

## Why is solidarity-type social enterprise invisible in Portugal?

Pedro Hespanha<sup>1</sup>

*This is an Accepted Manuscript of a book chapter published by Routledge/CRC Press in THEORY OF SOCIAL ENTERPRISE AND PLURALISM: Social Movements, Solidarity Economy, and Global South on May 2019, available online: <https://www.routledge.com/Theory-of-Social-Enterprise-and-Pluralism-Social-Movements-Solidarity/Eynaud-Laville-dos-Santos-Banerjee-Avelino-Hulgard/p/book/9780367260408>*

*To cite this paper:*

Hespanha P., 2019, “Why is solidarity-type social enterprise invisible in Portugal?”, in Eynaud P., Laville J.L., Dos Santos L.L., Banerjee S., Hulgard H., Avelino F. (2019), *Theory of social enterprise and pluralism: Social Movements, Solidarity Economy, and Global South*, Routledge Publisher, Oxfordshire, June, pages 173-192.

### Introduction

The intrinsic relationship with the Social Economy - coinciding with it in certain points and distancing itself quite clearly in others - makes Solidary Economy a field of study perceived both as strange and familiar.

Having a common origin, the Social Economy - which emerged from the struggle of the working class in the early nineteenth century – has been gradually institutionalized, in the sense that it has been recognized and supported by the state, as it assumed increasing providential functions by state delegation. Cooperatives, mutualities and associations are part of the Social Economy today, although the political dimension of these initiatives has been lost. The most spontaneous, innovative and democratic initiatives, which were more difficult to institutionally frame, were being left out, and the Solidarity Economy became the common designation of these traditional or emergent forms that could not be framed.

Social Economy enjoys a greater institutional recognition when compared to solidarity economy, which has to do with the role that it can play, and it actually plays, as a substitute of a new-liberalized welfare state (Hespanha and Portugal, 2015). In order to preserve political legitimacy, governments use social economy organizations to deliver social provisions and social services through appropriate funding. In general, social economy organizations participate in this process of privatization of public provision, increasingly adjusting themselves to this new role by offering the kind of responses that the welfare state is willing to subsidize, setting

---

<sup>1</sup> Sociologist and founding member of Center for Social Studies (CES), University of Coimbra

up a situation of high dependence from the state that converts independent organizations in a “secondary civil society” (Santos, 1987).

More recently social enterprise became a relevant notion for this adjustment process since it adopts the languages of management and marketing in order to make the initiatives more attractive to both the market and the state institutions that fund projects. The first attempt to convert social enterprises in a public policy was in 1998 when the Insertion Enterprises program was launched within the framework of the Social Market for Employment largely funded by the Ministry of Employment. Far from having a collective focus, those initiatives aimed rather to encourage long term unemployed to open their own businesses in some particular areas whose goods and services matched the needs of Social Economy organizations.

Social Enterprise in Portugal may be characterized by a strong concern with replicability, so that the concepts of scale and impact are fundamental for the evaluation of these experiences; and by a concern with the 'efficiency' of the experiences understood as a measure of suitability to the market, which leads to prioritize the vocational training of the entrepreneur for an easy relationship with the market.

The Solidarity Economy, on the other hand, emphasizes other elements, like collective interaction and shared management, two core attributes for improving economic and symbolic autonomy of the involved actors; adequacy of the responses of the Solidarity Economy experiences to the specific context and the particular needs and not so much with how this response can be replicated on a large scale (this is more the concern of investors or of donors); another economic rationality instituting non-capitalist forms of production, consumption and credit (Santos, 2008).

Starting from this observation, we can move forward with the idea that the same process that makes visible and fully recognized Social Economy, social business, and social enterprises as part and parcel of the mainstream economic discourse, ignored completely Popular and Solidarity Economy making it invisible. It is crucial to know exactly why this invisibility exists in order to better understand if solidarity initiatives are completely different from social enterprise or if it is possible to approach them through solidarity-type social enterprise.

### **Invisibility as a social process**

Invisibility assumes different forms – lack of attention, acknowledgement and recognition – and levels of intensity – very high in unwaged or non-monetized economical activities, very low in social currencies or fair trade -; affects different actors - invisibility towards the common public, the public policy makers, and even other social movements (RIPESS, 2013); and results from different proceedings – inaction, insulation, deliberate production, marginalization.

In a society where coexist at the same time pre-capitalist with free-market economic relations<sup>2</sup>, the latter manages to completely overshadow the traditional associative forms of economy based on reciprocity and combining in a non-hierarchical way diverse types of lay knowledge (peasant, popular, urban). The existence of hidden spaces of sociability and of moral institutions operating as an alternative to the invisible hand and the self-interested, calculative and competitive rationality of the *homo aeconomicus* may be considered as a first evidence of the process of structural invisibilization of the solidarity economy. The mainstream economic discourse ignores that reality, and how far the inclusion of the noneconomic is vital for non-capitalist economies, whose process of production is embedded in a wide variety of institutions such as the family, neighbourhood, community, etc. (Polanyi 1957:250; 1944:46-53). Taking for granted that economy is “an interlocking system of markets that automatically adjusts supply and demand through the price mechanism” (Polanyi, 1944:xxiii) it can’t understand the social and cultural criteria that affect economic decisions when goods are evaluated by their use value rather than by their market value<sup>3</sup>, and considers as economically irrelevant the investment in solidarity and social ties. Whenever a certain entity is discredited and considered invisible, non-intelligible or discardable by mainstream thinking, thus its non-existence is largely assumed as such or as a form of residuum (Santos, 2012:52).

Thus, one first factor of invisibilization of the “other economies” comes from the “intellectual monopoly” of the economic thought that continues to reproduce the canons of the rational and motivated *homo aeconomicus* as drivers of the economy.

---

<sup>2</sup> Portugal has been defined as an intermediate development country occupying a semiperipheral position in the world system and characterized by a “complex combination of paradigmatically opposed social features”: “a discrepancy between capitalist production and social reproduction or, in other words, between the pattern of production and the pattern of consumption. The pattern of capitalist production being less developed than the pattern of consumption, the latter benefits from a relatively high volume of non-wage income and is the result of the presence of autonomous economy forms, namely family farming (Santos, 1993).

<sup>3</sup> Those decisions sound irrational, the supply and offer responses are regarded as perverse (Ozanne, 1992).

Behind this thought is the idea that the acquisitive and egoistic motivations and the instrumental rationality are the basis of economic science and that motivations are 'given' or 'fixed'. Whenever motivations depend on the context in which the interaction takes place they are ignored or marginalized. As institutional economists assume, the possibility of a practical science of economics does not depend on a set of behavioral axioms from which testable hypotheses can be tested (... ) but from those stable patterns that derive from institutions " (Louçã and Caldas, 2009: 366).

Another important factor of invisibilization consists of the public regulation of the economy. In contemporary societies law and regulating institutions deliberately produced invisibilization either by subjecting “contextualized and concrete life stories and ways of life to abstract bureaucratization and monetarization, or by destroying the organic dynamics and the internal patterns of self-production and self-reproduction of the different social spheres (economy, family, education and so forth” (Santos, 1995:85). At the same time, “while expanding and deepening its regulatory grip on society, law is ‘captured’ by politics or by regulated subsystems, it is ‘politicized’, ‘economicized’, ‘pedagogized’ etc. with the result that the self-production of its normative elements becomes overstrained” (*ibid.*).

Focused on the invisibility and lack of institutional recognition of solidarity economy in Portugal, this chapter aims first to explain the resilience of traditional reciprocity practices both in rural and urban areas and through it the presence of a privileged space of forgotten, potentially counter-hegemonic and silenced experiences. Secondly, a claim for the recognition of solidarity economy will be debated, since recognition may turn into an obstacle to the free development of the alternative economic initiatives. This can happen when specific legislation and support policies are not enough to assist their development, and rules and regulations reduce their heterogeneity forcing them to integrate market-oriented forms of management.

### **The spaces of invisibility**

Made of a multitude of experiences and present in all aspects of the daily life of either rural or urban population, solidarity economy in Portugal assumes the most diverse forms and seeks to solve practically all the problems that involve the management of scarce resources. We can analyze this diversity according to several criteria: formal/informal, popular/mercantile, rural/urban, production/reproduction, production/transformation/exchange (Cattani et al., 2009; Hespanha, 2009). This

diversity is also a product of distinct factors, such as adjustments to specific contexts, different levels of the solidarity, unequal endowment in strategic resources, and levels of recognition and self-recognition. Solidarity economy initiatives must, therefore, be seen as the result of a more or less sinuous process and trajectory, with advances and setbacks resulting from the dynamics of change of the whole society, including the emergence of new factors such as, for example, an economic crisis or a new orientation in public policy.

Figure 1 offers the outline of a typology for Solidarity Economy in the Portuguese context, based on the fieldwork experience of Ecosol CES researchers and on several studies that identify a large number of those initiatives<sup>4</sup>.

**Table 1. Initiatives of Solidarity Economy  
Outline of a typology (ECOSOL/CES).**

<b>Typology</b>	<b>Initiatives of Solidarity Economy</b>
Cooperative or collective (formal and informal) arrangements for production, consumption, marketing, and credit.	Groups of mutual aid and formal/informal associations of petit-producers within the popular economy (such as revolving funds, collective savings, and mutual funds); Consumption exchange groups; local exchange markets.
Rural community-based practices of production and of management of local resources	Forms of communitarian work in production (grazing, grape harvesting, grain harvesting and housebuilding).  Communal equipment: ovens, kitchens, threshing floors, dams, pits, pipes, wells, wash tanks, granaries, mills; wastelands
Urban collective practices of managing public and/or community spaces	Urban and community gardens; collective projects within the city; Community workshops
Proximity services in the domain of social reproduction (with direct participation of users, professionals, and volunteers in the management of the services)	Self-managed schools, parental care day centers
Collective arrangements between producers and consumers	Short circuits and mutual trust; food baskets from organic, family and traditional farming; local food markets
Proximity economy	Social currency exchange circuits, solidary grocery stores, collaborative local production networks
Solidarity finance	Complementary currencies, transition currencies, ethical banking, time banks

<sup>4</sup> Until now, there is no detailed survey of or in-depth study on the initiatives of Solidarity Economy in Portugal.

Fair Trade	Fair trade stores and projects
------------	--------------------------------

When we focus on the problem of invisibility, this typology becomes more relevant and prone to highlight distinct dimensions and processes.

A first group, more vulnerable to invisibility, has their roots in the economy of the community or in the popular economy and may be identified with the concept of popular and solidarity economy, in the same sense that Razeto (1993), Coraggio (1998, 2000, 2003), and Quijano (1998) used it for Latin America.

In a nutshell, the popular economy consists of "economic activities and social practices developed by the popular sectors in order to guarantee, through the use of their own labor and resources, the satisfaction of basic needs, both material and immaterial" (Icaza and Tiriba, 2003: 101). Its major conceptual attribute is the great autonomy in the use of resources and the orientation of the economy to the sustainable livelihood of the community. Complementarily, the networks of mutual aid and the collective action allow to the best use of the available resources and to consolidate a culture of solidarity able to maintain the group cohesion. Coraggio emphasizes the importance, in the popular economy, of improving living conditions or "expanded reproduction of life" contrasting the idea of accumulating wealth or legitimizing power (Coraggio, 1991, 36).

Among the various empirical indicators that allow for the recognizing of popular economy include the use of paid or unpaid work outside the family using primary solidarity networks; the total or partial informality in market relations, as well as in relations with institutions and within community; the overlapping between household economy and the enterprise economy; the autarchic retreat, in other words, the return to production for self-consumption in times of crisis; the limited good as motivation to produce; and the security first as a rational choice.

In the popular economy, the process of production is embedded in a wide variety of institutions such as the family, neighborhood, community and thus individual motivations and choices are influenced by extra-economic beliefs and values (Rendueles, 2009: 20). For instance, "the place of the family economy is little more than a point of intersection between lines of activities carried out by larger kinship groups in different localities" (ibid.). In another formulation, "Individual economic

activities are motivated by social and political obligations, by kinship and friendship ties, by rituals and magical beliefs” (Tusfeld, 1975).

The high relevance of neighborhood ties for self-sufficient economies is much stressed by Max Weber. In those economies, extraordinary demands at special occasions are met by social action that transcends the individual household and that results from common interests forged by physical proximity (Weber, 1978, I:361). Mutual help is the main instrument of neighborhood survival and an expression of reciprocity as an economic asset and a cultural value. Being interdependency the essence of the neighborhood, the last becomes the base of political action since it controls a territorial community and imposes their members a code of rules. A kind of moral economy, based on the custom and the past experiences along with the neighborhood operating as a protective shell, helps to reduce the disruptive impacts of the dominant economic system, be it feudalism, capitalism, or state socialism (Scott, 1976).

These economic forms are not mere pre-capitalist remains. Abundant studies of the peasantry show that an economic system that has never been dominant anywhere could survive for centuries and maintain the essentials of its rationality: a prudent management of resources (namely, land and labour) and moral obligation (namely, solidarity and collective action). In a scenario that associates insecurity and economic precariousness with social marginalization and abandonment by the public authorities, solidarity and collective action have become necessary and constitutive values of the peasants’ material culture. The history of peasant systems can be extended without major changes to the other forms of popular economy that share the same patterns of sociability, reinforced by inter-knowledge, roles transparency and trust (Hespanha, 2010)<sup>5</sup>.

The de-structuring and the subordination of popular economies, thus including peasant and working-class situations, local economies, artisan and small family production, and popular economic skills was an uninterrupted process that did not take place without encountering resistance and conflict. The strategies followed by those groups have in common the fact that the actors are playing two games simultaneously, assuming a hybrid (if not contradictory) behaviour, and are subject to

---

<sup>5</sup> Recent studies on the history of social economy in Portugal highlight the richness and diversity of the more or less informal activities of an artisan, family and communitarian nature that have, over time, ensured the existence of the popular socio-economies (Garrido, 2016; Estivill, 2017a and 2017b).

processes of identity reconfiguration. In Portugal, the long-lasting persistence of popular practices based on reciprocity resulted in a strong capacity to revitalize community networks and to share economic resources (Hespanha, 2010).

It remains only to explain under which circumstances the popular economy can be identified with solidarity economy, the latter understood as collective economic practices (formal or not), organized under the principles of co-operation, autonomy, and democracy (Laville and Gaiger, 2009:162). L. I. Gaiger refers to a set of circumstances that favored a popular solidarism in Brazil: previous experiences of associative practices, popular organizations and leaderships with capacity for direct action and mediation, compatibility of associative economic practices with other forms of domestic economy, crisis of traditional forms of survival and a political and ideological context that recognizes these associative practices of solidarity. "By acting together these initiatives become superior to the artisanal and individualized work of the autonomous producers" (Gaiger, 2004: 805).

With few differences, the same can be sustained for Portugal. What needs to be highlighted is the uncertainty or indeterminacy about the course, more individualistic or more solidaristic, that popular initiatives may take. Being the initiatives created and becoming viable through the cooperation of many people recruited from the neighborhood social networks, it can be said - with a very great degree of generality - that initiatives are perceived to be risky whenever some conditions are lacking, such as the existence of a high degree of trust and affinity amongst partners; the existence of social networks that help collective work rather than paralyze it; the openness of the community in order to support particular collective arrangements; and the presence of a culture of solidarity in the organizations. The point to be stressed is that there are many strategies for the popular economy to escape an adverse integration in the sphere of capitalism and what really matters is to know the conditions under which the popular economy (using various modalities) can give rise to collective economic or solidarity initiatives. Last but not the least, the emancipatory potential of these economic alternatives and their prospects for success "depends to a great extent on the integration they achieve between processes of economic transformation and cultural, social and political processes" (Santos and Rodríguez, 2002: 64).

Portugal has an interesting and very rich experience in this field when, in the second half of the 1970s and shortly after the restoring of democracy, there was a well-founded expectation of creating a more free, just, and solidaristic society, since the



political Constitution of 1976 announced the “opening up of a path towards a socialist society” (Constitute, 2018: 11). Combining the effects of an acute crisis of the capitalist business sector (closure of companies, decapitalization, abandonment) with the aspirations of workers to a self-managed model, many popular initiatives have burgeoned in all sectors of the economy.

Four decades after, popular associativism and collective action are clearly marginalized as economic alternatives by the public entities; the cooperative movement, which never has been very strong, is no longer attractive as an alternative; the left parties oscillate between the attachment to outdated formulas and the opening to a more humane capitalism, the trade unions, having lost power and supporters, take refuge in defensive strategies and, faced with this reality, the risks of a countercurrent option are enormous for the workers.

However, individualist-market oriented initiatives within the popular economy are not without risk. Quite often to open his/her own business fails due to lack of conditions to meet the competitiveness standards demanded by the market, namely by the unavailability to spend the volume and intensity of work that the market requires. Therefore, these outflows are reversible, in the sense that the actors may have to retreat, to reorient their strategy.

The economic crisis, with unemployment and precarious employment weighing heavily on workers' lives, increases the dissatisfaction with the economic system and the desire to find alternatives. But for this to engender new opportunities, it is certainly needed but not sufficient to have support and incentives from public institutions as we'll see below. Popular and solidarity economy organizations are to be cautious in order to escape to an adverse integration into the market economy via the semi-proletarianisation of the popular workforce.

Beyond these forms of popular and solidarity economy with strong roots in the past, solidarity economy comprises also other forms that emerged more recently either as an answer to some critical needs that neither state nor market were anymore able to offer (exchange clubs, proximity services or food short circuits), or as an alternative to capitalist economy (commons, microfinance, collective housebuilding). The persistence or emergence of social movements resisting the logic of the capitalist system, even those with urban implantation and higher social and cultural capital, do not escape the risk of being made invisible and becoming “wasted experience”. Despite being an object of concealment and omission by the institutions, they seem to

be more likely to produce a paradigm change, by undermining the conditions for the reproduction of the capitalist system.

### **Informality and invisibility**

Many solidarity initiatives are informal in nature and involve people who do not have the means, the interest or the incentives to assume a legal status. Some of them are very old, such as communitarian or popular solidarity initiatives organized around reciprocity and cooperation.

The informal economy is commonly seen as illegal and even criminal, a very negative evaluation that often contradicts the real intentions of their members. The negative aspects of informal activities are commonly related to their illegal nature (non-compliance with laws and regulations); their fraudulent nature (not contributing to government revenue by evading taxes); the fact that they promote unfair competition (competing unequally with formally established companies by avoiding the costs to which the latter are subjected); their potential criminal nature (some informal activities are criminal or illegal due to deliberate tax evasion).

However, the informal activities, especially those on a small scale, actually represent an opportunity to earn an income for those who would otherwise be without any means of support. Rather than meaning a deliberate preference for the informal, the informal economy may consist in a rational choice. For someone with no resources (not just financial, but also educational or social) the formalization may be undesirable. The uncertainty surrounding the success of a business makes an investment in its formal constitution (authorizations, permits, taxes) prohibitive and highly risky. The tax and social security system and the labor laws are too restrictive or complex for such small-scale undertakings. Moreover, a temporary period of informality is seen as the best way of reducing the risk of not having customers and not mastering the market. Finally, the lack of material resources often prevents the access to institutional credit, opening the door to fiduciary loans coming from primary social networks. Only these kinds of reasons can explain the insecurity and the risk of tax fines, confiscation, penalties for economic crime, conviction for illegal practices, etc., borne by informal entrepreneurs<sup>6</sup>

---

<sup>6</sup> A study on the microentrepreneurship in Portugal concludes that an underlying facet, invisible at first sight, is the subsoil of informality of the cases that were analysed. "Informality is intrusive, it is part of the "normality" of a certain reality, which, by the way, can stimulate and nourish it between almost nothing and much. It lodges in business interstices, such as

The ILO instead defines these small undertakings in the informal sector as economic units whose primary aim is to create employment and income. They are characterized by their low level of organization and small scale, by the little or no division between labor and capital as production factors and by the fact that labor relations, where they exist, are based mostly on casual work, kinship or personal and social relationships rather than on contracts with formal guarantees (OIT, 2006).

The restructuring of economies and labor markets has favored the growth of informal activities, even in the more developed countries where governments are more aware of the positive role that these activities play in adapting to crisis situations. In several countries, some degree of protection is given to the informal sector without promoting it, namely by reducing costs and increasing benefits (making it easier to access to marketing services, training in basic skills or technology transfer) in order to make them become, and remain, legal.

Mutatis mutandis these considerations apply to those solidarity economy activities rooted in the popular economy. So the concept of informality concerning solidarity economy should not otherwise be hastily assumed in a derogatory sense. What must be stressed is the fact that many initiatives arising from informal arrangements among citizens, either in the countryside or in the city, are pretty well included in the solidarity economy but not in the social economy which framework requires a formal legal status. It is the case, for instance, of many informal popular associations and workers' groups whose purpose is to combat the precariousness and socio-economic vulnerability increased by the labor law flexibilization. It is the case also of proximity economic initiatives, such as those exchange fairs and solidarity markets studied by Luciane Santos, which go beyond dealing with the crisis to focus on “another conception of consumption, in which other underlying political agendas can be found, such as food sovereignty, the seed-sharing struggle, the struggle against pesticides and participatory democracy” (L.L. Santos, 2015). Another example of popular collective work very common in Portugal and other South European countries is house self-building in rural areas or in urban peripheries. According to a recent study, there is a distinct housing system in southern Europe characterized, among other elements, by the presence of a high level of self-promotion and self-provision in supplying housing (Allen and al., 2004:190). Some research conducted in Portugal, show that reciprocity

---

indefinite wages, a heterodox charge of bad loans, rushing forward trying be lucky. It is fado, or creative accounting” (Portela *et al.*, 2008:233).

is the rule when some family demands relatives and friends to work in a house self-building project and that its corollary is ‘to pay what you do not know how to do and do for yourself or yours what you know.’ Now, in any neighbourhood it is not difficult to find who knows about any house building crafts (bricklayers, servants, carpenters), and can help as well as almost everyone has ever helped build the house of relatives or friends. It is very clear for everybody that all aid implies reciprocity and therefore, sooner or later it will have to be repaid. The social life of the village itself seems to be reinforced through this multiplicity of links that emerge from the exchanges of favors and generate a strong interdependence amongst the neighbours (Hespanha & Alves, 1995: 137).

An awkward conception of development designed and implemented by the technocratic agencies also penalize popular and grassroots initiatives. Associated to top-down projects, without any participation of the communities, development is usually focused on macroeconomic objectives; other social objectives that could challenge the basic assumptions of the market economy are marginalized (Santos and Rodriguez, 2002: 45). Solidarity economy, on the contrary, showing a great sensitivity to the non-economic dimensions of the economy, postulates an alternative conception of development which promotes the autonomy of persons, the building of support networks, the participatory democracy, the solutions born from the collective, and the different knowledges and temporalities. It reveals the capacity of initiative and organization of collective action in the development objectives that are not reducible to the of economic growth (Henriques, 2012:13). For this reason, the development projects ignore the realm of solidarity economy and may be considered as producers of its invisibility, all the more because the mainstream discourse of development is widespread and uncritically accepted in the Portuguese society.

In the two last decades, however, informality and parochialism are giving way to more structured organizations aiming to promote multi-sectoral cooperation under the heading of integral cooperatives and local development. In Portugal they consist in a kind of mix of those cooperatives that emerged during the crisis as an alternative to the old sectorial cooperatives very vulnerable to the capitalist forces, for instance in Greece or In Catalonia, and of those traditional communitarian economic arrangements no more able to deal to the openness of the communities and the

diversity of occupations<sup>7</sup>. Solidarity economy has also emerged in urban environments, unifying groups and social movements, seeking to develop fairer, more sustainable and more humane alternatives to compulsive consumption and socialized commodity relations (Gaiger, 2009; Laville, 2000; Mance, 2001; Lucas dos Santos, 2011, 2012). In situations of widespread economic crisis, where jobs are not guaranteed and unemployment and precarious employment are felt dramatically in workers' lives, dissatisfaction with the economic system and the desire to find alternatives provided new opportunities for involvement in solidarity initiatives (Gaiger, 2009; Hespanha and Portugal, 2016).

A large number of solidarity economy initiatives, mostly in urban areas, are clearly inspired in principles that new social movements have introduced in the Portuguese society: environmental protection, freedom to create, manage and sustain the commons, consumer protection, gender equality, freedom of sexual orientation, pacifism. In general, these initiatives have very explicit cultural and political objectives, seeking to put into action new ways of life and to influence public policies. For this reason, the public expression of their objectives is a major strategy, through different ways: the presence in the media, the organization of and the participation in public meetings, the persistent advocacy near public entities and target audiences, and so on. Despite their tremendous public visibility, these initiatives are ostensibly ignored, if not contested, often insidiously, by the governments and public institutions.

### **The deficit of institutional recognition**

An obvious assertion on institutional recognition of solidarity economy is that the relative invisibility of the solidarity economy has a direct counterpart in its scarce public acknowledgment and, above all, in the almost null institutional recognition.

---

<sup>7</sup> Just a few of the well-known examples: *Cooperativa Integral Minga* is a multisectoral cooperative including four interconnected activity branches: agriculture, commerce, housing & building, and services. An integral space is available for regular or punctual activities (yoga, theater, concerts, workshops) and also serves as a shared workspace and meeting space for partners and non-members; the *Miro Association* was created in a rural neighbourhood to collectively address problems of ageing, unemployment, agricultural decline through the integration of different activities (eg. farming and social services; handicraft and tourism; leisure and ecology); and the *Cooperativa Terra Chã*, also a rural community initiative based on local and participative development combining cultural activities, preservation of the environment, collective grazing, artisanal production (textile, cheese, and honey), restoration and accommodation in order to improve the well-being of the neighbours and prevent outmigration.

The recognition by the state - not only of its existence but also of its relevance - is practically unchanged today, unlike what happens in other European countries, and above all in Latin America. While there is a very broad recognition of solidarity economy, for example, in Brazil, where a state department was created at the level of government to deal with it, and dedicated legislation has been published, in Portugal solidarity economy only indirectly benefits from the advantages conferred to the organizations of social economy, as will be seen below.

Paradoxically, some forms of solidarity economy in Portugal benefit from a large legal recognition by the Portuguese Political Constitution (1976) but a total marginalization by the new Law on Social Economy (2013). In fact, the Portuguese Political Constitution considers the “cooperative and social” sector as one of the three sectors of economic ownership, along with the public sector and the private sector. And it specifies four types of economy comprised in that sector: the “cooperative economy”, the “economy of local communities”, the “economy of collective workers” and the “economy of 'non-profit collective entities' whose main objective is social solidarity' (art. 82, 4).<sup>8</sup> Until recently no ordinary law regulated the social sector, being the cooperative sector regulated since 1980 by the Cooperative Code. In 2013, a new Law on Social Economy (LSE) defines the type of organizations that can be included in the concept of social economy<sup>9</sup>: cooperatives, mutual associations, "misericordias", foundations, private institutions of solidarity, associations with altruistic goals acting in the cultural, recreational, sport and local development, community and self-management organizations, and other organizations with legal status that respect the principles of the social economy and are registered in a social economy database (LSE, article 2).

But will it also recognize those economic forms that we define as solidarity economy? The attribution of the Social Economy legal status depends on two conditions that many solidarity economy initiatives do not comply: to have a legal documented identity and to be registered in the social economy database<sup>10</sup>. A third condition – to respect the principles of the social economy - apparently (ie, taking into account the

---

<sup>8</sup> The latter category was introduced in the 1997 constitutional revision.

<sup>9</sup> Law no. 30/2013, May 8.

<sup>10</sup> Managed by the *Cooperativa António Sérgio para a Economia Social* (CASES).

legal definition of these principles) does not seem to be an impediment to the inclusion of solidarity economy initiatives.<sup>11</sup>

The lack of legal status, as we have seen above when dealing with the consequences of informality, prevents the access of informal solidarity economy initiatives to those benefits accorded by law to social economy organizations: a) to "promote the principles and values of the social economy; b) to promote the adoption of measures aimed to strengthen the economic and financial self-sustainability of social economy; c) to ease the creation of new organizations of the social economy and to support the diversity of initiatives of this sector, (...) removing the obstacles to the creation and the development of the economic activities; d) to encourage vocational training (...), as well as to ease the access to procedures of technological innovation and organizational management; e) to deepen the dialogue between the public administration and representatives of the social economy (...) promoting the mutual knowledge and the dissemination of good practices" (LSE, article 9).

The social economy is considered by law as a partner of the state in areas such as assistance, health, education, agriculture, housing, culture, environment, local development, and sport, but solidarity economy is omitted from the law contrary to what happens in other European countries. Thus, unless solidarity economy initiatives fulfill the pre-requisites of legal identity and registration, they fall outside the scope of the law and are not entitled to invoke the state duties to them.

When compared to what happens in other European countries, we also notice both the existence of a deficient recognition of the solidarity economy and the existence of a growing recognition of the "social and solidarity economy", which under this broad designation, is perceived rather as an economic sector than as a different way of approaching and transforming the economy. Some countries have national legislation (or prepare it, such as France and Poland), others have a Minister for Social Affairs and Solidarity Economy (as in Luxembourg, and until recently in France). Others

---

<sup>11</sup> Some of these principles: "the primacy of people and social goals"; "Free and voluntary membership and participation"; "The democratic scrutiny of organization organs by their members"; "Conciliation between the interests of members, users or beneficiaries and the general interest"; "Respect for the values of solidarity, equality and non-discrimination, social cohesion, justice and equity, transparency, shared individual and social responsibility and subsidiarity"; "Autonomous and independent management vis-a-vis the public authorities and any other entities outside the social economy"; "The allocation of surpluses to the pursuit of the ends of social economy entities in accordance with the general interest, without prejudice to the specificity of the distribution of surpluses proper to the nature and substrate of each constitutionally consecrated entity of the social economy".

have regional norms (as in Italy, where 10 regions have issued different laws for the promotion of solidarity and sustainable economy) (Nardi, 2015).

### **Institutional recognition, an ambivalent process**

A distinct question is whether there is a need for a more specific legislation to support the development of solidarity economy than a broad recognition. As J. Nardi points it “a number of people and organisations who practice Solidarity Economy are convinced that norms and regulations can, on the contrary, be a hinderance and an obstacle to the free expression of alternative economic initiatives, by classifying them and making them homogeneous or mixing them up with more commercial / market-driven forms of enterprise. (Nardi, 2015). In fact, institutional recognition is an ambivalent process that implies at the same time a “systemic integration” of the solidarity economy and the “partial recognition” of its institutional power (Laville, 2018:261). In spite of all the challenges that it raises, the institutional recognition of solidarity economy represents an extremely important factor for its consolidation and expansion. Furthermore, public authorities may contribute to the promotion of solidarity economy initiatives, without overriding them. However, more often than not, some of these initiatives are forced to submit to the screening and control of local authorities to proceed in the territory. This is the case, for example, with many community gardens, obliged by some municipalities to adjust to predefined conditions that go against the deeper meaning of the collective will, such as i. the existence of rules and conditions imposed without the consent of the community; ii. the presence of supervisor who controls the project, instead of assisting it; iii. the concession of individual plots of land, as opposed to the collective and participatory mobile of the initiative (Luiz, 2012; Silva and Monte, 2013). Although many Portuguese municipalities have launched policies for transforming urban spaces where there were already spontaneous agricultural productions into community gardens, their intervention may be biased by other interests. In Lisbon and Porto some community gardens dating from several years have been prohibited to make way for parks, gardens or simply vacate the land (Souza, 2014:8).

In the light of these cases, we believe that it is important for the state to recognize these community initiatives, without prematurely institutionalizing them, and respecting their collective nature. If it is true that solidarity economy needs greater recognition on the part of the state, it is equally true that state has not stopped



intervening in many of its initiatives, since it does not see them as more than opportunities to make the territories more dynamic. In the case of some embryonic community initiatives whose promoters need to be financed by a legal public or a private nonprofit entity, this legal entity usually subordinates these initiatives to objectives that the community did not decide and, often, does not understand. As a consequence, a number of initiatives of solidarity economy were born or placed themselves under the formal protection of local authorities in order to enjoy visibility and recognition.

For those initiatives which are born under the dependence of local authorities – eg. community ovens and vegetable gardens, community canteens, and some exchange fairs - this indirect institutionalization has not ensured the institutional recognition of the solidarity economy as such - and this is an important point to take into account. What emerges from this institutionalization is that the solidary economy depends increasingly on the local authorities to guarantee the functioning of their initiatives and the implications of this may be negative to them. First because the institutional discourse on local development, as referred above, is based on certain assumptions that are not always adequate to the times and modes of community or collective initiatives; second because the way in which local authorities are guiding social responses entails the risk of undermining the opportunity for citizens to be at the forefront of the decision-making about their territories; third because the risks of silencing the emancipatory potential of the initiatives “if the temporalities of the communities are not properly respected and if they are subsumed to the technical knowledge and the specific temporality of the institutions” (L. L. Santos, 2015). To a greater or lesser extent, the result of these different forms of domination is that the prominent role of solidarity economy actors may be eliminated from the outset.

Institutional domination - which, as we have seen, can stifle solidarity economy since its first steps - is not, however, inevitable. It is the case of a large number of initiatives in which social promoter (municipalities, parish councils or social economy organizations) benefit from the strengthening of solidarity economy, namely through its active participation in the planning of community-oriented activities. There are also cases in which these initiatives contribute to reinforce other dimensions less present in the promoters such as gender parity (L.L. Santos, 2015). In order to promote the involvement of women in political life and in the management of organizations, different procedures have been developed in the framework of

solidarity economy: women's circles for peer learning, training platforms for political action, collaborative networks based on the “culture of care”, gift and reciprocity or theater workshops on the relations of domination and violence, aiming to question gender stereotypes, social roles and forms of oppression (Libera Universita, 2015:38). Another example of solidarity initiatives attractive for public entities in more recent times in Portugal is that of solidarity markets (with or without social currency). The exchange of goods and services in local markets is a common practice and a long tradition in the Portuguese popular economy, and for this reason, solidarity markets have easily settled in the crisis years of the first decade of this century. Given the potential for crisis response that they carry out and for the relieve of responsibilities of public entities, it is not surprising that a number of local actors (social economy organizations, local development agencies, and municipalities) take the initiative to promote and to support them, even when this compromises the clarity of the objectives of the initiatives and their autonomy in creating emancipatory solutions and deliberation (Lucas dos Santos, 2014: 227).

The role of the central or local state should be more active in offering adequate conditions for the full development of solidarity economy. In a recent document, RIPESS defined a set of benefits that local authorities should offer in order to give greater visibility to the solidarity economy, which may be applied in Portugal as well: eg: to accord priority to solidarity economy in public supply contracts, or to family farmers who provide public canteens and schools with food, to ensure that development funds are controlled by representatives of the communities, to increase the participation communities in evaluating development proposals addressed to them (RIPESS, 2015: 16). Regardless of the strategy it adopts, it is fundamental that the state recognizes and support the arrangements that solidarity economy groups succeed to make in order to solve common problems.

### **Concluding remarks: to unveil solidarity economy**

In this chapter, I tried to make a sketch of the fragilities and strengths of solidarity economy in Portugal, emphasizing, in epistemological terms, some important differences with other similar-sounding concepts that co-exist in this particular context. Three fundamental ideas of that sketch should be retained.

The first one has to do with the relevance and urgency of surveying the initiatives of Solidary Economy in Portugal. However, since the research funding bodies usually

favor projects regarding the mainstream economy, getting financial resources to study other economies is not an easy task. This is why it becomes decisive the capacity of all research groups on the subject to join efforts to build a robust database, always bearing in mind that a solid agreement on a specific conceptual framework to guide this objective is needed.

A second idea concerns the importance of a greater involvement of the state in the process of recognition of solidarity economy. As Laville remarks “the initiatives of solidarity economy can only come out of isolation with the introduction of public policies that counteract the negative discrimination they face” (Laville, 2018:263). Rather than supporting its initiatives with material resources, the state can play a more active role, for example, by adjusting fiscal rules to the reality of many people who are collectively organized to face the vulnerable situation in which they live. The state can also stimulate the solidarity economy through public purchases, the promotion of collaborative networks of local production and the recognition of community forms of fundraising and credit allocation, in order to prevent citizens' indebtedness to the commercial banking. In order to stimulate local development, the state should also support the survey of those solidarity economy initiatives, taking advantage of their potential for participative democracy, both in urban and rural areas.

Finally, various initiatives and experiences based on collective decisions, mutual aid, reciprocity and fair distribution of local resources remain almost invisible. If this invisibility more often than not manifests the social vulnerability of those who promote them, they also reveal the strength of community ties, which have the potential to revitalize the old forms of economic organization, as well as to foster new forms of solidarity capable of redefining the economy as a whole.

Saying that solidarity economy in Portugal remains largely invisible and with little institutional recognition, does not mean that it does not play an important role in the production and reproduction of material life. Perhaps most important of all, we advocate the capacity of solidarity economy to raise issues about the economy as a whole, helping Portuguese citizens to be aware of the existence of a myriad of concepts, all typical of a market economy (such as growth, entrepreneurship, rational choice, development, wealth, poverty, productivity, merit, efficiency) that, although being of current use, are neither sufficient nor adequate to account for the different and multiple ways of organizing material life.

## References

- Allen, J. et al. (2004) *Housing and Welfare in Southern Europe*, Oxford: Blackwell.
- Cattani, A.D. et al. (orgs.) (2009) *Dicionário Internacional da Outra Economia*, Coimbra: CES/Almedina.
- Constitute (2018) *Portugal's Constitution of 1976 with Amendments through 2005*. [[https://www.constituteproject.org/constitution/Portugal\\_2005.pdf](https://www.constituteproject.org/constitution/Portugal_2005.pdf)]
- Coraggio, J.L. (1991) *Ciudades sin Rumbo*, Quito: Ciudad.
- Coraggio, J.L. (1998) *Economía Popular Urbana: Una nueva perspectiva para el desarrollo local*, Buenos Aires: Universidad de General Sarmiento.
- Coraggio, J. L. (2000) *Da Economia dos Setores Populares à Economia do Trabalho*. In: KRAYCHETE, G. et al. (Orgs.). *Economía dos setores populares: entre a realidade e a utopia*, Petrópolis: Vozes (pp. 91-133).
- Coraggio, J. L. (2003) *Qué significa pasar de la economía popular a la economía del trabajo?* *Proposta*, no. 98, pp.12-20.
- Coraggio, J. L. (2007), *Economía Social, acción pública y política: hay vida después del neoliberalismo*, Buenos Aires: Circus.
- Coraggio, J.L. (org.) (2007) *La Economía Social desde la Periferia: contribuciones latinoamericanas*, Buenos Aires: Altamira.
- Estivill, J. (2017a) “Os primórdios da economia social em Portugal. Contributos de Ramón de la Sagra – I Parte”, *Sociologia: Revista da Faculdade de Letras da Universidade do Porto*, Vol. XXXIII, pp. 19 – 45.
- Estivill, J. (2017b) “Os primórdios da economia social em Portugal. Contributos de Ramón de la Sagra (II Parte)”, *Sociologia: Revista da Faculdade de Letras da Universidade do Porto*, Vol. XXXIV, pp. 11 – 26.
- Gaiger, L.I. (2004) *A economia solidária e o projeto de outra mundialização*, *Dados - Revista de Ciências Sociais*, vol. 47(4), pp. 799-834.
- Gaiger, L. I. (2009) “Antecedentes e expressões atuais da economia solidária”, *Revista Crítica de Ciências Sociais*, 84, pp. 81-99.
- Garrido, A. (2016) *Cooperação e Solidariedade. Uma história da Economia Social*, Lisboa: Tinta da China.
- Henriques, J. M. (2012) “Nota Introdutória”. *Revista de Economia Solidária*, no. 5 (special issue on “A economia solidária e o desenvolvimento territorial”)

- Hespanha, P. (2009). “Microempreendedorismo Popular e Associativo em Portugal. O sentido das mudanças”. Relatório do Projecto de Pesquisa Microempreendedorismo e Associativismo em Países de Desenvolvimento Periférico, Coimbra: CES
- Hespanha, P. (2010) “From the Expansion of the Market to the Metamorphosis of Popular Economies”, RCCS Annual Review, An Online Journal for the Social Sciences and Humanities, 2.
- Hespanha, P. (2016) “O papel das terras comunais na revitalização das áreas rurais em Portugal”, in Gaiger, L.I. and Mendonça dos Santos, A. (eds). Solidariedade e Ação Coletiva: trajetórias e experiências, São Leopoldo: Edição UNISINOS.
- Hespanha, P. and Portugal, S. (2016) “Welfare Cuts and Insecurity under the Rule of Austerity: the Impact of the Crisis on Portuguese Social Services”, Oñati Socio-legal Series, v. 5(4), pp. 1110-1132.
- Hespanha, P., Santos, L. (2016) “O nome e a coisa. Sobre a invisibilidade e a ausência de reconhecimento institucional da Economia Solidária em Portugal”, Revista de Economia Solidária, 9, pp. 22-68..
- Icaza, A., Tiriba, L. (2009) “Economia Popular”, in Cattani, A. et al., Dicionário Internacional da Outra Economia, Coimbra: Almedina, pp. 150-155.
- Laville, J.-L. (2018) A Economia Social e Solidária: Práticas, Teorias e Debates, Coimbra: Almedina.
- Laville, J.-L., Gaiger, L. I. (2009) “Economia Solidária”, in Cattani, A. et al., Dicionário Internacional da Outra Economia, Coimbra: Almedina, pp. 162-168.
- Libera Universita Dell’Autobiografia (2015) Writing Beyond the Silence Promoting Autobiographical Competence to Help Survivors of Gender Violence. Ebook
- Louçã, F.; Caldas, J. M. (2009) Economia(s). Porto: Afrontamento.
- Lucas dos Santos, L. (2015) “Merits and risks of institutionalization of solidarity markets in Portugal”. Paper to 5th EMES International Research Conference on Social Enterprise - Building a scientific field to foster social enterprise eco-system.
- Lucas dos Santos, L. (2011) “Os clubes de troca na economia solidária: por um modelo crítico e emancipatório de consume”, in Hespanha, P. and Mendonça Santos, A. (org.), Economia Solidária: questões teóricas e epistemológicas, Coimbra: Almedina, pp. 169-203.
- Lucas dos Santos, L. (2014) “Mercados de trocas e moedas sociais em Portugal continental: os desafios de uma cultura de emancipação social”. Otra Economía, vol. 8(15).

- Luiz, J. T. (2012) “From conflicts to new public policies: Urban Agriculture in Lisbon Metropolitan area”. Paper to the International Conference Rethinking Urban Inclusion: spaces, mobilizations, interventions, Coimbra: Faculty of Economics, University of Coimbra.
- Mance, E. (2001) A revolução das redes: a colaboração solidária como uma alternativa pós-capitalista à globalização atual, Petropolis: Vozes
- Nardi, J. (2015) “Solidarity Economy in Europe: an emerging movement with a common vision”, Paper to the European Parliament [[https://www.ideaonline.ie/uploads/files/Solidarity\\_Economy\\_in\\_Europe\\_-\\_a\\_common\\_framework.pdf](https://www.ideaonline.ie/uploads/files/Solidarity_Economy_in_Europe_-_a_common_framework.pdf)]
- OIT (2006) “Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development”. Geneva: Governing Body
- Ozzane, A. (1992) Perverse Supply Response in Agriculture: The Importance of Produced Means of Production and Uncertainty, USA, Avebury.
- Polanyi, K. (1957). "The Economy as Instituted Process", in Polanyi, K., Arensberg, C.M. and Pearson, H.W. (eds), Trade and Market in the Early Empires. Economies in History and Theory, New York: Free Press, pp 243-270.
- Portela, J. et al. (2008) Microempreendedorismo em Portugal: experiências e perspectivas, Lisboa, INSCOOP.
- Quijano, A. (1998) La economía popular y sus caminos en América Latina, Lima: CEIS-Cecosam.
- Razeto, L. (1993) De la Economía Popular a la Economía de Solidaridad en un Proyecto de Desarrollo Alternativo, Ciudad de México: Instituto Mexicano de Doctrina Social Cristiana.
- Rendueles, C. (2009) “Karl Polanyi contra el milenarismo liberal”. Preface to Polanyi, K., El Sustento del Hombre, Madrid: Capitán Swing Libros.
- RIPESS (2013) “Building SSE as an alternative model of development”. Program Proposal to the In 5th RIPESS Global Forum of Social and Solidarity Economy. Manila [[https://www.un-ngls.org/IMG/pdf/RipessGlobalForum\\_Manila2013\\_program.pdf](https://www.un-ngls.org/IMG/pdf/RipessGlobalForum_Manila2013_program.pdf)]
- Santos, B. S. (1987) “O Estado, a Sociedade e as Políticas Sociais”, Revista Crítica de Ciências Sociais, 23.
- Santos, B. S. (1993) Portugal: Um Retrato Singular, Porto: Afrontamento.

- Santos, B. S. (1995) *Toward a New Common Sense: Law, Science and Politics in the Paradigmatic Transition*, New York: Routledge.
- Santos, B. S. (2006), *A Gramática do Tempo: para uma nova cultura política*, Porto: Afrontamento.
- Santos, B. S. (2012) “Public Sphere and Epistemologies of the South”. *Africa Development*, Vol. XXXVII (1), pp. 43 – 67.
- Scott, J. (1976) *The Moral Economy of the Peasant: Rebellion and Subsistence in Southeast Asia*,. Yale: Yale University Press.
- Silva, T.M.; Monte, M. (2013) “Social Inclusion as a Collective Urban Project: Urban Farm in Lisbon and Street Vendors in Rio de Janeiro”, *CES Contexto. Debates*, 2, pp. 269 - 281.
- Souza, L. V (2014) “Agriculturas (peri)urbanas: dimensões e espaços a partir da cidade”. Paper to the VIII Congress of the Portuguese Sociological Association. (Universidade de Évora, 14 to 16 of April).
- Tusfeld, D. B. (1976) “Un mauvais usage de la théorie économique: son application à la société primitive”, in Polanyi, K and Arensberg, C. (eds), *Les systèmes économiques dans la théorie et dans l’histoire*, Paris: Larousse.
- Weber, M. (1978) *Economy and Society*. Two volumes, Berkeley: University of California Press.