

# **Beyond Bureaucracies? The Struggle for Self-Determination and Social Responsibility in the Argentine Worker-Run Companies<sup>1</sup>**

This paper examines challenges facing efforts to sustain social objectives in the Argentine worker-run companies. It uses ethnographic evidence to argue that, contrary to conventional representations of ‘corporate social responsibility’, workers’ struggle to build socially responsible enterprises reveals the conflictive social basis of the capitalist economy. Whilst worker-run companies implicitly question alienation, because the labour process must still be a value-creating process they remain subject to capitalist imperatives that push them to reproduce ‘all the shortcomings of the prevailing system’. Most scholars overlook valorisation as the source of conflict in production, yet we shall see that political struggles over financial control have huge implications for workers’ independence. As the Argentine state seems incapable of even improving accountability for capital, the paper asks whether workers’ social accounting practices could lead to a more radical type of reform.

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‘It is pre-eminently in this sense – which pertains to the valorisation process as the authentic aim of capitalist production – that capital as objectified labour...can be said to confront living labour’ (Marx, 1976: 884)

Can we understand the Argentine worker-run companies (*empresas recuperadas*, ERs hereafter) as a manifestation of labour’s independence, or are they doomed to bureaucratisation and self-exploitation under the pressures of capitalism? The ERs emerged as part of the burgeoning popular movements that sought collective solutions to Argentina’s recent socio-economic crisis. The neoliberal privatisation of the state’s social services and assets and the deregulation of the labour market took a particularly savage turn during the 1990s, causing unprecedented levels of poverty and unemployment. In response to wide-spread factory closures, with-held wages and sackings, thousands of workers occupied and revived around 180 bankrupt or abandoned

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<sup>1</sup> Based on ethnographic research conducted by the author between February 2006 and April 2007.

companies across the country (Martinez et al., 2005), defending their livelihoods and forming new social commitments. Against the authoritarian regimes of former owners, many restructured their organisations around democratic and egalitarian notions defined by assembly-based decision making and equal earnings. Six years on, these workers have undoubtedly demonstrated that they can run businesses without capitalist owners, but beyond being a symbolic threat to private property, how far can they sustain social objectives against the sway of wider market forces?

Contrary to dominant constructions of ‘corporate social responsibility’ (CSR) and the ‘social economy’, this paper uses ethnographic evidence to argue that workers’ battle to build socially responsible enterprises reveals the conflictive social basis of the capitalist economy. Whilst worker-run companies implicitly question alienation, because the labour process must still be a value-creating process they remain subject to capitalist imperatives that push them to reproduce ‘all the shortcomings of the prevailing system’ (Marx, 1959: 440). Yet rather than discuss competition as merely an objective force, this paper focuses attention on the *political* significance of surplus value production, illustrating the ways in which struggles over financial control have implications for enabling or disabling workers’ independence. It argues that as well as the battle to make the required return on capital; the consolidation of the ERs as socially responsible organisations confronts specific political challenges stemming from the structures and tactics of the Argentine state. Instead of institutionalising the right to work, governmental programs promote the ERs as ‘flexible’ private enterprises; whilst clientelistic practices deepen dependency and facilitate cronyism.

In contrast to the impression created by much of the literature, the formation of the ERs was not simply a grass-roots initiative but was decisively shaped by leaders with Peronist backgrounds who organised the first movement<sup>2</sup>. Whilst many scholars down-played the impact of this leadership (Fernández Alvarez and Inés, 2005; Atzeni and Ghigliani, 2006), others argued that its promotion of ‘horizontal’ power and ‘open-door’ politics offered an alternative to the vertical, closed structures of traditional unions (Rebón, 2004; Ruggeri, 2005). Recognising workers’ important democratic innovations, this paper highlights factors that continue to limit the redistribution of power within the labour process. To try to encourage debate, the paper

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<sup>2</sup>According to Rebon (2004) in 90% of cases, workers decided to occupy and recover their companies because of some kind of ideological or practical intervention from movement leaders. The paper uses the term ‘leader’ (dirigente) to mean a person of political authority outside of the government with experience in political organisations. In many cases they were also managers of the ERs. Thus, instead of a dichotomy between leaders or managers and workers, the paper aims to show a dialectical relationship.

challenges arguments for open-door politics by drawing attention to bureaucratisation and entrenched clientelistic relations that reaffirm traditional patterns of power. Most importantly, we will see that some ER leaders replicate the socially irresponsible practices of former owners by monopolising control over the financial administration. However, far from a unilateral process, the paper illustrates how workers have contested their subordination and suggests the transformative potential of understanding the social objectivity of accounting control. As international financial organisations step up the pressure on national governments to improve accountability for capital, the paper asks whether workers' social accounting practices could lead to a more radical type of reform.

Several scholars focus on what they see as the limited subjective transformations of workers in the ERs (Davolos and Perelman, 2004; Fajn and Rebón 2005; Rebón and Anton, 2005; Ruggeri, 2006). However, I show that because they overlook valorisation as an ongoing source of conflict they fail to offer critical explanations. Hence, Rebón and Anton say that not all workers develop alternative social understandings, yet they also claim the ERs have 'reappropriated labour's knowledge historically expropriated from them by capital' (2005: 16). We shall see that this ignores a tendency for most workers to be excluded from knowledge or power over their company's financial livelihood. Similarly, because Atzeni and Ghigliani, (2006) see the labour process as merely the production of use-values, arguing that 'technology is the first factor conditioning workers' ability to introduce changes' (2006, 10), they miss crucial developments within the accounting control of the companies. Whilst their general conclusion is that workers have not transformed their technology (Atzeni and Ghigliani, 2006: 10), the paper shows that the dynamic for change lies in the realm of financial management. Thus, by examining the labour process as *both* a material process and as a creation of value sustained by political power, we can better understand the difficulties workers face in their struggle to build socially responsible businesses.

### **The MNER and Discourses of Struggle**

A crucial strength of the leadership of the first ER movement (*Movimiento Nacional de Empresas Recuperadas*, MNER hereafter) was its ability to build a broad-based campaign for the right to work that mobilised public support and incorporated workers, left-wing militants, Peronists and grass-roots organisations. For many, the ERs' struggle for *trabajo digno* [dignified work] opposed

the state's social assistance policy that aimed to lock workers into relations of dependency by distributing food bags and work-fare plans. During the crisis years of 2001-2003, leaders gave shape to the momentum generated by wide-spread social conflict, drawing on notions of horizontality and direct democracy articulated by organisations of the unemployed and neighbourhood assemblies. However, because many scholars overlooked the significance of this leadership and its Peronist origins, some saw the ERs as part of an international 'anti-power' movement that rejected former political identities and aimed to build alternative social relations from below (Dinerstein, 2002; Holloway, 2002).

According to Fajn and Rebón, in the ERs the alliance of, 'distinct social fractions come together as a social force' producing a 'displacement of social relations...an alliance that transcends the identities inside the company' (Fajn and Rebón, 2005: 3-4). The evidence suggests that collective struggle enables workers to build new social understandings. Studies show that ERs that confront higher levels of conflict against institutional forces tend to be more democratic and build more extensive social networks with other grass roots organisations than those that experienced lower levels of conflict (Fajn *et al.*, 2003, 70; Rebón, 2004, 82, Martínez *et al.*, 2005). However, they also show that those ERs that attain a level of legal and economic 'stability' tend to reduce their commitment to alternative business practices (Fajn *et al.*, 2003: 71). Yet by assuming notions of 'horizontality' that prioritise the subjective and ignore political factors and the centrality of leadership, such research fails to offer a convincing explanation. Although the neoliberal demolition of union power compelled workers to organise themselves independently, sectors such as metallurgy and printing remained unionised and many shop stewards later became administrative members of the ERs<sup>3</sup> (Davolos and Perelman, 2004: 7). Thus, just as the decomposition of the neighbourhood assemblies and the co-option of the unemployed groups reveal the persistence of traditional patterns of power, the political and economic forces underlying the formation of the ERs demand closer analysis.

As I have suggested, because most scholars concentrate on the reduction of direct controls in the ERs (Alvarez, 2005: 4-5; Ruggeri, 2006), they ignore the potential for bureaucratisation in the valorisation process. Whilst we should recognise workers' attempts to decentralise power in the material production process, that is, the production of use-values, it is also important to address the general tendency towards deepening divisions of administrative and productive labour and the

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<sup>3</sup> Although the ERs include services, education, catering etc, manufacturing is the most prevalent sector (Rebón, 2004: 51).

monopolisation of control over the company's financial livelihood. Although most leaders articulate a discourse of equality and democracy, studies show that only 56% of ERs practice equal income distribution (Martinez et al., 2005), whilst assemblies are often infrequent and focused on factory-floor issues rather than financial operations. This discord suggests that rather than accept claims of horizontal power, it is more useful to ask whether leaders remain accountable to workers. The de-stabilisation of the dominant political regime created a situation where many government functionaries and labour leaders aimed to accumulate power through 'grass-roots' movements like the ERs. Whilst this momentary union of interests did enable several ERs to gain legal recognition by forming a cooperative and pushing for the expropriation law, this remains highly precarious and can generate dependency with the state and leaders. As we shall see, without mechanisms that can facilitate social responsibility, there is a danger for monopolies of power to develop that harness understandings of struggle for individualistic objectives.

The slogan of the MNER, 'occupy, resist and produce', promotes the centrality of occupation and resistance in the formation of the worker-run companies. Much of the discourse articulated by leaders expressed Peronist formulations of 'struggle' and 'social justice' commonly associated with Argentine histories of worker resistance. Yet early disagreements over the movement's relationship with the state contributed to the first division and the subsequent formation of another organisation, the MNFRT (Movimiento Nacional Fabricas Recuperadas por sus Trabajadores), by Caro, former lawyer of the MNER, in 2003. Despite declared ideological differences between the 'left-wing' Peronism of the MNER and the 'right-wing' Peronism of the MNFRT, closer analysis reveals important practical continuities. Both claim to promote democratic control, but my ethnography shows that in practice, leaders from both movements sought to build personalistic relations with state functionaries and consolidate bureaucratic power.

Yet instead of blaming individuals, the paper points to the limitations of 'horizontal' leadership structures as an 'alternative' to dominant power systems. As we shall see, it requires more than simply a reduction of authoritarian control for workers to be able to sustain social understandings and practices against the sway of dominant political and economic forces. Despite efforts to improve their conditions, without capital to invest, the imperatives of competition push workers to work long hours in an effort to make the required return<sup>4</sup>. In several of the ERs my research found that managerial members used notions of 'responsibility' and 'struggle' to impress

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<sup>4</sup> According to Martinez et al., (2005) the average working day in the ERs is 9 hours but in many of the companies I visited members worked 12 hour shifts or more and often without weekends.

on workers the need to raise productivity. Some had even begun to implement traditional compulsions of supervision and technical constraint to ensure that workers meet target results. As well as a deepening division of labour, many ERs also employed wage labour on a 'temporary' contractual basis to cut costs. Moreover, workers' insecurity and dependency is exacerbated by the state's promotion of de-regulated labour conditions<sup>5</sup>.

In the former companies, most workers had worked for ten years or more under the highly paternalistic power relations common to small and medium-sized businesses in Argentina (Rebón, 2004: 52). The majority of workers were unskilled, aged between 40 and 49 and were the primary earner of the household (Rebón, 2004: 62). According to Fabio, member of the worker-run Hotel Bauen political leadership:

'Especially after 2001, to loose your work meant practically to die...Its not like these workers wanted independence from the *patrón*, given the choice they would have preferred to stay dependent'.

From this perspective, Ruggeri rightly criticises academics that have too easily characterised workers involved as 'class-conscious' vanguardists (2006: 5). However, rather than addressing the wider structural forces at stake, he blames the collapse of the MNER on workers' 'lack of commitment' (Ruggeri, 2006: 10). Yet to fully comprehend the nature of responsibility in the worker-run companies, we must first recognise the value-creating process as the source of cooperation and conflict. In the following case study, we shall see that while several scholars claimed the worker-run metallurgy and aluminium factory IMPA was a model of innovative and democratic politics, attention to the dynamic of financial control reveals how this potential was crushed by bureaucratisation and corruption.

### **IMPA: the contradictions of the 'alternative'**

The formation of IMPA as a worker-run company in 1998 was a ground-breaking experience, constituting a base for the MNER and mobilising support from diverse left-wing, Peronist and

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<sup>5</sup> Some ERs in Buenos Aires have legal ownership of their companies that lasts two years through the expropriation law. In most other provinces of Argentina, not even this temporary legality is available (Martinez et al., 2005). By contrast, legislative changes have effectively removed the law that prohibits the employment of wage labour whilst law 20.337 has been recently modified to allow the intervention of capitalist investors.

grass-roots organisations. When the former management abandoned the company and declared bankruptcy in 1997, leaders with Peronist backgrounds including Murua, MNER leader, the lawyers, Caro (who would later form the MNFRT) and Kravetz and a sector of the metal workers union (the UOM Quilmes) organised workers into a six month battle to defend their employment. Later, the opening of IMPA's cultural centre run by grass-roots organisations led many academics to celebrate the 'social innovations and 'open-door' policies of the organisation (Ruggeri, 2006). Ruggeri argues that, 'to open cultural centres in a business isn't only not what you would expect from a capitalist company, it also escapes economic logic' (2006: 12). However, by focusing on the apparent 'innovations' of the cultural centre, he ignores financial control as essential in the construction of the social in commodity production. Because Ruggeri thinks that conventional management merely controls use-values he claims that, the 'social openness' promoted by the cultural centre implied the 'socialisation of the businessman's secret' (2006: 12). But in actual fact, the IMPA case is an example of how CSR initiatives can work to gloss over fundamental contradictions. Whilst the factory's cultural centre fostered an image of participatory governance, a bureaucratic leadership closed all doors to the company's financial livelihood. In turn, MNER leaders used power achieved through initial mobilisations to build alliances with the Mayor of Buenos Aires who was keen to regain legitimacy after the crisis. Although it is true that IMPA's leadership did not follow Ruggeri's 'economic logic' by striving to increase labour intensity, we shall see that they followed instead a kind of crony capitalist logic sustained by clientalism and accounting manipulations.

According to many of IMPA's 170 workers, rather than a model of direct democracy, the first consejo [board of directors] allied to Murua's leadership dominated the factory's management, creating a marked division of labour between the administration and factory-floor members. Carlos and Pedro, both machine workers, describe how the consejo and MNER leaders confined workers' participation to infrequent assemblies that focused on factory-floor issues. Yet leaders used the cultural centre to portray an 'open-door policy' to the wider community, telling visiting scholars that 'production workers can speak with administration whenever they see it as necessary' (Spieczny, 2004: 50). By contrast to IMPA's egalitarian image, some workers say that administrative members probably earned at least five times that of the majority. Moreover, workers had no control over or awareness of the company's accounts without access to even annual budget reviews. According to Liliana, who worked in IMPA for 18 years, leaders often circumvented external auditing of accounts. Following the trend set by IMPA's former

management, which left debts of \$6,000,000, workers say they discovered that Murua and other IMPA leaders had submerged the company into further indebtedness with suppliers and clients.

Eventually, in May 2006, public allegations of embezzlement and fraud suggested that the bureaucratisation of IMPA's financial operations had enabled leaders to manipulate accounts. According to the lawyer of HIJOS, an organisation set up to support the off-spring of the 'disappeared', loans totalling \$380,000 made by members to IMPA were never repaid, receipts were never given, or were falsified, and leaders simply shut down all lines of communication to avoid their responsibility. In fact, the only statement given by Kravetz, one of the accused, specified that he did not have 'political, ethical, nor legal responsibility' (HIJOS website). Leaders have also not accepted responsibility for the total of \$40,000 donated by government ministries to IMPA for the construction of the cultural centre and a health centre. A report commissioned by the Secretary of Industry (2006) states that management never accounted for how it was used.

Carlos and Pedro say that because leaders focused on subsidies from the state and other investors, they avoided the fixed-capital investments needed to be competitive. According to Pedro, even after two years, low production rates sometimes meant that they earned as little as 100 pesos a month. Contradicting claims that IMPA's crisis was due to leaders supporting other ERs (Rebón, 2005: 15), several workers point to the general lack of accountability combined with low productivity as key factors that undermined internal cohesion. They say that with the collapse of clientalistic agreements, management reduced workers' earnings further to cover other costs, provoking some to steal primary materials out of desperation. Eventually, a group of about twenty workers responded to escalating levels of distrust and disillusionment by expelling Murua and some of his supporters from the factory. They later called for the intervention of the state regulatory organisation, the National Institute of Associativism and the Social Economy (INAES), to officially denounce Murua's 'abandonment of work'. On similar grounds, a few months earlier in June, 2005, an assembly that brought together 70 delegates from 44 ERs in the country voted to end Murua's leadership of the MNER.

With Murua expelled from IMPA, Caro, the leader of the MNFRT, influenced the formation of a new consejo, promising workers economic and legal security. In response, Murua argued, 'of course workers opened the door to Caro, if there's a crisis, if they don't see a solution, if the government doesn't give them money and someone else does'. In other words, he saw the notion of 'open door politics' to imply paternalistic cultures where workers are open to any offer

of material support, lamenting that, ‘after six years, many workers just come, work, get their pay and go. It’s reality and we don’t fight against reality’ (Interview with La Vaca). Of course, by limiting understandings of struggle to the occasional mass mobilisation to pressurise the state for resources, leaders avoid educating activists who might later question their caudillismo. Nevertheless, against Murua’s characterisation, there is much to suggest that IMPA workers *did* seek independence through democratic means. For instance, when the consejo installed by Caro continued bureaucratic leadership models, the majority resolved collectively to nominate a new management body and try to revive production. Aided by activists from the worker-run Hotel Bauen, and overseen by INAES, workers who represented an ‘independent sector’ gained the majority in an official assembly vote (Modesto, 2006: 2). However, against these efforts, Murua and Caro joined forces to convince some workers to strike, forcing production to stop and demonstrating coercive strategies typical to Peronist syndicalism. When several workers denounced the illegality of the act officially with INAES, representatives of the organisation claimed it was unable to intervene in the case, effectively legitimising such caudillista strategies.

After the collapse of democratic mechanisms, Caro took charge of financial operations and accounts, thus securing his domination over IMPA. Then, in July, 2006, the MNFRT management decided to incorporate private investors to ‘share’ administration of the company without consulting workers. To consolidate their authority, leaders put pressure on workers to sell or give away their votes in the assembly. At the same time, local government functionaries supported the sale of the cooperative to outside investors. When a group of workers objected, arguing that they should participate in any decision-making, they were fired whilst others were threatened with dismissal if they resisted.

In sum, these events highlight serious contradictions of ‘open-door’ politics stemming from the bureaucratisation of financial power and closed door relations between leaders and the state. We saw that because both the MNER and the MNFRT leaderships dominated IMPA’s accounting control they were able to constrain the organisations’ objectives in one way or another. Whilst it appears that MNER leaders excluded workers from financial operations to conduct forms of crony capitalism, MNFRT interventionism ultimately paved the way for private capital to impose the law of surplus value. As part of this transition towards profit-maximisation, IMPA’s new president described to me his intention to employ supervisors and implement new accounting technologies. In fact, in several other ERs administrative members outlined plans to tighten their control over valorisation through more advanced accounting systems. As Carlos, the President of

the worker-run printers, Graficas El Sol explained, this aimed to increase security and improve workers' commitment to meeting results targets. He described it as fostering workers' awareness of their 'responsibility' to raise productivity and the need for fixed capital investments. Thus, accounting becomes the basis of control because through it capital appears as tangible, objective reality that pushes workers into increasing levels of self-exploitation in order to compete.

Authoritarian developments within the financial management that have been missed by most scholars highlight how the valorisation process is central to workers' capacity for self-determination. Moreover, even in such an extreme case of disempowerment, we saw that some workers sought to resist their exclusion through democratic and institutional means. Instead of simply 'rejecting' institutionalisation, as claimed by advocates of 'anti-power' (Dinerstein, 2002: 11), these workers called for effective institutional tools to regulate their organisations. Whilst the case highlighted the serious contradictions of governmental interventions, we also noted the efforts of activists from Hotel Bauen to offer IMPA workers an alternative support structure. The following case study therefore looks at how Bauen members have attempted to consolidate a socially responsible organisation and considers the central place of financial control to this struggle.

### **Hotel Bauen; Lucha, Leadership and Social Responsibility**

The formation of Bauen, as one of the most innovative and influential of the ERs, has been a process of constant struggle on internal and external levels. Through a creative political campaign led by left-wing activists, workers have transformed what was a four star establishment symbolising elite power in the centre of Buenos Aires, into a motor of grass-roots social and political activity. Perhaps most importantly, Bauen as a case study highlights how workers have built labour-orientated kinds of social responsibility in opposition to the crony capitalism of former owners. Founded in 1978 by the Iurcovich family on the strength of loans from the state, Hotel Bauen became renowned as a meeting place for right-wing politicians and business men. Yet in nearly twenty years, the Iurcovich family neither paid back the loan nor carried out essential renovations to meet legal safety requirements. In 1997 the property was sold to the Chilean company Solari SA who also failed to pay the 16 million pesos agreed. By 2001, after workers had suffered months of with-held wages and sackings without compensation, the owners simply abandoned the company, leaving around 250 people unemployed. However, after meetings with

MNER leaders, 30 of the original workers decided to occupy and defend their source of employment. Since their formation of the cooperative in 2003, Bauen's labour force has increased to 160. Together they have refurbished more than 200 rooms, the hotel's bar, theatre, swimming pool, events hall and fulfilled all the safety requirements ignored by capitalist owners.

As a potentially valuable asset in both economic and political terms, workers' efforts to run the hotel have confronted constant opposition from groups that aim to reinstate capitalist control. Iurcovich enrolled the support of right-wing politicians to prevent workers from obtaining the expropriation law on the grounds that the hotel has been 'stolen' as bankruptcy was never declared. Against capitalist offensives, which have also included several eviction attempts by the police, workers have promoted the enterprise's social role, supporting and uniting the struggles of diverse popular groups, left-wing and labour organisations and holding cultural and educational events. Yet, far from a uniform political organisation, most Bauen workers had no previous experience of collective struggle. According to Gladis and Eva, two founder members, they only decided to occupy the hotel after participating in a meeting organised by MNER leaders. From this perspective, the adhesion of certain leaders and activists has been crucial in enabling workers to consolidate political understandings. In particular, Fabio, former MNER activist with a background in left-wing and centre-left parties, played a key role in the mobilisation and organisation of workers and later went on to lead the hotel's political campaign. The Bauen media and public relations sector led by Gerardo – left-wing activist and theatre director – has been a crucial motor in building campaigns and in holding press conferences or solidarity events. Despite some important disagreements that the paper discusses, the different ideological positions of the two generally created an element of dynamism and debate that enabled democratic practices in the organisation. As we shall see, this dynamic relationship and its openness to criticism were crucial features that differentiated the Bauen leadership from the caudillismo of leaders such as Murua or Caro.

From Bauen's creation, political leaders have encouraged workers to participate in other social struggles across Argentina. During my fieldwork, cases arose ranging from groups protesting against the pulping factories on the Uruguayan border, family members from the Cromanon fire tragedy, petrol workers from Santa Cruz and various student campaigns. According to Maria Eva, from the chambermaid sector, 'we've learnt that we're not just working for us, we are aware of what Bauen means for many groups in the struggle'. Such collective understandings suggest an alternative kind of corporate social responsibility that resists labour's

commodification. For political leaders, it is essential to educate workers to struggle for class-based interests that extend beyond individual economic goals. Such a position follows the Gramscian conception of true political action as that which unites the ‘spontaneity’ of subaltern resistance with ‘conscious leadership’ or discipline (Gramsci, 1973: 198). Gramsci argued that the aim should be to render ‘subjective’ the ‘objective’ conditions given by the capitalist mode of production, thus enabling workers’ self-determination (1973: 202). However, from another perspective, such class-based discourse has also historically served the propaganda needs of Peronist bureaucracies who protect their privileges precisely through the reification of political and economic fields. The contradictions of the MNER suggest that the essential question is how far Bauen leaders have remained socially accountable to workers.

### **Internal Organisation: Beyond Bureaucracies?**

The exponential growth of Bauen’s labour force created organisational challenges as workers attempted to balance democratic concerns with a need for efficiency and coherence. This was particularly the case since most new workers were ex-employees or family members driven by a need for employment rather than ideological motivations. At the same time, the temporal demands of competition pushed the organisation towards a conventional division of labour marked by distinct sectors that impedes unity. Against these pressures, Fabio told me that the organic relation between the directors and the assembly is essential in enabling workers’ participation in decision-making: ‘the assembly gives the most important solutions’ where as the consejo ‘manages the day-to-day tasks’. Thus, as Gerardo says, far from rejecting the need for leadership and discipline, they aim to ensure that administrative members remain responsible to the others through democratic organisational structures. In practice, workers’ use of the assembly has led to the expulsion of delegitimised directors and regulated the behaviour of new board members.

By contrast to ‘cooperativist’ notions of ‘responsibility’ that imply a commitment to the law of surplus value, Bauen leaders say they aim to consolidate social responsibility through workers’ participation in collective activity such as demonstrations, seminars or meetings. Yet at the same time, leaders recognise the limitations of simply promoting ‘participation’ that is not consolidated in other ways. Ordinary workers also point to the limitations of horizontal mechanisms like the assembly, arguing that meetings too often turn into opportunities to shift responsibility onto others. According to Sara from the cleaning sector, ‘sometimes they’re just a

space where different groups argue; we waste time and don't achieve anything'. In other words, the temporal imperatives of competition set limits to the usefulness of the assembly.

Many workers see the need to consolidate regulatory structures beyond the assembly that promote both responsibility and efficiency. In a meeting where board members and other workers discuss internal divisions in the company, Gerardo argues that: 'people will always fight, that's why we have to have structures that regulate all this, that help everyone to be responsible'. This proposal to institutionalise the hotel's social dimension instead of merely improving technology for accumulation, is again suggestive of Gramsci's concern with rendering 'objective' conditions 'subjective' so that 'technical requirements can be conceived in concrete terms...in relation to the interests to the class that is as yet still subaltern' (1973: 202). However, as the paper has argued, efforts to build organisational power that can synthesis workers' political and economic interests must confront the reifying pressures exerted by various manifestations of the Argentine state.

### **Institutionalising Responsibility and the Problems of Clientalism**

Despite constant intervention attempts, Bauen's political administration attained a remarkable level of independence from the state through a democratic process of debate between leaders, workers and other political and social groups. As already noted, especially important was the internal dynamic between Bauen political leaders where Gerardo repeatedly acted as a 'counter-weight' to leaders that had closer relations with state functionaries. However, analysis of the organisation's history shows that bureaucratic tendencies within the financial control exacerbated the pressures of co-option attempts, revealing the limitations of political accountability.

In particular, the contradictions of Bauen's regulation systems surfaced during the 2007 local government elections with the decision to support Telerman; an 'independent' candidate sympathetic to Kirchner. In the context of an election year, clientalistic pressures intensified as candidates sought votes through concessionary tactics that threatened to further divide and co-opt the different ERs. In their defence, Bauen political leaders argued that Telerman's support could sustain workers' social project against right-wing offensives yet generate some autonomy from Kirchner's party. According to Fabio: 'the benefits that the workers got are resources managed by the consejo which help us rehabilitate the hotel, a central task against right-wing offensives'.

However, far from an unproblematic decision, Bauen's alignment with Telerman caused fierce debate between leaders and with sectors of the Argentine left. Whilst this process forced some leaders to confront the issue of their relations with the state, it also revealed the pervasiveness of dominant political structures behind 'progressive' guises.

Although, as Fabio argues, workers' voted to support Telerman in an assembly, the chronic instability of governmental 'agreements' and the tendency of functionaries to conduct 'closed-door' meetings with Bauen leaders disabled democratic processes. Even INAES, which actually claims to promote transparency and accountability, operates in ways that deepen clientalism and dependency amongst the ERs. INAES's website says it aims to ensure that cooperatives conform to certain practices of accounting control as dictated by the national accounting and auditing body. Thus, according to the President, 'we're going to control where the money goes' so that 'no-one expropriates money from the workers (INAES website). Yet against such discourse, on the ground militancy and interventionism typical of Peronist unionism works to divide the ERs and undermines regulation processes. A representative example was the 'support' offered by INAES at a meeting held in Bauen in November 2006 to discuss the construction of a new movement. Initially, because Bauen members provided free accommodation and refreshments to participating companies, INAES, as official 'sponsor', agreed to share costs. However, several workers say that these agreements came to nothing as INAES representatives instead divided funds between Peronist militants in the ERs that would oppose unification attempts promoted by Bauen leaders. INAES then offered to cover the costs of the sandwiches, yet three months later, Bauen members had to go the organisation's offices to demand the funds in person; eventually receiving a bundle of notes. Clearly, such 'institutional' methodology is counter-posed to socially responsible leadership, fuelling individualism and divisions in the company.

Given such constant threats to accountability, some workers have called for organisational mechanisms to enable the regulation of external relations, whilst at the same time strengthening their own organisation internally. Despite the participatory approach of the political leadership, the exclusion of most workers from the financial management again appears as a basic contradiction that provokes conflicts and differentiation. In what follows, the paper looks at theoretical arguments for why democratising accounting control might be a means of consolidating social responsibility and then, finally, compares this with a closer analysis of the practical challenges facing such a project.

## **Accountability for Labour? Between Theory and Practice**

The relationship between accounting, property, and structures of power within the modern capitalist state is a central interest of critical accounting scholars (Miller, 1990; Loft, 1986). In particular, the role of accounting as a means of control and domination is well recognised within the literature (Bryer, 2006; Funnell, 2004: 60). Researchers have demonstrated how elites have used accounting to maintain entrenched power structures where accountancy practices function as an Althusserian ‘ideological state apparatus’ that ‘reproduces political culture’ (Gallhofer and Haslam, 1991: 487-488). In the case of the ERs, without an independent auditing profession, governmental institutions structured by clientalistic networks have tended to concentrate financial and legal control, ultimately reinscribing crony capitalist business cultures. As we have seen, some ER leaders have taken advantage of this situation to extract opportunistic benefits whilst others have employed new accounting technologies to strengthen their command over surplus value.

In conventional companies accounting enables the capitalist to pursue surplus value and hold workers accountable for meeting results targets (Bryer, 2006). As Loft observes, accounting ‘replicates the production processes and makes them ‘visible’ on paper...and in monetary terms...enabling its control’ (1995: 198). Thus, business management theory recognises that ‘accounting is one of the techniques of surveillance and control of individuals in a business organisation’ (Loft, 1995: 198). On the subject of accounting, Marx says that, ‘By way of book-keeping...the movement of capital is registered and controlled’ (1978: 211). He was therefore interested in capitalist accounts as a means of contesting the economic theories he criticised, as he described in a letter to Engels,

‘[t]he theoretical rules are very simple and self-evident. But it is nevertheless just as well to have some inkling of how things look in practice. The method of business is, of course, partly based on illusions and even greater than those of the economists; on the other hand it rectifies the latter’s theoretical illusions by means of practical ones’ (Marx, 1983: 283).

By ‘practical illusions’, Marx meant that capitalists conceive ‘costs’ instead of socially necessary labour, and ‘profit’ instead of surplus value (Bryer, 2006). Yet through their accounts and operations, ‘the nature of surplus value impresses itself on the capitalist’s consciousness in the

course of the immediate production process, as we were shown by his greed for the labour time of others' (Marx, 1981: 135). As I have argued, to sustain their businesses, workers of the ERs are 'confronted by the functions of capital' (Marx, 1976: 1054), which means they must also pursue the socially necessary surplus value. In most cases where management have employed new accounting technologies, profitability continues to be the aim of control and the source of contradictions as it demands competitive investments that put down-ward pressure on workers' earnings.

However, whilst it is important to recognise the repressive effects of conventional accounting practices, Gallhofer and Haslam rightly point out that this concern has often led researchers to overlook the emancipatory possibilities of accounts as a social tool (2003). Yet without an adequate theorisation of how the accumulation of capital controls labour, like many scholars of critical accounting, they fail to venture what this might mean in practice. Although to sustain their companies workers must make the required return on capital, can accounting help them to recognise their scope for social objectives? Just as objective accounting attempts to ensure that management is not free to pursue its own agenda in conventional modern businesses; workers could turn the capitalist development of calculation and accountability to alternative ends, regulating the circuit of capital in order to incorporate social goals. Of course, the crucial question is what these 'social' goals are and what shapes and constrains them within an overall capitalist framework. Is this simply a question of redistribution or does it require a modification of 'economic rationality'? The advocates of neoliberal CSR overcome these questions by ignoring them. In fact, they find that 'social' objectives can co-exist with and even support the imperatives of competition (Coraggio, 2002; Montolio, 2003). Thus, instead of self-exploitation, instability and subsistence incomes, policy makers and associated scholars have emphasised that worker-run companies are flexible, competitive and cost effective. As a policy device, this combination of the 'social' with market imperatives has serious consequences for workers, legitimising the extension of precarious labour conditions and the circumvention of labour rights. By contrast, it is my suggestion that workers could harness accounting control with a view to understanding the fundamental contradictions of capitalism and strengthening their social commitments. In other words, through accounts, workers find that 'capital is not a thing [but rather] certain specific social relations of production between people appear as relations of things to people' (Marx, 1976: 1054).

Theoretically, because the ERs such as Bauen are more egalitarian and democratic than conventional enterprises, there is less reason for internal conflicts to emerge in accounting control. However, we have seen that entrenched bureaucracies and clientalism open up spaces for differentiation and exploitation. Under capitalist management, accounting control epitomised crony business cultures; implying negligible disclosure and legal impunity. With the transition to a cooperative, workers' lack of business knowledge and general disorganisation permitted that a few individuals took control of the accounts. Maria explained that: 'at first we struggled so much, and we had so little, that we thought discipline was just a question of solidarity, we never expected the problems that came'. As already suggested, this contradictory duality between workers' political participation and their exclusion from financial control generated distrust and divisions.

Nevertheless, after much internal debate workers were at least able to vote to replace the treasurer and try to improve economic transparency by employing an accountant. However, leaders say that because the accountant fixated on the 'objectivity' of the valorisation process, she ignored the political dynamics underpinning much of the transparency problems. According to Gerardo, whether or not workers can democratise their accounting depends on the balance of power within the organisation that can enable or disable the process. He says that only after constant internal battles have political leaders brought the issue of accountability to a point where workers ask to see regular balance sheets. In this way, they could introduce some financial controls to increase levels of security and trust. However, the idea of using accounting to regulate and promote social responsibility including relations with the state met with diverse kinds of opposition, suggesting some limitations to the 'social' within the ERs.

Gerardo argues that in the latest stage of their development, all of the ERs are 'stuck in their production problems legitimised by some discourse or other...concerned about making profit'. He says that the question is whether profitability can enable social objectives, or 'whether this 'form of strengthening' ends up 'leading to their demise'. However, rather than assuming some kind of subjective transformation that implies rejecting economic goals and embracing social ones, Gerardo says the solution lies in finding the link between the two. In this way, he argues that to introduce a six hour working day in Bauen would be a means of, 'challenging the tendency to always want to earn more...With the six hour day, you earn money *and* free-time...this way, we begin to build a new work culture'. Perhaps even more importantly, the objective would universalise their campaign for workers' rights, encouraging other ER members to question self-exploitation. Such a proposal attacks notions of CSR that subsume 'social' objectives within the

imperatives of competition. By explicitly prioritising workers' quality of life, it calls for labour-orientated kinds of corporate social responsibility.

Following my previous argument, workers could harness accounting control to help them minimise socially necessary labour to maximise the surplus time at their disposal. As we have seen, the experience of operating as a public institution has enabled many Bauen workers to begin to rethink the value of their labour. However, by reducing the working day, they confront the essential capitalist imperative of maximising surplus labour. Thus, for some workers, the notion of a six hour day contradicts quantitative understandings of the value of their labour. As Osvaldo from security points out, 'some people here have two jobs, if you can you always try and work more hours, you have to get by'. Such a conception is functional to the moral of a capitalist society, and is all the more understandable given the ongoing fear of unemployment and the precarious nature of work in Argentina. Adding to the pressures of consumption for survival, within neoliberalism, the production of the self through consumption has reached new levels, implying deeper forms of fetishisation and alienation.

Yet perhaps the most immediate challenge to the campaign for the six hour day is that to exert pressure on the labour market in this way implies a direct confrontation with the Argentine state. In doing so, Bauen leaders would risk overstepping the tenuous boundary marked out by Kirchner's 'progressive politics', almost certainly losing them the support of Peronist sectors. Whilst Gerardo argues that they can consolidate alternative power through the Left, for other Bauen leaders, this decision would have direct consequences for their personal relations with state functionaries, relations that they have been unwilling to jeopardise. In particular, after the move to support Telerman, discussions intensified between Gerardo and Fabio about the latter's relations with the state and his approach to resource distribution. According to Fabio, the consejo had the responsibility of managing resources from the local government but this assertion ignores the bureaucratisation of the financial management and side-steps the issue of the personal benefits he receives. As the election approached and Telerman's camp increasingly pressurised workers to comply with the official line, debates escalated between Fabio and Gerardo, eventually forcing Gerardo to leave Bauen. On reflection he argued that, 'supporting the supposedly less bad politician does not build a "class for itself", but instead, "leaders for themselves"'. Commenting on his own part in what he sees as the decadence of the organisation, Gerardo said he was mistaken to think that Fabio was 'honest'. Yet, as he has also argued, rather than depending on the

honesty of leaderships, the task must be to build effective regulatory structures that promote social responsibility internally and in relations with governmental structures.

## **Concluding Comments**

This analysis of bureaucratic tendencies has emphasised that more than simply struggle against competition as an objective force, efforts to consolidate socially responsible businesses confront constant political challenges from the diverse levels and manifestations of the state. Although the Bauen leadership achieved a remarkable level of political legitimacy through mobilising democratic participation and debate with workers and other social groups; concentrated power in the financial administration undermined social accountability levels and made the organisation more vulnerable to clientalistic interventions. This vulnerability permitted local governmental functionaries allegedly to distribute money ‘contracts’ to certain leaders in exchange for political conformity, directly undermining workers’ challenge to the state’s assistance policies.

In general terms, far from institutionalising the right to dignified work, the government’s strategic resource distribution has concentrated financial and legal power and perpetuated cultures of crony capitalism. Instead of a coherent policy framework, governmental interventions have revolved around a diversity of Secretaries and Sub-Secretaries that administer subsidies at their discretion. Inevitably, as Claessens et al., point out in their discussion of SE Asia, (2000: 109), this kind of cronyism holds back the development of legal and regulatory channels that could improve accountability. Thus, whilst international financial organisations may recommend that Latin American governments ‘bring national accounting standards into full compliance with International Financial Reporting Standards’ (OECD, 2004: 20), minimal disclosure, concentrated ownership and management discretion continue to be the norm (OECD, 2004: 46). Yet in contradiction to the IMF / US treasury thesis that finds the solution in the ‘discipline’ of liquid stock markets, high publicity cases such as Enron have underlined the seemingly inevitable complicity of political and economic elites. In Argentina, after the disastrous corporate irresponsibility record of Menem’s neoliberal era, persistent corruption scandals within Kirchner’s camp and the apparent intransigence of business practices, suggest that accountability for capital is a far distant goal.

However, whilst investors struggle to find ways of controlling managers and the government fails to respond effectively to demands from above to improve corporate governance,

the paper has argued that workers' social accounting practices suggest the possibilities of a more radical type of reform. We have seen that Bauen's democratic political governance has gone some way towards opening previously closed doors surrounding the company's financial livelihood and strengthening accountability. Moreover, workers' efforts to highlight the limitations of regulatory organisations like INAES have made head-way in pressurising the government to restructure its social role in support of their interests. From this perspective, the need for an independent grass-roots-based organisation that can coordinate social auditing processes seems clear. This would imply regulating the exchange of resources between the state and the worker-run companies as well as supporting them in the fulfilment of social objectives. In the UK increasing numbers of NGOs have formed to promote social accounting as a means of assessing the value of social enterprises, improving their performance and monitoring the expenditure of public funds (Huddersfield Pride Report, 2005). Black and Nicholls, argue that 'there is a moral obligation to undertake social reporting as most social enterprises have access to development funding from the public purse' (cited in Huddersfield Pride Report, 2005, 3). Of course, as the OECD paper on corporate governance recognises: '[m]any, if not most, cases of public corruption involve collusion between public officials and *private* sector participants' (my emphasis, 2004, 8). Hence, beyond the usefulness of social accounting as a tool for regulation and security, its importance lies in enabling workers to *differentiate* their companies from capitalist firms.

Contrary to dominant representations of the 'social economy' and CSR that understand the 'social' within the framework of accumulation, workers' pursuit of social objectives like the six hour day opposes the capitalist objective of increasing surplus labour time. Of course, even if social accounting can be made the basis for such objectives, it is clear that their effective pursuit requires collective action above the enterprise level. Thus, Bauen workers have promoted notions of 'responsibility' bound up with the defence of workers' rights, building commitments with progressive labour sectors and diverse left-wing groups. Such activity demonstrates that what CSR means for workers in practice is fundamentally opposed to what it means for capital. Within this struggle, the problem of what role the state should play is of crucial importance. As highlighted with the case of IMPA, so far the government's 'institutionalisation' of the 'social economy' risks simply legitimising new territory for de-regulated labour conditions and exploitation. Nevertheless, in contrast to proposals made by 'anti-power' theoreticians to move 'beyond the state illusion' (Holloway, 2002), the efforts of some workers to challenge institutional boundaries, de-stabilise capitalist constructions of the social and highlight the continuing need to

pressurise the government to recognise its social responsibility. In order to fully comprehend the possibilities and limitations of social responsibility in commodity production, the evidence suggests we must first recognise the valorisation process as the source of conflict and cooperation.

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