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Regional Policy Frameworks of Social and Solidarity Economy in South America: MERCOSUR and UNASUR compared

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PRARI poverty reduction and
regional integration
RePIR reducción de la pobreza
e integración regional

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Abstract

The article analyzes the incorporation of the Social and Solidarity Economy (SSE) agenda in the regional integration processes of UNASUR and MERCOSUR. We ask how the SSE is being used in processes of regional policy cooperation and what implications this has for the construction of regional governance frameworks supportive of social development. Our argument is that the regional processes in the contexts of UNASUR and MERCOSUR adopt a limited concept of SSE that defines it as a social policy instrument to combat poverty. This limits the transformative potential of the SSE agenda, a more expansionist interpretation of which would otherwise herald the strengthening of socio-productive practices as an alternative to extractivist development in the region.

Keywords: Regionalism; Social and Solidarity Economy; Development; Extractivism; UNASUR; MERCOSUR; Transnational Social Movements.

Contents

1. Introduction	3
2. Actors, ideas and scope of the SSE perspective	6
2.1 SSE as a transformative project	3
2.2 SSE as social inclusion	1
3. SSE Regional Policy Frameworks: social development and missed opportunities for integration	2
3.1 UNASUR.....	1
3.2 MERCOSUR.....	3
4. Challenges to the SSE agenda	10
5. Conclusions	1
References	3

1. 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).² 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 regional 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-neoliberal’ entities in as much as they are driven by political, productive and social objectives rather than by narrowly economic (and more specifically free trade) ones (Sanahuja, 2010). Rather than following pre-established ideas or recipes of what integration ought to be, post-hegemonic regionalism (Riggirozzi & Tussie, 2012) becomes a set of open-ended, exploratory and pragmatic processes. MERCOSUR also underwent a post-neoliberal 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

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incorporation of Venezuela in 2013 reinforces the political potential of the bloc.

Post-liberal regionalism is shaped by a set of conflicting forces and tensions. On the one hand, at UNASUR there is no agreement on the basic understanding of a common economic and/or development strategy for the regional bloc. In fact, competing models coexist. MERCOSUR aims at economic diversification and integration of through regional production chains with a strong role of a developmental state in this process. The Andean countries that make up the Pacific Alliance specialize in primary extractive sectors to cater a global market and free trade policies (Briceño Ruiz, 2013; Quiliconi, 2014), especially oriented to Asia (Vadell, 2013).

On the other hand, the progress attained in terms social inclusion, poverty eradication and reduction of inequality is in tension with the erosion of individual and collective rights, as well as the rights of Mother Nature, in relation to the detrimental consequences of the expansion of extractive industries. The advance of extractivism as a form of "accumulation by dispossession" (Harvey, 2005) is taking place in all South American countries regardless of the political orientation of their governments (Bebbington, 2012). Some of the more notable consequences of this are the growing visibility of the adverse health effects caused by the use of pesticides in intensive monoculture (Barri, 2010), forced displacement of local populations and land grabbing practices linked to the extension of the agricultural areas (Borras et al., 2012; Brent, 2015) or the devastating socio-ecological implications of large-scale mining, industrial forestry and of infrastructure megaprojects (Saguier 2012; Saguier and Gerlak, 2015). Understanding the interrelations between regionalism and development is about bringing to light the power relations and conflicts that take place between public and private actors around the construction, resistance and legitimization of rules and practices of territorial governance.

These unresolved tensions between demands, expectations and meanings of "development" are also reflected within the discursive space of the social and solidarity economy. In general terms, SSE refers to a set of practices with social purpose that

contribute to building a new way of thinking and doing economics, but as we describe below there is significant variation in how SSE is framed and used. Ongoing efforts to incorporate a SSE agenda are unprecedented in the longer and more recent histories of Latin American regional cooperation. This makes the assessment of the SSE regional cooperation particularly important and pressing, not least in order to explore the potential and limitations of this policy area in the construction of a regional framework of development policies and instruments through processes of regional cooperation.

This paper therefore examines how the socio-productive ideas and practices identified as SSE are being incorporated in regional policy cooperation in UNASUR and MERCOSUR. We ask how the SSE agenda is being taken up and *used* in practice, and what implications this raises for the constructions of regional frameworks of development policy.

We recognize there is a methodological difficulty of scoping SSE policies for analysis. This is because the scope and limitations of SSE policies are equally influenced by the direct and indirect outcomes of policies in other areas carried out at the regional and national levels. Add to that the fact that the breadth of the SSE agenda does not allow easy demarcation of the field of action of these policies. Given these difficulties we focus only on programmes and initiatives undertaken by UNASUR and MERCOSUR that are explicitly framed in the language of SSE. For that reason, our analysis should be seen as a first step within in a comprehensive assessment.

The argument is that the adoption of a SSE agenda opened up political and policy space to explore new cooperation mechanisms for social inclusion as part of regional cooperation efforts. However, so far such regional cooperation has been based on a narrow conception of SSE as social policy aimed poverty eradication. This approach to the SSE leaves aside much of the transformative potential of SSE ideas and practices in addressing and overcoming the limitations of current economic development paradigms, both neo-liberal and neo-developmental. By selectively legitimizing certain practices of solidarity economy over others, the incorporation of an SSE agenda in regional

integration processes is in itself a practice of discourse production of SSE.

The paper is organized as follows. First, we present SSE as an umbrella concept that brings together different forms and experiences of community-based reciprocity economy. We propose two archetypical approaches of SSE to set a conceptual framework in which to later explore the role of the SSE agenda in the construction of the relationship between regionalism and development. Second, we survey and discuss the SSE programs and instruments found in UNASUR and MERCOSUR. Their characteristics are identified in terms of what socio-productive practices are considered SSE and what regional governance institutions host, define and implement this agenda. In the conclusion we reflect on the implications of the treatment of SSE agenda in these regional processes for the prospects of building integrated policy frameworks for development.

2. Actors, ideas and scope of the SSE perspective

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. The social and economic crises generated by decades of neoliberal reforms in Latin America have revived practices of production, exchange, consumption and solidarity finance that draw on diverse and longstanding cultural legacies within the region the region.

European cooperative ideas influenced the origins of Latin American cooperative movement since the beginning of the twentieth century. This rich chapter of Latin American social history finds its expression more recently in social mobilizations like the movement of factories recovered by their workers unemployed in Argentina (Rebón, 2007) (among others). Other survival strategies include community markets based on barter and social exchange and cooperatives. A key player in the Latin American

cooperative movement is the organization Cooperatives of the Americas, the regional representative of the International Cooperative Alliance (ICA).

Indigenous cultures also contribute their knowledge of economies based on community reciprocity to our understanding of SSE (Alvarez Quispe, 2012); and the associated concepts of *Buen Vivir / Vivir Bien* have provided legal and ethical-moral foundations for the new constitutions of Bolivia and Ecuador (Breton et al, 2014;. Gudynas, 2011; Huanacuni Mamani, 2010). Also, feminist groups such as the International Gender and Trade Network and the Latin American Network of Women Transforming the Economy (REMTE) have enriched SSE with input from the care economy and feminist economics (Carrasco, 2006). The peasant movement, articulated regionally in the Coordination of Rural Organizations (CLOC) and Via Campesina globally, makes another key contribution to SSE with the food sovereignty framework and agro-ecological production (Barkin 2013). All these different trajectories deepen and nuance the field of SSE with their perspectives and 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.

In this sense, SSE is an umbrella concept that is both a way of describing these diverse expressions of socio-productive practices focused on principles of reciprocity and solidarity, and a mobilizing framework that many groups have adopted and self identify with. SSE transnational networks composed of social and academic organizations have been instrumental in the generation and dissemination of the language of the SSE. They act as intermediaries between different traditions of solidarity economy and socio-political struggles, in an effort to build a common language that provide a framework for understanding how diverse strategies fit together in a transformative project and impact on national and international institutional processes. That is, SSE appears as an interpretive framework that provides a baseline of intelligibility between different initiatives, but also enables discursive articulation, collective action among different social groups, visibility and advocacy by SSE organizations.

Among the main SSE networks in Latin America is the Intercontinental Network for the Promotion of Social and Solidarity Economies (RIPESS), an intercontinental network since 1997 which links networks of social and solidarity economy in all regions of the world. In Latin America and the Caribbean it is comprised of two regional networks, seven national networks and 10 sub-national, national or Latin American organizations, based in a total of 12 countries. Another key hub of SSE organizing in the region is the Network of Latin American Researchers Social Solidarity Economy (RILESS), a network of researchers committed to develop a conceptual debate and research on the social economy from a Latin American perspective. Other networks prioritize capacity building of producers and visibility of the social economy, such as the Latin American Network of Community-based Marketing (RELACC) or mobilization around regional integration processes like the MERCOSUR Social and Solidarity Program.

There is not necessarily a consensus within the SSE community as to whether the solidarity economy provides a post-capitalist alternative or whether it constitutes a set of redistributive economic practices in harmony with a reformed market economy. Despite differences of view on this point, SSE networks have made significant progress in opening debate within international policy spaces. RIPESS coordinated a global consultation with its members to develop recommendations for the UN post-2015 development agenda, agreeing on a set of development indicators from the perspective of SSE (RIPESS, 2014).

The incorporation of SSE ideas and practices in South American regional integration processes is a recent and unprecedented trend. SSE language is being adopted by Latin American governments in order to shape public policy frameworks for cooperation. This is not, however, a linear or unambiguous process. The broad scope and malleability of the concept of SSE, which brings together a wide plurality of socio-productive practices, enables strategic and/or selective interpretations of what constitutes SSE.

Indeed, it cannot be assumed that SSE as it is promoted by transnational networks on the continent remains unchanged as it permeates new institutional spaces of regional

integration. By contrast, we argue that the incorporation of SSE into platforms like UNASUR and MERCOSUR creates a specific construction of SSE, which raises different implications for consensus building and strategies of integration for development. Based on this diagnosis, we identify two archetypal conceptions of ESS involved in the integration processes underway.

2.1 SSE as a transformative project

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, 2011). It is more than an anti-poverty strategy: it is the alternative economic basis for building a solidarity society. 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. However, the process of building a SSE is 'bottom-up', gradual and driven by solidarity enterprises, which are worker-managed and collectively owned (Montoya, 2012, p. 24). 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 (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 that exploits the contradictions of ongoing national processes in South America and regional agendas aiming at the construction of a new economic paradigm.

Proponents of SSE therefore 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, 2011). In sum, it is an analytical and political framework that

links diverse concepts like *buen vivir*, food sovereignty and cooperativism together as part of one *transformative* project (Kawano 2013).

2.2 SSE as social inclusion

In the second view SSE can be characterized as means to create more socially inclusive forms of capitalist development. The panorama of socio-productive practices mentioned in this conception of SSE is more limited than the above, including cooperatives or mutual support services to small-scale productive activities, etc. The more limited focus on a specific type of production makes this concept of SSE more easily incorporated in policy platforms, as well as easier to evaluate policy performance based on indicators like jobs created, savings rates, strengthening organizational capabilities, marketing, access to funding sources both solidarity, public or market instruments, etc. That is, the beneficiaries of SSE programs and parameters of success or failure of policies are better defined and limited in this view of SSE than when understood as an alternative economic paradigm.

This conception of SSE, framed as social policy, is in line with an form of public intervention focused on the most vulnerable segments of the population, or as part of a broader approach aimed to boost the productive capacity of society via public policies in areas like health, education, housing, etc. In other words, the focus is essentially on creating social policy to manage the social costs of marginality in vulnerable sectors under a neoliberal development model.

Introducing two markedly different conceptions of SSE, we have argued that these are opposing archetypal representations marking the extremes of a conceptual framework to analyze the potential of the SSE. Most SSE practices occupy an intermediate position along this spectrum. Nonetheless, as the next section discusses, how SSE ideas and practices are incorporated in emerging regional policy frameworks reveals the contingency, selectivity and power relations at stake.

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. Bridging peasants, afro-descendent 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.

3. 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 its meaning shifts 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 against, economic policy (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.

3.1 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, Hugo Chavez of Venezuela and Evo Morales of Bolivia; and at 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, this may have stalled progress on the SSE agenda. The actual impacts of the formal incorporation of SSE into UNASUR's policy framework therefore remain to be seen at the time of writing. Nonetheless the approach so far has been based on a largely reformist interpretation of SSE, using it as a band aid 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 (Saguier, 2012). 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. In other words, SSE is incorporated at the margins of the wider regional integration project; the core of productive and economic integration efforts being pursued by COSIPLAN are not transformed or even influenced by SSE ideas.

3.2 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). 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 programme in Uruguay was to strengthen frontier communities with social economy projects (MIDES). However, the support for solidarity enterprises offered was not well developed. The program proposal states that the programme 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). A clear definition of social economy is missing, and only a *preferred* requirement of participation is articulated. The independent program evaluation reveals that the number of individually run enterprises actually increased over the course of the programme 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 programme, 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). 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 programme 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. 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 programmes 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, CONPACCOOP 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 stakeholder 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)

Country	Number of cooperatives		Number of members
Argentina	12,760		9,392,713
Brazil	OCB (1)	7,682	7,887,707
	SENAES (2)	2,115	—
	UNICAFES (3)	1,090	—
Paraguay	1,121		998,000
Uruguay	1,543		1,000,000
Chile	2,314		1,180,692
Venezuela	254,529		1,968,897

* *Statistics from 2009 for cooperatives organized in labor and economic representation systems*

(1) *OCB: Organização das Cooperativas Brasileiras (Organization of Brazilian Cooperative*

(2) SENAES: *Secretaria Nacional de Economía Solidaria (National Secretariat of Solidarity Economy)*.

(3) UNICAFES: *União Nacional das Cooperativas da Agricultura Familiar e Economia Solidária (National Union of Family Farm Cooperatives and Solidarity Economy)*.

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 (INACOOOP) 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 favour of the more socially and environmentally focused model of *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.

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 is understood reform of marginal sectors.

4. Challenges to the SSE agenda

Funding is a key challenge to advancing a coherent and meaningful SSE policy framework. 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 for marginalized sectors from state subsidized programmes.

UNASUR has also begun discussing an important counterpart to solidarity-based enterprises: the financial system that supports this sector. 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 death of Chávez and the current political conflicts in Venezuela, the agenda of the Bank of the South has drifted and lacks the drive to become an agent of social transformation that it was envisaged to be. Likewise, Brazil, another important leader 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) 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, consumption and financing 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.

5. Conclusions

This review of the ways in which the SSE agenda has begun to be incorporated into regional integration processes provides some preliminary insights into the prospects for the construction of a link between regional integration and development. A remarkable achievement of the SSE framework is to have opened up political space in regional integration processes in which to explore the potential of the social economy in developing countries. This in turn sheds light on other modes of production that are marginalized by the dominant development framework of market economies.

However, we also note that a minimalist version of SSE prevails in these new political spaces, whereby it is identified primarily as a means of social inclusion to combat poverty. Regional SSE policy frameworks propose a mix of social and economic policy objectives. However, implementation is done through the ministries of social development and the focus of the programs on economically vulnerable communities limits SSE programmes to the field of social policy as narrowly conceived, while detaching them from transformations of dominant economic structures and tendencies.

We recognize that the distinction between economic policy and social policy is not necessarily clear cut and that the extent to which social policies can go beyond a palliative function to become an instrument of development policy depends on the existence of other complementary instruments to accompany it. However, our review of the incorporation of SSE programmes in UNASUR and MERCOSUR shows a lack of other regional instruments necessary to make SSE a viable arena for developing economic alternatives. In the case of MERCOSUR, where these programmes have a longer history, there is a lack of support from other institutions to ensure good programme performance (financing solidarity systems, promoting methods of production and consumption with agro-ecological criteria, exchange networks, visibility, etc.). Financial support for SSE is scarce and coming from public funds. This does not contribute to strengthening the conditions for greater autonomy required to expand the social economy and achieve effective alternatives to overcome its dependency on state support and vulnerability to displacement by market forces.

Faced with the challenge of generating regional areas for cooperation in development policy, the adoption of SSE as social inclusion policy defines the field of possibilities for linking social economy with growing questions about the negative consequences of extractive industries and dominant models of development in the region. Certainly this touches a nerve that reveals the limitations of the prevailing development models in Latin America. In this sense it is not surprising that the focus of SSE in the context of regional integration platforms shies away from addressing these limitations. Going beyond SSE as social inclusion, for example, would open up an agenda critiquing extractive industries. For example, in the case of the intensive monoculture model of agriculture it would question land concentration, monopoly control of transnational biotech companies, impacts on the human health and biodiversity, financialization of agriculture, etc.

We also found that the chances of inclusion and deepening the SSE agenda in regional integration processes depend on a number of conditions. The degree of political convergence among the governments within regional platforms is important. This is clear in relation to MERCOSUR, where the confluence of neo-developmental governments of progressive orientation was crucial to position the cooperatives as agents of development. That means SSE policies are better institutionalized and have clear criteria. It also promotes national policies that support SSE, as has been the case with the institutes of cooperativism/SSE and legal frameworks introduced. The possibility that the SSE can influence policy debates on integration processes is more remote in UNASUR given the diversity of ideological orientations between governments. As a result, SSE policies in UNASUR are more institutionally fragile.

In such circumstances, the SSE agenda may be more vulnerable to cooptation or being weakened. Given the importance of natural resources in development/growth strategies in all countries, the most transformative visions of SSE, linked to the construction of entirely new economic paradigms, risk being captured by opposing interests or displaced by other formulations of "sustainable development" posed as *green growth*. This situation seems likely considering the advancing agenda for physical

infrastructure integration and energy interconnection in the UNASUR, which in its current form is in tension with the most transformative versions of SSE.

The impact of the SSE agenda depends on who defines and implements it. In this sense, the institutional processes of regional integration are just the tip of the iceberg. Below exists a web of complex dynamics of regionalization among social movements and organizations articulated in transnational networks. The SSE concept seen as a bridge between different social resistance and survival strategies provides a discursive space to dispute the meaning of "development"; but it also a language for proposing public policy. Tensions and debates found in current development models represent cracks from which SSE practices and visions can emerge. Ultimately, this will depend not only on the work of governments, but also on the capacity of a wide range of social actors to take advantage of these contradictions at the national and regional levels (ideally simultaneously) in order to create the necessary political spaces for the construction of new economic paradigms based on social solidarity and social justice.

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