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Community development and social currency

Main results of the Banco Palmas experience

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This paper aims to analyze the territorial development strategy of the Brazilian Community Development Banks (CDBs) model, based on the results of our research conducted in the Banco Palmas in Fortaleza, Ceará, Brazil.

Brief introduction to the definition of Community Development Banks

Banco Palmas was created in 1998 by the Inhabitants' Association of Conjunto Palmeiras (Associação de Moradores do Conjunto Palmeiras - ASMOCONP) as a strategy to promote the economic development of the neighborhood. It became a solidarity finance methodology known as community development banks (CDBs).

The CDBs are identified, in Brazil, as an important tool for the development of solidarity economy entities and dynamics (both formal and informal) and for their support to the sustainable local development. Indeed, differently from other banks driven to offer microcredit to low-income population, CDBs are necessarily created and run by members of the community, usually through some community association. They consist of a territorial development strategy aiming to give dynamism to local economies in poor neighborhoods and to strengthen community organizations by empowering mechanisms.

Most of CDBs offer microcredit both in the official Brazilian currency (with low interest rates) and in a local "social currency" with no interest rate. The social currency is commonly accepted by local establishments. It contributes to reinforcing local economic flows as well as the processes of building community identity and endogenous development. Besides promoting local consumption,

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they also encourage local productive chains, offering credit for individuals who otherwise would have no access to any credit; through their strategy for local action, they focus on increasing local trade and business activities within the community's network.

Many of them also provide "correspondent banking" services, through partnerships signed with public banks, giving access for inhabitants to financial services without them having to travel long distances to pay their bills. Although offering all those financial services, the main purpose of the CDBs rely on promoting and implementing an integrated development of the territory, defined through participative processes and articulating all local actions into their economic and social ongoing dynamics.

Summary of the research main results

The research consisted of three hundred and three (303) interviews of community members who used the community bank services. The field work was developed in August 2012.

The analyses explored aspects linked to socioeconomic financial inclusion, financial security, participation, local consumption and the use of the social currency, among others.

The results suggest that the Banco Palmas is an important institution when it comes to offering financial services which contribute to the provisionary stabilization of income for vulnerable populations. These financial resources combined with the cash transfer program - Bolsa Família - increase the range of possibilities for the use of their incomes. This access also has psychosocial consequences on poverty such as reducing the feeling of life's unpredictability, increasing the budget organization' and causing a greater sensation of financial security as suggested by the majority of those interviewed.

From a territorial angle, the majority of the population claim to consume locally despite the drop in the use of the local currency in comparison to the time of its creation. These data allow us to discuss the role of social currency within the CDBs strategy. In relation to local consumption, the social currency turns indeed to be a powerful tool as much concretely as symbolically.

From a symbolic point of view, the social currency can be analyzed as an historical instrument, representing and creating a connection between the current actuality of the neighborhood and the history of the community mobilization. This may be confirmed lately by the release of the "Palminhas", the social currency that will be used for an educational project focusing on children. Aside from the objective described by Banco Palmas of "mobilizing the children to create a culture of economic solidarity based on the valuing of local consumption", this specific "children-designed" currency has also a social function of working as a link between the history of the neighborhood and the new generations.

The social currency also works as an instrument for low income communities to better understand the notions of the monetary aspects of economics, especially those related to

local exchanges. That way, the abstract meanings of socioeconomic relations are better understood when social currency is being used in the process of community empowerment.

Aside from highlighting the importance of the community bank on diverse aspects described to this point, this research also raises new questions toward their potential effects on not only the economic dynamics but principally the social ones as well.

I. Community Development Banks: From local experience to a strategy for territorial development

From a local community-based initiative to a national network

Towards the end of the 90's, after 20 years of accomplishing victories in the development of infrastructure within the Conjunto Palmeiras, poverty reduction, income generation and jobs creation were still the main challenges to be faced by the community. This context of poverty was confirmed by a local research study conducted within the neighborhood, by which the local association ASMOCOP perceived that part of the oldest inhabitants had to move out because they no longer could afford the costs brought about by the urbanization of the neighborhood. Looking for local alternatives, several seminars, debates and research to understand local economic problems were organized.

This resulted in the structuring of a development strategy which linked local consumption with local production. Consumption was stimulated initially, through a local credit card called PalmaCard, an exchange club, and, later on, in 2002, with the availability of a social currency (the Palmas) for the whole neighborhood (MELO; MAGALHÃES, 2005). Local production was incentivized through credit offering for productive purposes and by supporting commercialization strategies for local producers and merchants.

Thus, in 1998, Banco Palmas, the first community development bank in the history of Brazil began its story, in Fortaleza, Ceará.

It was the only community development bank until 2003, but this began to change from that year forward as several community associations and the public sector became interested in the implementation of this structural dynamic in other locations. This build up of interest was so significant that the ASMOCOP decided to create a new entity – the Instituto Palmas – in charge of replicating the methodology. This led to the creation of the Brazilian Network of Community Development Banks.

Main characteristics of CDBs: reframing the purpose of economics and its use by communities

Following the definition of the Brazilian Network of Community Development Banks (2006), CDBs are "interweaved solidarity financial services, of an associative and communi-

tarian nature, directed towards job creation and income generation within the perspective of reorganizing local economies, having as their foundation the principles of the solidarity economy". Their main objective is to promote the development of the territory and strengthen their community organization.

The term solidarity, referred to within this context, means subversion from the utilitarian logic of an economy ruled by the maximization of profit and optimization of resources, to a logic built around specific values: trust and cooperation (SINGER, 2003; FRANÇA FILHO, 2008).

These values are also present at the framing of an action performed as a network. Since encouraging local consumption and production is conceived as something interlinked – local network of producers and consumers – it breaks away from the market logic where producers compete and consumers are fought over, in order to strive for an associative economy. The concept of network affirms an action that does not aim for a single target – a client – but looks at the whole territory (community), linking its residents, local institutions and merchants.

Here lies one of the great differences between traditional microfinance initiatives and solidarity finance. The former being more linked to a minimalist vision, which prioritizes a service provision for a low-income population, mostly microcredit. The latter focuses on an integrated development of the different territories by providing a set of financial tools that promote together, in full complementarity, these territories' development (UNIVERSIDAD DE GENERAL SARMIENTO, 2007). Another variance is the fact that the managing entity is local and community driven. This is a fundamental characteristic of the initiatives from the solidarity economy field, which holds as a necessary condition the collective construction of the initiative by those who are part of it. As Singer states (2007: 58): "The necessary investment for development must come from the whole community, that way everyone can become owner and benefit from new wealth being produced."

Another important feature of the CDBs is indeed the way it delivers microcredit. Because it is rooted in the community and has, as part of its DNA, to provide for a population that is not able to produce real guarantees/collateral, the information about potential recipients is looked for within the community itself. This information is collected by discussing with a neighbor or local shopkeepers and by visiting the house of the applicant. Another criteria is based on the inhabitant's participation in the activities organized by the CDB and the community. There is a direct link between the economic and social exchanges within the community and microcredit delivery. These forms of delivery, using social and community networks as a way to obtain information about the clients, can be referred to as finance of proximity (ABRAMOVAY, 2004; ABRAMOVAY E JUNQUEIRA, 2005). Differently from the solidarity groups, which is the classical microcredit methodology, consulting with the neighborhood becomes a way to obtain more information about the potential recipients, but it is not meant to be community collateral for the loan itself. We could however, referred to it as 'a social guarantee'.

The social currency also upholds the territorial character of the actions performed by the community bank. It is well known that several social currency experiences exist around the world and were initiated within a great diversity of contexts and schemes: from the LETS (Local Exchange Trading System) which saw its beginnings in Canada, and today, are spread around different countries and arranged in different ways, through the time banks systems, to the experiences in Austria and Germany which use Silvio Gesell's theory of demurrage, where the currency loses its value with time (BÚRIGO, 2010). In Brazil, the social currency is linked to two strategies – barter clubs and community development banks. In the barter club, the social currency is used within a defined space, which means, producers and consumers meet to exchange products and/or services within a defined time slot and space. Within the perspective of Solidarity Economy, barter clubs also allow for the constructive discussion of pricing, since these exchanges occur under a different set of principles.

Within the community bank strategy, the social currency refers to us as a local circulator, meaning the social currency increases the number of exchanges operating within the community, in the usage area of the currency, since it circulates within a restricted area: a neighborhood, a community, being accepted by all commerce that has joined the scheme (BRAZ; SILVA, 2011).

According to Singer (2009), the major innovation of the CDB was to link two modalities of solidarity economy – microcredit and the barter club – expanding the reach of the social currency to a territorial coverage. Beyond stimulating the local consumption and circulation of the resources generated within the community, the social currency also symbolizes the process by which community identity is developed around the concept of endogenous development. There is also an educational aspect to it, because its use allows communities to rethink the role of money and since it is only accepted within local businesses, it loses the role of accumulating in favor of the role of facilitator of product and service exchanges.

Because of its territorial approach and furthermore because of its responsibility in reorganizing local economies, community banks implement actions that are intertwined and thus go far beyond a mere provision of financial services. For instance, some CDBs offer vocational training, cultural projects, environmentally and friendly activities, solidarity fairs, organization of production groups, financial education workshops and solidarity economy courses.

Any training or development action provided at the CDB is only made possible if done by the collective and understood as a participation tool. Thus, the way services are delivered, the way loans are given out and trainings are provided define an environment driven by participation. Everyone who uses those services participates in this system of community development. Besides such a participation, which takes places extensively, it also creates a space for collective and public discussion, which are known as the development forums. This becomes important in order to ensure a public and open space for debate where not only links are built amongst the different actors present in the territory but

also where a collective sense is given to their actions. França Filho (2004), when describing initiatives of the solidarity economy, points to a solidarity that comes from the citizens' own initiative, guided by the common good and which facilitates and motivates towards action within the public sphere.

The supply of financial services lacks purpose if it is not guided by principles such as community strengthening, planning and greater mobility of local resources, both social and economic, focused on the fostering of a local integrated development of the territories and based on the values of cooperation and democracy (SINGER, 2007; FRANÇA FILHO, 2008). Consequently, it is not the financial tools that produce transformations, but the way in which they are used: this resumes the meaning of economics as being the way in which life is organized¹ and not as a synonym of a natural system where resources, consumers and market share are fought over and where profits must be maximized at all costs.

II. In search of another development: theoretical framework

In order to understand the role of CDBs, it is important to analyze the Brazilian context in which they emerge and operate. CDBs are installed both at the fringe neighborhoods in big cities and at small towns inland, mainly on North and Southeast regions, acting in attempt to strengthen local economy dynamics. This local economy, in general, is characterized by business in the service and commercial sectors where streets are filled with small joints, grocery shops, bakeries, pastry shops, diners, auto repair shops, bargain and apparel stores; offering services such as beauty salons, clothes and computer repair, construction contractors, selling products by catalogues such as beauty and make up items from Avon or Natura. There is also the popcorn stand by school doors, door to door ice candy vendor, baked goods by the neighbor door lady, bike curriers delivering gas tanks on their back saddles.

Comprehending the demand for credit within CDBs asks for understanding somehow that this economy, which develops at the fringe neighborhoods, appropriates the character of what the geographer Milton Santos called, in the 70s, the lower circuit of urban economy. This circuit includes small entrepreneurs and businesses with low productivity, low income and variable prices, null publicity, personal and informal loans between merchants and suppliers, informal relations of work (Santos, 2004).

The allegiance of this concept appeared among debates about modernization and urbanization within the so-called Third World, margin or, at that time, underdeveloped countries. It was an attempt to understand what Oliveira (2003) outlined as the Platypus defining the Brazilian economic development, where there was industrialization and modernization in one side, and poverty and social difference on the other. If, in central countries, the system managed to absorb the greater mass of workforce and the amortization of damaging effects, guaranteed by legal social

rights, in peripheral countries, the condition of poverty and social difference constituted the standard for development.

This characteristic in the Brazilian development pattern was intensified in the 90s by structural unemployment and precarious work relationships, as Kraychete (2000) outlines: "for their magnitude and structural character, the growth of such forms of work can no longer be explained as a residual phenomenon, transitory or conditional. In other words, it seems it is not about a contingent that will, someday, be engaged in the process of growth, facilitated by 'superior tier' investments within economy, but by the presence of a future to be recreated in an amplified scale".

In this period, and as part of international development institutions' strategies and of the Brazilian government's itself, the discourse of building actions to face poverty in a more focused manner emerges, assuming that economic growth could not create enough employment by itself. Therefore, popular economy, which was treated as residual and marginal, becomes the way out for poverty's place. Essa ideia foi reforçada através do discurso de exaltação do empreendedorismo e da necessidade de qualificação dos trabalhadores. Such discourses disguise the structural character of changes and individualize their way out; moreover, it dislocates success to the individual level, assuming that achieving it or not depends only on each one's effort and on the acquisition of tools and abilities.

During the 90s, initiatives of solidarity economy also emerge such as recovered factories and cooperative organizations of employment, as examples of a possible alternative to the former process. Regaining the ideals of cooperatives and the principle of self-management, these initiatives tried to impose, against the logic of exclusion and free market competition, opposing principles – such as cooperation, solidarity and equality - for a renewed organization of employment and production. If, at first, it was acknowledged by the forming of economic entrepreneurs such as cooperatives and a primordial objective of maintenance of job positions, as Singer says (França Filho, 2004), slowly it shaped a body of initiatives which overcame the labor context, such as initiatives of fair trade, local development, commercial networks – another model of development based upon cooperation and democracy.

Therefore, during the 90's, there was two main discourses on concepts of social development: one focused on the individual success and need for qualification, and the other was based on community endogenous ability to produce real guarantees based upon cooperation and social participation.

If the term solidarity can, at first, bring about a relation with charity and philanthropy or actions related to third sectors, looking even closer to the theme, one can notice it deals with a proposition highly political. Solidarity aims to the constitution of social relations based on the collective and fair construction referenced by the common wellbeing. Thus, the principle of self-management is the base that constitutes these initiatives. Political view should be considered in a broader form as the construction of a democratic culture as well as a dispute for a society's project.

In debates over this new proposal for an economy managed collectively, based on the principles of solidarity and not on competition, some authors try to find a place for the so-called popular economy. Kraychete (2000, 2008), in his analysis of what is called economy of popular economy sectors, considers that initiatives which are part of them have, as main function, the generation of resources for the maintenance of life. They do not follow an economic rationale, according to traditional theories, but are ruled, mainly, by the principle of inclusion of their members. The author regains the characteristics presented by Santos (2004) for the lower circuit in which the key, according to these initiatives' holders, is not capital, but labor, which allows to distinguish them from capitalist production: "the efficiency of popular economy sectors cannot be assured by the capacity of its members to transform themselves into small business, but for their capacity to assure employment and generate revenue to a large number of people". In that sense, it gets closer to the objective brought by Singer for a solidarity economy, yet, it is not key to self-management. França Filho (2004) though, considers that the qualification of popular economy as solidary is possible with the appearance of new initiatives within a communal and collective character that tries to suffice the demands coming from the community itself. The initiatives meant to simply reproduce survival and connected to the insertion in the logic of market would be, for the author, the informal economy, and sets apart from the project of solidarity economy.

Form the theoretical point of view, taking as reference the concept brought by Singer on self-management principles and on the collective construction, it becomes hard to consider popular economy as solidarity, since this form of organization of production is not a premise of such initiatives. Besides, there are many arrangements found in this definition: from street vendors that work in downtown to popsicles vendors in suburbs, to employees in small business or industries.

The articulation between popular economy and solidarity economy can be thought from the concept of territory. Territory understood not as the locus of action, but as an integrated group of economic, social, cultural and political relations. In this sense, the means of insertion for these initiatives within the local social net, can build an important material to establish a solidarity territorial dynamic.

Therefore, questionings brought by Kraychete (2008) have become possible to be thought as rooted within local reality: in face of trends of capital and labor "in times of globalization", what can we foresee between reality and utopia, about limits and possibilities of this popular economy? Would it be possible not only to empower this popular economy sectors, but also, strengthen relations settled upon ethic values of solidarity, cooperation and fairness?

When Singer (2007) discusses the possibility of development in poor communities, he affirms that "community development means the development of all members jointly, united by mutual aid and by collective possession of certain essential means of production and distribution" (p.59). Once more, self-management appears as key to a possible development based on the principles of solidarity

economy. However, it considers possible the existence of family and autonomous business: "according to what members prefer, many or all can preserve their autonomy in family or individual producers. Yet, the big means of production (...) have to be collective, otherwise if privatized, the community will split into distinct social classes and the proprietaries will explore the non-proprietaries" (p.59). Thus, Singer conceives the articulation among business as a process of collective and integrated development.

Therefore, CDBs appear as tools in the construction of this development and as empowerment of articulation of initiatives in popular economy. The offer of loan articulated with other actions can redefine the meaning to such a business practices.

III. Banco Palmas: a portrait in numbers

With the objective of presenting a summary of Banco de Palmas performance during our research, some quantitative information follows below.

TABLE 1 : Banco Palmas in figures

Credit	2011	2012
Total number of credit granted for production	4,826	3,971
Total amount granted for productive microcredit	R\$ 2,632,256.63	R\$ 3,331,974.90
Total number of credit granted for production specifically to women listed on the Bolsa Família program	2,621	1,995
Loan amount for productive microcredit specifically to women listed on the Bolsa Família program	R\$ 269,106.07	R\$ 274,323.86
Banking Correspondent		
Total number of transactions carried out by banking correspondent	325,024	382,295
Total number of Bolsa Família payments	37,138	39,182
Checking accounts opened	2,700	1,536
Microinsurance		
Number of microinsurance services offered	2,124	2,181
Education		
Financial education (people)	1,043	1,769
Education for citizenship (people)	1,989	258
Technical training programs (people)	510	380
Commerce		
Number of solidarity fairs organized	18	18

SOURCE: Instituto Palmas, 2012.

IV. Research methodology and process

Context

Since 2003, the number of experiences of CDBs has been growing and, today, they add up to more than 100 in 18 States of Brazil. This growth proves how important this strategy has come to be, as a public policy of solidarity economy and in financial and banking inclusion policies.

In this context of expansion, it became necessary to create an instrument to monitor and evaluate their performances

so that it would contribute to the development of a systematic follow-up of results, evaluation and improvement of actions, visibility of practices, and greater dialogue with the various stakeholders. In order to do so, NESOL-USP, along with Instituto Palmas, have developed a framework of monitoring and evaluation indicators which adapts the logical framework methodology (USAID, 1969), used in the elaboration of projects, in order to facilitate the dialogue with practice and public policy since it allows its use as a reference tool in daily work.

The group of indicators was based on four dimensions within the structure of the performance of the CDBs: Socioeconomic and Financial Inclusion, Participation and Social Control, Capability Development and Institutional Performance.

As part of the development process of the indicator's framework, and especially in order to analyze and systematize the results and effects of Banco Palmas in its serviced territory, a pilot survey was conducted with inhabitants and Banco Palmas' users. In this article we will describe part of the results trying to show some relevant aspects of the CDBs².

Sample

The research consisted of three hundred and three (303) interviews of community members who used the community bank services. The survey sample was divided into two subgroups:

- 1) credit clients (door-to-door sample) – random sample of borrowers with interviews held in their houses;
- 2) banking correspondent service clients (lobby sample)– random sample of banking correspondent clients held at the Banco Palmas lobby.

The choice of the door-to-door sample was based on Banco Palmas' customer database, selecting from those who took credit between July 2011 and June 2012. As to the sample of banking correspondent customers, it was not possible to define the total in advance. Thus, we defined a total of 100 questionnaires to be held at the Banco Palmas lobby with banking customers who had never used the credit service as a way to avoid the overlapping of the credit sample previously described. The subgroup of credit clients allowed the visiting of 17 communities, whereas the correspondent customers indicated 13 communities, which made clear that the reference of Banco Palmas go further than the Conjunto Palmeiras area, affecting the surrounding communities that are also marginalized socially and economically.

V. Main Results

Financial inclusion

One of the characteristics of the community bank is the service to the poor population who is excluded from the formal financial system. In general, this population is characterized by variable and low income, and without any kind of pos-

sible guarantee, which makes the access to credit particularly restricted. In addition, there is some obstacle in accessing bank services due to the distance from service points, such as agencies, difficulty of the population in dealing with the new banking technologies and, to a lesser extent, the unwelcoming environment that formal banks provide to this range of population.

One way to analyze whether Banco Palmas is able to serve this audience is to check the percentage of beneficiaries served by income transfer programs such as Bolsa Família, because this is a national reference in the characterization of the most vulnerable population today in Brazil. According to our data, 70% of the borrowers' respondents receive the benefit, which indicates a high rate of attendance to this population. With respect to customers who only use banking correspondent, 35.29% said they are beneficiaries of Bolsa Família. It is worth to mention that, out of the 141 credit takers receiving Bolsa Família, 66% also use banking correspondent services to pay bills and 22.7% for withdrawals, which indicates the importance of Banco Palmas as a mean of access to banking services for this population.

However, only the indicator of receiving or not the benefit does not guarantee that the population with the lowest income range is being serviced, as there are variations in the amounts received by each family on the basis of proven income to qualify for the program.

The average per capita income also becomes an important indicator to assess the economic condition of the attended.

TABLE 2: Distribution of respondents by average per capita income range

Per capita income (in Brazilian real and in minimum wage)	Door to Door		Lobby	
	A.N.	% Total	A.N.	% Total
Up to R\$ 70.00 (less than 1/4 of the minimum wage)	23	11.44	6	5.88
From R\$ 70.00 to R\$ 155.00 (up to 1/4 of the minimum wage)	53	26.37	21	20.59
From R\$ 155.01 to R\$ 311.00 (from 1/4 to 1/2 of the minimum wage)	71	35.32	39	38.24
From R\$ 311.01 to R\$ 622.00 (from 1/2 to 1 minimum wage)	36	17.91	23	22.55
From R\$ 622.01 to R\$ 1,244.00 (from 1 to 2 times the minimum wage)	14	6.97	11	10.78
From R\$ 1,244.01 to R\$ 2,488.00 (from 2 to 4 times the minimum wage)	2	1.00	1	0.98
No information	2	1.00	1	0.98
Total	201	100.00	102	100.00

SOURCE: NESOL / Instituto Palmas, 2012.

We can see in the table below that, among the borrowers interviewed, most live with per capita income lower than one minimum wage and, out of these, about 11% are below the poverty line³.

The community: social and economic aspects

The community bank has, as main objective, to boost local economies and to promote economic and social development of communities. This local economy, in general, is characterized by enterprises of trade and services sector, most of them informal.

The territory covered by Banco Palmas is no exception to the rule. As already described, from the total door-to-door

respondents, 75.12% declared they were working, and, of these, 52% declared having a business or enterprise and, out of these, 95.2% claimed to operate in their own neighborhood, that is, they make up the local economy. Among those interviewed in the lobby, 71.57% were working. Out of these, 17.65% declared having a business or enterprise, and, out of this group, 88.89% operated in the neighborhood. The difference between the door-to-door and the lobby interviews happened because credit customers, in most cases, access credit due to the existence of an enterprise or business and therefore the number is higher.

When we look at the types of activities of the enterprises, we have mainly popular and medium occupational categories. Among the credit customers, we observed that approximately 34% declared having an enterprise or business related to sales and 29% related to trade, followed by 14% working with sewing. Still within this segment, 5% declared to work with hairdressing and 3% to have manicure businesses.

Among the lobby customers, 50% declared they had enterprises in trade, 28% in sales and 11% in manicure. In addition to these, 6% of the correspondent clients declared

TABLE 3: Distribution of projects/business by field of business

Field of business (enterprises or businesses)	Door to door		Lobby	
	A.N.	% Total	A.N.	% Total
Handcrafts	3	2.88	0	-
Hairdressing	5	4.81	1	5.56
Commerce	30	28.85	9	50.00
Sewing	14	13.46	1	5.56
Manicure	3	2.88	2	11.11
Sales	35	33.65	5	27.78
Cleaning products	2	1.92	0	-
Shipping, poultry, IT, laundry services, recycling, locksmiths, Avon supervisor, street vendor	8	7.69	0	-
Maintenance	0	-	1	5.56
No information	4	3.85	0	-
Total	104	100.00	18	100.00

Source: NESOL / Instituto Palmas, 2012.

having a hairdresser business and 6% a job dealing with sewing. It is worth remembering that they are both formal and informal enterprises and, within the sales business, they are mainly from resale of clothes and cosmetics or beauty products.

Kraychete (2000; 2008), in his analysis of what he calls “economy of the popular sectors”, considers that initiatives that are part of this economy display the generation of resources for life maintenance as their main function and also that these initiatives do not follow an economic rationality, but are governed mainly by the principle of inclusion of its members.

Thus, community banks can be understood as an articulator agent of actions that contribute to the construction of the environment so that these enterprises can develop. Precariousness and informality are structuring characteristics of local economy and, in order to be overcome, they depend on a set of actions that articulate the local actions to other economic contributions that are not present locally (KRAYCHETE, 2012).

Among the credit customers segment, 83 enterprises are

informal in a total of 104 enterprises or businesses. In the case of the banking correspondent customers, out of a total of 18 projects, only 1 is formalized. Despite the weaknesses of the enterprises and the circumscribed action of the community bank, credit appears as a variable that can contribute to reverse this situation, since 39% indicated that credit contributed to the formalization.

The period of existence of the enterprises shows a paradoxical situation, since the period of 1 to 3 years is the age of most credit customers' enterprises (42.32%) and, among the banking correspondent customers, it represents 27.78%. If, on the one hand, this period demonstrates that these activities are permanent, on the other hand, it can indicate the fragility of these activities and its closure in a short period of time.

When we analyze the incentive to the new initiatives in this sector, 29% of the credit customers declared they had started the project due to the credit.

The poor income generation is also an important characteristic of these businesses. If we look at the incomes obtained from the enterprises, 34% withdraw up to R\$ 200 considering that, out of those, 11.5% take up to R\$ 99. The incomes reported by the banking correspondent customers point out that 38.89% withdraw from R\$ 100 to R\$ 200. These are values which, clearly, are part of the composition of the domestic family budget and are not only business profit. Thus, when analyzing whether or not there has been an increase of income in such enterprise, there is also the perception of the family's increased overall income and how the enterprise can cope with everyday expenses.

Despite the low income presented, the data points to an improvement in the income of the businesses. From all respondents, 62.75% of credit customers and 55.55% of banking correspondent customers indicated they had increased revenue in the previous year, considering that among the credit customers, 78% indicated the credit granted as one of the factors that motivated this increase. As family income and business income are, in general, inseparable, they were also asked about the increase of income and 71% of credit customers and 72% of the lobby customers indicated that their income had increased in the previous year.

These data do not allow us to say that there is a relationship of cause and effect; however, in the residents' perception, there is an improvement in economic conditions both of the enterprise as of their lives.

It is interesting to note that 99% of the credit respondents indicated that Banco Palmas contributed to improving their living conditions, with 45.9% stating that there has been improvement in the access to financial and banking services, and 27.44% stating that there has been improvement due to the expansion of job opportunities, enterprises and businesses. In addition to these, we highlight the increase in education and studies (7.52% of respondents indicated this change), the increase in financial security (2.63%), in health (2.63%), in the development of the community as a whole (2.26%) and improvements in housing (3.38%). In the case of the banking correspondent customers, 93% believed that Banco Palmas has improved their quality of life, especially in

the access to financial and banking services (96.8%), followed by job opportunities (5.35%) and education and study (7.4%).

There is a significant difference between the credit customers and banking correspondent customers regarding the importance given to the job opportunity. For the correspondent customers, the job opportunity does not appear among the dimensions with greater effect, since the improvement of life is observed from concrete changes on a daily basis and from a direct effect in everyday life. In this sense, for credit borrowers, job opportunities can have a direct relation with the improvement of existing enterprises or the beginning of an economic activity due to the access to credit and, therefore, these opportunities appear as the second highest incidence of response to this group.

Another element in this process of construction of the social representation of Banco Palmas and its relationship with the identity of the community and the residents is the image Banco Palmas has inside the community and how Banco Palmas has changed the view of the community from outside. The research on the 10 years and the impact of the image of Banco Palmas (SILVA JR., 2008) already showed the image recognition of the community bank. Despite the differences between the research methodologies, the results can be placed in dialogue. In Silva Jr. (2008) 98% of respondents indicated the Banco Palmas improved the development of the community and the neighborhood. Thus, in our research, 92% of the correspondent customers and 99% of credit customers indicated that Banco Palmas improved the conditions of life in the neighborhood. Regarding external view of the community, 96% of the credit customers and 94% of the correspondent customers indicated the importance of Banco Palmas to build a positive external view of the neighborhood and more credibility to the community, and many pointed out the fact that it appeared in news articles and television programs, emphasizing that in these cases there is a contrast to the image of poverty and occurrence of violence commonly presented in relation to these neighborhoods, showing the capabilities and qualities that exist in the neighborhood.

The enterprises surveyed correspond to a total of 288 job positions in the door-to-door interviews, and, among these, we found 18 young employees (6.25% of total jobs). In the previous year, these enterprises accounted for 83 new jobs, the young population representing about 29% of this total. It is also worth mentioning that 139 jobs have been kept since the beginning of the enterprises, representing approximately 48% of the total, while 127 were jobs held for more than 1 year. The 18 enterprises identified in the banking correspondent interviews add up to a total of 23 jobs. Out of these, 8 were held for more than 1 year and 10 were held since the beginning of the business or enterprise. None of them indicated employing young people between 18 and 24 years old. In the previous year, these enterprises had not created new jobs.

These data point to the importance of small local enterprises in the maintenance and creation of jobs, as well as indicating the economic development of the territory.

Other data pointing to the weakness or strength of these projects and the importance to the local economic dynamics is the level of investment. From the total, 42.3% of credit customers indicated they invested in enterprises in the previous year. Out of these, 84% have invested in materials, 22.7% have invested in equipment and 16% have invested in space, structure and infrastructure of the enterprises or businesses. Among the 55.55% of the banking correspondent customers who declared having made investments, they have especially invested in the acquisition of equipment (22.22%), in renovation (22.22%), in improvements in housing/business (5.56%) and in advertising (5.56%).

Consumption in the neighborhood

The social currency is part of the community bank strategy and has different functions: the territorialization of economic, social and political activities, the stimulation of exchanges and the transformation of practices and social representations (Fare, 2011).

Its economic function is to contribute to the local economy trying to give more liquidity to a territory with currency shortages. By injecting a certain amount of social currencies, there will be an increase in the possibility of trading goods and products in that territory. Still, its social dimension can also be understood as an economic articulation, as pointed out by Fare (2013) "by deconstructing social representations, establishing new socioeconomic relationships and new consumption practices, community and complementary currencies could have an impact on the appearance of new forms of citizenship".

In this sense, not only its literal use can promote increase of consumption in the neighborhood, but the symbolism embedded in it, that the educational campaigns articulate, can change the habits of the community and increase the potential of consumption that takes place locally. From this perspective, with changes in consumer habits of the community over time, the population can minimize the use of social currency without resulting in a decrease in local consumption. This is one of the possible explanations for the data presented in this research. In Conjunto Palmeiras, less than 20% of those interviewed declared using the social currency, although 98% of credit respondents affirmed they do their shopping in the neighborhood, and, of those, 99% buy food, 93% buy personal hygiene and beauty items, 61% buy clothes, 95% buy cleaning material and 82% buy medicine.

In the case of the banking correspondent customers, 95% indicate they buy in the neighborhood especially food (95% of the total sample) and cleaning materials (90.2%), followed by personal hygiene and beauty items (89%), clothes (55%) and medicine (57%).

If we compare the data on the research developed in 2008 (Silva Jr., 2008), 58% respondents said they use the social currency. At the same period, more than 90% indicated that they consume locally according to the data of consumption and production mappings made by Banco Palmas (FRANÇA FILHO et al., 2012), which confirms that it is not only the

factual use of the currency that can reflect the consumption within the neighborhood.

Fare et al (2013) also point out the importance of a social currency as a token of belonging to a territory and to the construction of a common project. Under this perspective, we can analyze the social currency Palmas as an historical instrument, representing and creating a connection between the current actuality of the neighborhood to the history of community mobilization. This may saw the release of the "palminhas", the social currency that will be used for a children's project. Aside from the objective described by Banco Palmas of "mobilizing the children to create a culture of economic solidarity based on the valuing of local consumption", there is also a social function of working as a link between the history of the neighborhood -and its conquests- and the new generations.

Financial security and budget organization

Access to community bank, in addition to producing effects and changes from an economic point of view, also promotes changes in important psychosocial aspects. Realizing that there is the possibility of credit for planning in the short or long term or for an unforeseen emergency helps people in the neighborhood to feel financially safer, modifying the experience of instability and vulnerability to unforeseen events of everyday life. These interpretations result from the topics about budget organization and financial security in the questionnaires.

From the total number of door-to-door respondents, 51.74% indicated that Banco Palmas greatly improved their budget organization and 22.89% indicated that there has been change, even if small, in this aspect. With respect to financial security, 66.20% of respondents indicated that they feel safer in knowing they can access Banco Palmas when necessary. Of these, 45.30% indicated they feel very secure financially and 20.90% believe that the presence of Banco Palmas contributes to their safety, but to a lesser intensity. In relation to the public of banking correspondent, 41.20% said that Banco Palmas helps them feel safe with their bills, considering that 33.30% expressed they feel very safe and 7.90% stated this security's feeling to a lesser degree of importance. In addition, from the lobby respondents, 50.98% said Banco Palmas greatly improved the organization of their budget, 11.76% believed Banco Palmas helped to a lesser extent, 27.45% thought there was no interference and 9.8% had no opinion or did not have information.

The perception of economic security does not appear to be linked directly to the relationship with the use of the credit, because, although the percentage of positive interference of Banco Palmas in this dimension is bigger among the sample of clients accessing credit services, there is a significant number of positive responses from the sample of those who use only the correspondent service.

These data lead us to think that there is a social and symbolic construction in relation to Banco Palmas of protection and confidence that is shared by the whole population. This representation is based on the social function of the bank in

the community and in its representation to each of the residents. It is not linked just to a representation built only from the concrete use of the services of Banco Palmas. In this way, it makes up an experience of less instability to possible contingencies of life for all the residents.

With respect to the budget organization, the data of the two samples have similar values. Considering the credit customers, this perception may come from the increased resource available for monthly spending. However, in relation to the correspondent customers' sample, it is possible to suggest that this perception comes from the possibility of making payments on time both by the proximity of Banco Palmas and the opening hours. This hypothesis is based on the comments of respondents when they answered on this variable: "I come several times to pay", "There is no need to put it all together and pay interest", "I can always come", "I can pay the invoice of the credit card on time, which charges high interest rates".

Participation: community actions and financial and banking services

An important difference between the community bank and other microfinance institutions is its consideration for the territory of which it is part, understanding that the conditions for overcoming poverty have a structural character and rely on integrated actions that promote development of the community as a whole.

The financial tools are articulated with sales strategies such as fairs and solidarity shops, and to training courses expanding locally the capabilities of the territory to promote work and income. Development here involves, therefore, improvement of living conditions, access to jobs, goods and services as well as changes in the quality of social relations. Development is strengthened with participation and meeting spaces, such as community meetings and events. In the community bank, financial and banking services offer reinforces another way to handle economics and the construction of ties of trust. It aims, therefore, at strengthening collective practices and affirming economic dynamics aiming at ensuring the production of life, in broad sense. More important than every one of specific actions is the articulation produced between them and the local economic and social dynamics.

In this sense, when we look at the Banco Palmas actions we have to take into account both financial and banking services offered as well as the actions in a more educational, social and community sense. Thus, for the analysis of data on use and knowledge of the actions of Banco Palmas, there was a division between social actions (training activities, meetings and lectures, fairs, social currency, home visits) and financial and banking services (credit, banking correspondent services, account opening, micro insurance). When asked about the knowledge of services and actions of Banco Palmas, whether financial and banking services or community actions, 57.21% of the total credit customers declared knowing the social actions promoted by Banco Palmas, being that 47.76% declared they know the courses and training offered, 19.9% know the Palmas currency and

12.44% know Projeto ELAS. From the lobby respondents, 52% declared they know the social actions, being that 39.44% know the courses, 26.47% know the Palmas currency, 20.59% know the solidarity fairs, 12.75% know about the lectures, and 5% know the cultural activities and the solidarity shop.

When asked about the Banco Palmas' services that they use, financial services accounted for more than 70% for the two samples. With respect to social actions, 31% of credit customers declare they participate, being that 9.45% take part in the trainings, 6.97% take part in the fairs and 7.96% stated they are beneficiaries of the Elás project, one of the ultimate social programs run by the Banco Palmas.

In both groups of the sample, the larger use of financial and banking services was clear, however, the social actions of Banco Palmas were also known by the customers. It is possible to see that, although the community primarily uses financial and banking services, there was the recognition of the social nature of the bank. Moreover, this articulation and the importance of community or social activities offered by the community bank may take on a symbolic value that describes the action of the bank even for those who do not participate.

The data gathered from the question in which respondents were asked to confirm or not some statements about their perception on Banco Palmas reinforced this social valuation. For 91% of the correspondent customers and 92% of the credit customers, Banco Palmas is considered a source of new information and learning, 88% of the total of correspondent customers and 86% of credit customers agreed that it is a place to discuss community issues and for 98% of both samples it is a place that helps people.

The recognition of the social actions performed by Banco Palmas already signals a representation that articulates the economic and financial dimension with the social dimension. This representation is the basis of social legitimacy of the institution in the community.

The way and conditions of the offer of financial services also seem to be important elements that are part of this construction. For credit customers, when asked about Banco Palmas' differential in relation to commercial banks, from spontaneous answers, the good quality of service appears first in the responses. However, about 23% qualify such access as bearing an inclusive character. The answers confirm the representation of political and social character in the fight for the reduction of inequality that Banco Palmas has for the community: "it is for us, for the community", "the bank is open to the community and the needy community", "opportunities that are given to people", "they help people who have less condition", "it is not for rich people", "they give us individual and collective help", "they lend money easily to low-income people", "they analyze people's problems," "opportunity," "they care about people in the neighborhood ". For the banking correspondent customers, the actions of community development are the ones that more strongly differentiate Banco Palmas from other commercial banks, featuring its social sense as the main response given for 29.4% of the total of respondents.

In the community bank, the recognition and the social legitimacy have great importance, because the basis for the confidence in credit granting takes place within the framework of the social legitimacy of the community bank and not on the collective credit guarantee itself as in the solidarity groups. When the community bank resumes the dimension of the confidence that is implicit in the definition of credit, with criteria for granting credit without real requirement and using the networks of proximity and neighborhood relations, it places the economic act immersed in social relations as opposed to a dichotomous view between the economy and the social world. The offer of financial and banking services, then, can be thought of not only on its economic function, but as part of a process of interaction between the agents involved (ABRAMOVAY, 2004; FRANÇA FILHO, 2003).

Participation in the community activities

In this section, we analyze the various measures that strengthen the feeling of belonging and identity that weave the web of participation. These dimensions are difficult to be analyzed as they are part of the field of the psychosocial and intersubjective phenomena, but are experienced individually. Thus, these issues have been addressed in different ways throughout the questionnaire. The financial security, an already approached issue, demonstrated the social representation of Banco Palmas and its effects to the decrease of the experience of unpredictability. The knowledge of social actions and the main characteristics identified as the differentials of the community bank in relation to the commercial banks also pointed out evidence of the representations of Banco Palmas for the inhabitants and the basis of its social legitimacy.

In addition to the recognition of social and community nature, we tried to look at the direct participation in community activities. When asked about the participation in these activities, we noted that 52% of the correspondent clients and 22% of the credit clients declare they participate in community activities and the most quoted activity is participation in church with 37.2% and 8.5% respectively.

When inquired about the participation in activities promoted by Banco Palmas, about 45% of the customers in the two samples declare that they participate, being that 6% and 19% always take part, 23% from the two samples does it sometimes and 16% rarely does it. When asked about the solidarity fairs, 24% of the credit customers and 41% of the banking correspondent customers indicate they participate. We see that Banco Palmas diversifies the spaces for co-existence and participation of the inhabitants.

Analyzing the importance of Banco Palmas both for the promotion of collective spaces and the stimulus to this participation, 59% of the credit customers and 61% of the banking correspondent customers indicate that the involvement with Banco Palmas expanded their participation and involvement with the community. When asked about Banco Palmas being a space where they could participate, 87% and 94% responded positively and, for 84% and 79% of the respondents, it is a place with which they identify

themselves.

VI. Conclusion

The present research indicates the variables associated with Banco Palmas experience as an example that has improved the economical and social dynamic locally built and as a very important public policy of solidarity economy. Since it provides foundations for mutual aid and for collective possession of certain essential means of production and distribution, it is definitely a successful solidarity strategy experience in financial and banking inclusion policies. Whether it stimulates the autonomy in family environment or individual producers, the big means of production have been socialized by the whole community.

One aspect of the research is the attempt to understand the difference between the community bank and other microfinance institutions in their approach to territorial development. The CDBs rely on integrated actions to promote development of the community, hence financial tools are articulated with sales strategies, the offering of capability building courses, promotion of initiatives on work and income. Therefore, the CDBs' approach articulates improvement of living conditions, access to jobs, goods and services as well as changes in the quality of social relations. Thus, financial and banking services offers reinforce another way to handle economics and the construction of ties of trust.

In conclusion, the research was able to connect the strategy as a positive experience for Socioeconomic and Financial Inclusion, Participation and Social Control and Capability Development. More than independent results, the challenge is to comprehend and analyze the potential of community banks as a tool capable of articulating a diverse range of actions and dimensions within social life in promoting a development rooted in local dynamics and based upon principles of cooperation, participation, and solidarity.

Notes

¹ These ideas connect to the greek notion of economy, *oikonomia*, manage or administratiton of the house. França Filho (2008) points out to the factual character that economy is all form of production and means of distribution of wealth.

² For more information: NEIVA, et al. Banco Palmas: Resultados para o desenvolvimento comunitário e a inclusão financeira e bancária.

³ The parameter adopted for the minimum income has as reference the Decree No 7.492, June 2 2011, which established the Plano Brasil Sem Miséria (Brazil Without Poverty Plan). A per capita household income of R\$ 70.00/month represents a daily income of about R\$ 2.22, which is close to the US\$ 1.25/day established by the World Bank as the International Poverty Line from 2005.

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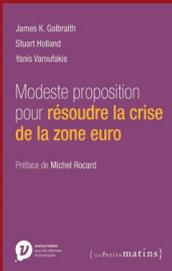
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