Regional Policy Frameworks of Social and Solidarity Economy in South America

Marcelo Saguier
(CONICET/FLACSO-Argentina, msaguier@flacso.org.ar)

Zoe Brent
(International Institute of Social Sciences, zoebrent@gmail.com)

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Introduction

This paper looks at the construction of regional policy frameworks of social and solidarity economy (SSE) in the Union of South American Nations (UNASUR) and in the Southern Common Market (MERCOSUR). Regional cooperation has been one of the key policy responses of South American governments and societies to the growing social and political resistance to neoliberal policies. Following the failure of the US-promoted Free Trade Area of the Americas (FTAA) project in 2005, there has been a proliferation of integration initiatives: the Bolivarian Alliance for the Americas (ALBA) in 2004; the UNASUR in 2008, the Community of the Latin American and Caribbean States (CELAC) in 2010. In the context of these regional policy debates ideas like SSE that seek alternatives to market-based development are well received. This has revitalized the debate on the potential of regionalism as a means to bring about development, regional governance and to increase political autonomy in shaping the future trajectories of globalization processes (Riggirozzi & Tussie, 2012, Vivares, 2014).

The adoption of an SSE agenda by UNASUR and MERCOSUR is part of this broader process of politicization of regionalism that has changed the terms of the debate about regional integration in the context of political and social resistance to the US-led Washington Consensus. New groupings like UNASUR are post-liberal process in as

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much as they are driven by political, productive and social objectives (Sanahuja, 2010). Rather than following pre-established ideas or recipes of what integration ought to be, post-hegemonic regionalism (Riggiozzi & Tussie, 2012) becomes a set of open-ended, exploratory and pragmatic processes. MERCOSUR also underwent a post-liberal shift, even if it still remains largely about market integration. At the 2003 “Buenos Aires Consensus” Brazil and Argentina embraced developmental and social policy goals for the bloc—to address the challenges of poverty, social cohesion and inequality through employment generation and education. After the failure of the FTAA process MERCOSUR acquired a more clearly defined identity as an aspirational political bloc. The incorporation of Venezuela in 2013 reinforces the political potential of the bloc.

The intersection of region-building and a developmental agenda of cooperation in UNASUR and MERCOSUR have been nevertheless conditioned by the limited consensus that exists between members states about national and international development strategies. When it comes to regional integration models, South America is fragmented rather than cohesive. On the one hand, Argentina, Brazil, Bolivia, Ecuador, Uruguay and Venezuela gravitate between different strategies of international engagement based on ideas of developmentalism that are opposed to neoliberalism. On the other hand, Chile, Colombia and Peru have deepened their strategies of open regionalism and signed free trade agreements with the United States (Briceño Ruiz, 2013; Quiliconi, 2013) and increasingly oriented towards trade with Asia as part of an evolving Pacific Consensus (Vadell, 2013). And divisions have emerged even between aligned states. Political convergence in MERCOSUR has not prevented Brazil and Argentina from having considerable number of trade disputes, which arise from lack of broad framework able to accommodate competing protectionist policies.

However, beneath such differences, all South American countries are influenced by similar tensions derived from their economic relations with China and the commodity boom (Bittencourt, 2012; Pinheiro Guimaraes, 2012; Vadell, 2013). Countries with both neoliberal and developmentalist governments see their economic growth associated with a larger dependence on natural resource exports converge on policies regarding resource extraction regardless of their different ideological orientation (Bebbington, 2012). Surely political differences are crucial, in how states relate to the market and in how incomes derived from extractive industries are allocated, with a more or less active role of the state in the economy and its social provisions (Martínez Franzoni & Sánchez-Ancochea, 2014). However, it remains a debated question the extent to which dependence on natural resources in a context of the commodity boom allows for different development pathways (Vadell, 2013) based on concepts of SSE for example.

In the absence of consensus about a regional outlook on development the adoption of
an SSE agenda in UNASUR and MERCOSUR opens up the opportunity to create and mainstream a common language and regional instruments to advance transformative grassroots economic practices “from below” in areas where there is no set consensus between governments. On the other hand, given the centrality of natural resources in the growth strategies of all countries, alternative agendas like SSE risk being captured by interests and perspectives that could effectively undermine this transformative potential. The lack of precise definitions apparent in the SSE regional policy framework leaves space for a set of competing discourses where political, economic and social actors’ expectations and influence converge and contest each other. As is always the case, the significance of a particular agenda is dependent on who defines it and applies it. UNASUR and MERCOSUR are the primary regional bodies that have incorporated an SSE discourse into their policy agendas, therefore an exploration of these intergovernmental organizations provides a window into which conception of and how SSE fits into the politics of regionalism in South America today. In short, this paper looks at how the SSE discourse is being deployed at the regional level to reflect on how SSE discourse is used and incorporated into a policy discourse of regionalism and what implication this has for ongoing region-building efforts? What are the main possibilities and shortcomings of building regional policy frameworks of SSE?

The main claim is that SSE practices are being implemented as a particular kind of reformist social policy rather than as transformative economic policy. This facilitates social inclusion to some degree, particularly with the direct beneficiaries of SSE initiatives, while it also reduces the transformative potential of SSE ideas with respect to economic concentration.

The argument is organized as follows. First, the historical and cultural foundations upon which these policy shifts build are briefly outlined. We identify two main conceptions of SSE (one transformative and one reformist), from which we develop two working definitions in order to facilitate our analysis of how SSE is articulated in regional policy frameworks. Second, the regional policy framework is explored looking specifically at key SSE programs advanced by UNASUR and MERCOSUR, which have both developed policy frameworks that specifically use SSE language. Certainly, many of the social policy platforms of the other regional governance organizations affect what many researchers and activists would consider the SSE sector, each in different ways. However, a full analysis of each and the reasons for this difference are beyond the scope of this paper. Here we focus on how SSE ideas are implemented and their role in the regional integration agenda. Finally, some key tensions and their implications for the future of the SSE sector are reviewed in the conclusion.

**Origins and competing conceptions of the SSE perspective**
The construction of regional policy frameworks of SSE is far from being a linear and uncontested process, however. A point of contention is the scope of the SSE agenda and the policy strategies that can be articulated through regional multilateral institutions. We identify two main conceptions of SSE, from which we develop two working definitions in order to facilitate our analysis of how SSE is articulated in regional policy frameworks. The first view can be categorized as a transformative approach, which conceives of SSE as a political opportunity to leverage support for the creation of new economic paradigms beyond today’s ‘individualistic’ capitalist system (Coraggio, 2008, p. 1; Coraggio, 2011a). It is, ‘more than an anti-poverty strategy, it is the alternative economic basis for building a solidarity society’ (Montoya, 2009, p. 4). The current regional context is favorable for the scaling up of more horizontal forms of economic and social relations that challenge capitalist organizing. The alignment of progressive governments in support of socially inclusive policies and regional integration is unprecedented in Latin America. According to this view, promoted by social movements and researchers, SSE is a way people ‘excluded and impoverished by the capitalist system’ are solving income and employment problems (Montoya, 2012, p. 21); it is not seen as a closed agenda but as a gradual and dynamic process of transformative social movement construction (Kawano, 2013); and a ‘discourse coalition’ (Hajer, 1993) that exploits the contradictions of ongoing national processes in South America and regional agendas aiming at the construction of a new economic paradigm. Interpretations in this approach vary, but what is consistent is the transformational nature of SSE according to this view.

The second view can be characterized as the reformist perspective. Here SSE is seen as a means to create more socially inclusive forms of capitalist development. As we will show, we see this view is embodied in the creation of a common SSE policy language and experimentation with SSE programs at the regional level to generate new institutional and political capacities that are seen as instruments to facilitate social inclusion. However it strays from what we see as the original meaning of SSE as a transformational analytical and political framework.

SSE is the latest crystallization of different strategies of survival and resistances of social groups that have historically been excluded from mainstream economic ‘development’, but alternative economic models and solidarity-based exchange are not new to Latin America. Non-capitalist labor practices in South America, based on reciprocity and solidarity, date back to pre-Colombian times. Many ancient practices and principles have been re-framed under the concept of *buen vivir*, which has been incorporated in the new constitutions of Bolivia and Ecuador and which provide a policy space for the articulation of indigenous movements with policy debates and struggles (Gudynas, 2011; Huanacuni Mamani, 2010). The beginning of the 20th century also saw
the mix of European ideas with indigenous notions of collectivity to facilitate the growth of the South American cooperative movement (Fox, 2010), which has proven to be a central figure in the SSE movement.

Different grassroots groups mobilized around the issue of SSE in an international forum that gathered for the first time at the meeting for the globalization of solidarity in Lima in 1997. There, what we consider the key definition of SSE according to a transformative perspective was developed as, ‘all economic activities and practices with a social finality, which contribute to build a new economic paradigm’ (RIPESS). The proposal of SSE spearheaded by civil society groups in the Lima Declaration implies advocating for the replacement of the current dominant economic paradigm.

As we highlight in the following section cooperatives have been emphasized as the main drivers of MERCOSUR and UNASUR’s SSE agenda, but the SSE field in fact encompasses practitioners and promoters of a wide range of civil society groups in areas as varied as researchers, NGOs, coffee growers, bakers, hotel workers, rural and urban social movements, organic farmers, graphic designers and water service providers. For Montoya the process of building a SSE is ‘bottom-up’, gradual and driven by solidarity enterprises, which are worker-managed and collectively owned (2012, p. 24). Taking a slightly different view, Barkin claims that indigenous movements and food sovereignty movements (specifically La Vía Campesina) are some of the best examples of SSE in action globally today. This plurality reflects the different practices that are framed by researchers and activists as SSE, which includes various forms of cooperative production, ethical consumption, time banking, microcredit instruments and sustainable development practices, among others.

While deeply rooted in local realities, many organizations that use an SSE discourse to advocate for economic transformation are forging transnational coalitions to disseminate information, coordinate advocacy activities to help mainstream SSE perspectives in policy debates. Transnational SSE advocacy networks active in Latin America include the Network of Latin American Researchers of Social and Solidarity Economy (RILESS); the Intercontinental Network for the promotion of Social and Solidarity Economies (RIPESS); the Social and Solidarity MERCOSUR Program, the Latin American Network for Community-based Marketing (RELACC); the Network Group of Solidarity Economies of Peru (GRESP); and countless others at the local and national levels have been central in driving the SSE (as a new paradigm) agenda forward.

While the idea of SSE serves a guiding principle for some grassroots organizations, it is also used more broadly by researchers and activists as an analytical and political framework to describe and mobilize people participating in this range of activities.
Nonetheless proponents of SSE suggest that it is not only a way to address poverty, social exclusion and environmental degradation, it also seeks to change the structure that causes them, and implies collaboration among different socio-political struggles (Montoya, 2012, p. 39). The thread that links these efforts together is an opposition to capitalist logic, that has in ‘its nucleus the principles of the market and accumulation without limits’ (Coraggio, 2013). In this paper we understand the original conception of SSE as used by Kawano (2013) as an analytical and political framework that links diverse concepts like buen vivir, food sovereignty and cooperativism together as part of one transformative project.

Bridging peasants, afro-decendent and indigenous communities, feminists, anti-capitalists, environmentalists, and liberation theologians, the SSE movement has reached international status as a transnational discourse and a way of understanding political change in South America (Coraggio, 2011). This has enabled some SSE practices to be incorporated in national and regional policy frameworks, but not without modifications to the way the sector is conceived. As the next section discusses, how SSE ideas and practices are incorporated in emerging regional policy frameworks is central to reveal the contingency, selectivity and power relations at stake.

**SSE Regional Policy Frameworks: social development and missed opportunities for integration**

The intention here is to understand specifically how SSE policy discourses are deployed and implemented at a regional policy level, the impacts and the potential challenges raised. What becomes clear is that institutionally UNASUR and MERCOSUR treat SSE programs largely as social policy rather than economic policy; and that SSE, especially cooperative enterprises feature prominently as key drivers of regional integration, yet are left out of major regionalization projects. In essence, when SSE is incorporated into regional policy frameworks it’s meaning has shifted from a transformative analytical and political lens to a reformist approach to social inclusion.

Many policy analysts present social policy and/or social development as a process opposed to or as a reaction to economic policy (Hall & Midgley, 2004; World Bank, 2005; cited in Kanbur, 2006, p. 3; Mkandawire, 2001) where ‘the emphasis is on adding-on new sectoral policies to help those adversely affected, not to reconsider the design of macroeconomic policies and the organization of the policy process’ (Elson, 2002, p. 1). An alternative (transformative) approach proposes to ‘mainstream social issues into macroeconomic policy … aiming to change and transform the dominant paradigms and the balance of socio-economic forces’ (Elson, 2002, p. 1).
These differing perspectives of how social policy is implemented reflect the cleavages in the SSE policy debate. Civil society organizations conceptually propose SSE as a way of reorganizing or transforming economies so that social needs are prioritized and ‘mainstreamed’. However, at a policy level, the SSE agenda has been ‘added-on’ and resides almost exclusively in ministries of social development or newly added ministries as a strategy of poverty eradication. In other words this reflects a reformist perspective of SSE and has meant that larger, regional economic and productive plans spearheaded by ministries of finance and the economy have thus far not incorporated an SSE agenda.

Social and economic policy objectives can be hard to tease apart, but two of the major differences between them are the populations they intend to serve and the methods—or institutional channels—by which such policies are implemented. Regional SSE policy frameworks indeed propose a mix of economic and social policy goals, however the implementation method by way of social development ministries and targeting of marginalized communities, places it firmly in the realm of social policy. Because of this, we argue that the SSE agenda is not well positioned to transform mainstream economic policy as originally imagined by civil society groups.

**UNASUR**

Though attention to social inclusion and alternative business models have increased at the regional level in the past decade, a specifically SSE discourse is only apparent in UNASUR and MERCOSUR policy. A focus on social development within UNASUR was institutionalized in 2009 with the formation of the South American Council on Social Development (CSDS). The work of the CSDS is carried out by the ministers of social development of member countries organized into four working groups that deal with different social issues: Food security and the fight against hunger and malnutrition; social and solidarity economy; protection and promotion of social security; and Instruments of cooperation. Argentina and Paraguay are responsible for leading the SSE working group.

In comparison to the policy framework proposed by MERCOSUR to address the SSE sector, the work of UNASUR is less developed. The SSE working group has so far proposed a mix of social and economic policy goals: to create a SSE practitioner database; develop communication plan to visibilize the SSE sector; host knowledge exchanges and trainings; develop evaluation processes, promote financial inclusion, develop productive projects and infrastructure in frontier zones, create spaces for commercialization of products, increase the quality and scale of production. However, UNASUR has placed notable emphasis on poverty eradication, something SSE is seen as
tool to achieve and policy implementation channels are primarily social development agencies targeting poverty and excluded communities. Moreover, inconsistent attendance to UNASUR’s past two meetings of heads of state—in Lima in November 2012 where President Fernandez de Kirchner of Argentina sent a representative in her place, as did President Rousseff of Brazil, Chavez of Venezuela and Morales of Bolivia; and Paramaribo, August 2013 where non-head of state representatives were again sent by Argentina, Chile, Uruguay and Colombia—combined with the temporary suspension of Paraguay after the coup in 2012, may have stalled progress on the SSE agenda. The impacts of the incorporation of SSE into UNASUR’s policy framework therefore remain to be seen. Nonetheless the approach so far has been based on a largely reformist interpretation of SSE, using it as a bandaid in marginal and impoverished communities rather than as a way of rooting out the cause of that poverty at the core of the economic system.

This contrasts with the relatively greater progress reached in other UNASUR councils, in particular the Defense Council and the Infrastructure and Planning Council (COSIPLAN) with the incorporation of the Initiative for the Integration of the Regional Infrastructure in South America (IIRSA) to regionally coordinate and promote policies of infrastructure development in the areas of transport, energy and communications.

The CSDS is disconnected from COSIPLAN and the SSE agenda has not figured into this project. There are sharp asymmetries in this process with respect to the contracting of engineering companies for large infrastructure works in roads and hydro-electrical power plants. The majority of contracted works are Brazilian companies (Petrobrás, Vale, Odebrecht, Camargo Corrêa and Andrade Gutierrez), which are being promoted by the Brazilian state through its National Economic and Social Development Bank (BNDES). BNDES serves as an instrument to support the transnationalization of Brazilian business interests in South America (Iglecias, 2011, p. 141). Infrastructure integration could serve as another driver for the regionalization of an SSE agenda, through a coordinated policy of suppliers from social cooperatives along the value chains of the infrastructure industry. This would require rebalancing the equation of the distribution of costs and benefits of infrastructure integration according to geographical but also socio-economic criteria. What is clear is that SSE is only deployed as part of a regional integration strategy at the level of social policy at the margins. But the core of productive and economic integration efforts being pursued by COSIPLAN are not transformed or even influenced by SSE ideas.

_MERCOSUR_
SSE discourse is articulated by a variety of organizations within MERCOSUR, but there are two main bodies developing a regional policy platform that specifically address the SSE sector. These are the MERCOSUR Social Institute (ISM) and the Special Council of MERCOSUR Cooperatives (RECM). ISM in particular presents SSE programs as part of a broader social development agenda that has been visible within the MERCOSUR policy framework since the formation of the Council of MERCOSUR Ministers and Social Development Authorities (RMADS) in 2000 (Varillas, 2012, p. 10). RECM on the other hand has been an important protagonist organization for the SSE agenda that promotes cooperative enterprises as viable engines of economic and social development, but it has had to fight to be heard outside of social policy institutions. In what might be seen as a slightly more transformative perspective than from UNASUR, both ISM and RECM frame SSE as a means of facilitating regional productive integration, but involvement with the Group on Productive Integration (GIP), which oversees broader integration initiatives across a variety of sectors has been limited.

The ISM, established in 2007 under the institutional umbrella of the Social MERCOSUR, submitted a project called Social and Solidarity Economy for Regional Integration, the goal of which is ‘the social inclusion of families in situations of socio-economic, employment, or productive vulnerability in frontier areas’ (ISM, 2014). Key components of this program include the construction of centers for the promotion of social and solidarity economy (Centros de Promoción de la Economía Social y Solidaria, CPESS) and the support of local initiatives that develop the economic, social, environmental and cultural value chains in frontier zones, where poverty and social vulnerability are prevalent. The pilot for this project, called Social Economy of the Frontier was started in Uruguay in 2007 and administered by the Uruguayan Ministry of Social Development (MIDES) in collaboration with the MERCOSUR Structural Convergence Fund (FOCEM) and the United Nations Development Program (UNDP). The next phase that involves Argentina, Uruguay, Brazil and Paraguay has been submitted and approved by the RMADS and is awaiting funding approval from FOCEM. Although this project is still planned, here also the coup in Paraguay, where the ISM office is located, has significantly delayed this work (ISM, 2012, p. 14).

The main goal of the pilot Social Economy of the Frontier program in Uruguay was to strengthen frontier communities with social economy projects (MIDES, 2007: 2). However, the support for solidarity enterprises offered was not very developed. The program proposal states that the program intends to offer ‘technical and economic support for small enterprises, preferably associative, to set up small “micro-regional” networks of commercial exchange at the frontier and better understand these micro-regional markets’ (MIDES, 2007: 9. Emphasis added). A clear definition of social economy is missing, and only a preferred requirement of participation. The independent
program evaluation reveals that the number of individually run enterprises actually increased over the course of the program and only 4.2% of the participants engaged in commerce across the border with Argentina or Brazil (Moreno et. al., 2011, p. 29), offering minimal prospects for productive integration of a transformative nature.

This project in Uruguay deployed SSE as a poverty eradication program, not a widespread shift in production strategy. Thus, it was executed as social policy under the umbrella of the national Programs for Attention to Social Emergency (Programas de Atención a la Emergencia Social, PANES) (Created in 2005) and the target population was individuals living in poverty, rather than dynamic sectors of the economy where transformation of dominant trends might take place. And the number of participants living above the national poverty line could not surpass 30% of total participants (Moreno, et. al., 2011, p. 5). The projected reach of the program targeted 400 households, approximately 1700 individuals, and the creation of 100 productive enterprises (MIDES, 2007). Ultimately only 65 projects were funded (Moreno, et. al., 2011, p. 19). In addition to the direct funding that was channeled to the local level, frontier communities also benefited from the number of workshops, seminars and events organized by the Spanish International Cooperation Agency for Development (AECID) and MIDES to promote SSE and the cooperative movement. However, the evaluators report that participation was minimal and attendees were confused as to the objective of these events, thinking they would provide access to new customers rather than opportunities for training or information exchange (Moreno, et. al., 2011, p. 9).

RECM, set up in 2001, is the other MERCOSUR body involved in SSE promotion in frontier zones, although its key focus since its inception has been the promotion of the cooperative movement in general. Its organizational strength is unparalleled by any other SSE representative body and has therefore anchored much of the MERCOSUR SSE policy framework around cooperatives. RECM has consistently presented cooperatives as drivers of social and economic development, but its position at the policy-making table has been hard fought and has only recently begun to be seen as a consultant on policy. In collaboration with AECID, this council of government institutions and autonomous cooperative associations developed a program in 2008 based on six lines of work: capacity building and institutional development; incorporation of gender analysis into MERCOSUR; environment; productive integration and social economy; local, rural and frontier zone development in the region; and health (Dutto, 2009, p. 7). The objective of the productive integration and social economy work area is to ‘promote cooperative movements in the Southern Cone as instruments of social inclusion, decent work creation and as actors in the development and deepening of MERCOSUR’ (Martinez, 2011, p. 10, translation by authors). And although it is a separate work area, frontier zones emerge again as targeted for poverty eradication and regionalization efforts. Numerous
conferences, seminars and workshops have been organized to exchange ideas and experiences about the role of cooperatives and SSE in regional integration.

The members of the RECM council, unlike the other programs examined above, do provide a mix of economic and social policy implementation channels, and the bulk of programs promoted by this group attempt to bolster mainstream support for cooperatives in the region in an effort to transform dominant economic systems. On the council there are a total of six government institutions, five of which are dedicated to cooperatives or social economy and one that is part of the Uruguayan Ministry of economy and finance. Also, the Brazilian Department of Cooperativism and Rural Associativism is part of the Ministry of Agriculture and the Secretariat of Social Economy is part of the same country’s Ministry of Labor.

Since 1998 the cooperative movement in MERCOSUR countries, represented by their respective national confederations (CUDECOOP in Uruguay, CONPACOOP in Paraguay, COOPERAR in Argentina, and OCB in Brazil), has been involved in the process of integration via their participation in another representative body for civil society groups, the Economic-Social Consultative Forum of MERCOSUR (FCES). As a result of their persistent presence in policy-making forums as well as their role in economic and social development—through their work in the areas of food production, banking systems, public service, insurance, housing and health—the cooperative movement is now being recognized as a key consultant for MERCOSUR.

These advances by cooperative groups towards more participatory policy-making may be one of the reasons why the SSE policy framework of MERCOSUR is significantly more developed than that of UNASUR. The SSE regional policy framework has emerged in line with a changing political climate in favor of cooperatives in the region. In many ways MERCOSUR has given the cooperative movement a seat at the regional policy-making table that it has never been afforded and which does not exist in other similar institutions like the Andean Community (CAN). According to the National Institute of Social Economy in Argentina (INAES), cooperatives and self-managed enterprises represent 10% of the country’s GDP and involve some 10 million Argentine workers (REAS, 2012). The table below provides figures detailing the number of cooperative enterprises and corresponding affiliates that make up the cooperative movement of MERCOSUR in 2009—even though Chile is an associated member of MERCOSUR and Venezuela in 2009 had yet not acquired full membership status into the sub-regional bloc.

Table 1. Cooperative movement in MERCOSUR*. Source: (Dutto, 2009: 31)

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<tr>
<th>Country</th>
<th>Number of cooperatives</th>
<th>Number of members</th>
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Moreover, national governments of the MERCOSUR countries have also shown themselves to be important drivers behind the SSE agenda alongside the cooperative movement. As part of this evolving trajectory of social development ideas national governments have begun to incorporate SSE enterprises (primarily cooperatives) into government institutions to address inequality and unmet social needs. Argentina created the National Institute of Associativism and Social Economy (INAES) in 2000, while Paraguay established the National Institute of Cooperativism (INCOOP) in 2003. The National Institute of Cooperativism (INACOOP) in Uruguay was formed in 2008 and Chile established its National Cooperative Department in 2003. Brazil created the National Secretariat of Solidarity Economy in 2003, and while Venezuela set up the National Superintendency of Cooperatives as early as 1967, in 2001 the Cooperatives Law and Chavez’s leadership gave renewed support and emphasis to the sector (Chaguaceda, 2011, p. 32). Moreover, Ecuador passed the Organic Law on Popular and Solidarity Economy and on the Popular and Solidarity Financial Sector in 2011, which establishes a National Institute on Popular and Solidarity Economy. While Bolivia’s institutionalization of specifically SSE organizations in the state apparatus is not as far along as its neighbors, the presidency of Evo Morales has taken a political stand against neoliberal market-based development in favor of the more socially and environmentally focused model of el buen vivir.

The exchange of ideas, funding and leadership that advance the SSE agenda in South America is a process that is multi-directional between local and regional civil society groups, national governments, and inter-governmental organizations. The purpose and definition of SSE is therefore contested and dynamic. In its current articulation, the SSE regional policy framework clearly puts emphasis on the cooperative sector, despite the fact that the SSE encompasses many other types of organizations. SSE is a difficult concept to clearly define, and cooperatives are a tangible policy target that also happens to have a strong presence in South America. Given the newness of this SSE regional framework, it is a logical place to begin directing policy towards. However, the danger for the civil society groups promoting SSE as defined in the Lima Declaration is that as
SSE is scaled-up and incorporated into regional integration efforts the meaning of SSE will stray from its transformative roots and organizations like MERCOSUR and UNASUR will support cooperatives as merely a fringe sector, and ignore the other types of SSE enterprises and the deeper political project of overcoming the dominant capitalist modes of production.

This marginalization did not go unnoticed by RECM, which in 2009 petitioned the GIP to let them participate in meetings and debate. Meeting documents show RECM’s attendance at one meeting in 2010 (MERCOSUR, 2010) and 2 years later, again initiated by RECM, an attempt to outline a strategic partnership between the two bodies (RECM, 2012). Despite this minimal progress, current productive projects discussed by GIP do not target cooperatives or other parts of the SSE sector. The recent incorporation of Venezuela as a full member of MERCOSUR in 2012 may result in greater political support for the regionalization of the SSE agenda in this bloc. There is perhaps room for SSE to enter as a smaller agenda subordinated to the intersectoral process, in the energy sector for example, where public oil companies lead the way (Petrobras, PDVSA, YPF and ANCAP).

Perhaps because of difficulty forging an alliance with GIP, RECM has developed its own parallel productive integration program. As part of the project for the Promotion of MERCOSUR Cooperatives (PROCOOPSUR) launched in 2010 in order to help national governments advance pro-cooperative policy and support for the cooperative movement, RECM founded the Business Office (ON), which has proposed integration plans for cooperative production chains including, wool, wheat, organic sugar, yerba mate, tourism and recyclables (OF, 2012). The two pillars of this work are commercial support and the development of productive networks in frontier zones.

In contrast to the very new UNASUR SSE policy framework, MERCOSUR’s programs which deploy an SSE discourse are quite institutionalized, many of which are aimed at promoting regional integration through targeted social programs in international border areas and contribute to reduce asymmetries in levels of socioeconomic development between regions in the MERCOSUR area. The main achievement in the case of MERCOSUR is the articulation at a regional level of mechanisms of support for cooperatives in tandem with efforts at the national level. The main shortcomings are the lack of integration with and/or transformation of core economic policy-making bodies, limiting much of this work and the way SSE in understood reform of marginal sectors.

Challenges to the SSE agenda
Funding is a key challenge to advancing a coherent and meaningful SSE policy framework (Gomes, Castilla, Bertucci & Bertucci, 2011). Though RECM has proposed the creation of a fund for the promotion of cooperatives (RECM, 2012), currently programs are largely funded by states and international development programs like AECID and they do not promote capacity building or reliance on self-generated alternative finance practices. In this respect, the scope of transformation does not move beyond the reproduction of relations of dependency from public support mechanisms. A more ambitious SSE agenda seeks to attain greater levels of autonomy of marginalized sectors.

UNASUR has also begun discussing an important counterpart to solidarity-based enterprises: the financial system that supports this sector, something that is currently lacking (Schaposnik, 2009, p. 11). In response to the growing crisis of the global financial system, as early as 2006 the late president of Venezuela Hugo Chávez began pushing an agenda for a new financial architecture in Latin America with the creation of a development bank of a new type, the Bank of the South. However, the original drive that this agenda once had has been lost. With the passing away of Chávez and the current political conflicts in Venezuela, the agenda of the Bank of the South has drifted. Likewise, Brazil, another important leadership in UNASUR and MERCOSUR appears instead to prioritize the creation of a BRICS development bank. The much needed regional financial instruments to support the SSE sector and policies do not appear to be a likely possibility in the immediate future.

In this context the challenge of supporting the SSE regional frameworks in UNASUR and MERCOSUR becomes more pressing. Countries’ continuing fiscal dependence on extractive sectors that are in direct tension with SSE practices creates a conundrum. The regionalization of SSE policy requires state financial support, which currently is largely derived from these sectors. Large-scale agro-industry and mining developments, and to some extent concentrated manufacturing (in Brazil) (Baer, 2008, p. 1) are currently some of the most dynamic sectors driving the Brazilian and Argentine economies (the two largest donors). In Argentina, for example, soy exports are taxed 35%, providing an important income to the state. One therefore has to wonder how much of the funding offered up to these regional organizations for SSE programming via state funded organizations like FOCEM and RECM is coming from taxes taken from the very sectors of the dominant economy that are threatened by the growth of SSE initiatives.

Finally, the fact that SSE regional policy frameworks do not appear to be challenging dominant modes of production ultimately leaves the future of SSE initiatives distanced from its original transformative agenda and vulnerable to competition with and/or displacement by larger economic interests. So far the emerging SSE policy framework
does nothing to account and compensate for the consequences of the expansion of these industries on the SSE sector. The indigenous movements and food sovereignty movements that Barkin (2013) cites as key examples of SSE today are also the communities most negatively affected by soy development in Argentina. This poses a challenge to the successful realization of an SSE agenda in as much as small producers are pushed aside through market mechanisms, policies and even through illegal and at times violent practices.

Conclusions

As this paper argued, so far in the scaling-up process the meaning of SSE has been translated from civil society demands into regional policy in ways that set limits to its transformative spirit. A focus on social development and integration is driving the SSE agenda regionally and can be interpreted as part of a broader political transition towards a post-neoliberal development model. However, current SSE regional policy frameworks do not yet provide the necessary mechanisms to challenge centers of power or restructure the dominant economy.

Cooperatives are particularly strong actors, but the SSE sector has still not significantly engaged with sites of economic policy and production, and the SSE sector is treated as a policy ‘add-on’. Such a treatment of the SSE agenda in UNASUR and MERCOSUR is indicative of the lack of consensus between the governments of member states with regards approaches to development and international policy. This difference is greater in UNASUR, which is reflected accordingly in the frail institutional status of the SSE regional framework. Ideological divergence in MERCOSUR is comparatively lesser (particularly between Argentina and Brazil). Here, the SSE regional mechanisms are better institutionalized, as well as integrated into national programs and policy. Even then SSE maintains a marginal role of in the core of the bloc’s regional economic policy and governance bodies. In both UNASUR and MERCOSUR the absence of financial institutional mechanisms specific to support SSE adds to the long term vulnerability of this agenda.

In order for SSE to be mainstreamed into large-scale productive integration projects, the nature of integration would necessarily have to change, and powerful economic interests would have to be challenged. This makes the idea of scaling-up particularly problematic and it is unclear that regional policy frameworks are capable of or ever intend to pose such a challenge, despite the fact that using SSE to compliment dominant capitalist economies runs counter to the transformative agenda of social
movements, civil society organizations and researchers that gave rise to the concept of SSE.

The plurality within the SSE field and the alteration of the meaning of the term as it has been translated into policy allows this ambiguity to persist and the difficulty of reaching consensus among diverse member states complicates this process. This leaves the SSE sector vulnerable in the future, as simply promoting SSE does not protect these initiatives from displacement by natural resource-based industries with whom many already compete for finite resources like land and water. The case of SSE reveals the great challenges of bridging projects of regional integration and social and economic transformation. It remains to be seen if ongoing initiatives of regional cooperation in SSE policy allow for the gradual incorporation of marginalized sectors into the regional process as active agents of development (in alternative practices of production and consumption) rather than as subjects of social policy.

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