Cooperatives, Grassroots Development, and Social Change

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COOPERATIVE EXPERIENCES IN BRAZIL
Brazil has always presented a development enigma. It is the ninth-largest economy in the world (by nominal GDP) and an economic giant in Latin America. The country has almost 9 million square kilometers and a massive endowment of natural resources. Yet fully one third of its nearly 200 million people, and more than half the rural population, live beneath the international poverty line. The major development issue in Brazil has been inequality—both regional inequality between north and south and income inequality between rich and poor. According to the 2006 World Development Report, Brazil is one of the most inequitable societies in the world—in effect, a country that continues to battle widespread poverty in the midst of extensive wealth.

Much of Brazil’s poverty is concentrated in the north and northeast regions of the country, where the economies have been based primarily on agriculture, fishing, and extractivism. Although Brazil’s demographic structure has shifted from 65 percent rural 30 years ago to 70 percent urban today, industry in the north and northeast has not flourished, and rural areas have experienced little change in agrarian structure or production technology. In sum, poverty and particularly rural poverty are major development challenges in Brazil’s northern regions. This poverty contributes to and is exacerbated by massive environmental change of local and global consequence.
In this context of inequality and poverty, the role of cooperativism as a development strategy has both historical and current significance. The principles of cooperativism promote democracy, justice, transparency, and opportunity through association. Cooperativism in Brazil, as elsewhere in the world, emerged as an institution of civil society that would protect the market position of resource-scarce farmers and support small-scale entrepreneurship through force of association. Thus, cooperativism—through its institutional and legal strength—would combat the inequity that left large segments of the rural population marginalized. While the cooperative would be perceived in the marketplace as a capitalist economic entity engaged in production and exchange, it was perceived by the membership as a vehicle for justice and opportunity. This dual role for the cooperative in a development context—successful economic agent and agent of social justice—is what makes cooperativism both unique and challenging in stratified societies like that of Brazil.

COOPERATIVISM IN BRAZIL: AN OVERVIEW

Cooperativism in Brazil is as varied as the country itself. Most historians see the seeds of Brazilian cooperativism in the indigenous communities established by Jesuit missionaries in the early seventeenth century, a model of social collectivism that endured for 150 years. The first cooperative organized under the Rochdale Principles appeared in the state of Paraná in 1847, and agricultural cooperatives were instituted first in the state of Minas Gerais in 1907. Today in Brazil, there are more than 2,000 agricultural and credit cooperatives with over 2 million members. The cooperative movement in Brazil is supported by an established organizational structure at the national and state levels. The Organização das Cooperativas Brasileiras (Organization of Brazilian Cooperatives, or OCB), located in Brasília, represents the official face of cooperativism in the country. It has a strong lobbyist function and advocates for national policies favorable to cooperative interests. Through its private foundation, SESCOOP (Serviço Nacional de Aprendizagem do Cooperativismo, the National Service for Cooperative Learning), OCB sponsors national programs in support of cooperativism, such as cooperative promotion among youth groups. State-level cooperative organizations (Organizações das Cooperativas Estaduais—OCEs) are part of the OCB network and also support local cooperatives with advocacy and training activities, although state resources tend to be limited. The local cooperatives pay
annual fees that help fund these national and state offices. The Ministry of Agriculture in Brasília has a national department of cooperativism (DENACOOP), which has a mission and an annual programmatic budget to foment cooperative development.

Thus, there has been a traditional partnership between government and the cooperative sector. Although the two are officially separate, they are closely interlinked and, in many ways, interdependent. The Brazilian state has accepted the cooperative model as a legitimate mechanism of development, not only in agriculture but in many sectors of economic and social action. The philosophy of cooperativism is publicly endorsed, and cooperative institutions have received significant government support. At the same time, cooperatives are meant to provide the more vulnerable segments of society access to greater economic well-being and to promote social justice in ways that meet national goals. For their part, cooperatives understand that national policy—especially with regard to pricing, investment, and credit—has a vital impact on the success of their organizations.

While this partnership is long-standing, it is also subject to tensions. As is detailed in the four cooperative case studies presented in this section, there are times when government policies have either directly targeted cooperative institutions or indirectly supported their activities through favorable macro and sector-based policies. At other times, national policy decisions (e.g., tightening agricultural credit) have created tremendous barriers to success for cooperatives. Because of their weak institutional development and often precarious financial footing, cooperatives in the north and the northeast have been particularly susceptible to policy impacts. In these regions, it is clear that the government’s perception of the role of cooperatives in regional and national development can be a critical variable in determining cooperative success.

The tropical rain forest and cerrado regions of Brazil still retain a strong sense of the frontier. Relatively small population clusters tend to be dispersed across a large landscape, and local infrastructure—roads, electricity, and communications—is often inadequate. Periods of intense rainfall impede the movement of goods by land, especially to distant markets. In other periods, searing heat increases the postharvest losses of important crops. Nonindigenous human settlement in these regions is relatively recent, and populations of relatively recent arrivals have often not quite adapted to the unique characteristics of their sometimes fragile environments. Technologies transferred from other regions often do not favor sustainable management of local natural resources. On the
socioeconomic side, local institutions are also young and often unstable, and local politics appear more volatile. Educational levels tend to be low, and there is only a small pool of skilled labor. Particularly, management skills are in short supply. Under these formidable contextual constraints, cooperatives are severely challenged to meet their development objectives.

Three of the four case studies presented in this section were initially selected to participate in this comparative study based on several criteria. First, the participating cooperatives were relatively small and were located in areas of high poverty. Also, each one sought to provide their membership an alternative development model. Second, each of the cooperatives had a strategy of economic improvement through greater participation in local, national, and international markets. Third, as stated above, three of the four cooperatives had an existing relationship with ACDI/VOCA, in that they had received technical assistance through the worldwide cooperative development program. The cooperative in Altamira, Pará (see Burke, this volume), was included because of its unique status as an indigenous cooperative integrated into the international cosmetic and health product market. In the following case studies, key determinants of change, including environmental and socioeconomic context, impacts of the broad national policy, dependence on external support, and professional management, are examined within the historical evolution of each cooperative and broader contextual detail. In each, one or another determinant has had a more or less prominent role in the success of the cooperative.