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CIRCOM

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New Forms of Economic Cooperation in Family Agriculture: The Case of *Condominios* in Santa Catarina, Brazil

by
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Abstract

In this paper, the authors analyze the Condominios as economic associations adapted to the characteristics of family agriculture in the Brazilian state of Santa Catarina. Firstly, they analyze the process of modernization of Brazilian agriculture that took place in the 1960s and 1970s under the military governments, giving special attention to the selective and exclusive effects this process had on small farmers. Within the framework of this process, they then go on to study the development of cooperativism and demonstrate how the consolidation of macro-cooperative models reflected the interests and characteristics of modernized, export-oriented agriculture. Thirdly, they analyze the origins and development of Condominios as an alternative to the large agricultural cooperatives in the Brazilian state of Santa Catarina. Finally, the authors discuss these models of association, which are adapted to the characteristics of small farms and place them in the context of the old Chayanov's views on the family agriculture and the peasantry.

Key words: Peasantry, Collective Action, Cooperativism, Brazil

Introduction

Initially, cooperativism was characterized by a mutualist dimension, by a concept of solidarity in the activities of its members, and by democratic participation. These features were what gave the cooperative movement its particular character and in

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some countries justified the passing of specific legislation which sought to protect the cooperatives from free competition by means of positive discrimination. When analyzing the general tendencies in the agricultural modernization and the integration of agriculture in the agri-food sector of countries with a market economy (which largely took place in the 1960s and 1970s), it becomes evident that this process signified an important challenge to cooperativism. It also meant that a balance had to be found between their original mutualist dimension and the need for the cooperatives to become more efficient in order to meet market demands.

Given the need for the cooperative movement to adapt to an increasingly competitive market, large cooperative models (macro-cooperatives) guided by a market-oriented logic, gradually replaced the original characteristics of mutualism and solidarity among the members (Entrena and Moyano, 1998). In this context, and especially in countries where modernization was not accompanied by agricultural policies that could counterbalance the negative effects of the free market on small farmers, cooperativism became ever more selective, excluding farmers with less efficient and less competitive farms. Thus, small farmers, either encouraged by union movements or influenced by official bodies in charge of rural extension, sought to seek new formulas of economic cooperation that were better adapted to their family farms. This situation has been repeated in many countries, where market-oriented macro-cooperative models have co-existed with smaller scale cooperatives that give priority to mutualist principles.¹

This paper analyzes the phenomenon in the context of Brazilian agriculture. Specifically, it studies the case of cooperativism in southern Brazil and the emergence of *Condominios* as a new form of economic cooperation which came about in the early 1980s in the pig sector of the Brazilian state of Santa Catarina to contribute to the social and economic reproduction of family farms. In order to understand the context in which they emerged, firstly the most important features of the process of Brazilian agricultural modernization are highlighted and its selective effects on family agriculture are discussed. Secondly, a cooperative model that developed parallel to this process is analyzed: a model of macro-cooperatives marked by the exclusion of small farmers. Thirdly, the most relevant features of agriculture in Santa Catarina and the importance of family farms are analyzed as the context in which *Condominios* emerged and developed. In the fourth section the most significant traits of these new cooperative forms are analyzed as interesting alternatives to the macro-cooperative model. The authors conclude by demonstrating how *Condominios* reflect

¹For more on the evolution of cooperativism in the European Union and the relationship between cooperatives and farmers' unions, see the book by Just (1990). For an excellent analysis of cooperativism, see the book by Bager (1996), where the author establishes a bridging of rational choice and institutional approaches. For agricultural cooperativism in general, see the *Journal of Agricultural Cooperation* and the *Journal of Rural Cooperation*, and the *Annals of Public and Cooperative Economics*.

some of the views put forward by the Chayanov school, in particular those which stress the need for cooperatives to adapt to the characteristics of family agriculture.

An Approach to the Modernization of Brazilian Agriculture

The modernization of Brazilian agriculture is a subject that has been analyzed by numerous authors (Kageyama and Graziano da Silva, 1983; Graziano da Silva, 1982 and 1983; Delgado, 1985) either by considering the factors and circumstances that produced it or by considering the effects it has had on the rural society. Obviously, opinions differ on this process. Some consider it merely as a process of change in basic production techniques with the consequent substitution of traditional organic-based inputs for modern chemical-based inputs. Others believe that it constituted an important element of change given the profound impact it had on all spheres of economic, social, political, ecological and cultural life in Brazil.

Although the introduction of modern inputs began in an isolated manner in some farming areas in southern Brazil in the first two decades of the 20th century (e.g. wheat and irrigated rice production in the state of Rio Grande do Sul), when discussing agricultural modernization in Brazil we are actually referring to the changes that took place in the 1970s. These were changes that came about as a result of the Planes de Desarrollo (Developmental Plans) devised by the military governments following the coup d'état that overthrew the constitutional president Goulart in March 1964 (Hidalgo da Silva and Moyano, 1994). These plans stressed the inefficiency of the farming sector in Brazil and its systems of storage, commercialization and transportation as well as its underqualified work force (Tambará, 1985; Brum, 1987). They also stressed the need for state intervention in order to solve this problem through appropriate policies either by directly financing the process of modernization, by creating the necessary infrastructures for it, or even by subsidizing non-competitive agricultural sectors.

The basis of this rationale lay in the strategic role these plans placed on export agriculture (whose growth became the highest priority and the core of the model) and in the objective of maintaining the existing farming structures and production relations. For this reason, some authors called this process of modernization which emerged from these plans "conservative modernization" (Graziano da Silva, 1982). With this term, they sought to highlight the fact that while the changes that took place in the processes of production resulted in greater mechanization, an increase in the use of insecticides, chemical fertilizers and seeds with a high production potential, land ownership in Brazil continued to be concentrated in the hands of a select few (Sacco dos Anjos, 2000).

The most intensive stage of modernization occurred from 1968–1973 and it is known as the "Brazilian miracle". During this period, however, the selective nature

²Term coined by the military governments to highlight their success in economic growth (the Brazilian

of the project gave priority to export agriculture, and certain crops linked to family agriculture that had always been aimed at the internal market, were now excluded. Dependence upon imports, a characteristic feature of the Brazilian economy, would become even greater [in a country that as Romeiro (1994:118) reminds us, paradoxically possesses the greatest area of potential agricultural production on the planet but is incapable of providing for its own basic food and agricultural needs].

Agricultural Cooperativism in Brazil

Regardless of how the authors evaluate the final results of agricultural modernization, they seem to agree on its selective nature given that it has benefited only a small group of farmers with export-oriented crops by guaranteeing prices, offering special credits and large state subsidies. In this context, cooperativism, which was pervaded by a selective and exclusive rationale, accompanied the process of modernization and played a fundamental role in it penetrating the Brazilian countryside. Consequently, a cooperative model, which was wholly oriented to the export market and inspired in a business rationale, was consolidated. It was a model that minimized the importance of the mutualist principle, the hallmark of the original Brazilian cooperatives.

The origins and development of agricultural cooperativism in Brazil

The first cooperative experience in Brazil occurred in the early 20th century in the state of Rio Grande do Sul, the birthplace of Brazilian cooperativism (Fialho, In certain rural communities at that time, where German, Austrian and Swiss immigrants lived, Catholic parish priests founded the first Reiffeisen-type rural savings banks following their success in European countries, particularly in Germany and Switzerland. These savings banks sought to promote the development of family farms through a common, autonomous structure that was integrated into the rural communities. The so-called "non-Iberian European settlers" found themselves confronted by all sorts of problems. In particular, it was difficult for young people to find land available to create new units of production. The rural savings banks provided an important means of support and were also responsible for financing new settlements by purchasing new lands in the neighboring state of Santa Catarina to the north of Rio Grande do Sul. Actions by the Catholic Church were equally important in the Italian inmigrant communities of the area. In addition to setting up religious, cultural and educational centers, the Church encouraged economic associations by means of incentives and organized the first dairy and grape-growing cooperatives (Kliemann, 1986:119), which quickly spread.

This initial stage of agricultural cooperativism concluded in the late 1920s as a result of unsuccessful cooperative initiatives, which had a negative impact on the movement as a whole. Some authors (e.g. Tambará, 1985:55) attribute this failure

to such factors as the administrative inexperience of the cooperative leaders, the economic difficulties that Brazil was undergoing at the time, the dishonesty of certain directors and a slur campaign spearheaded by sectors who felt their interests to be at risk from the growing cooperatives.

Although these first cooperative experiences were important, they had little to do with the cooperativism that took place in the southern states of Brazil (Rio Grande do Sul, Santa Catarina y Paraná) during the period described above of conservative modernization of Brazilian agriculture in the 1960s. At that time cooperativism played an important role and is considered by some authors to be the "helping hand for capitalism to penetrate the Brazilian countryside" (*Ibid.*, 1985:56) by carrying out the following functions: channeling the state system of subsidized credits towards farmers with export-oriented agriculture, contributing to the introduction of industrial inputs on members' farms and favoring the concentration of agricultural production for agribusiness.

The selective nature of the cooperative movement was favored by the authoritarianism of the military governments. In fact, the creation of new cooperatives required government authorization, which was granted only if the new cooperatives shared the same characteristics as modernized farms or farms with a potential for modernization. Cooperativism grew quickly during this period and in the absence of free syndicalism, took on an organizational function in the most modern sector of Brazilian agriculture. Supported by the military governments, many of the cooperatives greatly increased their production and membership by adopting a model of macro-cooperatives through mergers. These cooperatives were then organized into second and third tier structures, especially in the two most important states of southern Brazil (Rio Grande do Sul and Paraná) where the largest concentration of grain production (soybean, wheat and rice) is found.

Wheat and soybean production is especially worthy of mention. In the late 1960s, this strong cooperativist sector, headed by Centralsul, was not only responsible for production, distribution of inputs, technical assistance and the commercialization and transformation of products, but also went on to manufacture agricultural pesticides and veterinary products. In fact, by the early 1980s, Centralsul held 80 percent of the national market and 85 percent of the market in Rio Grande do Sul for the principal herbicide used in cereal production (Tambará, 1985:57). This example illustrates an undeniable fact: the cooperative movement was converted into a necessary tool for the expansion of capitalism in the Brazilian countryside with the consequent abandonment of the mutualist principles that had marked its origins.

As a consequence of this change in direction, important changes began to take place in the internal operation of the cooperatives such as a gradual loss of democratic participation. The expansion of macro-cooperatives meant that internally their social base was structured in a very heterogeneous way and small and large farmers had

to compete for the same economic space. Although the legal framework guaranteed equal rights according to the democratic principle of "one man, one vote", in reality decisions were increasingly made under the influence of large farmers who, in many cases, became members of the cooperatives in order to take advantage of the tax and financial benefits offered by the State. In the opinion of the small farmers, this resulted in a loss of legitimacy for the cooperatives. These changes were largely responsible for the difficulties faced by the farmers to manage ever more complex cooperative structures. Consequently, many of the cooperatives had to be run by technical and administrative teams almost always made up of people who were alien to the realities of local agriculture.

At the same time, the large expanding cooperatives began to carry out functions that went beyond their normal duties and further undermined the already precarious situation of the unions, to such a degree, in fact, that there was little or no reason for their existence.³ Many of these large cooperatives began to sell subsidized medicines, hired doctors, set up supermarkets to sell goods to their members and even bought new lands in Central Brazil to encourage young people to settle in the area. All of these initiatives can be understood as mechanisms to compensate the farmers at a time when there was a breakdown in the traditional agricultural model.

Cooperativism in the framework of the democratic transition

From the late 1980s to the early 1990s, the cooperative model in southern Brazil was subjected to a thorough revision and questioning by the small farmers in light of the issues we have outlined above. This period of reflection was favored by the new democracy following the military dictatorship in 1986. The development of democratic syndicalism allowed for a greater awareness by wide sectors of small farmers regarding the negative effects of the large cooperatives. A critical discourse against macro-cooperatives began to extend out from the heart of the new farmers' unions, principally the Departamento de Trabajadores Rurales of the CUT (Hidalgo da Silva, 1992; Hidalgo da Silva and Moyano, 1994; and Fialho, 1996), who accused them of exploiting their members, ignoring mutualist principles and behaving like the large agribusinesses.

This view of cooperativism, which was shared by a large sector of the Brazilian farmers' unions, has been a response to the changes experienced by the cooperative movement and the transformations that have been occurring in agriculture and the rural world; changes that are similar to what has been happening in other countries (Entrena and Moyano, 1998). It can be said that once the productivist paradigm which had dominated agricultural policy of the 1960s and 1970s and inspired business oriented cooperative strategies was overcome, the way was open for a multifunctional

³It is a general norm under authoritarian regimes that functions traditionally carried out by the farmers' unions are usurped by the cooperative movement, which in turn becomes the sole point of reference for the farmers (Moyano, 1990 and 1995/2000).

paradigm where the social and economic diversity of the farming sector is accepted as something positive. Consequently, all types of activities and cooperative models are considered to be functional in making rural agriculture more dynamic. Now, when discussing the viability of agricultural models and rural development, the criteria of productive efficiency is combined with new views on multifunctionality and ecological modernization, and social equity.⁴

In this context, new models of economic cooperation emerge that attempt to adapt themselves more successfully than the macro-cooperatives to the characteristics of the sector in which they act. The *Condominios* are an example of this new dynamic, proving to be a flexible form of small-scale cooperativism which responds better than other models to the social and economic demands of small family farmers.

Family Agriculture in Santa Catarina

To understand the importance and organizational characteristics of the *Condominos* in Santa Catarina, it is not only necessary to examine the historical context in which they came about, but also the fundamental features of the economy and the farming sector in this Brazilian state.

Santa Catarina is the smallest of the three southern states, that alongside Rio Grande do Sul and Paraná, make up the Southern Region of Brazil (see Appendix). It is the twentieth smallest of all the 27 Brazilian states, yet its small dimensions do not correspond at all to the economic importance that it holds in the national economy as a leader in many sectors and productive activities. Despite the fact that it occupies only 1.12 percent of Brazilian territory, Santa Catarina generates a Gross National Product (GNP) of approximately 30.5 billion US dollars (1997 data) (Instituto CEPA, 1998), nearly 3.3 percent of the GNP. Economically it is seventh in order of importance of all the Brazilian states. It is fifth in terms of the value of its exports, totaling 2.8 billion US dollars in 1997 with exports mainly intended for the European Union (30 percent of total exports) and the United States (22 percent of total exports). Agribusiness products represent nearly 35-40 percent of the total value of exports, particularly meat and products of animal origin, the main exporters in the economy of Santa Catarina. In 1996, earnings in this sector totaled 561 million US dollars, equivalent to 21.3 percent of the total value of exports.⁵ Like its neighboring states, Santa Catarina's industrial activity is geographically concentrated in the eastern area of its territory although in the last three decades it has expanded and diversified geographically, creating new centers of development.⁶

⁴The concept of multifunctionality, inspired by the European Union's Agenda 2000, or the Brazilian government's approval of the National Program to Support Family Agriculture (PRONAF) in 1996 follow similar lines (see the doctoral thesis by Sacco dos Anjos, 2000).

⁵In 1996 exports were valued at 561 million US dollars in this sector, equivalent to 1.3 percent of the total value of exports.

⁶The industrial sector of Santa Catarina is divided into five large regional zones, each of which is

The agribusinees sector of Santa Catarina is made up of a total of 1,300 companies, the most notable of which is Ceval Alimentos. Ceval Alimentos is one of the leading companies and centers its basic activity on the production and exportation of poultry and the so-called "soybean complex" (production and exportation of soybean oil and its derivatives for animal consumption).

In the agricultural sphere, it can be said that in addition to the noteworthy position that the poultry and pig production sectors hold at a national level, Santa Catarina also participates actively in other important sectors. It is, for example, the main reason that national imports of garlic have fallen drastically over the last fifteen years since almost one-third of the nation's garlic is produced in the territory. Another important crop in Santa Catarina agriculture is onions, which constitute almost 35 percent of national production (IBGE,1995). Production of temperate climate fruit in this state is of absolute importance to Brazil (it is the largest producer of apples nation-wide) as is the production of tobacco (the second producer of tobacco after Rio Grande do Sul) (Fundação de Economia, 1997).

The importance of family agriculture

Santa Catarina is one of the Brazilian states where land ownership is less concentrated. Whereas Brazil had a Gini coefficient of 0.854, in Santa Catarina it was already 0.671 by 1985. Here the agricultural structure is based on smaller farms rather than the large farms found in other parts of Brazil. This is explained by the historical origins of Santa Catarina and fundamentally to the importance that as mentioned above, non-Iberian immigration had in colonization. There were, in fact, three waves of territorial occupation. The first, and oldest, occupied the southern coast, and beyond Florianópolis, it was largely made up of Portuguese colonies in settlements that reached as far as Rio de la Plata. The second wave began in the second half of the 19th century in the north and moved westerly and was largely made up of non-Iberian European immigrants (Germans, Austrians, Italians and Polish) that developed very diverse family-type farms. The third wave of occupation, which began in the late 19th century and intensified after 1930, reached western Santa Catarina and occupied an area as far as the country's border with Argentina. These lands were occupied by caboclos (people of mixed indigenous and Portuguese descent) expelled from the large haciendas or ranches of Rio Grande do Sul, as well as first and second generation German and Italian settlers and other types of

specialized: a) Electric-Metal-Mechanic Zone in the North, with its capital at Jonville; b) the Textile Manufacturing Zone whose most important centers are located in the area called Vale do Rio Itajaí with its capital at Blumenau; c) the Forestry Zone with five industrial centers located in a large area that covers the central and northern part of the territory (Sao Bento do Sul, Rio Negrinho, Porto Uniao, Lages and Cacador); d) the Mineral Zone, led by Criciúma, one of the largest coal, fluorite and silex reserves in the country; and e) the Agribusiness Zone where some of the most important Brazilian agrifood companies (Concordia, Videira, Chapeco) and large poultry and pig production complexes are concentrated.

immigrants such as craftsmen and merchants that lived in the so-called "old colony" founded in the first two decades of the 19th century.

Although in the sierra region of Santa Catarina, in the area known as *campos limpios* of Lages and Curitibanos, large farms can be found (although smaller than many of the cattle breeding *latifundios* or large estates of Rio Grande do Sul), the most predominant social form of production is the small family farm, which can be found throughout the territory. These small family farms are the identifying feature of Santa Catarina agriculture, producing 70 percent and 75 percent of the gross value of vegetable and animal production, respectively, on farms that are less than 50 hectares in size. This type of agricultural unit is equal to 89.6 percent of the total number of farms and yet only occupies 40.5 percent of the existing farmland. Their presence is especially significant in pig and poultry production, both of which are integrated into the agribusiness complexes, and in the horticulture sector.

Origins and Development of Condominios

The Condominios⁷ are of recent origin. They initially emerged in the mid-1980s in an area of pig production located in western Santa Catarina. In this region, as we have mentioned above, pig production had been the principal activity of the small family farmers. Since its consolidation, pig production has enjoyed a fairly high degree of technological development and has been associated to large agribusiness complexes via contracts of vertical integration or to the macro-cooperatives with whom they have maintained very similar dependency-based relationships.

Vertical integration in the pig sector of Santa Catarina

According to this system, small farmers are subordinated to the technical requirements of the integrating company, which, in addition to purchasing fattened pigs, sells feed, all the inputs necessary for the production process, and provides veterinary and technical assistance. The large amount of literature existing in Brazil (Dos Santos, 1978; Coradini and Fredericq, 1979; Sorj, 1980; Sorj *et al.*, 1982; Paulilo, 1990; Tedesco, 1994) on the nature of the relationships established between farmers and agribusiness highlight the "masked proletarization" that characterizes this model of vertical integration for the small farmers and their families. They point out that the small farmers only hold a "formal ownership" over the means of production, given the degree of economic dependence upon the integrating companies. So much so, in fact, that some families depend exclusively upon the sale of animals to these companies (due to the fact that production on the farms is increasingly specialized) for their income, regardless of whether they are cooperatives or not. Consequently,

⁷Literally, the word refers to the common ownership of a thing. More specifically, it refers to a type of society regulated by a series of legal, financial, and accounting precepts that are more simplified than those of commercial societies. This is a result of the simplified nature of its objectives, strongly anchored in the social and collective role it plays.

farmers lose autonomy in the production process and lose control over their source of social reproduction. The small producers enter into a circle of intensification and specialization that prevents them from carrying out other complementary activities.

Nevertheless, we must admit that the system of vertical integration offers important advantages for the small producers, which explains its widespread development in large sectors of southern Brazil, particularly in pig and poultry production. In a survey carried out by Sacco dos Anjos in 1995, farmers themselves confirmed the idea that there are more people interested in becoming members of the integrating companies than those who are not; thereby demonstrating their support of the system.

However, relations between farmers and agribusiness have always been conflictive (Ortega, 1994). To understand this situation, we must keep in mind that pig production in southern Brazil is developed on small family-type farms through systems of intensive production, where the farmer and his/her family are exclusively dedicated to raising and fattening breeds such as the landrace, duroc and large white. It is a sector characterized by periodical crises which have resulted in a permanent state of instability in prices paid for kilo of fattened pork. It was precisely within this context of dependency and instability that proposals were made to create new forms of cooperation among the small pig producers in light of the loss of legitimacy that, in their eyes, the macro-cooperative models had suffered as an alternative to traditional production as discussed above.

The Origins of Condominios

In the mid-1980s, the Rural Extension Service in Santa Catarina sought solutions to overcome the difficulties faced by the pig producers, especially the problem of social and economic exclusion which the trend towards intensive, specialized production was creating in this sector. The officers of the Service realized that the pig producers had very little influence on prices paid by agribusiness and admitted that confrontation could worsen the conflicts and be detrimental to the small producers. Therefore, the only option left to them was to seek alternatives that would reduce production costs and so improve profits for the pig farmers.

The rural extesionists came up with the idea that all the pig producers must have a basic structure of production available to them (e.g. installations and necessary equipment) for raising and fattening pigs. They were also of the opinion that the sows and sires must be replaced periodically when they were no longer of use. This, however, meant high fixed costs for the small pig producers; a sector which had not been backed by an agricultural policy adapted to their needs and had always been a refuge for family farmers in Brazil. After analyzing the production process and evaluating the degree to which macro cooperativism had lost legitimacy among the small farmers, they came up with the idea of the *Condominios* as a type of association adapted to the needs of the small pig producers to lower production costs. Similar to what has happened in many other countries, once again the process of social and

economic organization was promoted by the authorities (top-down), in accordance with the theory on the role of the State in the regulation of agriculture and its decisive function in the reproduction of family agriculture (Servolin, 1999).

Nature, organization and management of the Condominios

The Condominios are associations managed by the producers themselves. The members, whose numbers do not usually exceed 12, normally live in the same rural community and are related to one another. The president, the secretary and other managerial posts are elected in a general assembly for a term of one to two years so that the posts are rotated and all the members can participate. From a legal perspective, the Condominios are associations with regulations, statutes and agreements registered before a notary. The nucleus of the Condominio is the UPL (Pig Production Unit), which is in charge of overseeing pig breeding. The producers are given a set number of pigs to raise and fatten according to the productive capacity of their farm and the available infrastructure. Unlike other kinds of cooperatives, in the Condominios the members share the production stage of the pigs and in this way, also share the cost of production. Once the UPL provides the producers with pigs, each member takes individual responsibility for raising and fattening them, buying feed on the market and freely selling the fattened animals to the company that they so desire. In Figure 1 the system of Condominio production is outlined and compared to conventional systems.

In comparison to the classical model of cooperatives, the Condominio is a more flexible system for the pig producers since only the initial phase of production is shared and thus large investments are avoided. There are several advantages to this system. From a technical perspective, the Condominio guarantees the members a program for breeding pigs and makes them available according to the farm's capacity, while at the same time assuring high veterinary and sanitary standards. From an economic point of view, the Condominio facilitates reduced costs in the purchase of pigs since they are produced in the UPL. As other stages of production and transformation are not cooperativized, its members run very little financial risk. In the social and cultural sphere, since the Condominio model is a small-scale model, it tends to reinforce common ties between the producers and allows for the exchange of ideas among them since the group's administrative body lives in situ and manages itself directly. It can be said that the Condominios are built upon relationships of trust among the members, thus contributing to the social capital in the group. By allowing the members to carry out transactions with other external actors for the purchase of inputs or for the sale of their production, an autonomous dimension is incorporated into the social capital, preventing the creation of overly restrictive cooperative models.8

⁸Much has been written on the concept of *social capital*. Putnam (1993) proposes to measure the social capital through the density of voluntary associations. Of interest to our article we would like to highlight

Figure 1. Systems of pig production on family farms

CONDOMINIO SYSTEM CONVENTIONAL SYSTEM **COMMUNAL STAGE** (FASE SOCIALIZADA) (individual production) Pig Production Unit (UPL) **Family Farm** (pig farm) Farm 1 Fattening Stage Farm 2 Farm 3 Farm 4 INDIVIDUALIZED STAGE (FATTENING) **AGRIBUSINESS**

two aspects of the concept: "trust" as an element of social integration to resolve problems which arise in the first stages in the development of cooperatives, and the "autonomy" as a feature that permits individuals to overcome the restrictions imposed on them by the primary group to which they belong and undertake larger collective projects. For more on this see the excellent work by Woolcock (1998).

Effects on the pig sector of Santa Catarina

This type of collective organization has been of crucial importance to the viability of the pig sector, which is a very important sector in Santa Catarina. As mentioned above, prior to the first *Condominios*, the sector had achieved a high degree of intensive production by the 1970s. According to data provided by Paulilo (1990:107), between 1969 and 1976, the average rate of sales of animals on each farm increased from 61 percent to 169 percent. More recent data (Instituto Cepa, 1998:15) indicate that technological advances clearly follow the "treadmill" pattern defined by Cochrane (1979). Whereas in 1985 offspring numbered 13.1 per sow, by 1996 that number had reached 21.3 per sow. During this same period, the number of fattened animals per sow had increased from 10.9 to 19.7 and the rate of slaughter rose from 128 percent to 192 percent.

Although the results were promising, they did not always go hand in hand with an improvement in the standard of living of the producers. Their activities continued to be subject to a permanent process of selection where only the most efficient producers managed to remain active. In fact, according to data from the most recent agricultural census (IBGE, 1997), between 1985 and 1996 the total number of Santa Catarina pig producers had decreased from 54,176 to 24,382. This decline would have been even greater had it not been for the role that the *Condominios* played in the Santa Catarina pig sector.

When analyzing the role of the *Condominios* and their development, it should be kept in mind that initially these new cooperative forms came up against the opposition of the large agribusiness complexes that viewed them with fear. In the first place, there existed a certain amount of distrust because of the belief that the *Condominios* system could give rise to second-line organizations. In other words, the agribusiness complex feared that the pig producers who had gained cooperative experience in the first stages of production could opt to cooperativize subsequent stages of production, such as the slaughter and industrial transformation of animals. Secondly, they feared that the pig producers would use the *Condominios* as an instrument through which to organize themselves and dispute decisions taken by agribusiness industry, in particular those concerning the purchase price of fattened animals or the sale of inputs, especially animal feed.

Once this initial distrust was overcome, and it was evident that the small pig producers would not progress to larger cooperative projects, the integrating companies came to positively view the *Condominos* and recognized the advantages that this system had to offer the productive chain. This was especially true regarding the uniformity and type of fattened animals and product quality compared to the traditional system in which each productive stage was carried out in an individual manner lacking internal discipline. It can be said, therefore, that the *Condominios* have been a highly functional model for the *filière* as a whole, as the data would

suggest. Data provided by EPAGRI (1991) indicate that from the outset *Condominios* actually aided in increasing production by 50 percent on the pig farms with respect to individualized production in the past. Observations made by the Santa Catarina's Rural Extension Service indicate that while under the individualized system the average number of weaned pigs totaled 12.0 per sow, under the *Condominios* system this number reached 18.4 (1997 data).

The expansion of Condominios

The expansion of *Condominios* in western Santa Catarina in the 1980s was quite significant, reaching its maximum number of 157 in 1986. Later, the number stabilized at approximately 120. According to data compiled directly from an interview with a government officer in charge of the department of agricultural statistics in Santa Catarina, by the end of 2000 there were 119 *Condominios* registered in the pig sector of this region. These *Condominios* are made up of 1,369 pig producers employing approximately 5,500 people.

Due to the positive outcomes experienced by the pig producers under the Condominios system, this model has been in expansion in other sectors such as the storage sector in areas where rice and corn are produced. By 1996, there were a total of 153 Condominios in these two sectors with 2,144 farmers. Unlike the pig sector, where cooperation occurs only in the initial phase of production, in the storage Condominios (for corn, beans, rice and other products), the cooperataive stage takes place when production is finalized, that is, in the post-harvest period. The spread of Condominios must be placed within the overall development of group agriculture in Santa Catarina, where other flexible, small-scale associations have emerged in response to the loss of legitimacy of the macro-cooperatives. A good example of this process are the associations for the collective use of machinery and agricultural equipment (like the French CUMAs) or the associations for the artificial insemination of cattle, the beekeeping associations, or the irrigation and drainage associations, which illustrate how this phenomenon of new forms of economic cooperation is thriving in Santa Catarina agriculture. By 1996 there were 947 of these new associations with a total of 16,878 farmers (CEPAGRO, 1996). According to information provided by the officers of the department of agricultural statistics in Santa Catarina, it is in these sectors where the *Condominio* model is still in expansion, and their numbers are growing every year.

Recent studies (De Oliveira, 1999) stress the need to resolve the organizational and managerial problems faced by the *Condominios*. The authors call attention to the issue of the regularization of the proportional share by each member, which should be restricted to a maximum of 20 percent of total capital. This measure is essential in order to guarantee the necessary balance between individual and collective rights. Likewise, these studies suggest that in cases where one of the members decides to leave the association, the withdrawal of capital by this member should be limited to

80 percent of his/her proportional share. The difference, 20 percent, is considered a product of the collective work and should belong to the *Condominio*. Another aspect involves the fact that in Brazil, specific legislation still does not exist which provides a suitable tax and financial framework compatible with this kind of collective, small-scale agricultural production.

Are condominios an example of the recovery of the Chayanov thesis on the peasantry?

The influence that the work of the Russian economist, Alexander Chayanov (1974), has had on the study of the forms and systems of peasant production is unquestionable. Chayanov's work gave rise to a school of thought in Rural Sociology known as Peasant Studies, which in the 1970s was further manifested through the publication *Journal of Peasant Studies*. His research and study on family farms in Russia and other countries (1925) at the beginning of the 20th century aimed to highlight the particular nature of this peasant model based on the assumption that there existed a characteristic dynamic on these farms; a dynamic largely based on the search for an equilibrium between work and consumption.

However, Chayanov's preoccupation was not limited to a strictly academic sphere. As leader of the so-called "school of peasant organization", it was aimed at developing the agricultural sector of his country by seeking a better adaptation of weakly capitalized family farms to the technological and organizational advances. It is common knowledge that the views put forward by Chayanov represented a new tendency in the populist tradition of Russia (neo-populism) which was essentially oriented towards "offering a rational basis to the political project of making socialism compatible with family agriculture" (Abramovay, 1992:68). This new tendency rejected the Leninist theory of the social disintegration of peasantry as a necessary condition for capitalism to take place, something which had occurred in other developed countries.

In Chayanov's opinion, the peasantry had to undergo a profound transformation of its social form of production if it wanted to survive under the capitalist system. In fact, "Chayanov transferred the focus of his analysis to the possible regulatory state interventions directed at aiding the peasants in their desperate search to adapt themselves to the conditions imposed on them by capitalist development" (Sperotto, 1988:177). This can be considered a forerunner to the policies of rural extension promoted among the peasants by the rural extensionists.

To this extent, Chayanov placed great importance upon cooperativism as an instrument for the development of family agriculture since he viewed it as a means

⁹The Russian sociologist Shanin (1972 and 1998), the Polish sociologist Galeski (1977), the British historian Wolf (1971) and the Spanish sociologists Sevilla-Guzmán and Perez-Yruela (1976) were some leaders in this approach. Recently, *The Journal of Peasant Studies* has been substituted by *The Journal of Agrarian Change*, published by Blackwell.

of increasing production on small farms and allowing them to reach, through the cooperativization of certain stages of production, the optimal size for an agricultural enterprise. As Kerblay (1987:121) states, Chayanov rejected the homogeneity of the technology linked to modernization projects, and defended the concept of differentiation adapted to each system of production in the process. He spoke of the existence of a "differentiated optimum for each branch of production" and pointed out that it is precisely in intensive agricultural production (in which biological processes are fundamental) where the advantages of cooperative integration are most evident. According to Chayanov, cooperativism was the best way to reconcile the advantages of large units of production with the advantages of family farms, especially in the case of intensive production (*Ibid*:121). His conception of cooperativism led him to view the cooperatives as new mutualist forms of association between farmers, which allowed them to respond to the demands of the modernization process without losing their autonomy and control over production.

It is exactly at this point where the case of the Condominios can be analyzed as an example of the practical materialization of Chayanov's theory in the current context affecting family agriculture. As discussed above, pig production in Santa Catarina, and in a large part of southern Brazil, is a highly intensive production in terms of labor and capital, and is developed almost exclusively on family farms. Cooperative production within the framework of the pig Condominio can be viewed as a new form of economic cooperation that increases the individual capacity of the small farms to adapt to the demands of modernization without losing control over production. By transferring the task of breeding pigs to the Condominio (UPL), the small pig producer can invest part of his time and available resources in improving production and the final quality of the product while rationalizing activity on the farm. From our point of view, this particular form of association, rather than the mega-cooperatives, more clearly reflects the advantages of cooperation raised by Chayanov. In reality, the cooperative model that Chayanov had in mind when he formulated his theory on peasant agriculture is a model of small cooperatives guided by the mutualist principle, that is, a model which was much closer to the present-day Condominios than to the large commercial cooperatives.

Conclusions

The Condominios represent an associative experience that allows us to evaluate the capacity of family-based agriculture to adapt itself to the demands of capitalist development without experiencing social disintegration or losing its singular nature. This phenomenon is of even greater importance in a country like Brazil, where family forms of production have never held an important place politically, except in occasional campaign speeches and electoral promises. The Condominios must be analyzed as both a reaction of the pig producers to the process of social exclusion

provoked by the conservative modernization of Brazilian agriculture, as well as a specific alternative to the macro-cooperative models which were consolidated in the framework of that process and that eventually suffered a loss of legitimacy in the eyes of the small farmers.

The importance of this cooperative model must be seen in relation to the fact that it is not being used by sectors that are excluded or on the road to extinction, but rather by the most advanced sector of pig production in Brazil representing nearly 45 percent of all slaughtered pigs in the country; a sector that is wholly integrated into the large agribusiness complexes.

The expansion of the *Condominios* to other sectors of Brazilian agriculture manifests the potential of these flexible forms of cooperation to respond to the demands by small farmers. ¹⁰ Their functionality transcends the strict sphere of agriculture to become a model of reference that encourages collective projects for development in the rural society in general. While their small size permits democratic participation and contributes to increasing the integration dimension of social capital, their operational flexibility provides the members with enough autonomy to undertake larger collective projects.

According to research done in this field, the *Condominio* model is demonstrating its potential in new areas of rural development, such as in the MST (Movimiento de los Sem Terra, movement of the landless) settlements and in other multiple activities. By sharing part of the productive process, the *Condominios* permit small farmers and their families to diversify their activities, thus aiding in making the Brazilian countryside more dynamic. Likewise, their flexible nature allows for the more successful integration of small family farms into the agribusiness complexes by neutralizing the negative effects of this process.

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¹⁰The expanding of the new forms of economic cooperartion in the organic farming has been analyzed by Costabeber in his doctoral thesis (1999). An article about this topic in the Brazilian state of Rio Grande do Sul can be seen in Costabeber and Moyano (2001).

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