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## Chapter 7

### **From open space to hierarchy: the trajectory of solidarity economy forums in Brazil**

*Ana Margarida Esteves*

#### **Introduction**

The election, in 2002, of the first Brazilian government led by the Partido dos Trabalhadores (PT), or Workers' Party, gave the Brazilian solidarity economy movement a massive boost as it resulted in national policies for promoting the solidarity economy as well as a vertically integrated network of forums aimed at involving the movement in public policy-making. This chapter analyses the impact of this programme of institutionalisation on the relationship between the movement and the state, and focuses on the solidarity economy forums of Rio de Janeiro and Rio Grande do Sul to illustrate its effects on grass-roots dynamics.<sup>1</sup>

#### **The goals and functions of the solidarity economy forums**

Brazil's solidarity economy forums are novel institutions which are still not legally constituted or regulated. As determined in practice, and in terms of the principles of the Forum Brasileiro de Economia Solidária (FBES), or Brazilian Solidarity Economy Forum, the forums have two main goals, namely to promote grass-roots engagement with the state over laws and programmes aimed at supporting production units in the solidarity economy, and to support the emancipation of those units from the competitive logic of the capitalist market as well as their dependence upon institutional sponsors within civil society and the state. This is done by facilitating access to technical and financial resources, potential business partners, and opportunities for commercialisation.<sup>2</sup>

In terms of the national policy framework on the solidarity economy, formulated by the Secretaria Nacional de Economia Solidária (SENAES), or National Secretariat for the Solidarity Economy, the state is meant to promote the sustainability and autonomy of production units by adopting policies and passing laws which facilitate their access to technology, financial resources, and commercial partners. The

solidarity economy forums are meant to collaborate with the state on developing the relevant policies and legislation, and promote its accountability to the grass roots. They are also meant to promote collaborative ties among production units as well as their linkages with sources of credit and technology, civil society organisations, (CSOs) and the state.<sup>3</sup>

### **Early forums as ‘open spaces’ of direct democracy**

Rio de Janeiro and Rio Grande do Sul were the first states in Brazil to introduce solidarity economy forums. This happened in the mid-1990s, due to different factors, and following different trajectories. In Rio de Janeiro, the introduction of a state forum preceded the formation of forums at the municipal and local level. The Forum de Desenvolvimento do Co-operativismo Popular do Rio de Janeiro (FCP), or Forum for the Development of Popular Co-operatives of the State of Rio de Janeiro, was inaugurated in November 1996 without state support and as a result of collaboration between grass-roots NGOs and social movements dating back to the democratic transition in the late 1980s and early 1990s. There were no specific state policies on the sector until the introduction of the Law of Support to the Solidarity Economy in November 2008.<sup>4</sup>

In Rio Grande do Sul, regional and municipal forums were set up before a state forum, which only came in 2006. Those forums were also established in response to earlier government programmes for the sector by administrations led by the PT. In 1989, following the election of the first PT-led municipal government, Porto Alegre became the first municipality to adopt programmes for the solidarity economy. They were aimed at helping to set up, formalise and develop production units, and commercialise their products. In 1996, these programmes received a boost when the Porto Alegre municipality adopted a strategy entitled ‘*Economia Popular Solidária*’ (The Solidarity Economy of the Popular Sectors). It was not passed into law, which would have ensured its continuity in the event of a PT defeat at the polls. One of its main goals was to organise beneficiaries into local-level solidarity economy forums which would help the state to identify the sector’s needs, involve beneficiaries in policy implementation, and promote grass-roots control of policy implementation. This led to the establishment of a solidarity economy forum for the metropolitan region of Rio Grande do Sul, known as the Forum Metropolitano. Although this

forum was an ‘open space’, production units were required to participate in order to gain access to technical assistance, credit, and opportunities for commercialisation promoted by Porto Alegre. Although production units from the whole metropolitan region participated in the forum, the suburban towns of Viamão and Canoas created municipal-level solidarity economy forums in 1997, followed by Pelotas and Caxias in 1998, and Cachoeirinha, Alvorada and Gravataí in 2000 and 2001. The city of Porto Alegre also created a municipal forum in 2000. These forums followed the adoption of solidarity economy policies in those towns. The forums also elected representatives to the Forum Metropolitano.

Despite some differences among them, the FCP and municipal-level forums in the Porto Alegre metropolitan region both assumed the form of what Juris (2004) has described as ‘open spaces’ of direct democratic participation. They have no formal membership structures, and hold open monthly meetings where participants represent themselves directly and make decisions through consensus. However, while in Rio Grande do Sul CSOs only had the status of observers and administrative co-ordinators of the forums, in Rio de Janeiro they played a co-ordinating role as well, and had the same voting and decision-making powers as representatives of production units.

### **GT Brasileiro: from political alternative to political compromise**

The first major turning point in the institutional dynamics of the Brazilian solidarity economy movement occurred in 2002 with the election of the first national government led by the PT. Given the existing affinities between many activists and organisations in the solidarity economy movement and the PT, this represented an opportunity for the former to engage in a political dialogue with the central government aimed at promoting public policies for the solidarity economy at the national level (Icaza 2008: 219-20). However, the development of national policies on the solidarity economy largely resulted from mobilisation prior to the election of the first PT-led national government, in the form of the first and second sessions of the World Social Forum (WSF), which took place in Porto Alegre in January 2001 and January 2002 respectively. This mobilisation was embodied in the Brazilian Working Group of the Solidarity Economy of the WSF, commonly known as GT

Brasileiro, which was formed to promote a national convergence between CSOs, social movements, and PT-led public administrations.<sup>5</sup>

On 9 and 10 December 2002, GT Brasileiro organised the First National Plenary of the Solidarity Economy. Participants agreed that GT Brasileiro would ask the incoming government to establish a Ministry for the Solidarity Economy. This ministry would be responsible for developing policies on the sector in a direct dialogue with the movement, without recourse to intermediary organisations. Participants also decided to establish the FBES, which would develop policy proposals to be presented to the state, and collaborate with state structures on their formulation and implementation. The structure of the FBES was determined during the Second and Third National Plenary of the Solidarity Economy, held during the third World Social Forum in January 2003 and in June the same year (GT Brasileiro 2003: 61).<sup>6</sup>

The outcome of the First National Plenary was a collective letter asking the incoming government to adopt the solidarity economy as the core of its economic policy agenda.<sup>7</sup> This would involve promoting a development model based on the construction of socially and environmentally sustainable local-level supply chains, based on principles of collective ownership and democratic management. According to the letter, such a model should remove legal and fiscal barriers to the formalisation of existing solidarity economy-based production units, as well as the establishment of new units; promote the creation of community-based financial schemes which would provide solidarity economy-based production units with appropriate forms of credit; promote the development of appropriate technologies; and support the democratisation of economic, technical and management knowledge. The letter also asked the incoming government to map solidarity economy-based production units by means of a national census, in order to properly assess their needs for credit, technical assistance, commercialisation, and economic partnerships (GT Brasileiro 2003: 35-51).

The new government resisted the proposal for establishing a ministry for the solidarity economy. Eventually a compromise was reached, namely to establish SENAES as a department under the Ministry of Labour. Its role would be to develop

public policies for developing the organisational capacity of solidarity economy-based production by facilitating technical assistance, professional training, community-based finance and commercialisation.<sup>8</sup> SENAES would be complemented by the Conselho Nacional de Economia Solidária (CNES), or National Council of the Solidarity Economy, conceived by the Ministry of Labour as a vehicle for policy dialogue between the state and the solidarity economy movement.<sup>9</sup> It would comprise a equal number of representatives of the state, solidarity economy-based production units and CSOs, who would meet twice a year to formulate proposals for public policy and legislation.

Despite the reluctance of the new government to adopt the solidarity economy as its main economic agenda, the movement and the new administration reached a compromise in terms of which the solidarity economy became a secondary area of policy-making. SENAES was tasked with developing a policy programme for the solidarity economy sector, entitled *Programa Economia Solidária em Desenvolvimento*, or Programme for the Development of the Solidarity Economy, which would encompass measures in the areas of commercialisation, technical assistance, skills development, and community-based finance.<sup>10</sup> SENAES also created *Brasil Local*,<sup>11</sup> a programme for financing local development agents chosen by communities. Their main role is to identify the needs of popular co-operatives and meet them by promoting access to resources from CSOs and the state. It also established the *Sistema Nacional de Informação em Economia Solidária (SNIES)*, or National System of Information on the Solidarity Economy, an online database on the characteristics and needs of popular co-operatives across the country. This database has been built and updated by means of regular national-level surveys, known as mapping processes. Two surveys have been conducted thus far, and the results of the first survey were published in 2007.<sup>12</sup>

All these measures were created in the form of policy programmes. Since they have not yet been codified in law, they are contingent upon the re-election of a PT-led government, or the election of a new administration sympathetic to the solidarity economy. In order to change this situation, the movement is promoting the collection of signatures in support of a Law on the Solidarity Economy to be adopted by the Brazilian congress.<sup>13</sup>

## **The formation of the FBES and its impact on the forums**

The Third National Plenary of the Solidarity Economy, held in June 2003, decided that the main decision-making body in the FBES would be the ‘national coordination’, a representative body that would meet twice a year to discuss the movement’s strategies for the following six months.<sup>14</sup> It comprised representatives of organisations taking part in GT Brasileiro, as well as three elected representatives of each state forum. Two of these would be members of popular co-operatives, and the third would either be a civil servant working with public policies for the sector, or a technician from an NGO, social movement organisation (SMO), or university-based extension programme. FBES would establish a national secretariat, comprising four technicians, to deal with communications among members throughout the year. The secretariat would be assisted by the National Executive Coordination, again comprising representatives of participants in GT Brasileiro.<sup>15</sup> FBES would also include seven elected representatives of production units across the country. Of those, two would come from the northern states, two more from the north-eastern region, and one each from the central, south-easterly and southern regions.<sup>16</sup>

The establishment of the FBES gradually changed the structure of the solidarity economy forums, notably by integrating local-level ‘open spaces’ into representative state-level forums.<sup>17</sup> This had a significant impact on the forums of Rio de Janeiro and Rio Grande do Sul. In Rio de Janeiro, it marked the beginning of the decentralisation of the FCP, and its gradual transformation from an ‘open space’ into a representative structure. This occurred with the establishment, between 2004 and 2008, of municipal-level solidarity economy forums in the northern and western towns of Duque de Caxias, Nova Iguaçu, Campo Grande, Mesquita and São Gonçalo. The forums in Mesquita and São Gonçalo were established under public policies adopted by their local governments. While both these forums sent representatives to the FCP, they remained open to any solidarity economy-based production unit or NGO. In Rio Grande do Sul, the creation of the FBES led to the establishment of a state-level forum known as Forum Gaucho de Economia Popular Solidária (FGEPS), or the Gaucho<sup>18</sup> Forum of the Solidarity Economy of the Popular Classes. The FGEPS was made up of representatives of each municipal and regional forum in Rio Grande do Sul. These delegations would comprise elected representatives of three

production units and one NGO, SMO or university-based ‘incubator’, as well as a public official working with policy programmes for the sector.

The Fourth National Plenary of the Solidarity Economy, held in Brasilia in April 2008, decided that all state forums would become representative organisations similar to the FBES National Coordination. They would be composed by a state-level coordination, made up of three elected representatives of each municipal forum, and an advisory body with no voting power, made up of representatives of CSOs operating at the state level. Two of the three elected representations of each municipal forum would be from production units, and the third would be a public official or civil society technical advisor. From then on, decisions would be taken by majority rule.<sup>19</sup>

### **From horizontalism to hierarchy and electoral competition**

#### *Rio de Janeiro: an increased dependence on NGOs*

The adoption of national policies on the solidarity economy, accompanied by the integration of open local-level forums into vertical representative structures, led to the increasing dominance of the hierarchical decision-making characteristic of government bureaucracies over the horizontal, dialogical logic that defines ‘open spaces’. While this meant a change of dynamics in forums that existed prior to SENAES and FBES, these tendencies were already present in local forums established as a result of municipal policies, including those forums set up before 2003. An analysis of the reports of meetings of state, regional, and municipal forums in Rio de Janeiro and Rio Grande do Sul shows that, since 2002, their main focus had been to prepare for national meetings and conferences, followed by the organisation of commercialisation events at the national and state level.

According to a technical expert from an NGO based in Rio de Janeiro, national plans for establishing SENAES and FBES interfered with the FCP’s plans to promote collaboration among production units, and link them to credit and commercial opportunities:

You see, our plan in the beginning was to create the collective so as to give a legal identity to the production units, so that they could collectively purchase



production materials from the market, as well as sell at public fairs and to consumers' co-operatives. But all these articulations started taking too much energy and too much time, and started creating too much conflict. Many people who were initially very engaged and very supportive of that project started demobilising, because they felt the forum was losing its initial focus.<sup>1</sup>

A worker from Rio de Janeiro provided further details of the negative impact of national-level mobilisation on the dynamics of the FCP:

The monthly meetings [of FCP] have a lot of participants when there is a trip in sight, a trip to participate in the National Coordination, the annual fair at Santa Maria, or another national event. There are limited resources to fund those trips, and there are limited places for people to go. According to [X],<sup>20</sup> the prerequisite for participating in those events is regular participation in the forum, as well as in the activities organised by the NGOs, so that people will get the education and training they say we need in order to participate in them. Therefore, people come because they want to go there. And they want to go because at those events they always have the opportunity to sell stuff. Therefore, they want to be in their good favour, because in the end it is them who choose who goes to those events.

These accounts show that focusing on national-level mobilisation instead of collaboration among forum participants at the regional or local level led to an instrumentalist and individualistic approach to participation in the FCP. This eventually had a negative impact on the autonomy of representatives of production units in the forum. Many of these representatives believe that taking advantage of opportunities for commercialisation became more dependent on being on good terms with institutional supporters than on collaboration with other production units participating in the same forum. According to a regular participant,

... if you talk inside the forum, and you work for an NGO or are supported by one, you are well treated. They listen to you. If not, they think you do not have a 'base', they ask 'where are you from?'... There is no point in

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<sup>1</sup>In order to protect the privacy of the interviewees, I am not referring their name, nor the date of the interview or event the quotes refer to.

discriminating against us just because we joined the forum more recently, and don't have that kind of backing.

Therefore, the flip-side of the value placed on relationships between individual production units and institutional sponsors was the devaluation of the contributions of representatives of those production units themselves. While observing monthly meetings of the FCP, I witnessed numerous incidents which showed how the dependence of representatives of production units on institutional sponsors compromised their autonomy, and worked to silence them. At a meeting of FCP that preceded the 2008 national solidarity economy fair in the town of Santa Maria in Rio Grande do Sul, the representative of a production unit had a heated argument with an NGO technical expert about travelling expenses. During a break, the representative of another production unit, a long-standing participant who has often represented the FCP at the national level, contextualised the argument by remarking that:

... people have their own opinions, even their own criticisms to the way they<sup>21</sup> run things, but they don't voice their concerns, because they depend on them for participating in the fairs, for knowing what's going on, for selling. That's why they keep quiet, because they don't want to risk losing their backing, they don't want to be excluded from participating in fairs.

Some months later, this same representative had an altercation with an NGO expert in the forum over the organisation of a state-level commercialisation event. His arguments were backed with concrete examples from similar incidents during the previous decade. When the expert, a recent participant in FCP, refused to take the worker's argument into account on the grounds that he lacked technical knowledge, the worker left the meeting, claiming that '... it is a waste of time to travel a far distance and lose a day of production to be patronised'.

### *Rio Grande do Sul: an increased dependence on politicians*

In Rio Grande do Sul, the introduction of municipal and state-level public policies for promoting the solidarity economy in the 1980s and 1990s helped to reduce the economic dependence of production units on NGOs. Offers of technical assistance, municipal- and state-level support for commercialisation events, and permanent

venues all contributed to these changing relationships. However, the shift away from NGOs made production units more dependent upon public officials and party elites. This happened because those policies were formulated in the framework of government programmes without being institutionalised as state policies whose continuity would be guaranteed by law irrespective of changes of government. This exposed the solidarity economy forums to interference by formations within the PT which sought to build a grass-roots base for political hegemony within the party as well as the state. Thus a representative of a production unit indicated that the forums became a venue for electoral recruitment by party elites:

There are former public officials who were working with public policies for solidarity economy during Dutra's government<sup>22</sup>, or at the municipality when it 'was' PT, who afterwards created NGOs with the purpose of aggregating [co-opting] people, of aggregating production units in a chain of influence, for the purpose of capturing their vote. Those people started interfering in the forums in such a way that they would make a huge mess when we made decisions that went against their point of view... They<sup>23</sup> come and impose themselves, impose the people that they want to see coordinating the forums and representing them at the national level. Of course, that created a lot of conflict.... They have that strategy: when they can't take over public spaces, they divide them.

Preparations for the Fourth National Plenary, which took place from March 26 to March 30 2007 in Luziânia, Goiás, led to an increase in the interference of party elites in state- and local-level forums. As a result of those conflicts, FGEPS was nearly paralysed before and after the plenary, to the point where it only met once during the period of field work, which took place between July 2008 and July 2009.<sup>24</sup> The FCP experienced similar interferences during preparations for the plenary, although this did not compromise its monthly meetings. According to sources within the FCP, the interference came from participants who were active PT militants. These individuals eventually presented themselves to the plenary as FCP representatives, although the forum had not in fact chosen them. The FCP eventually formally repudiated their participation in the plenary.

### **Were SENAES and FBES created before their time?**

The establishment of SENAES and FBES had two major consequences. First, it turned the solidarity economy into a peripheral area of policy-making.<sup>25</sup> Second, production units began to depend on institutional supporters within civil society and the state for access to resources and opportunities for commercialisation, to the detriment of economic collaboration among themselves and other forum participants. This dependence detracted from the status of their representatives within the forums, as well as their role in decision-making.

According to Marcos Arruda, a leading intellectual of the solidarity economy movement, this did not result from the establishment of SENAES and FBES as such. In an interview with the author, he stated:

Those were historical opportunities that we couldn't let pass by. We need public resources to help solve the problems faced by solidarity economy production units in terms of access to credit, technical assistance and opportunities for commercialisation. However, this should be done in a way that promotes their autonomy vis-à-vis the state, which strengthens the autonomy of the forums. It should be done in a way that strengthens popular education, the promotion of a consciousness of solidarity and economic collaboration based on solidarity, not the reproduction of the neoliberal logic of productivity, profit and individualism. ... Every strategic decision implies risks and compromise.

Arruda argued that SENAES and FBES were established too early, before the movement was strong enough to turn the solidarity economy into the foundation of the government's economic policy, or at least a central area of economic policy-making; or prevent the forums from being co-opted by the hierarchical logics of the state and NGO bureaucracies as well as the competitive logic of electoral politics.

#### *The political compromise around SENAES*

The establishment of SENAES and the adoption of national policies for promoting the solidarity economy can be seen as part of a PT strategy for improving its electoral

performance, while diminishing its engagement with grass-roots organisations and day-to-day mass organisation.

The PT and the solidarity economy movement have common origins that can be traced back to the resistance against the authoritarian regime promoted by the Ecclesial Base Communities, as well as by progressive lay organisations within the Catholic Church such as Ação Católica (Catholic Action) and Comissão Pastoral da Terra (the Pastoral Commission for Agrarian Issues). These organisations served as a training ground for the activists that founded the PT and CUT (Central Única dos Trabalhadores)<sup>26</sup> in the early 1980s, as well the founders of key organisations that promoted the solidarity economy movement.<sup>27</sup> Many of them were also militants, or collaborated closely with the PT. However, throughout the 1980s and 1990s, the PT decreased its engagement with grass-roots organisations and day-to-day mass organisation, except before electoral campaigns. In the same period, it shifted from a Marxist/left tendency to a ‘third way’ developmentalist approach to economic policy. In the words of Petras and Veltmeyer, ‘the electoral sector of PT gained control of the party and slowly redefined its role as an electoral apparatus, paying lip-service to the social struggle and concentrating its efforts inside the apparatus and institutions of the state, forming *de facto* alliances with bourgeois parties’ (2005: 61-2). Thus the electoral coalition led by the PT that won the 2002 general elections included, among others, the social democratic Partido Socialista Brasileiro (PSB), or Brazilian Socialist Party; the centrist Partido do Movimento Democrático Brasileiro (PMDB), or the Brazilian Democratic Movement; and the neoliberal/conservative Partido Republicano Brasileiro (PRB), or the Brazilian Republican Party.

Before the presidential election in October 2002, the PT and its electoral allies issued a manifesto which stated that their major goal in government would be to address structural inequalities by promoting rapid economic growth and international competitiveness. To this end, the manifesto listed six key policy goals, namely stabilising prices, creating a more efficient tax system, providing long-term development finance, investing in research and development, and investing in infrastructure as well as worker education (Baer 2008: 152-3). Economic growth would be boosted by stimulating both supply and demand and by strengthening trade and investment relations with other economies at the same level of development, thus

decreasing Brazil's dependence on the Global North. The choice of a 'third way' developmentalist strategy by Lula's government was the result of a compromise made by PT leaders with national and international economic elites, aimed at ensuring governability and promoting the economic growth necessary for supporting redistributive measures. At the core of this compromise was the goal of maintaining a reputation of 'investor-friendliness' so as to avoid a flight of national and international capital (Baer 2008: 152).

The agenda adopted by the incoming government precluded radical departures from established economic policy, such as those implied by adopting the solidarity economy as the basis of economic policy, or even establishing a ministry for the sector. In order to change this situation, the Brazilian solidarity economy movement would need to link up with other civil society actors with similar goals as well as factions within the PT which favoured grass-roots self-management and participatory democracy.

#### *The disempowerment of production units*

The dependence of production units in the solidarity economy upon civil society and political mediators reflects their fragility as well as the lack of mechanisms within the forums for promoting their empowerment, such as creating incentives for economic collaboration and for collective self-management.

In 2007, there were almost 22 000 production units in the solidarity economy. About 2 000, or 9 per cent, were located in Rio de Janeiro, and about 1 300, or 6 per cent, in Rio Grande do Sul. Only about 49 per cent – 22 per cent of those in Rio de Janeiro, and 36 per cent of those in Rio Grande do Sul – participated in the formal economy. Nearly 30 per cent had no formal earnings in Reais, and more than 60 per cent were unable to pay minimum monthly wages of 380 Reais.<sup>28</sup>

The main cause of the fragility of these production units is the difficulties they experience in accessing opportunities for commercialisation, credit and know-how. These stem from a combination of structural dynamics as well as regulations that benefit capitalist production, while simultaneously creating obstacles to the

establishment of production units which cannot provide any guarantees of economic or financial sustainability.

The public policies for the solidarity economy promoted by SENAES and municipalities such as those of Rio Grande do Sul promote access to the knowledge needed for setting up and managing production units. They also create opportunities for accessing credit and commercialisation in the form of community-based microcredit mechanisms and solidarity economy fairs, among other initiatives. These initiatives are particularly important to production units which, due to their informal status, are not able to access credit and opportunities for commercialisation beyond the 'clustered patronage' of personal networks and institutional support by CSOs. However, they do not guarantee the economic sustainability and self-determination of those units.

Mance (2002) argues that the key to the self-determination of production units in the solidarity economy lies in integrating them with supply chains, so as to promote productive specialisation, economies of scale, and a 'systemic feedback mechanism' that would contribute to their sustenance and growth. In the 2000s, only 6 per cent of solidarity economy-based production units were participating in supply chains at the national level.<sup>29</sup> One of the most significant examples is that of Justa Trama (<http://www.justatrama.com.br/home/index.php>), a chain of agricultural and industrial workers' co-operatives that produces organic cotton clothing. The experience of this supply chain supports Mance's argument. It shows that integrating production units into supply chains helps them to save on materials, and generate more revenue. Besides this, the fact that they are all part of the same project and share their gains and losses not only motivates them to sell products to their partners at good prices, but also promotes productive specialisation, therefore increasing productivity by reducing costs and promoting economies of scale. This also liberates resources for investment in technology, which further improves productivity and product quality. However, policy programmes for promoting the solidarity economy do not include incentives for setting up supply chains, because they privilege public support to individual production units over promoting collaboration among them. The fact that, by the time field work had been concluded, none of those programmes had been formalised in state or national legislation meant that their continuity continued to

depend on the re-election of PT governments. Moreover, given that the solidarity economy forums were still informal institutions with no legal personalities, they could not raise the resources needed to support the development of supply chains as well as self-managed mechanisms for commercialisation and financing at the grass roots. National-level legislation proposed by the movement did not envisage providing the solidarity economy forums with these sorts of capacities.

### **Conclusion**

The establishment of SENAES and FBES was a political compromise that turned the solidarity economy into a peripheral area of policy-making, and reinforced the dependence of production units on institutional mediators in civil society and the government. As a result, the horizontal logic of deliberation and collaboration that characterises direct democracy in open-space forums became secondary to the hierarchical and competitive logic of state bureaucracy and electoral competition. This development had two main causes. The first is that, when national policies were formulated, and the FBES was formed, the movement had not yet forged the alliances with other grass-roots organisations as well as PT members needed to tip the balance of power within the party and promote the solidarity economy as a central area of policy-making. Another was the fragility of most production units in the solidarity economy, and the low levels of economic collaboration among them. Moreover, by mid-2009, when field work was concluded, state support for the solidarity economy had not yet been legislated, which meant that its continuity continued to depend on the re-election of PT governments.

Given that the solidarity economy forums are informal institutions with no legal personalities, they are unable to create their own mechanisms for supporting economic collaboration among production units, which makes them dependent on NGOs or public officials for access to technical assistance, credit and opportunities for commercialisation. However, these limitations are not fatal, as they provide a clear incentive for providing the forums with legal personalities and regulating their relationships with participants and institutional partners, thus providing them with the capacity to promote the self-determination of production units in the solidarity economy.



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<sup>1</sup> This chapter is based on field work conducted in Brazil from June to August 2006, in July and August 2007, and from July 2008 to July 2009.

<sup>2</sup> [http://www.fbes.org.br/index.php?option=com\\_content&task=view&id=61&Itemid=57](http://www.fbes.org.br/index.php?option=com_content&task=view&id=61&Itemid=57)

<sup>3</sup> [http://www.fbes.org.br/index.php?option=com\\_content&task=view&id=65&Itemid=61](http://www.fbes.org.br/index.php?option=com_content&task=view&id=65&Itemid=61)

<sup>4</sup> Implementaton of this law only began in the second half of 2009, after field work had been concluded.

<sup>5</sup> GT Brasileiro was initially composed by PACS, Cáritas Brasileira, FASE, IBase and CONCRAB, as well as the following organisations: ABCRED – *Associação Brasileira de Instituições de Microcrédito/Brazilian Association of Microcredit Institutions* (<http://www.abc Cred.org.br/>); RBSES – *Rede Brasileira de Socio-economia Solidária/Brazilian Network of Solidarity Socio-economy*; ITCP – *Rede de Incubadoras Tecnológicas de Cooperativas Populares/Network of University-based Incubators of Popular Co-operatives*; ANTEAG – *Associação Nacional de Trabalhadores e Empresas em Autogestão/National Association of Workers and Enterprises in a Regime of Self-Management* (<http://www.anteag.org.br/>); UNITRABALHO; ADS-CUT – *Agência Para of*

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*Desenvolvimento Solidário*/Agency for Solidarity-based development, part of CUT (<http://www.ads.org.br/>). GT Brasileiro also included, at the time of its creation, the government of the state of Rio Grande do Sul and the Secretariat for Development, Labor and Solidarity of the then PT-led municipal administration of São Paulo (GT Brasileiro 2002).

<sup>6</sup> A complete transcript of the concluding session of the Third National Plenary is available at [http://www.fbes.org.br/index.php?option=com\\_docman&task=cat\\_view&gid=112&Itemid=216](http://www.fbes.org.br/index.php?option=com_docman&task=cat_view&gid=112&Itemid=216) (last accessed on 01/02/2012).

<sup>7</sup> Known as the '*Carta ao Governo Lula*', or 'Letter to Lula's Government'.

<sup>8</sup> The competences of SENAES were publicly regulated by the government decree nr. 4.764 of 24 June 2003, which also predicted the creation of CNES.\*\* [unclear]

<sup>9</sup> CNES was officially inaugurated at the First National Conference on the Solidarity Economy, held in Brasilia in June 2006. The working documents and conclusions of this event are available at [http://www.fbes.org.br/index.php?option=com\\_docman&task=cat\\_view&gid=332&Itemid=216](http://www.fbes.org.br/index.php?option=com_docman&task=cat_view&gid=332&Itemid=216)

<sup>10</sup> A detailed account of these measures is available at [http://www.mte.gov.br/ecosolidaria/prog\\_default.asp](http://www.mte.gov.br/ecosolidaria/prog_default.asp) (last accessed on 06/02/2012).

<sup>11</sup> More information about this programme is available at [http://www.mte.gov.br/ecosolidaria/prog\\_promocao\\_brasil.asp](http://www.mte.gov.br/ecosolidaria/prog_promocao_brasil.asp) (last accessed on 06/02/2012).

<sup>12</sup> The database, as well as a description of the mapping process, is available at <http://www.mte.gov.br/ecosolidaria/sies.asp>.

<sup>13</sup> A detailed account of this project is available at [http://www.fbes.org.br/index.php?option=com\\_docman&task=cat\\_view&gid=432&Itemid=216](http://www.fbes.org.br/index.php?option=com_docman&task=cat_view&gid=432&Itemid=216)

<sup>14</sup> A full transcript of the concluding session of the Third National Plenary is available at [http://www.fbes.org.br/index.php?option=com\\_docman&task=cat\\_view&gid=112&Itemid=216](http://www.fbes.org.br/index.php?option=com_docman&task=cat_view&gid=112&Itemid=216)

<sup>15</sup> They were later joined by the Central de Co-operativas e Empreendimentos Solidários (UNISOL), or the Central of Co-operatives and Solidarity-based Production Units ([www.unisolbrasil.org.br](http://www.unisolbrasil.org.br)), and União Nacional de Co-operativas da Agricultura Familiar (UNICAFES), or the National Coalition of Family-based Agricultural Co-operatives ([www.unicafes.org.br](http://www.unicafes.org.br)). CUT established UNISOL in 2004 to provide worker co-operatives with technical and financial support. UNICAFES was established in the same year to represent family-owned subsistence farms and grass-roots agricultural co-operatives. CONCRAB decided not to participate in the FBES. The participation of MST in the solidarity economy movement currently comprises the commercialisation of agricultural goods at municipal, state and national-level solidarity economy fairs across the country.

<sup>16</sup> A detailed description of the structure and functioning of FBES is available at [http://www.fbes.org.br/index.php?option=com\\_content&task=view&id=61&Itemid=57](http://www.fbes.org.br/index.php?option=com_content&task=view&id=61&Itemid=57).

<sup>17</sup> The states of Espírito Santo, Minas Gerais and Ceará created their own forums in 2001, as part of bottom-up mobilisation in preparation for the First National Plenary. The states of Bahia, Pará and Pernambuco established their own forums in 2003, following the Third

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National Plenary. The states of Amazonas and Pauí established forums in the following year, followed by Santa Catarina in 2005. São Paulo, Acre and Rondônia established their forums in 2006, as a result of bottom-up mobilisation for the First National Conference on the Solidarity Economy which took place in Brasilia in June 2006. The remaining states set up their forums in 2007, in the aftermath of the First National Conference.

<sup>18</sup> A term used to refer to cattle keepers in southern Brazil, Argentina and Uruguay. Also used to refer to the inhabitants of the state of Rio Grande do Sul.

<sup>19</sup> The conclusions of the Fourth National Plenary are available at [http://www.fbes.org.br/index.php?option=com\\_docman&task=cat\\_view&gid=433&Itemid=216](http://www.fbes.org.br/index.php?option=com_docman&task=cat_view&gid=433&Itemid=216). During the plenary, it was decided that only organisations active in at least seven states would gain permanent seats on the National Coordination and National Executive Coordination of FBES. This decision led to the withdrawal from these bodies of PACS, FASE and IBase, as well as the official entrance of UNISOL and Instituto Marista de Solidariedade (IMS), a social assistance organisation which forms part of *Cáritas Brasileira* (<http://sites.marista.edu.br/ims/>).

<sup>20</sup> An NGO technical expert who served in the FCP secretariat at that time.

<sup>21</sup> The respondent was referring to NGOs serving in the forum secretariat at that time.

<sup>22</sup> The respondent was referring to Olivio Dutra, mayor of Porto Alegre between 1989 and 1993, and governor of the state of Rio Grande do Sul between 1999 and 2003.

<sup>23</sup> Representatives of Democracia Socialista (DS), or Socialist Democracy, a Trotskyite formation within the PT.

<sup>24</sup> This meeting took place in December 2008, during the annual state solidarity economy fair.

<sup>25</sup> According to data from *Tribunal de Contas da União*, (<http://portal2.tcu.gov.br/TCU>), the national court that supervises the budget of the Brazilian government, between 2004 and 2008, SENAES xxxxxx\*\* [verb missing] 21.4 million *Reais* for the implementation of its policy programmes. This is less than 0.25 per cent of the 20 532.2 million *Reais* allocated to the Ministry of Labour in that period.

<sup>26</sup> The major labour federation in Brazil, connected to the PT.

<sup>27</sup> Among those organisations are the Rio de Janeiro-based FASE – *Solidariedade e Educação* ([www.fase.org.br](http://www.fase.org.br)), CEDAC ([www.cedacnet.org.br](http://www.cedacnet.org.br)), IBase ([www.ibase.org.br](http://www.ibase.org.br)), PACS – *Políticas Alternativas para o Cone Sul* ([www.pacs.org.br](http://www.pacs.org.br)) and Asplande ([www.asplande.org.br](http://www.asplande.org.br)). Many of those activists also joined the ranks of *Cáritas Brasileira* ([www.caritas.org.br](http://www.caritas.org.br)), the Landless Workers' Movement (MST), as well as two national-level networks of university extension programs aimed at supporting Solidarity Economy-based production units: ITCP – *Rede de Incubadoras Tecnológicas de Co-operativas Populares*/Network of University-based Incubators of Grassroots Co-operatives ([www.itcp.org.br](http://www.itcp.org.br)) and UNITRABALHO ([www.unitrabalho.org.br](http://www.unitrabalho.org.br)).

<sup>28</sup> This information has been drawn from SNIES, and is based on its 2007 survey. Its database does not allow the calculation of the percentage of formal and informal production units within these categories.

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