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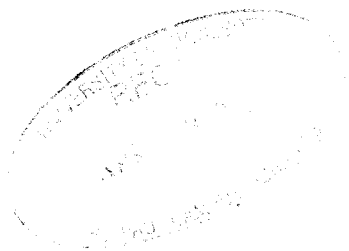
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# JOURNAL OF RURAL COOPERATION



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The purpose of the Centre is to provide a framework for investigations and research on problems concerning rural cooperative communities and publication of the results, to coordinate the exchange of information on current research projects and published works, and to encourage the organization of symposia on the problems of cooperative rural communities, as well as the exchange of experts between different countries.

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### CONTENTS

<b>1. Rural Cooperatives and the Global Capital Market: Adaptation Or Resistance?</b> A selection of articles presented at <i>Workshop No. 39 (Cooperatives), the X World Congress of Rural Sociology, Rio de Janeiro, 31/7-5/8, 2000</i>	
Editorial: Cooperatives in an Era of Globalization .....	99
<i>Challenges faced by cooperatives</i>	
Globalization and the "Cooperative Difference"	
<i>Levi, Y.</i> .....	105
Be More Cooperative to Become More Competitive	
<i>Presno Amodeo, N.</i> .....	115
<i>Cooperative experiences</i>	
The Cooperative Movement and Agricultural Cooperatives in the Context of Globalization	
<i>Belo Moreira, M.</i> .....	125
Solidary Economy: Challenges of Cooperative Agrarian Reform in Brazil	
<i>Farid, E. and Pimentel, A.E.B.</i> .....	141
Virtual Cooperatives in Brazil and the Globalization Process	
<i>Bialoskorski Neto, S.</i> .....	153
<i>The transformation of cooperatives</i>	
Agricultural Cooperatives and Dilemmas of Survival	
<i>Gray, T., Heffernan, W. and Hendrickson, M.</i> .....	167
Basic Dilemmas of Utopia in Comparative Perspective	
<i>Ben-Rafael, E.</i> .....	193
Appendices: (1) Call for papers to workshop 39;	
(2) Report of workshop 39 .....	205

# **Solidary Economy: Challenges of Cooperative Agrarian Reform in Brazil**

*by*

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## **Abstract**

A concrete alternative economy has been developing in Brazil since the end of the 1980s, which involves both country and city workers and is based on the structuring of solidary economic enterprises (SEE), in which self-developed popular cooperatives stand out. This alternative economy has brought with it new challenges, among them the need for ongoing technical, administrative and political education as a fundamental element in the search for equilibrium between social and economic issues. This article analyzes the Solidary Economy in Brazil, particularly from the standpoint of the challenges faced by the cooperative agrarian reform of the Landless Rural Workers' Movement (MST). Starting from the historical process in which landless workers began to organize, agrarian cooperation has become an important tool for the workers' settlements. On the other hand, the reality of the capitalist economy has obliged cooperative workers to adopt administrative tools that contribute toward the social and economic viability of their enterprises. The backdrop to this issue is the need to deepen the debate about the possibility of conceiving SEEs that are capable of survival and growth in the capitalist economy, incorporating technical progress, rationalizing productive and work organization, bringing social benefits to their members, and acting as the political force behind the workers' struggles, as well as ensuring democratic and autonomous administration.

## **Introduction**

The subject of agrarian reform has gained increasing prominence in academic circles and in society in general, given its potential contribution toward the solution of some of Brazil's grave problems, such as the concentration of income and unemployment. Few discussions, though, have focused on the social and economic viability of the rural settlements deriving from the agrarian reform, insofar as an effective policy for family settlement on the land is concerned. The conditions of families living on the land are highlighted in the report of a survey carried out in

May 2000,<sup>1</sup> which found that 19 million of the people living in the country's rural areas (53 percent of the total rural population) are below the poverty line, living on less than one quarter of a minimum salary per capita, *i.e.*, less than \$20 dollars per month (Azevedo, 1998). On the other hand, the mere distribution of land to those in need is not sufficient to solve national problems. An agrarian reform policy is needed to change Brazil's agrarian structure, strengthen family agriculture and promote sustainable development from at least three standpoints – economic, social and environmental. Within this context, entities such as the MST (Landless Rural Workers' Movement) play a crucial role, pressuring the government not only to distribute land but also to provide the necessary conditions for the settlements to develop. The purpose of this study is to analyze the recent development of the Solidary Economy in Brazil, taking as the starting point the original work of Gaiger, *et al.* (1999). This analysis is followed by a presentation of the findings of our research, together with an analysis of the internal dynamics of social and productive organization and the use of administrative tools that may contribute toward the social and economic viability of the MST's Agricultural Production Cooperatives (APCs).

### **Importance of the Solidary Economy in Brazil**

Experiments of a solidary and associative nature to generate work and income have been developed in several regions of the country, some more intensively, particularly over the last fifteen years. Isolated initiatives have given place to an expanding and dynamic reality, giving rise to the action of class entities and public policies in the popular field, oriented toward a concrete alternative economy that is in the process of development.

In their analysis of the viability and prospects of the Solidary Economy in the state of Rio Grande do Sul, Gaiger *et al.* (1999) demonstrated that, although researchers in the past considered experiments involving work and income generation circumstantial, ephemeral, and difficult to record, as of the 1990s, the interest in scientific investigations about solidary initiatives, some of them with over ten years of continuous activity, has grown year after year. This is not to say that dissolutions do not occur, but there is clear evidence that some of these initiatives seek not only survival but also growth, attempting to ensure both an economic and a social equilibrium. From this standpoint, a new interpretation of solidary experiments and support programs considers that, to survive and grow, these initiatives would tend to evolve toward purposeful actions, including the development of new forms of production and work organization that reflect directly on the field of public policies and the organization of society.

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<sup>1</sup>Research work carried out in the Study Program on Agriculture and Sustained Development (PROGESA/UERJ) for the Nucleus of Agrarian Studies and Development (NEAD) of the Ministry of Land Policy.

Solidary economic enterprises (SEEs) are defined by Gaiger *et al.* (1999) as collective workers' organizations whose purpose is to generate work and income, based, ideally, on principles of self-administration, democracy, participation, egalitarianism, work cooperation, self-sustenance, human development and social responsibility. Solidary Economy (SE), according to Singer (1999), is the set of collective experiences of work, production, commercialization and credit organized by solidary principles, spread over several regions of the country and appearing in different forms, such as cooperatives and producers' associations, self-managed companies, community banks, "exchange clubs", "people's banks" and a variety of popular urban and rural organizations. These organizations develop mainly economic activities, including planting, processing and marketing of primary products, services, clothing, food, handicrafts, etc. The expansion of a SE involves a series of challenges, from the creation of new policies and public and popular institutions for representation and support to the incubation of SEEs and the permanent follow-up of the demands involved in their formation, credit, technology, market, management and others. A field survey of 35 urban and rural SEEs brought to light at least three tangible results, *i.e.*, they ensure immediate survival, they create opportunities for intellectual development and the learning of a trade, and they break the paternalistic pattern that is still predominant in assistance to poor populations (Gaiger *et al.*, 1999). These researchers observed that certain solidary initiatives have managed to survive and have reached levels of sustained growth. From this perspective, the solidary economy, without rejecting capitalism as the only current worldwide economic system, is based on different values, among them autonomy, democracy, fraternity, equality and solidarity. The researchers find that the word "business" proposed here "must be dissociated from the semantics that link it solely to the capitalistic businessman" (p. 25). The difference lies in the fact that the search for greater rationality is founded on cooperation, with the collective exploration of professional potentialities benefiting the producers themselves. This reasoning differs from the capitalist logic – non-solidary and excluding – and is also distinct from community solidarity, which lacks administrative tools.

Work is the central element of SEEs. The maintenance of each workstation takes priority over profitability. According to Razeto (in Gaiger *et al.*, 1999:36), "the valuing of work itself defines the rationalization of these small workers' companies". It is in this sense that a link can be identified between capitalization and cooperation. Capitalization is subordinate to meeting the needs defined by the worker collectivity and the objectives of cooperation. Perhaps for this reason one can understand that, although they take into account the problems they face, practically none of the workers interviewed in Geiger's *et al.*, survey would consider going back to work for someone or take the risk of operating their own business. Despite the difficulties and uncertainties involved, they emphasize the advantages in comparison to salaried

work, including cash income similar to that earned in the work market; the condition of co-proprietor and business manager, with powers of decision in benefit of the workers themselves; the valuing of self-esteem; the development of intellectual and professional potential; experiencing work as something dignified rather than a painful activity. The hypothesis that the strength of solidary enterprises lies in the fact that they consist of an original combination of the spirit of enterprise<sup>2</sup> and the spirit of solidarity<sup>3</sup> is clearly demonstrated. In short, cooperation and efficiency in work are developed in the SEEs whose members share similar interests and motivation; which make greater use of joint work capacity through collective agreements; which seek to broaden technical and professional knowledge suitable for the collectivity and incorporated into the production and fair distribution of the results of their work according to the real contribution of each member and the collectivity.

### **The MST's socio-economic sectors**

The MST can be defined as a social company by the nature of its solidary economic enterprises (Pasquetti, 1998). Indeed, we have found, in both our field research on APCs and our experience in teaching Specialization Courses on Cooperative Administration, that wherever they exist, social and economic activities focus, within their spheres of power, on the construction of a democratic and participative management model. This model seeks organizational development through collective motivation for voluntary paid work; there is commitment and personal discipline on the part of its members for the accomplishment of social objectives and the definition of strategies for economic growth, and its main purpose is the development of the human being rather than the pursuit of net profits, through the recovery and strengthening of dignity and citizenship. Generally speaking, property is collective and should benefit all members and those involved; cooperativeness is understood by the settlers of the MST as one of the ways to human emancipation.

As for the path it has trodden in its 16 years of activities, the MST is organized in 23 of Brazil's states, in 1,600 settlements with approximately 250 thousand families. In this period, the MST has stood out for its activities articulated to five sectors:

- The Production Sector, which created the Settlers' Cooperative System (SCS), is based on the generation of 400 associations for production, marketing and services; 49 agricultural production cooperatives (2,300 families); 32 service cooperatives (11 thousand members); 2 regional marketing cooperatives; 2 credit cooperatives (6 thousand members) and 96 agribusinesses that process

<sup>2</sup>The "spirit of enterprise" is developed through the application of tools such as management, planning, qualification, efficiency and economic viability.

<sup>3</sup>The "spirit of solidarity" is the practical development of values such as cooperation, self-management, democracy and common property.



fruit, milk, grains, coffee, beef, candies and sugar cane. The SCS is active in about 700 Brazilian municipalities;

- The Education Sector has developed its own curriculum for about one thousand municipal and state public schools in country settlements, with 75 thousand school children and 2,800 teachers;
- The Communication Sector coordinates the activities of the *Jornal Sem Terra* (Landless Newspaper) and assists in the education of popular reporters, radio programs and community radio stations at settlements and disseminates information, publishing news on an Internet website and through e-mail to a variety of national and international organizations and support groups;
- The Human Rights Sector articulates a national network of 60 lawyers who work as volunteers in lawsuits involving prison sentences, murders and other issues related to the defense of Agrarian Reform;
- The International Relations Sector coordinates the MST's international activities, particularly in forums such as the *Via Camponesa*, which is a collection of 80 rural organizations spanning the five continents.

### **Production and work organization as a potentializing factor of development in the agrarian reform settlements**

A study developed by FAO/INCRA (1998) based on the ten most developed and the ten least developed settlements identified the main potentializing factors of development, which are, in the following order, the presence of credit; the state in which the land is received and the organization of its use; the local productive and/or consumer infrastructure; production organization and technical assistance. Political organization and institutional support (productive and service infrastructure) not only improve the settlers' social conditions but also contribute toward potentializing the productive systems. The survey identified the principal limiting factors for development of the settlements to be, in order of importance: the state in which the land is received; the deficient infrastructure, mainly the lack or precariousness of internal and access roads; lack of technical assistance and inexistence of productive and political organizations among the settlers. The lack and/or delay in getting access to credit and the basic infrastructure of agrarian reform (PROCERA<sup>4</sup>, health, education, housing and electricity) interfere negatively both in the settlers' prospects of earning a living and in their quality of life.

In this scenario, the organization of production and work assume an important role in the development of a settlement. Wherever greater political organization has been achieved, the settlers have been guaranteed better access to the public social and productive policies. Similarly, there was little chance of talking with the different

<sup>4</sup>Special Agrarian Reform Credit Program, which became extinct in 1999.

public entities at the settlements lacking in political organization. This deficiency also led to a lack of productive organization that would allow for a more rational use of investments and the empowerment of the productive systems. The same study carried out jointly by Food and Alimentation Organization (FAO) and Settlement and Agrarian Reform National Institute (INCRA) found that more resources for agrarian reform are channeled to settlements considered to have the greatest potential for development. This prioritization is justified by the cost/benefit relation in a situation of paucity of resources in face of the overall needs of the settlements. The settlements with the greatest development potential are those in which the land that is received offers the best conditions, for repaying government loans, and which are linked to social movements that speed up the productive organization.

### **Production and work organization in MST agrarian reform cooperatives**

Ever since the time Brazil's landless workers began to organize themselves, agricultural cooperation has become a significant development tool in the MST's agrarian reform settlements. Cooperation may begin in the simplest possible forms, such as collective house-construction, the exchange of services and/or raw materials, collective and semi-collective work groups, and service associations, and may gradually evolve toward more developed forms of cooperation such as Service Cooperatives (SCs), Production and Service Cooperatives (PSCs), Credit Cooperatives (CCs), and Agricultural Production Cooperatives (APCs).

Based on the proposals of APCs, the Settlers' Cooperative System (SCS) was set up to overcome the isolation of experiences. The SCS is structured at a national level through CONCRAB (Agrarian Reform Cooperatives Confederation), at state level with the Central State Co-ops and the Regional Co-ops, and at municipal level with the APCs. In the APCs, the land is held under collective control except for a small parcel given over to each member for the production of his own food supply. All investments are under the control and in the name of the APCs. Production planning is collective. As for housing, small rural villages are usually formed, which help to break the social isolation of settler families and to create permanent community integration bonds. Moreover, the fact that the houses are built close to each other with a certain measure of urbanization ensures the economic viability of State – or community – funded social investments in works of infrastructure, representing improvements in the quality of life, such as schools, daycare centers, electric energy, sewage systems, piped drinkable water, and telephones, among others (CONCRAB, 1998)..

The work in the APCs is divided and organized into production and service sectors (CONCRAB, 1996a). This form of division and organization, however, depends on the specific characteristics of the group. These characteristics include the degree of comradeship arising from the fight for land during the period before the

establishment of the settlement and in the camping phase; the existence of kinship and partnership in performing equivalent work; the capacity for internal organization; the existence of technicians and the level of qualification of the workers. The division and organization also depend on whether or not the settlers differ regarding the crops they will produce, how intensive their use of input is, and the acquisition of farm machinery, among others.

These aspects are strongly influenced by the life and work histories of the coop's families (Eid *et al.*, 1998). The APC is complex because it is constituted as a SEE for management, production and collective work. The MST has established several conditions that must be met in order to create an APC today. In addition to the land being held under collective control, the co-op must make some of its members available to participate in social movements, the co-op must be located in a strategic area and have a strategic development plan. In 1998 there were 49 APCs and 32 SCs operating in Brazil. In this study we will focus our analysis on the internal organization of the APCs. All of them have Bylaws, Internal Regulations, a General Assembly, Administrative Council or a Deliberative or Coordination Council, a Board of Directors or Executive Directors, a Fiscal Council, and Sectors of Work and Nuclei.

The work is organized internally through functional sectors, which encompass all the co-op members. This is a basic instance of the co-op structure. Each co-op organizes its sectors according to its activities, *i.e.*, the sectors of grains, vegetable gardens, farm animals, machinery, agro-industry, administration, and sales, among others. Each sector has a coordinator elected by the members of the sector.

With regard to the composition of the power instances, though elected by the sectors, the coordinators must be approved by the General Assembly. At the base of the structure are the nuclei, which are instances having political and organizational characteristics, with space for the discussion of a variety of issues concerning the co-op as a whole, the life of its members and MST-related issues. Not all the APCs have organized nuclei in operation.

There is no unified planning method, insofar as it is carried out differently by each APC, though there are some common characteristics. The minimum planning carried out at each APC is the crop plan per product. Based on this plan, the sectors organize their members' work and periodically evaluate its execution. At the current stage of APC evolution<sup>5</sup>, few engage in long-term 5- to 7-year planning. This difficulty is explained by the fact that the APCs normally originate from informal collective work groups.

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<sup>5</sup>The MST considers that the evolution of an APC occurs in three stages, not necessarily sequential, and with the coexistence of more than one stage: 1) production of subsistence agriculture; 2) trading of the surplus; 3) agroindustry.

## **Analysis of administrative tools in the MST's agrarian reform cooperatives**

Firstly, to avoid errors in dimensioning the size of each productive unit and the number of cooperative workers, the workers who are to be future cooperative members gradually perceive that a market study and a social and economic viability analysis are needed for the creation of an APC project. This study may indicate types of products that are on demand in the market – both standard and differentiated, the possible price to be obtained, the appropriate production technology, and the minimum viable scale for the production unit. The viability analysis is necessary in order to correctly dimension the project, the layout and production process flow projections, to verify the legal and normative requirements in connection with sanitary inspection services and the equipment required for the productive process, in addition to the jobs and necessary qualifications for them. Once in possession of qualified information, a co-op can begin to plan its actions and investments with more certitude, making clearer definitions of jobs, qualification requirements, number of co-op members needed for each reality without, however, disregarding the time required for leisure, culture, education and other activities.

Viability means that gains in productivity and quality must be permanent aims, which is the reason for the concern regarding the ongoing education and qualification of technical staff. Moreover, the leaders are required to have some kind of administrative experience. However, owing to their low educational level, few members have any experience or qualifications in the management of a small property (Christoffoli, 1998).

In view of this fact, the Agrarian Reform Cooperatives Confederation (CONCRAB) created the Technical Institute for Qualification and Research in Agrarian Reform (ITERRA), located in the municipality of Veranópolis, state of Rio Grande do Sul. Among other courses, this educational and technical qualification center offers a course for Cooperative Administration Technicians (CAT) and workshops in Technical Qualification in Agro-industrialization, whose purpose is to qualify settlers. Among the mass qualification methods employed by CONCRAB are the Organizational Laboratories (OL), which seek to educate the organizing staff of associate companies, and the Course OLs, which provide qualification in several specific technical areas. In the courses that make up Production-Integrated Education, participants work on individual or collective lots while simultaneously learning agricultural techniques and the basics of organization (CONCRAB, 1996b). The ongoing concern with the technical qualifications of the cooperative members has led to partnerships with some Brazilian universities for the development of higher specialization courses in cooperative management.

For the MST, pursuit of alternative markets is a strategic factor for survival and growth. These markets have the following characteristics: they are popular, local

and/or regional, ideological – publicizing agrarian reform, and involve direct trade among the workers. Indeed, according to a study by Kunz (1999), the experience of co-ops in the three southern states in creating their own raw materials supply channels for mate tea processing units through inter-cooperative relations demonstrates that this may be an important path for development, *i.e.*, inter-cooperation according to line of activity.

Some interesting alternatives are new markets for products with higher added value achieved either through product differentiation, using the registered trademark “Earth Products”, or by means of lower prices. In the state of Rio Grande do Sul, CO-OPERAL – Regional Coop of Farmer Settlers developed agro-ecological seeds known by the name of BIONATUR without using herbicides or pesticides or any substance toxic or aggressive to humans or nature in any of the cultivation, post-harvesting or canning processes. There is increasing interest in the development of organic farming as an alternative to traditional farming methods that make use of toxic or transgenic herbicides, pesticides, etc. A study developed by Cadore (1999) analyzes the viability of agro-ecological rice production by the COOPAN co-op in the state of Rio Grande do Sul. Another strategy is production diversification, which enables co-ops to increase their income, ensure cash flow with earnings throughout the year, and guarantee income during the periods when demand fluctuates or when crop losses occur. However, intensive diversification at this stage of co-op development may give rise to a loss of focus in the business. From this standpoint, some technical production norms are gradually being introduced in the productive and administrative process (Christoffoli, 1998). At the same time, concern is being evinced on the part of the MST leaders, CONCRAB, and several APCs for the development of authentic cooperativeness in the organization without, however, the reproduction of the Taylor-style, centralizing and excluding work organization.

For decisions to be effective, apart from the decisions being the right ones, a consensus of all those who will carry them out is also necessary. However, one of the greatest challenges for the SEEs is to find mechanisms of power and decision that are balanced, meeting the essential demands of democracy and organizational effectiveness (Christoffoli, 1998; Eid and Pimentel, 1999, 2000). To ensure this equilibrium, the leaders of CONCRAB believe that education and qualification must be continually developed among co-op members at every hierarchical level, from leaders through coordinators and down to the base (Gonçalves, 1999: 97). What can normally be observed is a strong tendency toward the dilution of the cooperative members’ responsibilities of administration and work. In these circumstances, what may have occurred is that the responsibility of whoever acts carelessly or inefficiently in the productive process and in management has not been established, just as recognition and encouragement fail to be given to those who carry out their responsibilities or who exceed expectations. In his analysis, Christoffoli

(1998) concludes that there is a need to clearly define the attributions and levels of authority and responsibility of the coordinators and the base functions, otherwise, the coordinators may not feel they are getting proper support upon taking on the burden of operational decisions. The result may be delays in decision-making, slackening of the work pace and productivity and dissolution of the functional hierarchy.

With regard to the workday, a minimum number of hours (usually 8) are generally established for each member. The workday varies according to the demands of the cooperative. Since the APCs' work is mainly agricultural, there is sometimes an imbalance between the available worker potential and the real need for work. The work should be organized so as to make the best possible use of manpower. The leftover work is distributed by hour or day worked. However, new collective farms may sometimes go through a period when the co-op cannot generate income to distribute to its members. This may lead to some families giving up, according to a study by Gumieiro (1999), one of the principal causes of co-op members quitting their cooperative. On the other hand, the notion of value involved in the exchange of goods, equipment, tools, animals, and installations is only clear when the co-op member is in direct contact with the market, through the sale or exchange of one product for another, which is not always the case (Eid *et al.*, 1998).

Some examples of good results are illustrated by data from two settlements, in the states of São Paulo and Rio Grande do Sul (CONCRAB, 1998). The productivity of some of the crops at the Fazenda Pirituba settlement in the municipality of Itapeva, São Paulo, is higher than the average productivity of the state (1997/98 harvest). These crops are corn (34 percent higher, *i.e.*, 79.64 50-kg bags per hectare), corn from intermediate crops (+64 percent; 69.71 bags/hectare), "rainy season" beans (+19 percent; 23.97 bags/hectare), "dry season" beans (+17 percent; 21.62 bags/hectare), soybeans (+66 percent; 53.99 bags/hectare), wheat (+21 percent; 39.45 bags/hectare) and lemons (+48 percent; 860 boxes/hectare).

In the state of Rio Grande do Sul, the situation in 1988 compared to the situation 12 years after the MST settlement was established in the municipality of Sarandi, again clearly demonstrates the importance and need for agrarian reform in Brazil. Some statistics are the number of inhabitants, which grew from 55 to 1,226. Where erstwhile there were 5 houses, now there are 243. Five schools and one daycare center were built. As for the infrastructure of production and animal husbandry, before the settlement was established the farm had nothing. In early 2000, the farm owned a cold storage plant, 144 farming tools, 35 tractors, 7 harvesters, 15 trucks, 7 pigpens, 13 stables, 163 storage sheds, 4 warehouses, 4 hothouses, 56 dams, 10 artesian wells, 6 dam barriers, 21 thousand fowl, 2 thousand head of cattle, and 3 thousand swine, for the diversified breeding and production of vegetables, fruit, beef/pork/fowl and dairy cows, honey, and reforestation, among others.

## Conclusion

The logic of the Solidary Economy is contrary to the logic of the globalized market. The latter, in its pursuit of the highest possible profit, ignores all issues but economic ones. Globalization and its impact on the agricultural sector is traditionally interpreted as a process of standardization of farm policies involving the continuous expansion of agricultural boundaries, uniform environmental protection measures, increased competitiveness, production and marketing of food, under the ever increasing control of transnational companies over the productive chain.

However, instead of leading to homogeneity, globalization can offer the opportunity of rethinking local diversity and helping local communities either to find new spaces in the market in a new global economy or to resist global pressures (McMichael, as quoted by Levi, 2000). Neither traditional values nor principles can provide sufficiently strong means to resist the threat of the neo-liberal paradigm. This means going beyond the conventional doctrine about cooperativeness and resorting to the variety of social and cultural forms that the community expects cooperatives, particularly rural ones, to adopt (Levi, 2000).

The internal dynamics of social and productive organization in Brazil and the challenges and alternatives developed by the agricultural cooperatives of the Landless Rural Workers' Movement lead to the conclusion that they are an integral part of the Solidary Economy, which is in the process of development in several of the country's regions. At the current stage of our research work, we have observed that in the MST, in practice, the leaders of several APCs located in different states, particularly those in southern Brazil, are increasingly concerned about establishing a critical equilibrium between the growth of social and political gains. This implies the recovery of dignity and support of the workers' struggles, on the one hand, and improved efficiency in cooperative management to ensure survival and growth, on the other hand, so as to prevent an imbalance from jeopardizing the social cohesion. In the light of the subject matter of this study, we emphasize the importance of developing concrete case studies and of avoiding abstract generalizations that fail to reflect the social and political reality of the settlements. These studies should take into account at least three other elements for analysis: the differentiated land structure in each of the country's regions, the social and political history of the settlers, and the role of government organizations in each region.

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