

Chapter Three

New Paths to Social Justice

Caroline Higgins: Why can't Argentina do with soybeans the same thing Venezuela is doing with petroleum ?

Laura Pasquali: What do you mean?

Caroline Higgins: At this point in time [2006] Venezuela has two Ministries of Economics. The older one is the Ministry that attends to the needs of capitalist business in Venezuela. Apart from redistributing some underutilized land to landless laborers, the Chavez government generally leaves capitalist business alone. It even supports it in the usual ways that governments support business in the contemporary world.

Laura Pasquali: What is the other Ministry of Economics?

Caroline Higgins: It is the Ministerio para la Economia Popular, the Ministry for the People's Economy. It provides training, technical advice, and startup funding for worker-owned businesses. It even gives them computers.

Laura Pasquali: We in Argentina have worker-owned businesses too. The principle is that labor employs capital instead of capital employing labor. They are defined in Argentine law as Cooperativas de Trabajo, cooperatives based on labor. They have existed in Argentina for a long time, since the 1920s. Peron encouraged them. The military governments and the Menem neoliberal regime did not encourage them, but they did not destroy them either, not all of them. In the ports of Greater Rosario ships have been loaded and unloaded by members of a cooperative of stevedores since the 1960s, and that went on right through the military and neoliberal periods. Around the time of the crash of December 2001 --some prior to the crash and some at the same time or after-- about 300 new worker-owned business emerged. I do not mean to say it was easy. Most of them had to fight repression to survive. Their slogan was, "Occupy, Resist, Produce," and the word "Resist" was literal. They literally had to resist the police trying to dislodge them under court orders in many cases. What I do mean to say is that worker ownership is not a new idea in Argentina.

Howard Richards: The falling rate of profit is not an issue if a business is not run for profit.

Laura Pasquali: No. Most of the worker cooperatives, new and old, began when the owners wanted to close the businesses because they were not profitable. The workers had no place to go. Many of them were older. They thought they were too old to start a

new career. They thought that in today's job market if the factory where they had worked for thirty years went under, then they would never find employment again. They refused to leave and they insisted on running the place themselves because they needed a job to make a living. They just needed wages. They did not care whether the business made a profit or not.

Caroline Higgins: Did the old worker cooperatives help the new ones?

Laura Pasquali: Often they did. Here in Rosario the café-bar at the bus terminal was recovered by its workers when its owner abandoned it. They were helped out by the Milk Workers Cooperative which has been delivering milk to Rosario for over half a century. A new worker-owned pasta business was lent machinery by a slightly older worker-owned pasta business. I should say by the way that not all the 300 new worker owned enterprises want to use the old Cooperativa de Trabajo form. There is a variety of different forms. One of the biggest, the Zanon worker owned ceramics factory in the Province of Neuquen in the foothills of the Andes, does not want to be a cooperative. The workers there want to be nationalized under worker control.

Howard Richards: One of the things I find inspiring about Zanon is that the workers there are channeling part of the income from the business back into the community of Neuquen, helping to build clinics and schools. Part of their reason is that they are grateful for the community support they got when they were first locked out by management and then had to face police repression when they occupied the factory and ran it themselves. They got additional community support during a long period when they had to survive while earning no wages. It took them almost a year to get production and sales up to speed to pay themselves wages and generate a surplus. They enjoyed community support all that time and now they are paying the community back.

Caroline Higgins: What is happening in Argentina is on a small scale compared to what is happening in Venezuela. By the end of 2005 the Ministerio para la Economia Popular had trained and formed 45,000 workers cooperatives. Many of them are quite small, consisting of fewer than ten workers. I do not know how much the 45,000 number should be discounted to disregard enterprises that were formed but never really got off the ground operationally, but in any case it is a large number. Venezuela's nationalized petroleum industry, which is co-managed with the oil workers, falls under the jurisdiction of the same ministry. It is able to funnel oil money into building the new people's economy.

Howard Richards: Capital flight is not an issue. The oil under Venezuelan ground is not going to move and be under some other ground where labor is cheaper and taxes are lower.

Caroline Higgins: Venezuelan petroleum was nationalized in 1976. But it turned into an enclave economy supporting a privileged few even though it was public property. Even so, it always provided some support for community development, especially the part of the oil business that formerly had been British-owned. I should explain as background

that the nationalized Venezuelan oil business was divided into three public sector companies which took over different parts of assets formerly foreign owned. When the Chavez government wanted to treat the oil income as a trust fund for the benefit of the poor of Venezuela, the managers and upper level workers went on strike and closed everything down. The army took over the wells and refineries, but they found they could not run them. The departing strikers had destroyed the computer codes.

Howard Richards: Then what happened?

Caroline Higgins: Socialist techies from all over the world came to Maracaibo to the rescue. It is the only revolution that has ever been saved by computer hackers. Now the oil is flowing, and some of its profits are flowing into the people's economy.

Laura Pasquali: The pampa humeda, which is Argentina's greatest natural resource, is not national property at all. It is not even under the control of a public sector elite like the former oil aristocracy of Venezuela, or like any number of other elites around the world that are running public sector and parastatal enterprises for their own benefit.

Howard Richards: But Argentine agricultural exports are heavily taxed. That is the reason why because of the soybean boom the Argentine federal government is now running a budget surplus.

Caroline Higgins: Is any of the export tax money going to jump starting the people's economy?

Laura Pasquali: The City Council of Rosario voted to use tax revenues to make a loan to a new worker cooperative in the tool-making business, Herramientas Union. They make specialty tools for the soybean industry. When the workers could not repay the loan, the City Council gave them a one year extension.

Caroline Higgins: Did they ever pay the loan back?

Laura Pasquali: Now they are making payments on it. The city government has also provided buildings for several worker cooperatives, and has given them legal and technical help at public expense.

Howard Richards: But the city does not have any direct access to the money from taxes levied on exports. That is federal.

Laura Pasquali: But the city is making money from the soybean boom. The boom benefits businesses the city does tax. You have to make reservations way in advance in luxury restaurants in Rosario. The soy bean farmers come in from the country to have fun in the city. They are buying city apartments. Rosario has become a favorite destination for domestic tourism.

Caroline Higgins: Do the city taxpayers complain when the city supports worker cooperatives?

Laura Pasquali: The city is protecting its own tax base by supporting worker ownership. Just as the pampa humeda is not going to pick itself up and move to another continent, a worker owned business is not going to shut itself down, fire its worker-owners, and move to South East Asia where labor is cheaper. The city makes it a general policy to support small business in many ways, whether worker-owned or not. That is the kind of business that is likely to stay in the city and remain part of the fabric of local life in a globalized world.

Howard Richards: I find it to be a remarkable cultural achievement of Rosario that the little guys, the taxi driver who owns her or his own taxi, or the lady with a hole-in-the-wall laundry business, identify with the people's economy. They do not think of themselves as junior capitalists who have to defend capitalist class interests against the threat of supposedly communist-inspired industrial workers who are supposedly threatening to take away their taxi or their washing machine. They identify with the socialist project of the city which is making life better for working people, whether the working people work for an employer or are working people who own their own tools, like a working electrician who has a pickup truck and runs his own little business. I do not say all of them. Some of them are taken in by the media and still think their class interests are those of international capital. But I say a substantial number. If there were not a substantial number it would be impossible for the government to get the electoral majorities it gets. "Support local small business" is a conscious policy of the city government, and it is repaid by many local small business people supporting the city's socialist project.

Laura Pasquali: Don't speak too soon about the taxi owners. It is necessary to distinguish between people who own taxis, and people who just drive them. The taxi owners association has often opposed the city government.

Howard Richards: But not necessarily because they identify with big capital. They may be Peronistas of the Kirchner-type who stand in the tradition of Juan Domingo Peron's corporatist populism. They would not be the only Peronista trade union frequently at odds with a socialist city government over concrete issues.

Caroline Higgins: What about the federal government? Does it use any of the windfall from the soybean boom to support the people's economy?

Laura Pasquali: It certainly sank and continues to sink a lot of money into what are called work plans. They provide a basic income of 150 pesos a month to the unemployed in return for community service. In Rosario alone there were nearly 60,000 people with work plans following Argentina's economic crash in 2001. A plan gives them a purchasing power roughly equivalent to the purchasing power of the same number of U.S. dollars. It is enough to barely survive if they also have a place to live and are

also able to take advantage of other programs, such as comedores comunitarios (community dining rooms).

Howard Richards: People in Buenos Aires have told me that the community service side of the work plan is a fiction, and that in fact the unemployed just pocket the money. I have not seen any studies trying to verify to what extent there really is community service, but what I have seen in Rosario shows it is real. They are sweeping the local clinics, repairing the plumbing of the jails, cleaning the streets and parks, cooking lunch for the pre-school programs. But even in Rosario people tell me my observations are a biased sample. They say that at most 20% actually do the community service.

Laura Pasquali: I have not seen any systematic studies either, but my estimate would be that 50% of those on work plans do community service.

Howard Richards: How can different informed observers seeing the same phenomenon give such different numbers? 20% and 50% are very different estimates.

Laura Pasquali: It is because we count differently. There are three different ways people are on work plans in Rosario. First, some do community service for public institutions like schools and clinics. Second, some do community service for private nonprofit organizations, of which the most numerous are neighborhood community centers and clubs. Third, many get on work plans as part of a patron/client relationship between a voter and the local representative of a political party, known as a “puntero.” Those in the third category treat the subsidy they receive as a right they enjoy as citizens, or as charity they deserve because of their needs. They generally do not work in return.

Howard Richards: What about those with work plans in the first and second categories?

Laura Pasquali: The first two explain why we get different numbers. The figure of 20% counts only those who do formal work for public institutions. But nonprofit associations, like the clubs, also have a right to the services of people on work plans. I count those who collaborate with their clubs as doing community service. That is why I get 50%.

Howard Richards: What are the clubs?

Laura Pasquali: They have a long history in Argentina. Social clubs were founded by immigrants who came here from Europe in the 19th century. They go from exclusive clubs with elegant country estates like the Jockey Club of Rosario to the neighborhood club with dues of 10 pesos a month. One thing most of them do is play football. Argentina is a major player in world football partly because it has so many clubs.

Howard Richards: In America football is called “soccer.” American football is a different game, similar to rugby.

Laura Pasquali: I know.

Howard Richards: What else do the clubs do ? Are these the same clubs that put up stands in the big park beside the Parana River with dancers and musicians and ethnic food every November at Rosario's extravaganza celebrating all its immigrant communities known as the "Festival de Colectividades."? I suppose people could do their community service for their work plan baking Czech sour cream strudel for the Czech Republic stand at the festival.

Laura Pasquali: Yes, some of the clubs identify with the Syrian, or the Austrian, or the Venetian, or Tuscan, or Valencian, or Andalucian or some other collectivity. We have also seen people pooling their work plan money. They put their 150 pesos a month in a common pot and use it to buy food for shared meals, and flour and fuel to bake bread. The price of bread is lower when groups bake it in batches. Some women pool their work plan income to get started in income-generating activities.

Howard Richards: Why not men ?

Laura Pasquali: Men too, although more often women. Work plan income is sometimes pooled in connection with the city's economia solidaria programs for helping people to generate micro-enterprises.

Howard Richards: You count contributing to myriad projects by myriad groups as community service. That is why you get a higher number. You remind me that some of the women I saw doing "community service" at a neighborhood center were not formally attached to the staff of any institution. They were helping to round up the kids in the neighborhood to get their vaccinations. They were coordinating the schedules of the kids, the parents, and the nurses who came to give the shots. That was their "service."

Caroline Higgins: We are seeing a principle emerge here. Everybody has a right to a living wage. Everybody has a duty to contribute to the community.

Laura Pasquali: 150 pesos a month is less than a living wage. Nonetheless, you may be right that a principle is being established. The federal government has also spent a lot of money building low income housing throughout Argentina, which both creates employment and creates affordable homes. And as I mentioned the city government helps start micro-enterprises. In the micro enterprises a few people work together cooperatively..

Caroline Higgins: Does the federal government oppose worker owned businesses ?

Laura Pasquali: No. The federal Ministry of the Economy even organized an exhibition in a great hall in Buenos Aires which put on display the products of worker-owned businesses, from shoes to toys to dairy products. But the Argentine system is complex. Besides Rosario there are other city governments, most importantly the city government of Buenos Aires. Besides the cities there are the provincial governments. The provinces are not always in sympathy with the federal government. The party in power at the federal level, the Peronista party, is a divided party, with president Nestor Kirchner seen

as in the left wing of it. Then there is the judiciary. Some judges think they need to issue orders for the police to expel workers who have taken over factories because of the protection for property rights provided in the Constitution.

Howard Richards: I suppose that if what the workers are doing is unconstitutional, then it is not legal and no government can legally allow it.

Laura Pasquali: I think we should distinguish between being legal according to the letter of the law and being politically and socially legitimate. In any case the Constitution also guarantees employment to everyone. Lawyers for the workers argue that there is a constitutional conflict between the former owner's right to property and the workers' right to protect their source of employment. In the light of that conflict of principle, public policy should lead the courts to favor keeping the business going as a workers cooperative.

Howard Richards: I would rather not think that the future of worker ownership in Argentina depends entirely on what the Argentine Supreme Court may eventually decide on the merits of that particular legal argument.

Laura Pasquali: It doesn't. Legislatures at all three levels—city, province, federal—have passed laws invoking the power of eminent domain to get around the constitutional protection of property rights. The government takes the property under eminent domain laws, and then gives it to the workers, but the workers have to pay for it, usually within two years. They have to pay the compensation the owners are due under the eminent domain laws—but sometimes the legislature gives the workers a break by paying the former owners with public funds, usually with a provision that the workers will later repay the government. In such cases there are disputes about how much is due as compensation. The workers argue that without their labor the business was worth little or nothing. There are other scenarios too. Sometimes the workers keep the business going at another location while the former owners end up with an empty building. Sometimes the drama ends in favor of the workers. Sometimes it ends in favor of the business owners who want their old property back. Usually each side gets at least something. Sometimes the case ends up in bankruptcy court, and the business is auctioned off to pay creditors, going neither to workers nor owners. In several cases -- you see how complicated this all can be-- the workers came out ahead in bankruptcy court. The property was handed over to the workers because the workers were creditors who held claims for unpaid wages. Under Argentine law wage claims come in ahead of all other claims in bankruptcy. Sometimes a bank asserts its right to foreclose on a mortgaged business, as is the case with the Hotel Bauen, a hotel in Buenos Aires now being run as a worker cooperative.

Caroline Higgins: Nonetheless, I think we are saying that my initial suggestion was a valid one. Any country in the world fortunate enough to possess a stationary natural resource, in Venezuela's case oil, in Bolivia's case tin and oil, in Argentina's case soil, in Quebec's case hydroelectric power capacity, in Chile's case copper, can use sales from exports to fund the organization of a people's economy. The terms of the problems

posed in Chapter Two are met. The Locational Revolution does not undermine the feasibility of this path to social justice because the source of funding does not move. There is no massive shift of power against labor and in favor of capital due to capital's ability to choose which laws it will operate under. An immobile asset cannot select the place, and therefore the legislative authority, that it will bestow its favors on.

Laura Pasquali: Not necessarily. There can be a massive shift of power in favor of capital if the state itself becomes the main capitalist.

Caroline Higgins: You mean the sort of shift that Friedrich von Hayek warned about, where economic and political power become concentrated in a single bureaucratic elite, as in Hitler's Germany or in Stalin's Russia, or the concentration of economic and political power in a new class, the party members, as Milovan Djilas said happened Yugoslavia and in all the countries under Soviet or Chinese influence.

Laura Pasquali: Or, closer to home, as happened in Bolivia after the revolution of 1952. The tin mines were nationalized, but the state as owner of the tin mines became an employer every bit as ruthless as Simon Patino had been.

Caroline Higgins: Going back to my original example, Hugo Chavez had to take back for the people control of Venezuelan petroleum, which was state-owned, but monopolized by a privileged few, in order to be able to use the oil money to carry out what in Venezuela is called the Bolivarian revolution.

Laura Pasquali: A question we need to ask about the Bolivarian revolution in is whether it has become deeply rooted in the culture of the Venezuelan people, or whether it depends on the commitment to the people's cause of a single person. If Chavez were assassinated, as Gandhi was assassinated, and Martin Luther King Jr. and John F. Kennedy were assassinated, could the Bolivarian revolution continue ?

Caroline Higgins: I want to think it could.

Laura Pasquali: I do too. For this reason I think that in studying the history of social movements it is necessary to pay attention to the development of a democratic culture. Educational issues are crucial. We need to pay attention to the issues raised by Paulo Freire, and more recently by thinkers influenced by him, such as the American educators Henry Giroux and Peter McLaren.

Howard Richards: In an earlier generation, John Dewey thought of the school as a place to learn democracy.

Laura Pasquali: We do not mean just representative democracy where the people vote in elections every four years. For us the term includes participation and equality and access to resources.

Howard Richards: It did for Dewey too. People forget that Dewey was a socialist who founded an organization called the League for Industrial Democracy. People usually forget that about Albert Einstein too, by the way, and about Erich Fromm and Martin Luther King Jr.

Caroline Higgins: But achieving a democratic society is not just a matter of education. It is not just democratic culture that prevents economic democracy from degenerating into a Stalinist bureaucratic nightmare. Remember that the people's economy in Venezuela is not a massive bureaucratic structure using central planning. It is not at all like the unified power bloc von Hayek, and Djilas feared and condemned. It is a large number of worker owned enterprises, most with fewer than ten employees. Evo Morales apparently intends to do an Aymara and Quichua version of the same approach in Bolivia. Morales proposes getting a bigger share of profits from natural resources for the Bolivian state, and then distributing the money to a people's economy. The money is not to go to promote huge state firms but to better funded and more technically up to date traditional family farm production units.

Laura Pasquali: The ideas of Evo Morales and his vice-president actually draw on the theory of the people's economy developed here in Argentina by Jose Luis Coraggio and others. The people's economy is part of the private sector, not part of the public sector. What makes it a people's economy is that it is a labor economy, a work economy. It is made up of domestic units whose principal asset is labor, and whose objective is making a living. It is distinguished from the entrepreneurial economy, whose principal asset is capital, and whose objective is to invest capital for the purpose of making profits.

Howard Richards: So for contemporary Argentine progressive thinkers, and in Bolivia and Venezuela too, the old-fashioned distinction between the bourgeoisie and the proletariat, with the first owning the means of production, and the second compelled to live by selling their labor power to the first, is replaced by a somewhat different distinction. This new way of thinking ---the theory of the people's economy---has the political consequence in Rosario that I mentioned earlier. The small businesses are part of the people's economy. Why? Because their principal asset is labor, and their objective is to make a living.

Laura Pasquali: The industrial proletariat is not expected to be the only or the main motor of social change.

Howard Richards: And it is a good thing that theoretical expectation has been abandoned because the industrial proletariat is small and shrinking. According to the industrial census of Rosario done by Alicia Castagna and Maria Lidia Woelflin and their students at the Faculty of Economics of the National University of Rosario in 2001, there are only eight industries with more than 200 employees in Rosario. If we assume that the typical industry with over 200 workers employs 300, then we can estimate that those few large firms employ 2400 workers. That is a very small industrial proletariat in a city of nearly a million people. In the manufacturing sector about 86% of employment is either in small and medium sized business or in micro business. Micro business, defined as 5

employees or less now employs more people than the eight large firms. The results are similar if businesses are classified by gross receipts instead of by number of employees. They are not greatly changed by including the large Chevrolet plant near the city but not in it. And in any case manufacturing as a whole is only a small part of total employment. The unemployed at any given month in any recent year are much more numerous than the industrial workers.

Laura Pasquali: We should bear in mind too that today's industrial workers in Rosario are not the mill hands you read about in Charles Dickens or Karl Marx. Most of them have technical training beyond the secondary level and many have university degrees.

Caroline Higgins: Even the unemployed are often highly educated. In Argentina the piqueteros, the organized nonviolent protest groups, are often led by formerly middle class people who fell into the lower class in the crash of December 2001.

Laura Pasquali. I am referring to the high levels of education both of the existing work force and of the much larger number of industrial workers who worked in the industrial belt centered at Rosario before the region was de-industrialized during the 1980s and 1990s.

Howard Richards: And, of course, most workers are not industrial at all.

Laura Pasquali: Yes. Today's workers are diverse, but they are still workers. Labor is still the only or main resource they have to sell in order to make a living. One of the most active labor unions in Rosario is struggling to organize sales clerks who work in retail stores. Another big group is the bus drivers. The school teachers union is large and active. The city itself employs many workers. It is often an embarrassment that a city administration that is in principle socialist is found resisting wage demands of its own employees. The city is caught in the middle between a just wage for municipal workers and how much taxpayers are willing to pay.

Howard Richards: I cannot help hearing your words as you talk as having different connotations than the same words in the United States. For example, when you say "the bus drivers" I hear a corporate entity, a group conscious of itself as having a common set of interests and a certain function in society. When I hear "the bus drivers" in the United States I hear a collection of discrete individuals who happen to have in common the fact that they have found employment driving a bus.

Caroline Higgins: Before we get farther into analyzing employment and unemployment in Rosario, I want to be sure we do not forget about education. I did not mean to underestimate the importance of democratic culture and democratic education. I just meant to say that the whole Venezuelan approach to social economy is more likely to decentralize social power than to centralize it. It avoids concentrating economic power in a small privileged class even without a deeply democratic educational philosophy.

Laura Pasquali: Educational philosophy is just part of it. We talk about constructing citizenship, neighborhood participation as a school for democracy, building a culture of peace and respect for human rights, active citizenship, social capital, community capacity building, transparency, making government accountable, grassroots empowerment, and inclusive partnerships for strategic planning. In Rosario we are systematically building a deeply democratic culture not only because we fear that without it our future socialism might be like one of the bureaucratic nightmares that other countries have experienced. We build it also because we fear that without it our past might return as a repetition of the brutal right wing military dictatorships that we ourselves have experienced.

Howard Richards: Are these projects for grassroots civic education and empowerment capturing the hearts and minds of the public at large, or are they just ideals promoted by the progressive intellectuals who currently occupy posts in the city administration ?

Laura Pasquali: That is a good question. There is no short answer to it. For example, since 2002 the city of Rosario has invited the citizens in each barrio to help write the part of the city budget that concerns their own neighborhood. The neighbors decide in two rounds of local town meetings whether the money will be spent on sports facilities or more street lights or on whatever they themselves propose. You will find a hundred or even two hundred people meeting at a local school or community center divided into small groups brainstorming and setting priorities. The number of participants is growing year by year. But last year the total city-wide was still only about 7,000. You can see that as a glass half full or as a glass half empty.

Howard Richards: Before Freire wrote The Pedagogy of the Oppressed he wrote an earlier shorter piece called "Education as the Practice of Liberty" which was widely circulated in Chile while I was working in the Ministry of Education there in the late 1960s, and which immediately became the basis of part of a new secondary school curriculum in philosophy, not only for the university-bound students but also for those who were taking short courses to be auto mechanics or hairdressers. The main idea was similar to the main idea of John Dewey. Children learn democracy by practicing it. The public school can be the place where the culture is formed that drives democratic institutions at all levels of government. Emile Durkheim had a somewhat similar idea in the late 19th century when he wrote L'education morale as a guide book for school teachers about how to make their students into good citizens of the French republic

Caroline Higgins: The idea is even older than that. Jean-Jacques Rousseau wrote of education as the basis of government. His perfectly educated "Emile" was supposed to marry his perfectly educated "Sophie" to form a married pair. The married pair, not the individual, was the unit on which political community was built. And before that Montesquieu taught that while the principle of tyranny was fear, the principle of a republic was virtue. A tyranny could only last by instilling fear in the populace. A republic could only last by education that made the citizens good.

Laura Pasquali: In the progressive movements in Argentina in the 1960s and 1970s there was a major influence of Sigmund Freud, and of thinkers influenced by Freud such as Erich Fromm and Herbert Marcuse. Traditional society was seen as repressive, politically, economically, socially, and sexually. As Fromm said, it was necrophilic, death-loving. The liberation of the people from capitalism was life-affirming.

Howard Richards: The military officers and the right-wing vigilantes who slaughtered the young advocates of “make love not war” with unspeakable cruelty said they were defending traditional western Christian values against atheists and sexual deviants.

Laura Pasquali: Which confirms Fromm’s thesis.

Caroline Higgins: It has been a standard conservative doctrine for centuries that human nature is evil. From this premise it follows that followers of Jean-Jacques Rousseau or Karl Marx, or any visionary thinker, are misleading the people because they postulate something that does not exist and never will, namely the pro-social, generous, honest, cooperative human being. A social program based on such illusions can only lead, according to this standard conservative reasoning, to Stalin’s Gulag Archipelago, as depicted in the historical novels of Alexander Solzhenitsyn. The penalty the people pay for the unfounded optimism of the left wing intellectual political activists is always poverty and slavery.

Laura Pasquali: It has been a standard progressive doctrine for centuries that this conservative doctrine is a self-serving ideology. They legitimate their privileges and excuse their corruption with cynical theories that use history to argue that no better world is possible.

Caroline Higgins: I think we are saying that today these centuries-old debates are out of date. Today there is a new factor in the equation. Educational methods like those of Paulo Freire can change culture. In his own words Freire pioneered “cultural action for freedom.” David Hume famously said in the 18th century that any social reform that supposes a change in manners and morals is imaginary. But today educators know how to change manners and morals, how to change them for the better.

Howard Richards: Even more than Freire, I would cite Jean Piaget and the hundreds of researchers coming after him in the field of the psychology of moral development. There is a whole field of study at the graduate level, complete with professional associations and refereed journals, that shows with empirically tested scientific theories that it is indeed possible to intervene as educationists to raise the ethical standards of a population.

Laura Pasquali: Why do you think Piaget is more important than Freire ?

Howard Richards: When Paulo Freire wrote The Pedagogy of the Oppressed his daily life was focused on a rather specific problem. The main ideas came from his work in adult education in Brazil, but he actually wrote the book in Chile at the very end of the 1960s. He was working at the time in the asentamientos.

Laura Pasquali: What were the asentamientos in Chile in the 1960s?

Howard Richards: They were part of the land reform. The government took possession of unused and underused large landholdings. The campesinos had lived and labored in poverty and in ignorance on other people's property ever since the Spanish conquistador Pedro de Valdivia had divided Chile into fiefdoms for his lieutenants in the 16th century. The government's intention was to distribute land to them. The campesinos were at long last to become land owners and farmers in their own right. They would either farm large plots as members of cooperatives or smaller plots as families.

Laura Pasquali: What were the asentamientos ?

Howard Richards: They were temporary settlements. The campesinos lived there on government land, which had formerly belonged to large landowners, while they were waiting to get land of their own, or else to turn the asentamiento itself into a cooperative farm that they would run as a group.

Laura Pasquali: I imagine that they did not know how to run a farm. They must have needed technical advice from agronomists.

Howard Richards: The problem was not just lack of agricultural training. Freire encountered a problem similar to one Antonio Gramsci encountered when the automobile workers took over the assembly plants in Turin. The campesinos were not accustomed to freedom. They had always been told what to do. Their role in life was to listen and obey, not to speak and decide. They had internalized their social role as subordinate. Freire worked partly for the United Nations agency that was helping Chile with the land reform, and partly for a Chilean government agency. He argued in those circles that if the asentamientos were ever themselves to turn into successful agricultural cooperatives, or to be intermediate points on the road to successful new forms of landownership, there had to be a change in the mentality of the campesinos, in their self-esteem, in their way of relating to other people. Freire argued that his literacy programs were essential in that context. They did not just teach reading and writing. Freire's programs imparted literacy in ways that raised consciousness and developed self-confidence. He told the UN and the Chilean government that critical literacy was just as essential to the success of the land reform as knowing the diseases of poultry or the precautions necessary in handling insecticides.

Laura Pasquali: He was advocating the consciousness-raising adult education that he had developed in Brazil in the administration of Getulio Vargas. After the military coup of 1964 Freire was thrown out of Brazil. He went into exile in Chile.

Howard Richards: When today we read the critical pedagogy of Henry Giroux, Peter McLaren, bell hooks, and others, we should remember the context of their great predecessor. Freire made his contributions from a certain Sitz im Leben (place in life)

as the German expression has it. Many others have made important contributions too, in different voices, speaking from different contexts.

Caroline Higgins: We have come to expect from critical pedagogy authentic voices of real people, not just masks which claim to speak in the name of Science. When we read Giroux we learn about the life of a kid growing up in the slums, and about a young radical academic facing America's entrenched university bureaucracies. When we read hooks we learn about being young, black, poor, and female.

Laura Pasquali: We seem to be concluding that the path to social justice today is not as much about economics and politics as it was in earlier times. It is more about education. I think at this point we may be in some danger of overestimating the capacity of education to contribute to progressive social change. We have to consider that Bourdieu and Passeron were at least partly right when they argued in La Reproduction that social structure determines education, education does not determine social structure.

Howard Richards: Let me ask if you would agree that nevertheless it makes sense to attribute some of the achievements of Rosario to a long and persistent process of civic education, a process of the construction of citizenship?

Laura Pasquali: Perhaps we need to put your question in the historical context of a city that has been a center for radical social movements at least since the last decades of the 19th century.

Howard Richards: Let me give an example of what I mean. A remarkable achievement of Rosario is that it has an exemplary network of public medical clinics that is paid for by people who do not use it. The clinics are in the periphery, where the poor people live. Most of the money comes from middle class taxpayers who live in the center of the city. They have health insurance under Argentina's obras sociales programs. They do not need the public clinics.

Laura Pasquali: They know perfectly well that they are paying for other people's doctors and nurses because Hermes Binner tells them so. Binner is the medical doctor who was mayor from 1989 to 2002. He now represents Rosario in the Argentine federal congress. He was the city's Secretary of Health before 1989. The city's public health program grew to its present dimensions under his leadership.

Howard Richards: The same can be said of the programs for children, the "city for children" designed with the advice of the Italian children's rights advocate Francesco Tonucci --the preschool complexes called Centros Crecer and the educational theme parks for children, the Island of the Inventions, the Children's Farm, and the City of Children where children play with machines in a model of Leonardo da Vinci's workshop. In many of his speeches Binner says slowly "Children do not vote." You could hear a pin drop when he says that. It is as if the audience were mesmerized. He asks the voters and taxpayers to support programs for people too young to vote and too poor to pay taxes.

Caroline Higgins: It is an appeal to solidarity, but it is also an appeal to enlightened self-interest. A city with greater social justice is a better place to live. Social tension is low by Argentine standards. There are more public parks and they are better maintained. There are recreational and cultural programs for everyone. The piqueteros are not constantly closing streets during rush hour and blocking bridges. The police are not clashing with rioters. The streets do not smell of tear gas. Rich people do not need bodyguards. Its cultural attractions make Rosario a magnet for tourists, especially from within Argentina, which is a major boost for a local economy that has been decimated by de-industrialization.

Howard Richards: We can say that Binner appeals to an innate sense of justice that is always active at some level or other of the human soul ...

Caroline Higgins: ... or, without being metaphysical, we can say, going back to the biologist turned psychologist Jean Piaget, that Binner appeals to an acquired sense of justice that is always active in a normal human being who grows up under normal environmental conditions.

Howard Richards: We can also say that Binner appeals to enlightened self-interest. My question is whether we can also make a third affirmation: that Binner is reaping the harvest of a long labor of construction of citizenship and political education ?

Laura Pasquali: I think so. I wish I had solid evidence to prove it and to quantify its dimensions.

Caroline Higgins: Some solid and partly quantitative evidence can be found in the vast literature that goes under the name "social capital." I have some reservations about the name, since it seems to amalgamate into a universal category called "capital" precisely what is not capital. Nevertheless, whatever the name, the phenomenon exists and has been measured. In our study of Rosario we do not need to produce a stand-alone case. We do not need to show with only our own evidence that today there are new paths to social justice in the world. It is enough to show that what is happening in Rosario is part of an emerging worldwide pattern, an emerging paradigm shift.

Howard Richards: Let's leave temporarily unanswered my question about the educational impact of participatory democracy in Rosario. I want to ask another question about the Venezuelan model of economic democracy.

Caroline Higgins: I think it suggests a winning formula. Start with an immobile asset as a solid source of funding. Then use Freirian critical pedagogy and everything psychological research has to offer to promote a culture of solidarity.

Howard Richards: I think somebody in Rosario has an even more winning formula, but I do not know who.

Caroline Higgins: Why don't you know who ?

Howard Richards: It happened this way. The UNDP (United Nations Development Program) awarded Rosario a prize for being a "Governable City." It invited officials from around Latin America to come to a seminar in the city to learn about the programs and policies that had earned it the prize. I went to the seminar. Actually, I went with you. When we got to the door we were met by young people distributing flyers asking the visitors to shop while in town at a recuperado (recovered) supermarket, the El Tigre. The supermarket was closed by its owner, but its employees stayed there and "recovered" it. It is now run as a worker cooperative. The heading on the flyer was "for a new culture of production and distribution." I do not know who wrote the flyer.

Laura Pasquali: But you think that "for a new culture of production and distribution" is a good formula.

Howard Richards: It is a formula that responds to the question I was going to ask about Venezuela. The question is how Venezuela is going to deal with the chronic deficiency of effective demand that John Maynard Keynes studied. We live in a world where unemployment is normal, where there are normally too few customers to buy all of what is produced, not to mention all that could be produced if industry and agriculture operated at full capacity.

Laura Pasquali: If I understand what you are saying, we can draw a sad lesson from the former Yugoslavia. Yugoslavia had worker ownership. But the worker-owned enterprises operated in markets not unlike the markets that capitalist-owned enterprises operated in. There was a new culture of production, but there was no new culture of distribution. Yugoslavia's worker-owned enterprises could not sell everything they could produce. The worker-owners did not want to take on more employees, and they were not in a position to do so. There was unemployment, just like under capitalism. The enterprises went into debt, just like under capitalism. Some of them fell hopelessly into debt.

Caroline Higgins: I do not know why people, even people who support worker ownership, think of the market as a natural institution, as something that has always been and must always be. Why can't everybody be like Amartya Sen ?

Howard Richards: In what respect ?

Caroline Higgins: In the respect of thinking of markets as human inventions, as tools used to get a job done. If markets are not working, if they are leaving people out, or wasting resources, or driving some people hopelessly into debt, then it is the markets that should be reinvented. People should not be human resources for markets. Markets should be cultural resources that are evaluated and modified regularly in order to shape them to better serve people.

Laura Pasquali: Coraggio says we should “resignify” markets. Markets should be segmented. They should be accountable. They should be contained. They should not be the containers. They should be adjusted to favor labor, to favor ecology, to favor local communities.

Caroline Higgins: There should not be any “victims” of the market. Nobody should be allowed to fail. In this respect we should learn from the Swedish model of the 1960s. Sweden quite deliberately allowed enterprises to “sunset” and come to an end. Some used outmoded technologies. Some could not pay their taxes. Some could not pay Sweden’s high wages. It was just as well that they ended. But that did not mean that anybody had to suffer. The workers could go back to school and make just as much money studying as they had been making working, until the time came for them to be employed in a “sunrise” industry. The owners of the terminated business were not left on the street either. Like everybody else they were cared for by Sweden’s ample social safety net. They also had any number of opportunities for training and financing in starting another business, or in going into some other line of work, maybe teaching or research or a management position with some other firm.

Howard Richards: In the Sweden of the 1960s high wages were guaranteed because the state was the employer of last resort. If you could not work for anyone else, you could work for the government. That is a good part of the reason why nobody had to suffer when a business enterprise came to an end. But Sweden was not able to keep that policy up indefinitely. So far nobody has been able to keep up such a policy indefinitely.

Laura Pasquali: As you continue to study Rosario, you will want to take a close look at what we call economia solidaria (economics of solidarity) and at what is happening at the grassroots level in the barrios. We may be applying some concepts that in principle solve the problem that Sweden almost solved, but in the end did not solve.

Caroline Higgins: I think you are talking about the problem of improving the BATNA (best alternative to a negotiated agreement) of the worker in the job market. Many countries have tried unemployment insurance, but poor countries usually cannot afford unemployment insurance. Even rich countries can afford it less and less as government budgets come under more and more strain. Besides, unemployment insurance is just writing somebody a check. It is not a dignified and fulfilling life just to go to a government office and get a check every week. It is degrading and even depressing if to get your check you have to prove that you have spent your week pounding the sidewalk unsuccessfully looking for work.

Laura Pasquali: We had a social, political, and economic crisis that came to a head in December of 2001. One of the responses was that neighbors got together in the barrios and asked each other how to solve their common problems –very basic problems, like having enough food to eat, like keeping their growing children clothed. These were called asambleas barriales (peoples’ assemblies in the neighborhoods). Sometimes it was the other way around. A core group would start by organizing a comedor popular or a panificacion comunitaria (people’s dining room, or community bread-making) and the

asamblea would grow out of the common effort to provide food for everybody. Some of these emergency institutions still exist, even though the employment picture is a little bit better now. They still give people a sense of security.

Caroline Higgins: In other words, what Sweden tried to do with a welfare state, Argentina is doing with solidarity at the level of the neighborhood, and also with a social economy that is in the private sector, not the public sector, called economia solidaria. The new left governments in Latin America know they cannot solve basic social problems without collaborating with strong social movements in civil society --without a culture shift.

Laura Pasquali: We will have to look more closely at the multiple relationships between governments and social movements, and at what it means -- if it means anything-- to call many of the current governments in this part of the world "left."

Howard Richards: The basic question Keynes raises is that of low level equilibrium. Markets just do not normally balance with every business making profits and everybody who needs to work to make a living finding employment. This is a problem of principle. I really do not know how to solve it. I do know that it cannot be solved just by changing around who owns the means of production. It would not be solved even if every single firm were a worker cooperative, although I do not think anybody wants that. I think everybody agrees that a sensible society will have multiple ownership forms, and would be what Karl Popper called an open society...

Caroline Higgins: ...people often forget what Karl Popper actually said. People often think of Popper as a died-in-the-wool anti-Communist, as a free marketeer. They forget that what he meant by an open society was a society where social science is systematically employed to study and criticize social institutions, where academics conduct their work freely with adequate funding and without government interference or censorship of any kind by anybody. And a society where democracy is used to keep all institutions in a state of permanent revision and improvement, especially through orderly removal of governments from power when the people no longer have confidence in the government, and especially through pilot studies to see how institutional changes work on a small scale before applying them on a large scale. Popper specifically said that in an open society political power would dominate economic power ...

Howard Richards: ... Yes, you are right about Popper. What I was saying, maybe repeating myself but I think the point is worth repeating for emphasis, was that some problems Keynes drew attention to cannot be solved just by reforming property ownership. Whatever ownership forms a society uses to organize production, they do not solve the problem of insufficiency of effective demand. That problem has to be solved through some new culture of distribution and consumption or other. As the Brazilian thinker Euclides Andre Mance wrote, echoing Mahatma Gandhi, "In the logic of critical consumerism, every act of consumption is a gesture of planetary dimensions." (Mance 2004. p. 81)

Caroline Higgins: I think the point of the young people who passed out the flyer at the UNDP seminar may have been that we can make a start toward a new culture of distribution as conscious consumers. We can deliberately buy from firms that are labor-friendly, environment-friendly, and generally socially desirable. But I do not think that point completely answers the Keynesian question of principle. I do not think Keynes himself answered it. He often advocated government spending to boost effective demand and thus relieve unemployment. But when it was pointed out to him that maintaining a sufficient level of government spending indefinitely was not a realistic possibility for the long run, he could only quip, “in the long run we’ll all be dead.” In his General Theory Keynes took up again the paradox posed by Bernard de Mandeville in his Fable of the Bees. Mandeville is one of many who has pointed out that wasteful consumption is a private vice but a social virtue. Today we would add that waste is an ecological vice. The best example is the private automobile. Nothing damages the environment more than the car. Nothing more than the car misdirects resources away from the basic needs of the poor and toward the convenience of the middle classes and the rich. And yet automobile ownership is a social virtue. The auto industry gives employment to millions who would otherwise be unemployed. It is hard to imagine, stating the problem in Keynesian terms, how a modern society could generate enough aggregate demand to avoid economic collapse without the private car.

Laura Pasquali: Let us leave the Keynesian question of principle temporarily unanswered also, along with the earlier question about verifying the impact of participatory democracy on political culture. We may find some clues to answering both questions as we continue to examine what is happening in our city, in Argentina, and in the world. I have to run to meet some students at the university, but before I go I want to say just a little more about employment in Rosario. I do not want to leave anybody with a rosy picture. The numbers vary from time to time but the following numbers for April 2005 are typical:

- Total population of the city 976,217
- Economically active population 428,233
- Employed 366,568
- Unemployed 61,665
- Underemployed 49,000

The unemployed category includes people who get 150 pesos a month in exchange for community service. The underemployed category includes people who work less than 40 hours per week not by choice but because they have not found more work. The employed category includes those who work as we say in Argentina en negro (in black). Working “in black” means they have no “papers” either because they are paid in cash or are self-employed, for example shining shoes or selling umbrellas on the street, and do not file “papers.” The people “in black” have no health insurance, are not paying taxes, and are not contributing to a retirement fund. In Argentina the law provides that all workers have health and retirement benefits, so that anyone who is working “in white” instead of “in black” has them. The total population includes young people, retired people, and people who for any reason are not seeking work, as well as the economically

active population. If we consider that in Argentina 47% of the people who are employed are “in black,” then these figures show that only about a third of the population of the city has a real job, one that employs them full time and includes health and retirement benefits. The fraction with real jobs may be somewhat higher if we assume that the percentage working “in white” in Rosario is higher than the average percentage for Argentina. You can see the visible reality of employment whenever someone advertises in a newspaper inviting people to apply for a job opening. There are lines that stretch around the block of people holding their resumes waiting for an interview.

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