the areas of production, commerce, services, consumption, barter, credit and solidarity finances.

The roots of the solidarity economy emerge with support from different sectors, each one bringing its own strategies and perspectives:

The liberation theology - which advocates the involvement of the catholic church in progressive actions aiming at popular emancipation based on spaces as the grassroots ecclesial communities -

1 Former executive secretary of the Brazilian Forum of Solidarity Economy, and now member of Cooperative EITA (Education, Information and Technology for Self-Management), coordinator of ESSglobal (international standards for social solidarity economy interoperability/mapping) and operations manager of RIPESS (Intercontinental Network for the Promotion of Social Solidarity Economy)
. Contact and blog: <http://cirandas.net/dtygel>

was an important support to the strengthening and creation of various social movements, such as the Landless Workers Movement (MST). In this process, this progressive sector of the Catholic Church supported initiatives in the field of Solidarity Economy. Emphasize rural cooperatives and Alternative Community Projects (PACs), which in turn were the cradle of creation revolving solidarity funds², now regarded as one of the sectors of solidarity finances.

In rural areas, rural unions were strengthened as a tool for organization of peasant agriculture against large land owners. The concentration of land remains a major problem in the country, which has not passed by an agrarian reform, and has no prospect of doing so, since Brazil has consolidated its position as an exporter of agricultural commodities (especially grains) and mineral extraction. The rural workers' unions saw rural cooperatives as a tool of struggle in defense of peasant agriculture. They began to establish rural workers' cooperatives to for agro-industrialization, collective supply purchases and credit coops linked to the unions. This sector is identified today with the solidarity economy and part of it is organized in UNICAFES (Union of Cooperatives of Peasant Agriculture and Solidarity Economy), founded in 2003 and linked to CONTAG (National Confederation of Peasant Agriculture Workers).

Another important current of origin of solidarity economy are the NGOs created mainly during the process of re-democratization after 1988, in which thinkers and social activists formerly exiled by the dictatorship played a major role. They were returning to the country from Europe, the U.S.A. and other Latin American countries, bringing new tools and a contact network of future supporters from abroad, like unions, churches and international NGOs. Many of these organizations were focused on the promotion of democracy, citizenship, people's participation and popular education³. The initiatives of these organizations were usually centered on encouraging critical thinking skills and the creation of spaces for dialogue and grassroots organizing for civil rights, but with the crisis of the 90's they also started to promote the so called "popular cooperatives" aiming to overcome the problems of unemployment in the slum areas, especially in big cities like São Paulo, Porto Alegre and Rio de Janeiro.

In this same context of mass unemployment and weakening of unions in the 90s, the CUT (Workers Unique Central, a major Union Confederation in Brazil) starts to worry not only with unionized employees, but also with the unemployed. Therefore, CUT does some exchanges on this issue with unions in other countries, especially Italy and Quebec, and in 1998 creates the ADS-CUT (Agence of Solidarity Development from CUT) to support the organization of unemployed workers by the creation of popular cooperatives (mainly urban). In 2003 UNISOL (Brazilian Central of Cooperatives and Solidarity Economy Enterprises) is also created by CUT, as one of its organizational branches.

Some sectors in public universities began to discuss about the social role of the universities in the country, and thus created the university incubators of popular cooperatives, providing interdisciplinary support to solidarity economy initiatives of vulnerable populations, mostly in

2 Revolving funds are funds transferred to a specific community, which in turn decides what it will do, or if the resource already has a definite end, decide who will be the first family or group to receive it. The family receiving the fund has to pay the loan back to the community. Examples are the construction of a cistern to preserve water for the family in arid areas, the preservation of native seed through seed banks, or care of the goats, which has no financial return (sons of goats).

3 Popular education is conceived as an emancipatory process to workers, with strong political orientation, where there is the recognition of popular knowledge in the same level as academic knowledge and where education happens in dialogue with the structural reality of the actors involved. Its most well-known thinker is Paulo Freire.

urban areas of big cities. In the late 90s, two networks of university incubators emerged (ITCPs Network and Unitrabalho's Network), which actually represent more than 200 universities, mostly public, but more recently some private.

Solidarity economy in Brazil: a portrait

According to the mapping of solidarity economy⁴ conducted in 2010-2013 by the Ministry of Labour and Employment in partnership with the FBES, there are about 20,000 solidarity economy enterprises involving about 2 million associate workers in a wide variety of economic sectors, mainly agriculture, handicrafts, textile manufacturing and food manufacturing, but also including in much smaller scale industry, services and consumption.

There are about 2000 organizations supporting these initiatives, including unions, churches, social pastorals, universities and non-governmental organizations. In recent years, national unions of solidarity economy enterprises: the Unicafes, linked to the Confederation of Family Agriculture Workers (CONTAG), and UNISOL, an arm of the CUT.

Figure 1 shows the different actors involved in the Solidarity Economy in Brazil. Besides the solidarity economy initiatives, there are several public policy instances in the governments related to solidarity economy both at national and local level. Within the realm of articulation and coordination of the actors in solidarity economy, the main network is the Brazilian Forum of Solidarity Economy (FBES).



Despite the wide range and representativeness of these various sectors, the recognition of Solidarity

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Economy as a *development strategy* by the State remains the main challenge. This situation is for example expressed by the tangible obstacles that solidarity economy enterprises face in daily life in terms of the absence of: adequate financing and credit options; privileges for public procurements organization; differentiated taxing; working spaces, infrastructure and logistical support for solidarity commerce; legal framework; education and technical assistance.

The organization of a movement

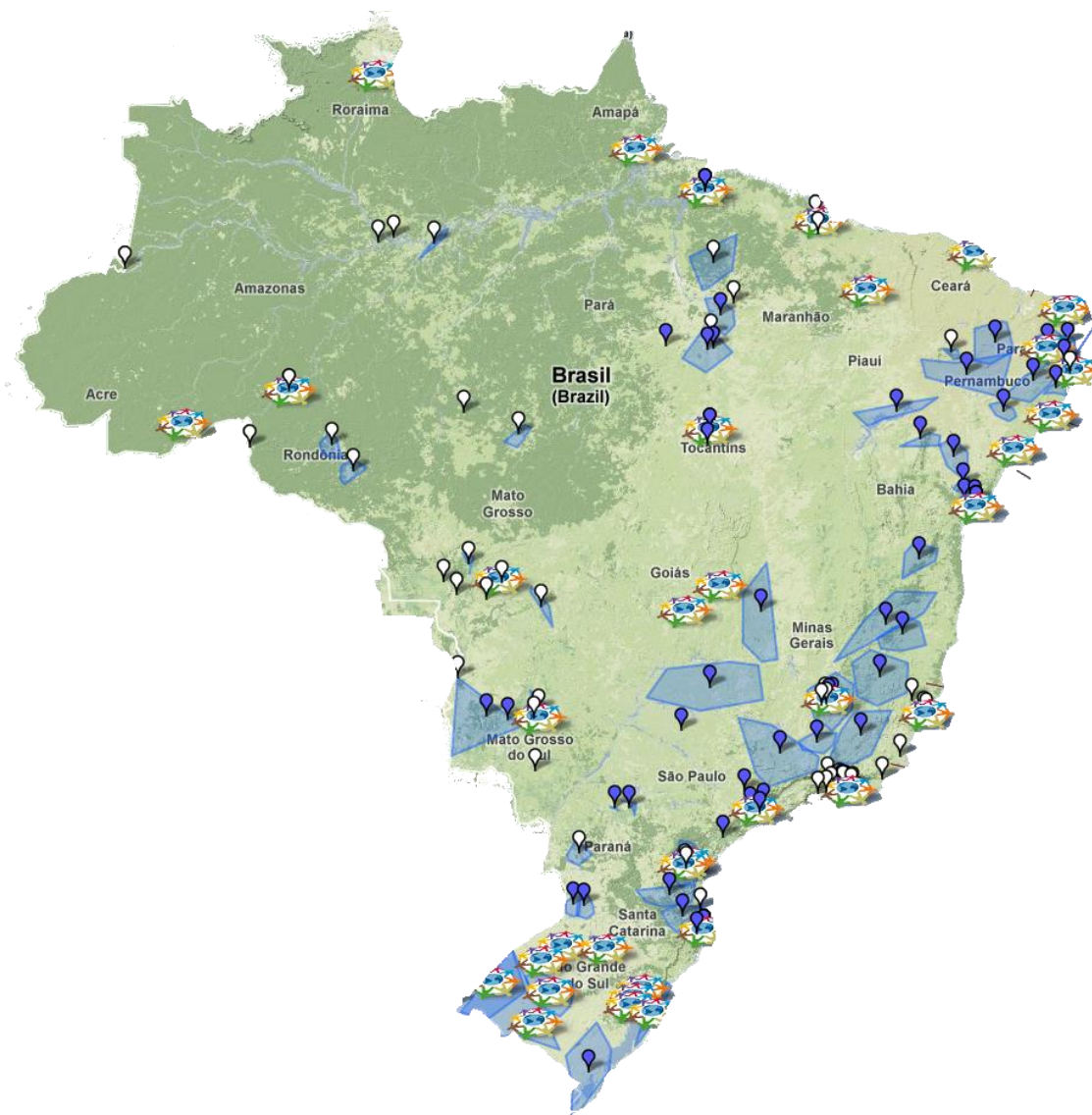
The increase of solidarity economy initiatives during the 90s led to discussions and plenaries in various spaces that gave solidarity economy its recognition as a social movement. A point to note in this process was the configuration of the National Working Group of Solidarity Economy that emerged as a result of a very important and representative workshop developed during the World Social Forum 2001 with the theme of self-management, associated workers and associated work.

This Solidarity Economy Working Group, reuniting all the main actors of solidarity economy in Brazil, organized three National Plenaries, which culminated by the creation of the Brazilian Forum of Solidarity Economy (FBES) in 2003. Since then the Forum has been legitimated as the space of building and representation of the movement, with the participation of solidarity economic enterprises, support organizations and public policy makers organized in networks⁵.

Its structure is based on the local forums conformed to the municipal, state and regional levels represented in a National Coordination, besides six national support organizations and the network of public managers. A subgroup of the National Coordination composes the Executive Coordination and there is a national executive secretary with 3 employees. The FBES and many of the local forums have thematic working groups on strategic issues for the solidarity economy such as education, commerce, social finances and legal framework.

Numerically, the FBES is composed of about 200 state, micro-regional and municipal forums, as seen in Figure 2, which involve about 5000 enterprises, 500 support organizations, 200 municipalities and eight state governments.

5 By decision of the National Plenaries of FBES, public policy makers can not participate individually in local and national forums, unless joining as a network of public managers, who have their own agenda and position themselves as civil society sector and not as a representation of the government.



The Brazilian Forum of Solidarity Economy has two main finalities: to represent the Solidarity Economy movement before the public authorities and other social movements; and to serve as an instrument of the movement on the bases through the strengthening and empowerment of local forums.

With a budget of approximately 400,000 dollars a year, the FBES conduces national coordination and executive coordination meetings, working groups, macro-regional meetings, and the functioning of the executive secretariat. Its resources come from projects submitted to the government, mainly through the Ministry of Labour and Employment, the Ministry of Social Development and the Ministry of Agrarian Development. This is only for national level activities: local forums in states and municipalities are supported by a variety of bodies, such as NGOs, churches, unions, associations, local government, agencies and universities, for which a budget is not known.

Definition and collective appropriation of the solidarity economy concept

Participatory processes, like local and national plenary meetings and conferences have led the movement to the collective construction of their understanding of Solidarity Economy, defined from the following dimensions:

- **Economic:** the solidarity economy enterprises base their economic activities in self-managed processes, in a democratic way, without bosses nor subordinated employees. In this dynamic, those carrying out the work are also the owners of the enterprise.

But an essential aspect of solidarity economy for the movement is that it's not based solely on internal management processes of the enterprise but also in the cultural and political dimensions that make up its context and purpose:

- **Cultural:** solidarity economy is built on the process of transforming our subjectivities, where the logics underlying our culture of consumption and competition and our relationship with nature are rooted. The solidarity economy goes hand in hand with the sense of the *Buen Vivir*, in the conception of respect for life and living in harmony⁶, basing the organization of the SE enterprises in cooperation, in the processes of building trust and in community ties. As part of this cultural dimension, territoriality is an important basis from which to define development models appropriate for each community.
- **Politics:** to the necessary inclusion of the horizon of social and economic transformation of society, solidarity economy is recognized as a social movement with supports, among with other social movements, the paradigm shift and the overcoming of the actual hegemonic development model.

Relationship with the State and Government: Progresses and Challenges

Some government instances and few laws have been created in support of solidarity economy. In 2003, by the request of the Working Group on Solidarity Economy, President Lula created the National Secretariat of Solidarity Economy in the Ministry of Labour and Employment, under the direction of Paul Singer. This same decree creates the National Council of Solidarity Economy⁷ where FBES currently has a large majority.

On the legislative front there is little concrete progress of the recognition of solidarity economy. Laws creating the Food Acquisition Program and the National School Nutrition Programme, that established privileges in public procurement for food from local peasant agriculture, are important supports for solidarity economy at the municipal level. Another important achievement was the adoption in 2011 of the National System of Fair and Solidarity Trade, which recognizes the

6 "Buen vivir (or *Suma Qamaña* in Aymara and *Sumaq Kasway* in Quechua) is an Andean indigenous based way of being which translates into 'good living'. It means that all are well and cared for in their community and with each other, including the earth (which has protected rights just like a person). To be well cared for one has their needs met, a respected place within community, and access to a clean environment and is achieved by people working together collectively to be sure that the needs are met for all with resources fairly shared. The opposite of *Buen Vivir* is the concept of the 'good life' where one person has more than everyone else or strives to have more - a boat, vacation home, opulent vacations." (Dr. Tamara Stenn in e-mails exchanges in April 2013)

7 Councils, in Brazil, are bodies established by the government to guide public policies of a particular sector or theme. There are over 50 Thematic Councils such as health, youth, women, food security, social welfare, education, solidarity economy, culture, among others. Most of the councils have parity between civil society and government, and consultative status. Councils regularly coordinates the organization of Municipal, State and National Conferences on their theme. In the case of the Solidarity Economy, there were two Conferences (2006 and 2010), and the composition of the National Council is threefold: a third of the government, a third of civil society organizations in support of the solidarity economy, and a third with representatives of the solidarity economy enterprises in forums or unions.

certification processes of products, services and commerce channels of Solidarity Economy, both territorial and for export. The system is still under construction by a National Management Board, with the direct participation of the FBES in parity with the government.

Recently, following a significant mobilization that occurred in the year of 2011 with regard to the identity of the solidarity economy, was created within the Multiannual Plan⁸ a strategic axis called "Local, Territorial and Sustainable Development and Solidarity Economy". With this achievement, solidarity economy was incorporated into the debate about development inside the strategic budgetary organization. Although the budget for the Solidarity Economy is still very small, its inclusion in the Plan directly related to development gives greater visibility and opportunity in the field of public policies.

Even with these advances, there is still a long way to go before solidarity economy is recognized as something beyond the perspective of a social action to combat poverty. The vision that the economy can only be burst through the promotion of conventional capitalist corporations is the actual development policy. Brazil has been playing an imperialist role in the last decade through its multinationals, specially in Latin America and Africa, fostered by the government. As an example, our National Bank of Economic and Social Development, which is devoted to promote development, has placed more than 50 billion dollars directly into the hands of capitalist enterprises in very good conditions, including the promotion of fusions and internationalization of some of the companies. This fact talks by itself, when compared to the ridiculous values used by this same bank to finance solidarity economy enterprises, usually under the umbrella of social actions.

The concept of solidarity economy is constantly menaced to loose its structural and cultural values by the appropriation by the capitalist vision. This was recently demonstrated by the debates around the Law Project 865 of 2011 (PL865), a government proposal to create a Ministry of Microenterprises that would include the solidarity economy. This generated the greatest mobilization of the brazilian solidarity economy movement. All over the country the solidarity economy actors asserted their identity and the differences with the concept and society perspectives expressed by the public policies that address the promotion of microenterprises. These policies conceive that the microenterprises must be profit oriented and based in the individual (entrepreneur), with the same capitalist perspectives of any medium or big sized enterprise: a structure with owner and employees, oriented towards growth and competitiveness. This leaves out all the social, cultural and political values underlying the solidarity economy as expressed by the movement. The actors organized formal public hearings across the country and produced from this process a document delivered to the presidency of the republic⁹, that finally decided to withdraw Solidarity Economy from the Law Project. This set a precedent for the movement and enhanced its relationship with other social movements.

Therefore, it's no wonder that policies supporting solidarity economy are completely marginal within State strategies towards development. The budget to support the solidarity economy is negligible and the legal framework hinder the creation and operation of solidarity economy enterprises. That's why so many initiatives in Brazilian solidarity economy are informal groups and non-profit associations, forced to operate in the informal sector, reducing their marketing opportunities and their access to public policies of finances and promotion.

8 The PPP (Multiannual Plan) is a plan elaborated by the presidency to guide their expenses during the period of 4 years. Since the Lula government, this plan has contributions from the thematic councils, although in a low level.

9 More details about the mobilization and debates around the PL865 are available at: <http://cirandas.net/pl865>

Traps

As said before, many public policies and corporate social responsibility of capitalist enterprises have been launching programs, financing and other actions that are supposed to promote fairer and more social economic models that in reality reduce or confuse the meaning of solidarity economy as understood by the movement in Brazil. Below follow a simple list with the most frequent concepts that are used in this sense. Some of them have already been cited in the above sections:

- *Entrepreneurship*. While the idea of each person having to be innovative and to have initiative is not a problem in itself, the concept of entrepreneurship is normally associated with a reduced perception that people are individually responsible for their own poverty. It thus disregards the structural or political reasons behind economic inequalities and therefore doesn't open space for a discussion on the exclusionary model of society.
- *Social Enterprises*. This is a tendency in Europe and the U.S. and is being introduced increasingly in Brazil. The idea is that the "effectiveness" of business models could be used to the creation of enterprises that are profitable but have as final aim to provide social benefits to society. It doesn't touch the way the production is organized in these enterprises, preserving the capitalist and competitiveness logic: the social enterprises can still have the same structure as capitalist enterprises, with the boss on one side and the employees on the other side, selling shares to the market, etc, with the difference that "doing good" is their core business, not the profit growth. It's an analog to organic production compared to agro-ecology production. Agro-ecology goes beyond being organic, also questioning the rural production logic as a whole in a systemic way.
- *Social action to fight poverty*. This trend positions solidarity economy as a social activity, directed to poor populations in the perspective of overcoming poverty. Although being an important expression and contribution of solidarity economy to society, there's a reduction when one (normally public policies) disregards that solidarity economy is not only for the poor, but for the whole society. It gives a complimentary role for solidarity economy in a natural succession: when you're poor, you get organized in solidarity economy initiatives for social reasons, then you grow to the point where you achieve the economic conditions to become real business, i.e., to become a capitalist enterprise.
- *Green economy*. In a systemic civilization crisis, the Green Economy emerges as a new area of expansion of capitalism through the commoditisation of nature. It is more of the same, based on the flawed assumption that the market is able to solve the serious problems of social and environmental imbalances that we're facing today. At Rio +20, the affirmation of the solidarity economy movement, not only in Brazil but also internationally, was firm in rejecting this old recipe and pointed solidarity economy as a concrete and already existing solution to help overcome capitalism and the structural problems derived from it¹⁰.

10 RIPESS (Network for the Promotion of the Social Solidarity Economy) published a statement on the green economy at Rio +20, which included the signing of hundreds of networks and organizations from five continents. It is available in <http://www.ripest.org/ripest-rio20-declaration/?lang=en>.

Movement Strategies and Challenges

The movement has identified and is working on specific strategies with the purpose of overcoming the challenges in relation to the State's policies with the incidence of diverse economic actors. Considering that the movement is still fragile when compared to other social movements, the strategies, which we state below are also to be strengthened:

In order to overcome isolation which derives from concentrating solely on the economic dimension, the movement has joined and ***coordinated with other social movements*** in spaces and encounters such as *Dialogues and Convergences*, where diverse movements of women, peasants, for environmental justice, health, agroecology, food sovereignty and security as well as the campaign against the use of pesticides come together. Based on the local forums, the involvement of the solidarity economy has proven essential to strengthen local actors in defining their own development, and generate at the national level a comprehensive and realistic discussion about the model to be built. These initiatives are being conducted mainly at the local level and for specific actions, and therefore still require a stronger strategic perspective.

A second strategy is to ***build political action based on concrete solidarity economy practices in the territories***. Immersed in the competitive capitalist market, the solidary enterprises develop their political expression by the daily practices of self-management, women's empowerment, defense of food security, strengthening of territorial processes, among many others. Therefore a great challenge for the solidarity economy movement is to articulate their economic and political perspective.

Within the enterprise organization a third strategy being practiced is the ***creation of solidarity networks and supply chains of production, commerce and consumption***. Experience demonstrates that the growth of an enterprise to achieve larger scale may hinder self-management. Therefore, based on the principles of cooperation and complementarity, enterprises within the same economic sector seek to organize in networks to produce in the scale and price needed for economic sustainability and allow solidarity economy to participate in public procurements. Another form of economic coordination is the organization in supply chains between complementary activity sectors where several enterprises mutually supply the inputs and raw materials required¹¹. With these strategies of solidarity networks and chains economic strengthening is achieved while reinforcing local bonds and the ability of self-management.

The movement also understands the ***solidarity economy enterprises as engines of a different development model***, a key point that was highlighted in the process of PL865. In the current development model, the most progressive orientation the Brazilian government proposes is under the Keynesian logic, which does not question the capitalist mode of production, and ignores the internal organizational processes within the enterprises. This is precisely where Solidarity Economy looks at: it shows that there are enterprises with economic finalities that are at the same time not for-profit. Thus they carry out economic processes which are based on the territories and lead to development, without creating gaps between the people doing the work and the ones obtaining the capital.

Another important strategy is to always ***articulate three types of actions and struggles***: the critique of the system, the resistance coming from the communities and excluded groups to defend their cultures, and the construction of alternatives. It follows the learning that excessive skew towards critique has high chances of raising demonstrations without reaching actual proposals. Keeping

¹¹ An example is the network Justa Trama, organized textile manufacturing chain across 7 states.

solely in resistance may derive in isolation reinforcing the dangers of suffering from local violence, situation that occurs today in rural areas in Brazil where farmers who have offered resistance to big businesses have been persecuted and assassinated. Meanwhile, by exclusively working on the construction of alternatives, it is possible to not detect the structural roots of the system of exclusion, and action may become co-opted by the dominant forces.

Finally, a major challenge for Solidarity Economy is its *visibility to society*. To show the ongoing initiatives in the territories; to open spaces for the exchange of knowledge and learning; to show people that it is possible to practice economy and work differently than the traditional forms of employment, of economic organization and of development orientation is one of the main strategies and tasks of the solidarity economy movement nowadays.

Conclusions

Overall, we can say that the solidarity economy movement in Brazil is in process of strengthening, although less intensively than during the decade of the 90's, due to the present increase in economic growth and the fairly low unemployment in the country compared to the last decades. Young people are motivated to participate in solidarity economy in the search of alternative ways of employment, resulting in an expansion of the service sectors and consumption organization within the movement. In the current tendency, more people seek solidarity economy not only as a survival strategy, but also for ideological reasons or to further personal fulfillment at work, outpacing the conditions of conventional employment.

Public policies related to the national program of extreme poverty fight have opened some opportunities for Solidarity Economy, although significantly less than those promoted during the Lula government. Presently the government's investment in this programs is focused on the promotion of individual microenterprises and employment generation for the poorest strata of the population through capitalist enterprises, instead of proposing and supporting the creation of solutions via associative job opportunities.

Social movements in the country currently face a difficult situation regarding their political positioning. Both Dilma and Lula received their strong support during the federal elections, but the actions of their administrations regarding environmental, social and cultural rights have followed a neoliberal logic, favoring the interest of the large capitalist companies and closing dialogue and negotiation channels. Nevertheless, the situation in Brazil does benefit from far more disposition for dialogue than in the majority of other countries. Tension between cooption and opportunities to participate in the building of public policies has increased, as well as the discontent of various sectors of the social movements about the present development model, showing a tendency to the radicalization of the movements during the coming years, despite its weakness caused by the actual economic growth of the country and an intense criminalization by the media and judicial power.

Solidarity Economy forums continue to grow and diversify, and new players have emerged, but they are still politically fragile and therefore have a low capacity for action and for struggle in defense of the recognition of solidarity economy as a development strategy. The process of consolidating Solidarity Economy as a social movement during the discussion of the PL865 caused internal tensions with part of the actors involved in the CUT, which is increasingly following a more entrepreneurial perspective of Solidarity Economy, tendency which in Europe is often called "Social Economy" and also counts with big unions support.

Along with this, it is clear that the concepts of social entrepreneurship and social enterprises, combined with a logic of corporate social responsibility being carried out by large companies, is consolidating in the country and represents a threat to the affirmation of Solidarity Economy not only as an economic sector but also as a political movement. In this sense, the FBES, both at national and local level, has increasingly sought articulation with other social movements, especially those of women, agro-ecology, food and nutrition sovereignty and security, landless, digital culture, indigenous, environment justice and popular education. Furthermore, in the field of development indicators, the Solidarity Economy movement has established dialogue with and recognized tools and concepts proposed by streams such as degrowth, Buen Vivir, Gross National Happiness, among others. Nevertheless, companies as Walmart, Nestlé Carrefour and others have increasingly promoted (and funded) the concept of social entrepreneurship and the initiatives in this field have indiscriminately been presented by the media as equivalent to solidarity economy.

The feeling that the various crises we currently experience are actually the expression of a systemic crisis and are related to a civilizatory option, has grown in various sectors of society. Therefore, there is an opening in the symbolic and subjective fields to seek understanding and evaluation of alternatives such as Solidarity Economy. As in other points in its history, solidarity economy gets stronger in times of crisis, both punctual as well as of deeper nature, like the one we live today. This opening to solidarity economy presents on one hand opportunities and on the other the threat of cooption of the concept by neoliberal sectors eager to find ways to maintain their hegemony and discover new areas of expansion for possible investment and financial speculation.

In Brazil and worldwide, identification and expression of solidarity economy as a social movement in dialogue with all other national and international movements advocating for a just and sustainable society is essential for going beyond the mere existence of several isolated interesting economic initiatives in the territories.
