

Part I

TOWARD AN ECONOMIC SOLIDARITY

The Recent Rebirth of the Solidary Economy in Brazil

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BRIEF CONCEPTUAL INTRODUCTION

What it is

Workers invented the solidary economy in the early days of industrial capitalism as a response to the poverty and unemployment resulting from the "unregulated" diffusion of machine tools and the steam engine at the beginning of the nineteenth century. The cooperatives were an attempt on the part of the workers to recover work and economic independence through the use of the new forces of production. Their structure remained faithful to the basic values of the labor movement, those of equality and democracy, synthesized in the socialist ideology. The first great wave of production cooperativism was contemporaneous with trade union expansion and the struggle for universal suffrage in Great Britain.

A solidary enterprise rejects any separation between work and ownership of the means of production, the recognized basis of capitalism. The capitalist company belongs to the investors, to those who supply the money necessary to acquire the means of production, and for this reason its only aim is to provide profit for them, the greatest profit possible in relation to the capital that has been invested. Power, in the capitalist company, is concentrated totally (at least in ideal terms) in the hands of the capitalists or the managers they hire.

Capital, in the solidary enterprise, is owned by those who work in it and by them alone. Both work and capital are inseparable, since those who work are also the owners of the company and there are no owners who do not work in the company. The company property is divided equally amongst the workers so that all have an equal voice in the decision-making process. Solidary enterprises are usually administered by specially elected members who act on the mandate of the general assembly or, in the case of a large company, the council of delegates elected by all the workers.

The solidary enterprise is primarily an organization of workers who are only secondarily its owners. Its basic aim, therefore, is not to make the greatest possible profit but to increase the quantity and quality of the work. In reality, in the solidary enterprise, there are no profits, since none of its income is distributed in direct proportion to its capital shares. It can take out loans from its own members or from third parties, and it seeks to pay the lowest rates of interest on the market to its creditors (whether internal or external).

Workers decide the destination of the annual surplus. In general, one part is channeled into reinvestment and can be placed in an "indivisible" fund, which belongs to the collective and not to individual members. Another part, which is also reinvested, can serve to increase the value of the members' shares, which they have the right to withdraw when they leave the company. The remaining surplus is usually destined for an educational fund or some other form of social fund (such as culture, health, etc.), and may eventually be redistributed amongst the members, according to criteria decided by the members themselves. Thus, the capital of the solidary company is never remunerated under any pretext, and, therefore, there is never any "profit," since this is defined, in legal as well as in economic terms, as the earnings that derive from the capital invested.

The production cooperative is the basic unit of the solidary economy, and its social relations of production are as previously defined. Another unit is the commercial cooperative, composed of autonomous producers, either individuals or families (which include rural workers, taxi drivers, professionals, craftsmen, etc.) who transact their purchases and, when appropriate, their sales, together. As production is undertaken on an individual basis, the earnings are also individual, and the surplus from the commercial operations is usually distributed amongst the members of the cooperative in proportion to the amount bought and sold by each individual through the cooperative.

The consumer cooperative, which is owned by those who consume its products or services, is another example of a solidary enterprise. Its aim is to provide the greatest satisfaction at the lowest cost to the members of the cooperative. However, in order to be a solidary enterprise, there should be no separation between work and capital. Many consumer cooperatives employ salaried workers, which creates class struggles within these cooperatives. For this reason, they do not form a part of the solidary economy, unless they are consumer cooperatives that make their workers full members. They are sometimes, therefore, known as mixed cooperatives.

The same situation applies to credit cooperatives. These are intermediary financial enterprises owned by the depositors. For them to become solidary enterprises, the employees who work within them must be members. The community credit cooperatives, established by residents of the same city or members of the same trade union, etc., use deposits to provide personal loans

to members of the cooperative. This is called rotating credit; it releases the poor from the clutches of the moneylenders, since commercial banks almost always close their doors to them.

Solidary enterprises usually form federations, in the form of local, regional, national or international associations. The impetus for this is based on the same set of factors that lead to the centralization of capital in large multinational companies and conglomerates: gains of scale (which allow costs to be reduced), the need to combine resources in order to develop new technologies and disseminate the best technology, as well as other high-cost and high-risk ventures.

The economic and political position of the solidary economy

Many companies that begin as solidary enterprises end up by adapting themselves to capitalism, and therefore cease to be so. The most famous instance of this was the case of consumer cooperatives, which were extremely important in Europe and which finally opted to employ salaried workers and administrators. This decision provoked strong resistance amongst the older members of the cooperatives. The conflict arose in relation to the production cooperatives created by consumer cooperatives, in particular the large central wholesaler cooperative in England that supplied the other co-ops. The workers in these cooperative industries had shares in the capital, were entitled to the surplus, and participated in management; in addition, they rarely lost their jobs, even in times of crisis. In the eyes of other workers, members of consumer cooperatives, and therefore the "owners" of the production cooperatives, had acquired a privileged status in relation to themselves, mere wagedworkers (Cole, 1944: ch. IX).

The practice of abandoning self-management in the companies created by consumer cooperatives was later imitated by marketing cooperatives. It represented a break with its early principles, although this was never acknowledged. This, however, did not prevent the cooperative movement, represented internationally by the ICA (International Cooperative Alliance), from continuing to uphold the Rochdale principles, which define cooperatives as democratic and egalitarian. Thus, in theory, cooperatives are still self-managed, while in practice many employ salaried workers.

Since the cooperative movement holds the values of the solidary economy in high esteem, a considerable number of cooperatives attempt to practice them and, to a greater or lesser extent, acquire the status of solidary enterprises. Many cooperatives have probably passed through periods in which they operated as solidary enterprises, and other periods during which they more closely resembled capitalist companies. These oscillations are due to the economic and social situation of each individual cooperative—many of which came into being as part of worker or peasant struggles—and to the

“spirit of the age,”¹ which instills into cooperative members either the values of democracy and solidarity or individualistic values and the cult of competitiveness.

The solidary economy is composed of those companies that actually practice cooperative principles, i.e., self-management. It is a part of the cooperative or social economy, but should not be confused with those cooperatives that employ salaried workers. In fact, the great majority of companies exhibit different levels of self-management, which vary not only from cooperative to cooperative but also within the same cooperative at different times.

The solidary economy constitutes a mode of production that, alongside several other modes—capitalism, small-scale production of commodities, state production of goods and services, private non-profit production—comprises the capitalist basis of society: capitalist, not only because capitalism is the largest of all modes of production, but also because it molds the legal and institutional superstructure in accordance with its values and interests.

Although it is hegemonic, capitalism does not prevent the development of other modes of production, since it is incapable of absorbing the whole of the economically active population. The solidary economy grows in response to the social crises that the blind competition of private capital periodically creates in each country. However, it only becomes a real and viable alternative to capitalism when the majority of those in society who do not own capital realize that it is in their interest to organize production in order to ensure that the means of production belong to all who are involved in using them to create the social product.

THE SOLIDARY ECONOMY IN BRAZIL TODAY

Self-management resulting from bankruptcy or crisis—Anteag

The solidary economy has arisen in Brazil probably as a response to the great crisis of 1981–83, when many industries, including large-scale producers, were forced to request creditors agreements and to declare themselves bankrupt. This was the period when cooperatives were formed to take over the Wallig stove industry in Porto Alegre, Cooperminas, a bankrupt coal mine in Crisciuma (in the state of Santa Catarina), and the blanket factories of the old textile industry of Parahyba (in Recife and in São José dos Campos). All of these remain in business today.

Company closures and the dismissal of many workers continued throughout the 1980s and 1990s, the two lost decades. Gradually, a strategy was developed whereby workers could take advantage of the opportunities offered by law to rent or acquire the bankrupt property of their former employers and thus preserve their jobs. Trade unions, as the legal representatives of the workers, intervened legally and promoted the formation of

associations of employees in companies that were failing and which would eventually become cooperatives.

The crucial issue in the process was to present the principles of the solidary economy to the workers, and to convince them to unite and form a company in which all would be equal owners, each individual having the right to a vote, and in which all would be committed to transforming a wrecked patrimony into a solvent enterprise. The conventional alternative was to form another capitalist enterprise, not controlled by all the workers but only by the most senior and best paid, who would be the largest shareholders.

The team that succeeded best in developing this strategy had its origins in the former Training Secretariat of the São Paulo Chemical Workers Union. Its mission was to work within the companies to “raise the consciousness of the workers, assessing society and its politics as a whole on the basis of what it represented in terms of the interests of the dominant national and international class” (Anteag, 2000: 15). In 1991, the leadership of the Chemical Workers Union changed and the Training Secretariat was closed down.

In the same year, as a direct result of the home market being opened up to imported goods, a large shoe factory, Makerly de Franca (in the state of São Paulo), which at that time employed 482 workers, underwent a crisis. The Shoemakers Union struggled to prevent so many workers from losing their jobs and called in one of the members of the former Chemical Workers team, Cido Faria, then working at the DIEESE (the Interunion Department for Social and Economic Statistical Studies), to transform the failing company into a “workers factory.” The DIEESE, an old and prestigious support institution for the trade unions, not only authorized its employee to help the union, but also contributed literature about “ESOPs” (Employee Stock Ownership Plans), widely disseminated schemes from the United States for worker participation in company share capital, under which they are legally entitled to certain incentives. Up until that point, in São Paulo, there had been no known system for transferring the ownership of a capitalist enterprise into the hands of an association of its former employees.

The workers adopted the union’s idea and made a proposal that they themselves acquire the Makerly machinery for \$600,000. In order to secure credit from Banespa (the official bank of the State of São Paulo, since sold to the Santander), they had to wage an intense political struggle, culminating in the occupation of the Banespa headquarters in Franca. After 91 days of pressure and negotiation, an agreement was signed in which, to guarantee the loan, 49 percent of the company shares were held by the bank. Under this agreement, Makerly also had to continue as a corporation and not as a cooperative. Under the control of the workers, the factory operated successfully in the years that followed until the federal government intervened in March 1995 to make Banespa suspend credit to Makerly, which put an end to its activities.

The Makerly experience was the basis from which it became possible to develop a methodology for transferring capitalist companies to their employees. "People from all over the country, trade unionists, politicians, workers, the press, all went to Franca to find out about the experience that they called the 'workers' factory'" (Anteag, 2000: 56). Other companies, generally the larger and older ones, also entered a period of crisis and became self-managed: Cobortores Parahyba, Facit, Hidro-Phoenix, etc. The First Meeting of Workers in Self-Managed Companies was held in São Paulo in 1994, attended by representatives from six companies. At this meeting it was decided to create Anteag (the National Association of Workers in Self-Managed and Profit-Sharing Enterprises).

Anteag was formed not only to help the workers in their struggle to save jobs and put an end to their subordination to capital but also to advise the new solidary enterprises.

The projects needed to be coordinated because, even though they were initially fuelled by unemployment, when the workers took over a company they had to face innumerable issues that were new to them, including questions relating to the market and the commercialization of products, access to credit and control of the company budget, the organization of labor and production, technology and legislation. Whilst solidarity amongst the workers and the support of certain unions for their activities were essential, it was clear that this was not enough. It was also necessary to interconnect people and institutions, democratize information and create a space for debate and the production of alternatives. All in all, there was a need for a body that would assume all these roles. This was the beginning of Anteag. (Nakano, 2000: 68)

In the process of transforming a company from a failed or failing concern into a solidary business there is a series of crucial steps to be taken. The first is to win the consent of the workers themselves, who must be willing to exchange their entitlements for capital shares in "their" new company, and this can only happen if they believe that they are able to collectively assume the management of the company in crisis and rehabilitate it. The alternative is to close the company down legally until it is put up for auction, after which they will receive only a fraction of their entitlements from its sale. Generally speaking, many years pass between the closure of a plant and its auction, during which period the installations and machinery almost completely lose their value. Consequently, a large portion of redundancy entitlements is also lost, whereas if they are invested in a cooperative there is always the possibility that they will retain or even increase their value.

There are many factors that make workers decide whether to risk taking possession of a company or to search for another salaried job, including the level of cohesion and mutual trust, external support for the self-management

project, the chances of finding another job with satisfactory pay and conditions, etc. Generally speaking, in cases where the reestablishment of the company in the hands of the workers seems certain, the workforce is divided between a majority who support the proposal and a minority who reject it. The fact that the bankrupt property is kept operational by the new firm preserves its value, which benefits all the creditors, including those workers who do not want to join, since they also end up receiving a greater share of their entitlements.

The second stage is to ensure that the property of the firm passes into the hands of the associated workers, which will often mean arranging credit, for which the guarantee is the property itself. In general, large amounts of long-term credit can only be obtained through official banks, and this is dependent on a politically favorable decision. "Swaying" such a decision usually demands a large-scale mobilization of forces and intense pressure; in the case of Makerly (as we have seen) this took the form of the occupation of the bank's headquarters. The trade union in question counts on the support of the other unions and its federation, and, if a large number of workers are involved, it manages to secure the support of the media, the parties and politicians of the Left, the Church and, eventually, the Mayor and the Governor. All this is important for the future cooperative, since, in order to operate, it has to maintain the support of the legal system as well as the bank.

The third step involves making the new company viable by recovering the clientele, suppliers and credit of the former concern. These early days are very hard since the workers have to accumulate working capital, meaning that during this period they will not receive a "full" pay-packet (i.e., the desired monthly wage, usually equivalent to their previous pay) but much less. This is the so-called "heroic period," which can last for months, during which time the workers may not even draw a subsistence wage.

Once this critical period is over, most of the former clientele return and new clients are also attracted, the suppliers begin to gain confidence in the cooperative and wages gradually begin to increase. It is only after this point that the solidary enterprise begins to function normally. The workers chosen to take up managerial positions take courses and acquire new skills. The habit of holding assemblies is consolidated, and the workers who remain on the production lines get used to analyzing the company's difficulties and successes and to making collective decisions about its management.

Strange though it may seem, the great majority of attempts to transform failing or bankrupt companies into solidary enterprises have been successful. This may be explained firstly by the sacrifices made by the individual members of the cooperatives, who often work for months on end for very little return, sometimes even only for basic food baskets (standard food supplies calculated to cover the basic needs of a family for a specific period of time). It is also explained, though, by their enormous dedication and love

for their work, from which they are no longer alienated, and which results in undreamed-of rises in productivity and great reductions in losses and waste. And, finally, it is also due to the way in which the new administrators learn the techniques and methods for managing sales and purchases, giving and receiving credit, introducing new products and processes, and building supportive relationships with other self-managed companies.

Anteag continued to grow steadily. After the successes of the first solidary enterprises, the unions and workers redoubled their efforts to create similar concerns and, in order to maintain their viability, requested the assistance of Anteag staff and trainers. Since 2000, Anteag has also been hired by governments that have decided to promote the solidary economy. The government of Rio Grande do Sul, led by Olívio Dutra, signed an agreement with Anteag that led to an increase in its staff in the state so that they could work in all its regions. The results were soon evident: within a year about one hundred new cooperatives had been formed, thus saving tens of thousands of jobs.

Other state governments also began to display an interest in hiring Anteag, and in 2001 a significant number of new mayors were doing so. In January 2001, around 160 solidary enterprises throughout Brazil were being advised by Anteag, including the largest of all, the Usina Catende, which operates in five municipalities in Pernambuco, and employs 3,200 families. Catende became insolvent in 1995 and since then has operated as a self-managed company, with the support of rural workers, trade unions, the Solidary Development Agency of CUT (a union federation), the Cuban Government (which supplies agriculturalists who are specialists in cane cultivation) and Anteag.

Unisol: a trade union initiative

As we have already seen, the history of Anteag clearly demonstrates that the transformation of bankrupt or failing companies into production cooperatives requires the active intervention of the appropriate union. Anteag originated from the trade union movement and became a support organization that is independent but permanently involved in partnerships with unions engaged in converting capitalist enterprises into solidary enterprises. Let us now turn to another organization with similar aims that was formed more recently by two unions of the ABC, a group of industrial municipalities in Greater São Paulo, famous for its combative unionism.

The unions concerned were the ABC Metalworkers and the ABC Chemical Workers. The Metalworkers Union was the most powerful, since it represented workers from the automobile industry who, until recently, included the majority of the assembly plants in São Bernardo do Campo and many automobile parts plants located in neighboring municipalities. It was the Metalworkers Union that, in 1978, in the midst of the military regime,

organized a strike and factory occupation for which, surprisingly, there were never any reprisals, and which became the signal that, from that time onwards, the right to strike had returned to Brazil. A huge wave of strikes followed, affecting the entire country and making the so-called "new unionism," of which Lula became the leading figure, famous throughout the nation.

The Metalworkers Union initiated various campaigns against mass job losses in industry, which had national repercussions. The most famous of these was the agreement negotiated through the Automotive Sectorial Chamber, which traded certain tax concessions from the State, salary concessions from the workers and profit concessions, translated into lower prices, from the companies in return for a strong increase in vehicle sales and a corresponding rise in production, with full employment being maintained. The scale of the gains compensated for the concessions made. Similar agreements were subsequently negotiated in other production units.

It is within this context of "a unionism that formulates proposals for intervention in public policies, in industrial and sectorial policies, and in the changes taking place in the factories" (Oda, 2000: 94) that we must view the relatively early commitment of the Metalworkers Union to the solidary economy movement. As early as its Second Congress, in 1996, the Union had already decided to discuss the formation of cooperatives, self-management, etc., with its workers, as a means of safeguarding jobs. The Congress also decided that all workers of the same trade (including members of cooperatives) could become members of the Union, rather than only formal waged workers, which had been the almost universal rule in Brazil until then.

"In 1998, with the aim of increasing knowledge of cooperative systems, the union established a protocol for the exchange of information on the experiences of the Emilia Romagna region in Italy" (Oda, 2000: 97). Members of various Italian trade union bodies and the Lega delle Cooperative, the largest federation of cooperatives in Italy, participated in the protocol. It resulted in a visit to Italy by Brazilian delegates and a return visit to Brazil by leaders of the Lega and other Italian bodies, thus establishing a fruitful dialogue that is still developing today.

Whilst these advances were taking place at the macro level, the crisis in Conforja, the largest foundry in the country, located in Diadema, led to the direct involvement of the union in a full-scale operation to save jobs from 1996 onwards. (A summary of this case study will follow.) Subsequently, the Union became engaged in other similar operations: transforming Nichiden into Coopertronic, Cervin into Uniwídia, the formation of Cootrame by the workers dismissed from Nordon, the transformation of Olan (a textile company rather than a metallurgical one) into Cooperautex and KWCA into Metalcooper and Fibercoop.

The more the union became involved in supporting all of these cooperatives, the more obviously complex the task became. In February 1998, an

in-house seminar held by the union concluded that it was necessary to provide the members of new cooperatives with

information, training and skills for conducting the business. These needs arise from the fact that, in the aforementioned cooperatives, the majority of the members are ex-factory workers with low or basic qualifications, and thus with fewer possibilities of repositioning themselves in the labor market. The former managers and administrators of the old closed/bankrupt companies, on the other hand, usually search for new jobs or other independent business opportunities rather than joining the cooperatives. (Oda, 2000: 98)

This is hardly surprising, since technical staff and managers constitute the elite of the companies that have closed or become bankrupt, and it is only natural that the majority of them should have no faith in self-management and remain convinced that only authoritarian and hierarchical management systems can be efficient. For them, joining a cooperative would be tantamount to renouncing their power, status and privileges and becoming the same as all the other members, despite possessing many more "qualities." Nevertheless, there were cases (for example in Conforja, as we shall see) in which engineers and former directors not only joined cooperatives but also absorbed their values of self-management and worked hard to make them a reality. They assumed positions of leadership and were frustrated by the persisting "employee" mentality of many of the less qualified members of the cooperative.

A vital part of the ABC Metalworkers Union project for the cooperatives, based on international experiences, was the founding of the association Union and Solidarity of the Cooperatives of the State of São Paulo (Unisol Cooperativas). This institution, which was launched politically at the end of the Third Congress of the ABC Metalworkers, has strong links with the trade union movement, political parties and other civil society institutions. (Oda, 2000: 102)

In 1999 Unisol became a potential rival to Anteag: it has the same goals and, inevitably, is involved in similar activities. It is also a formal association of cooperatives that, although its members are all currently located in the ABC area, aims to reach others throughout the State of São Paulo.

Unisol can rely on an Incubator for Popular Cooperatives, supported by the Santo André Mayor's Office and linked to the Santo André Foundation (a municipal higher education institution). The cooperatives created and supported by this Incubator will probably join Unisol, which is expanding, propelled by the same factors that led to the growth of Anteag, namely, mass unemployment and intensifying competition that leads the old, large

companies into crisis and eventual bankruptcy; in addition, the success of the production cooperatives that have succeeded the companies that closed down may reinforce the confidence of the workers in the belief that their greatest chance of survival lies in their own hands.

A case study: the metamorphosis of Conforja

Conforja was a metallurgical company established in Diadema in 1968 to produce forged steel connections and pipes. It is worth remembering that 1968 marked the beginning of the Brazilian "Economic Miracle," during which the economy, and in particular industry, grew at an extraordinary pace that was sustained for around nine years. Conforja became the only supplier to Petrobrás, the state petroleum monopoly, which in the 1970s was involved in drilling the great underwater beds that had been discovered off the Brazilian coast. Between 1974 and 1976, the number of Conforja employees increased from 550 to 1,170, and its sales rose from \$8.4 to \$28.2 million. In the 1980s, Conforja diversified its activity and became a multi-enterprise producing machinery, ball bearings, and plastics, and trading in fruit and cereals, minerals, and wood, etc.

The company's situation changed in 1990, when the Fernando Collor government decided to open the domestic market to imports. At the time, Conforja was at the head of an oligopoly, and dominating 70 percent of the wrought iron market, when it was suddenly invaded by foreign suppliers competing with much lower prices. From then onwards it started suffering losses; it reduced its workforce and salaries were frequently paid late. This naturally led to protests, including open or covert strikes, which had a very detrimental effect on production. In 1994, in order to save the company, the principal Conforja shareholder made a proposal to the Metalworkers' Union that they should adopt co-management, which led to intense debate amongst the workers. In 1995, only 630 employees remained at Conforja, less than half the 1989 workforce, but still representing a significant number of jobs worth saving.

The union and the majority of the workers agreed to the proposal and in August 1995 signed an agreement of intent to establish co-management between the company and its employees, who were represented by the union. Subsequently, the workers formed an association known as Assecon, which would assume half of the management of the company after acquiring 45 percent of the shares. Anteag was called on to advise the union and the shop steward committee in this venture, which was a new experience for all of the participants.

To help the company recover, the workers had accepted a reduction in their working week from 44 to 40 hours *with a proportional reduction in salaries* (which, prior to this, the unions had always rejected). Despite this sacrifice

and the proposals of the employees' representatives on the Conforja board of directors, the crisis continued. Sales continued to fall, leading to more delays in the payment of wages and holiday benefits. Moreover, "the measures drawn up as part of the co-management scheme were never properly implemented, which meant that the workers began to lose faith in Assecon, the shop steward committee and the union" (Oda, 2001: 73).

In fact, it seemed that real managerial power in Conforja had remained in the hands of the old directors, some of whom did not abide by co-management decisions. In July 1997 the union held a referendum amongst the Conforja workers. The majority declared themselves in favor of dissolving Assecon, breaking off the co-management agreement and dismissing the shop steward committee. The company would then revert to being the sole responsibility of the proprietors and would lose the support of the union in negotiations with the municipal and state governments, which had allowed operations to continue despite non-payment of taxes and water and electricity bills.

After the union had taken on the task of saving the 630 jobs, it began (in collaboration with Assecon) to pressurize the public administration into declaring a moratorium on debts that had already been incurred, in the expectation that Conforja would soon recuperate financially. When the co-management agreement was broken off, the company lost this support, which, under the circumstances, was essential to its survival. The prospect was that the company would soon be declared bankrupt. Faced with this situation, the son of the founder of the company, who was one of its directors, realized that his best option was to hand over management to a cooperative formed by the employees. "The possibility of renting out the machines, equipment and installations to the workers appeared more advantageous to Conforja and its heir than simply closing down the company and allowing the family business to be turned into 'bankrupt property'" (Oda, 2001: 77).

The greatest difficulty in turning Conforja into a self-managed business lay in convincing the workers, since they had to be dismissed from their jobs in order to become the new owners of the company. Some, led by a dissident union leader, voted to continue as wagedworkers, which meant that they would not become involved in any attempt to save the company but would wait for the sale of the bankrupt property in order to receive part of their redundancy payments, as well as the salaries that were in arrears. The rest, led by the ex-Assecon directors, began discussions on the formation of a cooperative that could assume control of the company and steer it out of crisis.

It is interesting to note that the short period of time (roughly two years) during which the company operated under co-management was enough to convince the workers' leaders that any production cooperative that took over Conforja would have a very real chance of saving it. Co-management

played an important role, since the information it provided made it possible for the workers from the ex-Assecon to begin to understand the administrative, financial, commercial and production procedures, as well as to earn the respect of the other workers as potential future leaders.

The transition from co-management to cooperative

was only made possible by access to company data (the client list, for instance, or production and administration costs, amongst others); by learning about how the factory functioned (a combination of knowledge relating to its operation, administration and management); by discussing alternatives that had been presented by the workers during the co-management period; and by the recognition of the leaders by the rest of the workers. (Oda, 2001: 74-75)

Although the majority of workers were in favor of founding a cooperative, having issued a manifesto to this effect in October 1997, it did not happen at that point because there was too great a fear of losing employee status and thus renouncing the right to salaries, pensions, holiday benefits, etc., although these benefits were not being paid in their entirety. The manifesto proclaimed the workers' confidence in their own ability to "manage the company in such a way that the Conforja industrial estate would not shut down, the buildings would not be closed and the machines would not stop" (Oda, 2001: 77). But this confidence was not, at that moment, strong enough for the employees to feel ready to take the risk of becoming members of a cooperative.

The crisis in the company continued for several months before one sector of the factory, the thermal treatment sector, managed to break through the inertia. This sector served an external clientele, which made it financially independent of the crisis in wrought iron, laminate, connection and pipe production. A group of ex-members of Assecon made preparations to form a cooperative, which included consulting their clients to determine whether they would still continue to use their services in the event of a transition to worker management. When the results of these consultations proved positive, the remaining doubts could be silenced, although not without some considerable difficulty.

The workers only knew of two possible roles within the economy: either you were a boss or you were an employee. Collective self-employment was a mystery and self-management unheard of.

Even for those leading the process of forming a cooperative, this was a new experience. Subjects such as the management of the cooperative, the organization of the work and the production process, and, in particular, the participation of the worker-members in conducting the business of the cooperative did not assume much importance in the debates that took place amongst the workers. (Oda, 2001: 80)

On 14 December 1997, the founding assembly of Coopertratt—Industrial Cooperative of Thermal Treatment Workers and Metalworkers—was held in the Diadema regional headquarters of the ABC Metalworkers Union. In March of the following year, Conforja and Coopertratt signed a contract for rentals, provision of services “and other concessions,” under which the latter could use the buildings, machinery and equipment belonging to the former in exchange for the supply of thermal treatment services, as well as a percentage of the cooperative’s sales to external clients. The contract was extremely complex, and included a sliding scale of percentages for Conforja depending on the external revenue of Coopertratt.

One revealing detail of the contract was the fact that Conforja was no longer responsible for the remuneration of the workers who were cooperative members, or for redundancy payments. These became the responsibility of the cooperative. In other words, the workers in the thermal treatment sector were all dismissed by Conforja, and those who had decided to join the cooperative took responsibility for managing their own redundancy claims. Payment of entitlements for workers who did not wish to join the cooperative remained the responsibility of Conforja.

Coopertratt took over its part of the business, and very quickly obtained good economic results, reflected in the members’ pay-packets, which by the second month were “full,” which is to say that the cash flow situation allowed the workers to receive a remuneration equal to their average wage before the company had gone into crisis. When this became known, the other workers also showed an interest in founding their own cooperatives. The members of the ex-Assecon planned to form three more production cooperatives, based on units of business within the company, and two that would serve the production cooperatives—one of engineering, maintenance and toolmaking, and the other dealing with logistical and commercial concerns. In the event, only the first three were formed (between March and April of 1998): Cooperlafe (Ring Lamination and Wrought Ironwork); Coopercon (Piping); and Cooperfor (Foundry).

The service cooperatives did not flourish because there was no one to convince the employees in the technical and administrative sectors to take the risk and become their own bosses. The main Assecon leaders had already joined the production cooperatives. Apart from this factor, technocrats and bureaucrats generally are more predisposed to hierarchical structures, since they occupy privileged positions within them. It is understandable that the majority of them opted to face the harsh reality of a labor market with an excessive supply than to put themselves in the same position as manual workers in a self-managed arrangement that had not yet proved its “efficiency.”

However, not all the technical and administrative staff chose this path. Several joined the cooperatives because they approved of their leadership, because they operated in the same professional area of interest, or to fill a gap.

In May 1998, when the four cooperatives took over Conforja, it had 449 employees, 269 of whom became cooperative members. The remaining 180 (40 percent of the total workforce) preferred to leave. The former were known as the “internally dismissed” and the latter as the “externally dismissed.”

With the formation of the four cooperatives, the entire physical capital of Conforja was rented, which meant that a new contract was required. The following deductions were made from the net sales within the following margins: from 3.5 percent to 4.5 percent for the Conforja account; 3.5 percent for the redundancy benefits of those internally dismissed, and from 5.5 percent to 7.5 percent for the externally dismissed. Even the members of the cooperatives retained their right to individually differentiated claims, which meant that a portion of 3.5 percent of the revenue generated by all the members was earmarked for payment of entitlements proportional to seniority and other circumstances relating to each individual’s previous work at Conforja. A portion almost twice as large of the same revenue was destined for payment of the entitlements of the workers who had chosen to leave the company.

These contractual mechanisms demonstrate the firm grip that the workers maintained on their labor rights, the majority of which would have been lost if the production cooperatives had not revived the company. Those dismissed internally agreed to keep working to safeguard the rights of the externally dismissed because, “according to the ex-president of Coopertratt, the risk of the ‘externally dismissed’ taking out a court action demanding that the cooperatives pay their entitlements before Conforja was declared bankrupt, was very great” (Oda, 2001: 85).

The four cooperatives hired the Conforja owner to serve as an advisor in enterprise management in return for a payment of 1.5 percent of the net sales. In this way, the interests of all the parties involved in the company’s crisis were covered. Yet, in spite of the reasonable performance of the cooperatives, it was impossible to prevent Conforja from becoming bankrupt, and this was finally declared in March 1999. This transformed the property rented by the cooperatives into bankrupt property, owned, in principle, by the company’s creditors. However, the latter continued to remain interested in keeping the business open and so a new rent contract was signed in the presence of the Official Receiver.

Generally speaking, the economic performance of the cooperatives in 1998 and 1999 was positive, providing good reason to expect that the crisis could be overcome. The gross operating revenue amounted to R\$5.4 million in 1998 and R\$9.6 million in 1999, with the costs of the members equaling R\$1.5 million in 1998 and R\$2.9 million in 1999. (It is important to note that the 1998 figures do not cover the entire year.) Finally, the surplus for the four cooperatives was R\$300 thousand in 1998 and R\$209 thousand in 1999. The performance of the individual cooperatives was quite different in this respect: the Coopertratt surplus doubled from R\$131.5 thousand in

1998 to R\$260.4 thousand in 1999, whilst those of Cooperlafe witnessed a slight fall (from R\$116.8 thousand in 1998 to R\$97.9 thousand in 1999), and the two others suffered losses in 1999 of R\$39.5 thousand for Coopercon and R\$109.8 thousand for Cooperfor.

The information available does not allow for a complete assessment of the individual performance of each of the cooperatives. However, economic difficulties led to two changes in the management of Coopercon. On 1 December 1998, five of the six members of the Board of Directors were replaced, due to discontent on the part of the workers with their earnings, which were much lower than the full pay-packet that they had come to consider an almost automatic right.

At the start of his term of office, the second elected president opted to pay the remunerations of the worker-members, to the detriment of the economic and financial situation of the cooperative. [...] On August 26, 1999, also by means of an extraordinary general assembly, Coopercon replaced the president and general coordinator of the cooperative. An imbalance in the cooperative's accounts, caused by the low volume of sales, the need for resources to buy raw materials and supplies and pressure on the part of the workers themselves for better wages—which had once again dropped below the “full packet”—led the other cooperatives to declare themselves in favor of a “a complete overhaul” in Coopercon. (Oda, 2001: 93–94)

In spite of the obvious difficulties that some of the cooperatives have been facing, the workers have achieved their immediate aim, to safeguard their jobs and secure a reasonable salary for the work they do. Information available on this point relates to Cooperlaf, where the average earnings for July 2000 were R\$1,094.86, which compared favorably with the then average ABC metal-worker's salary of R\$1,051.63 (Oda, 2001: 111). Considering the desperate situation of Conforja, which finally led to its bankruptcy, it is probably fair to say that the economic performance of the cooperatives should be considered positive and that this should, with the passing of time, improve.

In general, the practice of self-management became habitual in the four cooperatives. Each of them, in addition to the statutory Board of Directors, has a general coordinator who, in fact, functions as a director. These were all individuals who had previously held positions of leadership at Conforja, either as ex-bosses or engineers or ex-members of Assecon. It is their responsibility to articulate the production processes and supervise the other members, and this includes “indicating pay raises/functions/jobs, defining overtime when necessary, defining production and client priorities/the financial interests of the cooperative, amongst other responsibilities” (Oda, 2001: 89).

Although the coordinators can exercise great power, their decisions are usually put before numerous general assemblies for ratification. Between

March 1998 and February 2000, the four cooperatives held no fewer than 120 assemblies, with average attendance varying between 70.4 percent at Coopertratt and 77.8 percent at Coopercon. It is interesting to note that the two cooperatives with the worst levels of performance (Cooperfor and Coopercon) were the ones that registered the highest rates of attendance, which seems to indicate that the members' participation was more intense precisely because they were facing the most serious problems. The assemblies give the members plenty of opportunity to add items to the agenda and to express their views.

Despite all the signs that, to a certain extent, self-management had become a reality, it was the coordinators who complained of the members' lack of participation and initiative. According to the Cooperlafe quality coordinator, “we have not managed to change the mentality of the workers, [since] they are still very dependent on the idea of a boss.” The president of Cooperfor thought that “many members are accustomed to being, and still continue to work as if they were, employees.” For the Coopertratt general coordinator, “the ‘change in philosophy’ [...] will only happen after they have taken part in technical courses and courses on cooperative principles.” For this coordinator, these courses foster “a greater sense of autonomy in making production decisions, as well as enabling members to think about business strategically, rather than just in the short term” (Oda, 2001: 116).

The Conforja case reveals very clearly the potential of transforming failing capitalist enterprises into production cooperatives. A large part of the workers' hesitations and resistance to launching themselves into such a venture are due to the fact that it is such an unknown quantity. With time and with the experience gained by cooperatives and their supporting bodies, such as Anteag and Unisol, it is to be hoped that there will be a more widespread understanding of the advantages to be obtained from making the change from the status of subordinate waged worker to member with the full right to participate in decision-making. It is interesting to note that other actors, such as capital holders or those with rights to the bankrupt property, have been far quicker to perceive the advantages for them in transferring the rights and responsibilities for physical capital to their ex-employees, for the simple reason that its maintenance, and therefore its value, is only preserved if it remains in constant use.

Self-management through agrarian reform—the MST

The struggle for land is not new in Brazil. It was heavily repressed during most of the military regime and gradually regained ground after the regime began to open up and liberalize. There were new occupations of the large country estates and from these experiences the MST (the Movement of

Landless Rural Workers) was born. In the words of the movement itself, in its initial phase (1979–84),

the conquest of the land was the central impetus. The MST wanted to resolve the land problem on an individual basis. [...] The landless individual claimed land and became a smallholder. [...] Production was based on self-sufficiency (the surplus was sold on the market). The level of cooperation that existed was spontaneous: it was based on offering mutual help at particular times of the year. (CONCRAB, 1998: 28–29)

The subsistence farming practiced in the small family properties did not succeed in improving the standard of living of the rural workers, and some of them were obliged to give up the land. After 1986, discussions began on how to organize the settlers, with the First National Settlers Meeting, at which seventy-six settlements from eleven different states were represented. Despite initial resistance to cooperative principles, “which came from negative experiences of the traditional model of the cooperative, characterized by large agricultural-industrial firms carrying out a policy of economic exploitation of farmers” (CONCRAB, 1999: 6), the talks developed in favor of the type of cooperativism that nowadays would be defined as the solidary economy.

During the New Republic (1985–89), the settlers’ associations increased, stimulated by rural extension governmental agencies, in particular Emater. Acceptance of cooperative principles came gradually. In 1988 the MST “Manual of Cooperative Farming” was produced. In 1989 the MST began attempting to organize the production of settlements through Organizational Laboratories, a methodology developed by Clodomir de Moraes. It was based on the experiences of the Peasants Leagues and aimed to create self-managed production cooperatives. Also in 1989, the first CPAs (Farming and Cattle-Raising Cooperatives) were created in Rio Grande do Sul: COOPANOR and COOPTIL. In this phase, the motivation for organizing into cooperatives had become economic (to accumulate capital) and political (to release some of the workers for other duties and sustain the MST) (CONCRAB, 1998: 31). The movement’s own documents record a turning point in 1989:

For the first time political lines were formulated for the organization of the settlements and the organization of production. [...] The challenge was to produce both at subsistence level and for the market. The problem of production became as important as the problem of occupation of land. [...] It was realized that both the small collectives and the large associations were unable to advance production, either because they were too small or because they were not being guided by economic criteria. (CONCRAB, 1998: 29)

The MST’s policy in relation to its settlements was consolidated in 1991/2 with the creation of the Settlers Cooperative System, constituted in each settlement by Farming and Cattle-Raising Cooperatives (CPAs), Regional Marketing Cooperatives, and Collective Groups and Associations; in addition, at the state level, Central Cooperatives for Agrarian Reform were established and, at the national level, the CONCRAB (the Brazilian Confederation of Agrarian Reform Cooperatives) was created on 15 May 1992, in Curitiba.

The CPAs unified the members’ plots of land and worked them together, following a production plan. As they were now collective, the division of the product, both in kind and in money, had to be based on each individual’s contribution and evaluated in some way. Thus, there was a change from a highly individual model, in which the small farmer had total autonomy and was vulnerable to all risks, to a completely collective model, in which each cooperative member participates in a socialized pattern of work, in accordance with a previously planned division of labor.

The CPA had been inspired by the Cuban model, in which the cooperative had little independence from the party-state and was part of a national plan. Within a few years it became clear that this type of cooperative was not compatible with the aspirations of the great majority of settlers in Brazil. Only a politically convinced minority stayed enthusiastically loyal to the CPAs and still remains so today. As early as 1993, their failure was evident and had begun to be openly recognized. There were conflicts in various CPAs, after which many members abandoned them.

Notwithstanding the crisis it is undergoing, the CPA is still a better form of organizing the settlement economy than the smallholding:

In the CPAs we have created crèches and communal dining rooms, thus making it possible for women to take part in the production process. [...] Integration with the large agricultural industries, an option and a condition of some cooperatives, has provided access to capital and to knowledge and qualifications for the agricultural workforce. Capitalization of the CPAs has provided CPA settlers with a better average income than individual settlers, and capitalization is, on average, 10 percent higher. The standard of living is better, in the majority of cases, than that of many families who are employed in the cities, taking production and income into account. It is also higher, on average, than that of the landholders, sharecroppers and even most of the small farmers who are still resisting in the country. (CONCRAB, 1999: 24–25)

In the beginning, the CPAs displayed serious administrative and technical problems, due to the settlers’ lack of training in these areas. In order to remedy this situation, a Technical Course in Cooperative Administration was created in Veranópolis (RS), with classes opening in June 1993. Six years later, 500

secondary level cooperative technicians had been trained. We believe that the gradual integration of these technicians into the production and marketing cooperatives is improving administrative and technical performance.

The failure of the CPAs may have been caused by the fact that the majority of settlers preferred small scale production of goods, even if this resulted in a lower standard of living and involved greater risks, due to the enormous variations in agricultural prices. In contrast, the members of cooperatives formed after crises in industrial companies had always worked collectively, under the command of capital, which made them aware of the fact that dividing the business up into small individual workshops would hardly be feasible and, in fact, a certain recipe for economic failure. Besides, they have no difficulty in assessing the contribution of each individual in relation to the product and in drawing up rules for sharing out the returns.

The situation of the rural workers is, in this sense, completely different. Farm work is usually carried out in small units, even on land that belongs to others, is rented, lent or occupied. In Brazilian agriculture, there are very few integrated farming businesses that operate on a scale similar to a factory. In addition to this, each settler is the owner of an individual plot that they receive from Incra (National Institute for Land Settlement and Agrarian Reform). Thus the option of working independently is feasible, as well as being the "normal" pattern in the Brazilian countryside. It is not surprising, therefore, that the first attempts to introduce the solidary economy through agrarian reform were not totally successful.

Nevertheless, the MST is still striving to develop a modern agriculture in the settlements it has established and understands that this task requires a high level of cooperation between the workers. Realizing that the CPA is not what the majority of settlers want, the movement has made a tactical retreat: instead of giving priority only to the CPA, it has begun to develop other forms of cooperatives, such as marketing cooperatives, within which the rural worker can maintain his individual status but still jointly organize the buying and selling of goods, with obvious price benefits for all. In addition, these cooperatives (known as CPSs or Service Cooperatives) help with the mechanization of agriculture by facilitating the communal purchase of expensive pieces of equipment, such as tractors and harvesters, and thus help develop the agricultural industries.

The MST, however, tries to prevent the formation of divisions in settlements between those who are members of CPAs or CPSs and those who work in isolation on their own plots. The Settlers' Cooperative System (SCA) aims to cover all settlers, whether individuals or in collectives. Through this, the MST seeks to provide the settlements with a democratic structure, within which the solidary economy can be advanced, as more and more settlers recognize that cooperation is worthwhile and less risky than isolated individual activities.

What matters for the MST is that all the settlers take part in the cooperative experience, and make a break with isolationism, since the main aim of cooperation is to develop production. It aims to contribute towards improving the way in which production is organized, and thus to providing a better standard of living for settler families. Some may only want to exchange working days. Others may want to begin a commercial venture together. Some could form a collective for machinery. Others may set up a communal production line. Some may work in collective groups. Others may be linked to a cooperative. Some may be members of a fully collectivized cooperative. (CONCRAB, 1998: 50)

The solidarity continuum, constructed in this form, is a model that the popular movement might develop in the cities. Each cooperative unit combines individual autonomy with collective work to varying degrees, and depends as much on the wishes of its members as on the characteristics of production. In agriculture itself, there are some types of production, such as the cultivation of strawberries or the raising of small livestock, in which individual or family-based work tends to be more efficient than large-scale collective work, which is probably better suited to highly mechanized, chemically treated cereal crops.

CASE STUDIES: AGRARIAN REFORM SETTLEMENTS IN PARANÁ

Abapan

Three different settlements were studied by Maria Antônia de Souza (1999): Abapan, Novo Paraíso, and Santa Maria. The first is the oldest, having been established in 1985, and in it all land is owned individually. The families are from the north and the west of Paraná. The MST suggested that they should organize into groups from the same areas. There are three associations.

The president of one association told us that the second had been formed because of differences within the first, as the workers had different objectives, both in terms of the number of working hours as well as the types of products and the number of family members involved in the activity. Another group of people who were not organized decided to form a third association after observing the work of the other two. Their objective was always the collective sale of products and the development of projects to obtain agricultural loans. (Souza, 1999: 140)

In Abapan, work is carried out by each family on its own individual plot, which means that the traditional division of labor and the traditional relationships

between the sexes prevail, with paternalism predominating. Yet, as smallholders, the settlers have an inferior status on the market and find it impossible to arrange credit and acquire the larger and more expensive types of equipment. In order to overcome these obstacles, attempts are made to form associations, but this always comes at a price: loss of autonomy, the need to coordinate working hours to suit communal tasks and to decide on the commodity the family will produce, as well as the need to reconcile the work that the family members do for the association with the work that they do on their own smallholdings. Differences in these areas were what had led to the split in the first association, and the desire to maintain some measure of autonomy lay behind the formation of the third. Each association had an average of thirteen families, a small number that lessened the advantages of belonging to an association, but probably represented the maximum amount of autonomy the settlers were prepared to renounce.

Finally, in 1997, twelve years after the settlement had begun, the associations were all united in a commercial cooperative known as COTRAMIC, which aims to sell jointly the production of all the settlements in the municipality of Castro in order to obtain the best prices at the lowest expense per unit. However, at the time the research was being carried out, "the cooperative was inactive, due to the members themselves 'who had ended up waiting for the directors to decide [...] unable to see that they themselves could make the decisions'" (Souza, 1999: 140). An explanation for this may lie in the fact that

the statutes of the cooperative stated that each member must be part of a group consisting of ten families, which motivates/obliges the workers to organize themselves and (re)develop practical [...] and technical knowledge (for instance, replacing manual labor with machines, including tractors), or [to reorganize] family patterns (for example, in a group the decisions cannot simply be made by the "head" of the family, but have to be based on the agreement of the whole group). (Souza, 1999: 142)

It was too much change in one go, especially when imposed from above and from outside. At the founding of the cooperative, in addition to the members of two settlements, there were representatives of the Workers' Party, local councilors, the State Deputy, the Castro Rural Workers' Union, and members of the state directorship of the MST. Speeches were made by representatives of the Central Cooperative of Settlements, the MST and the regional agriculturalist, who led the assembly. The former emphasized that "it will be the 'ordinary people' who will direct the cooperative." The agriculturalist, amongst other considerations, thought it important to warn that the cooperative "will not make anyone rich or improve anyone's life if the group does not wish this to happen" (Souza, 1999: 141-142). The impression the

report gives is that the cooperative was the idea of advisors and outside supporters, who, albeit with the best of intentions, proposed to totally reorganize the settlement from the point of view of technical and economic progress. Unfortunately, it totally ignored the enormous difficulties that settler families face in committing themselves to communal activities. The fact that the cooperative never fully achieved its purpose may very well be due to the passive resistance of the main parties involved, who, without daring to openly voice their disagreement, simply resolved to "wait for the directors to decide."

Novo Paraíso

The second settlement studied by Souza (1999) was that of Novo Paraíso, on land that had been illegally registered. Aware of this, the MST wrote to the Ouro Verde settlement in the municipality of Cantagalo, where a large number of families were occupying an area that was too small for them, inviting people to move to the illegally registered area that formed the Tigre property. Fifteen families moved there to join twenty-seven other families from Inácio Martins who had already formed Cooproserp (the Pitanga Production and Service Cooperative). Together this created an association of forty-two families connected to the cooperative.

The unfolding of events may be better understood by reference to a study of the cooperative made by Raquel Sizanowski (1998). The cooperative was founded on 24 August 1989. However, the settlement was only given official status in 1992, and during the intervening period had no access to credit. In addition, Cooproserp was the first wholly collective cooperative in which family plots were combined into one single unit of production. No one had had any previous experience of this, and the only information available to the members on how collective cooperatives operate came from the Organizational Field Laboratory (Laboratório Organizacional de Campo), an empowerment method devised by Clodomir de Moraes.

The period between 1989 and 1992 represented

three years of camping out on the land, living in precarious conditions and under constant threat of eviction, sickness and lack of food. As early as 1989, five families gave up on collectivization and abandoned the camp. [...] In 1990, 18 families abandoned Cooproserp and moved elsewhere within the same settlement, subsequently dividing their share of the settlement into individual plots and working as family units. (Sizanowski, 1998: 48)

In 1992, when the settlement achieved official status, representatives from the MST and the Environmental Institute of Paraná decided that

only those who intend to carry on with collectivism could continue to live in the area. After this, four of the eighteen families who had opted for individual work returned to Cooproserp and the others formed Astroagri, which had a simpler organizational structure and offered greater autonomy to the settlers in relation to production for their own consumption and a lower rate of investment than Cooproserp. [...] Sixteen families left the project after the move to collectivization. By the end of 1992, fifteen families belonged to Cooproserp and eleven stayed with Astroagri. (Sizanoski, 1998: 49)

However, the changes did not end there. In 1993, nine families abandoned the cooperative and moved to the Nova Cantu settlement, from which ten families had joined the cooperative. In 1996, two families left the cooperative and moved to the Araguaí settlement. The following year, two more families joined Cooproserp. The author observes that:

Those families who withdrew from the cooperative gave up their properties, or, in other words, the individual property of each family belonged to the cooperative after they had left. [...] Why did these families, after so much sacrifice and struggle in the MST campaigns, after long periods of camping out [...] decide to abandon the cooperative and leave the land they had conquered? The abandoning of the cooperative is the central issue of this research. (Sizanoski, 1998: 50)

It is worth noting at the outset that all the families who left the cooperative received land, either in the Novo Paraíso settlement or in another. This shows that the MST did accept the fact that families abandoned the first experiment in collective cooperativism, and it may be assumed that the movement itself recognized that this form of social organization could not be imposed on all settlers. Maria Antônia de Souza (1999: 144-145) observes, in relation to Astroagri (the Association of Organized Agricultural Workers), that it had been formed as a result of the rejection of collectivism, "having tried individual work without success, they were once more obliged to return to the collective in the form of an association."

Generally speaking, in the two studies, the statements collected from the settlers who stayed in the cooperative and from those who left them point towards three main reasons for abandoning them: 1) Poor financial returns for relatively large investments. Many statements reveal frustration with the inadequate earnings but do recognize the impatience of those who gave up, since it was necessary to wait longer in order to reap the benefits. 2) Discontent over the lack of incentives for those who worked the most and produced the best. Earnings were calculated on the basis of the number of hours worked without taking into account differences in effort and results. This had led some to work less hard at first and then move to an individual

plot where effort and productivity are not shared out and earnings are not averaged. 3) Dissatisfaction with the role of family work within the collective: since only adults are members and entitled to earnings, families with small children have to support them at their own expense. Moreover, the father loses his power as head of the family, which in turn loses its power to decide what it should produce and how it should work.

The living conditions of the families associated with Cooproserp (presumably in 1997, when Raquel Sizanoski carried out her research) were reasonable. Sixteen families belonged to the cooperative; it consisted of eleven married couples and five single people, with a total of twenty-six children, eight adolescents, and twenty-nine adults, making a grand total of sixty-three people.

The living quarters are organized as a rural estate, in which each family has an individual 12 x 30 meter plot. Some have a vegetable garden and keep small livestock, such as chickens and turkeys. Building the houses, as well as carrying out any improvements or repairs, is the member's responsibility. [...] The houses are all made of wood, most of them without ceilings and some without a proper floor. They have electricity and sewage mains, but only one has a bathroom. Most of the families have a television, radio, fridge and gas cooker, although wood-burning stoves are more widely used; only one house has a parabolic antenna and two have hot-water showers. Although they are rustic in appearance, in general the houses are very clean and tidy. (Sizanoski, 1998: 51-52)

For the sixteen children under the age of six there was a crèche run by two of the mothers who were paid a salary by the mayor's office. The ten children aged between seven and fourteen went to a local state school near the cooperative, which the Astroagri children also attended. The nearest health center was in Pitanga, roughly 30 km away. Common illnesses were treated with medicinal plants. "All the children are healthy and well fed" (Sizanoski, 1998: 51). In 1997, the cooperative distributed R\$38,000 to its members, which, on average, represented a minimum salary per month.

The researcher concludes that

in comparison with urban slum dwellers, for example, the settlers definitely have much better living conditions, since they are well fed and have a house, good health and work. Their standard of living is not ideal but it is far removed from the misery of the slums. (Sizanoski, 1998: 55)

Maria Antônia de Souza reaches a similar conclusion: "In relation to the functioning of the cooperative and the progress made in the settlement, the improvements in the quality of life of the families, including the houses that

have been built, the infrastructures and the production sectors, are obvious" (Souza, 1999: 145).

Santa Maria

Formed by groups from the settlements in the western and central-western areas of Paraná, the Santa Maria settlement was started in 1992, but only became official in 1994. It is the most recent of the three settlements studied. The families entered the settlement already planning "to found a cooperative and work collectively." Copavi (the Vitória Farming and Cattle-Raising Cooperative) was founded by twenty-five families that had formerly been tenants. At the time of Maria Antônia de Souza's research, there were nineteen families, "four of whom were there on a trial basis—a kind of training in the collective, in which the family would join one of the production sectors and the settlement organization as a whole and get to know the rules of the cooperative" (Souza, 1999: 148). This is a standard practice at MST settlements: "the places left vacant by families who have given up are occupied by other interested families, who then spend a trial year at the settlement" (Souza, 1999: 146).

The cooperative members had both economic and political aims. The Copavi internal regulations define its objectives as follows:

to become a product-producing commercial and industrial cooperative and to organize the work of the members; to liberate the work force so that it can contribute to the MST and the SCA [Settlers' Cooperative System]; to be a social organization campaigning for agrarian reform and the interests of its social group; to provide an example, through good social and economic results, that agrarian reform works; to specialize the workforce; to guarantee the participation in decision-making, execution, control and division of the surplus through democratic management. (Souza, 1999: 149)

The cooperative aimed to devote itself to cattle farming, farming, horticulture and industry. The most lucrative activity was horticulture, the produce of which was sold in Parancity and in the neighboring municipality of Cruzeiro. In terms of volume, the largest production was in milk, which they intended to industrialize.

[H]owever, they realized that they "didn't know, for example, how to skim the cream from the milk, make by-products of milk, etc." Moreover, now that they have managed to produce a quality product, they come up against other obstacles in the marketplace, such as the question of legalizing the milk. [A member] declared that milk should be the main product, and that there are a lot of investments, in swine and chickens, for example, that are not very

lucrative; in other words, high investments with low returns "have political repercussions, because they start to show what isn't working." (Souza, 1999: 149–150)

The lack of technical knowledge, which seems to have been widespread in the CPAs, became an obstacle to the industrialization of the cattle-farming products. It is likely that the professional training of the new generation will help to overcome this problem. But in the meantime we notice an impatience with the return on investments, which, in this statement, acquires political connotations: modest gains could give the impression that the experiment was failing, which would be serious for a cooperative that had included as one of its objectives, "to provide an example, through good social and economic results, that agrarian reform works."

From its beginnings until 1999, ten of the twenty-five founding families left Copavi.

All had come with firm objectives in mind and a conviction that the collective was the best way to organize the settlement. However, after six years, about 40 percent of the families had given up and opted for individual forms of work and associations for selling their products and buying equipment and agricultural supplies. (Souza, 1999: 150)

The reasons why the families gave up on the proposal to create a collective community are basically the same as those quoted in the case of Novo Paraíso: "people's mentality, living in groups; economic returns; decision-making, but principally the economic question" (Souza, 1999: 149).

One way the MST found to make it easier for families to integrate into the collective was to organize it into "family nuclei" formed from groups of neighbors. A rural estate is made up of rows of houses, each of which forms a nucleus. These promote readings, discuss problems being experienced, report on accounts, and plan activities. "Another space for discussion is the collective restaurant. At breakfast time, people are consulted, advised and informed." These forms of integration help to overcome the shortcomings of the monthly assemblies, in which, according to the president of the cooperative, "people don't participate as much as they should, they find it difficult to discuss things and put forward their opinions" (Souza, 1999: 149).

This seems to be a problem in many solidary ventures and not just in the MST rural cooperatives. Rural workers and factory workers are humble people who are easily intimidated by a large auditorium, and who therefore rarely, if ever, speak in assemblies. However, they do attempt to express their point of view through less inhibited friends to whom they chat in smaller groups. This is why the family nuclei and the informal conversations over breakfast are so important.

Conclusions

All three case studies reveal the difficulties involved in introducing advanced forms of cooperation into the settlements supervised by the MST, for cultural reasons—the preference of most settlers for the traditional model of family-based agriculture—as much as for economic ones. Families were won over by production cooperatives because they made it easier to acquire equipment and high-tech machinery. They hoped that the “sacrifice” of their Procera resources, which had been put into a common fund, would result in abundant earnings, which failed to happen in either Cooproserp or Copavi—or at least not in their early years. These frustrated expectations may perhaps have been the most significant of all the reasons for families abandoning the cooperative and opting for individual production and commercial associations.

The first Census on Agrarian Reform in 1997 showed that individual production predominated in the settlements: 93.96 percent individual, as opposed to only 1.21 percent collective production, and 4.82 percent mixed production (Souza, 1999: 150). The case studies give an idea of the dynamics behind this situation. The same census also provides other revealing information: the social background of the settlers, of whom 66.13 percent were farmers or peasants and 5.67 percent rural workers, “with the remainder covering other rural occupations such as itinerant workers, drivers, mechanics, bricklayers and carpenters” (Souza, 1999: 152–153).

The following considerations noted by the researcher may serve as a conclusion:

Within the MST, proposals for these collectives are presented with the central aim of changing society and the capitalist system. [...] However, the idealized forms of the collective (entirely collective) are not being reproduced in the settlements, whereas production and commercial associations are proliferating. It is interesting to ask why this has happened, and what is the influence of the socialization process experienced in the camps by the majority of the settlers. On the one hand, according to the settlers’ statements, they feel they have more freedom on their own individual plots, although they know that they have to operate as part of a group in order to survive. On the other hand, social and cultural factors are highlighted as influencing resistance to the collective. For example, in the collective everyone works “equally,” organized into sectors and coordinated in groups, whilst on the individual plots it is usually the husband or oldest son or, in some cases, the wife, who supervises the work. In the collective, the division of labor and the distribution of the surplus is organized in a similar way to a company, and rules of operation are applied according to what is established by the internal regulations. In other words, collectives require a

socio-cultural break with an older paradigm of work and family life. The “new” paradigm is viewed as something very different from the previous one, especially for the ex-smallholders. *In general, it is well accepted by young people, who are interested in working with machines and with industrializing products.* (Souza, 1999: 163–164 [my italics])

The final sentence points towards the fact that it is only a matter of time before an increasing number of settlers accept the collective principle.

SELF-MANAGEMENT AS A WEAPON IN THE FIGHT AGAINST POVERTY—CÁRITAS, CITIZEN ACTION AND COOPERATIVE INCUBATORS

Cáritas

The Brazilian Cáritas is an institution that belongs to the Catholic Church and is part of the Cáritas International network. Its aim is to support the Church’s social work, and it is organically linked to the CNBB (the National Conference of the Bishops of Brazil). It has a national secretariat in Brasília that coordinates a diocesan and regional network of Cáritas organizations. Cáritas’s activities are supported by funds raised in Brazil by the permanent Solidarity Campaign and by funds donated by the various Cáritas branches and other religious institutions of the First World devoted to international cooperation.

We have to distinguish between three important phases in the activities of Cáritas [...]: the charitable, the self-help and the liberating solidarity phases. The charity phase dates from 1956 [...]. Cáritas undertook the task of articulating the work of Catholic charities in order to promote the distribution of donations and food, especially American powdered milk. [...] The self-help phase began in 1966. Concerns caused by the contradictions of the food distribution program within the context of the military regime led to changes [...]. The motto “give a man a fish,” which belonged to the first phase, was now replaced by “teach a man to fish.” Various experiments in community work, such as grassroots church communities, community development associations and cooperativism, gave practical substance to reflections on development.

[...] The liberating solidarity phase, the current phase in Cáritas, gives priority to a focus, a point of departure from which it can act either in emergency situations or to support community or association initiatives, as well as popular campaigns [...]. The pressing need to become involved in work on projects that responded to the real needs of the community led it into supporting Alternative Community Projects (PACs) as an expression

of its social commitment to the people and as a concrete demonstration of the fact that organized and supported workers do have a way out of their wretched living conditions. (Bertucci, 1996: 60–62)

This account summarizes the enormous development that has taken place in the Catholic Church, in moving from basic charity work to taking up a critical position about capitalism, with the statement that solidarity can liberate. It implies a daring thesis: once they are organized and receiving support, the workers themselves can overcome their poverty. One of the implications of this thesis is that this support need not come from the state, which had been the general assumption of the entire Left until then. *Cáritas* has supported thousands of PACs throughout Brazil since 1984, with the aid of the Swiss *Cáritas*, *Miserior*, *Cebemo*, *Entraide et Fraternité* and the German *Cáritas*.

The survival strategies of millions of people excluded from society was now considered as an “alternative means of survival.” The new social movements that emerged as forces able to confront authoritarianism were also alternatives. [...] The new political parties that originated from social movements were alternatives. So were the Grassroots Church Communities [...]. The task of searching for alternative solutions to their problems fell to the excluded. Neither charity nor clientalism nor solutions imposed from above would suffice. In this context, the rationale of the PACs, to find creative and autonomous solutions to the problems of the excluded, was developed. (Bertucci, 1996: 63)

The revolutionary connotations attached to the word “alternative” bear witness to this remarkable turnabout of the Church, caused by its declared sympathies for the poor or, in other words, for those who do not own the means of production. At first, this new stance was not backed by any clear program that expressed how the workers would be able to overcome their wretched conditions by their own means. It therefore called upon the communities themselves to find solutions, using the old-fashioned, but still indispensable, method of trial and error, based on a wide range of different “experiments.”

There were four categories of PACs: 1) community PACs, subdivided into production and services; 2) those that supported popular movements; 3) those that supported union activities; and 4) projects of social welfare and human development. Two hundred and fifty-two PACs introduced between 1989 and 1992 have been studied, representing 25 percent of the total supported by *Cáritas* (around one thousand by 1992). Half of those studied were community PACs, of which 82 percent involved occupation and income. This means that around 100 of the 252 PACs were associations or solidary cooperatives.

One conclusion the study reached was that the PACs were moving increasingly towards becoming production projects, because these were seen as the best means of improving the earnings of a group. Many of them were rural and coincided with the experiences of the MST (see above).

Given the existing difficulties, the urban projects represent the greatest challenge. They revolve entirely around the realities of the market and must overcome technological limitations, develop methods of managerial empowerment to improve entrepreneurial skills, create an economy of scale through networks of small producers and networks of support to the production chain. (Bertucci, 1996: 80)

This conclusion makes it clear that a certain number of the urban production PACs succeeded in introducing themselves into the urban economy; they looked for ways to make themselves more competitive in the market, vying with capitalist companies for clients. It is because of this that they felt challenged to develop management skills, create an economy of scale, and so on. The thesis that solidarity liberates began to be proved in practice.

From within the wide range of experiments that the PACs represent, the one area that, already in the mid-1990s, showed the greatest potential for liberation was that of the community production projects, as much in rural areas as in the cities. In the countryside, a considerable number of PACs were in MST settlements. In the cities, cooperatives and groups of associated production that served to reintegrate those who were poor and excluded from society grew out of the work of *Cáritas*. It is not surprising that, in the words of Bertucci (in 1995), “more recently, the PACs have become synonymous with production projects.”

On the basis of this assessment, it is understandable that production PACs have multiplied. Referring only to Rio Grande do Sul, Gaiger (1996: 271) says: “it is estimated that today [1999] *Cáritas* has promoted nearly 750 community projects, reaching out directly to around 17 thousand people” (1996: 269). Later he says:

Most alternative projects are part of the recent history of *Cáritas*—and of the State, it is worth adding—and denote a closer link between the Church’s social work, non-governmental organizations and popular movements, a fact that happened during the last decade, and which has slowly been invading the various environments of the Catholic Church. To a certain extent, as a concept and a main focus of action, the last 15 years have witnessed a progression from charity work to self-help and alternative projects. (1996: 271)

Citizen Action against poverty and for life

The development of solidary economy experiments accelerated rapidly in 1994, when Citizen Action against Poverty and for Life (ACCMV) decided to change its tactics and, instead of simply distributing food, became involved in job- and income-generating projects. Within two years it had developed much as *Cáritas* had done in fifteen, having transformed itself from a charity organization into a "liberating solidarity" institution.

Although it covered a wide area, the work of *Cáritas* was not well known by the general public, having been, to a certain extent, restricted to the Church and the communities it mobilized. The ACCMV was a broad-based mass movement, the largest in Brazil since the struggle for free elections in 1985, near the end of the military dictatorship. It is interesting to note that its National Executive Secretariat included members of *Cáritas* (representing CNBB), as well as OAB, CUT, INESC, COFECON, and ANDIFES, which suggests that *Cáritas's* activities in the field of the solidary economy may have influenced Citizen Action in its favor.

Since its beginnings, Citizen Action has always been able to mobilize large numbers of people.

In August 1993, it was estimated that ACCMV had 200 committees spread throughout the whole of the country. This figure leapt to more than 3,000 in October of the same year. [...] The Campaign covered all of Brazil: shows were held outdoors or in stadiums and gymnasiums, involving some of the biggest names in popular music, with the aim of collecting food donations for Christmas.

[...] The question of job creation became a key issue in November 1993, during a meeting held between Betinho and various secretaries from the Ministry of Labor at which the country's unemployment problem was discussed. Also in the same month, the *Petista de Santos* Mayor's Office began a campaign for job creation to complement [ACCMV's] Campaign. Tackling the employment question was a strategic move. It aimed, on the one hand, to respond to the critics of charity work—associated with the distribution of food baskets—and, on the other, to give a new impetus and meaning to the movement, so that the committees would remain mobilized after Christmas. (Gohn, 1996: 33, 34)

The results of Betinho and the Citizen Action's decision to opt for employment, as far as we can determine, were not the subject of any study. It should be noted that the Campaign was decentralized, and there are no records of all the initiatives it stimulated. However, we can highlight at least one event that had important consequences: the formation of the Manguinhos Cooperative in Rio de Janeiro.

Thirty-five thousand people lived in this region, where the Oswaldo Cruz Foundation (Fiocruz) is located, some of them in ten slums that form the Manguinhos Complex. Most of the slum dwellers were unemployed, poor and needy, and the main employers of the young had become the drug dealers. In 1994, the battle for arms and drug-dealing territories exploded onto the streets; stray bullets hit the Fiocruz, in particular the National School of Public Health (ENSP), whose windows remain shuttered to this day as witness to the physical threats to which the teachers and students were exposed.

This situation mobilized the staff and students of the ENSP, who decided

to open themselves to the community, in an attempt to understand what was happening and how they could help settle the problem. [...] At a large meeting that included around eighty representatives of the Manguinhos Complex communities, it was agreed to formalize a shared commitment to deal with the situation. [...] The first initiative to be introduced was the establishment of a Work Cooperative (called Cootram) at the end of 1994, which aimed to help confront unemployment and poverty.

Having been a member, since the beginning, of the Committee of Public Institutions against Hunger and for Life (COEP), Fiocruz asked for the support of all members of the movement and received the immediate help of the Bank of Brazil Cooperatives Management² to develop cooperative empowerment, which was carried out by the Higher Institute of Cooperativism at the Federal University of Santa Maria (UFSM). It should be emphasized that the material conditions and the terms of the social project shared by the entities that made up the COEP were important in pushing Fiocruz's initiative forward. (Buss, 2000)

Cootram was hired by Fiocruz, which contains a substantial number of educational establishments and centers for research and the manufacture of vaccines, to recycle rubbish and provide gardening and cleaning services on the Manguinhos campus. In addition, Cootram also set up a dressmaking workshop.

The cleaning and gardening services provided Fiocruz with an expense reduction of around 15 percent, and each cooperative member received twice as much as the former, private, profit-making company had paid their workers. This was the result of removing the profit margin from the former private company and placing it in the hands of the collectively owned enterprise (the cooperative) and the client (Fiocruz).

Having begun with 200 members, Cootram reached the end of 1999 with around 1,200 cooperative workers, working in low technology areas [...] and, independently of Fiocruz, on the production of building

materials and in dressmaking workshops. [...] The building materials produced are of comparable quality and significantly cheaper, and are used to improve local housing and urban infrastructures. The financial resources originate from, and circulate within, the community itself. According to many analysts, it is one of the most successful popular work cooperative experiments in the country. (Buss, 2000: 120–128)

The case of the Manguinhos Work Cooperative is typical in many ways. In the first place, it began as a Fiocruz initiative, at a time when this foundation was part of the Campaign against Hunger, at the exact moment when the latter had decided to give priority to the solidary economy as a means of fighting poverty. COEP would continue with this active participation, as we shall see.

Secondly, the great success of Cootram was due to the way in which the Fiocruz service market was opened up. All the evidence indicates that these same services were already being provided by the slum residents as salaried employees of private companies. However, by replacing the capitalist company with the solidary enterprise, Fiocruz was able to make an attractive saving whilst the cooperative members' earnings doubled. There is no doubt that, in terms of the provision of low technology services, the work cooperative, at least in Manguinhos, is much more competitive than any other similar capitalist company.

Cooperative incubators

Thirdly, the process of establishing Cootram involved the universities for the first time, in this case the ENSP and the UFSM. A part of the scientific and educational elite of Brazil decided to commit itself to helping to build the solidary economy. The next step was to organize this help in the shape of the Technological Incubators for Popular Cooperatives (ICTP). The first ICTP was created in 1995 at COPPE/UFRJ, the engineering postgraduate center at the Federal University of Rio de Janeiro, in an agreement signed between COPPE, FINEP and the Bank of Brazil Foundation, with the two latter financing the new entity. In the second semester of 1995, the Incubator supported the establishment of Cootram, together with Fiocruz and the Federal University of Santa Maria. After 1996, it began to form cooperatives in Baixada Fluminense and the Rio slums.

The Incubator for Popular Cooperatives plugged a vital gap in the process of establishing cooperatives and groups of associated production begun by *Cáritas* and expanded by ACCMV: that of providing ongoing assistance to solidary ventures, explaining cooperative principles to interested groups, as well as helping to organize production activities or provision of services to improve the techniques used, to legalize the cooperatives, to find markets and

financing, etc. In addition, the university could hire cooperatives to provide cleaning and other similar services, which served its own best interests and helped make the cooperatives viable, while at the same time increasing the workers' earnings. COPPE, and later other units of the UFRJ and the Pedro Ernesto Hospital at the UERJ, went on to do the same (ITCP, n.d.: 20–26).

Once the success of the Rio de Janeiro ITCP had been recognized, the sponsoring bodies—FINEP, COEP (the Committee of Public Institutions against Hunger and for Life), the Bank of Brazil Foundation and COPPE—resolved to increase the number of incubators in the universities and launched the National Program for Cooperative Incubators (PRONINC) in 1998. FINEP and the Bank of Brazil Foundation proposed to finance the formation of five more incubators through this program. At the time, one more incubator had already been founded at the Federal University of Ceará, so the institutions decided to extend their support to four more, established at the Federal University of Juiz de Fora, the Federal Rural University of Pernambuco and the State Universities of Bahia and São Paulo.

The new incubators were given their initial technological training at Rio de Janeiro University. The teams, made up of teachers, technicians, and graduate and postgraduate students, organized seminars led by Gonçalo Guimarães and colleagues from his incubator, in which the philosophy of incubation and the principles of popular cooperativism (identical to those of the solidary economy) were explained and discussed. But the number of universities interested in creating incubators exceeded the number established by PRONINC. New incubators have therefore appeared in the last two years at the Federal Universities of Paraná, Santa Catarina, Pará, and Amazonas, at the Regional Universities of Blumenau (SC) and Vale do Rio de Sinos (RS), the Catholic University of Pelotas (RS) and the Foundations of São João del Rei (MG), Santo André (SP), Ponta Grossa (PR), Londrina (PR) and Maringá (PR).

The university incubators decided to create a network for the exchange of experiences and for mutual help, aiming to establish not only an outreach center (where the incubator is housed) in each university, but also education and research centers. Education is necessary for the staff of the cooperatives themselves and for the institutions that support the solidary economy, which keep multiplying, as we shall see later. Research is indispensable for understanding the reality of the solidary economy in Brazil and beyond, and for systematizing the analysis and assessment of experiments in order to generate theoretical propositions that can make the solidary economy more authentic and more efficient.

The network of incubators, formed in 1999, decided to accept an invitation from the Unitrabalho Foundation to join it as one of its permanent programs. More than eighty universities throughout Brazil are affiliated to Unitrabalho, whose aim is to place the services of the universities at the

disposal of the workers and their class organizations. All the universities that have incubators are associated with Unitrabalho, and many others that are affiliated are interested in creating their own incubators. This expansion of the network of incubators is keeping pace with the multiplication of solidary ventures throughout Brazil.

THE UNIONS ADOPT THE SOLIDARY ECONOMY

Hit head on by the labor crisis that swept through the country in the 1990s, the unions started to act only in specific cases, since their main priority was to protect workers' rights from being revoked or "made more flexible" by the Collor government and its successors. Unions played a leading role in all instances of bankrupt or failing companies being transformed into self-managed firms, frequently alongside Anteag. The success of several cooperatives that had been set up in this way, thus saving numerous jobs, led many more unions to become involved in the struggle for the creation of new solidary enterprises.

However, support for self-managed cooperatives formed by former wage-workers was the object of resistance by some unionists who identified this process with subcontracting, which was becoming more common as pseudo-cooperatives were formed with the sole aim of robbing the workers of their rights. As this association (of authentic cooperatives with false ones) is absurd, the issue may be clarified by a clearer understanding of the nature of authentic cooperatives. However, another form of opposition to the solidary economy, ideological in nature, also appeared, which argued that it was necessary to reinforce wage work since it formed the social basis of the unions and because it was the historical mission of the working class alone to bring down capitalism and introduce socialism. The cooperatives would eliminate the class character of the workers, making them both bosses and workers at the same time.

This argument is also based on ignorance of what the solidary economy really is. The production cooperatives are called "worker cooperatives" because of their organic links to the labor movement. Anteag, Unisol and the MST are no less working class and socialist than the most militant of unions. In addition, members of a union who form a worker cooperative continue to belong to the union, which should open its doors to all workers who do not exploit others and who wish to join. The fact that the law in Brazil defines trade unions as organizations that represent waged workers should not prevent them from broadening their reach to represent all those who depend on their own work for their survival.

The debate on the solidary economy was advanced, as we have already seen, in the São Paulo ABC unions and also in CUT, the largest and most combative union federation in Brazil.

At the end of 1998, CUT's national executive board approved the creation of a work group to initiate discussion on CUT policy towards the solidary economy. This work group elaborated a project that is being developed in partnership with the Dutch Interecclesiastical Organization for Cooperation and Development (ICCO), the Unitrabalho Foundation and the Interunion Department for Social and Economic Statistical Studies (DIEESE). In this way the CUT Project for Solidary Development was formed. Generally speaking, the project involved holding a series of debates across the country, culminating in an international seminar in 1999, the main aim of which was to discuss and launch CUT's Agency for Solidary Development. (Magalhães and Todeschini, 2000: 138)

This does not mean that resistance to the solidary economy within CUT has ceased, but most of its members have consistently shown themselves to be in favor of an increasing involvement of the federation in supporting the solidary ventures that have been created by workers throughout Brazil. The ADS (Agency for Solidary Development) has dedicated itself to filling the gap created by the lack of a system for financing self-managed cooperatives. In collaboration with Rabobank, a large Dutch bank owned and controlled by credit unions, and the BNDES, the ADS has developed a project for a network of solidary credit consisting of numerous credit unions and one cooperative bank, with the scope to finance large-scale investments made by production cooperatives. The realization of this project will represent a huge qualitative improvement in the development of the solidary economy in Brazil.

It is also worth noting the appearance of a network of credit unions in the south, the Cresol system, which attends to family farmers' needs for independent sources of financing in Paraná, Santa Catarina and Rio Grande do Sul. The traditional credit unions are all linked to agricultural cooperatives, which are, in general, dominated by capital. The Cresol credit unions are independent and self-managed.

The guiding principles and objectives of Cresol unions are the following: solidary interaction, democratization and expansion of access to credit and banking services for farming families, decentralization and non-hierarchical structures, the professionalization of credit, transparency and contribution towards sustainable development (social, economic and environmental). [...] In December 1999, after operating for four years, the Cresol System consisted of twenty-eight credit unions [...] as well as two more waiting to be authorized by the Central Bank. It has a direct presence in more than one hundred municipalities [...]. The number of members has now reached 10,500 farming families. [...] The credit unions are created by, and made up of, family farmers, supported by trade unions, associations and other family

farmers' organizations in the region where they operate. (Bittencourt, 2000: 197–199)

CONCLUSIONS

This conclusion is already out of date, since it is based on data one or two years old. The solidary economy is developing so rapidly in Brazil that any summing up will have to be considered provisional. The impetus behind this development is now not only the increasing problem of mass unemployment and social exclusion. This was probably the main factor in the 1980s and in the beginning of the 1990s, when *Cáritas* and some of the trade unions began to systematically lend their support to the efforts made by workers and marginalized families to free themselves from poverty through solidarity. Afterwards came Anteag, the Campaign against Hunger, the Incubators of Popular Cooperatives and the Agency for Solidary Development. We should also mention the establishment of the State Forums for Cooperatives in Rio de Janeiro, Rio Grande do Sul and São Paulo, and the increasing development of different types of courses on the solidary economy, among other initiatives.

What now impels the increasingly forceful spread of the solidary economy is no longer the demands of the victims of the crisis but a far greater knowledge of the social, economic and legal strategies for the implementation of the solidary economy. Hundreds of initiatives in the last few years, which before would have remained isolated and therefore fragile, have received the attention and support of specialized institutions such as Anteag, the MST, the Incubators, Unisol, the ADS, and *Cáritas*, amongst others. What this brief report does make clear is that the solidary economy has strengthened its identity, and because of this is now able to structure itself at local, regional and national levels.

The construction of an alternative mode of production to capitalism in Brazil is still in its infancy, but crucial steps have already been taken and vital stages have been conquered. The dimensions are still modest, given the size of the country and its population. Even so, it cannot be denied that tens of thousands have already liberated themselves through solidarity. The recovery of human dignity, self-respect and citizenship of these women and men is justification enough for all the efforts invested in the solidary economy. This is the reason why it inspires such enthusiasm.

Notes

¹ No one can entirely escape the spirit of the age or *Zeitgeist*. An example of this is the case of the *kibbutzim*, cooperative communities that, for two generations, socialized not only the means of production but also the means of consumption, and lived according to the motto "from each

according to his means, to each according to his needs." They started to appear from 1910 onwards, founded by Eastern European and Russian immigrants, at a time when socialist values prevailed and the October Revolution was approaching. After the 1980s, some of the *kibbutzim*, influenced by neoliberal trends, abandoned communist practices, introduced money into their internal system, encouraged external wage work for their members and increased the amount of internal wage work undertaken by non-members.

- 2 It should be noted that the Bank of Brazil was deeply involved in the Campaign against Hunger, together with other state enterprises, particularly banks. Of the 3,000 ACCMV committees existing in October 1993, no less than 1,907 were from the Bank of Brazil (Gohn, 1996: 33).

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