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INSTITUTE ALTERNATIVE POLICIES FOR THE SOUTHERN CONE  
OF LATIN AMERICA

**GLOBALIZATION AND  
CIVIL SOCIETY:**

**Rethinking Cooperativism in the  
Context of Active Citizenship**

**Marcos Arruda**

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## OTHER PUBLICATIONS

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# **GLOBALIZATION AND CIVIL SOCIETY**

## **RETHINKING COOPERATIVISM IN THE CONTEXT OF ACTIVE CITIZENSHIP<sup>1</sup>**

**Marcos Arruda<sup>2</sup>**

**Rio de Janeiro, December, 1996**

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<sup>1</sup> This text was prepared for presentation at the Conference on Globalization and Citizenship, organized by the Institute for the Investigation of Social Development of the United Nations (UNRISD), Geneva, December 9-11, 1996.

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*"Always you have been told that work is a curse and labor a misfortune. But I say to you that when you work you fulfill a part of earth's furthest dream, assigned to you when that dream was born, and in keeping yourself with labor you are in truth loving life. And to love life through labor is to be intimate with life's inmost secret."*

Gibran Khalil Gibran, 1923, "The Prophet"

## **INTRODUCTION**

It is a pleasure and a privilege to participate in the International Conference on Globalization and Citizenship, promoted by the Institute for the Investigation of Social Development of the United Nations (UNRISD). My presentation takes as points of reference diverse fields of experience in which I have been engaged as an economist and educator working with social movements, among them PACS, in Brazil and in the Southern Cone; the International Council of Voluntary Agencies, which gathers together more than 100 organizations and networks of civil society in the whole world; and the Transnational Institute, which includes intellectuals of renown from various continents.

Our experiences in working locally in integral development and education, associated with investigations of macro socio-economic themes, such as competitive globalization, transnational corporations, the politics of structural adjustment and regional integration, have permitted us to reflect on what we hope will be an innovative line of thought. We are seeking to connect critically the *micro* with the *macro* and, in the search for a vision of the world which will be both utopic and viable, point to an horizon of a cooperative globalization, built by individuals and societies that have become **active and conscious subjects, personally and collectively**, of their own development. Achieving this status of autonomy with, at the same time, solidarity, it will be possible to bring together the networks of collaboration and interchange which respect the individuality of each one and make connections in a complementary and creative manner, in multiple processes that are both self-managed and in solidarity.



Our perception is that behind the apparent success of the Market system, which is becoming global, there is a profound crisis in the meaning of existence of each human being and of each society on the Planet. In many places an excess of wealth and well-being has been accumulated, which live together with a similarly excessive lack of the basics for a dignified existence, along with excesses of violence of all kinds. Economic growth appears to be a panacea. However, while within it there are so many products that are useful and even indispensable for human subsistence and well-being, there also is to be found speculation, drug and arms trafficking, the production of death, corruption and the double cost of environmental destruction and subsequent rehabilitation. All these equally create "national product" or "national income" and are considered good, within the system of values of the Market.

In the countries that are part of what is called the "Market Economy", two actors have alternated in power: the private sector and the State. The first continues to be the dominant agent of the economy and, in the form of transnational corporations, is also the most dynamic actor in globalization.<sup>3</sup> But the world that is led by them is in crisis, a crisis much greater than that signaled by economic indicators. The search for identity and for a sense of meaning for human existence, on the subjective level, walks side by side with the search for ways to organize the economy and national and international exchange that promote human beings, respond to their basic needs, and generate a dynamic equilibrium with the environment. An ever-deepening feeling is spreading abroad in the world that the all-powerful private sector has not managed to create a world of well-being and happiness for each and every citizen, people and nation. On the other hand, the attempt to put into the hands of the State the power for decisions and the total control of the economy, has also proved, historically, to be non-viable and undesirable. The proof of this was the implosion of the states of Central and Eastern Europe between 1989 and 1990.

Our thesis in this paper has various components, among them:

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<sup>3</sup> Korten, 1995, pp. 173-182; pp. 308-312.



- globalization in itself is not problematic; on the contrary, it is a step of progress in human history. The problem is what I have called **competitive globalization** -- that which is occurring from the top down, and is being shaped by the corporate interests of the transnational companies, and by the geo-political interests of the rich and powerful countries of the Northern Hemisphere;
- such a globalization imposes on countries and peoples, above all on those in the Southern Hemisphere, a logic of exogenous development, and a subordinate model of integration into the global economy; this way has constituted an **obstacle to the exercise of full citizenship**, whether on the local level, or national and international; it does not offer an adequate environment for the fulfillment of **integral and active citizenship** for the members of different societies, even in places where representative democracy functions;
- "jobless growth" seems to be a main trait of competitive globalization; recessive policies related to neoliberal stabilization and adjustment policies, coupled with intensive technical innovation and restructuring of the production and distribution of goods and services are at the root of jobless growth. Business magazines and researchers have been as bold as to announce "the end of the job"<sup>4</sup>, or the **gradual disappearance of salaried labor**; it is certain that unemployment is no longer a phenomenon simply related to business cycles<sup>5</sup>. It is affecting the North as well as the South and is pressing workers and employees to **redefine human work**,<sup>6</sup> while labor organizations are forced to rethink their role in a post-industrial world in which they are no longer fit;

<sup>4</sup> Articles in Fortune Magazine and Business Week during 1992 already warn about this trend of the global economy. See also Rifkin, 1995, Chapter 1, pp. 3-14 and respective bibliography. Robin, 1994, pp. 19-34.

<sup>5</sup> ILO, 1993, especially Part 2, with the cases studies about restructuring and employment in Mexico, Indonesia and Central and Eastern Europe.

<sup>6</sup> Robin, 1994, pp. 35-59. Aznar, 1993, pp. 33-44; pp. 253-280. I do not fully agree with the approach of most French writers, because they fail to distinguish employment or salaried labor and free work.



- we insist that genuine development cannot be seen only from the angle of the economy and finances; these should only be seen as ways toward full and multi-dimensional development of each person and human community, beginning with the **actual and potential** resources of each one and respecting the diversity of material and non-material attributes which characterize the human Species (**noodiversity**<sup>7</sup>); all outside help and all relations with outside agents should be seen as only complementary to the mobilization of internal forces and resources for self-development;
- the idea of the development of human communities and societies, and of each one of its members, can be put into practice in the midst of the actual process of globalization, by means of the gradual empowerment and education of those members to enable them to become **conscious and active subjects of this personal and collective self-development**, on a path that goes from the *micro* to the *macro*, involving the effective democratization of access to markets, to the means of production, to credit and to knowledge;<sup>8</sup>
- it is in this process that the practice of an autonomous cooperativism, self-managed and in solidarity, gains enormous importance as it innovates in the space of the human enterprise/community, and also in the relationship of exchange between the diverse agents (the market, seen as a human relation); our argument is that civil society needs to overcome the relative inertia to which it has been subjected, overcoming the unilateral culture of contentiousness, demand and delegation, with its alienating paternalistic practices, for a **culture of self-development, of self-help and complementary**

<sup>7</sup> *Nóos*, in Greek, signifies: 1) the faculty of thinking, intelligence; 2) wisdom, reflection; 3) project, way of seeing; 4) soul, heart; 5) state of soul, sentiment; 6) will, desire. Teilhard de Chardin (1947b, pp. 201-231) uses this term, loaded with specific connotations of a conscious-reflective being, to speak of the Sphere of existence of the Human Species, **NOOSPHERE**, belonging to the Biological Sphere, the **BIOSPHERE**, but qualitatively distinct, in terms of Awareness and Evolution. See also Aurobindo, 1949, pp. 56-65.

<sup>8</sup> Korten, 1995, pp. 261-276; pp. 320-328.



**solidarity**; associative and self-managed cooperativism, transformed into a strategic project, can be the means of more adequate restructuring of the socio-economy in the new era that is being announced;<sup>9</sup>

- we visualize for the XXI century this new actor and subject of power, of the construction of History and of the evolution of the human conscience: **Civil Society** and each one of its components<sup>10</sup>, each becoming conscious and active subjects of their own development, capable of redefining the role of the State -- this we call **active citizenship**<sup>11</sup> -- and of subordinating economic activity to the major objectives of human existence on the Planet; the synergy of consciousnesses, of individual creativities in the process of embracing, in solidarity, all areas, from the economy and commerce, to science, art, esthetics, ethics and spirituality;
- the evolution of this process, personalizing and socializing at the same time,<sup>12</sup> and which builds from the micro to the macro and from the inner to the outer, we call in this essay **cooperative globalization**. This is the only way that can provide a context for an effective global citizenship<sup>13</sup>. One cannot conceive of an effective global citizenship that is not, at the same time, local and national; and there can be no integral citizenship on the political, cultural and institutional level that is not anchored as well in the praxis of an active and full citizenship in the areas of economics and finances;
- therefore, all the measures necessary to stimulate **global citizenship** and make **global democracy** a reality -- global institutions of government, global structures of regulation, fiscalization and sanctions, a global social contract, legal codes that orient the conduct of the diverse agents and nations, a global judicial system, a statute of

<sup>9</sup> Nove, 1989, pp. 277-282. Núñez, 1996, pp. 289-309.

<sup>10</sup> Teilhard de Chardin, 1948, pp. 307-316. Sri Aurobindo, 1949, pp. 33-47.

<sup>11</sup> Vitoria Benevides, 1994, pp. 11-19.

<sup>12</sup> Teilhard de Chardin, 1936, pp. 67-114; 1947a, pp. 251-272.

<sup>13</sup> UNRISD, 1995, pp. 169-175.

the rights and duties of the global citizen, etc. -- must be anchored in processes of construction of an active citizenship and an integral, all embracing democracy at the local and national level. And these demand a proper education, directed by the goal of raising consciousness for increasing individual and collective self-reliance, self-development, self-education and self-government.<sup>14</sup> Such an education can only exist if it is based on an adequate methodology, which values the knowledge of each and every subject, articulates theory and practice and orchestrates the promotion of individual self-consciousness with a collective process of visualizing and building the new.

### **Brazil in the Context of Globalization**

The population of Brazil is increasingly skeptical about solutions that depend on the business elites and on governments directed by politicians who are themselves businessmen, bankers and the owners of vast rural properties, or are the loyal allies of those same interests. At this end of the century and the millennium, the wealth of this country is immense, created by the suffering work of various generations of slaves, whether directly under the regime of slavery that ruled for three and one-half centuries in Brazil, or by salaried work, which subsists for only 108 years of our history.

At the same time, this wealth is excessively concentrated and the evolution of this concentration does not nurture hope for the impoverished majority of Brazil. A rapid look at the State of Rio de Janeiro, the city that hosted the World Conference on Environment and Development in 1992, and one of the richest and most modern metropolitan centers of Latin America, can serve as an indicator of how the country and the continent are doing. A recent survey<sup>15</sup> demonstrated that the impoverishment and inequalities are greater in Rio de Janeiro than the national average, and that the proportion of poor and indigent grew more

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<sup>14</sup> Teilhard de Chardin, 1938, pp. 39-54.

<sup>15</sup> IPPUR/Federal University of Rio de Janeiro, 1995.



between 1981 and 1990 in Rio than in all other Brazilian cities. The study indicates that poverty in Brazil is an increasingly urban/metropolitan problem. This results, among other factors, from the chaotic growth of the cities, associated with the rural exodus characteristic of the archaic and disordered reality of the Brazilian rural areas. Some facts from the study are revealing:

- In 1990, 3.2 million persons, or 33% of the population of the State, lived in poverty or total destitution.
- The Southern Zone of the City of Rio de Janeiro and the City of Niterói have 9% of the families and 31.2% of the income of the State.
- Declining family income was generalized, the average family income being extremely low: from 1.8 minimum salaries (per family) in 1981 to 1.4 minimum salaries<sup>16</sup> in 1990, or - 18.9%. In some areas, like Nova Iguaçu and the Baixada Fluminense, the decrease was 22.3%.
- The part of the population receiving up to one-half of a minimum salary increased, during the period, both in the Southern Zone and in Nova Iguaçu and the Baixada Fluminense.
- In the labor market, feminine participation increased, the open unemployment index fell, while there was an increase in the tertiary sector and in the informal economy. The income of working persons fell.
- The number of persons working in industry decreased to 15.4%, a 12.5% decline in the decade. The quality of jobs also declined: the number of persons working with full benefits fell from 47.5% in 1981 to 43.2% in 1990. Those working without benefits, at the same time, increased from 17.4% to 18.5% in the period.
- The income of the working population fell on an average of 25.8% in the decade, the greatest decrease coming in Nova Iguaçu: 33.3%.

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<sup>16</sup> The minimum salary in November of 1996 = US\$110/month.



Some of these tendencies may have improved somewhat during the two years of the Real Plan, but to a degree completely inadequate for the needs of the majority. And these needs are doubled in a national context of an uncontrolled opening of the economy and equally uncontrolled economic liberalization, badly planned privatization and an accelerated de-nationalization and de-industrialization of the economy. These are elements characteristic of the subordinated mode of Brazil's integration in the world economy, which today is being globalized in an accelerated and predatory, competitive manner. This kind of integration is not a "natural" happening, nor is it inevitable. It is, rather, the result of political decisions of the Brazilian governments and elites of recent decades, and, in particular, of the Fernando Henrique Cardoso administration.<sup>17</sup>

Such decisions have resulted in growing and systematic losses for the workers. Many businesses have also lost out to more agile and powerful forms of capital, in a totally unordered process without proper barriers or regulations. Some of the factors involved in these losses are:

- the policies of stabilization and adjustment that have been adopted, which give priority to macroeconomic priorities and ignore socio-economic indicators, especially unemployment rates;<sup>18</sup>
- the accelerated technological modernization of companies that produce goods and services;
- the takeover of various markets by transnational companies and banks;
- the unregulated opening of these markets, without any planning oriented toward distributing adequately neither the costs or the benefits, and strengthening the national productive base;
- the selective cutting of public spending, benefiting the owners of capital, and especially the great bankers and

<sup>17</sup> For a more detailed evaluation of Cardoso's administration, see Arruda, 1996a.

<sup>18</sup> Schlesinger, 1995, 2-17; Arruda, 1996b, pp. 18-22.



representatives of foreign interests, and punishing the middle class and the poor of society, including the small and medium businesses;

- the self-weakening of the State in its capacities to regulate competition and to orient development;
- the abandonment by the government of having a genuinely Brazilian self-development project;
- the predominant culture of impunity, to the benefit of those responsible not only for crimes against individual human rights (such as those who victimize rural, indigenous and religious leaders in the interior), but also for political, economic and financial crimes.

"Jobless growth" is the expression UNDP - United Nations Program for Development - uses to identify the principal characteristic of competitive globalization<sup>19</sup>. Brazil does not escape from this process of eliminating jobs. Unemployment is growing along with the economy. The high unemployment index in the country at this time, something like 16.5%, accompanies the policies of stabilization, which tend to be recessive, and the restructuring of businesses.<sup>20</sup> The banking sector in Brazil had 800,000 employees in 1994, now employs 500,000 and will collapse to 200,000 by the year 2000.

This accelerated movement to eliminate jobs tends, on the one hand, to weaken labor unions, both in numerical terms and in their capacity to negotiate. In the USA, the number of union members fell from 35% in the 1950s to 11% in 1994. In Brazil, as in most of the world, the labor union movement is on the defensive, being obliged to negotiate, not to win more space and new victories, but just to reduce the loss of historic victories achieved in the past.

On the other hand, what is called the "informal economy" is growing. This could be defined simply as unorganized space for

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<sup>19</sup> UNDP, *Human Development Report 1992*, New York.

<sup>20</sup> Unemployment affects differently the sexes: 14.6% are men and 18.4% are women. (Anne Caroline Porthuma, *Jornal do Brasil*, 19/10/96). Women also are found more in areas of less *status* and with lower salaries.

the struggle for survival by unemployed workers. "The solution to unemployment is not in formal employment as we know it today, which in 15 years will employ only a small part of (today's) workers....The training of labor will permit the development of new forms of work, such as domestic, autonomous and subcontracted."<sup>21</sup>

Expressions of worry over the growth of chronic unemployment and subemployment, which are expanding with the speed of the mushroom cloud of an atomic bomb in all the world of competitive globalization, are common today among persons in government and in business, and politicians in both hemispheres. For all of them it is urgent to find a solution that will not put at risk the rules of the game of world capitalism. Various forms of labor time sharing, side by side with the promotion of an individual entrepreneurial spirit, or even the training of groups of workers for the development of a cooperative, with, however, competitive objectives and in predominantly competitive conditions, appear to be promising trump cards. These measures, and many others that are even more radical, could have appeared a long time ago, as anticipatory and preventive measures. But they are being hastily adopted now, forced on the scene by the social crisis that is growing, as can be seen in France, Argentina and in Mexico.<sup>22</sup>

For the popular sectors, however, -- which make up of the majority that survives on the basis of its labor force more than by the capital it possesses, -- it is not just a matter of educating and retraining workers. What is at stake is to face ALL the consequences of the progressive disappearing of salaried work; and, to search for adequate solutions -- that will reach all workers -- and durable ones, -- which will deal as well with the capacity and competence of the workers, as with their access to markets and the ownership and/or control of the means of production, including land, industries, banks, credit, knowledge and the means of communication.

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<sup>21</sup> José Pastore, economist of the USP, quoted by Fátima Laranjeira in *Gazeta Mercantil*, 17/10/96, p. A-5.

<sup>22</sup> Gorz, 1991, pp. 277-305. Calmy-Rey, 1995, pp. 4-6.



Being deprived of these basic rights and forced to sell their labor force in exchange for wages, or being marginalized from the formal economy, workers are effectively alienated from their rights of full citizenship. Of course many assume that having no rights means they are no longer bound by citizen obligations -- which explains the waves of metropolitan marginality and violence. Competitive globalization has not reached workers' rights, among them the right to own and manage productive resources, and the right to go and come. The social clause, a matter of dispute in various regional integration treaties, is another sign of how little consideration workers' concerns still deserve in the business world. In fact, the only "international civil society" that exists consists of the transnational business "community".<sup>23</sup>

Workers' international organizations and international NGO networks attempt to represent the interests of their constituencies and/or advocate on behalf of those whose interests they espouse, but they face all sorts of obstacles -- legal, political and economic, to say the least -- to be fully effective on a global scale. They have made important progress in the last 15 years and have gained recognition and even respect in a number of national and international fora.<sup>24</sup> But the large majority of the world population is far removed from the awareness of what is happening and where such events tend to take the world. And in fact the social movements are experiencing a period of relative setback, loss of meaning and demobilization.<sup>25</sup>

Three stages are discernible for humankind to reach full active citizenship on a global scale: first, a period of opposition and persistent advocacy for change and improvement of the oppressed condition of the working majority; second, a period of developing awareness that workers can articulate opposition, advocacy and interaction within the capitalist market, with an active strategy of working collectively to gain spaces in the capitalist economy; and third, the slow but -- if those preconditions are fulfilled -- certain birth of a cooperative eco-

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<sup>23</sup> Korten, 1995, 51-103; pp. 293-305.

<sup>24</sup> De Tommasi et al (org.), 1996, especially Arruda, pp. 41-73. Arruda, 1995b, 24-35.

<sup>25</sup> Coraggio, *Del Sector Informal a la Economia Popular*, pp. 4-5.



society in which active citizenship becomes a reality for each and every citizen of the nation and, eventually, the world.<sup>26</sup> The present world seems to be going through the final part of the first period. The second has already begun and is now gaining momentum. But it will only become hegemonic when awareness expansion reaches a **critical mass**. For, what is at stake are not only institutional transformations on the socio-economic sphere, but also, and more profoundly, a cultural transformation involving changes in worldview and paradigms, values, attitudes, behaviors, modes of relationship, aspirations, passions and desires.<sup>27</sup> A personal, as well as a social transformation. And a transformation of relationships.

The immediate challenge seems to be socio-economic, but the main challenge is political, cultural, philosophical and spiritual. A world centered on inner, rather than outer values and meanings, quality rather than quantity, free work rather than slave work, such a world has already been born in the hearts and in the lives of many. But it will take a critical mass of conscious and committed individuals and social organizations to make the balance shift on behalf of the new.

It is here that two relevant processes of great power come in: the organizations of Civil Society, and the proposal for popular cooperativism. This brief essay seeks to point out the central challenges to active citizenship in the era of globalization; it also seeks to suggest that Civil Society is the principal potential agent of transformation on the Planet in the coming century and millenium, and popular cooperativism as the promising route for the self-organization of workers at the local, national and international level, even in the context of competitive globalization. The essay presents, finally, an alternative horizon to competitive globalization, which can serve as a more embracing objective to nurture Civil Society with an essential mystique for its development.

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<sup>26</sup> Aurobindo, 1949, pp. 538-540.

<sup>27</sup> Capra, 1983, Chapters 7-8 (pp. 188-262) and Part IV (pp. 263-420). Teilhard de Chardin, 1947a. Aurobindo, 1949, pp. 218-254.



## **PART I**

### **GLOBALIZATION AND CIVIL SOCIETY**

#### **Competitive Globalization and Development**

In other articles,<sup>28</sup> we have studied the potentially positive aspects of globalization, as it is occurring now, which can be summed up as follows:

- globalization is based on systems of production of more reduced and flexible scales, that need increasingly more knowledge instead of manual labor;<sup>29</sup>
- demands innovations in the organization of production that facilitate the utilization of the creative capacity of the workers, instead of keeping them reduced to merely repetitive tasks;
- demands technical innovations in the sphere of computers and robots that reduce the spending of time and human energy on tasks related to production and mere survival;
- requires better informed and trained workers, operating in a flexible manner and with less monotony, with more control and less hierarchy in the areas in which they operate;
- develops the trend toward systems of co-management and even co-ownership;
- increases the potential for the liberation of human work in relation to salaried employment, and the valuing of work as communicative and creative *praxis*, the core of effectively human development;

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<sup>28</sup> See Arruda, 1994, 1995a, 1996a and 1996b in Bibliography.

<sup>29</sup> Robin, 1994, pp. 38-47.

- the advances in the sphere of telecommunications create the potential for the democratization of communication, of relations which are more than just mercantile between persons, communities and nations. It also creates the enabling environment for the interchange of experiences, the complementarity of potentials and resources, the solidarity of aspirations and of struggles, the expansion of Species Consciousness, which increases and unifies diversity, without sacrificing it;<sup>30</sup>
- finally, globalization supplies the material basis for allowing the workers of the whole world to unite, instead of confronting one another, for a humanity of responsibility and solidarity.

Globalization, however, being centered in competition, which only spares the economic groups that have the most power and control of capital and markets, involves risks and threats, not just to workers, but to humanity as a whole, such as:

- reducing human labor to a commodity, it extends the subordinate ties of waged labor to a global scale;<sup>31</sup> lacking ownership and control over the firm, employees are not entitled to participate in decisions about what and how to produce, and about sharing the gains of productivity; on the other hand, they are prey to the speed and unplanned nature of industrial restructuring, which is generating massive lay-offs; public employees are also being made redundant as local and national governments adopt neoliberal reforms to promote globalization. The overall result has been long-term unemployment, open and concealed, marginal and underpaid jobs in an increasingly informal economy, and increasingly precarious work and life conditions as

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<sup>30</sup> Teilhard de Chardin, 1945, pp. 157-176; 1936, pp. 75-88.

<sup>31</sup> Gorz, 1964, pp. 56-60. Beaudrillard, 1973, 11-40. Arruda, 1995a, p. 7.



a result of cuts in public expenditures and changes in legislation which do away with recognized workers' rights. Evidence of a trend toward increasing income and wealth concentration is another reason of extreme concern;<sup>32</sup>

- holding hostage the concept of development, identifying it with economic growth and modernization and efficient production at the corporate level, taken abstractly in isolated form; the interaction between economic agents, in consequence, is conceived as a relation between isolated agents who interact starting only from their individual interests in a life and death struggle called competition;<sup>33</sup>
- extending to everyone a concept and practice of exogenous and centrifugal development, "from the top down" and "from the outside in", which takes as its parameters the dominant cultural elements of the highly industrialized economies (values, attitudes, behaviors, aspirations and ways of relating), and as hegemonic actors the transnational economic and financial groups, which are predominantly from the rich countries;<sup>34</sup> this practice alienates, because it separates persons, peoples and nations from their most profound potentialities; it sacrifices diversity and sovereignty, and globalizes at the expense of the national, the local, the different, the singular;<sup>35</sup>
- it subordinates the national economies, and their respective political superstructures, to the competing

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<sup>32</sup> According to the *International Herald Tribune* (March 3, 1996), family income in the USA between 1980 and 1995 fell by 11%. The 10% poorest lost 21% and the 10% richest gained 22%. Income concentration in Great Britain is the second highest among rich countries, after New Zealand. About 30% of the British children are born in families who earn social security benefits because otherwise they would be in absolute poverty. In 1979, when Margaret Thatcher came to power, there were one million children in families who depended on official aid. In 1992, according to the Labor Party, that number increased to three million. (*Jornal do Brasil*, Rio de Janeiro, Dec. 1, 1996, p. 21).

<sup>33</sup> "Carried by wild competition, this commercial jungle is but cannibalism converted into an institution, where the civilized man, in order to defend himself, becomes savage among the savages" (Herbert Spencer, *Essays on Progress*, 1886).

<sup>34</sup> Korten, 1995, pp. 51-103; pp. 308-312.

<sup>35</sup> Fromm, 1968, pp. 28-33.



strategies and corporate interests of the transnational businesses and groups, whose logic is predominantly economic and mercantile and whose principal motivation is the amplification of profits, production and competitive ability, and not the development of the peoples, nations and regions of the world.<sup>36</sup> There is ample evidence that any compatibility between both is contradictory and, frequently, negative, especially when peoples and nations lose their sovereign power to define, create and control their own development;<sup>37</sup>

- it forces the economic agents to appropriate virtually all increases in productivity to the detriment of the workers and employment, thus concentrating ever more capital and/or the power of decision in a reduced number of persons and business groups, marking national and world markets with a tendency to monopoly and cartel. These structures promote relations that are economically exclusive and politically totalitarian. Under the prism of development, this totalitarian tendency of competitive globalization is expressed in the abolition of all development projects that are not centered in the Market and in Capital, and the forced reduction of national power to regulate the flows of commerce, resources, inventions and even investments. "Pitted against each other, workers, business people and government carry on a struggle to the death seeking the subordination or elimination of the other. Such a system of relations, the more it is not regulated and left under the aura of the dominant interests, the more concentrated and destructive it becomes."<sup>38</sup>

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<sup>36</sup> UNRISD, 1995, Cap. 10, pp. 153-168. Dussel, 1987, pp. 162-173. In mid-1996 in the USA, there was a spurt of joy on Wall Street, expressed in a 70 point increase in the Dow Jones average, with the news that the creation of new jobs in the economy had fallen 13.3% from June to July. Food prices increased 1.6% and retail sales fell 0.2%, while interest rates on Treasury bonds rose. (*Le Monde Diplomatique*, Sep. 1996.)

<sup>37</sup> Korten, 1995, pp. 51-103.

<sup>38</sup> Arruda, 1995a, p. 6.



- it benefits and increases the private sector at the expense of Society and the State, by means of this package of policies called "structural adjustment", which includes privatization, deregulation and opening of markets, stabilization and growth at any cost, transfer of the power of decision and macroeconomic debate of the national States to multilateral institutions, and political stability based on a mask of consensus;
- as it globalizes the merchandising of human beings and of Nature, forms of exploitation and domination of people and Nature also become global, and with them the threats of socio-political and environmental ruptures;
- it adopts only compensatory and corrective measures to eco-social problems, crises and catastrophes created by those policies, without seeking to get to their roots. The innumerable governmental programs to alleviate unemployment and the marginalization of workers emerge alongside to reinforce the apparatus of social control and repression, which is not able to contain the increasing waves of urban violence that are flourishing in the metropolitan areas of both the Southern and Northern Hemispheres. In sum, the more wealth and power are concentrated, the more there is inequality and the greater the potential for disorder and social chaos.

### **Cooperative Globalization and Self-Development**

There can be two ways to think about alternatives to competitive globalization. The way "from the top down" and "from the outside in", which implies exterior or marginal actions, applied to the oligopoly-dominated market and a predominantly individualist democracy; and the way "from the bottom up" and "from the inside out", which starts from the diversity of persons, communities, peoples, cultures, and nations, and from the interaction of the popular sector of the economy with the



capitalist market and the State, toward building a globality rooted in diversity, in interaction and in the complementarity of its components.

In biology, development has to do with the transformation into reality of the potentialities inherent in an organism. On the human and historic plane, equally, development refers to the potentialities hidden within each person, community, people, nation and region.<sup>39</sup> In nature, the richness of these potentialities we call **biodiversity**, and we regard its defense as a necessary condition for the survival of the Planet itself. In human history, however, we are a long way from having the same awareness of the importance of defending and fomenting a **noodiversity**, as a principle of the life and evolution of the Human Species itself. This principle is based on the fact that no human being, nor any individual capacity, is sufficient and complete in isolation: only in recognizing this inherent **solidarity** in the condition of all beings, and in particular, human beings, and fomenting a **complementarity**, a **sociability** and a **brother/sisterhood** between us can we manage to progress in the sense that the evolution of the Human Species points in Nature itself.<sup>40</sup>

Let us take, then, the way of "from the bottom up" and "from the inside out". Doesn't this present the most viability at this turn of

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<sup>39</sup> Hegel, in his *Philosophy of History*, outlines what he calls the "principle of development", mentioning two defining aspects: 1) the real capacity for change and that for the better, an impulse of perfectibility; 2) a latent germ of being -- a capacity or potentiality striving to realize itself. Therefore, development is not the result of external changes, but the unfolding of "an internal unchangeable principle; a simple essence -- whose existence, i.e., as a germ, is primarily simple -- but which subsequently develops a variety of parts that become involved with other objects, and consequently live through a continuous process of changes". He left out the indispensable term: toward increasing complexity (see Teilhard de Chardin, 1936, pp. 67-114.)

<sup>40</sup> The testimony of an anthropologist and researcher of renown, Richard Leakey, (1978) is worth mentioning here. "Altogether, then, the notion that humans are inherently aggressive is simply not tenable. We cannot deny that twentieth-century humans display a good deal of aggression, but we cannot point to our evolutionary past either to explain its origins or to excuse it... (p. 221) We should not look to our genes for the seeds of war... One supreme biological irony underlies the entire issue of organized war in modern societies -- **the cooperative nature of human beings** (*my emphasis*). Throughout our recent evolutionary history, particularly since the rise of a hunting way of life, there must have been extreme selective pressures in favor of our ability to cooperate as a group... The degree of selective pressure toward cooperation, group awareness and (Species) identification was so strong and the period over which it operated was so extended (at least three million years and probably even longer), that it can hardly have failed to have become embedded to some degree in our genetic makeup." (p. 223)



the century and millennium? Don't we find hidden here the potential to draw out from the interior of the person, community, business, nation themselves the driving force to stir development, conceived no longer as merely economic growth, but as the freeing up of all the potentialities of the individual and the group?

To think that each person can be thought of as a creative center of his/her own development, and of the groups to which he/she belongs, and to think of each human community and nation from this same perspective allows us to point toward a different globalization, which is built from the bottom up, and which expands, based on another logic and another movement: it grows **starting from the organic conception of biodiversity**, taking as its objective **the efficiency of the organic system as a whole**, seeking to maximize the potentialities of complementarity, of sociability and of brother/sisterhood between persons, the communities, the enterprises, in networks of relations and interchange on all levels. This is the sense we give to the term "self-development".

### **Subjects of Self-Development**

The challenges of development as such move, then, to be faced on the various levels of human reality:

- **the personal dimension** - This refers to the development of the potentialities of each one of us. Each person is a being under construction. There are two vectors which dominate the existential process: one, of a genetic and hereditary nature; the other, of a cultural and societal nature. Science has focused on these two processes in investigations and debates that are yet to be concluded. But the fact is that the human being also is in a process of Evolution, as much individually as, in fact, as a Species. And, differently from any other being known on this Planet, the human being is the only one who has the faculties that give the capacity to visualize, project, act, and transform



consciously. But the human person is a contradictory being, because its very unity is diversity. The various dimensions that constitute us as beings, the body and its various parts, the mind, the psyche, soul, all develop in diverse ways and rhythms, in processes that are sometimes contradictory and complex. The challenge is to educate ourselves to develop as harmoniously as possible the various dimensions that constitute our personal being in an autonomous form and in solidarity. On the other hand, by acting, doing, building -- or, by the mediation of work -- the human being makes and builds itself simultaneously, contributing in this way to the evolution of his/her material and non-material senses, knowledge, awareness, his/her spirit, and, also, synergetically, to the evolution of the Human Species as a whole.<sup>41</sup> The challenge of self-development is that each person, by means of his/her action on the world and others, of his/her education, investigation and reflection on him/herself and his/her relations, to build oneself always more as the **conscious and active subject** of his/her own development. Self-education becomes a responsibility to progress in each aspect, quality, attribute, and faculty of the person, as a being who only exists in **relation** with the various dimensions of oneself, with the Other -- persons and collectives -- and with Nature;

- **the communal dimension** - The other dimension of the individual are the various communities to which he/she belongs. The individual, therefore, is *at the same time* a whole in itself, and a living and active part of more comprehensive wholes. The vision of self-development of the person applies necessarily also to the human community, whether that is the family, the work community, the faith community, that of recreational activities, and others. In this dimension is raised the challenge of always valuing more the

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<sup>41</sup> Teilhard de Chardin, 1936, 67-114.



potentialities of each participant in the community -- which means to cultivate **noodiversity** -- while seeking, *at the same time*, to build unanimities around goals, projects and common strategies of action and relations.<sup>42</sup> In the search for self-development of the community, however, it is essential to stimulate the freeing up of individual capacities, as well as those that result from the complementarity and synergy<sup>43</sup> generated by the thinking and acting in common of the participants. The starting place is the diversity of talents, capacities, and competencies which constitute the singularity and creativity of each one. The method is to put them "in common", seeking to build bonds of solidarity in collaboration within the community, so that as much as possible collective talents, capacities and competencies are developed. The challenge of participatory democracy begins at this level. This refers to, as in the case of each person, the development of the community in the sense of becoming the **conscious and active subject** of its own development. Here is put the question of the sharing of property and the formation of community property as the real essence of the practice of democracy. This sharing overcomes the "individualistic democracy" of capitalism, and also of the artificial egalitarianism that has dominated many experiments of "Statist socialism".

Business and political entities -- municipality, the State and the Nation -- are also communities. The natural intertwining among the different levels of human existence happens, as a matter of fact, from bottom up, having as its basic unit the person, not an abstract and isolated person, but rather in his/her context of *essentially human relations*. Work is the mediator of these relations, or the human capacity to transform, to create, to communicate. It is also the ontologic factor, because through it

<sup>42</sup> Teilhard de Chardin, 1948, 314-316.

<sup>43</sup> In Greek, "energy in common", or "the conjugation of energy", or "cooperation, action in common".



we become beings of this world. However, the dominant culture, being centered in economic and commercial relations, reduces the latter to mere *structures*, in which depersonalized relations are dominant, while the human beings that compose them are seen only through the prism of the functions they occupy -- as "hired hands"<sup>44</sup>, as a buyer or seller, or as a taxpayer. Rethink, therefore, the market as a social relation among human beings, only *mediated* by money and products; rethink business and institutions as human communities; dislocate the axis of human existence from **having** to **being**; identify and cultivate the capacity of each person and community to **be the conscious and active subject** of his/her/its own development, these are some of the great challenges tied to the rebirth of humanity in the millennium that is approaching.<sup>45</sup>

If these proposals are correct, we can conclude that development thought of and practiced "from the top down", and "from the outside in", is not genuine development, but something else. The modernization that countries like Brazil are experiencing in the second half of the present century follows, in its essence, the way "from the top down" and "from the outside in", the model itself and a great part of the technology and investments coming from the rich countries of the Northern Hemisphere. Even the government of Fernando Henrique Cardoso, which was elected under the banner of a "social-democratic" project, has given up having a national development project of Brazil.<sup>46</sup> Competitive globalization has as its ideological thrust the adoption of the same model of social and economic organization, by means of the same economic agents -- essentially the great transnational groups -- by all the other countries and regions of the Planet. This is an homogenizing project. If there are diversities, they occur within this project and are inescapably determined by it.

Reflecting on today's world brings us the conviction that, first, the problem is not globalization, but rather **this globalization**, and, second, that **another globalization, of an essentially**

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<sup>44</sup> In Portuguese, "mão-de-obra". This term reveals with emphasis the reification of the worker by a culture centered on Capital.

<sup>45</sup> Coraggio, 1991, pp. 357-358; pp. 297-299.

<sup>46</sup> Arruda, 1996a, p. 17-23.



**cooperative character**, is not only possible, but is already being born within this one. We would say that the economy is a dimension of activities that is focused predominantly on the material, or inferior, necessities of the human being -- it is part of the **Bio-History** of humanity. It concentrates on the generation of useful/tradable products and money. The challenge is to begin, within a world dominated by the economy, a transition to a world which is organized around the **superior** necessities of the human being, which implies the development of relations of solidarity with Nature and with all beings, of the sense of Ethics, of Beauty, of communion with every other human being and with the Species, and of the dynamic equilibrium between the masculine and feminine sides of each one. The masculine has to do with the exterior, with action, conquest, and the feminine with the interior, the care and respect for life and the mystery of the world. The challenge is to pass from Bio-History to "**Noo-History**". It is to visualize and put into action a strategy of transition, already mentioned, of an era in which the economy is a principal activity of a majority of human beings -- the realm of necessities -- to an era in which the superior activities of the human being will occupy the major part of our time and our energies -- the realm of liberty. Liberty to be AND to create, individually AND collectively. Liberty to be fully I-AND-We *at the same time*.

### **I-AND-We**

The 1990s have been marked by the fall of regimes of State economies, called "real socialists". They signified an attempt to overcome the individualistic democracy of capitalism, and had high motivations, such as the ideas of liberty and equality. But they failed, above all, by having sought to abolish individualism by means of an extreme collectivism. A double error. On the one hand, the question is not to *abolish* individualism, but to rediscover the adequate balance between the individual and the collective. On the other hand, the collectivism adopted by almost all of the State economy countries constituted a negation of the individual, of the 'I', and not just of individualism. It failed to see



the individual in his/her historical and social context, and to value it adequately. In this manner, the project of **socialism**, which should have as its subject **society**, was substituted by a **statist** mode of centralizing power and of organizing the economy and society. Practically the only subject came to be the State, and the Party which gave it body. Society, which is a conjunction of citizens, remained a plaything of centralized power. As Frei Betto and Leonardo Boff say,<sup>47</sup> this "socialism" socialized material goods, but privatized dreams.... It maintained the horizon of human fulfillment on the level of the accumulation of material goods, although distributed in a more egalitarian form.

The failure of these regimes occurred by an implosion. It was not due to coups financed by the CIA, nor by invasions by "armed forces of the free world"... Perhaps that failure is being an important facilitator of the accelerated globalization of the economies centered in Capital and in competition, in a neo-conservative ideological climate.

The principal lesson which we can extract in the context of this presentation is that the search for overcoming the condition of oppression and exploitation of human beings by means of occupying the State is misleading. The regime of I-without-We of capitalistic individualism became the regime of We-without-I of the State socialisms. And the We-without-I came together as a Reason of the State which increasingly excluded Society from the area of economic and political decisions, and the command over its own development. **Socialism** lost its social content and became **statism**. The second lesson, equally important, is that statism brings with it an extreme centralization of decisions and an exacerbated bureaucracy. The ideological base of this political system is the metaphysical conception that the proletarian State is the people, and therefore has all rights relative to public matters. Whoever questions the State is seen to be an enemy of the people. And all individual or community aspiration must be subordinated to the absolute rule of the State, since personal well-being is seen as antagonistic to the common well-being.<sup>48</sup>

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<sup>47</sup> Leonardo Boff, 1996, pp. 4-9.

<sup>48</sup> Albert and Hahnel, 1981, pp. 55-264. Uhl, 1980, 10-104.



This practice and these conceptions were not limited to the statist socialist countries. They contaminated also the Left and the social and popular movements in all countries. These, as constituents of Civil Society, accepted the definitive role of opposition without ever perceiving or becoming aware that a society has its own responsibilities to carry out its struggle for emancipation, which goes beyond that of simply being opposition or protesters. The dominant ideology was that the role of organized society was, on the one hand, to protest and delegate and, on the other hand, be in opposition with a view toward conquering the State. From a State occupied by "popular forces" would come the solutions for all aspects of the life of society, including the economic and financial.

Let's go a little deeper in our reflection on the elements of culture that dominate in Brazil, and which are present in a larger or smaller degree in the other cultures of Latin America and the Caribbean. We have been bound by a culture that has some very alienating characteristics:

- **colonizing and slave-holding** - The elites of Brazil and Latin America are profoundly marked by their recent colonial and slave-holding past. On the cultural level (of values, attitudes, behaviors and ways of relating) they are direct descendants of the imperial and slave-holding nobility, and of the great landholders who, during four centuries dominated the economy and society. The culture of industrial production and of consumerism, with its ingredients of individualist democracy, was only imposed on the foundation of the dominant slave-holding mentality;
- **colonized and enslaved** - The working class majority, on the other hand, carries today the historic weight of the culture of our ancestors who were colonized and enslaved. This was a culture of submission, of inferiority, of the negation of self-identity, of the projection of themselves and their aspirations onto the figure of the colonizer and slave-



holder. The cultural traces of the proletariat, above all the urban proletariat, with its ideas of emancipation and equality, came to be superimposed on that pre-industrial cultural padding, is only now barely completing one century of existence, and has already begun to become entangled with others, of a post-market era, or post-salaried work era which is rapidly coming into existence;<sup>49</sup>

- **demanding** - Among the dominant aspects of this culture is a demanding attitude. In the early times of industrialization, the workers struggled bravely for the right to organize autonomously to demand their rights in a conflictive relationship with Capital, which is characteristic of capitalism. Unionism grew in a climate of struggle, suffering and conquest. After becoming an indisputable reality, it was gradually given a position by the dominant powers, having been consecrated as the organ of labor's demands for jobs, better salaries and better working conditions. Any action beyond these parameters is considered to be a transgression. Over the years, the contentious element of unionism came to constitute part of the union culture. And it soon became its dominant characteristic.
- **delegating** - Associated with the demanding aspect of today's unionism culture is the mechanism of delegation, which is a characteristic of representative democracy. The historic roots of the culture of delegation go back a long way, when it was the king or a noble or the archbishop, who had power by "divine grace" and it behooved all to obey the authorities without question, whether by the force of moral authority or by the force of arms. A French aristocrat, Gambetta, a little before the Revolution of 1789, questioned the nobility about its unwillingness to adopt universal suffrage, arguing that it would be ideal because it would legitimate the power of domination by

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<sup>49</sup> Jeremy Rifkin, 1995, Chapter 17, pp. 254-256.



the very ones who were dominated. Since then, the culture of delegation has been profoundly implanted in the unconscious mind of the masses. And unionism has not escaped this: politics, to the parties and the State; the economy, to the private sector; to the unions, the right to struggle for a larger piece of the pie and better working conditions and nothing more. Signs of a culture of direct democracy are still tenuous, one in which the right and the responsibility for one's own development is assumed by the worker, the Society, the Nation as a whole, and not just by privileged sectors.

Neither the Brazil of bourgeois democracy, nor the "Statist forms of socialism" have questioned deeply their roots and cultural heritages. But with competitive globalization, the challenge has been thrown down for the workers to overcome this subservient, subordinate, immobilizing culture, which allows lots of space for manipulation, for clientism and corruption, and which never promotes persons, communities nor peoples to the role of subjects of their own development. On the contrary, it perpetuates the dependency and subservience of some and the domination and arrogance of others.

It seems to us that a culture of I-AND-We is being born and needs adequate care, attention and nutrition.<sup>50</sup> It is a culture that no longer takes as its eco-social subject the private sector nor the State, but rather Society. Not Society imagined as an amorphous and massifying human aggregate, nor Society reduced to the "owners of Capital", but Society constituted by each woman, each man, each child that pertains to it, and by the whole complex of citizens. Thus, Society as an entity constituted "from the bottom up", starting with the *simultaneous* reality of the citizenship of each person and of the sovereignty of all citizens together. In other words, Society in which each human being is totally important and deserves the full care and attention of the Whole, so that they can have the environment and conditions

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<sup>50</sup> Teilhard de Chardin, 1948, pp. 307-316.



necessary for developing fully their own potential. And Society as a convergence of the unanimities built from **noodiversity**, and not at its expense; as a plurality which does not exclude singularity, but which serves as a matrix for the cooperative encounter in solidarity of the singularity and creativity of each other.

It will be this Society, built patiently and persistently by means of permanent action and education oriented toward **active citizenship**, which is called to become the **active and conscious subject of his/her own development and of his/her own History**. It doesn't seem to us that there is another such challenge to the survival of the Species itself: this coincides with the arrow of time which unequivocally orients the very evolution of Nature, in its humanizing stage.<sup>51</sup>

### **The Cooperative Way**

The overcoming of the culture of contention and of delegation is not just a cultural task. It is essentially political, and has its inescapable basis in the economic dimension.<sup>52</sup> The workers and their unions are called to fulfill some indispensable conditions for the establishment of an "enabling environment" in which they can become **conscious and active subjects of their own development**:

1. **occupy economic space** - this implies abandoning a unilateral posture of contention and delegation, and also moving to:
  - 1.1. gradual appropriation of the already-existing means of production -- seeking to amplify forms of co-property and co-management of the businesses in which they work; this can be facilitated by means of workers' educational programs, which

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<sup>51</sup> Teilhard de Chardin, 1947, pp. 251-272. Aurobindo, 1949, pp. 180-207.

<sup>52</sup> Coraggio, 1991, pp. 335-342; *Del Sector Informal a la Economía Popular*, pp. 8-14. Korten, 1995, pp. 312-320.



- would include technical and professional aspects related to entrepreneurial development, and the political aspects related to a culture of autonomous solidarity; and through the creation of union funds to help with the acquisition of businesses by the workers and their transformation into associative and cooperative businesses;
- 1.2. constitution of new cooperative enterprises belonging to the workers themselves, managed and controlled by them;
  - 1.3. development of entrepreneurial and professional competence to make their cooperatives highly efficient for competing in the capitalist market with comparative advantages which are not available to the private sector;
  - 1.4. gradual transformation of themselves and their way of being from a dependent wage earner into an autonomous entrepreneurial worker, while conceiving their cooperative enterprise also as a human community;
  - 1.5. building of a popular, self-managed cooperative movement, whose strategy will be to weave, bit by bit, the threads of cooperative relations in solidarity, not just in the sphere of consumption, but also in the productive, commercial and financial spheres, with a double strategy of interacting with the capitalist economy and the State, and with an eye toward "transforming" the economy of Capital into a cooperative economy in solidarity;<sup>53</sup>
  - 1.6. establishment of a solid and permanent process of workers' education, to enable them to appropriate the vision, the knowledge and the instruments necessary for their self-transformation and that of their enterprises, into cooperatives and into fully human communities;

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<sup>53</sup> Coraggio, *Del Sector Informal a la Economía Popular*, pp. 1-2.



2. **occupy political space** - the concrete foundation of political power is economic power. The World of Labor can only share political power with the elites, and only be able to exercise this power, if it has economic power. While they are salaried workers this will never happen. The necessary reconstruction of the labor movement, both union and social, requires a variety of simultaneous movements:
  - 2.1. include in union work -- organizational and educational -- not just the workers, but their families as well, as work and human communities;
  - 2.2. amplify union work to include workers who are being excluded from the work force of the category;
  - 2.3. go beyond action around jobs and salaries, introducing into union action and in the negotiations with businesses and government the political questions which provide the context of the demands; and the macroeconomic policy questions which directly affect workers;
  - 2.4. in collaboration with other popular forces, establish a strategy of struggle for the democratization and, simultaneously, the gradual occupation of the State, with the goal of transforming it from being the dominant ally of the private sector, especially of great capital, into primarily a regulating, orchestrating and fiscalizing agent of the common interest, under the supervision and the decisions of a Society democratically organized in all its spheres;
3. **occupy informational, communicational and cultural space** - this deals with the challenge to neutralize the dominating power of the agents of competitive globalization by means of pressuring for the democratization of the means of culture, and by establishing alternative means of communication, art, self-expression and education aimed at the integral development of persons and human communities, including workers' associations and cooperatives.



From the viewpoint of the mass movements and unions, these can be **three essential aspects of a strategy of transformation** that have as their guiding principle the occupation of spaces and taking advantage of opportunities that appear even within the system centered in competition and the capitalist market. This strategy of action on many fronts demands that we stop hoping that the workers' movement will take over the State, as a precondition for the construction of a popular economy and a society in solidarity. The new will bloom from within the old, from the seeds that are already present and from the opportunities presented by the contradictions that pulsate within the present system.

In the economic and financial spheres, initiatives are multiple. Side-by-side with the "traditional" cooperative system, which involves large and medium cooperatives operating within the capitalist market and in centrally-planned economies<sup>54</sup>, a number of people-centered initiatives are in the move: micro-credit associations and banks now exist in the three "developing" continents and have formed an international association, making small credit accessible to millions among the poor; production groups, workers' associations and cooperatives are blooming in the depressed countryside but also in megalopolies afflicted by the mushrooming "informalization" of labor<sup>55</sup>; employees are also gaining control over a growing number of firms. Consultancy and advocacy organizations have turned their attention to the critical situation of millions of jobless workers around the world and to ecologically sustainable development<sup>56</sup>. Trade unions are slowly gaining awareness that they must find a new role to play in social development, and ought to establish bridges of collaboration with

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<sup>54</sup> Diva Benevides Pinho, 1969, Chapters IV and VII. Xico Lara, 1993, pp. 2-7. Uhl, 1980, 105-236. Nove, 1989, Part IV.

<sup>55</sup> The business policy of massive lay-offs has had a number of offsprings: structural unemployment, pushing workers who become discouraged of looking for jobs into what is called "the informal sector"; companies and governmental agencies, compelled to slash costs and personnel, are encouraging employees to quit, get together as a micro firm and sign a contract with the former employer, rid of risks and social charges.

<sup>56</sup> The 1996 ILO Report warns that the situation of workers in both rich and poor countries is getting worse. There is one billion unemployed and underemployed workers in the world, 34 million of these in the rich countries (O Globo, 26/Nov/96, p. 23, Rio de Janeiro).



other citizens' groups who are seeking alternative forms of work and trade within the dominant market system.<sup>57</sup>

In the political and cultural sphere, the organizations of the Civil Society have operated in increasingly articulated and efficient form to pressure the centers of power, whether corporate, or State, in the direction of democratic changes. The pressures on national governments and on the World Bank, the International Monetary Fund, and the Regional Development Banks for an increased transparency, for internal reforms, for the effective participation of society, particularly the main intended beneficiaries, the poor, and for profound modifications in the concept and practice of development on the part of these entities, has produced evident results. Representative social entities as well as those of consultation and advocacy, acting in networks and coalitions that are national, regional and global, and utilizing the means of telecommunications, are fulfilling a relevant role in the search for theoretical and practical alternatives to competitive globalization and the passive and submissive citizenry these tend to encourage.

In this context, the cooperative route presents substantial advantages over all other forms of socio-economic organization that have been tried before. However, the cooperative way has already been tried, without great success. The second part of this work focuses on the principal reasons for the successes and failures of cooperativism, and will propose the way of **self-managed cooperativism in solidarity** as that which will permit the construction of cooperative eco-societies and, in the longer term, a cooperative globalization.

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<sup>57</sup> The publication by the Bank Workers' Federation of Rio Grande do Sul, "Trabalho, Terceirização e Cooperativismo", Porto Alegre, Oct. 1996, provides a good example of this growing awareness.



## **PART II**

### **SELF-MANAGED COOPERATIVISM IN SOLIDARITY**

Let us focus, first, and briefly, on some challenges that we can identify in cooperative experiences within the capitalist economies. Secondly, we will elucidate the key ideas of this proposal, with the assurance that we will go into them more deeply in later texts.

We are aware that cooperativism also flourished in the socialist-statist countries and that these experiences merit our attention.<sup>58</sup> The difficulty in implanting them in a more generalized form was due principally to the centralized statism that dominated those countries. In the majority of them, the cooperatives were only tolerated, or were encouraged as transitory moments until the "socialist" spirit would permit the complete "collectivization" of production, consumption and credit in the country. "Collectivization", in the statist connotation, signifies full State control. In a future essay we will seek to evaluate the lessons that arise from cooperativism in these contexts.

#### **Diversity of Experiences**

Cooperativism in capitalist countries was born out of the search for concrete ways to overcome the exploitation and oppression inherent in salaried work. Although there have been cooperatives even in monarchical and aristocratic States, they have flourished as projects and in actual practice in the heart of capitalist societies. They looked to be spaces in which consumers or workers could unite efforts and resources, either to reduce prices and guarantee a more equitable distribution of consumer goods, or to produce goods and services together, being the undertakers, owners, managers and, at the same time, workers.

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<sup>58</sup> Pinho, 1969, pp. 99-152. Luxembourg, 1899, 88-103.



Cooperativism adopted different forms in different countries and regions of the world. Almost always it was characterized by being an atomized movement and as a reaction of consumers to the noxious effects of economic liberalism. A strategic vision and a political project seem to have always lacked, the focus generally being strictly economic. Above all, in the face of competitive globalization, at a time when the neo-conservative ideology is dominating, what seems to be lacking in traditional cooperativism -- that which is already part of the establishment, and which behave like private capitalist enterprises -- is an awareness of the opportunities which are present and a boldness of action to make the movement progress strategically.

Perhaps the reason for this is precisely that traditional cooperativism has already settled within the limits permitted by world capitalism, in terms of internal or international space, and the movement has not felt the challenge to go beyond the borders of that system. This is why in Brazil, as in other countries, a cooperativism of a "people-centered" nature is emerging, which seeks to organize workers or consumers into associative enterprises or self-managed cooperatives, introducing into them, with vigor, philosophic elements that originated in cooperativism, which include the primacy of the human being (whether this be the worker, the consumer, the one who seeks credit, etc.); the search for a "just price"; the introduction of relations of solidarity and cooperation in transactions; the abolition of the wage system; and the construction of a cooperative eco-society, manager of its own development project and capable of establishing ties *at the same time* commercial and in solidarity within itself and with other peoples and nations.

### **Civil Society's New Perspectives**

In Brazil, we have two relatively recent events that come together in a promising way. On the margin of "official" cooperativism, more or less tied to governmental entities, and the articulator of the large cooperatives which operate more as capitalist



enterprises than as cooperatives, we see emerging in the past two years initiatives that have gained momentum, such as: in Rio Grande do Sul, starting with the proliferation of housing cooperatives, and together with other workers' cooperatives, rural and urban, a Forum of Popular and Self-managed Cooperativism was formed, which seeks to deepen the strategic discussion in the context of competitive globalization, and, simultaneously, establish ties of interchange and collaboration between cooperatives of diverse areas and kinds, looking toward the consolidation of networks and the occupation of sectors and entire productive chains. Two important factors of this Forum are the support, and the respect for the autonomy of the cooperatives, on the part of the Municipal Government of Porto Alegre, and the involvement of growing segments of the Rio Grande do Sul trade union movement. In fact, a great number of housing cooperatives formed by union members were undertaken by initiative of the Metal Workers' Union of Porto Alegre and of the State Labor Confederation (CUT-RS).<sup>59</sup>

In Rio de Janeiro, a number of cooperatives and consultancy organizations have formed the Forum for the Development of Popular Cooperatives, which has promoted debates and seminars, and organized the First State Meeting of Popular Cooperativism last October with about 200 participants from the whole State of Rio de Janeiro. This Meeting gathered members of workers' associations and cooperatives, production groups, consumers' and housing cooperatives, consultancy entities and some unions and universities. The purpose was to begin debate about the crisis in the world labor market as economies, including Brazil's, adopt the path of a subordinate integration into the world economy; to discuss the most urgent problems being experienced by workers and by cooperatives, associations and worker groups, and the strategic perspectives of a popular cooperative movement.

In the USA, a citizens' "ethical" investment fund invests US\$ 1.5 billion a year in enterprises that do not produce weapons,

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<sup>59</sup> See the first issue of "COMpartilhar", a newsletter produced by the Forum of Self-managed Popular Cooperatives of Rio Grande do Sul, Porto Alegre, Oct. 1996.



tobacco or beverages and have good labor relations. A system of Quality of Life Indicators, being developed by two consultants, Calvert and H. Henderson, will give guidance to "ethical" investors with respect to the enterprises and countries where they can channel their resources.<sup>60</sup>

Still in Brazil, another network was formed early last year, gathering NGOs and workers' organizations, with the purpose of establishing a systematic interaction with the Brazilian government and the Multilateral Agencies, with respect to policies, programs and projects funded by the latter. The Brazilian Network on Multilateral Financial Agencies has members around the country and seeks to influence both the Federal Government and Congress, while monitoring the involvement of those agencies and advocating on issues like sustainable development, poverty eradication, investment priorities, and participatory methodology with them from the perspective of the working majority.<sup>61</sup> The Network works in connection with a Latin American Network (Red Bancos) and is a member of the NGO Working Group on the World Bank.

One of the results of the interactions of social organizations with the World Bank is the concern of a growing number of Bank directors and staff with popular participation as an effective means to combat poverty. The discussion is now focusing on the methods and reach of participation, on the level of both programs and projects funded by the Bank and Bank-sponsored macroeconomic policies. The Bank and UN agencies like the UNDP have gone so far as to propose increasing access of poor people to land and credit. Social organizations, however, insist that such access should also be guaranteed in markets, in knowledge and in the control and ownership of productive resources.<sup>62</sup> More specifically, governments and multilateral agencies should focus on creating the conditions and the enabling environment for workers to become entrepreneurs,

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<sup>60</sup> *Jornal do Brasil*, Rio de Janeiro, Dec. 1, 1996, p. 21.

<sup>61</sup> For more information on the Network on IFIs, please contact Aurelio Vianna, c/o INESC, fax 5561 226 8042, email: inesc@ax.apc.org.

<sup>62</sup> NGO Working Group on the World Bank, 1994, "The Challenge of Poverty Eradication", working paper, Geneva. See also Marcos Arruda, 1996a, pp. 29-32.



using collectively their productive, technical and creative capacity in a cooperative and autonomous manner, without the need to exploit the labor force of others.<sup>63</sup>

Side by side with these initiatives, citizens' organizations and trade unions are pressing for new job opportunities and new, creative forms of labor remuneration, including citizens' allowances which indeed democratize socially created wealth and productivity gains, as well as remuneration to unpaid occupations, especially work performed by women.

### **Challenges to Self-managed Cooperativism in Solidarity**

In spite of the diversity of experiences in different countries, some problems are common to all. One common problem for cooperatives is **the challenge to abolish the surplus-value**<sup>64</sup>. The criteria adopted by cooperativism to deal with this problem declare that "excess liquidity" will be distributed to the associates in proportion to the purchases made (consumer cooperatives), the days worked by each associate (production cooperatives) or on the basis of capital, raw material or products which each associate took into the cooperative (credit, production or mixed cooperatives). But many believe that it is profit, and not the surplus-value, that must be eliminated. This is a conceptual mistake that needs correction. Cooperatives also need profits, but their organization is aimed precisely at overcoming the surplus-labor, and the corresponding surplus-value which is at the root of the exploitation of human work. However, this is often accomplished with terminology, but not in actual practice. This is the case of large cooperatives, for example, which, in addition to the associates or members, also employ workers who are paid a

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<sup>63</sup> "The best state for human nature is that in which, while no one is poor, no one desires to be richer, nor has any reason to fear being thrust back by the efforts of other to push themselves forward." (John Stuart Mill, 1848).

<sup>64</sup> Surplus value is the difference between the value of inputs other than labor, and the value of outputs. It is related to surplus labor, or the labor applied to production of commodities beyond the labor needed to generate the exchange-value of the living labor power. See Martin Nicolaus, 1968, pp. 96-99. See also M. C. Howard and J. E. King, 1976, pp. 9-45. It would be eliminated by converting labor from a commodity into the subject of the relation of production. This can only happen when labor becomes owner of the firm, and the collective (manual and intellectual) labor force, the owner (and controller) of productive resources of a given economy.



salary. When this remuneration is relative to what the member or the employee gives to the cooperative (purchases, days of work, credits used, etc.), and not as a function of realized capital in shares (which is paid with modest and limited interest), the extraction of surplus-value, or labor exploitation, and the concentration of these profits are prevented. But the long-term solution would be the integration of all labor as cooperative associates. This problem, however, requires more reflection and more experimentation.

Another difficulty consists of the **conceiving of a cooperative as a human community**, and not just as a business. Here is one of the comparative advantages of cooperativism. Taking as the **specific objective of the cooperative** the development and sustainable well-being of each associate of the cooperative, AND of their families, a concern develops with the efficiency, not just economic, but integrally human, of the enterprise. One begins to be concerned with **how to increase income and reduce costs** not just as a problem of the cooperative, but also of the family of each of the members. Family income, and not just the individual income of the members, becomes a cooperative rather than just a family problem. It becomes possible to establish more competitive prices, as the families of the members generate "external economies" that directly or indirectly benefit the cooperative. The human development and integral education of each member and their families begins to be important. Here emerges the necessity for educational cooperatives. Finally, in the space of this community it is possible to bypass relationships that are merely "professional" or "technical" among the members and their families: human relationships among themselves, a harmonic relationship with Nature, begin to be part of the agenda of this community. Traditional cooperativism has as a motto "the customer is everything". To us it would seem that a better motto which would sum up the spirit of popular cooperativism would be **"ONE FOR ALL, AND ALL FOR ONE"**.

Another problem is facing up to the **competition in markets dominated by capitalist production**. In the capitalist market, the worker is seen only as a factor of production, whose price is reduced if the enterprise wants to increase its profitability and



competitiveness and increase its share of the market. In the world of competitive globalization, the very productivity of the business is tied to its ability to reduce increasingly salaried labor. A cooperative has to discover all possible forms to create and develop *comparative advantages* in relation to capitalist enterprises in order to compete with them. What happens is that many cooperatives end up competing not just with private enterprises, but among themselves. The risk of getting completely tied to the game of capitalist competition is always present. In such cases, the cooperative adopts the **rationality of unlimited growth**, setting up the accumulation of material goods as an end and ignoring the limits set by a just distribution of wealth and resources, as well as the limits imposed by Nature itself. Only an **ethic of the sufficient** is capable of putting limits on productive, commercial and consumptive activities. This is the only ethic compatible with the spirit of self-managed and solidary cooperativism. Overall, It is necessary to develop a double strategy: within the space of the capitalist market, they must develop methods of trade relations that also have an ethical connotation; within the popular economy, they must develop relationships that are at the same time commercial and in solidarity, in the sense engendering a "market in solidarity".

The problem of a "**just price**" is also tied to the question of profit, and is another contradictory area that deserves attention and experimentation. If the mode of internal organization of the cooperative can innovate at the microeconomic level, by means of co-ownership, of self-management and of a community *praxis*, the innovative spirit should not stop there. The challenge to overcome exploitation in a globalizing economy tending toward the expansion of oligopolies and cartels goes beyond the relations between capital and labor within the firm. The goal of the **cooperative in solidarity** is to weave a **market in solidarity**.<sup>65</sup> Market-centered enterprises not only exploit the labor of their workers, they also exploit each other and the consumer in the marketplace. In trade relations it is also

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<sup>65</sup> Razeto, 1985, especially Vol. 2.



necessary to introduce a **cooperative ethics**,<sup>66</sup> which relates the price to the cost, and which seeks to remunerate the seller in a just and measured form. This is a different ethics -- and even the opposite -- of that of Capital. For this reason, the **information about the cost of production** is essential so that the buyers can make **free and conscious choices**, because they are adequately informed. Here we are talking about seeking to eliminate not only the exploitation of the worker, by means of a suppression of profits, but also of the consumer, by abolishing exorbitant prices. In the area of the capitalist market this is practically impossible.<sup>67</sup> Another reason why cooperatives should convince themselves that they cannot exist alone or isolated from each other.<sup>68</sup> The **overriding objective of the cooperative** should be to contribute to the building of relationships increasingly frequent and diversified between cooperatives, seeking to develop a **popular cooperative movement** that is increasingly extensive, strong and qualitatively efficient as a whole. In the longer term, this movement would aim at building a **cooperative eco-society** at the municipal, state, national and global levels, **centered in projects of self-development at the individual and collective levels**. In this macro socio-economic sphere, the question of efficiency changes its nature. Popular cooperativism looks not only to the efficiency of the cooperative as an isolated enterprise, but to the **efficiency of the organic system as a whole**, and of all the relationships which make it up. The goal of qualitative efficiency would be to increase the quality

<sup>66</sup> One of the richest contributions to the reflection about Community Ethics, which perfectly applies to cooperatives, is Dussel, 1987, pp. 129-139, 258, 265-268.

<sup>67</sup> When I lived in Geneva, I investigated the cost-price relationship of some items in the supermarket. The cost of a phonograph needle, made in England, to be sold in a supermarket in Geneva, was 2.50 Swiss francs. The price established by the supermarket was 90 Swiss francs. Alternatives? At similar or higher prices. The logic of the seller: "anyone who doesn't want doesn't have to buy; all are FREE to decide to buy or not." Reality: there would only be freedom if the buyer was informed that he would be paying 3,000% profit if he purchased that needle. The logic of the system: where there are cartels or oligopolies, you cannot find a product on the market that doesn't present exorbitant profit margins.

<sup>68</sup> The cooperative ethics opposes not just individual egotism, but also collective egotism, very common and very dangerous. Among the extreme forms of collective egotism are the diverse forms of racism, nazism and apartheid. The **open and non-dogmatic character** of popular cooperativism demands that cooperatives seek to establish with each other relations with a double dimension: commercial and, *at the same time*, cooperative and in solidarity. The motto **ONE FOR ALL AND ALL FOR ONE** is valid equally for the whole complex of cooperatives and workers' associations, the complex of cities and of citizens who make up the popular movement, a people, a nation, the human race. On these questions, see also Nove, 1989, Part V. Uhl, 1980, pp. 237-348, Aurobindo, 1949, pp. 180-207.



of well-being and satisfaction of each associate, the community and the people as a whole.<sup>69</sup>

The problem of adequate legislation on cooperativism also varies greatly depending on the country. In the Brazilian case, there are innumerable problems, from the minimum number of members (20 in Brazil, as opposed to five in Chile and three in Spain), to the dominance of the State over the cooperatives by various means. Proposals for new legislation are in debate in the Brazilian Federal Congress. This question has merited the attention of traditional cooperative entities. The establishment-oriented Brazilian Cooperative Organization, for example, is trying to pass a law that obliges all cooperatives to become its affiliates. Such an autocratic intent is being strongly opposed and the alternative project presented by a Workers' Party Senator, E. Suplicy, deserves to be the theme of support and action by those who work for a self-managed and popular cooperativism.

The question of credit and financing is crucial to popular cooperativism. At present, there are governmental, multilateral and even private initiatives for the creation of funds or of banks that look to offer loans to small borrowers, who traditionally are without access to bank credits. There is also a rather well-established cooperative credit system in Brazil and elsewhere in the South, as well as in most of the rich countries.<sup>70</sup> Credit, however, should be seen as a means to finance the production for human needs and wants, not as an end in itself.<sup>71</sup> It should be conceived as part of the cooperative system, or rather of the popular eco-social field. In the perspective of autonomy and the self-management of popular initiatives, however, it is only when there is shared control of savings and credit that the popular economy, and cooperatives and workers' associations in particular, can consolidate their autonomy. Financial dependency on market or governmental sources of credit and financing is

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<sup>69</sup> Núñez, 1996, p. 248.

<sup>70</sup> Cooperative Credit is widespread in the capitalist world. One example is Germany, where there are 3,601 credit cooperatives and 2,017 mixed cooperatives, one central cooperative bank and six regional cooperative banks, the whole system managing a total US\$ 193.8 billion in deposits and US\$ 141.8 billion in loans, with 10.7 million clients and associates.

<sup>71</sup> Quite the opposite of Brazil-based transnational banker Edmond Safra's remark in 1994 that "my banks are my children, my life".



fatal to autonomy. Financial decentralization is the most desired path, so that groups of cooperatives and popular communities gain control over the generation and use of their own savings and have free access to credit. Savings and investment associations, credit cooperatives, cooperative banks, especially if they are constituted as cooperatives of the second or third degree, subordinated to associated cooperative organizations, these are the most desirable options. They can serve as channelers of official or multilateral resources, and not have an end in themselves: the objective of their activity is to finance associative production of goods and services. They should be transparent and be accountable to the associated cooperatives.

The challenge of **integral education of the members and their families** is also common to all cooperative undertakings. The initial motivation for the workers or consumers to organize is, generally, predominantly individual or family: to get a job "now that I'm unemployed", to better the possibilities for individual and family survival..." The building of a culture of solidarity and companionship does not happen overnight. It is the result of a slow and profound subjective transformation of the members themselves, which is connected to theoretical as well as practical educational processes, both individual and collective. It demands an awareness that neither the individual's nor small group's interests are illegitimate, and also that they should not be overwhelming with respect to the interests of other individuals, small groups and the collective. When sharing energy and resources with the collective is the dominant spirit and posture, an overall increase in energy and resources of the whole occurs, and results in an enhanced return flow of energy and resources on behalf of the individual member of the collective. By means of such a liberating education a profound change of values is achieved on the personal and community levels, gradually giving place to a critical mass of new culture, one in which the hierarchy of labor is practically overcome and emancipated work gradually becomes the rule.<sup>72</sup> Workers-citizens also amplify and deepen their technical, commercial and administrative capabilities, and, at the same time, their strategic vision, their capacity for

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<sup>72</sup> Núñez, 1996, pp. 247-266. See also Arruda, 1995c, pp. 1-4.



negotiation and for political action and citizenship, and enhance their mystique of solidarity and cooperativism.

There is still the problem of the **role of the State in the perspective of popular and self-managed cooperativism**. Briefly, we are talking about a political project by means of which organized Society can come to **occupy democratically the economy, the State and culture**.<sup>73</sup> There needs to be planning, but the economy cannot be totally planned from the center. There has to be regulation, but not absolute and centralized control of the economic actors nor of their transactions. There has to be the development of public policies with relation to the socio-economy, finances and commerce, both internal and external, but they should play the role of orchestrating in the most harmonic and organic manner possible the organizing units of the social economy, whose autonomy and self-managed fashion of administration should be respected.<sup>74</sup>

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<sup>73</sup> "The affirmation that the State is identified with the individuals (with the individuals of a social group), as an element of active culture (i.e., as a movement to create a new civilization, a new type of human being and citizen), must serve to determine the will to build, as an envelope of political society, a complex and well articulated civil society, in which the individual would govern himself, with no need that one's self-government be in conflict with the political society, but rather converting itself in its normal continuation, its organic complement". Gramsci, (1990), p. 141.

<sup>74</sup> Núñez, 1996, pp. 267-275. See also Hinkelammert, in Stein and Arias, 1992, pp. 261-304. Albert and Hahnel, 1978, pp. 283-286.



## **CONCLUSION**

To sum up, we are talking about constituting a Society, defined as the totality of its citizens, whose majority consists of persons who live from their work, as the new subject of History and of their own development, subordinating the private agents to their priorities and giving the State and multilateral agencies a genuinely public and democratic character. The key challenges are:

- to promote the self-organization and self-development of communities and societies around their own development plans;
- to articulate these plans in a form complementary to those of other communities and societies, negotiating with public authorities, accepting the contribution of businesses and governmental sectors without losing control of their own project;
- to redefine the role of the State, making it decreasingly the principal political agent and increasingly the simple orchestrator of the development of the whole complex of the economy and society;
- a similar role will be granted to the multilateral agencies in their respective geopolitical spheres.

At the level of governance, liberalism offers more liberty for the expression of opinion of the major proportion of the population. But its foundations -- the right to disagree and to alternate representation -- are insufficient to fulfill the project of effective people's empowerment in all spheres. And these same rights are threatened today by the compulsion toward consensus and political stability at any price. The result is the increasing threat of a totalitarianism that equates the logic of the Market with the logic of the State, producing new social divisions, nurturing ethnic or territorial conflicts, and expanding both State and business corruption.



The challenge is to make of globalization a process that democratizes not just the right of opinion, but the rights and duties of full citizenship for all members of national societies and of the global society. To create processes of participation that, on the one hand, establish for each person and human community the condition of subject of their own development, and, on the other hand, cultivate and integrate the diversity of capabilities, desires and aspirations in a movement that will redirect the markets, give democratic content to the State, and reconstruct the global, starting from local and national diversity.

*"You have been told also that life is darkness,  
and in your weariness you echo what was said by the weary.  
And I say that life is indeed darkness save when there is urge,  
And all urge is blind save when there is knowledge,  
And all knowledge is vain save when there is work,  
And all work is empty save when there is love;  
And when you work with love you bind yourself to yourself, and to one  
another,  
and to God."*

Gibran Khalil Gibran, 1923, "The Prophet".



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PACS counts on self-financing as well as the support of the following partners:

- \* EZE- Evangelical Association for Cooperation and Development(Germany)
  - \* CHRISTIAN AID (UK)
  - \* CAFOD - Catholic Fund for Overseas Development (UK)
  - \* TROCAIRE - Catholic Agency for Development (Ireland)
  - \* WCC - World Council of Churches (Switzerland)
  - \* FINNCHURCH AID - Evangelical Church Aid (Finland)
  - \* FPH - Foundation for Human Progress (France)
  - \* CCFD - Catholic Committee Against Hunger and For Development (France)
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## **PACS**

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