

# THE INTERNATIONAL COMPARATIVE SOCIAL ENTERPRISE MODELS - ICSEM PROJECT -

## SOLIDARITY ECONOMY ENTERPRISES IN BRAZIL:

### An overview from the second national mapping

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This paper constitutes an input from the Solidarity Economy and Co-operative Economics Research Group at Unisinos (*Universidade do Vale do Rio dos Sinos*, an university in southern Brazil) to the theoretical debate promoted in the scope of the ICSEM Project, a broad research project whose main purpose is to compare *social enterprise* models and their respective institutionalization processes across the world. The ICSEM Project relies on the participation of a large number of researchers from several areas in the globe, who contribute by providing country-specific or field-specific analysis of social enterprise models. The field of analysis is delineated as made of organizations that combine an entrepreneurial dynamics to provide services or goods with the primacy of their social aims. This definition stresses specific governance models, often found in social enterprises, rather than the profile of social entrepreneurs. A democratic control or a participatory involvement of stakeholders and citizens reflect a quest for more economic democracy inside the organization, in the line of the tradition of cooperatives and, more recently, of the Social and Solidarity Economy.

Examining the current layout of *empreendimentos econômicos solidários* (solidarity economy enterprises) in Brazil, this paper builds itself on continuous studies intertwined with SIES Project, promoted by the National Secretariat for Solidarity Economy in association with Unisinos. The main observational support for these studies has been data coming from the second National Mapping of Solidarity Economy, the analysis of which will enable, throughout the paper, to establish a retrospective notion of the experiences of solidarity economy in the country, distinguish its main current expressions and propose a theoretical model to ends of qualifying such experiences and comparing them to other national scenarios.

## INTRODUCTION

In the light of ICSEM Project recommendations for this paper, it is firstly important to underscore that the notion of *social enterprise* is unusual in Brazil and little known outside specialized academic circles. Social actors engaged in promoting alternative economies to the market and State, within the public sphere and civil society organizations, use historically established concepts, such as associativism and cooperativism, alongside more recent expressions from the 1990s, such as solidarity economy. To date, only associations and cooperatives have their own legal framework, which is unsuited to enterprises that have emerged in the country in recent decades and whose objectives, structures and dynamics are similar to those of social enterprises, as defined by the ICSEM Project.

These new enterprises are searching for their institutional identity and a compatible legal framework. As participants in a new wave of social and economic solidarity, they go against traditional institutionalized formats, particularly in the case of their main representative, cooperatives. Based on this critical approach, these initiatives underwent a process of mutual recognition and unification, gradually aligning with Solidarity Economy. The term gained notoriety and official recognition in Brazil from the 1990s, as notable economic initiatives, recognized for their associative nature and cooperative self-management practices, emerged in the country. In its expansion, Solidarity Economy has come to include different social categories and organizational arrangements, such as informal income generation groups units, farmer and consumer

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associations, local exchange systems, and cooperative indigenous farming communities, dedicated to producing goods and providing services, commercialization and credit.

According to reference studies (Singer & Souza, 2000; Gaiger, 2004; Pinto, 2006; Veronese, 2008; Cattani *et al.*, 2009), the priority of solidarity in these ventures is evident in its members involvement in day-to-day management, the socialization of productive resources and the adoption of equality principles. When extended to its surroundings, solidarity encourages broader reciprocity practices, where practical experience in managing the common good lends new value to the notions of justice and public interest. The collective action involved in Solidarity Economy places new subjects into the workplace, in class strategies and citizenship struggles, in response to concern over welfare, recognition and a meaningful life.

Nowadays, Solidarity Economy evokes a wide range of economic organizations, representative bodies, civil society and State organizations. It also refers to an economic sector, a social movement and a field of political intervention. Given its relevance in the country and the similarity of its enterprises with social enterprises, Solidarity Economy will be the object of study in the Brazilian case for the purposes of the ICSEM Project.

Since it is a recent phenomenon without adequate legal remedies under current law, Solidarity Economy lacks an appropriate legal framework in Brazil. Its enterprises, generically referred to as *empreendimentos* in the original Portuguese, cannot be properly understood based solely on their official legal format, which is generally a palliative solution to make them viable and operational. In addition, according to national mapping of Solidarity Economy completed in 2013, most enterprises consist of informal groups, that is, they are not regulated by legal provisions, but rather by their own internal guidelines. In these circumstances, there are no established or widely accepted criteria to distinguish and classify organizations and it would be inappropriate to bridge this gap using formal arguments. As such, in Brazil there are still no known typologies applicable to solidarity organizations or models that are approved in specialized circles. Similarly, debate on indicators is weak, none of which are sufficiently developed as yet.

Despite these difficulties, the goal of this paper is to present a proposal for the conceptualization and typology of solidarity organizations using previous empirical research and conceptual studies carried out over several years by the Solidarity Economy and Co-operative Economics Research Group (*Grupo Ecosol*) of the *Universidade do Vale do Rio dos Sinos*. Both conceptualization and typological formulation form part of the Group's current research objectives, particularly in relation to data analysis from the previously mentioned second national Solidarity Economy mapping, the main empirical source of the present study, as detailed below.

The first section of this paper outlines the history of Solidarity Economy in Brazil, with a view to clarifying points of continuity and the dividing lines between older and more recent experiences. Particular prominence will be given to the unique characteristics of Solidarity Economy and the reason for its incompatibility with the legal alternatives currently available for its organizations. The second section describes the conceptualization method adopted and its result: the ideal-type solidarity economy enterprise – EES (*empreendimento econômico solidário* in Portuguese), presented in terms of its theoretical content and divided into primary components, whose operationalization using indicators favors the examination of empirical realities, particularly for comparative purposes. Special relevance will be given to the distinction between the comprehensive proposal, deemed appropriate for the realities in South, and the institutional approach typical in the North<sup>2</sup>. Typology itself is the focus of section three. Following methodological considerations, four types of enterprises will be presented. The paper concludes with general considerations that include theoretical issues publicized by the ICSEM Project. Specifically, it is argued that the realities of the South would be misunderstood without the distinction between the logic of domesticity, essential to the family- and community-based economy that sustains countless solidarity enterprises, and that of reciprocity, considered by the Welfare Triangle. This unquestionably important

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<sup>2</sup> South and North are metaphors to designate, along broad lines, the outskirts and center of the global economic and geopolitical system, according to the language of new colonial studies, particularly the formulations of Boaventura de Sousa Santos (Santos & Meneses, 2009).

heuristic reference could then complementarily assemble the four principles of economic action conceived by Karl Polanyi.

## 1. HISTORICAL BACKGROUND

The principles that characterize Solidarity Economy have been known since the introduction of industrial capitalism in the nineteenth century when they boosted the cooperatives, associations and mutual enterprises on which the Social Economy was founded in several Northern and some Southern countries: in the social turbulence caused by the industrial revolution, solidarity was the response of workers submitted to proletarianization. However, in the first decades of the twentieth century, Social Economy went against the trends of reducing the economy to the market principle and rationality of private accumulation. Thus, it played a significant role in the construction of European social welfare regimes. From the 1970s, the Keynesian regulation crisis and the resulting social imbalance paved the way for a series of new social experiments, revitalizing associative and solidarity economy practices. Social Economy regained its critical and participative zeal at the same time as similar experiences emerged or were revitalized in the South. Associations, informal groups, cooperatives, self-management companies, local initiatives in the field of social services and assistance for the underprivileged, social enterprises and solidarity lending, as well as related support mechanisms and representative organizations, expanded among the social categories outside conventional employment and income systems or those who were frustrated in their individual and collective aspirations.

In Brazil, the concept of Solidarity Economy typically refers to economic initiatives that aimed at generating employment and income, as well as social benefits for its members and their social environment, such as quality of life and citizen participation. Solidarity primarily refers to cooperation in production activities and the socialization of production, thereby dissolving separation between capital and labor, typical of salaried employment. As a result, in this country and on the Latin American continent, Solidarity Economy is viewed by many authors as *another* economy, different from capitalism, or a future *alternative* to capitalism.

Despite gaining notoriety due to its recent expansion, in the 1990s Solidarity Economy gave new impetus and continuity to an extensive history, featuring countless experiences of popular solidarity. In Brazil and in Latin American in general, Solidarity Economy has a long-running history, beginning with pre-Columbian indigenous forms of production and the collective systems adopted by freed slaves (known as *quilombolas* in Brazil). The changing social landscape of this continent has seen it move quickly from initiatives determined by the precarious condition of salaried workers, subordinate to and integrated with the driving force behind peripheral underdevelopment, to areas where communities predominate – particularly indigenous peoples, who preferred to protect their lifestyle and shied away from the capitalist labor market. The price they pay for doing so is that of poverty and neglect, though preventing their dissolution and extermination.

In addition to these more distant predecessors, it is important to note that the recent surge in enterprises and social mobilization, making Solidarity Economy a public fact, were preceded by similar initiatives that were scattered and ran in parallel at the height of the 1980s, generally linked to the social programs of civil entities, primarily NGOs or religious institutions such as Christian churches. These experiences, spread across impoverished rural areas and urban peripheries, foreshadowed the substantial emergence of enterprises recorded from the 1990s onwards. Although less well known, they are the seminal sources of modern-day solidarity enterprises. As such, a historical retrospective of Solidarity Economy should include, at least briefly, some of those remote episodes on which it is founded, also noting the social processes of recent decades that gradually culminated in a new field of social practices permeated with social innovation and new expectations.

### 1.1 Associations and Cooperatives

In Brazil, economical practices based on labor and ties of reciprocity have always existed, where material production caters to collective needs and holds primarily social meaning. Since the late nineteenth century,

in parallel to the reign of capitalism, associative and cooperative strategies sought to ensure living conditions for important contingents and keep the principles of producing goods, labor organization and the circulation of wealth separate from the strict rationality of capital. It is a historical resistance guided by bitterly defended values and was unable to prevent deviations from its initial route and important concessions to its original principles.

Brazil is not familiar with associations such as those seen in Europe in the nineteenth century, although community life has been notable in many regions and self-management organizational proposals have been frequent in the labor movement until the advent of populist regimes in the 1930s, when the State took social and economic development upon itself. With occasional exceptions, workers' attempts to create associative alternatives failed to become a truly classist movement in opposition to the logic of land, commercial and industrial capital. They remained dependent on the regional economic structure, the culture of the workers in question and the arenas provided by power games.

On comparing the Brazilian experience with the Social Economy of Europe and its three branches – mutual enterprises, associations and cooperatives – it is important to note that mutual aid initiatives (*caixas laborais* – collective funds pooled by workers, annuities, etc.) in Brazil are developed primarily by family farmers and urban laborers and form part of the associative and cooperative sectors, as opposed to the mutual enterprise sector per se. In certain cases, these initiatives persisted as indigenous forms of organizing and enhancing community life. However, the services provided, particularly in health and education, were generally incorporated into new institutional dynamics, primarily private (religious, meritorious) and state philanthropy, often eroding into welfare patterns and functioning as an additional means of hegemonic preservation of political elites.

Associativism, in turn, played an important historical role, especially for small family farmers from the moment they entered the Brazilian agricultural arena in the nineteenth century. However, associations have a broad legal framework that encompasses all bodies of people that come together to carry out ordinary activities, provided they differentiate themselves from more specific organizations (churches, foundations and political parties) and have *no* economic purpose. As such, associativism remained devoid of individual personality and representation mechanisms and was largely co-opted or encouraged to function as an additional constraint for oligarchic domination<sup>3</sup>.

There are many stories behind associations, including that of truly popular associativism. Since the 1970s, against the backdrop of demographic flows that resulted in today's urban centers, associations have been a popular instrument of organization and struggle for housing rights and better living conditions. Community associations played a clear role as the mainstay of broader social mobilizations, such as democratic disputes and electoral clashes that led to the revival of political parties and more left-wing governments. At the same time, associations functioned as the center of local initiatives, driving them and providing institutional safeguards. Community projects aimed at income generation and economic development also sought the legal support of associations. The result is a hybrid: socially-based community activities merge with enterprises with an economic purpose, in itself devoid of legal support. This solution avoids complete informality, but postpones economic formalization of the enterprise, which is then deprived of the prerogatives and advantages of the lawful exercise of its activities. Similarly, in rural areas, small-scale farmer's associations have long supported collective forms of production, commercialization or service provision. As a rule, these initiatives are restricted as to their purpose and areas of expertise, but preserve associative culture in rural settings, supporting initiatives that prevail today among solidarity enterprises.

The association is currently the predominant legal format in Solidarity Economy<sup>4</sup>. Its adoption confers institutional status to semi-formal organizations that receive support and grants. However, studies (Pinto, 2006) have shown that the associative act in these cases goes beyond pragmatism. It reflects a collective history in which now revalued identities and solidarity practices were forged. As a result, solidarity

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<sup>3</sup> In inland areas of the country, it was common practice to create or favor associations in return for the loyalty of members to lords – commanders and colonels – who enjoyed political power and produced the ruling elites.

<sup>4</sup> According to the second national mapping of Solidarity Economy in Brazil, 60% of EESs are associations, 30% are informal organizations and 8.8% cooperatives (data for 2013).

enterprises in urban and rural areas generally fall within broader collective structures, enabling them to overcome the neglect and isolation of family production experienced by small and micro enterprises. Initiatives of this nature flourished in the 1980s before the Solidarity Economy boom.

Of the three branches of Social Economy, only cooperativism reached institutional level in Brazil, though permeated by different concepts and interests the object of permanent disputes? Cooperatives were originally introduced in the country by European immigrants in the late nineteenth century as a way to overcome the conditions of blatant abandonment in which they lived. These early forms were consumer, credit and farming cooperatives, particularly in southern Brazil, a focal point for European colonization. Consumer cooperatives expanded in the 1950s and 1960s. Subsequently, urban cooperatives showed signs of stagnation attributable to official discouragement, resulting in a series of obstacles to their growth and survival. As economic development favored the expansion of large capitalist corporations, it encouraged them to replace services previously provided by cooperatives (Schneider e Lauschner, 1979).

In turn, agricultural cooperatives were gradually encouraged with a view to expanding agricultural productivity in response to demographic growth and the need to increase exports, in accordance with the development plans of military governments in power since 1964. Moreover, the competitive demands of the market during the 1970s made it impossible for small cooperatives to survive. Since then, the predominant type of agricultural cooperativism in Brazil has restored the dominance of the conservative elite, aimed at primarily agro-export economy (agrobusiness) and serving as a corporate alliance mechanism highly sensitive to economic power. This explains its dependence on government policies and the abilities of its leaders to do business with the State.

This framework was supported by a policy of social control and state intervention that brought no significant changes for cooperatives workers in rural areas. By contrast, the model contributed to instilling distrust of cooperativism among small-scale farmers, whereas decades before cooperatives served them as an instrument of economic development and strengthened communities, remaining accessible and close to their interests. Urban cooperativism, on the other hand, gained new impetus with the creation of several labor cooperatives in the 1980s. During the rapid growth of these cooperatives, until the 1990s, several studies indicated they were largely a means of making work relationships flexible, outsourcing services and reducing labor costs (Lima, 2007; 2008). However, genuine cooperatives such as recovered factories were also identified, one of the first forms of Solidarity Economy.

Today, large cooperatives function as public companies, aimed at profitability in the market and engaged in professionalization and administrative rationalization. At the other extreme, small cooperatives on urban outskirts, geared towards the socioeconomic inclusion and basic needs of poor populations, are egalitarian in nature, value their collective self-management and identify with Solidarity Economy (Nunes, 2001; Anjos, 2012). Alongside them is the phenomenon of false cooperatives, which use the cooperative legal framework to intermediate low cost manpower, while preserving the company hierarchy and the division between capital and labor. Brazilian cooperativism is therefore heterogeneous in regard to the nature and scale of its activities, the complexity of cooperative organizations and, fundamentally, its ideological principles.

In this contradictory context, Solidarity Economy gave rise to a new generation of cooperatives motivated by the belief that, though imperfect, this format is the most comprehensive self-management and solidarity economy model and the basis of a system capable of catering to the needs of workers. To that end, solidarity cooperatives have aligned in favor of a new model that questions the political profile and impasses of the country's cooperatives, related to inconsistency in their doctrinal principles and historical development. This model would replace traditional cooperativism and recover the cooperatives made obsolete by the centralization of power or created fraudulently, as a corporate ploy to evade social contributions. However, the success of these strategies and the viability of solidarity cooperatives depend on their ability to create socioeconomic environments that strengthen rather than threaten them, transforming them into a unique and expandable element within the current economic system.

In short, the forms of organization that characterize Social Economy to the North are also evident in Brazil, though with less comprehensive and episodic social experiences. On the few occasions that these

organizations, such as cooperatives, carried considerable weight, they faced significant obstacles to maintain their own structure and role as an alternative to the prevailing forms of economy. Their predominant role was that of strengthening the market economy or as an instrument to compensate for the social ills caused by economic development.

## 1.2 Popular Economy

The advent of Solidarity Economy lies in countering this historic legacy, whose discontinuity and limited institutionalization explains why the concept of Social Economy never took root in Brazil, except in certain academic circles. Nevertheless, this history underlies current Solidarity Economy practices, where atavistic forms of solidarity, that are little known or recognized, still persist. New forms of collective action have recently joined this social ballast so that, in order to complete this historical background, the changes in Brazilian society in recent decades must be examined. This period saw the emergence of one of the main forms of Solidarity Economy, both in Brazil and Latin America: popular economy and its consequence, informality.

Since the 1970s, a rapidly growing population of workers pressured by declining economic opportunities in rural areas and attracted by urban industrial growth migrated to cities in vast numbers, where they were faced with the inability to be absorbed by the formal job market and the lack of available instruments for their stable insertion into the formal economy. Forced to survive on odd jobs and informal, temporary occupations, this contingent changed the urban landscape, expanding poor peripheral neighborhoods and transforming the informal economy into a phenomenon of great magnitude. Informality was no longer neglected as a temporary and minor effect of capitalism, or as a functional element incorporated into the reserve army of labor. It came to be understood as a structural feature of capitalist development, irreversible within the framework solidly established by social exclusion models.

Over the years, the spread and perseverance of informality led to the realization that it formed part of broader survival strategies, through which informal categories organized themselves and established mobilization fronts. Indeed, new social movements emerged in the rural-urban fringe, fighting for housing, urban services, income and the right to work. Community initiatives multiplied and gradually aroused the interest of civil organizations, such as Christian churches inspired by Liberation Theology and microfinance institutions, creators of the so called *bancos da mulher* (women's banks) and the predecessors of current solidarity lending initiatives. Grassroots communities, residents associations and family farmer's associations sprung up, giving rise to the first collective income generation experiences in the 1980s, the origin of Solidarity Economy in Brazil and many Latin American countries.

In this new context, informality was reinterpreted as part of popular economy, that is, survival mechanisms for the defense of community ties and associationism. These forms of survival came to be analyzed based on their intrinsic rationality, geared towards preserving a "worker's fund" (*fundo de trabalho* - Coraggio, 1999) through individual and collective strategies that are inseparable from the mesh of social relations of small-scale economic agents. The effectiveness of these strategies depends on the very freedom provided by informality. Thus, the material and social assets typical of the informal economy should not be underestimated, but rather valued for their social emancipation projects.

Informal and primarily urban groups account for 30% of the enterprises surveyed by the second National Solidarity Economy Mapping, representing a three-fold increase over the last decade alone. When these enterprises thrive despite their informality, it is a sign that their members have abandoned the traditional attitude of constantly adapting to circumstances and view their activity as a force capable of creating new situations and influencing the pace of their targeted changes. This transformation is favored by the use of individual's primary resources and their social relationships, converting commensal relationships based on personal ties and customs into an enterprising and solidary economic logic, sustained by cooperative relationships (Razeto, 1990). Equipped with this new foundation, informal enterprises mitigate the instability and uncertainty that affects the life of the poor by extending the retention limits of the surplus value they produce. From the point of view of economic culture, these enterprises contribute to the rationalization of solidarity since they promote its intentional and daily implementation (Gaiger, 2006). At

the same time, they provide valuable and projective work experiences that encourage the formation of *subjects* (Veronese, 2008).

In summary, it can be said that popular traditional customs of mutual assistance alongside the partially institutionalized experiences of associations and cooperatives are historically the most deeply rooted elements of Solidarity Economy, while popular economy functioned as a new and decisive vector in the recent growth rate of solidarity enterprises. The expansion of Solidarity Economy over the last two decades would not have occurred, however, without the combination of several structural and cyclical factors, which triggered underlying predispositions towards solidarity in several categories of workers.

### 1.3 The recent rise of Solidarity Economy

With respect to the factors influencing Solidarity Economy, related to the macroeconomic scenario of the last quarter of the twentieth century, most prominent are the changes to the pattern of capitalist accumulation and their effects on work relationships, production chains and the global reconfiguration of markets and geopolitics. Added to this is the significant crisis that affected the salaried work system, triggering waves of massive unemployment and economic insecurity, driving workers to search for alternative means of income and employment. On an ideological and political level, the discrediting of socialist experiments and this revolutionary path challenged the form of intervention of current and political organizations. Following some initial bewilderment and disorientation, this cleared a path towards new social experiences, patterns of analysis and strategic formulation. In Brazil, these problems stopped being rhetorical as leftist political forces came to power and were compelled to answer to their social foundations, primarily workers. In parallel, the evolution of pioneering cooperative experiences, confirming their viability and ability to benefit their members and social surroundings, awakened the sensitivity of activists and intellectuals and creating a stimulating environment in which entities and networks that promote Solidarity Economy multiply.

In addition to these general conditions, factors closer to event protagonists also intervene. According to a nationwide study (Gaiger, 2004), an aspect that favors the formation of solidarity enterprises is that they involve popular sectors with cultural references and genuine leaders who value community life associativism or class mobilizations, primarily when these are fed by their own experiences of organization and struggle where these protagonists forge common identities, bonds of trusts and skills to collectively defend interests and aspirations. Other decisive factors are the compatibility between new proposals for self-management and collectivization and the typical popular economic practices that ensure the livelihood of workers and form part of their previous experience, relationship circles and social influence. With rare exceptions, solidarity enterprises do not entirely replace or prescribe existing forms of popular economy. Their main purpose is to reorganize the productive, material and human factors of popular economy through progressive changes that deviate from its more diminished forms and weaken its subordinate character within the capitalist economy (Gaiger, 1996).

Another requirement for the development of solidarity enterprises is the active presence of entities that are efficient in channeling workers' demands towards associative and self-managing alternatives of socioeconomic organization. The performance of these external agents is favored by the formation of a political and ideological scenario that recognizes the relevance of these demands, ensuring that they permeate significant portions of social movements and political institutions.

The role of encouraging solidarity enterprises was primarily fulfilled by progressive pastoral sections of Christian churches and a range of volunteer activist groups, resulting in the creation of countless non-governmental organizations (NGOs). These organizations played an important role in resisting the military regime and fighting against its economic growth policies, which resulted in the concentration of wealth and social exclusion. A more positive scenario emerged after the democratic transition of the 1980s, when the country's political reality encountered favorable conditions for citizenship participation and the recognition of social demands by the public sphere and state apparatus. With the far-reaching social manifestations that culminated in the enactment of the "Citizen's Constitution" in 1988, successive collective mobilizations brought political actors to the stage hitherto relegated to a marginal role (Sader, 1988). Among them were

groups and organizations dedicated to continuing local organizational experiences and defending common interests. In order to overcome their initial dispersion, comprehensive support programs encouraged the multiplication of support institutions and agencies, enabling the convergence of visions and methods of operation. During the 1990s, Solidarity Economy became part of the State agenda:

En términos institucionales, las políticas de economía solidaria se desarrollan inicialmente en gobiernos municipales y algunos estatales, impulsadas a partir de la demanda de las redes organizadas de economía solidaria, que se encontraron con gobiernos de izquierda sensibles a esas demandas. Las primeras experiencias brasileñas en este sentido comenzaron en los años 1990, en la alcaldía de Porto Alegre, seguidas por otras alcaldías de ciudades del Rio Grande do Sul y de otros Estados, como las alcaldías de Belém (Pará) y Santo André (São Paulo). En los años 2000, se destacan los casos de las alcaldías de Recife (Pernambuco) y de São Paulo, ampliándose significativamente el número de gobiernos municipales que desarrollan políticas para la promoción de la economía solidaria, siendo la gran mayoría gobernados por el Partido de los Trabajadores. A nivel de los gobiernos estatales, la experiencia pionera de política pública es la del gobierno del Estado de Rio Grande do Sul (1999/2002), que posteriormente sirvió de referencia en el diseño de la política pública nacional. Posteriormente, otros Estados asumen políticas para la economía solidaria, entre los cuales pueden ser destacados los gobiernos de Bahía, Pará y Acre. (Dubeux *et al.*, 2011: 13).

A survey conducted in 2011 (Gaiger, 2012a) identified 22 ministries (out of 37) with programs related to Solidarity Economy. Particularly prominent were policies on healthcare, productive inclusion, land reform, security, citizenship and, primarily, the set of policies and programs of the National Solidarity Economy Department – SENAES, part of the Ministry of Labor and Employment. National public institutions, such as the National Bank of Economic and Social Development (BNDES), guaranteed funding for important EES support programs. In addition, 15 of the Federation's 27 states carried out some form of Solidarity Economy initiative. This multitude of initiatives prompted the creation of the Solidarity Economy Public Manager's Network, favoring the exchange and confluence of policies. A more recent and highly relevant factor was the recognition and incorporation of Solidarity Economy into the Brazil without Extreme Poverty program (*Brasil sem Miséria*), possibly the most comprehensive cross-cutting government initiative in the country's history aimed at reducing its severe social and economic inequality.

Thus, Solidarity Economy came to successively represent a set of economic practices based on principles of cooperation and self-management, a social movement committed to social change and, finally, a sector comprised of public action. It is therefore a social field (as per Pierre Bourdieu) consisting of four main segments: a) solidarity economy enterprises, aimed at collective production of goods, service provision, marketing, finance and consumption, organized into associations, informal groups, cooperatives and trading companies owned by workers; b) Solidarity Economy civil support entities, including countless NGOs, universities, trade unions and pastoral sectors of Christian churches, the last in a pioneering role from the 1980s onwards; c) state agencies responsible for public funding programs, particularly the National Solidarity Economy Department, part of the Ministry of Labor and Employment; d) representative and political articulation organizations of these sectors and actors in the form of social movements, trade unions, public sector managers and different sectorial authorities.

## 2. THE SOLIDARITY ECONOMY ENTERPRISE CONCEPT

### 2.1 EES: a reference in consensus

The term *Empreendimento Econômico Solidário* (Solidarity Economy Enterprise) and its acronym EES were adopted gradually in Brazil over the 1990s, the same period in which Solidarity Economy (*Economia Solidária*) became the preferred expression over other names, such as Socioeconomic Solidarity (*Socioeconomia Solidária*), Popular Solidarity Economy (*Economia Popular Solidária*) or Self-Management Economy (*Economia de Autogestão*)<sup>5</sup>. As its use became more common it served different purposes,

<sup>5</sup> The gradual consensual adoption of the term Solidarity Economy and its underlying vision were the object of a thesis on the sociology of knowledge (Lechat, 2004).



whether outlining the universe of civil authority expertise or the scope of public policies, ensuring the unity of organizations participating in networks, forums and other forms of social mobilization, or for academic purposes in empirical research and theorization work.

These simultaneous applications of the term have made it somewhat inaccurate, producing a set of language whose underlying meaning understandably encompasses different perspectives, either with analytical purposes guided by findings and explanations about reality or with normative connotations, related to assumptions and goals of transforming reality. On this second front, the concept has been the subject of extensive debate, agreements and revisions, largely on the part of major agents in the field, such as the Brazilian Solidarity Economy Forum, National Department of Solidarity Economy and National Solidarity Economy Council, which are legally responsible for outlining the conceptual and program guidelines of State action and, indirectly, for social movement support institutions<sup>6</sup>. This joint construction process produced a widely accepted reference framework, functioning as a common denominator in the essential characteristics (effective or desirable) of EESs.

This convergence advanced significantly at the National Solidarity Economy Conferences held in 2006 and 2010. The Final Document of the 1<sup>st</sup> Conference states that:

3. Solidarity Economy is, therefore, a means of organizing production, distribution and consumption based on the equal rights and responsibility of all participants in solidarity economy enterprises. The means of production of each enterprise and the goods/services it produces fall under the control, management and collective ownership of its members. Likewise, there are associations, cooperatives and informal consumer groups, small-scale individual or family farmers and service providers that work separately (each in their own establishment), but are engaged in the joint purchase of supplies, marketing or processing of their products (...) (own translation). (5.) 5. Solidarity Economy initiatives have in common equal rights, responsibilities and opportunities for all participants of solidarity economy enterprises); this implies self-management, that is, democratic participation with the exercise of equal power for everyone in decisions, aimed at overcoming the contradiction between capital and labor. (p. 2) (own translation).

These defining characteristics of EESs are specified and listed in the preparatory document for the 3<sup>rd</sup> National Conference (to be held in November 2014) and incorporate the decisions made at previous conferences. According to the National Solidarity Economy Department and National Solidarity Economy Council, authors of the document, an EES should:

- I. Be a collective, single or complex organization whose members or associates are urban or rural laborers;
- II. Carry out economic, socio-environmental and cultural activities that are the main reasoning for the organization's existence;
- III. Be a self-management organization whose members or associates collectively manage its economic activities and determine how results are shared through transparent and democratic governance, sovereignty of the board and the individual votes of partners, complying with its statute or internal regulations;
- IV. Be a permanent organization, considering both enterprises in operation and those being implemented, provided the group is defined and economic activities established. (p. 21) (own translation).

This understanding regarding the typical features of EESs guided joint initiatives in favor of new national legislation suited to Solidarity Economy. A national campaign for the Popular Initiative Law<sup>7</sup>, led by the Brazilian Solidarity Economy Forum, provides a similar characterization of EESs to that proposed by the National Congress, particularly Bill 4.685/2012, still under consideration, which establishes a national policy and specific fund for Solidarity Economy. Its article 4 considers Solidarity Economy Enterprises as having the following simultaneous characteristics:

<sup>6</sup> The National Solidarity Economy Council, created in 2006, is the largest public authority with representatives of organizations from different sectors of the State and civil society. The Brazilian Solidarity Economy Forum (FBES), created in 2003, is an important element of unification for the organizations and is responsible for national conferences and mobilizations.

<sup>7</sup> This initiative uses a constitutional provision that stipulates the referral of legislative proposals by citizens through a minimum number of signatures.

- I. A collective, single or complex organization whose members or associates are urban or rural laborers;
- II – Economic activities are the mainstay of its existence;
- III - A self-management organization whose members or associates collectively manage its economic activities and determine how results are shared through transparent and democratic governance, sovereignty of the board and the individual votes of partners, complying with its statute or internal regulations;
- IV – Its members are directly or predominantly involved in achieving its social objective;
- V – The financial results of the economic activity are distributed according to the decisions of its members, considering the economic operations performed by the collective;
- VI – Hold at least one quarterly general meeting to decide on issues related to the organizations of its activities; and
- VII – Allocate part of its net operating income to other equal organizations experiencing difficulties in their constitution or consolidation, community development and the formation of the political, social and economic interests of its members.

Paragraph 1 - For the effects of this law, solidarity economy enterprises may take different corporate forms, provided they include the characteristics of caput 4.

Paragraph 2 - Enterprises whose corporate purpose is the intermediation of the subordinate workforce will not be considered as Solidarity Economy Enterprises.

These examples sufficiently illustrate the existing political convergence surrounding the EES concept. At the same time, they serve to reinforce certain traits that partially differentiate the concept from that of Social Enterprise, such as: the emphasis placed on the economic function of EESs; the fact they are managed by the workers (or consumers) themselves, who participate in the activities, are members and holders of capital; the goal of achieving economic results and the legitimacy of their redistribution among members, primarily in exchange for work provided by these members, a criterion that distinguishes this surplus from the private generation and appropriation of profit; finally, the fact they are self-managed, a concept that goes beyond democratic governance.

In light of their relevance in the ICSEM Project, these differences will be discussed in greater detail below. Nevertheless, it is important to underscore a specific peculiarity of EESs at this point: as in other countries, there are several organizations in Brazil that can theoretically be classified as social enterprises, whose purpose is to act for the good of others, that is, in the interests of target audience other than their members. In the case of EESs, it is often the very members of this target audience, such as the unemployed, small-scale family farmers, waste pickers or craftsmen who, of their own accord, decide to act collectively to satisfy their needs and aspirations. Thus, almost all EES members are workers or consumers that are responsible for management and hold capital from which they withdraw earnings or save on household expenses. There is also a minority presence of non-member participants. These include people affiliated with other organizations that provide regular assistance and form part of the EES’s day-to-day operations, as well as voluntary participants and, in some cases, workers hired in small numbers and with specialized functions, primarily managerial.



Figure 1 – EES participants

This understanding and the definitions are the result of equal contributions by scholars and academic institutions, thereby obtaining scientific approval for their general suitability to reality, though remaining under the constant scrutiny of studies motivated by different facets of problematization and analysis. The expansion of Solidarity Economy certainly explains the increased interest of the academic sector already occupied with similar issues, such as associativism, cooperativism and worker self-management. However, it was the novelty of solidarity experiences at a time when alternative market economy models had been discredited that attracted a new generation of academics. Their enthusiasm and boldness eventually overcame resistance and encouraged experienced researchers in the face of a new social fact that could not go unnoticed. Larger-scale studies provided greater theoretical and analytical quality for scientific production as Solidarity Economy became part of the agenda of research reference centers (Parreiras, 2007; Leite, 2009; Lima, 2012). A unique combined effort between academics of different nationalities, initially hailing primarily from Latin America, gave rise to the International Dictionary of the Other Economy (Cattani et al., 2009), reedited in several countries.

A backdrop to this collaborative work between social actors, scholars and public service managers was the democratic change underway in Brazil during the 1980s and 1990s, whose effects are still felt today, primarily because they gave rise to a complex pattern of relationships between civil society and the State (Silva & Oliveira, 2011). In this context, different actors, including the leaders of social movements, agents of non-governmental organizations, intellectuals, scholars and government representatives, played multiple roles in accordance with their original social field, their potential for moving from one field to another and their resources in terms of power, whether material, symbolic or political. Thus, scientific production concerning Solidarity Economy is not limited to university campuses. In addition to typical attributes such as working as professors and advisors for academic papers, those who research the theme typically participate in solidarity economy support programs and debate circuits, as well as representative and deliberative bodies such as forums and networks; these studies are conducted in connection with demands from the actors, often related to public programs that promote or fund analyses and assessments.

Academic activity contributed significantly to ensuring that the social understanding of Solidarity Economy is not limited to its apparent traits or grandiose facts, an arena where political formulations and ideological visions with their peculiar assertive logic prosper, given their pragmatic and normative nature. Thus, going against common sense, the first national study conducted in Brazil concluded that Solidarity Economy was not a reflexive phenomenon that merely responded to unemployment and social neglect, a situation in which it would fulfill its role of variable dependence on the dynamic of the labor market. Rather, its emergence is the result of a set of circumstances, such as the reciprocal relationship between workers that take part in these initiatives and the value they attach to employment alternatives that do not subject them to direct authority of salaried relations. Once in operation, the enterprises function as laboratories where new challenges arise, including equating individual and collective interests and defining coherent strategies based on consensual decisions. Actual EES practices are not simple solutions and challenge more radical theories on defending permanent self-management or the suppression of all forms of division of labor, whose viability requires individuals that are not entirely altruistic, but multifunctional and endowed with comprehensive communicative rationality (Gaiger, 2004).

Another interesting contribution provided by academic research was that of validating the various circumstances in which EESs begin and develop their activities, leading to the rejection of highly teleological approaches. This diversity remains somewhat concealed given the prevailing concern of ensuring public visibility for Solidarity Economy and, to that end, unifies it. Moreover, theoretical debate that these emerging facts create is centered on their transformative potential, in the possibility of these enterprises further expanding forms of capitalist production (Santos, 2002): they correspond to the creation of forms of alternative economy, different from capitalist market logic, and of alternative economies capable of ensuring their social reproduction. Considered entirely new, solidarity enterprises are the creators of *another* economy and have long dominated academic debate (Gaiger, 2012b).

However, these possibilities are not secured in advance; they must be understood as trends that materialize to a greater or lesser extent according to the objective and subjective conditions that affect

each organization, whose development is variable and depends not only on their scenario, but the credit they will receive in the future. Regardless of the merit of identifying specific and promising aspects of Solidarity Economy experiences, under these uncertain and changing conditions the academic concept of EES should continue to question reality and is primarily useful as a heuristic tool for studying facts.

Thus, to counter the encompassing and somewhat indiscriminate approaches, the recognized diversity of situations has led some academic studies to progressive conceptual depuration, in our case following the seminal formulations of Luis Razeto (1983; 1990; 1993) regarding popular economy companies. In the early 1980s the author identified groups in the rural-urban fringes of Chile that collectively created economic organizations. To that end, the groups used pooled personal resources and mutual assistance. Some of these organizations surpassed simple subsistence and achieved better quality of life, in some cases providing margins for economic accumulation and growth thanks to practices and values such as solidarity, cooperation and autonomy. They became popular economy companies, where relationships of reciprocity and cooperation prevailed, as well as a certain hybridism between formal and informal arrangements and between non-market practices and those integrated with the market (Nyssens, 1996). Though pressured by survival dilemmas, these organizations took on a role of resistance in the face of political, social and cultural exclusion imposed on the *pobladores*. Subsequent evolutions meant that these experiences generated lasting employment and income, making them an alternative route for new economic subjects. Herein lies the unique *sui generis* nature of EES, as the concept was conceived and then introduced in Brazil: it does not encompass all solidarity-driven economic enterprises, but rather those that make solidarity the cornerstone of their internal dynamic and strategies, thereby ensuring their viability and the persistence of its members (Gaiger, 1996).

From this perspective, the theoretical concept does not fully encompass EESs by including their different concrete expressions, but rather in proposing a reference model for the requirements these enterprises face to ensure their survival and development. These requirements are not unrelated or contradictory to the enterprise's internal structure, since it is in this structure that they are most powerful as real possibilities. The model does not function as a synthesis of the real, but as a valid instrument to question the empirical reality of an appropriate and relevant point of view. In short, it is a concept based on the Weber's method of ideal-types.

## 2.2 EES: an ideal-type concept

According to Max Weber, the ideal-type concept is an analytical construct, neither reality itself nor a reality presumed as authentic or original. "Its primary meaning is that of a purely ideal concept against which reality is *measured* in order to clarify the empirical content of some of its important elements, and to which it is *compared*" (Weber, 1989: 106) The ideal-type combines a set of aspects, relating to a class of phenomena, whose presence is necessary for these phenomena to exist, according to the unavoidable and always partial perspective and theoretical assumptions of the investigator. It is a heuristic tool that seeks the essential, not merely accidental, causal connections of that class of phenomena. Its purpose is to allow comparisons between these statements and individual empirical cases<sup>8</sup>.

For Weber, the use of ideal-types is vital to the social sciences and should be applied to ensure that the interests and assumptions of the analysis employed are not merely implicit and therefore out of control. Moreover, it would be impossible to investigate issues related to notions like capitalism, democracy or justice without a theoretical frame of reference. As such, the ideal-type clarifies, defines and legitimizes the analysis perspective used in empirical cases.

It is no different with Solidarity Economy, as demonstrated by Razeto in postulating that essential peculiarity of these enterprises lies in what the author terms "factor C": "the formation of a group, association or community that operates cooperatively and cordially, providing a set of benefits for each

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<sup>8</sup> Weber (1989: 107-114) highlights three fundamental characteristics of ideal-types: their *rationality* (containing logical relationships and providing meaning for scientists), their *one-sidedness* (contains only facets selected for their relevance, mentally emphasized or accentuated) and their *utopian* or *abstract nature* (existing in the realm of ideas rather than phenomena, in which they are never fully embodied).

member, better performance and efficiency to the economic unit as a whole due to a series of economies of scale, economies of association and externalities involved in communal and community action". These tangible and positive effects result in "particular productivity given the presence and growth of the community element, analogous to the productivity that distinguishes it and through which other economic factors are recognized" (Razeto, 1993: 40-1). As the author explains, these statements must be understood as an ideal-type proposition:

These different aspects of production, distribution and consumption in solidarity economy must be understood as the theoretical expression of biased behaviors, and not as the mature and complete manifestation of what effectively exists in reality. (...) The social and economic theories identify "pure models" which, in reality, do not fully materialize, but exist and operate effectively as partially realized potential, as rationalities that govern and guide behaviors and trends that point to forming identities. (Razeto, 1993: 44-5).

Considering factor C as a key element of the rationality<sup>9</sup> of EESs means admitting that, in order to increment it as a social and economic force, the success of these enterprises would depend on the correct use of both material and human productive factors. From this perspective, EES are those organizations in which there is an organic combination of participation and cooperation and practices guided by efficiency and economic viability. In other words, in this ideal-type economy, success depends on the factors whose positive effect is proportional to the solidarity they incorporate. To that end, work would be fully accomplished as joint effort, assuming bonds of reciprocity consistent with the collective and collaborative nature of EES. Converting the social dimension into economic leverage or specific productive strength provides unique comparative advantages for EES in relation to similar organizations, though not solidarity enterprises.

Empirical studies along these lines corroborate the theory that successful organizations fall within a logic based on member involvement in management and work, ensuring a certain level of accumulation and growth, as well as stability and viability. They develop a particular rationality that is simultaneously economic and social (Gaiger, 2006; 2007a). According to the successive results obtained by this investigative approach, EES can therefore be schematically defined as enterprises whose specific virtue lies in integrating the *entrepreneurial spirit* – in terms of the planned pursuit of results and enhanced productive factors – with the *spirit of solidarity*. As a result, cooperation functions as an economic rationalization factor, producing tangible effects and real advantages in comparison to other employment and income options available to the workers in question. A second consideration is that of reconciling *instrumental logic* – guided by the realism and pragmatism needed for the economic viability of these alternatives – with *expressive and projective logic* immersed in values and aspirations of personal and social change that demand altruism, involvement and convictions as to the value and possibilities of such transformations (Gaiger & Corrêa, 2010).

From the point of view of rationality, in ideal-type terms EESs are characterized by these dialectic relationships, on one hand between solidarity and entrepreneurship and, on the other, between pragmatic and projective reasoning (Figure 2). These relationships form the backdrop against which economic activity develops, collective management is achieved and the social mission of these organizations is fulfilled. According to the conceptualization method applied here, the notable polymorphism of several popular initiatives included in Solidarity Economy does not preclude their reduction to these essential traits, in order to identify the properties and relationships that make up its unique structure and dynamic from the perspective of the chosen *ideal*. According to Weber "the construction of ideal-types is not important as an end goal, but solely and exclusively as a means of acquiring knowledge", using only the criterion of efficiency to clarify concrete phenomena, "in their connections, causal conditioning and *meaning*" (Weber, 1989: 108).

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<sup>9</sup> The term *rationality* means not only that the characteristics identified are frequent, accepted and shared by EESs, but that they are organically combined and reinforced, establishing an *objective* dynamics for the action of individuals, a structural pressure to proceed in a certain way precisely because, in the context created, this behavior is deemed the most logical.

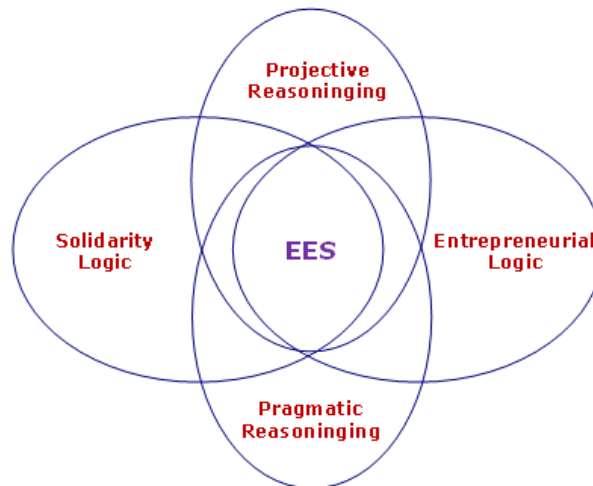


Figure 2 – Dialectic relationships of the EES ideal-type concept

Thus, it becomes clear that there are two simultaneous applications of the EES concept in Brazil. The first, for the purposes of characterization and inclusion, refers to the elementary characteristics that organizations must possess to be considered solidarity economy enterprises. As demonstrated, these general parameters were established with reasonable consensus, although they remain subject to questioning and review in line with the evolution of these practices and predominant forms of understanding. The second, more restricted and discriminant application, identifies the properties considered typical and explanatory for a specific analytical perspective, serving to qualify, differentiate and compare enterprises. In this case, the construction and application of the EES concept depends on *ex ante* criteria inherent to each investigation.

According to the relevant interests or particular research situations, analytical conceptualizations may develop into more than one theoretical reference model, extending some of its elements or adding new aspects when these are compatible with the original model. In the context of the ICSEM Project, it is important to ensure the comparability between the EES and Social Enterprise ideal-types as much as possible:

Even if the term “social enterprise” does not have exactly the same meaning for the different schools of thought, we delineate our field of analysis as made of organizations that combine **entrepreneurial dynamics** to provide services or goods with the **primacy of their social aims**. This definition has been carried out by the EMES European Research Network, as soon as 1996, trying to identify the specificities of social enterprises emerging at the crossroads of the market, civil society and public policy. It stresses specific governance models, often found in European social enterprises, rather than the profile of social entrepreneurs. More particularly, a democratic control and/or a participatory involvement of stakeholders, including citizens, reflect a quest for more economic democracy inside the organization, in the line of the tradition of cooperatives and, more recently, of the so called Solidarity Economy in Latin America. (pp. 5-7)<sup>10</sup>.

The concept of Social Enterprise (SE) is also proposed in terms of ideal-types, functioning as a common frame of reference for research teams:

The EMES approach derives from extensive dialogue among several disciplines as well as among the various national traditions and sensitivities present in the European Union. Moreover, guided by a project that was both theoretical and empirical, it preferred from the outset the identification and clarification of indicators over a concise and elegant definition. Such indicators were never intended to represent the set of conditions that an organization should meet in order to qualify as a social enterprise. Rather than constituting prescriptive criteria, they describe an “ideal-type” in Weber’s terms, i. e. an abstract construction that enables researchers

<sup>10</sup> Summary of the ICSEM Project (Defourny & Nyssens, 2013) compiled by Luiz Gaiger based on excerpts from the original text.

to position themselves within the "galaxy" of social enterprises. In other words, they constitute a tool, somewhat analogous to a compass, which helps analysts to locate the position of the observed entities relative to one another and eventually identify subsets of social enterprises they want to study more deeply. (pp. 17-18).

In order to qualify organizations within the universe of SE, indicators were grouped into three main dimensions: *Economic Project*, *Social Mission* and *Participatory Governance*. Naturally, the more a given enterprise meets the indicators the more it falls under the definition of an SE. They may also perfectly correspond with one dimension, while not matching others.

In order to maintain a certain similarity with the SE reference model and its comparability with the previously presented EES concept, the latter will be displayed within the context of the ICSEM Project using a triangular diagram composed of three general attributes corresponding to qualification criteria which, in turn, can be converted into observational indicators<sup>11</sup>. In an effort to maintain balance between the attributes, each of these will be developed into five criteria serving as gradients indicating the variation between the EES observed in terms of how and to what extent they meet the general attribute.

The first criterion for each attribute is used to preliminarily establish the compliance of the empirical cases with the attribute in question and then whether they can be classified as EES from that perspective. These criteria are consistent with the basic characteristics of EES defined in Brazil via an extensive process of discussion and convergence among social actors, as previously mentioned, ensuring their validity and stability. The remaining criteria were gathered through empirical research and the studies mentioned above<sup>12</sup>. The last criterion for each general attribute indicates the highest degree of adequacy that EESs can presumably reach. Although this is a device-specific analysis related to the ICSEM Project, it is estimated that the more properties of each general attribute EESs exhibit, the more they possess the conditions and motives needed to exercise the solidarity rationality pinpointed by the ideal-type EES concept. Thus, the two approaches are complementary.

Combining the elements of the theoretical model with those in the typical definition, which previously outlines the universe of analysis, the concept below was produced, with general attributes (Figure 3) and criteria explained further on:

## EES

**Family-based enterprises created and maintained through the voluntary association of producers, workers and consumers to meet their needs and shared economic, social and cultural aspirations, with the following characteristics:**

### 1. Economic activity:

- 1.1. Continuous economic activity.
- 1.2. Capital that is the common property of its partners.
- 1.3. Cooperative management and execution.
- 1.4. Economic viability.
- 1.5. Predominantly collective work performed by the partners.

### 2. Social commitment:

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<sup>11</sup>The *indicators* themselves vary according to the methodology and technical conditions of each study. It is therefore preferable to stipulate *criteria* in a more general manner in the reference model.

<sup>12</sup> For an overview, see Gaiger & Corrêa, 2010.

- 2.1. Equal distribution of the gains and benefits among members.
- 2.2. Equitable and collaborative relationships with third parties.
- 2.3. Activism in social causes.
- 2.4. Initiatives aimed at institutional strength and change.
- 2.5. Involvement in movements for social change.

### 3. Democratic governance:

- 3.1. Participative management and administration processes.
- 3.2. Identical decision-making power among partners.
- 3.3. Social equality and indiscriminate between members<sup>13</sup>.
- 3.4. Institutional autonomy.
- 3.5. Daily involvement in decisions by members.



Figure 3 – General attributes of EESs

#### Economic activity:

Economic activity includes primarily the production of goods, sale and provision of services by the partners, in addition to the forms of support for their individual or family-based production, such as the supply of raw materials and equipment or the offer of credit. It also involves the acquisition of consumer goods and services related to housing, health, education, etc. Some EES provide public services, such as supplying drinking water and roadways, or strengthen community entities and associations. Thus, the economy is understood in its wider sense, rather than limited to goods and services produced by the market and not disregarding non-monetary activities, provided they involve work and resources.

It is understood that economic activity must be a primary goal for EES, not sporadic or casual. The capital that makes up EES or is used for this activity must belong to the partners, in part as common property.

<sup>13</sup> Members also include participants who are not partners, such as volunteers and salaried workers.



Economic activity must involve partners in deliberations, planning and execution, thereby avoiding the technical division of tasks culminating in a social division of work, dividing administrators and executives, and intellectual and manual workers. The question of viability means that EES must guarantee, mainly by their own means, the continuity of economic activity, assuming the inherent costs and risks without depending on external inputs that escape its domain. Finally, the work is expected to be collective, performed largely by the partners, without strong dependence on volunteers and without making use indiscriminately of a salaried workforce, due to the intrinsically asymmetrical nature and utilitarian tendency of these relationships.

### **Social commitment:**

Social commitment implies that EES develop activities of public usefulness, not restricting themselves to generating benefits for their members and not acting against collective interests. It corresponds to the Social Mission dimension of the ICSEM Project, a current term used in the Social Economy to the North, sometimes used to consign the primacy of the social vocation of enterprises with respect to their economic purpose. In the case of EES, there is a strong association between the social and economic dimension, not the predominance of one over the other. Postulating otherwise causes the problem of implicitly conceiving economics as antisocial (or disconnected from social and collective), consequently reducing it to the capitalist market and its utilitarian rule. Within a substantive and plural framework of the economy, the social and economic are integrated into different doses and modes, a relevant uniqueness of Solidarity Economics (Gaiger & Laville, 2009).

Another unique feature of EES is that its social proposal is often implicit, with no precise target<sup>14</sup>. It functions sometimes as generic motivation that engenders initiatives related both to circumstances and an ethical indicator of their practices or as a justifiable principle of their economic activities<sup>15</sup>. To explain these connections, it is important to highlight once again a peculiarity of Solidarity Economy in relation to Social Economy: in this last, not-for-profit associations and organizations strive for a social cause, in general benefitting persons in situations of deprivation. In the Solidarity Economy, it is generally the same people, poor or discriminated, that organize themselves to collectively defend their rights and interests. Its success in this undertaking means fulfilling a social function, on behalf of low-income individuals lacking resources. Thus, it makes sense that surpluses from the economic operations of EES be directed to remunerating work performed by the partners, as well as improving the well-being of people and communities located within the field of action of EES.

In this respect, the criterion of equitable distribution of the financial results of economic activity among members, mostly consisting of EES partners themselves, does not contradict the requirement of limited or prohibited redistribution of surpluses, adopted by the ICSEM Project. The purpose of this restriction, usual in conceptions of the North is to differentiate the Social Economy of the logic of capitalists companies, which distribute their profits privately based on capital invested by shareholders (that is their members) and attempt to maximize their investment gains:

Indeed, according to the EES criteria, the field of social enterprises includes organizations that are characterized by a total non-distribution constraint and organizations which may only distribute profits to a limited extent, thus avoiding a profit-maximizing behavior (Defourny & Nyssens, 2012: 22).

The criterion, therefore, does not forbid that work in Social Economy enterprises<sup>16</sup> or in the Solidarity Economy, be remunerated (by means of advancing profits in the cooperatives of Brazil) or that partners be rewarded according to the volume of their economic transactions. Nor does it impede limited distribution of profits among members (via profit distribution), or that there be any type of remuneration for capital

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<sup>14</sup> If it were not for the elasticity of social engagements of EES, the term Project, common in Brazil, could be applied, having in this case the care of alleviating the theological load and its inclusive contours.

<sup>15</sup> Like, for example, the dissemination of agroecology, the value given to handicrafts or the promotion of fair trade.

<sup>16</sup> To the North, this clause applies to not-for-profit associations, foundations and organizations, and to a lesser extent, cooperatives (See Bouchard *et al.*, 2011: 39, 101-103, 107 and ss.).

invested or transferred by partners to the enterprise. However, unlike *Social Enterprise*, whose members and direct and indirect beneficiaries belong to different categories, in the case of EES both coincide. Thus, the sharing of results among members does not conflict with the social mission of EES, since it occurs as income and other benefits are provided to workers and consumers that take part in economic activity, and is therefore a counterpart of their work and participation in the enterprise, and not dividends transferred to capital<sup>17</sup>.

The social commitment of EES extends to their links with other organizations, since such relationships must observe the principles of equality, collaboration and justice. It is exemplified in fair trade and technical inter-cooperation, which stimulate overall economic solidarity. The third question related to the social commitment of EES is its involvement in specific causes, such as combatting poverty and gender inequalities, defense of traditional peoples and communities, environmental sustainability and local development. Institutional actions refer to the struggle for public recognition of EES demands and the creation of laws and other institutional provisions that contemplate them. They suppose involvement in political and economic organizations between EES, as networks and forums, and imply the capacity to a specific action, designated by a number of authors of institutional entrepreneurship (Lawrence & Suddaby, 2006)<sup>18</sup>. The last criterion, related to the involvement of EES with transformation movements, in order to construct emancipatory social alternatives, is to reveal their degree of critical positioning and transcendence that recognizes or seeks to imprint in their actions.

#### **Democratic management:**

The alternative character of EES supposes innovations in hierarchical structure and the power relationships that predominate in conventional organizations, especially economic ones. Democratic management stimulating participation and ensuring that fundamental deliberations be taken by the partners, is the form best adapted to the collective and egalitarian nature of Solidarity Economy. It ranges from the classic principle of “one partner, one vote” to the equal participation of men and women partners.

Different mechanisms can ensure that management involves the participation of partners, starting with the free and direct election of managers, the periodic renewal of the board of directors and regular consultations and meetings. The equality of decision making among partners implies that this does not depend on their quotas of capital or their economic operations in EES. It is also necessary to guarantee that the participation of members is not affected by social inequality, especially in terms of gender, generational aspects or those linked to race and ethnicity. This has been done by means of coercive measures or positive discrimination policies. But for their decisions to be effective, EES must take advantage of the institutional economy, maintaining under their domain the different and inevitable interdependencies between external organizations and agents. The daily involvement of members in decisions, the last criterion of this general attribute, provides EES with the additional characteristics of self-management, in which the mechanisms of direct democracy stand out (Mothé, 1980).

### **3. TOWARD SOLIDARITY ECONOMY MODELS**

#### **3.1 EES and similar organizations**

According to the criteria stipulated in each general attribute, the theoretical model of EES results in more elevated levels by EES that adopt self-management practices, which engage in social transformation movements and function based on the collective work of partners. A number of studies on this “superior segment” of Solidarity Economy have demonstrated that, in such cases, entrepreneurial and solidarity behaviors merge better, establishing mutuality settings and favoring compatibility between individual and collective interests, in the area of labor management and organization. Instead of an obstacle or additional

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<sup>17</sup> In this respect, EES are classified as “not-for-profit private organizations” (Evers & Laville, 2004).

<sup>18</sup> This approach was suggested to us by Jean-Louis Laville and Isabelle Hillenkamp.

cost, self-management exerts a positive effect on economic performance, resulting in greater satisfaction of personal expectations (Gaiger, 2004). At the same time, constructing social alternatives shows the importance of projective reasoning, a factor that drives greater political activism in EES (Gaiger, 2012c). To evoke these characteristics, they can be designated Alternative Self-Management Organizations (EAA).

In the imagery of players pledged to promote Solidarity Economy as an alternative or even a substitute to the current economy, EAA attract considerable interest and tend to be seen as an example for the entire Solidarity Economy. Although they indeed embody more advanced socialization of the means of production, the exercise of power by workers and involvement in issues of general interest of this type of EES must be conducted slowly, given the larger and more heterogeneous set of organizations considered within the Solidarity Economy.

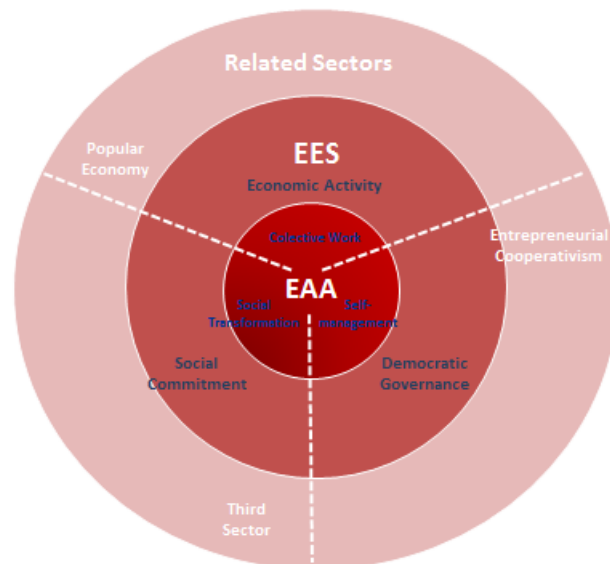
Thus, if EAA can be considered, under certain theoretical conditions, such as non-capitalist or anticapitalist expressions of a social manner of production<sup>19</sup>, it is necessary to recognize that they consist of a unique event – among others in the Solidarity Economy – whose occurrence depends on particular circumstances, not generalized or transferable from one case to another. Taking EAA as a superior reference and deriving normative consequences from it poses the risk of idealizing the Solidarity Economy and hypostasizing the concept of EES. Analysis seeks to extinguish and condemn to irrelevance other equally existing manifestations of the Solidarity Economy. Metonymic reasoning such as this would deprive us of examining this plurality of initiatives, in their different meanings and development possibilities. Moreover, widening the comparative horizon, rather than narrowing it, favors identification of hybrid or defective cases – by this reasoning peripheral in relation to the ideal-type concept of EES – also of interest.

The construction of models not involving value judgments, as proposed by the ICSEM Project, offers a pathway in this direction. The first step, in relation to the recently exposed problem, would consist of delimiting the scope of the concepts, clarifying their frontiers and relationships. We can visualize it schematically by concentric circles (Figure 4):

- a) At the center are the EAAs, more advanced organizations from the viewpoint of the typical traits of Solidarity Economy, according to the theoretic framework used here. In the typology to follow, they figure mainly among organizations whose primary function is to guarantee work and income to its members. But this is not the most frequent empirical case.
- b) In the intermediate circle, encompassing the first, we have the set of EES, in accordance with previously proposed criteria. The association between empirical cases and the general attributes of the model is variable, but must at least meet the first criterion of each attribute to be included in Solidarity Economy.
- c) Organizations that do not meet the criteria prescribed by general attributes, but do so in one case or another, can be considered peripheral, but related to the Solidarity Economy, and are represented in the outer circle (Related Sectors). Partly, they include hybrid situations, in which the characteristics of Solidarity Economy intertwine with others of the market economy, public economy, family economy or community economy. In part, it deals with defective cases, which lack certain characteristics of Solidarity Economy, such as equality of power among partners or the exercise of a permanent economic activity.

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<sup>19</sup> The concept derives from a study on Karl Marx's theory on production modes (Gaiger, 2007b). It means that in EAA the principles and economic organization objectives change, as well as relationships between individuals, in terms of the means of production, the work process and their results. As a consequence, a new *rationality* presides over factor productivity.



**Figure 4 – The scope of concepts**

In more general terms, a varied set of organizations partially conforming with general EES attributes, but lacking in one fundamental criterion of Solidarity Economy belongs to the third circle: they do not constitute initiatives genuinely created or driven by the free and autonomous association of the workers themselves (or consumers), at least not the same that engage in economic activities. These organizations are created by third parties (citizens or entities), on which workers or beneficiaries are functionally dependent, even when they take part in the organization. They typically involve the following cases:

- c.1) Family or semi-family organizations of the Popular Economy, in which the work is collective, but not open to free adherence or carried out under equal conditions. They generally fail to observe the criteria of democratic management and do not always comply with social commitments, but rather are limited to the search for results needed for their own survival.
- c.2) Entrepreneurial cooperatives, whose partners usually own private businesses, where the hiring of workers predominates. They give priority to their economic objective and are driven primarily by the logic of the market. They comply with the cooperativist criteria of democratic management, but their social dimension is normally restricted to defending cooperativism, without involving other actions that do not have an instrumental character for their economic interests.
- c.3) Third Sector Entities, according to their usual definition in Brazil (Gaiger, 2009), encompass charitable or social projects, such as philanthropic associations, foundations and NGOs. They stand out for their fulfillment of a social mission, of public interest, but do not always develop an economic activity or govern themselves democratically. Entities that operate in the Solidarity economy, seeking to promote EES, are habitually called Support and promotion Entities (EAF).

In the abovementioned terms, the proposal of EES models must not be restricted to the exemplary case of EAA, but neither should they indiscriminately enlarge it to related organizations, similar in some aspects but not classifiable in the Solidarity Economy. It must be recognized that the task of identifying EES models faces a number of problems in Brazil.

### **3.2 National mapping of Solidarity Economy as empirical base**

The first of these were carried out due to the lack of comprehensive information on solidarity economy enterprises. In general, surveys were conducted non-systematically, impeding extrapolations and comparisons between data. Thus, little can be judged about the statistical population of the solidarity economy or infer, based on such records, sufficiently homogeneous types of EES, taking into account either their specific characteristics or the legal framework to which they are subjected.

The inconsistency of records compromises analysis of the sectors that have a stable regulatory framework and a reasonable degree of institutionalization, such as cooperatives. The ample statistical series, such as the Brazilian Economic Census, equated them to other companies and offer very scarce and irregular specific information. Moreover, the Organization of Brazilian Cooperatives (OCB), the main representative body, has information on the different branches of cooperativism, particularly in terms of the evolution of the social framework, jobs and the main economic figures. But these data are provided only by associated cooperatives, without obligation, and are subject to omissions and discontinuity. Furthermore, official administrative records do not allow discrimination of the real nature of cooperatives or assess their democratic and solidarity character<sup>20</sup>.

This hiatus of information is not disconnected from the history of cooperativism. National cooperative legislation was established during the military regime, by Law 5.764, of 1971. It bowed to the interests of entrepreneurial cooperativism, a sector that remains under control of the Organization of Brazilian Cooperatives (OCB). The law is very generic, to promote and regulate cooperativism, but imposes bureaucratic demands that hinder the formalization of solidarity enterprises. Because of its historical origins and political profile, the OCB lacks legitimacy to attract new sectors, which explains the emergence of independent currents, such as the Confederation of Agrarian Reform in Brazil, linked to the Landless Rural Workers Movement. For similar reasons, cooperatives identified with Solidarity Economy keep their distance from the OCB and usually provides information only for strictly legal bureaucratic purposes, in accordance with regulatory body requirements.

The case of associations is similar. Their legal framework, as we saw, is extremely ample: with few exceptions, encompasses the entire gamut of individuals that unite to engage in common activities and have no economic objective. Their activities can include remunerated professional and generate economic dividends, provided they constitute a means to fulfill the social goals of the associated entity and do not revert to a source of private enrichment of the members. To make their activities viable, they are allowed to contract or create subsidiary companies, which can have another judicial nature and be profitable. Thus, the associative legal framework leaves the door open to a series of ambiguities and contradictions, although it contains an element of considerable interest to Solidarity Economy: the power of decision must be exerted under equal conditions by associated individuals, with no interference from their quotas of capital neither from economic participation in the associated entity.

Community centers in peripheral urban areas, culture and leisure centers and large professional sports 'societies, such as soccer clubs, are under the associated judicial institute. Given the impossibility of normalizing such a vast and heterogeneous set, the functioning of each associated body is regulated according to its specific activities, in accordance with the respective regulatory framework, for which the associated judicial status makes no significant differentiation. Analogous to the Third Sector (Fernandes, 1994), associations are negatively defined in Brazil, more for what they are not (or cannot be) and less for what characterizes and unifies them. This sector has no specific morphology, with no identity, with no general representative bodies, which have some very specific administrative records, but are deprived of statistical information<sup>21</sup>.

The situation of informal EES is definitely the most discrepant. Not only in Brazil, but in Latin America as a whole, informality is a trait of the popular economy. That is, a crucial aspect of Solidarity Economy. Within informality, in its peculiar social logic, are a number of habitual forms of popular solidarity that must be

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<sup>20</sup> The phenomenon of the increasing number of false labor cooperatives significantly inflated the figures of this sector and resulted in numerous criticisms, in addition to feeding skepticism of cooperativism itself. Since statistics do not distinguish between authentic and false cooperatives, this mission is the exclusive responsibility of supervisory agencies, whose involvement has led to contestations regarding their excessive severity and the fact that they are based on inappropriate legislation, which does not differentiate cooperatives from other companies.

<sup>21</sup> Statistics encompass only not-for-profit business foundations and associations, whose sum is roughly equal to the Third Sector in Brazil. The latest study on this issue (IBGE, 2012) reported more than 290 thousand institutions of this type in 2010, equivalent to 52.2% of the total number of not-for-profit entities registered with the General Registry of Brazilian Companies (CEMPRE). These statistics highlight the difficulty already encountered by the Third Sector: it is not possible to quantify and compare such disparate entities such as community initiatives, NGOs, philanthropic associations, foundations and any other entities, only for not being private and having no profit motive.

understood, especially in urban areas<sup>22</sup>. In informality we face instituted forms of the economy, judging this fact from the viewpoint of implicit or explicit guideline compliance, which determines a standard for business. It involves, therefore, organizations deprived of a framework in the national legislation, which functions not for lack of rules, but because they are auto-regulated. There are practically no statistics on them<sup>23</sup>.

However, there are comprehensive statistics on the most common forms of organizing the Solidarity Economy, and under current conceptualization conditions these statistics would be largely inappropriate. The reasoning for this is that EES generally adopt one of the institutional formats available – basically the association or cooperative – precisely because there is a lack of adequate alternatives to their objectives and their *sui generis* dynamic. This is a palliative solution, which is accepted in order to escape informality, not an authentic adhesion. For this reasoning, solidarity economy in Brazil has not identified with the associative or cooperative sectors, although it borrows from organization modalities. There is no associative or cooperative movement in the Solidarity Economy, but rather a unanimous clamor for the Brazilian regulatory framework to create new judicial forms, compatible with real organizations and with the creations inherent to this field.

Thus, it would not be advisable to consider the institutional formats as reliable indicators of current Solidarity economy principles, in contrast to what is generally done in relation to associations, cooperatives, mutuality and social companies. This option is appropriate to the realities of the North, whose history produced such forms. In Brazil, alternatives to this institutional approach must be sought that are responsible for the instituted and formalized forms of the economy. Before this, it is necessary to review the practices of solidarity, to then deduce the reasons why its agents adopt the institutional formats that are foisted upon them or somehow left to their choice, when they do not reject them and maintain their own solutions, even if informal. Thus, a previous task, aimed at elucidating the conditions and proposals of economic solidarity, must antecede the assessment of institutional formats in which the spirit of solidarity manifests itself.

This task, which we consider a comprehensive approach<sup>24</sup>, has been used via analysis of data obtained in the second national mapping of the Solidarity Economy, completed in 2013 with the registration of approximately 20 thousand EES. The Mapping, which was carried out to make up for the lack of information, occurred between 2005 and 2007. Although they are partial surveys, both mappings covered the entire country, including rural zones and remote areas, with the aim of identifying little known realities, not valued and poorly integrated to organized segments of the Solidarity Economy. The desire was to reach remote areas of the country and convert protagonists of all experiences into recognized players. Hundreds of entities were involved, including several universities, in an unprecedented collaborative work in the country<sup>25</sup>.

To list its target population, mapping used a set of criteria, seeking to include the largest number of potentially solidarity enterprises. These enterprises should develop a permanent economic activity, be the property or under the control of freely associated individuals, putting them in charge of the activity-objective (production, service provision, commercialization or consumption) by means of collective management processes. The hiring of non-member workers should only be sporadic. Not without reasoning, these criteria coincide with the consensual definition of EES adopted in Brazil, discussed in section 2.1 above.

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<sup>22</sup> In accordance with the second national mapping, 59% of informal EES are concentrated in urban areas.

<sup>23</sup> To date, the Brazilian Institute of Geography and Statistics (IBGE), a body responsible for conducting official surveys on the informal economy, in 1997 and 2003 (IBGE, 2005).

<sup>24</sup> According to Max Weber, understanding consists of reconstructing the motivational chain that explains the behavior of agents by putting scientists in their place. It consists of interpreting actions based on the meaning attributed to them by the agents and of affinities that establish these meanings and their interests (See Weber, 1994-2000).

<sup>25</sup> Data from the second mapping were analyzed by *Universidade do Vale do Rio dos Sinos*, under the coordination of Prof. Luiz Inácio Gaiger. Both the conceptual basis and methodology can be consulted at [www.sies.mte.gov.br](http://www.sies.mte.gov.br), a website where aggregate data and access links to micro data can be found. Results of analyses have been progressively released at [sies.ecosol.org.br/](http://sies.ecosol.org.br/).

One of the most valuable contributions of mapping has been to confirm the existence of a host of organizations in which solidarity functions as an ethical value and a key factor in its rationality. As was determined from examining the data, self-management and cooperation in the EES ensure their efficiency and viability, without creating contradictions with the principle of equitability and the expectation of well-being of their members. The rule does not apply uniformly, but has a direct relationship with the degree of long-term success and viability of EES (Gaiger, 2007a, 2011; Anjos, 2012). Therefore, it establishes a standard, whose compliance in a significant number of cases results in decisive support for the ideal-type concept of EES previously proposed, as well as for other similar modeling.

### 3.3 A preliminary typology of EES

The previous reflections are the basis for the method used to identify EES models in Brazil. As mentioned before, to advance in such matters, in the current conditions, a comprehensive analysis of the nature of Solidarity Economy is required, by differentiating organizations according to the goals aimed by its members, according to their life contexts and motivations. The work done consisted of exploring the data of the second Solidarity Economy mapping, as a current and representative information basis, in order to identify significant variations in the solidarity practices and proceed to its quantification and comparison. The analysis of the main regularities and variations allowed advancing one step further towards a preliminary typological construct that embodies the concerned variables, separating EESs according to ordering principles.

The first stage of the work consisted of taking the totality of mapped EESs and applying on them the previously evoked theoretical analysis prism, aiming at distinguishing EESs according to their correspondence with the three general attributes of the reference model. However, a hindrance was noticed when distinct dividing lines between the EESs did not emerge. General trends are seen, which connect EESs with the Economic Activity, Social Commitment or Democratic Management criteria, the same happens with the solidarity and entrepreneurial practices<sup>26</sup>. However, typical situations are not observed, that is, EES groups that correspond in a singular and recurrent means to certain criteria and attributes. Thus, it is not possible to visualize which models exist and which EESs would be coherently associated to them. The fact suggests that the dividing lines are simultaneously connected to several variables, hindering the formation of consistent groupings when EESs are seen in their setting.

A second effort consisted in not applying the reference model directly on raw data, that is, to the mapping variables and to the totality of the EESs. It was sought to group the EESs according to previously observed similarities (in previous mappings analysis and other studies), used in the creation of hypothetical types. This typological structure was then put to the test of the data, in order to test its empirical adherence and allow for the due adjustments. Types and subtypes of EESs were then identified.

Before presenting them, it is important to highlight that in its aim of separating and distinguishing, the formulation of typologies is faced with additional difficulties in the case of Solidarity Economy. First of all, because multiple simultaneous economic activities are observed in the EESs, related sometimes to non-economic aims in the strict sense, it is not trivial, by any means, to elucidate which one of them typifies the *raison d'être* of the EESs. Secondly, the EESs present considerable structural and functional complexity, in which collective and individual activities whose importance differs among the associates are combined. Finally, the boundaries of the economic aspect, normally imprecise, here are even more diluted, bringing up a conceptual problem, which is old and insoluble at first sight, about the specific characteristics and the limits of what is considered an *economic* activity.

In such conditions, to analyze EESs, we should consider that the economic segments of activity are already fairly varied, as well as the organization formats. As an illustration, previous research about the associative entrepreneurship of workers (Ferrari & Veronese, 2010; Gaiger & Corrêa, 2010) faced significant diversity: EESs encompass several segments – such as food, sewing and production, craftwork, craft fishing, industry

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<sup>26</sup> Tests of this nature depend on the information within the database, what prevents the use of some criteria or imposes the use of approximate indicators.

(in the case of companies recovered by the workers after bankruptcy) – and types of initiatives – such as community banks, informal groups in peripheral communities, consumption organizations and collective use of goods and services by the associates, of trade or exchange of products or services (including exchange clubs). Considering the variation of organization formats – informal groups, cooperatives, associations, small businesses or trading societies – and the origin of the workers, it is possible to imagine the degree of difficulty in covering this complexity in a typology. The effort geared towards this direction, however, still ongoing, is justified in the sense of bringing more clarity to the constitutive characteristics of the EESs and to the social relations that are established in this plural context.

The complete typology<sup>27</sup> is composed by three levels, organized in the following hierarchy:

First level – EESs priority aim and general characteristics

EESs are separated into five types, according to the main social and economic aim that fulfill to their members (besides the benefits extended to the collectiveness), which presumably means that they correspond to differentiated work and income situations and that their members belong to specific social categories, from the point of view of their occupation and socio-professional profile.

Second level - Nature of EESs' main collective economic activity

The five basic types are divided into subtypes, according to the specific nature of the main collective economic activity of the EESs, or according to the consumption item, service or social benefit aimed.

Third level – Means of organization

The previous subtypes generate variables, according to the organization means adopted by the EESs. To this extend of the typology, the legal characteristic is seen as both symptomatic of other peculiarities of the EESs and determinant of their dynamic and the mutual relations with the economic and social life of the members.

The main characteristics of the five types that correspond to the first level of the typology, as well as some of their most relevant subtypes (highlighted in the figures), are the following:

### **Type 1: ESS service provision and community development**

Its main collective activity aims at providing goods, services, and benefits in favor of the well-being of its members (such as financial credit, domestic consumption items, sociocultural and educational services) or to foster the associative and community development of the area where the EESs are located.

This type corresponds to 8.8% of the EESs registered in the national mapping. This is where the older EESs, with 10 to 30 years of existence, are concentrated. They are located predominantly in rural areas and their members are mainly family farmers, followed by social policies beneficiaries<sup>28</sup> and part of *traditional people of communities*, such as *riparian populations*<sup>29</sup>. Among the reasons declared for its creation, the search for financial and technical support offered by government programs and civil entities stand out, along with philanthropic motivations and community involvement. In its social body, male members are predominant;

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<sup>27</sup> For this analysis, the EESs in *normal operation* registered in the second mapping were counted (N = 17.776), whereas the EESs in *process of implementation* or *restructuring* were disregarded.

<sup>28</sup> Including items such as retirement, pension, unemployment compensation, conditional income redistribution programs, such as *Programa Bolsa-Família*, and *Benefícios de Prestação Continuada* (Continued Rendering of Benefits), geared towards people who do not have own means of financial support, elderly (65 years) or people with disabilities that prevent their participation in society.

<sup>29</sup> The concept of *traditional peoples or communities*, common in the field of public policies and social movements, refers to culturally distinct social groups that see themselves as such and have their own means of social organization. For example the indigenous people and craft fishermen who occupy and use territories and natural resources as a condition for their social reproduction, making use of knowledge and practices generated and transmitted by tradition. The *ribeirinhos* (riparian populations) live close to rivers and have in craft fishing their main livelihood activity, in addition to small farms for own consumption and extractive activities.



they participate in the EES even though for the large majority, it does not characterize a labor occupation or a source of income.

The range of goods and services provided is largely varied, encompassing finance (general financial services, social benefits transfer, personal and productive credit), consumption (community orchards, manufacture of domestic items, food preparation), social services (water provision, professional education courses, health services, transportation, art and leisure activities) and association development (creation of projects, construction and maintenance of social offices and community physical spaces, community radios, provision of internet access).

Type 1 EESs (figure 5) are mostly associations, and secondarily, cooperatives (in financial activities). They correspond to historical modalities of social solidarity, being probably larger in number decades ago. In a certain way, they witness waves of solidarity previous to the outbreak of Solidarity Economy which started in the 1990's, as discussed in section 1. For this reason they are less frequent nowadays, but it possible to suppose that from them other initiatives are generated, inclusive other types of EESs, according to research findings (Gaiger, 1996). They are farther from the urban centers and from organized spaces of civil society. They have less participation in social mobilizations directly connected to Solidarity Economy, being for this reason, less present in debates and on the claim agendas of forums and other intervention structures in the public setting. However, as emphasized before, they are part of the associative popular ballast of many current experiences.

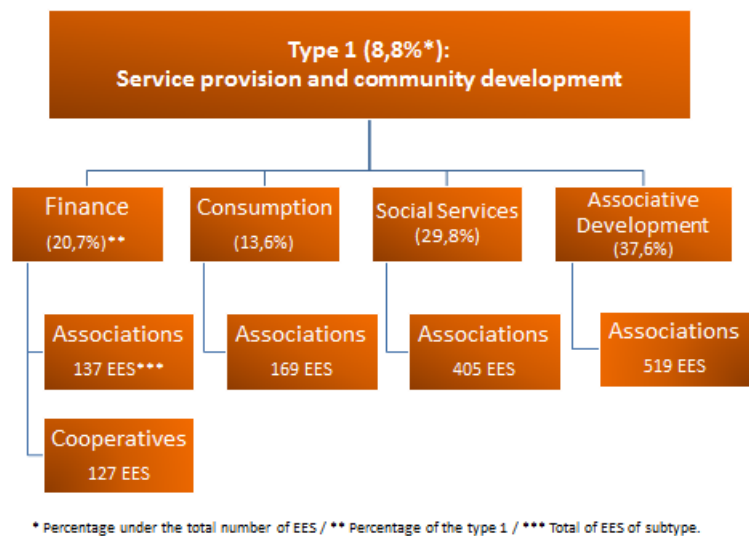


Figure 5 – More frequent type 1 subtypes

**Type 2: EES for support of productive activities of its members**

Their main collective activity provides services, resources or benefits for individual or family economic activities of its members, in items such as product exchange, trade and collective use of equipment or productive infrastructure.

This is the type with largest representation in the mapping, equivalent to 25.9% of the total of EES. It presents a predominance of EESs located in rural areas and concentrates old initiatives, with 10 to 20 years of operation and average activity time slightly inferior to type 1. The main reason for its creation is related to the access to financing and other forms of support to its associates' economic activities. The proportion of associates that work in the EES is larger than type 1, but likewise, for its majority, it does not consist of a direct source of income. In addition to the predominance of family farmers, a proportionally higher

presence of some traditional peoples or communities, such as the *quilombolas*<sup>30</sup>, is noticed, when compared to the other types.

Type 2 EESs act mainly in the support of agricultural/livestock activities providing machines, premises, several implements and inputs, besides the traditional means of sharing productive land, such as *fundos de pasto* (pasture funds) and collective equipment, such as *casas de farinha*<sup>31</sup> (flour houses), common in the countryside. They offer products and technical specialized services, especially accounting, agronomic and veterinarian services. Many EESs are dedicated to trade with the individual production of associates, in this case including craft fishermen and collectors of recyclable material, when they also assume the function of work and income generation. The presence of female members is inferior to the male presence, a fact that reflects the sexual division of labor and the still valid cultural standards, especially in rural areas.

Type 2 EESs clearly portray that the Solidarity Economy works as a means to leverage and strengthen productive activities of different categories of low income workers through their free association and collective participation in the enterprises, without prescribing popular economic practices with that. Its role consists of counterbalancing the inherent frailties of small production, resulting of its diminished scale of activity, its constant undercapitalization and its technological gap, amongst factors.

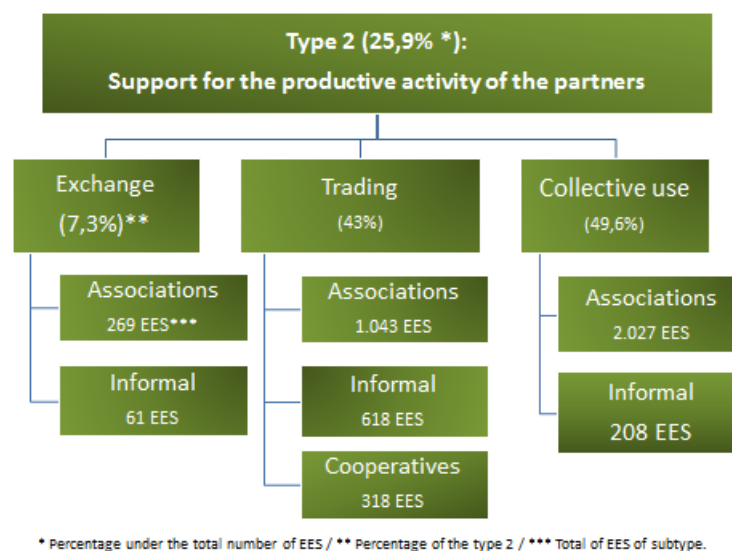


Figure 6 – More frequent type 2 subtypes

The most common type 2 activities is the provision of services and equipment of collective use, segment with broad predominance of associations and a certain presence of informal ventures (Figure 6). It is followed by a trade activity in which again the associations are predominant, but with a larger number of informal ventures and with a few cooperatives. The third activity is the exchange of products and services which is different than from trade, since it does not imply the use of currency. In this case, the associations are predominant, and there are also a few informal ventures.

<sup>30</sup> *Quilombolas* are ethnic-racial groups of black ancestry, related to the historical resistance to the slavery regime, active until 1888. They generally occupy land of old *quilombolas* – territories the slaves used as refuge and started to live on – they have legal property rights on such territories.

<sup>31</sup> *Fundos de pasto* (pasture funds) are areas commonly used for the creation of caprine and ovine freely in native pasture. This century old practice is maintained by traditional peoples and communities in the *caatingas* and *cerrados* in the Northeast. *Casas de farinha* are premises for milling manioc flour, basic food item of populations in the countryside. It is for community use, in a rotation system among several families or through payments, generally paid with the product itself, to the owner of the place.

### Type 3: EESs of work and primary income generation for associates

Its main collective activity consists of the production of goods, trade, or service provision and represents the occupation and the most important source of entry for the ESS's members. This activity is developed, at least partially, based on the socialization of the production means and in the collectivization of work, in execution or management tasks.

Type 3 covers 18.9% of the EESs. We are now predominantly in the urban universe, with more recent EESs than the average of the mapping, being prevalent the ones with up to 15 years of operation. The main motivation for its creation is the refuge against unemployment, but also the search for economic organization alternatives in which the workers are business owners, without depending on bosses or third parties. Almost the totality of associates works at the EESs, in economic sectors<sup>32</sup> connected to agriculture and related services, to the manufacture of food products and various products and to retail. In such EESs, the number of beneficiaries of public policies drops and the average of participant women is larger than in types 1 and 2, even though it is inferior to the general average of the mapping.

The main feature of these EESs is that they tend and manage to pay wages to the larger portion of their workers, in the large majority formed by associates who have in the EESs their main source of income. All of them are work EESs, operating mainly in goods production, a case in which associations are predominant and, in smaller proportions, informal ventures (Figure 7). Cooperatives and trading companies also appear in this segment with significant presence in relation to their total numbers in the mapping. A smaller number of type 1 EES is dedicated to service provision, a case in which the same organization means of production EESs are predominant, with a proportionally more marked presence of cooperatives. The third work activity of type 3 EESs is related to trade, in this case associations and informal ventures stand out.

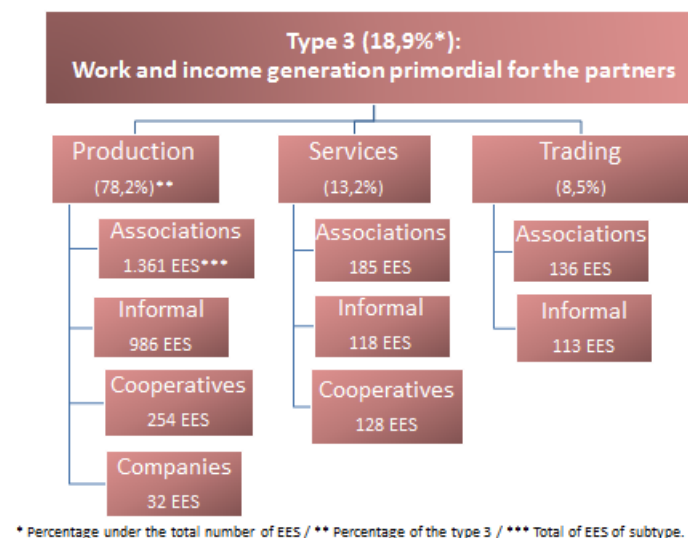


Figure 7 – More frequent type 3 subtypes

Type 3 EESs are frequently considered a role model in Solidarity Economy, provided that in theory they reunite the requirements of a means of work and alternative production conducted by the workers through self-management and partial or full socialization of production means. Indeed, it is in this type that *Alternative Self-Managed Enterprises* (ASME) are concentrated, its occurrence though, as previously seen, depends on specific circumstances that should not be generalized in all type 3 EESs and even less in types 4 and 5.

<sup>32</sup> Economic sectors mentioned in this type and the following are related to the *Classificação Nacional das Atividades Econômicas* (CNAE) (National Classification of Economic Activities) adapted by the Ministry of Labor and Employment to Solidarity Economy (CNAE-ES).

#### Type 4: EESs of work and income complement

Its main economic activity is related to the production of goods, trade, or service provision, but it represents a complementary occupation and income source for the EESs associates whose main income is connected to another economic activity or originates from work-independent revenue.

Type 4 encompasses 20.2% of the mapped EESs. As in type 3, there is a larger proportion of EESs located in urban areas. These are, on average, more recent EESs, with less than 10 years of activity. Their main motivation is to obtain a complementary source of income, being that the number of associates that work at the EESs is slightly inferior to the ones of type 3. The main economic sectors in which they act are practically identical in both types: agriculture, livestock and related services, manufacture of food products, textiles, and various products, and retail sales, with highlights to activities related to production and trade of craft products. Among its members, the number of retired workers and pensioners increases and, mainly, the proportion of women associates. These are, on average, the EESs with the smaller number of associates.

Type 4 EESs are dedicated almost exclusively to the production of goods; there are only a few cases of service provision or trade EESs (Figure 8). In this case, contrary to type 3, the informal ventures are predominant, followed by associations and in third place, cooperatives. Trading companies emerge with a minimum level of significance only among the production EESs.

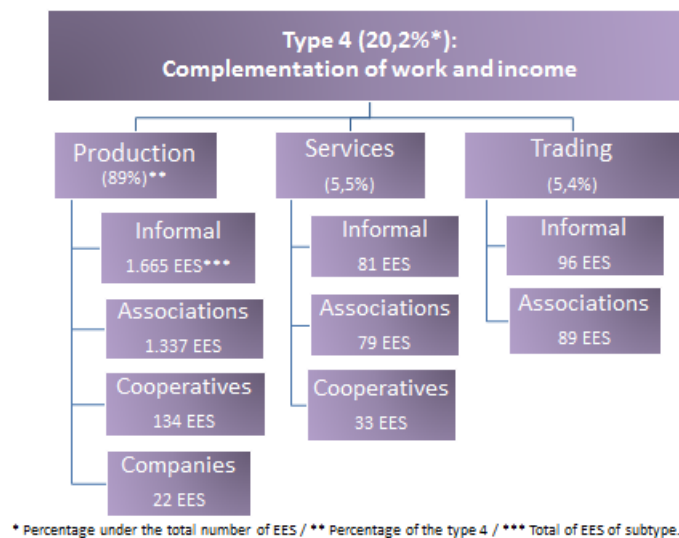


Figure 8 – More frequent type 4 subtypes

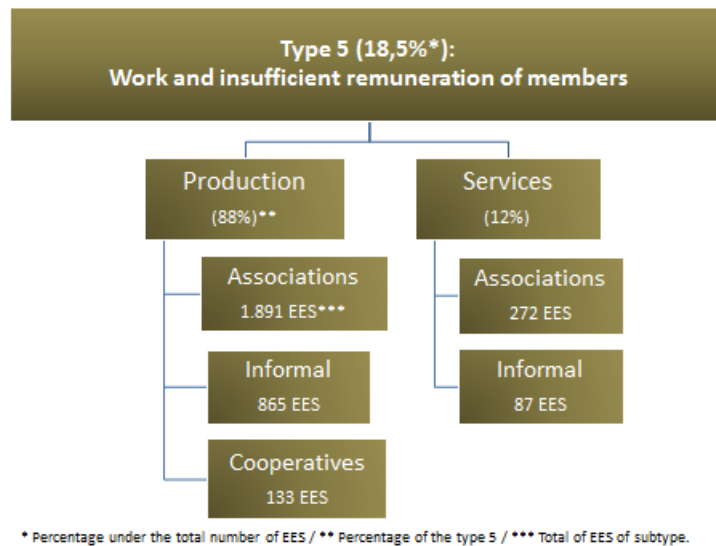
Even though in some cases these EESs may increase the work revenue they offer, acquiring more importance and being converted into type 3 EESs, this is not the general trend. The expectation of the associates, resulting from their current income sources and their possibilities of productive insertion, summed to the frailty of such EESs, in general small, informal, and with low yield, are factors that contribute for their position of not having a primary economical role for their members. On the other hand, they act as spaces for the establishment of social connections, such as experiences of social participation that foster the formation of new subjects (Ferrarini & Veronese, 2010), notwithstanding the daily adversities faced in sharp poverty situations, both in rural areas and in urban peripheries. These EESs seem equally to have a relevant role in the sense of promoting economic activation of beneficiaries of income redistribution programs, a fact that would represent an essential step for overcoming its economic dependence (Ferrarini, 2008).

**Type 5: Work EESs with insufficient payment of associates**

Its main collective economic activity is the production of goods or service provision, but they are not able to generate appropriate income for their associates because they do not provide work according to their needs, or due to the low compensation amounts offered.

Type 5 EESs represent 18.5% of the total. They are located in rural and urban areas and they have a fairly variable time of operation, so it is not possible to classify them as older as or more recent than types 3 and 4. Among the reasons for their creation, the main ones are the goal of recovering bankrupt private companies, which results in the *factories recovered* by workers phenomenon, with the purpose of strengthening ethnical groups, a fact that is related to the presence of traditional peoples and communities in the Solidarity Economy. Their difficulties, in providing appropriate compensation to the associates, are visible in the fact that one quarter of them, on average, does not have work at the EESs. Approximately 40% of the EESs have one or more associates out of work, compensating others considered insufficient for being too low or discontinuous.

The economic activity sectors of type 5 EESs do not differ from types 3 and 4: agriculture, livestock, and related services, food products manufacture, various products, textiles, and retail. However, their monthly average yield is visibly lower, such as the warranties guarantees and social rights that are offered to their workers. Almost 90% of these EESs work on the production of goods with broad predominance of the association legal regime (Figure 9). There is also a considerable number of informal enterprises and a lower portion of cooperatives. Service provision EESs are divided between associations, the most frequent ones, and informal.



**Figure 9 – More frequent type 5 subtypes**

It is presumed that type 5 corresponds to an initial phase of operation of work and income generation EESs, whose later evolution would conduct them to types 3 or 4. However, this is not always the case since there are type 5 EESs that have been in operation for several years. In those cases, it represents an organizational standard, rather than only momentary difficulties. The fact is revealing in the magnitude of the economic, social, and cultural challenges to be overcome by such initiatives. This adverse and persistent frame affects the economy of the popular sectors in a general fashion, as well as demonstrates the high indicators of insolvency and mortality of the micro and small companies in Brazil (SEBRAE, 2007).

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The identification of these five basic types of EESs has an approximate characteristic and remains subject to adjustments throughout the subsequent steps of the analysis. Still, it provides an overview of the general

profile of the EESs from the perspective of the aims they have for their main members, the associate workers, and the results they seek to achieve.

Among other aspects, the typology makes it very clear that the current legal formats in Solidarity Economy do not correspond to homogeneous standards: there are associations, informal ventures and cooperatives that are very different, according to the circumstances and the goals aimed by the EESs. It does not mean, however, that the adoption of one format or another happens randomly, that it would be enough to consider its unequal distribution among the five types, which demonstrates that they correspond to highly variable preferences and development conditions of the EESs.

*Informal* EESs – have an internal rule without being framed within legal regulations – stand out in goods production activities geared towards work offer and main income generation for its associates, but mainly to generate complementary yields or when the compensation to associates is insufficient. They are also frequent in the EESs offering support to the productive activity of the associates, through trade or through the collective use of goods and services. The *associations*, predominant in the EESs set, also figure in the production EESs whose aim is to offer primary work and income to the associates, but not the most frequent, proportionally, among the production EESs or service ones that cannot provide appropriate compensation to the members. Their presence is stronger in the EESs of support to the productive activity of the associates, particularly through the collective use of goods and services by the associates or through trade. They are also a frequent option at the EESs of social service provision and community and associative development. The *cooperatives* stand out among the EESs of production or service provision with the aim of providing primary income and work to the associates, being present also among the complementary work and income generation EESs. Other highlights are also the trade and finance EESs. The trading companies, which have scarce presence in the mapping, are dedicated mainly to production and service provision, aiming at the guarantee of work and income to their associates, which can have a complementary character in some cases.

Globally, it is possible to assert that types 1 and 2 EESs, connected to the offer of goods and services, show, more clearly their community connection and their social commitment, whereas types 3, 4 and 5 EESs, whose function is to ensure work and income to the associates, prioritize their economic activity. All types present considerable social and political involvement in networks, forums, and social movements.

#### 4. DEVELOPMENTS OF THE STUDY

In order for this work to result in the proposition of EES models, the typology presented will be refined in two successive stages. In the first, the characteristics and the degree of homogeneity of each type will be analyzed in detail in order to clarify their peculiarities and their structurally distinctive features. Referring to databases complementary to the mapping<sup>33</sup> and to correlate studies will also be used in improving the typology, thereby making it effectively representative of the Solidarity Economy in Brazil. In the second stage, the types of EESs and their main concrete expressions will be subjected to qualification criteria of the EES ideal-type concept regarding its structuring logic and general attributes, as presented before. From the comparison between the types and considerations on their degree of consistency and relevance in the current scenario of Solidarity Economy will result the EES *models* in Brazil, consistent with the theoretical presuppositions and with the empirical data available.

Consulting data external to the mapping and the bibliography on topics related to the Solidarity Economy will be useful to better contextualize it in the setting of social and economic organizations different from private companies. This activity is also important because it considers other types of initiatives that may be qualified as hybrid types or incomplete regarding the EES concept (Figure 4), but pertinent and appropriate to the concept of *Social Enterprise* of the ICSEM Project. To this regard, two concepts related to Solidarity Economy are discussed: Social Economy and Third Sector

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<sup>33</sup> About recovered companies, agricultural reform settlements cooperative, recycling cooperatives and associations, and solidarity credit cooperatives, among other EESs there are additional statistic information to the national mapping.

## 4.1 Social Economy

Unlike Europe, the term Social Economy is alien to Brazilian institutions, social actors and academic environments, with some exceptions<sup>34</sup>. One of the rare conceptual elaborations in this regard (Serva & Andion, 2004; 2006) acknowledges that the term is unusual in the country, despite the organizations that act on the border between the economic and social spheres constitute an expressive phenomena, increasingly more noticeable both from the theoretical and practical standpoints.

A dominant view does not yet exist in the country and, even less, an agreement on what Social Economy is, the organizations that comprise it and its social role. Without the aim of establishing a definition, in this study we consider that Social Economy is composed by a broad group of organizations that are generated in the heart of the civil society and have, simultaneously, social, political, and economic purposes. This consideration does not concede to us the accuracy of a definition, but it affords us a broad view about the phenomena, making it possible to see it as a field. (Serva & Andion, 2006: 1).

These authors (2004) highlight the need to understand the impacts that the organizations of Social Economy have suffered historically, which ended up by overlaying singular properties on them, such as the philanthropic and charity character inherited from social and religious works. Later, they felt the effect of the professionalization of social assistance and the creation of unions and similar entities with social action. The rise of social movements and NGOs towards the end of the military regime, followed by the strengthening and renovation of civil society during the period of democratization of the country, in the 1980's, contributed to the politicization of the debates and built a new institutional framework, aiming at the fulfillment of the functions of social assistance as a task connected to the public sphere and the guidelines that arise from this deliberation space.

In this context, the difficulties in identifying a specific sector of Social Economy result in large part from the existing dichotomy between the public economy and the private economy. If both have a precise intervention space, Social Economy ends up being stranded in an intermediate space, to the detriment of its characterization and delimitation (Caeiro, 2008). Other actors, in turn, take Social Economy and Solidarity Economy as synonyms (Senhoras, 2005; Magrini, Oliveira, Figueiredo & Knupp, 2010). In some countries in Latin America, the designation "Social and Solidarity Economy" has become a convention, more for practical reasons or interest in its vocabulary unification than by means of an understanding founded in history and conceptually anchored. As a result, the concept of Social Economy, Third Sector, and Solidarity Economy are often used indistinctively, but in equally inaccurate terms.

Approaching Social Economy in Brazil from the classic tripod known in Europe would run into several obstacles, as was seen in the beginning of this paper (Section 1.1). The cooperative segment, the most traditional and well known, is also eclectic concerning the articulation requirements between the economic, social and political dimensions being constituted, not rarely, in entrepreneurial strategies of profit maximization, based on flexible and precarious work relations. The mutuality segment does not have its own identity: it is confused with associations for aggregating institutions of an associative type and optional registration that act in the area of complementary protection of social security, health, and quality of life. Its few singular characteristics, such as the counterpart of the associates or some type of professional affiliation, are not enough as a distinctive feature. Finally, the associations segment also hosts a diversity of organizations, both social and economic ones. Many of those that have in the productive activity as its main aim are inserted in the Solidarity Economy, but correspond to a small fraction of this broad sector.

Regarding social organizations in general, whether part of the Social Economy or Third Sector, they also constitute a globally heterogeneous field, to demand a meticulous examination for its qualification under the criteria of *Social Enterprise*. Many of them provide social services in various sectors with multiple governance models with or without financing from the State and in a more or less professionalized way.

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<sup>34</sup> One of the few books published about the Social Economy in Brazil (Dowbor & Kilsztajn, 2001) brings a set of experiences, mainly of social services provision by non-profit private entities, but it does not present conceptual or typological order elements.

The innovative factor of Brazil, after the 1988 Constitution, is the presence of many of such organizations in public policy execution and co-management. However, the diversity and amplitude of those organizations do not provide conceptual and typological analyses, except through a previous topic work of identification of subsectors of interest for purposes of comparison with the reference concept of the ICSEM Project.

## 4.2 The Third Sector

In Brazil, the Third Sector is a common concept which has been brought into evidence since the 1990's (Fernandes, 1994). Organizations of different origins and types of operation have been framed into the Third Sector. According to the canonical definition, such organizations have in common the fact that they act on public interest topics and issues, are autonomous from the standpoint of its constitution, management and dissolution and are not profit-oriented. With such a scope, the Third Sector is inevitably heterogeneous. Combining morphological and institutional criteria with an interpretive approach of the action principles and logic present in it, in the Brazilian case, it is possible to distinguish three subsectors:

- A broad range of meritorious associative entities without direct connection with the recent phenomenon of the Third Sector as such. They comprise traditional organizations of philanthropic and assistance character, corporate entities or community entities geared towards culture or leisure and also other non-state institutions, for instance consumption cooperatives, hospitals, and schools. Such initiatives are connected to their specific fields of operation, not keeping but identifying in the broad sense, which removes from them both the reasons for and possibilities of joint action.
- The business foundations and institutes guided by the social responsibility focus. Its action normally complements the social policies, addressing issues included in what such organizations define as the social awareness agenda. This subsector fosters the more critical approaches to the Third Sector, which sees them as parts of an artifice of the dominant classes, driven by compensatory mechanisms that soften the social costs of the economic model, mainly the ones of neoliberal programs. From this perspective, the Third Sector would favor privatization of the public sphere and the weakening of the state as the primary democratic space of interest transaction and deployment of universal policies.
- The non-governmental organizations, NGOs, whose action is normally guided by social transformation goals. It includes the aforementioned entities of support and promotion to Solidarity Economy (EAF). For the above reasons, many of them reject their link to the Third Sector.

On the positive side, Third Sector organizations are private law entities that do not seek to generate pecuniary benefits to its members, but to respond to collective demands of public interest. They take on then a determined social mission and fulfill it based on values of gratuity, respect to human rights, equality, etc. They are articulated through decentralized horizontal connections respecting the plurality and the singular vocations of each organization. From this perspective, there are matching points between the structures and the working logics of the Third Sector and the ones of Solidarity Economy. In both cases, the initiatives excel their institutional autonomy, the creation of networks in the place of pyramidal and hierarchical structures and for commitments with society.

On the negative side, in general, Third Sector organizations fail to comply with requirements of both EES and SE (*Social Enterprise*). In the first case, because they do not belong to people who are associates and who work in the organization, doing their activities themselves, except maybe in the case of the managers. In both cases, because they do not always develop an economic activity and, moreover, due to the fact that their management democracy is variable, being many times mitigated or relegated to formal procedures. In certain cases, foundations, for instance, the institutional and economic dependency of the companies responsible for their creation is obvious.

To qualify some Third Sector organizations as SE, or even SSEs, would not be impossible. In the immediate plan, it is regarded an empirical issue. However, there are background problems, starting with the fact that the broad transition reached by the Third Sector in recent years is related to the trivialization of the



concept, converted into a type of *vade mecum* through procedures which are subject to evident objections: a) defining the Third Sector by exclusion, in relation to the first and second sectors, which completely ignores historical contexts and the spaces reserved for non-private and non-state initiatives, which are extremely variable; b) framing into its scope initiatives with different origins and natures, disrespecting the improprieties of such inclusions, which remove the necessary unit for the said reality to be referred to by a sole concept; c) underestimating the fact that the state crisis and the overvaluing of the market are not disconnected from political strategies assumed partially by the actors that align themselves to or are framed into the Third Sector.

Moreover, the trajectory of Solidarity Economy is similar to that of the Social Economy in Europe: by having the EESs at its core, as in the European experience where the recent field of the SEs has been integrated (Nyssens, 2006), it is clear its contrast with the original focus of the Third Sector proposed by the Anglo-Saxon countries, which connect it to the *non-profit sector* and to *voluntary work*, in opposition to the economic sector, where profit, trading and utilitarian relations would be the rule. The criticism contained in the approach of the ICSEM Project to this arbitrary reduction of the whole economic logic to the purpose of profit makes noticeable the differences of facts and perception between the North-American experience and the European experience (Evers & Laville, 2004) and favors a common North-South perspective: improvements in life conditions require generation and sharing of benefits between the members of the organizations that promote them, which supposes a differentiation between the capitalist logic and profit and other means of economic production and surplus generation.

In more general terms, it is possible to question whether the factors that boost social organizations, in their relations with the market and the state, could be appropriately understood from the notion of *sector*, in the sense of a specific field of practices that are built by differentiation and autonomy before others. The perspective of the *plural economy* appears to be more appropriate (Laville, 2006), in which different initiatives coexist, hybrid ones in the sense of maneuvering simultaneously distinct economic logics and in the sense of having a social and political dimension integrated to its strictly economic action. The social or non-profit nature of some of these initiatives would be better understood in the inside of this totality, not as a property of independent sectors.

### 4.3 Plurality of economic principles

The concept of plural economy evokes one of the important developments expected by the *ISCEM Project*: to situate the SE models – in our case the EES – in the contemporary economic scenario, without restricting the latter uniquely to the propellant role of the market and to the state's regulatory function:

In such a perspective, we follow Polanyi (2000 [1944]) and a historical and anthropological approach. Without denying the importance of the profit motive characterizing the capitalist economy, Polanyi also highlights other economic practices, not oriented towards the accumulation of profit: redistribution, reciprocity and household administration. In a similar vein, several European Third Sector scholars have discussed the "welfare mix" as made of shared responsibilities among various types of actors. On such a basis, some have proposed a "triangle" representation, which we have slightly adapted to better understand the relations among those actors and their respective logics of action. The first typology in this triangle distinguishes different kind of actors: the state, private for-profit companies, and communities (in which we can include households in the European case). The second typology embedded in the triangle highlights the resources and rationales on which these actors rely to develop their activities; indeed, if we follow the substantive approach of Polanyi and other converging contributions, the economy must be seen as "plural" and characterized by various forms of exchange, regarding different economic principles: market, redistribution and reciprocity<sup>35</sup>.

As it is possible to see in the text and in figure 10, in the Welfare Triangle, reciprocity and domesticity appear unified as a unique concept, which is presumably pertinent in the European context. However, each of these principles has their own meaning for Polanyi (2000; 2012). It is relevant to have in perspective their peculiarities at the moment of covering and understanding the diversity of present economic logics present not only in Brazil, be it in the totality of the countries in which the popular economy fulfills an

<sup>35</sup> Synthesis of the ICSEM Project (Defourny & Nyssens, 2013) produced by Luiz Gaiger based on the original.

important role, or through informal businesses or small family-owned companies, or through communal structures, connect in general to a determined territory and to relations between people and families, which are maintained throughout time.

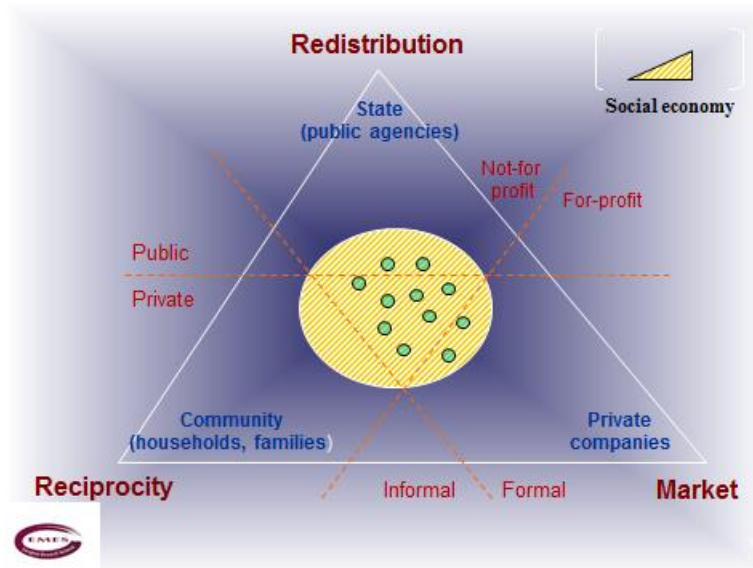


Figure 10 – The Welfare Triangle

Referring to reciprocity, Polanyi alludes to the presence of symmetric groupings, nurturing means of mutualism that are institutionalized. The many later theorizations on reciprocity have led to a broad capturing of the concept, dissociating it from the symmetry relations and including various situations, among them the *negative* reciprocity. However, extending the concept of reciprocity to the point of encompassing human relations so broadly brings the risk of removing it from its specificity and losing trace of that reciprocity which marks the importance of social connections, decisive in many situations. A more restricted understanding favors the distinction between reciprocity and domesticity, a highly important step to understand the Solidarity means of economy whose family and community roots are unequivocal. It also makes it clearer that the peculiarities of the EESs reside in being based on reciprocity, without rejecting with this its hybrid nature of simultaneous activation of other principles.

Domesticity is related to primary sociability environments of human groups, intended to ensure its survival and vital reproduction. In this environment, modernly constituted by the family nucleus, the social connections are legacies, more than something chosen and are created according to preexistent criteria of precedence and authority. The social core involved, trapped to a territory or to family relations of kinship or affinity, works through direct interpersonal interactions, in contexts that are at the same time of intimacy and social asymmetry.

In this case, social relations are characterized by what Razeto (1990: 65-6) names *commensality* in the interior of a closed group, constituted by bonds beyond the economic, where the flows of goods and services meet the individual needs which are shared or sanctioned in common, in a context whose integration degree merges the individualities and subordinates them to the collectiveness. The bonds once struck reproduce themselves frequently in a broader scale, which dilutes the borders between family and community and transplants the commensality relations to other environments of relative proximity, such as circles of acquaintanceship, work groupings, class organizations and other means of association.

The principle of domesticity was effective in all societies, with changeable roots and matrix. In modern times, it can be integrated to the democratic way of life when it is not surrounded by authoritarian or despotic elements and be incorporated to the universality and rights isonomy. In this case, its self-organization principles favor the associative life, articulating the mutual-aid, social cooperation, and the claimant mobilization. In conjunctures of democracy restriction, it can work as a relatively protected space,

of coexistence of bonds and common values. For this reason, especially in countries of the global South, it has been source and supporter of the Solidarity Economy popular expressions.

Life, however, does not remain secluded in primary groups, without larger groupings: the family cannot survive without larger networks of kinship, small agricultural production without community support, domestic units without external bonds and workers without their class organizations. Thus, the social bonds extend to a transition sphere between the primary and secondary sociability, and its cycles widen in space and time.

In this broader integration sphere between individuals and groups, material life depends in a large extent, on the *cooperative* relations, that is, on the voluntary association of people who are independent of one another, "with the explicit intention of doing jointly certain economic activities, whose benefits will be equally shared among all participants" (Razeto, 1990: 67). Going from *commensality* to cooperation is a development requirement for companies founded on free association, which entails, in current conditions, acknowledging the respective singularities of the family configurations and the associative configurations, distinguishing *commensality* from cooperation. In the field of actions, it is vital to direct the material and relative assets offered by *commensality* towards the strengthening of cooperation.

In the connection between these two sociability spheres, precisely, the principle of reciprocity comes to play, in the sense that is attributed to it herein, in a *maussian* (Mauss, 1974) interpretation by Polanyi: relations established between groups or people thanks to mutual provisions, whose sense lies in the willingness to create or to keep the social bond, generating voluntary commitments in the long term, way beyond contractual obligations. Distinguishing reciprocity from domesticity allows to for a clearer understanding of their manifestations and for identifying the lines between them, lines that could either sum up primary and secondary solidarities or result in ambiguities and contradictions.

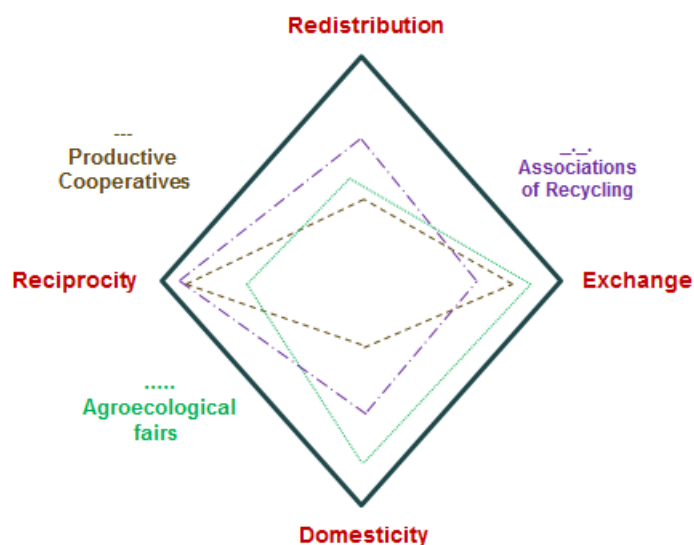


Figure 11 – the EESs and the principles of the plural economy

Complementarily to that, returning to the *Welfare Triangle*, it would be convenient to maintain the distinction made by Polanyi between the interchange principle and the market. In general, the interchange is indeed identified, without further considerations, with the modern market economy, in which it has unquestionable prevalence in its contractual variable and as a pricing forming mechanism. However, in its common meaning, the market is omnipresent in societies: it consists of a system that serves voluntary transactions, resulting from interests, according to the usefulness that the parts in the objects of the exchange. It is, in principle, just a relatively pacific method of acquiring non-available goods, which Polanyi prefers to call *trade* in order to emphasize that interchange, in its common form, is subject to established rules, fitted or slotted in socially, different from the modern form of the market, in which the interchange principle has autonomy and thus engenders a market *society*. Therefore, it may be useful to use an

alternative analysis scheme (Figure 11) that includes the four principles of economic action, of whose integration would result, in each historical reality, both the peculiar configuration assumed by the market economy, either by the public economy or by the social economy. The SE or EES models could then be examined according to the way they activate and conjugate the economic principles, considering, in particular, the reciprocity primacy. By making use of the appropriate observational indicators, it would be possible still to place in this plural economic space specific types of EESs, such as production cooperatives, farmers markets, or recycling associations, mentioned above as examples.

This group of analyses would contribute to demonstrate to what extent the reciprocity principle contained in the Solidarity Economy reissues Polanyi's quadrangular scheme, at the same time that it acts on other fundamental pieces of economic behavior: about the custom, in order to value the freedom among equals; about the self-interest, when pleading symmetry in the interchange relations and introducing principles of bidding value; about the obligation, when it fosters the awareness and voluntary implication in the benefit of the common good. This way, it would respond to the unconditional criticism of Polanyi to capitalism, concerning the destruction of social relations, degradation of the human habitat and even to the aesthetic impoverishment of everyday life. Given its initiatives, Solidarity Economy would again give rise to the essential responsibility feeling of "*humans with humans*" (Polanyi, 2012: 24).

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