

MANCE, E. A.  
The Solidarity Economy in Brazil

In: SATGAR, Vish.  
The Solidarity Economy Alternative  
Pietermaritzburg: University of KwaZulu-Natal Press, 2014 ,  
p. 150-176

**Mistranslation:** p.153: Where the author originally wrote “Rede Global de Socioeconomia Solidária,” the translator wrote “Intercontinental Network for the Promotion of the Social and Solidarity Economy.”

## 6

## The solidarity economy in Brazil

Euclides Mance

The solidarity economy is a strategy for the economic liberation of the popular classes and of human society as a whole. It is informed by the concept of *bem-viver* (living well), a reference to the ethical exercise of public and private freedoms.<sup>1</sup> In terms of this perspective, the solidarity economy is a way of living, an economic system under construction, an axis of struggle against exploitation and economic domination, and a platform for building a new society that is ecologically sustainable, economically just and politically democratic, and constantly renews itself through intercultural dialogue.

This chapter focuses on attempts to build a solidarity economy in Brazil. This has involved the establishment of collaborative networks and circuits aimed at rebuilding economic supply chains and re-organising economic flows on a democratic basis.<sup>2</sup> I will begin with an overview of the different approaches to the solidarity economy.

### The emergence of the solidarity economy

The Brazilian solidarity economy is diverse and complex. Since there are many renditions of its origins and foundations, any single attempt at systematising it will only paint a partial picture. Many attempts have been made to explain the solidarity economy, give it a strategic direction, and develop an approach to organising it at the grassroots. These diverse approaches are part of its strength, as they contribute to its growth and expansion.

The term solidarity economy coexists with others, such as the solidarity-based economy of the popular sectors and the solidarity socio-economy (see Williams and Berlinguer in this volume). Brazilian

actors regard the term solidarity economy as the most comprehensive, as they believe it encompasses the others. However, all these terms have their own nuances arising out of the economic practices that engendered them. Given Brazil's regional and cultural diversity, interpretations of the solidarity economy are bound to differ. Components of the solidarity economy are also organised in many different ways, although they all have common traits.

Over the past few decades, solidarity-based economic practices have grown dramatically around the world, due to:

- the growing poverty of a large part of the world's population;
- the emptying of human content from social relations under capitalism, in which people and societies are reduced to human and social capital to be exploited in the name of making profits; and
- severe environmental degradation, as a consequence of economic globalisation in the neoliberal phase of capitalism.

Solidarity-based economic experiments have generated a range of responses to these problems, resurrecting timeless practices and cultural traits, and adapting them to current conditions through the use of new technologies and other contemporary resources (see Wainwright, Williams and Satgar in this volume).

Solidarity economy practices in Brazil are very old, and have been practised throughout the country's history. They include economic practices developed by native tribes as well as *quilombos* (communities of runaway slaves who developed fortresses of resistance and economic cooperation in remote areas in the interior), cooperative farming practices, cooperative practices in diverse fields of production (throughout the twentieth century), and small community-based economic projects of production and consumption supported by churches and NGOs in response to food insecurity and growing unemployment. They also include collective purchasing in the 1970s; urban community-based farming and other production projects throughout the 1980s; and cooperatives of workers and service providers, bankrupted factories taken over by workers and transformed into self-managed units, and cooperative rural settlements and organic



agricultural units in the 1980s. In the 1990s these initiatives broadened to microfinance; community banks; barter systems based on alternative currencies; recycling units; solidarity-based fairs; fair trade initiatives (which have expanded since then); national, regional and local-level networks and solidarity economy forums; university-based incubators of solidarity enterprises; and web portals (since the turn of the century). To be clear, while these practices have a long history, it is not their existence per se that makes them part of the solidarity economy, but their convergence in a stream of activities aimed at achieving the overarching goal of *bem-viver*.

At the start of the twenty-first century, about 56 million Brazilians were living below the poverty line and experiencing food insecurity (Fiuza de Melo 2004). The rate of unemployment was about 12 per cent.<sup>3</sup> However, high levels of poverty and unemployment did not in themselves prompt the emergence of the solidarity economy. If this was the case, the solidarity economy would have developed much earlier under conditions of even greater poverty and even higher levels of unemployment. In part, the solidarity economy has grown due to popular education and the socio-economic organisation of poor people and the middle classes, as well as the activities of volunteers from different civil society organisations seeking to achieve democratic, equitable, sustainable and solidarity-based ways of living for all.

Many people involved in the solidary economy do not belong to social movements, but are merely trying to supplement their incomes. Another dimension relates to previous processes of grassroots mobilisation, such as neighborhood associations, peasants' movements, social movements, religious communities, labour unions, and so on. More recently, the state has begun to lend support to a wide range of solidarity economy or grassroots initiatives. The emergence of public policies in the sector has resulted in a network of civil servants who are working with solidarity economy initiatives.

Many of these initiatives have emerged from organised sectors of the popular classes, or rely on their support and participation. They have resulted in numerous new public policies on employment and income generation, which has modified the approach of the state to the structural causes of socio-economic exclusion and the concentration

of wealth. Many of the proposals for promoting the solidarity economy focus on education, culture, gender, and so on, as well as the realignment of public policies in some municipalities and state-level governments. More recently, the federal government created a national secretariat and national council for the solidarity economy.

Two events have played key roles in building the solidarity economy in Brazil: the establishment of a Network for the Solidarity Economy in 2000, and the Brazilian Forum of the Solidarity Economy in 2003. These forums exist alongside many other initiatives. This diversity has strengthened the solidarity economy in some ways, but all these initiatives do not always collaborate successfully.

At the first World Social Forum (WSF) held in Porto Alegre in 2001, several activities were organised around the theme of the solidarity economy. This included a workshop on the solidarity economy and self-management, which attracted 1 500 participants. Another notable event was the launch of the Intercontinental Network for the Promotion of the Social and Solidarity Economy by participants from 21 countries. This led to the establishment of a Brazilian working group on the solidarity economy, aimed at coordinating national and international participation around the solidarity economy at the next WSF.<sup>4</sup> In December 2002, after the election of Luiz Lula da Silva as president, the Brazilian working group organised the First Brazilian Plenary on the Solidarity Economy, and generated a set of proposals that was presented to Lula's government, leading to the establishment of the Secretaria Nacional de Economia Solidária (SENAES), or the National Secretariat of the Solidarity Economy. The Second Plenary, staged during the WSF in 2003, saw the launch of a book entitled *From the WSF to the Brazilian Forum of the Solidarity Economy*, and the Third Plenary in June 2003 led to the establishment of the Brazilian Forum of the Solidarity Economy (see Esteves in this volume).

The Information System on the Solidarity Economy, established by the federal government in 2006, contains data on solidarity economy initiatives that are collective in character (that is, not based on family units), and conform to the principles of cooperation, self-management, economic activity and solidarity. By 2007, half the country had been surveyed. The survey confirmed the existence of 22 000 initiatives,



encompassing 1.7 million workers. Of these, 10 653 were created between 2001 and 2007, generating 800 000 new jobs; 71 per cent were created with resources from its members; 83 per cent of their output was consumed at the local level; and 46 per cent participated in a network or forum (SENAES 2005).

Today, the main solidarity economy actors in Brazil are enterprises, civil society organisations providing training and technical assistance, guilds and caucuses, the Brazilian Forum of the Solidarity Economy, and some state sectors. Figure 6.1 presents some of these main actors.

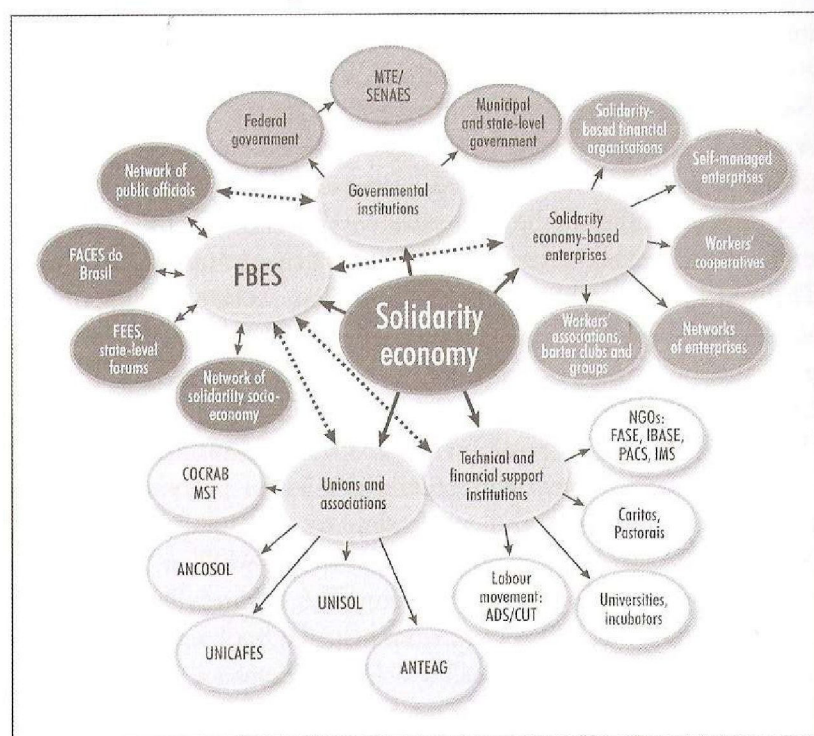


Figure 6.1 Main actors in the Brazilian solidarity economy.  
Source: SENAES (2005: 14).

Another major actor is the National Conference on the Solidarity Economy (CONAES), established by the federal government to formulate public policy proposals at the municipal, regional and national level. CONAES promotes the development of ideas and

strategies for developing the solidarity economy, and supports a dialogue on relevant issues between society and the state. It has met twice – in 2006 and 2010 – and produced two publications.

According to the publication produced after the first conference, Brazilian solidarity economy initiatives are very diverse, and include informal collectives; associations; producers' cooperatives; worker cooperatives; cooperatives for consumption and service provision; social cooperatives; credit organisations and groups; community-based banks; rotational funds; credit cooperatives; networks of enterprises, producers and consumers; barter clubs; groups and markets with and without alternative currencies; worker-managed recuperated enterprises; chains of production, trade and consumption; fair trade initiatives; the economic organisation of traditional communities (*quilombolas* and other afro-descendant communities, indigenous people, subsistence fishing communities, rubber tappers, and so on); self-managed housing cooperatives; cultural societies; and family-based agro-industrial units (CONAES 2006: 3).

Not surprisingly, given this diversity, various actors hold different views on the solidarity economy and the most appropriate strategies for its development. Some emphasise the dimension of employment and income generation, the promotion of social inclusion, and the reconstruction of socio-economic linkages, such as the initiatives promoted by churches and local governments. Some adopt the perspective of social movements, which focus on the role of the solidarity economy in promoting dialogue with the state in order to change economic policy. This is a key thrust of the Brazilian Solidarity Economy Forum. Some see the solidarity economy as a strategy for sustainable or integral development, able to take into account the economic, ecological and cultural aspects of such a process, in order to promote a healthier and more fraternal way of life. Some approach the solidarity economy as an economic sector capable of compensating for the weaknesses of the private, public and mixed economy sectors, and serving as a basis for transforming the current economic system. Some understand it as an axis of social struggles, bringing together different actors around the perspective of eliminating the capitalist mode of production, given its capacity to: a) mobilise large social



sectors; b) respond to the immediate demands of these actors; c) avoid capitalist structures of production, distribution, consumption, financing, accumulation and environmental degradation at the same time that it fights individualism, worker exploitation, the expropriation of consumers and diverse forms of cultural domination; and d) build new structures of production, consumption, financing and technological development that are just and sustainable.

Others see the solidarity economy as a new, post-capitalist mode of production in an initial state of construction, which already implements the foundational elements of this new economic system on a small scale, on circuits articulated by collaborative and solidarity-based networks. Yet others approach it as a way of life aimed at realising *bem-viver* for all, and creating the economic, political, educational and social conditions for achieving this goal.

Despite these myriad approaches and understandings, most of the adherents of the solidarity economy regard it as an alternative to capitalism and the social and environmental damage inflicted by capitalist modes of production. However, some participants in the public and academic debate claim that, although the solidarity economy is an important space for the politicisation of society, it does not have the capacity to develop and implement forms of production, commercialisation, consumption, financing and technological development that would structurally oppose capitalism.

Still others understand the solidarity economy from an instrumental perspective, but again from two different viewpoints. Some regard it as an instrument of public policy for the social inclusion of marginalised groups. Given the difficulties of reaching those groups via traditional public policies, they believe the solidarity economy provides the state with a fresh opportunity to provide them with certain services – such as recyclable waste collection – and access to basic social welfare. Others regard the solidarity economy as a space for political mobilisation and for advancing certain political ideas on a global and national level as well as within political parties and government departments. Thus far, these contrasting views have managed to coexist, thereby further enriching the vision of a solidarity economy.

## The foundations of the solidarity economy

### *Ethical and political foundations*

The solidarity economy in Brazil tries to avoid any kind of fundamentalism, since it seeks to promote a diversity of solidarity-based economic forms, taking into account various realities and cultures, in order to further the *bem-viver* of all people and groupings. It has identified collaborative practices, in different periods and cultures, in respect of production, the sharing of outcomes and the consumption of the tangible and intangible goods and services necessary to achieve the *bem-viver* of people, communities and nations. As such, the solidarity economy is fundamentally about the praxis of liberation.

The nature of the liberatory process at the heart of the solidarity economy also means that it is constantly evolving and improving. To this end, the intercultural dialogue about the praxis of liberation within the solidarity economy helps to overcome all forms of domination and oppression, not only in the economic sphere but also in the political and cultural spheres. In other words, there is no praxis of economic liberation that is not also about political and cultural liberation, given that the economy is embedded in social relations, mediated by language and the exercise of power.

Since public and private freedoms can eternally expand, the solidarity economy needs to be constantly criticised and improved in order to support the expansion of these freedoms. From an ethical perspective, it should ensure the economic means for realising the public and private freedoms of all people in a way that promotes the *bem-viver* of all people and all humanity. From a political perspective, it should promote equal rights and equal decision-making power in the economic sphere. In other words, it should effectively democratise the economic sphere by ensuring the self-management of enterprises and other economic initiatives by workers and their communities.

The report on the first national conference on the solidarity economy contains the following passage about the foundations of the solidarity economy:

[The] Solidarity Economy is characterised by conceptions and practices founded in relations of solidarity-based collaboration,



inspired by cultural values that place the human being at its centre in its integral dimension, including its ethical and aesthetic, as a subject and goal of economic activity, environmentally sustainable and socially just, instead of the private accumulation of capital. This praxis of production, commercialization, financing and consumption privileges self-management, cooperation, human and community-based development, the satisfaction of human needs, social justice, gender, race and ethnic equality, equal access to information, knowledge and food security, preservation of natural resources through the sustainable and responsible use with the present and future generations, therefore constructing a new form of social inclusion with the participation of all... Solidarity Economy-based initiatives have in common the equality of rights, responsibilities and opportunities of all participants in Solidarity Economy-based initiatives, which implies self-management, meaning democratic participation with the equal exercise of power for all in decisions, with the purpose of promoting the overcoming of the contradiction between capital and labour (CONAES 2006: 2).

More recently, analysts have sought to develop concrete indicators for characterising and evaluating solidarity economy-based enterprises. This is especially important as it helps to clarify the differences between the solidarity economy and the capitalist economy. The most comprehensive set of indicators has been developed by Luiz Inacio Gaiger (2006).

According to Gaiger, indicators for distinguishing solidarity economy-based initiatives from capitalist private enterprises include: 'A rupture in the structural subordination of the worker; the placement of capital at the service of (that is, the logic of) labour; a tendency for equity regarding the means of production; a connection between the social and economic dimensions; and the presence of an ethical approach in the economic sphere' (2006: 20).

Indicators of the socialisation of the material and productive base include: '... collective property of the main means of production;

egalitarian sharing of labor and capital between participants; limited presence of waged labor; end-activities carried out only by associated members; and collective processes of work' (Gaiger 2006: 27).

Indicators of the division of social and economic benefits within solidarity economy initiatives include: '... remuneration for labour; minimisation of differences in remuneration; level of remuneration equal to or above market levels; support to disadvantaged members; practices of reciprocity and mutual help; social funds (social security, health coverage, paid vacation, etc.); non-dismissal of associates' (Gaiger 2006: 28).

Indicators of the role of internal democracy include: '... the principle of one member, one vote; fundamental decisions taken collectively by associates; high level of participation in deliberative and consultative bodies; direct and free election of coordinators; regular decision-making meetings; involvement of associates in the everyday management of the initiative and the work process; egalitarian participation of male and female associates; the circulation of coordinating functions; and secret vote in key decisions' (Gaiger 2006: 29).

Underlying these indicators are values and principles such as solidarity, autonomy, responsibility, liberation, reciprocity, redistribution, equity, subsidiarity, democracy and sustainability, all of which lie at the heart of the solidarity economy.<sup>5</sup>

### *Economic foundations*

As noted earlier, there are various economic approaches to the solidarity economy. I will focus on one, which has inspired the organisation of collaborative networks in Brazil and numerous other countries. It takes account of the economic flows within territories and networks in order to re-organise them in a solidarity economy-based way. This approach holds that territories are permeated by various network-based flows, notably:

- Natural flows, such as rain, rivers, wind, solar energy and local ecosystems;
- Cultural flows, such as knowledge, communication, language, the reproduction of moral codes, technological improvements and the power flows in the course of maintaining communities and their institutional arrangements; and



- Economic flows, such as consumption, production, savings, the flow of monetary values and the circulation of goods and services.

Economic flows in human communities presuppose natural and cultural flows for their realisation. Therefore, it is necessary to consider how all these flows can be used or re-organised in a sustainable way to promote *bem-viver* for all; transform socio-productive arrangements that are unjust, or harm ecosystems; and transform human relations in order to make them more ecologically balanced and based on solidarity.

In order to analyse economic flows, it is necessary to take into account:

- Economic means: all the material or immaterial objects and goods or services that can be used to attend to human necessities. They can be generated by nature, or produced by human beings.
- Economic value: the values that are socially attributed to economic means, making it possible to classify them according to a scale of reference for exchange, purchase or sale.
- The representation of economic value: the signs that allow the cultural representation of the economic value attributed to economic means, which can be state or social currencies, bonuses, credits, paper-based or electronic archives, legal documents, and so on.

The differences among these three concepts need to be fully understood. In other words, we need to understand economic semiotics (that is, the symbolic representation of economic means and values), and distinguish between the semiotics of capital and the semiotics of the solidarity economy, as they differ very significantly. For example, a house is an economic mean. However, its economic value is a social attribution, created by social relations in a specific cultural framework, and described with different signs (indicators, icons and symbols) that are interpreted in different ways. The value recorded in the mortgage contract, for example, is a representation of economic value; it is not an economic value, or an economic mean. If the value that is socially attributed to the house decreases, but its representation in the mortgage contract remain the same, a gap develops between the economic value

and its representation. But the house itself, as an economic mean, remains the same.

If the purchasers stop paying the mortgage and return the house to the mortgage holder, this gap generates a social problem. This happens because the house that is taken back by the relevant institution has an economic value that is less than that written into the mortgage contract. Should this happen in respect of all mortgages, the system would break down due to a massive loss of economic value associated with a shift in the social interpretation of the economic values of houses. And if other economic contracts are supported by the economic values registered in those mortgage contracts, the whole system would break down, as occurred in 2008 in the US subprime market. If economic value and the representation of economic value were the same, the capitalist system would not experience cyclical crises. That is to say, economic value and the representation of economic value are socially constructed, and are therefore always subject to change.

It is easily understood that value and its representation are not identical. Both old and current banknotes are representations of value. In terms of legal semiotics, related to performative agreements by the state, they are also meant to have economic value. However, because the old note is no longer legally supported as a value reserve, it no longer has a formal economic value.

Banknotes also demonstrate that economic value is socially defined. Inflation, for example, is a process in which the value attributed to a banknote is reduced day after day, based on people's experiences of what they can buy with it. Similarly, the state – as a social actor – can define the range of exchange between a national and other currencies. This confirms that economic values are attributed by social actors, and represented by signs emanating from the agreed ethical or legal semiotics adopted by these and other actors. In terms of these semiotics, performative actions involving the use of signs – as promises of pay, contracts, legal regulations, and others – generate economic flows of information that create economic realities associated with economic values and economic means.<sup>6</sup>

Some initiatives associated with the solidarity economy exploit these differences among economic means, economic value and the representation of economic value to organise non-monetary process



of production, trade and consumption. This includes creating representations of economic value for non-monetary transactions, thereby increasing the capacity of these initiatives for production and trade, and generating solidarity credits related to economic means, or the capacity to produce those means.

Once this difference is understood, one can clearly distinguish between the forms of economic exchange operating under a market-based logic and those operating under a collaborative and solidarity-based logic. The former are regulated by scarcity (meaning that the offer of economic means must be lower than the demand), in order to promote an accumulation of the economic value attributed to them, with the purpose of generating profit. The latter, however, are regulated by abundance (attending, in a sustainable way, to the needs of all by offering economic means in an adequate amount) in order to ensure the *bem-viver* of all people and the dynamic equilibrium of ecosystems.

In practice, this means that, if someone needs an economic mean but does not have the corresponding economic value to offer in exchange, a solidarity economy-based network would provide him/her with a credit that they could redeem with any product or service corresponding to the needs of any other members of the network, including hours of labour. The amount of credit on offer would be determined by the equilibrium between internal exchanges and the external means of production and economic values that the network in question needs for its own reproduction. More participants (people and enterprises) increase the former, and reduce the need for the latter. Credits are generated in many different ways, with or without material or legal guarantees. All of them create representations of value (or use pre-existing representations of value, such as state currencies), and establish agreements on how those representations are generated or used, how they are compensated, and who would be responsible for compensation in case the borrower does not honour the exchange of value agreed upon within the network.

#### *Philosophical foundations*

Among all the existing theories of the solidarity economy, we focus in this section on the philosophy of liberation (Mance 1999, 2002).<sup>7</sup> Developed in the Brazilian intellectual tradition (and encompassing

the work of many authors, including Paulo Freire), it is based on the idea that 'no one educates anyone, and no one educates her/himself alone; people educate themselves together, mediated by the world', since 'I cannot think for others, through others or without others'; therefore, 'no one liberates anyone, no one liberates her/himself alone; people liberate themselves in communion'.<sup>8</sup> Based on this theory of knowledge, pedagogy and political philosophy, one may conclude that real economic liberation is not possible without recreating the economy in a dialogical and humanised way, since one cannot think without others, educate oneself without others, or liberate oneself without others.

Reflecting on the praxis of liberation, the Institute for Liberation Philosophy has developed a particular view of the solidarity economy as a 'liberation economy'. In this view, the solidarity economy is defined as an economical, political and cultural praxis that promotes the liberation of all persons through ethical and sustainable means and not through the organisational forms or ideological discourses of the economic actors. Natural and cultural realities are understood as *flows of matter and signs integrated in a process of continuous becoming*. Each particular reality can be understood by human beings, but not in all its aspects, and the signs found in it only partially represent its objects. In this tradition, economic theory is good if it expands public and personal freedoms for the *bem-viver* of all, and transforms economic reality to extend freedom in a sustainable and democratic way.

Since reality comprises flows of matter and signs integrated in a continuous process of becoming, the human relationship of proximity cannot be understood as a metaphysical relationship.<sup>9</sup> Each person, culture and object has its mystery as an *exteriority* to our consciousness. We cannot reduce people to their words, or to our ideas about them. All people can teach us with the words that emerge from their culture and history. However, indications of *bem-viver* in the course of their material and cultural praxis are what allows us to understand their words as well as their actions. Judging the quality of public or personal freedoms is not a metaphysical or transcendental issue, but a concrete one about economical, political or cultural realities. These indications make it possible to understand the real conditions of those affected by



or excluded from agreements made in real communities, whether those communities are solidarity economy forums or popular governments with their own ideas about the solidarity economy. For this reason, *bem-viver* is an important indicator of the praxis of liberation.

Reality flows are better understood within the logic of networks with positive and negative feedback loops, which are self-reinforcing and self-balancing into open systems. Understanding the flows of reality and re-organising them in a sustainable way for expanding personal and public freedoms is a basic principle of the praxis of liberation. The actors in the solidarity economy, understood as a liberation economy, need to generate and share knowledge about economic flows in their areas and initiatives, and seek to re-organise them into solidarity networks with self-reinforcing and self-balancing feedback about the production, distribution and consumption of economic means in a solidarity-based and sustainable way.

In other words, the collaborative, horizontal and solidarity-based processes of liberation praxis can only be understood as phenomena of intersubjectivity and of the historical transformation of concrete realities, or as human intervention in the diverse material, political, educational and informative flows that permeate communities, networks and territories, with the purpose of realising public and private freedoms for the *bem-viver* of all. In this perspective, reality comprises sets of networks that integrate natural and cultural flows, and must be understood and re-organised in favour of the liberation of individuals as well as humanity in general.

In a restricted sense, networks based on the solidarity economy constitute a strategy for concluding socio-economic agreements between individual and collective participants aimed at giving preference to the purchase of goods and services from members of the network. This promotes high-quality goods and services provided at fair prices, guaranteed sales, new employment opportunities and higher levels of pay.

In a solidarity economy-based network, part of the surplus resulting from sales is reinvested in its expansion through a solidarity-based fund, credit cooperative or community-based bank, thus enabling it to establish other productive groups, enterprises, cooperatives and micro

enterprises with the purpose of meeting demands that have not yet been satisfied by local networks and solidarity-based markets. Again, this creates more jobs, expands goods and services, and increases revenue flows.

The basic criteria for participation in these sorts of networks are the following:

- no exploitation, oppression or domination (such as racism or sexism) within enterprises or any other entities;
- preservation of the ecological equilibrium of ecosystems, while respecting the processes of adaption in enterprises that are not yet ecologically organised;
- the sharing of some surplus, in order to expand solidarity economy-based networks; and
- self-determined goals and self-managed means, in a spirit of collaboration and solidarity.

The basic goal of a network in the solidarity economy is to re-organise supply chains in order to:

- produce everything that can be produced to meet its own demands and that of the region in which it is situated;
- correct flows of value in order to prevent values from escaping from the network, which happens when consumers and solidarity economy-based initiatives buy non-solidarity-based goods and services in their own region as well as in other regions, states or countries;
- generate new work opportunities and new economic initiatives aimed at satisfying the demands of solidarity-based networks and markets; and
- guarantee economic conditions for the *bem-viver* of society as a whole.

The organisation of these sorts of networks is also a strategy for sustainable development directed at the re-organisation of economic flows within a territory, aimed at ensuring the *bem-viver* of all.<sup>10</sup> The basic elements of this strategy are to:

- diagnose the economic flows that permeate territories and networks;
- assess existing needs and demands;



- plan and construct solidarity economy-based circuits and rebuild supply chains in order to satisfy those needs and demands; and
- adopt social technologies for strengthening solidarity-based economic exchanges between participants.

Within a collaborative and solidarity-based network, the reproduction of economic value is centred on work and consumption: the solidarity-based consumption of goods and services activates production; production generates new employment opportunities; new employment opportunities lead to a redistribution of wealth; the solidarity-based distribution of wealth activates solidarity-based consumption and the creation of new enterprises; and the creation of new enterprises generates diversified products and new job opportunities. This cycle reproduces itself ecologically, thereby promoting *bem-viver* in a sustainable way.

Within this strategy, surplus economic value, generated within supply chains organised in a collaborative way, support the development of solidarity-based finance. Therefore, it promotes the emergence of new initiatives; the reconstruction of supply chains; and the expansion of the solidarity economy in terms of products, services, supplies, credit, technology and investment. All this is aimed at building a new economic system based on democracy as a universal value. In such a system, decisions are not based on the amount of capital the economic actors possess, but the egalitarian conditions that exist among workers and communities.

### Methodological foundations

#### *Information, communication, organisation, mobilisation and education*

The solidarity economy cannot be advanced without adequate flows of information and communication. However, it is not enough to simply create mechanisms for promoting information and communication flows. It is also necessary to involve various solidarity economy-based initiatives and actors so that these mechanisms can be used from the grassroots upwards and for the benefit of all. Organisation, mobilisation and education are also vital for the solidarity economy, as organising initiatives, enterprises, forums and networks require mobilisation as well as education.

From a methodological perspective, it is necessary to consider the close connection between education, organisation and mobilisation, all of which are essential for cultural transformative action. Therefore, they must always be regarded as integral, and in a process of mutual reinforcement. For example, all organisations must contribute to strengthening networks, enterprises or movements, and improve their capacity for mobilisation. All mobilisation must contribute to political education, thereby strengthening enterprises, movements and networks. Similarly, all popular education must help to strengthen enterprises and networks and their capacity for mobilisation. If any of these aspects (that is, mobilisation, organisation and education) are omitted from the strategies and actions of major role players, their capacity for advancing the solidary economy will be impaired.

For example, many people attend solidarity economy forums and fairs that only last a few days. There are no catalogues that list the products and services on offer, the raw materials used for producing them, the waste discarded in the process of producing and consuming them, and the logistical resources used for those purposes that would promote the formation of networks of collaboration. Very often, participants leave with no mutual contact details. As a result, those events do not deepen participants' knowledge of collective action. They are instances of mobilisation that do not take into account important elements for strengthening solidarity economy-based initiatives. Instead, those fairs and forums could provide opportunities for the collective purchasing of production material, defining strategies for collaborative commercialisation, and so on.

If solidarity economy forums do not build capacity for mobilisation and popular education, and do not promote the flows of goods and services in collaborative networks, they are failing to strengthen the solidarity economy.

#### *Starting from what already exists*

It is necessary to start from what already exists, and devise solutions that can be made viable in a solidarity-based way. In order to act upon reality, it is necessary to know it. Since economic reality is constituted by flows, it is necessary to map and analyse those flows. The next step



is to formulate the best possible strategies for strengthening solidarity economy-based initiatives in such a context.

Therefore, a rigorous mapping of economic flows, and not only of actors in the solidarity economy in a given territory, is essential. It is not useful just to know who the actors are if we do not know what they produce, what they need in order to produce, what kind of waste they generate, what they consume, and what resources they access. Therefore, it is necessary to map the material and value-based flows of the supply chains they are linked to in order to promote their re-organisation. It is also necessary to promote solidarity-based initiatives aimed at meeting the needs and demands identified in the course of the mapping exercise and to promote their organisation into solidarity economy-based networks, thereby encouraging the formation of solidarity-based economic circuits that support sustainable local development.

In a more general sense, one must:

- 1) analyse *consumption* (of families, government, enterprises and external actors), *production* and *value flow* in the territory under consideration, which can be a neighborhood, municipality or another territorial unit;
- 2) *produce according to demand*, in order to correspond to consumption flows that were diagnosed in terms of quantity, scale and timing;
- 3) promote *solidarity-based consumption*, and strengthen the processes of exchange, commercialisation and solidarity-based logistics;
- 4) organise and support *solidarity-based finance*; and
- 5) promote sustainable development, training, the development of appropriate technologies and the protection of ecosystems.

#### *Analysis of economic needs and demands, and linkages to economic production*

The analysis of the material flow of goods and services within a community or network can be converted into a method for strengthening activities within the solidarity economy. It emphasises the quantities, volumes, origins and geographical destinations of goods and services produced and consumed in a given territory or network, and starts with the analysis of consumption in order to determine production. Since an analysis of needs and demands is not always

carried out, many solidarity economy-based enterprises in Brazil and elsewhere do not successfully identify consumers of their goods or services, and experience many difficulties as a result. Such an analysis therefore plays a key role in ensuring the sustainability of enterprises and collaborative networks, and re-organising the supply chains that integrate the enterprises within a given territory or network.

If demands are modest and segmented, enterprises should be organised as an economy of scope. If the demands are extensive and uniform, they should be organised as an economy of scale. The decision between an economy of scope and an economy of scale must take into account the goals of improving working conditions and job opportunities in the territory in question, as well as the need to adapt production to the local ecosystem.

#### *Analysis of the flow of consumption*

The flow of consumption within a given territory can be disaggregated into three fundamental components: final consumption by families; consumption by governments; and consumption of the means of production (raw materials, equipment, and so on) by productive actors. The external consumption of goods and services produced within the territory could also play a role, and if it does it should also be mapped.

This would allow us to establish the extent to which external consumption contributes to the development of the territory in question; match production with demand, and identify opportunities for establishing new enterprises; and start the local production of goods and services that are consumed in the territory but are produced elsewhere. It will also allow us to improve plans for ensuring the sustainability of enterprises by evaluating the extent to which they are satisfying demand, taking into account patterns of consumption, supply chains and the levels of investment and skills needed to produce the goods or services in question. In fact, no territory can produce all the goods and services consumed within its boundaries. However, everything that can be produced internally in a sustainable and solidarity-based way will contribute to its socio-economic development.



### *Analysis of the flow of production*

An analysis of the flow of production of goods or services and their commercialisation within a given territory must take into account existing production capacities as well as the volumes and kinds of waste generated in the course of the production process. It should also take into account productive activities for self-consumption and barter, which generate non-monetary revenue.<sup>11</sup>

An initial analysis of the productive consumption of enterprises would require examining the capacity for producing and/or commercialising goods and services; the raw or semi-processed materials and services needed to produce or provide a good or service; the waste generated; and the labour needed. The portal *solidarius.net* provides an instrument for mapping solidarity economy-based enterprises as well as consumption and barter groups. It facilitates the analysis of supply chains in selected areas, and in terms of selected networks.

### *Analysis of value flows*

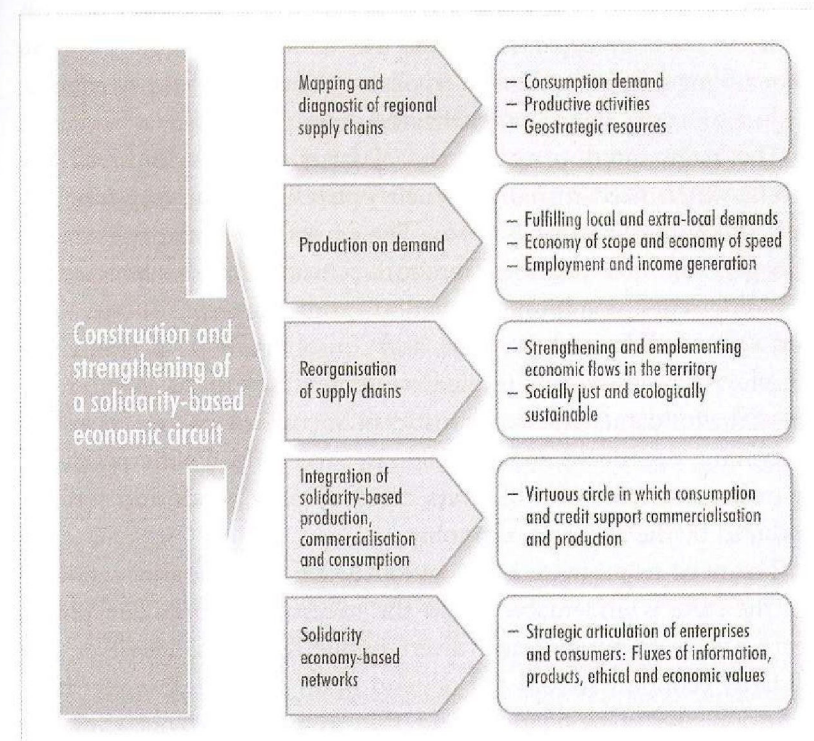
Value flows need to be analysed in terms of their sources as well as their destinations. Values should be identified, and linked to the actors and segments that mobilise them as well as their origins and destinations. Economic value moves within and across territories and networks. One must also develop an analysis of the origins of monetary and non-monetary values that move across territories and networks as well as the evasion of those values, in order to prevent this from occurring.

The fundamental goal of correcting value flows is to expand the access of families to goods and services, and to improve the value gained from consuming them (irrespective of whether they are bought, bartered, self-produced or provided by the state), and considering the totality of monetary and non-monetary satisfaction. Therefore, such an exercise should not merely be aimed at increasing the range or volume of goods produced by participants, and decreasing the range or volume of goods they purchase. The more a network or territory is able to produce or provide the goods and services required by families, governments and enterprises, the more it can prevent the value spent on that consumption from leaving the territory or network. As a

result, the territory or network will be better able to promote its own development, taking advantage in a sustainable way of its own capacities of production and consumption.

### *Collaborative networks*

In order to attend to these needs and demands, it is necessary to promote solidarity economy-based initiatives and their integration in collaborative networks. The basic steps for constructing and strengthening solidarity economy-based circuits are shown in Figure 6.2. With regard to the integration of financing, production, commercialisation and solidarity-based consumption, it is important to underline the role of collaborative networks, community banks and systems of economic barter.



**Figure 6.2** Steps for constructing solidarity economy-based circuits.  
Source: MESA (2003: 7).



### Challenges facing the solidarity economy

The development of the solidarity economy faces three major challenges. First, it is not a social movement, but a socio-economic one. It is defined by its nature, and not by the fact that it is an organised social group making certain demands. Solidarity economy initiatives effectively create an economic reality, namely the production, distribution and consumption of economic means in a sustainable and collaborative way. Thus the solidarity economy creates economic means, economic value and representations of economic value, but social movements do not possess this capacity.

Given this, its processes of organisation, mobilisation and education should not be restricted to policy demands or public policy proposals, as happens with most social movements. Instead, they should help to strengthen the economic flows of the solidarity economy itself, and amplify the activities of participating initiatives and networks. This could be done by expanding final and intermediate consumption, reassembling supply chains within collaborative networks and reducing production costs, among other diverse ways.

The main interlocutor of the solidarity economy must be the masses, which need to reorient their practices of consumption in a conscious and solidarity-based way. The aim of the solidarity economy is to generate and distribute economic means for the *bem-viver* of people, families, communities, nations and countries. Therefore, it must seek to address their needs, and consolidate itself as an axis of struggle. Attending to the immediate demands of social groupings is one of the fundamental characteristics of any axis of struggle, as well as overcoming oppressive and exclusionary structures. Public purchases are only one of the possible ways of consuming goods and services produced by the solidarity economy.

The need to promote a dialogue between the solidarity economy and the state is undeniable, given the necessity to formulate policy, create a legal framework and divert public resources. However, the solidarity economy should not depend upon public resources for its expansion and consolidation, and the promotion of post-capitalist forms of production. In fact, all human labour generates goods and services that can be measured in terms of their economic value, and

offered for the solidarity-based consumption of communities. The solidarity economy can generate credits of economic value when it offers its goods and services to consumers – to be exchanged for goods and services that correspond to the needs of the network – and can produce a surplus of economic value that will help it to grow and to sustain itself. However, this implies the establishment of solidarity economy-based collaborative networks, and the introduction of solidarity economy-based funds.

The second challenge is that solidarity economy forums and networks, organised from the local to the global level, must express democratic self-management as well as economic coherence. On the one hand, it is necessary to invent and renew these forms of democracy, so that power may be exercised in a shared way. On the other hand, it is necessary to constantly expand the consumption of solidarity economy-based products and services. Solidarity economy-based enterprises in Brazil generate about \$4.4 billion a year. However, many actors and organised groups that support the solidarity economy consume very little of its goods and services.

The third challenge is that, while it is necessary to develop a clear definition of the solidarity economy, collectively elaborated by members of networks and forums to serve as a reference for the work of mobilisation, organisation and popular education, it should not be converted into dogma. Instead, it must remain a collective reference and a generating theme to be enriched by the historical experiences of economic solidarity of different nations and different cultures, as part of the expanding horizon of the ethical exercise of public and private freedoms.

### Notes

1. The Portuguese expression *bem-viver* (living well) has been used by the solidarity economy movement since 1998 to refer to exercising public and private freedoms in line with the principle of solidarity. It refers to the human capacity to exercise solidarity, provide reciprocal support, and extend individual and collective freedoms in an ethical way, regardless of circumstances. It is also used to promote a critical analysis of situations of oppression and liberation as well as an identification of the praxis of



oppression and liberation, taking into account its economical, political, educational, informational and ethical aspects. The Spanish translations are *bien-vivir* and *buén-vivir*. These terms were used to translate the terms *sumaj kamaña* in quechua, *sumak kawsay* in quichua and *allin kausaw* in aymara, in the framework of a dialogue on new social projects in Latin American countries. Following popular participation in the development of Ecuador's 2008 constitution, the expression 'living well' appeared 23 times in the final text, which also refers to the solidarity and popular economy as economic sectors that coexist with the private and public sectors.

2. This perspective was developed by the Institute for Liberation Philosophy (IFIL) and Solidarius Brazil, based on grassroots work carried out with solidarity economy-based enterprises, support for collaborative networks, and consultancies to governments and international organisations. Since 1998, IFIL and Solidarius Brazil have been generating methods and information technology tools aimed at meeting the specific needs of the solidarity economy and sustainable development. These tools have interfaces in different languages. They are available at the portal [solidarius.net](http://solidarius.net) and can be freely used by organisations and solidarity economy-based enterprises in any country.
3. See Instituto Brasileiro de Geografia e Estatística (IBGE), [http://www.ibge.gov.br/home/estatistica/indicadores/trabalhoerendimento/pme\\_nova/defaulttab\\_hist.shtm](http://www.ibge.gov.br/home/estatistica/indicadores/trabalhoerendimento/pme_nova/defaulttab_hist.shtm).
4. The Working Group comprised Rede Brasileira de Socioeconomia Solidária (RBSES); Instituto Políticas Alternativas para o Cone Sul (PACS); Federação de Órgãos para a Assistência Social e Educacional (FASE); Associação Nacional dos Trabalhadores de Empresas em Autogestão (ANTEAG); Instituto Brasileiro de Análises Sócio-Econômicas (IBASE); Cáritas Brasileira; Movimento dos Trabalhadores Sem Terra (MST/CONCRAB); Rede Universitária de Incubadoras Tecnológicas de Co-operativas Populares (Rede ITCPs); Agência de Desenvolvimento Solidário (ADS/CUT); UNITRABALHO; Associação Brasileira de Instituições de Micro-Crédito (ABICRED) and some public managers.
5. For a systematic discussion of the values and principles underlying the solidarity economy, see Mance (2008: 201).
6. For more details about the semiotics of the capitalist and solidarity economies, and how to take advantage of 'hacks' of the capitalist system, see Mance (2008). On how performative language games create realities, see Austin (1975). About signs (indicators, icons and symbols) and interpretation (emotional, energetic and logical signifiers), see the works of Charles Sanders Peirce. About capitalism as a semiotic system, see Guattari (1987a, 1987b).

7. See for example, Mance (1999 and 2002).
8. See for example, Freire (1987: 52, 58 and 68).
9. See for example, Lévinas (1961) and Dussel (1977).
10. The main characteristics of solidarity economy-based networks are autopoiesis, intensiveness, extensiveness, diversity, integrality, systemic feedback, flux of value, flux of information, flux of materials and aggregation. See Mance (2002).
11. According to the Brazilian Institute of Geography and Statistics, the concept of non-monetary revenue refers to the consumption of all the products obtained through domestic production, hunting, fishing, collection, which are received in the form of goods as a result of barter, donations, products taken from the enterprise and revenue received for goods that have not passed through the market in their last transaction.

## References

- Arruda, M. 2006. *Tornar real o possível*. Petrópolis: Vozes.
- Austin J.L. 1975. *How to Do Things with Words*. Oxford: Oxford University Press.
- Bertucci, A. and R.M.A. da Silva. 2003. *20 Anos de Economia Popular Solidária*. Brasília: Caritas Brasileira.
- CAMP. 2002. *Economia Popular Solidária*. Porto Alegre: Evangraf.
- Cattani, A. 2003. *A Outra Economia*. Porto Alegre: Veraz Editores.
- CONAES. 2006. *Economia Solidária como Estratégia e Política de Desenvolvimento: Anais da 1 Conferência Nacional de Economia Solidária, Brasília*. Brasília: Ministério.
- Costa, R. et al. 1998. *Economia de Comunhão*. São Paulo: Cidade Nova.
- Dussel, E. 1977. *Filosofia de la Liberación*. México, D.F.: Editorial Edicol.
- FBSES. 2008. *IV Plenária Nacional de Economia Solidária: Relatório Final*. Brasília: FBES.
- Fiuza de Melo, M. 2004. 'Proporção de miseráveis cresce 51% em SP'. In *Folha de São Paulo*, 16 abr. <http://www1.folha.uol.com.br/fsp/cotidian/ff1604200401.htm>.
- Franca Filho, G. et al. 2006. *Ação Pública e Economia Solidária*. Porto Alegre: Editora da UFRGS.
- Freire, P. 1987. *Pedagogia do Oprimido*. Rio de Janeiro: Paz e Terra.
- Gaiger, L.I. 2004a. 'A economia solidária no Brasil e o sentido das novas formas de produção não-capitalistas'. *Revista Venezuelana de Economia Social* 4(8), Dezembro.
- . 2004b. *Sentidos e experiências da Economia Solidária no Brasil*. Porto Alegre: Editora da UFRGS.
- . 2006. 'Aspectos da gestão nos empreendimentos econômicos solidários'. <http://www.ecosol.org.br/arq/gestaopuc.ppt> (acesso em: 9 dez 2008).



- Guattari, F. 1987a. 'Capital as the integral of power formations'. In *Molecular Revolution*. São Paulo: Brasiliense.
- . 1987b. 'Integrated world capitalism and the molecular revolution'. In *Molecular Revolution*. São Paulo: Brasiliense.
- Kraychete, G., B. Costa and F. Lara. 2000. *Economia dos setores populares: Entre a realidade e a utopia*. Petrópolis: Vozes.
- Lévinas, E. 1961. *Totalité et Infini*. Paris: Martinus Nijhoff.
- Lisboa, A. 2000. 'Os desafios da economia popular solidária'. *Revista Perspectiva Econômica* 35(111), jul-ago: 47-62.
- Mance, E.A. 1998. 'O Capitalismo Atual e a Produção de Subjetividade'. Conferência de Abertura da V Semana de Filosofia da Universidade Federal do Espírito Santo, São Mateus, 24 de novembro.
- . 1999. *A Revolução das Redes: A colaboração solidária como uma alternativa pós-capitalista à globalização atual*. Petrópolis: Editora Vozes.
- . 2002. *Redes de Colaboração Solidária*. Petrópolis: Vozes.
- . 2003. *Como Organizar Redes Solidárias*. Curitiba: IFIL, Fase, DP&A.
- . 2004. *Fome Zero e Economia Solidária*. Curitiba: IFIL, Editora Gráfica Popular.
- . 2008. *Constelação Solidários: As Fendas do Capitalismo e sua Superação Sistêmica*. Passo Fundo: IFIBE, IFIL.
- Martins, J.R. and L.M. Gasparin. 2005. *Logística Solidária*. São Paulo: Scortecci.
- Medeiros, A. and P.H. Martins. 2003. *Economia Popular e Solidária: Desafios Teóricos e Práticos*. Recife, Bagaço.
- Melo Neto, J., J. and S. Magalhaes. 2007 *Bairros pobres, ricas soluções: Banco Palmas ponto a ponto*. Fortaleza: Expressão Gráfica.
- Mereiros, A., et al. 2006. *Políticas Públicas de Economia Solidária*. Recife: UFPE Editora.
- MESA. 2003. *CONSAD e Economia Solidária: Cadernos CONSAD 2*. Brasília: MESA.
- Nunes, D. 2009. *Incubação de Empreendimentos de Economia Solidária: Uma aplicação da pedagogia da participação*. São Paulo: Annablume.
- PACS. 2003. *Economia Solidária no Fórum Social Mundial 2002*. Rio de Janeiro: PACS.
- RBSSES. 2000. *Construindo a Rede Brasileira de Socioeconomia Solidária*. Rio de Janeiro: PACS.
- SENAES. 2005. *Atlas da Economia Solidária no Brasil*. Brasília: MTE.
- Singer, P.I. 2002. *Introdução à Economia Solidária*. São Paulo: Editora Fundação Perseu Abramo.
- . 1998. 'Globalização e Desemprego: Diagnóstico e alternativas'. São Paulo: Contexto.



