A POLICY FOR SOCIAL INCLUSION BY MEANS OF THE SOLIDARITY ECONOMY IN BRAZIL

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ABSTRACT

The principal objective of this paper is to discuss the difficulties of Solidarity Economy Enterprises and how it affects the workers of the Solidarity Economy, and propose public policy for to promote the fortification of the Solidarity Economy Enterprises (SEE), and with this, to generate social inclusion of workers of these enterprises.

The biggest problems of the SEE is related to the difficulty of getting credit, to make investments and commercialize their products. Therefore, we propose a public policy that confront these problems and help the SEEs to solve them.

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INTRODUCTION

Many researchers assume which the emergence of the Solidarity Economy in Brazil, in the decade of the 1980 it happened due to the economic unemployment crisis at the end of twentieth century. But, it's necessary to take a look also at the issue of the poverty and income concentration in Brazil, in the previous decades (HENRIQUES, 1999).

The first objective of this paper is to discuss the difficulties of Solidarity Economy Enterprises and how it affects the workers of the Solidarity Economy. The second objective of this paper is to show the importance of public policy - especially, the social policy – to strengthen the Solidarity Economy Enterprises (SEEs), and generate conditions of surviving for workers of the Solidarity Economy. Finally, the goal is to propose an alternative to strength the SEEs, and this way to ensure the generation of employment and income and social inclusion of workers of these enterprises.

1. POVERTY AND SOCIAL EXCLUSION AND THE EMERGENCE OF SOCIAL ECONOMY IN BRAZIL

The last quarter of the twentieth century in Brazil it was marked by the existence of a large number of poor and miserable people, as well as a huge inequality income distribution. Adding to this, the unemployment crisis of the 1980s increased the poverty and social exclusion in Brazil.
According to data from Brazilian Institute of Geography and Statistics (Instituto Brasileiro de Geografia e Estatística – IBGE), in the 1980s, poverty in Brazil already showed alarming numbers, and during the decade increased by 17% (8.15 million people), while the number of miserable increased 11.86% (2.05 million people). Inequality income distribution also increased (the index of Gini grew 0.06 points). At the end of the decade (1989), Brazil had a contingent of 56.07 million people living below the poverty line and 26.17 million living below the indigence line (BARROS et all, 2000).

Before this situation, several researchers (BARROS, et all, 2000; SUPLICY, 1994, 2002; NEVES, 2005, among others) caught the attention to the urgency in fighting the poverty and indigence, and also the concentration of income in Brazil, by means of Conditioned Cash Transfer Programs (CCTPs). For this objective, Senator of the Republic, Eduardo Suplicy submitted to the Brazilian Congress project that established the Program of Minimum Income Guarantee (Programa de Garantia de Renda Mínima - PGRM), based on income transfer. The program foresaw a complement of income for people who had an income below the level needed to survive (a kind of negative income tax).

The objective of this program was to ascribe the State the responsibility to seek solutions to eradicate poverty and reduce socioeconomic inequalities in Brazil. Regarding PGRM, Suplicy and Cury (1994: 102) justify: "among the instruments to deal with the problem of poverty, there is one that has received the recognition of the main economists of various schools of thought, it is the Program of Minimum Income Guarantee" (Programa de Garantia de Renda Mínima)4.

For responding this request, the State created a program of income transfer in Brazil, by means of Law 10.8361 of 01/09/2004 establishing the creation of the Bolsa Família Program (PBF – or Family Grant Program), its goal was “to transfer income with conditionalities ”, to

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families living in extreme poverty. The PBF unified the various and isolated actions to transfer income from the Federal Government – Voucher School Program (Programa Bolsa Escola), Voucher Food Program (Programa Bolsa Alimentação), Gas Voucher Program (Programa Vale Gás), etc.

Also in relation to (CCTPs), several researchers have begun to discuss its emergency and the need to promote public policies that could maintain the social inclusion of poor people, but through the work – the named, including productive. That is, if at first moment, the income transfer programs are important to ensure the immediate survival of the poor people, secondly, it would be necessary to generate working conditions for these people to have access to income through work.

Soares & Britto (2007) focus in the contradictions and potential tensions that arise from the two objectives of these Programmes (alleviate poverty in the short term and break the inter-generational cycle of poverty through the accumulation of human capital) as well the limitations of the financial and institutional capacity. The authors propose the idea that, in a context marked historically by the heterogeneity and exclusion, that is characteristic of Latin America, only the FCTP cannot be considered an integral strategy for the reduction of poverty and/or of social protection.

From this viewpoint, more recent FCTP initiatives, denominated “third generation” FCTPs, emphasize a new dynamic to confront poverty, based on the idea of “way out” or emancipation. Inspired in the Chilean “Programa Puente de Chile Solidário”, it argues that a pertinent path is a together work with the beneficiary families, for that they might find the “way out” of their present state of poverty. However, for Soares & Britto, this approach involves integration with other policies and programmes, based on a wider development

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The Ministry of Social Development in Brazil also mentions that it is possible to promote social inclusion by means of work – productive inclusion. Therefore, the initiatives of Solidarity Economy can be an important tool for combating poverty and to make social inclusion.
strategy. This would appear to be one of the “new aspects” present in the FCTPs of this “generation”.

In other words, using the term of Coraggio (1997: 37), “organicity” must be achieved, which implies “investing substantial resources in the development, consolidation and supply of the networks that articulate, communicate and dynamize the multiplicity of popular enterprises and micro-networks. In his opinion, this also involves “channeling the research and technical assistance resources of the universities to co-found technological centres that permanently feed and stimulate these networks”.

Besides this, with regards overcoming the “structurally hostile” feeling towards the emergence and development of these enterprises, “it is necessary to undertake a deep cultural transformation of values with regards welfare, work, democracy and the limits of the legitimacy of the exercise of power” (CORAGGIO, 1997: 37).

2. WHY THE SOLIDARITY ECONOMY HAS NOT PROMOTED SOCIAL INCLUSION?

On the other hand, the Solidarity Economy experiences arose in Brazil in the decade of the 1980, when the people unemployed who were living in the poverty situation, had to look for alternatives of surviving, by means of Solidarity Economy initiatives.

The Professor Paul Singer (2002) defines the Solidarity Economy as: "group of collective of work, production, commercialization and credit, organized by solidarity principles and appearing in different forms: cooperatives and producers association, self-managed
enterprises, community banks, clubs of the exchange and various popular urban and rural organizations”.

The Solidarity Economy is based on three basic principles: cooperation, solidarity and self-management and, in addition, the SEEs must generate jobs and income for workers who work on them.

The Solidarity Economy is organized as: the production process – cooperatives and production associations, enterprises recovered by workers, etc. – the process of commercialization - networks and exchange clubs, systems of fair trade, etc. – and finance: finance networks, community banks, credit cooperative, etc. (NEVES, 2012).

For many researchers of the social issues, the Solidarity Economy is the important alternative for to promote the social inclusion with jobs, because it has to solucionated two problems: first: the Solidarity Economy has generated income for people who were living in poverty situation; but, especially, it has generated the social inclusion through work.

But, if this is true, why the Solidarity Economy has failed to promote social inclusion? The answer for this question is: the SEEs have had many difficulties to survive, and these difficulties occur because they are inserted into the capitalist market, and this market has its own rules of the working. The main rule is competition among enterprises.

Because of these difficulties, the SEEs could not generate the income necessary to promote the survival of workers of Solidarity Economy. In other words, the Solidarity Economy was born in poverty and need of workers unemployed and socially excluded. However, the workers of the Solidarity Economy continue to facing a situation of poverty and social exclusion, due to difficulties in generating income of the SEEs who, on the other hand, it has difficulties to insert in market (NEVES, 2012).
The SEEs face the same conditions as others enterprises for to enter the market. However, in addition, they have still, biggest difficulties that capitalist firms, due to their own weaknesses arising of the conditions under which these projects were formed - in general, the majority of SEEs born of poverty and social exclusion of this workers. This means that these people have many problems due of the social exclusion, as: low education, little (or nothing) financial resources, difficulties for to behave as enterprising, among others.

The following data prove what we said about the difficulties and fragilities of SEEs. The Information System for Solidarity Economy (Sistema de Informações em Economia Solidária – SIES), of the SENAES⁶, registered in 2007, 21,859 SEEs – among cooperatives, associations, informal groups and other forms of organization. Of these Enterprises, only 8,541 had made investments in the twelve months previous to the survey – this is a very small number, it means that only 39% of the SEEs registered in SIES did make investments. In summary, the data prove the existence of difficulty of the SEEs for to make investment.

It is important to say that the investment has very important role to promote the growth and consolidation of any business - so much so that Kalecki (1978) and Keynes (1999) caught the attention to the importance of investment to ensure business growth and thus its position in the market. It is through investment which the enterprises can carry out technological innovations, which ensures its maintenance in the competitive process, as your gain competitiveness - as well as its consolidation and growth in the market.

On the other hand, Schumpeter (1997) also caught the attention to the role of credit as a potential facilitator of investment. The credit ensures that companies that do not have their own money also can invest. In other words, lack of capital ceases to be therefore a obstacle for business growth. It is through the credit that new companies can, for example, try to

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overcome the barriers posed by established companies on the market. And, in the case of already established market, investment is critical to enable the process of innovation which can ensure competitiveness gains of companies, ensuring not only its permanence in the Market, but also their growth.

The difficulty of access to credit is another common problem by SEEs, as assert 47% (10,234) of the SEEs. The total SEEs registered by SIES only 3,458 (16%) had access to credit in the twelve months before the research, however 16,698 (76%) demanded credit in this period. This is, the demand for credit is almost five times the number of projects that were able to access credit.

Commercialisation is another very important topic, so much so that Marx (1996) caught the attention for it, because, it's important to close the cycle of value creation in capitalism - production (extraction of surplus value) and marketing (realization of surplus value). In the case of SEEs, the commercialisation would be essential to ensure close the cycle "production - sale - and income generation". However, the SEEs have had difficulties for to sale their products and thus, generate the necessary income to workers.

In the research of SIES, 13,058 SEEs reported that had facing some kind of commercialization difficulties. It's a fairly high number, since it corresponds to 60% of enterprises surveyed by SIES.

3. A PUBLIC POLICY SOLIDARITY ECONOMY: SOCIAL POLICY?

Once that the Solidarity Economy emerged from poverty and social exclusion, we believe that public policy for Solidarity Economy should be based on the idea of a policy for social inclusion. In other words, social policy, which has a direct impact on the welfare of people by
providing them with services and income (health, education, housing, social security, social assistance, etc.) (MARSHALL, 1967).

Public policies represent a "contemporary form of exercising power in democratic societies, resulting in a complete interaction between the State and society". (GIOVANNI, 2009; MULLER, 2002). For Deubel (2006), public policies go beyond problem solving; they contribute in building a framework for redefining these problems, to find solutions, by social actors. Thus, public policy can to act in the construction of a new representation of problems, favoring the resolution of the social problems.

Faleiros (2007) adopts a more radical perspective, because he believes that the benefits and services of social policy emerge as the capital requirements for the maintenance of its development and the process of accumulation. This is, there is an intrinsic relationship between social policy and capital requirements as a way to reinforce the reproduction the labor force (SERAFIM, 2008).

In fact, social policy seem to adapt, throughout history, the demands of capital. Social policy sometimes "are seen as mechanisms to maintain the workforce, either as achievements of workers, sometimes as arrangements of the power bloc or the ruling bloc, either as donation of the ruling elites, either as a collateral instrument of increased wealth or rights of the citizen" (FALEIROS, 2007: 08).

Even if it is true that social policy benefit the capitalism, the fact is that the public policy for social issues have been used to compensate for the problems caused by the accumulation of capital, in the capitalist society – problems as: old age, widowhood, illness, maternity, work injury, unemployment, etc. They also have been important, for example, to combat poverty (ABRANCHES, 1994).
Social policy represent state action to promote social justice and to combat poverty and misery. The policy to combat poverty is has as principal focused to supplement in the human necessities and promote survival of people living in socially vulnerable (ABRANCHES, 1994).

In Brazil, social policy were, for a long time, linked to formal work. Only in the 1980s is that there was a recognition that health and education are universal social rights and equal, independent of the relations of production, that disruption of this relationship occurred in part (SERAFIM, 2008). However, Faleiros (2007) say out that, in general, the way being implemented in Brazil, social policy dont promove social transformation in fact, to break the cycle of social inequality. These policies ultimately assist in the perpetuation of the evils associated with the capitalist mode of production, as in the case of orientation to professional education (SILVEIRA, 2006).

It is observed in the formation of social security policy and its trajectory, according Faleiros (2007), a mechanism for reproducing the exploitation of the workforce. Despite the gains of the working class with social insurance and health protection, it is naive to think that this policy arises from a consciousness "protective" by entrepreneurs for workers.

Between the 1960s and 1970s, there were gains in the context of social security policy in Brazil: coverage of all urban workers compulsorily; expanding service coverage to rural workers and domestic workers and the adoption of unemployment insurance (OLIVEIRA, 2008 apud SERAFIM, 2008).

Continuing in this direction, we can observe that the policy related to health have their institution linked to social security benefits, and thus, the needs of the working class formal. The segment of the population that was not part of the formal job seeking assistance in philanthropy centers – in Hospitals (“Santas Casas”) and religious institutions. Just from the 70's that were created by the military government two programs "care" health within the
Institute of Social Security. Note, as in the case of social security, a close relationship between health policy and the working class salaried.

In turn, the consolidation of educational policy was linked to the demand for skilled labor, generated by the new Brazilian industrial reality. From the 1930s, the educational policy was seen as an important strategy for national development, understood as a synonym of the present model in the advanced capitalist countries. In 1937, the vocational education emerged as an important complement to basic education (VIEIRA, 2007).

With the promulgation of the Law of Guidelines and Bases of National Education in 1961, education policy has become a universal public policy and free. Nevertheless, it deepened the relationship between capital and labor (DURHAM, 2007).

Still walking in order to illustrate the trajectory of social policy through examples of specific policies that make up, it's important to make some considerations about the housing. Until 1964, government intervention in this area were very shy (VASCONCELOS & CANDIDO JR, 1996). After the creation of the National Housing Bank (Banco Nacional de Habitação - BNH) in the same year, and the creation of the Guarantee Fund for Time of Service (Fundo de Garantia do Tempo de Serviço - FGTS), additional funding mechanism, in the case of compulsory savings, in 1966, this sector started to strengthen. However, note that also this policy was also associated with the needs of formal workers, leaving out, once again, informal workers.

If, on the one hand, policy of social security, health, education and housing have been given a more thorough and systematic by the federal government, the same can not be said about the social assistance policy, which is responsible to that by not benefit workers or casual workers. Both this policy, like others, have always been guided by a strong centralization of the clientelism – of resources, decision-making and management, strong institutional
fragmentation, lack of social participation, great waste of resources and inefficiency (DRAIBE, 2003 apud SERAFIM, 2008).

Despite the onset of military rule in Brazil, the profile of social policy don't suffered substantive change. Moreover, social policy in this period suffered a process of regression in their funding mechanisms, privatization of public space (part of social services provisioned by the private sector) and expansion of coverage with a certain casualization. It's important say that it was then that the middle class, fearing the excessive precariousness of services, stoped behave as a partner in the defense of universal, and that the employee was receiving formal falling real wages (POCHMANN, 2004 apud SERAFIM, 2008).

In this sense, what is observed is that, until the 1980s, the Brazilian social protection system was orientation for formal work and worker. From this decade, with the March 1988 Federal Constitution, the movement occurred in the direction of unbind the welfare system of insertion these individuals in the labor market (COHN, 2000). The Constitution wanted to create equality among people and a strong state intervention, although didn't cogitate an effective break with the current economic system. However, the belated attempt by the search implementation of this institutional reorganization stoped into some political and economic restrictions.

The public policy elaborated and implemented in the area of Solidarity Economics conceive the SEEs as a possible “way out” for FCTP beneficiaries, in the sense that they allow them to seek their own income. In this perspective, the SEEs are tools of transition from welfare-type policies to ‘emancipatory’ policies (MORAIS e BACIC, 2009).

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In the case of the Solidarity Economy, we can say that, although not considered formal labor, Solidarity Economy managed to put some of their demands on the public agenda, so that, the first public policy of Solidarity Economy in Brazil emerged from the experiences of local governments in the decade of 1990, from the demands of the movements of Solidarity Economy. The entrance of the topic on the agenda of the federal government has occurred in 2003, with the creation of the National Secretariat of Solidarity Economy (Secretaria Nacional de Economia Solidária – SENAES) (FREITAS, NEVES & SANCHES, s/d; FREITAS, 2012).

However, the Solidarity Economy failed to promote the social inclusion of the share of working poor in SEEs, because, the SEEs have various difficulties in survival, and because of this, can not generate the income necessary to ensure the social inclusion of workers - the income generated is very little/low and guarantees, in a limited way, the survival of these workers, however, they remain in poverty, as discussed earlier.

For the Solidarity Economy may be a possibility of poverty reduction, social inclusion, employment and income generation and creation of another society, it's must be public policies that promote the Solidarity Economy. But, for to promote the Solidarity Economy it's necessary which the public policy promote the inclusion of the Solidarity Economy Enterprises in the market, assist in production activities of products, sales and, thus, generate income.

The reflections of this paper and, the research make here, will help to signal a path to Solidarity Economy. Especially, this paper have as objective to signal a joint policy, that is, policy that favor productive environments, for to strengthen the Solidarity Economy Enterprises, help them to insert in market; and social policy that contribute to reducing poverty and promoting social inclusion of these workers.
Starting from the difficulties of the SEEs in to make investments, obtain credit and to commercialize their products, we believe that public policy could Solidarity Economy from these problems to promote the strengthening of the SEEs. The diagram below proposes an alternative to solve these problems.

**Scheme 1: Proposed State action for Solidarity Economy**

As it's possible to see in the diagram 1, the State must act in solidarity economy on three fronts: in the first front, the proposal is that public policy can be directed to foment credit for SEEs, through the creation of a line of credit specific to SEEs. This line of credit must to consider the difficulties of SEEs, that is, the small size of the enterprises, situation that many workers are indebted, low income of the workers and the SEESs, etc.

This line of credit will ensure working capital for the SEEs, and also the purchase of raw materials, as well as to ensure SEEs solve emergency problems that arise in day-by-day of the enterprises.

A third front actuation of public policy is related to the creation of channels for commercialization the flow of the production of SEEs, that is, to promove the sale of the products of SEEs. The easiest way to do this is through the purchase of products of SEEs by
public institutions - the State will buy the products of the SEEs (such as schools, hospitals, nurseries, etc.). Only thus, the State will ensure automatically the commercialization of production of SEEs and therefore income generation in these endeavors.

We believe that the performance of the State, by means of the three fronts proposed in this paper, it is essential to promote the fortification of SEEs. The realization of investments, for example, ensures that SEEs can insert itself into the market, compete with established companies in the market, and consolidate itself.

The credit-oriented, in turn, ensures the investments and provide working capital for the SEEs and ensures also the purchase of raw materials, etc. Finally, the creation of channels of sale for the production ensures the sale of the products of SEEs.

It's this way that public policy will be mechanism to ensure the existence and strengthening of SEEs, in other words, to ensure their existence, their survival in the market, its strengthening, generation of employment and income and, therefore, the inclusion of social workers Solidarity Economy that work in these endeavors, through work.

Finally, it important to say that there are numerous problems faced by SEEs. In this paper, we caught the attention to only to some of them, in order to seek possible solutions to them. We know, however, that the reflections of this work are insufficient to solve all the problems of the Solidarity Economy.

On the other hand, we believe that, although limited, this research promotes an important contribution to the development of public policy for the Solidarity Economy. And with this, promotes an important contribution also, for the social inclusion of the workers of the Solidarity Economy.
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