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## Challenges and strategies for the future: Solidarity economy in Brazil, Part 3

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**B**razil's inspirational solidarity economy movement of more than twenty thousand grassroots collaborative economic enterprises has grown into one of the most advanced alternative economic systems in the world. Over the last twenty years or so, nearly two million people in more than 2,700 cities in every state of the country have joined together to launch cooperatives and associations that target both their social and economic needs. This issue of *Encounters* is the last of our three-part series examining the movement.

### Political and economic crises

Today in Brazil, a deep economic recession, coupled with a political crisis, have pushed the unemployment rate to levels similar to the 1990s, when significant numbers of people were forced to look for alternative income sources and the solidarity economy began to grow into a national movement.

The movement experienced a severe setback when Michel Temer became president in 2016, after the controversial impeachment of President Dilma Rousseff by the corruption-tainted Senate. Temer has been involved in at least five [scandals](#) during his political career, including being charged with the same financial crimes that brought down the former president. He may even be suspended from office to respond to corruption charges by the time you read this.

Even though Temer was Rousseff's vice president, he is ideologically very different, in favor of hardline neoliberal policies that Rousseff opposed. Since becoming president, Temer has placed severe limits on current and future government spending, is working to raise the retirement age and lower social security benefits and soon will sign a very unpopular labor reform recently passed by the Senate that removes many key labor protections.

### Cuts to key federal support

President Temer's first and foretelling action related to the solidarity economy was to remove Paul Singer, a central figure in the history of the movement, as director of the National Secretariat of the Solidarity Economy (SENAES) and to diminish the importance of the SENAES from a secretariat directly linked to the president to a sub-secretariat within the Ministry of Work. President Temer replaced Singer with a retired police registrar who has no background in, or knowledge of, the solidarity economy.

Not only did the Temer administration dismiss Singer from this important secretariat, but it also removed other key leaders of secretaries and ministries related to agriculture, social development, health, and more, who had developed policies and programs to support the movement, replacing them with people not interested in the solidarity economy. As a result most federal projects aimed at supporting the solidarity economy have been stopped or suspended.

In the National School Feeding Program, Ronaldo Nogueira, the new leader of the Ministry of Work, removed the regulation requiring schools to procure at least 30 percent of its agricultural goods from family farmers in the solidarity economy. The Program for Food Acquisition from Family Agriculture, another important program for agricultural producers in the solidarity economy, has basically been closed, open in name only.

### The movement carries on

Despite these serious setbacks, the movement continues to offer new ideas to address historical weaknesses within the solidarity economy. While the production

side of the movement has grown impressively, access to markets and finance continue to be major challenges.

To help producers sell more, the movement in many cities and states has been establishing solidarity economy centers and houses. These are physical spaces where products can be sold, meetings, events, and courses can be hosted, and other kinds of activities conducted, to increase the movement's interaction with the community.

In a government [survey in 2013](#), the majority of solidarity economy enterprises who responded named the lack of access to credit as their biggest problem. In response, the movement is working to establish more community banks, more than doubling their number from 51 to 118 between 2009 and 2016. Besides providing personal banking services in communities long-neglected by traditional banks, community banks are beginning to offer more business loans to local solidarity economy enterprises.



In Sao Rafael, a low-income neighborhood of Joao Pessoa in northeast Brazil, the Botanical Garden community bank created a neighborhood currency, the Orchid (pictured above) to help strengthen the local economy by keeping money in the community (a video describing a similar local currency in Rio de Janeiro is [here](#)). The bank has provided low interest loans to individuals since 2011. It recently provided a loan to a bakers cooperative to establish a much needed bakery in the neighborhood.

The movement continues to create and expand networks at the state, regional, and national levels where enterprises can buy from and sell to each other, while they provide quality products for the broader society. Perhaps the best example of this is *Justa Trama* (“Just Plot”), the largest production chain of solidarity economy producers. Farmer associations grow organic cotton to sell to workers cooperatives that make threads and textiles. The worker cooperatives sell the threads

and textiles to urban cooperatives that produce and sell clothes, dolls, and educational games with these inputs. *Justa Trama* comprises more than 600 workers in solidarity economy enterprises in five states.



A sign on the wall of the “United We Win” women’s seamstress cooperative, part of *Justa Trama*, says “Cooperation is the advanced stage of human consciousness.” Photo: *Justa Trama* website, [www.justatrama.com.br](http://www.justatrama.com.br)

Considering that only thirteen percent of enterprises surveyed in 2013 report selling or exchanging with other members of the solidarity economy, there is much room for improvement in this area. The Ministry of Work recently announced 25 million *reais* (US\$ 8 million) in funding to organize and strengthen “networks of solidarity economy enterprises in production chains and territorial arrangements.” This funding is a commitment made under the Rousseff administration and is likely to be the last allocation from this fund.

As before Luis Inacio “Lula” da Silva’s election in 2002, the solidarity economy movement will look for support from city and state governments and elsewhere. For example, the state forum for the solidarity economy in Rio de Janeiro recently [launched](#) their [state plan](#) for the solidarity economy. The 61-page document details the policies of support for the solidarity economy to be implemented in coming years such as establishing eight “reference centers” similar to the solidarity economy centers described above, favoring solidarity economy enterprises in public purchases, and more.

Economist Ednalva Felix das Neves from the Methodist University of Piracicaba summed up the desires of many when she wrote, “The hope that remains is that, since the Solidarity Economy started out motivated by the situation of despair and total abandonment of the State to a part of the population, perhaps this dark scenario gives strength to the movement to rearticulate and fight for the defense of this alternative model of organization of the labor process.”