

# The mobilisation of productive territories in Brazil

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## 1. Introduction: context and challenges<sup>1</sup>

Brazil's current conjunctural context could be defined as having been marked by a double depletion of the economic models.

As the neoliberal techniques of monetary stabilisation prove incapable to generate the necessary conditions for a new cycle of economic growth, the memory of the hyperinflation of the '80's and of a development cycle followed by increase of social inequalities in the previous decades still indicate it is impossible to turn back to the national-developmentism policies that prevailed at that time. Indeed, inequality has endured all phases of development, going through different economic models, perpetuating and naturalising itself.

During the developmentism era, the end justified all means: the fight against inequalities was sacrificed in the name of a "superior" interest in accelerating the growth of national industry. Hyperinflation was the perverse symptom of this dilemma. There was a shift towards neoliberalism that made the means become ends: monetary techniques of economic stabilisation have not presented any perspective of sustainable growth so far. Uncontrollable inflation was immediately followed by an outburst of interest rates.

However, there still remains the challenge of finding a development trend which reduces social inequalities. There are no readymade formula here but the conviction that we need to "think from the inside": rather than seeing this as a natural consequence of economic growth or even of the monetary

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recipes that have been deployed throughout the last decades; reduction of inequalities emerges as the necessary condition of development.

Faced by this challenge, we can categorise several proposals currently being presented in two major groups. On one hand, those presenting the solution of closing the local markets to the globalised market, disconnecting the flows of globalisation. On the other hand, those trends of a state policy of subsidies that reinforces the national “global players”. Both are, in fact, false solutions. False because they empty out and close the horizon of change. Change implies thinking not only on big enterprises but on the networks of small and micro businesses; not only on the companies themselves but mainly on the territories; not only on the global players but, above all, on the competitive insertion of productive territories in the globalisation process.

## **2. Productive territories as local networks of citizens**

The work with productive territories explicitates the political and the social implications of the dilemma posed by economic models, transforming this dilemma into the richness of change: a change which will be much richer as it remains open to the constituent democratic processes.

Developmentism and neoliberalism, as aforementioned, have opposed the ends to the means (and *vice-versa*) due to the fact that their operational mechanisms imply reduction and not expansion of the principles of democratic participation.

The state bureaucracy and managerial technocracy (and frequently the two combined) represent management models based on the limitation of democracy. Be it from the perspective of the authority and legitimacy of the exercise of management (bureaucracy) or the monopoly of knowledge (technocracy), we are facing limited and limiting functions that, due to this very reason, are not able to adequately sustain development.

However, local networks of citizens – networks of democratic participation and activity that are not constrained by any fundamental external to their own constituent process – have an unlimited potential to innovate and create a convergence between economic growth and reduction of inequality.

This means mobilising the productive territories not as administrative, managerial instances, but rather as local networks of citizens. These networks need to be recognised and valued because they produce and

invest in the construction of a favorable environment for innovation: innovation which is, above all, social.

### **3. Why work with productive territories?**

In the age of globalisation, development becomes the integration point of networks: it is on this level, thus, that we have the conditions to integrate social alternatives of supporting the productive dynamics (of enterprises, industries, innovative processes and so forth). The issues of social integration and industrial development meet a new sustainable horizon: mobilisation of productive territories designed by the networks once they play the role of cognitive platforms rather than managerial platforms. Sustainability must then be envisaged as something plural, with multiple dimensions: social, technical and institutional sustainability.

Under the old industrial paradigm in which the big (fordist) firms were hegemonic, the SMEs – while organising themselves as isolated productive units – reproduced the way of functioning of large companies but they lacked one of their major advantages, their capacity of generating economies of scale, of investing in productive and managerial innovation and their possibility to count with qualified staff. From the standpoint of the new paradigm (post-fordist) the SMEs networks can produce these advantages from the systemic benefits (clustering and nearness) rendered by the territories where the networks are nested. At the same time, it is not every cluster that leads to this trend. On the contrary, the differences arising from them (for instance, the Italian clusters as opposed to clusters located in the southern region of Brazil) demonstrate how much the dynamics of the productive territories cannot be reduced to the presence of a number of SMEs operating at certain levels of spatial proximity.

What defines the capacity of SMEs being competitive at a global level in a “topdown” mode (i.e., through a competitive insertion not based on cost reduction but rather focused on value adding) without having to become big companies are their local baselines. On the other hand, it is this characteristic that reaffirms the “local” as a space filled with social, technical and institutional networks which is qualified by the existence of capital goods accessible by the public: a productive territory.

These public goods lying within the productive territory are simultaneously constituted by elements of spontaneous social mobilisation and the unfoldings of *ad hoc* public policies. Productive territories can then

be characterised, on one hand, by a certain pattern of wealth distribution; a specific territorial identity; a kind of urban tissue; certain levels of urbanism; a development trajectory consubstantiated by interrelating tacit knowledge. On the other hand, they are composed of some infrastructure, learning and innovation systems, of institutional dynamics of expression and constitution of the conflicts pervading it.

Local development (socially integrated and economically sustainable development) does not possess other limits than those of the territories producing and reproducing these public productive goods. The most important public good for globalisation is the cognitive environment sustaining small enterprises in the daily production of knowledge and competitive innovation.

It is in the range of this “integration” that we can think of a horizon of sustainability defined by an environment produced by men.

This means placing the emphasis on the mode of production within the territory, that is to say, the conditions to achieve a “territorial mass” – historical accumulation of several territorialising acts (such as buildings, monuments, cities, infrastructure and so forth). It is within the territory – a set of articulated networks (social, technical and institutional) – that the relationships of trust and exchange are established among the several players taking part in the construction of an environment of collective learning and innovation diffusion.

#### **4. The fields of action of the productive territories**

The mere existence of the phenomenon of industrial clusterisation (frequently at a worldwide level) of medium and small enterprises, although it constitutes a necessary condition, is not a sufficient condition for characterising a territory as a productive and integrated one. It constitutes only one of the fields of action of the new policies aiming at the mobilisation or the promotion of Productive Territories.

Another area of interest, are the local realities in which the clusterisation model presents low levels of sustainability and competitive insertion, in other words, the circuits of production and circulation of goods are located in low income social environments, also characterised by low technological levels and precarious conditions of institutional representativeness.

1. the first axis of analysis, which focus on the mobilisation of productive territories as a fundamental instrument of public policies addressing the

fight against poverty and inequality (particularly in its most recent forms, linked to the social fragmentation and spatial segregation) and informality, possesses a delimited range of activity:

- a.1/ particular attention should be given to those territories – extremely important in populational and spatial terms in the current urbanisation trend in Brazil – constituted by the metropolitan outskirts. In other words, those “places” where the marginal condition is determined by lack of public places, poor urban quality, social fragmentation, high levels of violence, in short, by an absence of urbanity.
- a.2/ another important screen of definition of mobilisation policies in the productive territories is that of medium and small networks of cities, which are utterly important in those regions facing difficulties in defining a path of economic growth and social emancipation.
2. the second axis will place its focus on the existing clusterisation elements: be them networks of SMEs, or big industrial conglomerates. Alongside this second axis, public policies develop into Productive Local Arrangements (PLAs).
  - b.1/ public policies promoting an upgrade in the existing networks of enterprises – i.e., clusters of SMEs in terms of productive local arrangements – thus enabling them to add value through a quantitative increase of quality issues and thus the services relating to production, from the design up to logistics, on the basis of generation of employment and, most importantly, wealth distribution (through the proliferation of enterprises and increase in salary levels).
  - b.2/ specific projects will be dedicated to the definition of alternative paths of investment in the territorial factors vis-à-vis the restructuring process and industrial modernisation (automation levels increase and deployment of downsizing methods in big companies) in areas of (scarce) industrial poles, like the case of São Paulo.

From this perspective, the Productive Territories emerge as multiple territories, comprising networks of networks. A multiplicity which implies open policies and open methods of intervention. They can be characterised as being (actually or virtually) made of:

- *constituting processes and elements*: a multiplication of enterprises (enterprise proliferation) based on the capacity of a certain number of players (necessarily multiple, being institutional or non-institutional) of interpreting the social conflicts characterising the territories. This means

that different cognitive and evolutive strategies, in the sense that they reproduce the public dimension of the essential capital goods, explicitate the horizontal cooperation networks in the way of an adequate associative tissue;

- *regional, rural and urban diversified systems*: due to the mentioned constituent processes, productive territories constitute their own limits around the borders of several cities, delimiting new centralities, the network connections in urban centers and new regional hierarchies;
- *a proliferating enterprise baseline* (meaning an inclusive multiplication of new enterprises within a work basin) designed, at the same time, by networks of industries and services;
- *Enterprise Networks*: enterprise conglomerates located in a same territory, presenting a certain level of productive specialisation and informal modes of horizontal cooperation based on complex games of competitiveness and complementarity.

From the point of view of public development policies, we believe that this action must be effective in Productive Territories possessing, on one hand, certain existing or latent characteristics and, on the other, manifesting a determined constituent process. This means that they must be supported by those territories and financed by those projects, based on the fact that they possess endogenous mobilisation elements in terms of their players, that is to say, the networks of citizens capable of shaping (giving sense) and furnishing economic and social sustainability to technical, social and institutional networks.