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Workers' Cooperatives in Brazil: Autonomy vs Precariousness

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The aim of this article is to discuss the growth of workers' cooperatives within the context of recent industrial restructuring in Brazil. Based on the analysis of empirical cases, it seeks to assess whether, and to what degree, this kind of self-management results in workers' gains in autonomy and the democratization of workplace relations, or if this process of economic restructuring has merely left these workers in a more precarious employment situation.

Keywords: flexible work, industrial restructuring, self-management, workplace democracy, workers' cooperatives

Introduction

Since the 1990s, workers' cooperatives have multiplied throughout Brazil. Economic restructuring and the adoption of neoliberal policies have resulted in the privatization of state companies, reduced industrial sector protectionism and attempts to deregulate the labour market. This growth of cooperative enterprises, in theory worker-managed, has taken form in two directions. One was business oriented: lower production costs were an incentive for business groups and the state to organize cooperatives that acted as sub-contractors for private companies and came to be known as 'fake' cooperatives. The other version was supported by non-governmental organizations (NGOs) and unions and was linked to worker-management proposals to minimize the rise in unemployment and guarantee income for workers made redundant in the labour

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market; these became known as 'genuine' cooperatives. These cooperatives, in turn, could be preferentially market-oriented ('pragmatic'), or linked to the movement's so-called 'solidarity economy' ('authentic').

What distinguished the different cooperatives, in the debate that accompanied the growth of this form of organization of production and work, was the genuine or, alternatively, fraudulent cooperativist character of their orientation and priorities. Cooperatives were either market-oriented, aimed at profit maximization (businesslike), or socially oriented, attending to the interests and welfare of their associated members (social-like) and the democratization of work relations (Taylor, 1994), embracing the emancipative, socialist perspective that is present in the Latin American conception of solidarity.

Various cooperatives were considered 'fake' for being merely formally self-managed, constituting a sector of enterprises that were organized and run by subcontracted workers dependent on traditional companies.¹ The 'genuine' cooperatives were organized by unions, NGOs and community associations with the help and advice of workers' movements interested in the preservation of workplaces through the conversion of failed factories into cooperatives.²

However, these dichotomies are too simplistic, because they do not take into account the numerous formats assumed by workers' cooperatives, or how they are linked to national and international institutions promoting cooperativism, or their relation to unions and political movements, or the participation or not of these cooperatives in extended business networks. Furthermore, the definitions do not take into account the heterogeneous and complex character of the cooperatives implied in effective management autonomy, the types of worker participation in the democratization of work relations, the strategies utilized to maintain the cooperatives as competitive producers, the nature of the collective enterprise, or the paradoxes inherent in a company characterized by collective ownership and management (Cornforth, 2004).

Aside from this, this approach underestimates the difficulties stemming from workers' internalization of the wage labour culture that have affected the recent experiences of workers' cooperatives in Brazil, such as a lack of knowledge of or interest in management issues; the difficulties of participation and permanence in a work collective where the workers themselves are responsible for their

successes and failures and which sometimes requires more work and results in lower earnings than those received by wage workers; and the lack of dialogue with and resistance from unions towards co-operative management and associated work.

A common concern among all cooperatives is the search for insertion and permanence in a competitive market that demands the development of appropriate management, adequate technology and cost effectiveness. The demand of operating within the market is present even when the cooperatives endorse the proposals of a more just and solidary 'other economy'. Here also arises an ever more common issue – and which recalls the distinction between 'fake/genuine' and 'pragmatic/authentic' cooperatives – namely, reliance on outsourced work done for regular businesses to survive in the market because of cooperatives' low capitalization and dependence on external finance.

In most cases, the contracting companies demand patterns of work organization that may compromise effective changes in work production and affect self-management autonomy and internal democracy in the workplace. This makes it difficult to generalize about which cooperatives are more 'authentic' than others, because the level of democracy in work management varies. Outsourcing, for example, can compromise the autonomy of cooperatives without necessarily interfering with their democratic management. In the same way, relatively autonomous cooperatives may create new hierarchies that compromise the effective participation of workers in management. This is not just a Brazilian issue; it is an issue that is present in the debate on cooperative governance internationally (Cornforth, 2004; Taylor, 1994; Viggiani, 1997; Westenholz, 1999).

Another issue that is also present in the national and international debate alike is whether and to what degree cooperatives constitute an effective alternative to the crisis of salaried labour, or whether they are merely a more precarious form of work, a temporary solution to be set aside in times of economic recovery.

The objective of this article is to discuss these issues based on an empirical analysis of the experiences of the organization of workers' cooperatives in Brazil in the 1990s. These cooperatives were organized by businesses, firms and the state with the objective of lowering costs, or by unions or social movements seeking to attenuate unemployment. All cooperatives were linked to business networks. This analysis looks at differences and similarities between these kinds of cooperatives as well as how all this might have implications for

the workers' understanding of collective management and work autonomy. This analysis is approached through a comparison of cooperatives created out of the recovery of failed factories.

This analysis does not intend to give definitive, wide-ranging answers to these questions, due to various limitations such as the absence of more systemized data and the brief period in which these cooperatives have functioned in Brazil (10 years or less). However, it does intend to contribute to the understanding of this form of work management in a country that has no cooperative tradition in industrial work, and to reinterpret new and old forms of work from the perspectives of worker autonomy and functionality for capital within the context of capitalist restructuring.

Methodology

This article utilizes data from research conducted between 1997 and 2005. The absence of consolidated official records or data meant engaging in field research to gather the data. Between 1997 and 2000, data were collected on industrial workers' cooperatives organized for outsourcing by private business and industrial workers' cooperatives sponsored by northeastern Brazilian governments. As these cooperatives were not necessarily registered by the state or national cooperative institutions or any other formal registry, it was necessary to identify and locate the cooperatives established in municipalities in the interior in the states of Pernambuco, Paraíba, Rio Grande do Norte and Ceará. The information was obtained by consulting the national and regional press and through factory workers whose employers had begun to outsource production in cooperatives.

These four states were chosen because they have developed policies for cooperative organizations or supported local industry that adopted this form of outsourcing. Interviews were conducted with state secretaries of industry, directors of the state cooperative organizations, government agents acting as consultants to the cooperatives, business company staff who supervised the cooperatives, and unionists from the garment sector. Ten municipalities in the four states were visited, out of an estimated universe of 40 municipalities where outsourcing cooperatives exist. The municipalities were chosen based on the size of the cooperative (300 or more associated workers) established there and on certain organizational features of

the cooperative, such as the participation of community leaders with ties to local politicians and first-time experiences in cooperative organization by factories.

At the beginning of the research, some cooperatives, having been in operation for three years, were facing their first crises resulting from management and logistical problems, as well as resistance from local unions. Some were already in the process of reorganization due to the closure of workplace units. In all of these municipalities, the cooperative facilities were visited, their directors were interviewed, and conversations were conducted with the workers. In two municipalities, collective interviews were held, bringing together approximately 70 workers who explained their work experiences in the cooperatives. During the second phase in the research, four typical cooperatives were chosen according to type of organization (by state, company, or NGOs). One cooperative from each state, three clothing manufacturers and one footwear manufacturer, were chosen and a questionnaire was administered to a total of 90 workers. Although a complete generalization of results was not possible, the use of a qualitative approach made it possible to infer results for a group of workers, estimated at that time to be around 5000.

From 2002 to 2005, fieldwork was resumed in the municipalities originally studied. In the majority of municipalities, the cooperatives had been closed down due to legal problems or the end of fiscal incentives from the state governments. However, in two municipalities, the cooperatives were in full flow, one of them already employing around 3000 workers and in its tenth year of operation. In this last case, the contracting firm did not permit access to the cooperative data and partial information was obtained through interviews with the directors of the cooperative, union members and in-depth interviews with 20 workers, who discussed how long they might stay in the cooperative and their understanding of self-managed work. The limited number of interviews was due to the workers' fear of reprisals being carried out by the cooperative directors at the contracting company's behest.

For comparative purposes, five cooperatives, which had around 1000 workers and had been organized by footwear worker unions in the region of the Sinos Valley (Vale dos Sinos) in the more developed southern state of Rio Grande do Sul, were also studied. These cooperatives were organized in the same period as the northeastern cooperatives at the suggestion of a large shoe company, and their

differences were related to the nature of their organization and the degree of support from local unions. In this case, two municipalities were visited and 28 interviews were conducted with union members, technicians, directors and workers.

The data obtained were cross-checked with the data collected in national surveys organized by the National Association of Workers in Self-Managed Enterprises (ANTEAG), both being case studies of cooperatives organized from failed factories, which permitted a greater generalization of the results obtained (ANTEAG, 2000; ANTEAG/IBASE, 2001).

Work Solidarity or Work Flexibility?

First, the precise meaning of the concepts of workers' cooperatives and industrial production workers' cooperatives in Brazil must be clearly established as these terms are sometimes confused. The workers' cooperative or work cooperative unites workers who offer a specific service to the market, stemming from their education, skills and/or the use of their own tools and instruments, or who perform generally individualized tasks (doctors, technicians, taxi drivers, recycling collectors, etc.). The cooperative functions as a commercial enterprise for services and products produced by autonomous workers. To a degree, it is similar to the agricultural cooperatives formed by various farmers in order to jointly sell their products such as milk, grain, vegetables and fruit and which can encompass varied forms of work.

Industrial production workers' cooperatives or industrial production cooperatives generate a product that is the result of collective work in a production unit and is not measured individually except in the utilization of types of work control that are characteristic of regular capitalist businesses, such as methods of disciplinary control of time and motion, job quality and forms of work organization and productivity. In theory, these differ from a common factory by the participative nature of the management in the discussion of goals, organization of work, technology, discipline and the utilization of 'surplus', etc.

In general, such work is evaluated as the productivity indices for the group of workers. This productivity results from the worker's involvement, who is, by definition, also the owner and generator of the means of production, as well as the principal beneficiary of

the distribution of gains obtained by the cooperative enterprise. As these terms are sometimes used interchangeably, this article uses workers' cooperatives in industrial production to distinguish them from service workers' cooperatives.

The original duality of worker-owner, present in the cooperative, is reflected in the debates about the viability of this form of production organization in a capitalist society. Since the origin of this duality, its function for both labour and capital has been discussed, along with the difficulties the worker faces to reconcile this dual identity.

The cooperativist movement arose from the heart of the European factory worker movement in the 19th century, motivated by so-called utopian socialists such as Robert Owen and Georges Fourier. Its growth, crises, decline and revitalization have accompanied the development of capitalism and the contexts of organization, disorganization and reorganization, advances and setbacks of the factory worker movement. In times of crisis and growing unemployment, the cooperatives expand, either through autonomous organization by workers themselves, or organized by the state. In times of recovery, they disappear or are at least reduced in numbers as private firms displace them from the market.³

Cooperatives never generate a consensus in the factory worker movement – defended as an option in a capitalist context for the workers to advance the struggle for socialism and collective ownership of the means of production, or accused of being a divisive and reformist attempt to transform the working class into a class of small business owners. Alongside the original cooperatives organized by workers, other cooperatives were organized by business people seeking to reduce labour costs, and therein arose the use of the adjectives 'fake' and 'genuine' to describe these different kinds of cooperatives. Marx (1977) himself noted the positive character, in theory, of cooperatives but emphasized the risk of worker self-exploitation.

In socialist countries, the cooperatives were organized as production units, but without the autonomy implied in the cooperativist concept of free association; instead becoming subordinated to the targets established by the planning machinery of states controlled by a party political bureaucracy.

In the 1970s, the debate about work and production cooperativism was resumed within the context of the new paradigm of production and work flexibility, the failure of socialist experiments, the postindustrial technical and organizational revolution and its

consequences for the working class and role as an agent of social change. The original paradox of cooperativism remains: a promoter of worker autonomy and an alternative to unemployment on the one hand; and a facilitator of participative and flexible work par excellence that is functional for capital, on the other. Cornforth (1983) would characterize this cooperativism as 'new age' due to the new problems posed by postindustrial society in their various dimensions, considering not only the greater visibility of ecological and cultural issues, but also the objective restructuring of productive space, the deterritorialization of production and its internationalization.

In the current debate on cooperativism in Brazil, different participants try to take into account the peripheral character of Brazilian capitalism and the specific traits of its process of economic and industrial restructuring to explain the proliferation of self-managed enterprises.

A first approach examines workers' cooperatives in the frame of the social or solidarity economy model. In Brazil, Singer (2002a, 2002b) has defended this perspective in his works on the solidarity economy. While economic solidarity is not restricted to production cooperatives, the latter would be essential for the establishment of democratic control of ownership and management by workers, constituting an association of equals; and if the cooperative generates profits all members will gain equally, while if there are losses, these will also be distributed equally among members. This would imply a more intense involvement of members in the work, to the point of becoming a de-alienating activity, where all workers participate in all the activities of the cooperative.

It also constitutes an option and guarantee against unemployment, because as members, the decision to terminate workers can only be made in assembly and for reasons considered extremely serious. Aside from this, cooperative networks constitute the seed for a social economy in which the market logic is subordinated to a solidarity logic.

The second interpretation, on the other hand, hypothesizes that these same cooperatives constitute, or can become, models of post-Fordist flexible work completely functional for capital. The owner-workers dislocate the relationship between capital and work passing from a conflictive to a collaborative relationship as the workers' class situation changes and they adopt a managerial perspective of their work. This promotes flexibility in the use of the

labour force and a constant search for competitiveness to guarantee permanence in the market. The insertion of cooperatives into business networks makes them competitive because the workers' greater responsibility for management leads to greater productivity and consequently, more profits. The negative aspects of the process are the constant intensification of work, due to work shifts linked to the level of demand and deadlines of outsourced jobs, the instability of earnings dependent on market fluctuations, the contracting of salaried workers for technical and management positions and the creation of new hierarchies. These aspects are present in both explanatory hypotheses for cooperatives discussed. The differences are found in the political evaluation of the involvement of workers in the concept of self-management.

Based on the above, it is possible to assert that associated work in industrial production cooperatives, even when leading to a higher autonomy and democratization of work, is adjusted to the dictates of the type of flexibility demanded by capital. Once the workers assume the onus of work management, part of the costs are eliminated for capital. In these situations, the capital–work relation is substituted by a business–business relation. In theory, the conflict disappears, or at least, the contracting company is no longer responsible for managing it. If at all possible, the challenge would be to balance the search for efficiency and competitiveness in cooperatives, even as a basis for their existence in the market, with socially oriented objectives, such as greater job security and equality in the workplace, better working conditions and democratic participation in management.

The two sides in the current debate on worker cooperativism in Brazil try to integrate in their analysis the current phase of social changes under capitalism; the nature of the collective actors and the roles they perform, as well as the structural explanations in which salaried work is the determining factor in constituting a class, while searching for new explanations as to how and why work, in all its heterogeneity, remains a constitutive element of social identity. The following experiences demonstrate workers' difficulties in moving from an 'era of rights' characterized by the expectation of stable salaried work to a society characterized by risk, flexible contracts and permanent instability, in which the worker is responsible for his or her own employability (Beck, 2001). In this context, cooperatives are once again challenged to

extrapolate new forms of solidarity, work autonomy and democratization out of precariousness.

Brazilian Cooperatives in the 1990s

The growth of workers' cooperatives involved in industrial production in post-1990s Brazil, as previously stated, is a result of the Brazilian economy's adaptation to a globalized market as well as of the growth of unemployment and the consequent informalization of the labour market. In the 1990s, many companies laid off their employees, and suggested that they organize themselves into cooperatives to provide services as subcontractors for the same company.

According to data for 2003 from the Organization of Brazilian Cooperatives (OCB), the range of activities demonstrates the notable growth of workers' cooperatives (production and work) (Table 1).

The number of cooperatives in production sectors (10,000) must be viewed with some caution as they include only 315,000 workers. Registration with the national OCB, or its corresponding state-level

TABLE 1
Cooperatives in Brazil – 2003

Area	Cooperatives	Membership	Employees
Agriculture	1519	940,482	110,910
Consumer co-ops	158	1,920,311	7219
Credit	1115	1,439,644	23,291
Educational	303	98,970	2874
Specialized	7	2083	6
Housing	314	104,908	2472
Infrastructure	172	575,256	5500
Mining	34	40,830	35
Production	113	9559	315
Health care	878	261,871	23,267
Work	2024	311,856	4036
Tourism and leisure	12	396	2
Transportation	706	48,552	2099
Total	7355	5,762,718	182,026

As of December, 2003. *Source:* Brazilian Organization of Cooperatives (OCB).

organization, the OCE, is not mandatory and, therefore, a great number of cooperatives are not registered. On the other hand, the OCB has historically acted in the traditional sectors of cooperativism in consumption, credit and farming and cattle rearing for beef and dairy production. Work and production cooperatives have been viewed from this perspective. As stated previously, the cooperatives are not required to register and a great majority of cooperatives do not. For this reason, official data are merely indicative.

In many situations where businesses organize cooperatives for subcontracting/outsourcing, the OCEs train workers in cooperativism irrespective of the criticism that the actual autonomy of these cooperatives does not follow the principles of the cooperative movement. According to the interviews conducted with OCE representatives, insertion into the market is fundamental for the survival of cooperatives and this is the reason the organization of cooperatives should follow regular business parameters. Therefore, the OCB and OCEs end up advising government and business organizers of cooperatives in small business development. According to their critics, their position leads to a disregard of the social approach that is present in this kind of enterprise, i.e. the approach recommended by NGOs and the union movement.

NGOs also advise worker groups, both with and without union ties, on the organization of cooperatives and the transformation of failed companies into self-managed companies. One such association is ANTEAG, which, with state and city government support, has been active in the recovery of companies since the beginning of the 1990s. ANTEAG's activities have followed the economic solidarity perspective. Over time, it has been joined by other associations such as UNISOL (Union and Solidarity of Cooperatives and Social Economy Enterprises in Brazil) in the state of São Paulo, founded by the ABC Metalworkers Union in 1999, and the University Network of 'Popular Cooperative Incubators' affiliated with the Unitrabalho Foundation, through which various universities participate by organizing popular cooperatives for the low income population.

The intellectual nature of the movement has resulted in numerous seminars and diverse publications, highlighting the relatively successful experiences of the recovery of failed companies and income-generating cooperatives and indicating the possibilities and limits

of this type of enterprise as a compensatory policy for unemployed workers.

Singer (2002b) has pointed out the numerous difficulties faced by cooperatives in the Brazilian situation: dependence on external support (similar to the state support for regular businesses through tax exemption and other forms of subsidies), a tendency to degenerate into private capitalist entities in the case of successful cooperatives, the risk associated with the contracting of salaried workers, the misappropriation of the egalitarian self-management concept and the inability to maintain an effective solidary character, among others.

Changes in elected state and city governments, from administrations sympathetic to cooperativism to new administrations that are not, have ended government support to some of these programmes and NGOs, showing the fragility of the cooperatives and their dependence on a public patronage that changes in accordance with the political party in power. ANTEAG stresses the difficulties and discontinuity of assistance programmes due to the loss of government support, as in the case of the state of Rio Grande do Sul, which under the Workers' Party administration supported a great number of cooperative projects. In June 2003, also under the Workers' Party administration, the federal government created a National Secretariat on Solidarity Economy (SENAES) within the Ministry of Labour and Employment to support, among other enterprises, the so-called popular income-generating cooperatives in the country. This strengthened the cooperatives by instituting them under federal public policy. However, there is no certainty that this support will continue if a new administration comes in, with different political-economic views.

The character of the 'new wave' of cooperatives explains the absence of more systemized data about these cooperatives and their workers. There has been an increase in the number of research studies about self-management experiences and their significance for workers; however, these results still do not lend themselves to generalized conclusions. For the same reason, unionized labour's position in relation to cooperatives remains ambiguous. Only the CUT – a labour confederation – has had a debate on cooperativism and achieved effective collaboration with the cooperatives through the creation of a Solidarity Development Agency in 1999. Until then, each union took the attitude it saw fit: some considered the cooperatives favourably as an employment option; others saw them as a fraud to be opposed, emphasizing the distinction between true and

false cooperatives. From this perspective, the cooperatives considered false, or what we call pragmatic (businesslike), are strongly opposed. Even for those cooperatives considered authentic, union support is tepid, depending on the position (or absence of position) of the union confederation to which the local union belongs and the internal disputes between different factions in the same union organization.

Pragmatic Cooperatives, False Cooperatives and their Variations

The so-called pragmatic cooperatives emerge either from failing factories, whose owners call on workers to take on the co-management of the company, or where workers take on the administration of the company, maintaining the previous hierarchy, under the command of the company directors. Furthermore, some cooperatives are organized to act as subcontractors in business networks in the industrial and service sectors. In the industrial sector, cooperatives are strongly represented in factories in the labour-intensive footwear and clothing industries, and are present on a smaller scale in the textile and steel industries. In the service sector, privatized utility companies such as electricity and telecommunications implement redundancy policies and rehire workers organized as cooperatives, a practice also seen in software companies and even government agencies subject to the fiscal responsibility laws, who contract workers organized in cooperatives to provide public services. These cooperatives are known as labour cooperatives, merely because they offer a labour force to companies (Martins, 2003).

For their part, the cooperatives organized for industrial outsourcing in the northeast region of the country were part of a set of policies formulated to attract industrial investment in the so-called 'fiscal war' between various states of the federation. The 'fiscal war' originated in the process of opening up the economy at the end of the 1980s, with the government's adoption of neoliberal policies and the end of centralized planning for regional development. This strategy was used by various Brazilian states to attract investment from traditional industrial areas, the brownfields, which had lost their competitive edge due to their location in congested urban areas where production costs were high and the labour force was strongly organized and well paid. Thus, the new investments were made in regions known as greenfields, due to

their low labour costs, subsidized infrastructure and little union activity. In particular, the automobile industry, primarily located in the south/southeastern region of the country, with the largest consumer market, was targeted by states seeking new investment. The northeast began also to attract the textile, footwear and clothing industries, sectors that require a large labour force, and which the region possesses in abundance and at very low cost.

The creation of cooperatives was considered part of a public policy to attract industrial investment to the interior of the north-eastern states, traditionally characterized by the non-existence of significant economic activity and endemic poverty. The more distant the locale was from the state capital, the greater the incentives made available. Government support of these cooperatives materialized in the offer of buildings and infrastructure (roads, electricity, telephone) and organization, recruitment, selection and training of workers, including schools for clothing workers in some cities. The contracting companies planned the production layout, leased the machinery to the cooperative,⁴ or in conjunction with state banks acting as guarantors for new equipment, and provided skilled workers to supervise the cooperative workers. In general, the cooperatives occupied various industrial work sheds, one of which was used by the contracting company for its office and warehouse, and the rest housed the cooperative's production facility. The majority of the production was for export to European and North American markets. Aside from low labour costs, fiscal incentives and infrastructure, the companies outsourcing to cooperatives were exempt from paying social welfare contributions. It turned into a reality the dream of 'cheap Chinese labour costs' coined by one state government secretary. In these situations, worker ownership is more a formality than reality, once the cooperative has been organized to provide a workforce. The workers have no control over decision-making. The ownership of the means of production was shared between companies and the governmental agencies that assigned the rights of use to workers. The closing down of a cooperative implied repossession of the plant and of the machinery by the companies or the banks who had provided the capital for it.

The cooperatives' dependence on the contracting companies was absolute in these situations and led to denunciations of fraud, with companies being accused of making use of waged work in disguise. In some cases, these denunciations led to the reversion to a regular company and the closing down of units, in other cases the companies

adjusted their activities to conform to the law, while in others legal requirements were met on paper while maintaining the cooperative's dependence on the contracting company. Union campaigns also contributed to the shutting down of units considered fraudulent. However, these denunciations were not followed up by attempts to recover the 'true' character of the cooperatives, resulting in the closing down of the cooperatives and the workers losing the only regular income available in the region. In some cities, this led workers to oppose the union because its actions had contributed to the loss of jobs.

In other situations, the operation of the cooperative-company relation was badly run, the company was late in sending orders and making payments and the workers had to turn to the justice system to claim their rights. These cooperatives eventually closed down, leaving the workers with nothing. In response, these workers tried to organize themselves and demanded, without success, the opening up of new cooperatives in partnership with new businesses. Apart from the abuse of workers' rights on the part of the companies, the unions were also unprepared to handle the issues of cooperatives, rigidly taking the stance that either the companies hire the workers as salaried workers or close down. The majority of companies opted to close down and the workers lost their source of income from the cooperatives. The debate with the workers did not include any programme of cooperativist awareness or even the attempt to rescue what could have evolved into a true cooperative. The objective was simply the reversion to salaried work.

In the cooperatives that continued to operate, the number of jobs created and their economic impact on the region contributed to offset criticism, including ignoring even the cooperative 'facade' and its effective subordination to the contracting company.

In the south and southeast of the country, numerous cooperatives were also created by companies. The most controversial of these were the workers' cooperatives for harvesting oranges, organized by large commercial farms in the state of São Paulo, which employed more than 10,000 workers. These were eventually shut down for being fraudulent. However, labour cooperatives in the service sector have continued to multiply, as have industrial cooperatives engaged in the recovery of failing companies, but doing so from a different perspective than the one that characterized the cooperatives in the northeast during the 1994–2000 period.

Authentic Cooperatives, True Cooperatives and their Variations

In the region of the Sinos Valley in the state of Rio Grande do Sul, together with ANTEAG⁵ consultants, footwear unions organized production cooperatives to prevent the transfer of companies to the northeast and to stem the tide of growing unemployment in the sector. In some cases, the cooperative maintained its former hierarchical structure, recovered its market share and eventually contracted more workers. Others, in a similar situation, maintained international brand name contracts for export and their competitiveness was considered a success by ANTEAG. However, unions with closer ties to the solidarity economy movement viewed these cooperatives with suspicion, given their businesslike market orientation. Another group of cooperatives was organized at the suggestion of a large footwear company that was opening new units in the northeast and was willing to outsource work from their Rio Grande do Sul unit to local cooperatives. Eight cooperatives, with an average of 80 workers each, were organized with the union of the municipality of Parobé as intermediary. These cooperatives, in contrast to those in the northeast, were organized in accordance with cooperativist principles, observing rules on apportioned wages, maintaining reserve funds, collecting benefit contributions, and many continue to operate. The contracting company maintains regular orders that guarantee the workers an income that is, on average, higher than the earnings of salaried workers employed by the same company. Aside from this, the cooperatives receive support from governmental programmes for continuing education and courses in product development, management and other topics geared to provide effective autonomy to these cooperatives.

However, just as in any small business, the lack of operating capital maintains the cooperatives' dependence on subcontracts and therefore, however indirectly, still dependent on the private companies. Even so, the relationship with the contracting company does not impede other partnerships that have emerged on a temporary basis. New partnerships are made on an order by order basis for specific products. In general, the workers in these cooperatives already have experience in the footwear sector and do not represent costs in terms of skills training. The training costs are limited to courses in cooperativism, provided by the union, to enable the workers to understand the nature of associated work.

In 10 years of operation, some cooperatives have closed down and others have started up. Closure has usually been due to management problems rather than any difficulties with the contracting companies.

The organization of cooperatives in this format has decreased since the economic recovery of the region at the end of the 1990s and those that have been formed are the result of failing factories. The cooperatives have transformed into one more option in the labour market for the workers who circulate among the factories and informal workshops. However, problems with labour regulations, although less serious, still exist. According to directors, fiscalization of the cooperatives is assigned to one of the unions, which becomes the 'intermediary' between the companies and the cooperatives. Controversies over union fees have caused the union to accuse the cooperatives (organized by the union itself) of fraud. However, there have been no judicial consequences and the cooperatives continue their normal operations. There are also a small number of associated workers in the municipality under the jurisdiction of this union who have little participation and are more concerned about access to medical benefits provided by the union. The union, in the neighbouring city of Novo Hamburgo, is responsible for the cooperative awareness activities.

Workers and Associated Work

'False' Cooperatives and Precariousness

Among the northeastern cooperative workers organized in industrial outsourcing, there was little idea of what a classic cooperative means. Identification with the company was total, and few workers understood why the company was not employing them as wage workers. This is because the physical presence of the companies was not merely limited to their brand name products: their staff supervised the work in the factory and were part of the administrative board of directors to which the cooperatives had to report. In some cases, the company contracted the president and the board of directors was composed of ex-employees. Nevertheless, these cooperatives showed a great diversity in how the boards were organized, whether including outside business professionals or trusted workers in the cooperative itself. In formal assemblies, the workers

limited themselves to voting on decisions presented by the board and the company. The action of the boards was restricted to disciplinary control and observance of decisions by the respective supervisors of the work process. The management hierarchy, constituted vertically, was another characteristic of these cooperatives. In addition to the positions in administration, supervision, operation and support, a hierarchy of company staff was imposed on the associated workers. Salaries varied among the associated workers depending on the cooperative and the way the work was organized – production line or autonomous teams – and what was produced. In some cooperatives, the colour of the worker's apron indicated job function and salary. The issue of equality was not considered a problem since democratic management was merely a formality.

From a critical perspective, denunciations of fraud date from when the cooperatives were first organized. State governments and companies have been careful to try to disassociate themselves from whatever ties might characterize the cooperatives as subordinate in their relationship to them but have been unsuccessful in this regard. There was an early attempt, which failed to flourish, to create a cooperative mentality among the workers through training and courses on cooperativism. In general, these comprised 16-hour Saturday courses on cooperativism for those workers going through the membership process to join the cooperative. The courses were taught by state cooperative organizations under contract to the federal government. After they began working regularly, new members rarely obtained any cooperativist education. As a result, the workers rapidly forgot any superficial notions they held on cooperativism as its effectiveness was rarely perceived in their day-to-day work.

For the majority of workers, the cooperative represented their first factory job. The cooperatives were situated in cities relatively distant from the state capitals that had no significant economic, let alone industrial, activity. The workers had worked in rural activities (day labourers on farms), informal urban activities (street vendors, ex-students, housewives and various unemployed workers) or as service workers for the city government (general services, school cafeteria workers, etc.), all earning less than the minimum wage set by the government. The average schooling of the cooperative workers was relatively high, with many having completed high school, due to the lack of other employment or occupational options available.

Earnings in the cooperatives were as high as the minimum salary and sometimes above wages paid in the regular factories in the region. However, in the majority of cooperatives, the instability of orders from contracting companies compromised the regularity of earnings and led to great dissatisfaction among the workers. Economic changes in these years also led companies to give up this form of outsourcing and simply abandon the cooperatives and their workers. Various cooperatives continue to exist on paper but their facilities have closed, the companies have repossessed their equipment and the workers continue to wait for solutions or have migrated to other cities or regions of the country to search for work.

Ten years after their establishment, the cooperatives that continue in operation are those that have contracts for the production of international brand name tennis shoes and women's shoes for export, which have guaranteed greater 'job' stability and above average regular earnings. In the municipality of Quixeramobim, in the state of Ceará, one single factory, acting as a subcontractor for a company in Rio Grande do Sul, employs 3000 workers in the production of tennis shoes for export to the US and UK. In this case, workers are just satisfied to have a regular job and relative stability, and the significant improvement in social status and upward mobility that entails. They have easy access to credit and are able to buy houses, bicycles and electrical appliances. In short, they enjoy a better standard of living. Previously, they only participated on the sidelines of the consumer society.

However, they understand their situation as irregular because they are not contracted or salaried workers but members of a cooperative that nevertheless has the appearance of a regular company in terms of its work organization, rigid hierarchy and administrative authoritarianism. This understanding is quite accurate, considering that the contracting companies have been required by law to deduct welfare benefit contributions from their payments to the cooperatives, and likewise, the cooperatives are required by law to maintain reserve funds to guarantee workers access to paid days off, holidays, etc.

It is important to note that being a salaried worker with a signed work card in Brazil has a symbolic significance for workers, facilitating access to citizenship through the social rights included in the salary relation, with medical and retirement benefits as well as employment benefits such as paid vacations and days off, the so-called '13th salary',⁶ permanent employment status, redundancy

pay, etc. The symbolic importance of this remains high for these cooperative workers, independent of the fact that the majority had previously worked informally and never had a signed work card. On the other hand, the pretence of 'cooperative' ownership is more virtual than real: city governments provided the buildings and the machinery was financed by government banks or leased to the cooperatives by the companies. In sum, 'collective' ownership merely refers to the common use of collective labour for the 'final product' – assembling and finishing clothing and footwear items sent in by the companies.

The work shift was another problem. When orders increased, workers worked overtime and weekends without additional earnings. This extra work was not necessarily reflected in the end of the year wages apportioned between workers. Another issue was the presence of salaried workers from the contracting companies in the work environment, creating two types of workers: salaried workers with 'rights' and associated workers without 'rights'; company employees as 'outsiders' and associated cooperative workers as 'natives'. Worse still, the 'owner-managers' answered to the salaried workers, who, aside from possessing more power as representatives of the company, also earned more, lived in better neighbourhoods and had no social life in common with the associated workers. This situation created great animosity between the two groups, and is reflected in the accusations of bad treatment of the Ceará workers (natives) by the Rio Grande do Sul workers (outsiders) that appeared in the region's press. All things considered, however, the cooperatives still constituted an option of employment in municipalities that are best known for endemic poverty and unemployment. City governments competed for these cooperatives, their being perceived as the only way of attracting investment and jobs. In the period during which they operated, the cooperatives had positive impacts on the local economy through greater monetary circulation due to the 'salaries' of associated workers (Lima, 2002).

For the workers, the understanding of self-managed work was not clear because they had never been salaried workers and the idea of collective property was far beyond the imagination of a region marked by paternalist political domination based on great social inequality. The cooperatives ended up functioning as a locus of proletarianization of these workers, where the collective worker was effectively constituted. The factory, in these circumstances, wore

cooperative 'drag' without losing the essence of the capitalist organization or the exploitation of the collective worker by a private company. The cooperative workers began to develop an awareness of this situation in which salaried work without rights was being dressed up as self-management, and began to demand their rights, albeit very cautiously because it was better to have *any* regular paid occupation than none at all.

In interviews with workers whose cooperatives closed after conflicts, a new comprehension of cooperativism can be perceived among the workers who participated in these struggles. According to their statements, they would like the cooperatives to reopen with new business subcontracts but effectively run by themselves. In a situation of general precariousness, the cooperatives signified, and signify still, a possibility of participation in a mercantile economy. It is difficult to speak of work relations becoming *precarious* with workers who have never had access to social rights stemming from formal work. The dilemmas of globalization and the flexibilization of work are well illustrated in this situation: closing down workplaces in industrialized regions to reopen them in regions with no tradition of industry or formal employment, and proletarianizing new workers and integrating them into the labour market.

'Authentic' Cooperatives and Democratic Participation

Unlike the northeastern cooperative workers, the cooperative workers in the Sinos Valley in the south of the country have a distinct understanding of self-managed work, due to how these cooperatives were organized and the pre-existence of a factory worker culture. Inserted in a traditional footwear production cluster, the cooperatives were organized in the context of unemployment resulting from the economic restructuring of the country. While unemployment in the northeast had always been structural due to low economic development and weak industrialization, in the Sinos Valley unemployment was, in great part, residual.

The cooperatives were organized with unemployed factory workers from the region and with union support. The permanent back-up of these cooperatives by the unions strengthened the conception of self-management, understood as a common effort increasing collective work, comprising less hierarchy and less job

stress and perceiving management, in large part, as shared. This does not mean that problems have not existed in the governance of these cooperatives. On the contrary, unbending administration, financial scandals, bankruptcy of boards of directors, expulsion of members, closing down of cooperatives, misappropriation of decision-making power by groups and even families have not been uncommon, being issues inherent to cooperativism as a form of management in market societies.

Beyond these problems is the low participation of the cooperative members in management itself. The workers in these cooperatives asserted that they participated in all the assemblies, but they did not interfere with or impose themselves on management problems. Some declared that they did not understand the administrative issues or had little interest. The problem of management has remained the remit of the board of directors. New hierarchies have been created between those who direct and have become specialized in such administrative activity and those who leave the representation of their interests to the directors. The 'us' and 'them' of traditional factories has been reproduced in various experiences within self-managed enterprises (Viggiani, 1997).

From this perspective, new tensions have appeared, be it when workers are accused of disinterest by the boards of directors or when workers accuse the boards of poor management, centralized decision-making, etc. The board of directors are usually constituted by workers considered more involved in the cooperative activities, union activists who participate in the cooperative organization, or workers considered more qualified, in terms of formal education as well as in management experience.

However, in the case studied, criticisms on the part of the workers were limited on the whole, appearing to reflect a certain disinterest in administration on their part, rather than an enthusiastic interest in collective participation to increase gains and keep themselves informed about what was going on in the collective.

The notion of collective property is seen as subordinate to the dependence of the cooperatives on orders from the contracting company. This is seen as a major benefit, although the workers are aware that outsourcing to cooperatives is a cost reduction strategy on the companies' part. Even so, the workers do not feel they are in a precarious situation: they earn more, possess some stability and the work environment is friendlier. The salary relation in a regular

company, while desirable, would have to exceed the conditions offered in the cooperatives. But at the end of the day, their share of earnings equates with the 13th salary and holiday pay that regular workers earn. The cooperative workers work more, but they earn more. When they leave the cooperative they receive their share, equivalent to indemnification for years worked. Internal democracy is reasonably observed, with few differences in hierarchies. The apportioned wages differ depending on each cooperative and in most of them cooperative members justify the differences according to responsibilities. The board members earn more, as do some technicians. On the factory floor, equity is greater. Not all workers agree with the difference, which shows a sharper awareness of collective ownership/self-management. In any case, salary differences are not a cause of great conflict or dissatisfaction, bearing in mind, as previously noted, the dissimilar situations in different cooperatives.

However, the existence of the cooperative is under permanent threat even when the plant and machinery are their own. The possible termination of orders by the company (that continues to restructure in order to reduce costs) seriously compromises the continuity of these cooperatives and their capacity to plan for the future. This may be why the notion of property is not ingrained among workers due to the doubts regarding the sustainability of a cooperative in a competitive capitalist market. What is important is the effort represented by collective work and this is what the concept of the collective is restricted to and where the concept is more clearly observed. Case studies of 'self-managed' factories, with the support of NGOs or unions, have indicated that the extent of workers' greater participation in management varies, perhaps only from smaller hierarchies to greater democratization in day-to-day work (ANTEAG, 2000; Valle, 2002).

All in all, the issue of sustainability is a great problem, independent of whether the cooperative is the result of recovery processes or was organized for subcontracting. Generally, in the self-managed business cooperatives that replace failed companies, workers who remain after the struggle to reorganize face the issues of obsolete technology, lack of operating capital, loss of market share for their products and management difficulties.

Where the cooperatives resulting from 'recovery' are characterized by the presence of a majority of skilled workers, or where they maintain the previous hierarchical structure and the board of

directors and administrative sectors, the chance of economic success is greater, as is the chance of setting aside the principles of self-management. In situations where unskilled workers predominate in labour-intensive cooperative businesses, the disinterest in and lack of administrative/management expertise, and the dissatisfaction with earnings compromise their continuity.⁷ According to statements by workers, the cooperative ends up being an ideologically justified alternative to unemployment for some, and for others, merely a waiting period to receive worker benefits owed to them and to look for better employment.

A third model can be shown, that of cooperatives that grew out of the transformation of associations of small producers that have been organized by NGOs with the support of various government agencies. This type occurs in areas with a tradition in the production of specific goods, such as shoes and leather goods, which went into decline due to transformations in production in recent decades. This is the case with a cooperative founded in the municipality of Timbaúba, in the interior of Pernambuco. Originally set up with 26 partners from an association of producers to take advantage of the municipality's 'vocation' in the production of shoes, its establishment was supported by international NGOs and consultants from the south and was also guaranteed its own building and machinery. They became successful enough to be contracting salaried workers and distributing their own brand name footwear through stores in the region. However, lack of operating capital and bad management resulted in a lack of capacity to meet the demands of their customers, forcing them to work as subcontractors for a footwear company in the city. The original partners gradually abandoned the cooperative, which today comprises 22 working members, some of whom work only when they are needed to meet orders. Some partners have other jobs, or rely on family assistance to continue in the enterprise, given the low monthly wages. The workers, however, state their interest in continuing in the cooperative, noting the democratic character of the work, participation in all activities and the fact that they constitute 'one big family'. Even so, the cooperative can guarantee only day-to-day subsistence, depending on the volume of orders obtained and the maintenance of outsourcing contracts.

An analogous situation is related by Cabral (2004), who studied a cooperative that emerged from the failing textile and clothing industry in the metropolitan region of Recife in 1995, and which

had initial support from ANTEAG and later from OCEPE (Organization of Cooperatives in the State of Pernambuco). Of the 600 original workers, only 250 remain. Initially organized as a self-managed company and then as a cooperative in 1998, the workers are apportioned different shares depending on the amount of workers' benefits owed to them. There has been no alteration in the hierarchy. Since the 2003 crisis, the workers take turns to work as there is not enough work for all of them all the time. Only members of the administration work daily and are paid accordingly, creating great dissatisfaction among the other workers.

Obviously, these examples cannot be generalized, but the data of other 'authentic' cooperatives in the footwear and clothing sector reproduce situations analogous to those of traditional small businesses, reinforced by the inherent difficulties of self-management. According to a cooperative factory worker in a company that folded and was reopened by the city government on a 'new' basis, the prior situation was better because the company guaranteed an exact wage, whereas his earnings now depend on getting orders that, in turn, depend on the support of and assistance received from government agencies.

National research conducted by ANTEAG on failed companies reorganized as cooperatives in Rio Grande do Sul (ANTEAG/IBASE, 2001) demonstrates the greater involvement of workers, which can be attributed to a larger associative culture in that state.⁸ Organized with union support, in one of the largest footwear production regions in the country, working as subcontractors or not, has guaranteed regular earnings for the workers and relative satisfaction with self-managed work. In reference to their understanding of employment, ownership and collective management,⁹ 61 percent of the workers interviewed declared their desire to remain in the cooperative as a way to maintain the workplace. It should be noted that the number of workers who remain in cooperatives throughout the process of conversion rarely surpasses 50 percent, taking into account the reduction of personnel resulting from the company crisis. Associated workers, as 'survivors' of a long journey from the closing of the company to its reopening as a self-managed company, may have a greater awareness of the advantages of cooperative work through the struggle they have experienced to maintain jobs.

As to ownership, 75 percent declared that it was more advantageous to work in a cooperative than a private company, given the

reorganization of the companies. At times, ownership of the company represented payment of worker benefits owed (which might otherwise never be paid) and the possibility of maintaining a job position or the option of an occupation. This result agrees with findings from the studies of workers in subcontracted cooperatives referred to earlier.

In both situations, the notion of ownership is relative given the dependence on the companies that subcontract their services or the lack of capital of the companies rescued and transformed into self-managed enterprises. The fragility of the notion of ownership due to subcontracting does not make a difference in the participation of workers in the cooperatives with regard to collective work; the joint effort is what provides visible gains to the workers, materialized in the increase in orders and monthly and annual earnings. In this regard, the percentage of workers that state their preference for cooperative work to salaried work reaches 72 percent.

The report recognizes that institutional factors such as ownership do not guarantee participative and collaborative behaviour, what matters more are effective changes in the hierarchy and the real sense of participation in a business with little differentiation in apportioned wages, for example. The relaxation of the hierarchy is sometimes perceived as insecurity by the workers or there is a certain anxiety about the restitution of the previous company hierarchy. In the subcontracted cooperatives, as we have seen, the results are similar and workers declare that they are satisfied and would only trade cooperative work for something more secure.

Rosenfield (2003), in a study of a failing company in the metal-working industry that was reorganized as a cooperative, created a typology of the relation between three groups of workers in cooperative work and their participation. The first of these groups is characterized by their 'engagement', comprising politically active workers who see self-managed work as a way to transform the capital-work relation. They believe in the project and accept the necessity to adapt to the inconstancy of the wages. It is more than an 'ideological and political project' emerging from the factory gates; these workers see in the project the search for a future socialist society.

The second group is marked by complete or part 'adherence' to the project: they seek to construct the cooperative as an alternative to the capitalist enterprise, and to take part in 'authentic cooperativism'. Keeping faith with the cooperative is an alternative to unemployment; it values democratization in work relations where

the associated worker cannot be fired arbitrarily. There is also recognition of the business nature of the enterprise and the necessity to maintain competitiveness, hard work and hierarchy, as different competencies always exist. Like engagement, adherence is seen as a positive proposal – minus the militant character of a political project – but one of permanence and a guarantee of continuity.

The third group is characterized by a 'holdback', in which they remain as cooperative members for the complete lack of other options and as a possible way to recoup losses due to the failure of the company. They do not perceive themselves as owners. They participate in the assemblies, but feel like outsiders, valuing the signed work card and doubting the viability and continuity of the project.

Cabral (2004) also classified cooperative workers' participation into three types: (1) those that are present and only vote; (2) those that participate sporadically; and (3) those that participate actively, generally members of the board and other workers. This classification links participation to higher schooling and skills, a situation that is also observed in the subcontracted cooperatives studied. The disinterest among 'factory floor' personnel, as referred to by Kasmir (1996) in reference to the Mondragón experience in Spain, appears to be the result of various factors: lack of instruction, fatigue, lack of mobilization, poor understanding of self-management, no belief in the model and, in short, a lack of effective involvement. Effective involvement presupposes a militant, political character; a difficult situation that is not easily maintained.

Conclusions

This article has examined the experiences of some workers' cooperatives in Brazil and the debate that accompanied the numerical growth of these cooperatives in the 1990s. The debate centres on the 'authentic' character of these cooperatives, within a context of economic restructuring, internationalization of production, industrial relocation and the crisis of salaried work relations. In Latin America, and in Brazil specifically, cooperatives have been created as an alternative to unemployment and a lack of occupation, either from 'social' or business (cost reduction) viewpoints. The political and academic debate on economic transformations and their

impact on work reclaims the self-management proposal as a possibility for worker emancipation, using the work world as a reference and treating workers as historical subjects in social transformation. From another and distinct perspective, the pragmatism of the market imposes a functional perspective, associated work in production cooperatives is an alternative to informal work and a real possibility of reducing business costs to allow national industry to increase its competitiveness through new work institutions.

The empirical research points to a diversity of situations, where the perspectives are mixed. The market is no longer an issue. Competitive involvement in the market is a necessity of survival for cooperatives and self-managed enterprises even within the solidarity economy. A new version of socialism is possible in the 21st century, with greater work democratization provided by collective property and management within capitalism itself. This is nothing new if the historical debate of the European cooperativist movement is considered. What is new, however, is the social and economic context of the debate on the periphery of capitalism.

As such, when these cooperatives that are organized to reduce business costs and are not always concerned with observing cooperative principles are installed in greenfields, they signify the inclusion of new territories for global capitalism that provide occupations, regular income and market insertion for a population hitherto excluded from this process.

This is synonymous with work precariousness, because jobs are lost in some regions to benefit new regions, all within the explicit logic of exploitation by capital. In the Brazilian northeast, the cooperatives function as a type of 'primitive' capital accumulation, being the first factory job, and create the 'collective worker'. Even with participation in 'management' in name only, the workers become informed of their rights. An associate worker is able to contribute, however slowly, to a greater awareness among fellow workers that they can have a greater influence over the unions and can pressure the latter to assume a more proactive position on how to 'recover' cooperative principles in the cooperatives. For now, many local unions do not appear to be aware of the potential of cooperatives – and view more or less all cooperatives as frauds.

Autonomy and formal collective management, however, can be transformed into banners of the future, because workers, in one way or another, become part of the meaning of self-managed work. The workers' satisfaction with cooperatives, in this instance,

is not linked to self-management, but to a regular paid occupation. In the traditional industrial areas – the brownfields – cooperatives have other meanings: as palliatives to unemployment, they emerge more from a lack of options than as alternatives. Associated work is consolidated by a movement towards a greater democratization in work relations, greater equality in job income and the politics of worker autonomy and emancipation. However, these projects are still viewed with suspicion by union leaders and militants present in the organization of cooperatives. The factory floor workers perceive these projects positively, but without transcendence to a political notion. The understanding is restricted to a less stressful daily job, participation in decisions (however restricted) and greater earnings where management is successful. Collective property, given the external dependence, is rarely perceived.

The question of governance is a problem that affects the majority of independent cooperatives in their orientation towards market or the construction of new social solidarities. The unfamiliarity of workers with collective management is a factor that makes the consolidation of the cooperatives more difficult, but does not impede them. Ongoing education in cooperativism is one solution, but it faces obstacles among the worker unions themselves, who do not always have much understanding of or support for cooperatives, even when the unions themselves have participated in the organization of the cooperatives. In comparing recovered factories or association organizations, the similarity in their problems can be perceived. Collective management is difficult, as is the maintenance of internal democracy and equity, and the external dependency on partnerships is a further drawback. In the case of self-managed enterprises, whether organized by NGOs or unions, the workers' militancy results in a greater awareness of rights, the possibility of autonomy and the chance of democratization of work relations. After the initial setting-up period is over, the day-to-day management problems present in production end up establishing new work hierarchies based on the greater skill of some workers over others, and specific involvement in management. Also, the need to maintain a market share results in an intensification of work that sometimes causes the workers to become dissatisfied. Here again is a paradox: the intensification of work that can represent, depending on the situation, something positive, resulting in greater monthly and end of year income, becomes cause for dissatisfaction.

Public policies to support cooperatives have contributed to the debate and implemented new forms of assistance, yet they are also dependent on the political parties that support the proposals. In Brazil, cooperatives are one of the pillars in the struggle against unemployment for those embracing the notion of cooperativism. However, a change in government implies, if not the dismantling, then the withdrawal of support to cooperatives, or a change in focus that becomes less social and more businesslike.

For workers, associated work in Brazil in the current context has represented, to a large extent, rather than a conscious search for autonomy or democracy, an alternative to unemployment. In this respect, we can speak of an awareness of precariousness, because associated work transfers to the worker the responsibility of maintaining his or her occupation and access to social benefits. For some, associated work becomes a complementary and even temporary activity, while they are seeking salaried work. For others, the understanding of the advantages of salaried work diminishes when they perceive the cooperative is successful and their collective effort is compensated for by regular earnings and, principally, stability. They know that it is unlikely that they will lose their work, unless the cooperative closes down.

Can we then state that associated work in 'disorganized capitalism' is flexible and precarious work par excellence, or the embryo of a new social solidarity? Maybe both are true, considering the complexity of the forms assumed by cooperatives. For the businesses, the cooperative workforce is available when it is needed and makes it possible for companies to increase their production without altering their labour costs. They abuse the workforce. For the workers of these cooperatives, the situation is similar to an ordinary company without the respective benefits. They work when there are orders, and when there are none, they go home and manage as best they can. In these situations, self-management and ownership signify little to the worker who may prefer the stability, however illusory, of salaried work, even when they have never held such a position in the past.

In the self-managed enterprises, or the cooperatives resulting from worker organization, the situation is distinct but the workers face the challenge of rescuing companies from failure, which requires extra effort. Workers in subcontracted cooperatives face the challenge of needing to be more productive than salaried workers. All things considered, management autonomy is perceived positively

but without being seen as a better alternative to salaried work, given its ties to the market. In some situations, it is possible for the cooperative to maintain its social principles of democratization, equity and participative management even in a competitive market. It is difficult, however, to attempt the construction of new principles of solidarity in a society that is not solidary. It is more feasible to perceive the cooperative as a less precarious alternative, that can reproduce itself, based on an effective adherence to its original concepts, into a permanent form of cooperativist education, instead of an option that only occurs in the context of crisis. From this perspective, the debate over false or authentic cooperatives makes no sense. The discussion is focused on the viability of forms of collective management and ownership in a market economy and the paradoxes involved in this type of ownership and management. As to the transformative possibilities of associated work, this requires a theoretical effort in the analysis of the transformations of capitalism and its consequences for the collective worker, and class as an agent of social change, which is beyond the scope of this article, remaining, nevertheless, a question to be investigated.

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1. It should be noted that the majority of these cooperatives organized themselves according to legal regulations. However, a large number have been accused of being salaried labour 'in disguise' and were closed down by state inspection agencies.

2. A distinction exists between the factory reconversion movements that were linked to specific factories throughout the 1990s and the Argentine 'recovered factories' movement resulting from the crisis faced by that country in 2001–2. Regarding the Argentine situation, see 'Factory Takeovers in Argentina'; at: www.iisg.nl/labouragain/argentineantakeovers.php

3. Regarding advances and setbacks in worker cooperatives, see Louis (1986), Oakeshott (1978) and Cornforth (1983).

4. The company assigns the rights of the use of the machinery, which has to be returned in the same condition.

5. In this case, consultants affiliated to the Union of Chemists of São Paulo worked as part of ANTEAG.

6. Besides the year's wages, firms are legally obliged to pay their workers an extra month's wage as a bonus, usually paid in two parts; this is known as the 13th salary.
7. Research conducted by Holzmann (2001) into two cooperatives created from bankrupt companies in the Rio Grande do Sul steel industry shows the importance of skilled labour as a variable in the greater or lesser success of worker-ownership management.
8. The research included industrial production, agricultural and work (services) cooperatives.
9. The sample consisted of 367 of a total 1523 workers, 202 of the 367 being industrial production workers.

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