

"TO OCCUPY, TO RESIST, TO PRODUCE"¹

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ARGENTINA'S WORKER-MANAGED FACTORIES AND ENTERPRISES

INTRODUCTION

AMERICAN WORKERS are losing their jobs at an incredible pace with little capacity to confront the process of runaway factories and enterprises that affect not only their livelihoods but the health and viability of the communities in which these factories and enterprises are situated. The labor movement, other than decrying the irresponsibility of firms that have been the beneficiaries of local and state tax breaks, subsidies and easy credit private bank loans, have not been able to challenge the deindustrialization of the United States. On the other hand, a minority of Argentine workers, organized as social movements and faced with similar challenges and the same dire consequences, have made a difference in protecting their jobs and keeping themselves from falling into poverty. Despite the lack of support of the Argentine General Labor Federation (*CGT*), workers have managed, by way of factory and enterprise takeovers and occupations, to use the creation of worker cooperatives, Argentine bankruptcy creditor proceedings and provincial and municipal expropriation laws to keep their factories and enterprises as viable worker-managed entities.

In what I consider a landmark decision with great relevance for the American working class, the U.S. Supreme Court in *Kelo v. City of New London* (June 2005) by a 5-4 decision ruled in favor of allowing New London by reason of eminent domain to take over private property for reasons of public needs and usage. The court ruled on behalf of New London's development plan based on its interpretation of the takings clause of the U.S. Constitution's Fifth Amendment for reasons of "public purpose" or "public interest." In an effort to rejuvenate New London, the city planning commission developed a commercial, residential and recreational plan in a broad attempt at comprehensive economic development for an economically distressed city. Historically this is not unique: states have used eminent

¹ The slogan used by one of the Argentine umbrella organizations-the National Movement of Recuperated Enterprises (MNER).

domain (expropriation with just compensation) as long as the property qualifies for public use. This has been done in the past to build roads, railways, schools, hospitals, sports stadiums and so on. Justice John Paul Stevens spoke for the majority that expropriation of private holdings for the public purpose of increasing jobs and tax revenues as part of an urban revitalization plan is justified.

In a previous relevant case, *Berman v. Parker* (1954), Justice William O. Douglas wrote in part: "It is within the power of the legislature to determine that the community should be beautiful as well as healthy, spacious as well as clean, well-balanced as well as carefully patrolled. In the present case, the Congress and its authorized agencies have made determinations that take into account a wide variety of values...there is nothing in the Fifth Amendment that stands in the way." In still another case, the *Hawaii Housing Authority v. Midkiff* (1984), the state legislature transferred landownership from a few owners to multiple owners, again with just compensation, guided by the belief that restricting "social and economic evils of a land oligopoly" qualified as a valid public use.

This U.S. Supreme Court ruling should promote resolutions on the part of American labor to activate municipal councils, state legislatures and/or the U.S. Congress to affirm their legal right to expropriate the factories and enterprises which have decapitalized their firms, fired workers and eventually plan to flee the United States in search of cheaper wage labor and deeper tax concessions abroad, leaving in their wake depressed American communities with ever deepening poverty and unemployment.

THE NEOLIBERAL OFFENSIVE

Under the ravages of a cruel neoliberal economy, Argentine workers in the industrial and service sectors, faced with both unemployment and poverty, have created islands of worker-led factory and enterprise takeovers. The Argentine conditions of economic recession of the late 1990s – culminating in the societal upheaval of 2001, which saw a president resign and several interim presidents fail to form a government – resulted in an unprecedented outbreak on the part of civil society. Along with the mobilization of numerous middle class neighborhood popular assemblies and a multitude of groupings of unemployed street and road picketers (*piqueteros*) on government minimum welfare programs, there was also the formation of two

important umbrella groups that represent approximately 180 worker-occupied and worker-managed factories and enterprises throughout Argentina.²

Though we are not speaking of revolutionary takeovers of multinational corporate enterprises, these developments, nevertheless, constitute an important working class movement that challenges sectors of private Argentine capital, the Néstor Kirchner government and traditional trade union labor relations. The workers' interpretation of Argentine conditions of economic growth without concomitant employment opportunities combined with the miserable, almost infra-human situation of the increasingly structurally unemployable has led them to take these dramatic measures. Although reformist in nature, the workers have shown a combination of entrepreneurial skill and political savvy combined with class solidarity. They have demonstrated that crisis conditions can lead to new societal movements that may, in turn, lead to historical departures from classic worker-capital relationships in both Argentina and elsewhere.

The Argentine worker-occupied factories and enterprises represent a novel on-the-ground departure among social organizations that have the authenticity and capacity to flourish, embedded as they are in the survival needs of its workers and the moral authority of maintaining national production through working class employment. The workers have refused to passively accept unemployment and poverty, and have thus acted as a veritable vanguard that, by sacrifice and will, constitutes a challenge to economics-as-usual under Argentine neoliberalism. Confronting failing, abandoned and bankrupt enterprises, the worker-managed factories have imaginatively used Argentine historical labor solidarity, law and politics to defend their enterprises.

The pattern of deindustrialization began under the military dictatorship of 1976-1983. Minister of Economics José Alfredo Martínez de Hoz initiated the policies of opening up the Argentine economy to unfettered capital and financial investments. The concentration of industrial power in a few foreign and domestic firms began under the military regime. High local interest rates fueled international speculation in Argentina. That period became known

² Estimates of the number of enterprise occupations varies from as few as about 100 with 8,000 workers and employees involved to as many as 200 with approximately 15,000 involved. The wide fluctuations are because some estimates cover factories and enterprises that have been researched and documented and others that have as yet not been documented but are reportedly managed by the workers. Moreover, as the takeover process often is surrounded by bankruptcy filings, prolonged litigation and occasional legislative expropriation measures, the definition of a worker-occupied enterprise is dependent upon the authors' views as to when the enterprise is fully a viable worker-run enterprise or one still in the process of formation.

as the *patria contratista* (figuratively, country-for-sale), as the military arranged, without bids, highly prized contracts between the government's national enterprises and local monopoly firms in the industrial sector. This begins the period of Argentine deindustrialization and unemployment as many smaller firms found it difficult to compete under these arrangements.

The 1990s, under the Carlos Menem presidency, dramatically accentuated the devastating deindustrialization in Argentina. Within the first several years of his regime, the country sold at bargain-basement prices the national enterprises of petroleum, gas, electricity, railways, hydro-electric dams, banks, the subway system, maritime and airline fleets, the most-traveled commuter highways, and radio and television stations, making many of the negotiating governmental administrators and lawyers millionaires. Under the aegis of an overvalued dollar/peso parity, foreign investment increased significantly as did foreign imports of all kinds of industrial products. While we witnessed a spiral of Argentine deindustrialization, investments abounded in utilities, services and the extractive economy. The demise of industrialization had a nefarious impact on domestic enterprises with a concomitant increase of unemployment, poverty and inequality increasingly symptomatic of a dual society. The partial financial default of Argentina in late 2001 sharpened these conditions. The collapse of the peso convertibility severely affected smaller firms with higher levels of indebtedness, those that produced for the domestic market but often depended upon imported raw materials and supplies for their production.

WORKERS CONTESTING NEOLIBERALISM

The recuperated factories and enterprises may become a survival alternative in Argentina. The economic environment for the mass of the Argentine working class, within which the recuperated factories took shape, has made only minimal improvements since the recession began in 1998 and culminated in the default and popular explosion of December 2001. Even the positive growth rates averaging 8% since 2003, have not impacted on 80% of the Argentine population. In 2005 over 40% of Argentines remain poor, 25% of the population are either unemployed or underemployed and over 50% of the economically active people survive in the "informal", non-unionized sectors of the economy. In a country once dense with powerful unions,³

³ See Peter Ranis, *Class, Democracy and Labor in Contemporary Argentina* (New Brunswick, N.J., Transaction Publishers, 1995).

only the formal sector remains heavily unionized and the bulk of it resides in the public sector. Recently, in the major resort seacoast city of Mar del Plata, a thousand young people responded to an ad offering 10 informal job openings at very low wages.⁴

The crisis accentuated preexisting patterns and behaviors among the owners of small and medium sized Argentine industrial firms. Almost all started proceedings that would end in default to their creditors and outright declarations of bankruptcy. Argentine flexibilization laws allowed the owners of these firms to reconfigure the workplace to enhance productivity and to restructure their work force based on market rationales. Invariably, in the cases in which workers chose to occupy their factories and enterprises, there was overriding evidence that the industrial recession was often fraudulently used by the owners to decapitalize their firms, attain millions of dollars in governmental credits for non-production related financial speculation and, ultimately to deprive the workers of their earned wages as they broke the labor contracts and often simply walked away from the factory or enterprise.⁵

The Argentine bankruptcy law permitted, as one alternative, the formation of cooperatives with national, provincial or municipal government involvement. In May 2002, during the Argentine economic crisis, an important additional reform of the bankruptcy law allowed for the bankruptcy court trustee to rule that workers could initiate production in the enterprise, if a majority of workers so agreed. The law simply permitted the factory or enterprise to continue to be an integral whole until such a time as the factory could be auctioned off to a new buyer. Obviously, this constituted a very unstable situation among the workers willing to continue production via a workers' cooperative, since they were not guaranteed any priority at the time the factory was auctioned.

At this point, the workers – in consultation with their legal advisors and two umbrella NGOs dedicated to recuperating enterprises – began asserting provisions of the national and provincial constitutions of Argentina to allow for the expropriation of bankrupt properties on behalf of the workers for reasons

⁴ www.pagina12.com.ar (June 4, 2005).

⁵ For the background on these maneuvers see Matías Kulfas, "El contexto económico: Destrucción del aparato productivo y reestructuración regresiva," in *Empresas recuperadas, Ciudad de Buenos Aires* (Buenos Aires: Gobierno de la Ciudad Autónoma de Buenos Aires, Secretaría de Desarrollo Económico, 2003), 8-19 and Peter Ranis, "The Impact of State and Capital Policies on Argentine Labor: A Comparative Perspective." In *Identities, State and Markets: Social Change in Latin America*, ed, José Havet (Toronto: Canadian Scholars' Press, 1999), 101-123.

of the “common good” and “public use.”⁶ In a major victory for thirteen occupied factories located in the city of Buenos Aires, the municipal council passed legislation in November 2004 that made permanent the rights of the worker cooperatives to maintain control over their enterprises.⁷ The new legislation stipulates that the machinery, the trademarks and the patents belong to the workers. The workers are given three years of grace to begin paying, over 20 years in six month installments, the value of the firm at the time of the bankruptcy. In the absence of legislative intervention, other cooperatives have restarted production under a judicially arranged rental agreement. This is particularly prevalent in cases where the previous owner has abandoned his property.

Since the mid-1990s, there have been various calculations as to how many worker occupied and managed factories have sprouted in Argentina. Estimates vary, from national calculations to those in Greater Buenos Aires or just the capital city itself.⁸ The great majority of worker enterprises are in the metals, food processing, textile, printing and ceramics industries as well as, though in smaller numbers, in health clinics, private schools, supermarkets, pharmacies and other services. 60% of the factories and enterprises are in the capital and Greater Buenos Aires, which have traditionally been the industrial center of Argentina. In a recent exhaustive survey of 156 recuperated factories and enterprises throughout Argentina, in 71 of which interviews were conducted, a team of investigators found that 95% of the recuperated work places were cooperatives and that three-quarters of them had 50 workers or less. The majority of cooperatives were in the industrial sectors of the economy, largely in metals and other manufacturing industries such as textiles and food processing. The overwhelming majority produce for local domestic consumption at levels averaging 50% of potential capacity, though some plants do better than others, namely the metallurgical and food processing sectors. Significantly the, average wage level in the worker cooperatives is US\$250 a month which is substantially above average Argentine salaries and five times unemployed welfare payments! What is

⁶ María Agustina Briner and Adriana Cusmano, “Las empresas recuperadas en la Ciudad de Buenos Aires: Una aproximación a partir del estudio de siete experiencias” in *Empresas recuperadas*, 26-30

⁷ Prior to this blanket permanent expropriation authorized by the municipality, there had been individual company expropriations on a provisional, two-year basis in several Argentine provinces, predominantly in the Province of Buenos Aires, via its provincial legislature.

⁸ See, for example, Graciela Di Marco, Héctor Palomino et al., *Movimientos Sociales en la Argentina* (Buenos Aires: Jorge Baudino Ediciones, 2003); Gabriel Fajn, *Fábricas y empresas recuperadas* (Buenos Aires: Centro Cultural de la Cooperación, 2003); Esteban Magnani, *El cambio silencioso: Empresas y fábricas recuperadas por los trabajadores en la Argentina* (Buenos Aires: Prometeo Libros, 2003).

particularly noteworthy is that two-thirds of the recuperated enterprises have histories that date back to the halcyon days of Argentine industrial growth between 1940 and 1970. This era of import-substitution national development was succeeded by the subsequent advent of the military dictatorship of 1976-1983. Known as the *Proceso*, it was responsible not only for the disappearance of 30,000 Argentines, but for the beginnings of the deterioration of a domestic industrial base with the initiation of the neoliberal economic model.⁹

The Argentine recuperated factories and enterprises have taken three notable forms. The first approach advocates the cooperative procedure of worker-occupied enterprises. This approach is grouped together under an association of cooperatives called *Movimiento Nacional de Empresas Recuperadas-MNER* (National Movement of Recuperated Enterprises). Under this umbrella organization, various forms of worker cooperatives are applied depending upon individual circumstances. The cooperatives either seek to rent out the factory or attain a temporary expropriation. These options permitted the workers to begin production without the burdens of debt caused by the original bankruptcy. A second approach, very similar to the first but with distinct political orientations, is represented by the grouping formed as the *Movimiento Nacional de Fábricas Recuperadas por los Trabajadores-MNFRT* (National Movement of Factories Recuperated by the Workers). These political differences will be spelled out below. The third approach is one of state expropriation and ownership with worker control. This approach has the enterprise taken over by the state, leaving the workers the right to administer the enterprise as public sector employees. This is a minority alternative fostered by less than a handful of enterprises and famously proposed by the Zanón tile factory in Neuquén Province.

The *MNER* has been led by President Eduardo Murúa and Vice-President José Abelli and the *MNFRT* by President Luis Caro. Between the two associations, the former is more national and is heavily represented in the capital city of Buenos Aires; the latter is more ensconced in Greater Buenos Aires, which includes the surrounding industrial suburbs in the Province of Buenos Aires. In interviews with the three leaders in July and August 2004 and Caro (*MNFRT*) and other *MNER* enterprise leaders in July 2005, it became clear that they have much in common in their critiques of the

⁹ Andrés Ruggeri, Carlos Martínez and Hugo Trincherro, et al., *Las Empresas Recuperadas en la Argentina* (unpublished ms by the Programa Facultad Abierta, University of Buenos Aires, December 2004).

neoliberal economy and the irresponsibility of both the corporations and the Argentine government. They recognize the conundrum of a surplus-labor economy and an increasingly competitive international environment that puts major downsizing and race-to-the-bottom pressure, particularly on small and medium-sized capitalist enterprises. Thus the creation of the *MNER* in 2002 and the *MNFRT* in 2003 to preserve jobs and contain poverty among Argentina's working class. But while the *MNER* makes the connections between the U.S. Treasury, the World Bank and IMF as the originating source of the austere-corporate leaning Argentine national economic policy, the *MNFRT* takes a more task oriented, case by case approach that applies various legal and self-help measures to initiate the enterprise recuperating process.

In many cases, the most dramatic being the Zanón Ceramics factory in Neuquén Province, the recuperated factories have managed not only to preserve the workplace but to add to national productivity and to create employment, while reaching out to its communities via health clinics, secondary and higher education classes and cultural centers.¹⁰ As José Abelli told me, "we have created a virtuous circle." On the other hand, Eduardo Murúa has argued for a clear national expropriation legislation that could encompass the 10,000 enterprises that have gone bankrupt and allow the workers a chance at reviving them. Murúa argued that this, along with a minimal subsidy per worker involved in cooperatives from the Ministry of Economy or Labor, would regenerate thousands of jobs.¹¹

THE VENEZUELAN CONNECTION

Interestingly, Murúa traveled to Venezuela in mid-April 2005 where he attended the Third International Solidarity Congress in Defense of the Bolivarian Revolution, sponsored by the Venezuelan National Workers Union (UNT). As an invited guest speaker, Murúa spoke of the Argentine experiences of worker-occupied factories and enterprises to a very receptive audience of 500 trade unionists. One of the major themes of the conference was "worker co-management" in Venezuelan enterprises and one of the slogans— "without co-management there is no revolution." Co-management

¹⁰ Magnani, *El cambio silencioso*. 132-158.

¹¹ Eduardo Murúa as a metallurgical union activist had been active as leader and administrator of one of the older and most successful industrial cooperatives in Argentina—the IMPA aluminum plant in the city of Buenos Aires.

was meant to precisely encompass the Argentine initiatives in running their factories, namely co-participation in production decisions, improving working conditions, setting egalitarian wage policies and organizing collective organization of the enterprise and commercialization of its products. During his stay in Venezuela, Murúa also had a favorable hearing from President Hugo Chávez, in which the Argentine pointed to the more propitious environment for worker-managed enterprises in Venezuela under a worker friendly government. Chávez acknowledged he was interested in the Argentine experience; since he was looking for a way to bring together small and medium-sized business owners with workers to recuperate abandoned Venezuelan enterprises, with the proviso that they establish asset and profit-sharing mechanisms with the workers. Murúa significantly added that the workers must control the enterprise policies as well as supervise its accounts books in order to assure that the firm has primordially collective outputs and goals. Murúa also pointed to the special presidential initiatives provided to President Chávez and his opportunity in Venezuela to put worker control on the agenda throughout Latin America. Because of Chávez's interest in the Argentine experiences in recuperating factories and enterprises, Murúa was able to leave his *MNER*-written bill of national expropriation that has not been given support in the Argentine congress. Significantly, by May 2005, the UNT had elaborated a proposed law to be forwarded to the Venezuelan congress that puts worker co-participation in industrial enterprises on the agenda; and indeed in July 2005, Chávez proposed government financing at low interest rates to 700 closed factories and to 1149 factories partially paralyzed since the 2002 economic crisis, if they would cede co-management and profit-sharing to their workers. The Venezuelan government will promote these factories as cooperatives or "social production enterprises." As in Argentina, the Venezuelan national constitution allows for expropriation with just compensation for reasons of "public use or social interest."¹²

WORKERS AS PARTICIPATORY MANAGERS

Very dramatically, the Venezuelan government and its Chávez-allied alternative labor federation (UNT), subsidized and sponsored the 1st Latin American Meeting of Recuperated Enterprises at the end of October, 2005. No doubt, the impetus came from the Argentine *MNER*, which sent the

¹² *La Nación*, July 15, 2005, p.4.

largest delegation to the three-day conference in Caracas. Significantly, Hugo Chávez opened the meetings before several thousand delegates, interested elected officials, unionists, the press and observers. His inspirational speech of two hours spoke to the creation of a new network of recuperating factories and enterprises throughout Latin America, parallel to the Venezuelan sponsored and funded *Petro-Sur* and *Tele-Sur*. He envisioned an '*Empresur*' to which the government has committed a \$5 million budget. He took the opportunity during his speech, to great applause, to announce the expropriation of three Venezuelan firms on behalf of its workers. Within Venezuela, this level of commitment is exemplified by the existence of a Ministry of the People's Economy. Given the lack of such initiatives and funding from the Argentine governments, this was a major breakthrough for the legitimization of this belt of worker-managed enterprises in Argentina as well as in Venezuela, Brazil and Uruguay, where parallel worker cooperatives, mixed enterprises and state-owned and worker-controlled factories and enterprises have recently developed.

The meeting itself counted 700 workers representing over 250 enterprises from eight Latin American countries spearheaded by delegations from Argentina, Venezuela, Brazil and Uruguay. The focus of the meeting centered on contemporary challenges of existing public policy, production obstacles and community outreach. During the three days the delegates met in cohorts of workers whose firms were prepared to exchange raw materials and products, explore new markets, exchange technological and scientific information and extend fraternal financial and cultural cooperation. Additionally, there were meetings of both labor union and governmental and legislative representatives to explore means of assisting the evolution of recuperated worker enterprises. Amazingly, in three short days, 75 commercial agreements were signed among various Latin American worker enterprises in such areas as tourism, wood and paper production, food production and processing, shoes and foot wear, plastics and transport.

Luis Caro, of the *MNFRT*, however, expects little governmental support ("don't waste your time looking for credits and subsidies in Argentina") and chooses the road of labor sacrifice in the first few months of takeover while saving the salaries of ex-enterprise managers who often were earning between 10 and 20 times the average worker. For Caro, it is of crucial importance to maintain the Argentine factories and enterprises in operation. If the factory is abandoned or sold as property without the workers, the tools, the experiences of its employees, the whole country is the loser. "An axle-wheel is sold as scrap iron, but for a worker this axle-wheel provides

work for three people: the lathe operator, the assistant and the apprentice. The judge can sell it all; but I believe in a new deal, a new contract, without disregarding the creditors or the owners, one that gives the workers the opportunity to use their resources to pay off the property."¹³

The Argentine recession of 1998-2002 produced the crisis conditions among the small-scale enterprises that led to the multiplication of worker-owned and operated factories. The up-turn in the Argentine economy since 2003 has ironically fortified and amplified this field of worker endeavor, making it more attractive as an economic and societal alternative, given the greater health of the general economy to sustain these worker-led takeovers.¹⁴ Moreover, those most affected by the increasing multinational corporate domination of the Argentine economy are the small and medium sized labor intensive industries that offer the bulk of employment to the Argentine working class. Those involved are most often skilled workers with historical memories and a proletarian culture represented in the past by the most militant and powerful industrial unions. And, though in almost all the cases the national labor federations involved washed their hands of the cooperative confrontations with owners and managers, the historical experiences provided individual workers with the sense of the erosion of their past privileges.¹⁵ As one woman clothing worker representing the recuperated Brukman factory explained, "They are afraid of us because we have shown that if workers alone can run a factory, then we can also run the country."¹⁶

Nevertheless, the cooperative phenomena in Argentina is fraught with serious challenges that sometimes seem overwhelming, but that the workers continue to confront with a combination of desperation and ingenuity. It is important to understand that they have the on-going support of vast sectors of society that either passively support their ventures or actively defend their interests. In the latter category are the two umbrella "Recuperated Enterprises/Factories" associations, neighborhood popular assemblies, public-interest lawyers, left party militants, and academics from progressive human and civil rights sectors of society, public university and secondary school students who demonstrate and lend their support during confrontations with the public authorities, as well as *piquetero* groups who identify

¹³ Magnani, *El cambio silencioso*, 58-59.

¹⁴ Interview with Luis Caro, July 19, 2005

¹⁵ Gabriel Fajn and Julián Rebón, "Apuntes acerca de las empresas recuperadas," *Herramienta* No. 28 (May, 2005).

¹⁶ Magnani, *El cambio silencioso*, 13-14.

with the factory takeovers as means out of unemployment and poverty. As one worker from a small printing plant explained, "It's no longer 'don't get involved.' If we were alone, they would have thrown us out ten times; but we are not alone. There were the popular assemblies, the retirees, the neighbors. The people are getting involved because things are rotten. In one way or another the people feel they are being damaged by this shitty system...The change is coming from below, not from above where it would be more rapid. Since it comes from below, it is slower; but it is accompanied by a large part of our society."¹⁷

Though they maintain a sympathetic hold on public opinion and the committed support of community, intellectual and progressive political forces, the workers' movement to recuperate factories and enterprises face enormous economic, legal, organizational, commercial and technical obstacles to get their factories on a sound footing. Equally daunting is the deleterious neglect on the part of the national executive, legislative and judicial powers. Among these entities, it is particularly the adjudicating court judges and court-appointed trustees who, during the conflictual stages of a company's insolvent debtor proceedings and subsequent bankruptcy filings, present the greatest obstacles to the workers taking over the enterprise, ensconced as they are in the fundamental priority of the sanctity of private property. The challenge to the worker-occupied enterprises is that, usually upon the takeover, many administrative personnel have left with the owners and managers. This phenomena, though it saves huge administrative costs, often requires major adjustments and a learning-curve for the workers in the first months of the take-overs. However, once the challenges are met, the worker solidarity and sense of competence is usually greatly enhanced.

Another area that naturally confronts the newly managed worker enterprises is the severe lack of raw materials, investment capital and access to the market. In my interviews with the leaders of the umbrella worker organizations, it is clear that the first months of the recuperation requires great sacrifice and commitment in both the labor hours, deferred pay, reaching out to previous suppliers and establishing a continuing commercial contacts with retailers.¹⁸ And, since often the newly established worker cooperatives depend upon large capital enterprise suppliers, this can act as major roadblock to reinitiate

¹⁷ Ibid.,39.

¹⁸ Interviews with Luis Caro, President of *MNFRT*, August 4, 2004, July 13, 2005.

production. On the commercialization side they do better, since two-thirds of their customers are small and medium sized establishments, governmental and non-governmental organizations, social entities and the public in general. Lastly, the worker cooperatives are faced with a national public policy that has made promises of support but has thus far given but occasional *pro-forma* audiences on the part of the Office of the Presidency, the Labor Ministry, the Ministry of Social Development and the Banco de la Nación. And thus far, the Economics Ministry has placed the cooperative movement below its radar screen. Small symbolic subsidies have occasionally been forthcoming on an ad hoc basis, largely from the Municipality of Buenos Aires¹⁹ and, lately and to a lesser degree, from the Ministry of Labor's *Programa de Trabajo Autogestionado* (Program of Worker Self-Management).²⁰

The Zanón tile factory of Neuquén Province is perhaps the bellwether of the movement to recuperate the abandoned factories in Argentina. Though it has formed itself into a cooperative called *FaSinPat* (short for *Fábricas sin Patrón-Factories Without Bosses*), it still advocates for an eventual national ownership with worker control instead of the cooperative enterprise approach. Its internal egalitarian organization and community outreach makes it a standard of worker self-management and community outreach. Since 2002, when the factory take-over took place, the factory has gone from 300 to 470 workers and has greatly increased its production. It has excellent relations with the local university, the *piquetero* organizations and the civil society at-large by way of its community center, health clinic, employment of those in need and multiple cultural outreach programs. As one of its leaders explained, “Our responsibility doesn't stop with our employees, because the hopes of other workers, employed and unemployed, are placed in us...We can't leave anything to chance...It's true we don't respect private property because they don't respect us. And who commits the most illegal act, they or us? It is we who create work and bring food to our tables?”²¹

¹⁹ See *Empresas Recuperadas*; Ruggeri, Martínez and Trinchero et al; and interview with Eduardo Murúa, President of *MNER*, July 26, 2004.

²⁰ Within the Ministry of Labor, the Secretary for Employment has two minimal subsidy programs for workers involved in enterprise cooperatives: 1) to help them in the early stages of forming a cooperative, during which they provide grants of US\$50 per worker; and 2) once the cooperative is legally recognized and has come up with a complex document and Ministry approved production plan, another US\$170 is provided for each cooperative worker. To say the least, these parsimonious subsidies provide precious little substantive support. Interviews at the Secretary of Employment, July 1 and July 15, 2005.

²¹ Magnani, *Empresas recuperadas*, 151.

The *MNER* and the *MNFRT* associations represent worker-based social movements still in their infancy. The cooperative movements still represent risky business, given their needs for capital, supplier and client connections and the continuing challenges to turn a profit shared equitably by all its employees. As empathy, cooperation and communication, and informational exchange become more prevalent, these worker cooperatives may achieve an important economic standing in the wider political community. As the other cooperatives, suppliers and clients are necessarily integrated into their networks, their marginal impact on the economy will grow incrementally. While they reach out to their neighborhood supporters, popular assembly constituents, *piqueteros*, university and secondary school students, civil and human rights associations, progressive union locals and individuals, as well as independent intellectuals and professionals, their clout and centeredness in the public imagination will become increasingly fortified.

Once the worker-occupied factories and enterprises accumulate strength and resources, their egalitarian organization of the workplace can have an impact on the democratization of the body politic. The multiplication of societal activism after the civil outbreak of 2001 brings the cooperative movement into a public forum predisposed to entertaining and promoting the needs of worker autonomy and control. With the passage of individual expropriation laws in various Argentine provinces and in the Municipality of Buenos Aires, the legitimacy of the of the cooperative movement in the eyes of the public points in the direction of both an accumulation of resources and support.

Certainly, international moral support for the cooperative movement in Argentina has been forthcoming. Some of this advocacy can be laid at the doorstep of the promotion and international success of the 2003 documentary *The Take (La Toma)*, directed and written by Avi Lewis and Naomi Klein. The movie made the rounds of European and North American theaters and at world social forums, university and union hall screenings. It depicted the struggles of three factories as they achieved either municipal (Brukman) or provincial (Forja San Martín) expropriation or the continuance of its temporary cooperative status (Zanón). Moreover, in December 2004, in just several days an on-line petition, sponsored by Lewis and Klein, directed to President Kirchner and Neuquén Governor Jorge Sobisch, called for the removal of threats of eviction and for the recognition of Zanón as a workers' cooperative. In just three days, 2500 signatures were garnered from people all over the world. Again in November 2005, another petition directed to President Kirchner was circulated on the internet, calling for definitive

expropriation of the Hotel Bauen Cooperative by the Municipality of Buenos Aires. Again within three days, 2700 people had signed. In addition, a number of Argentine film collectives are making video presentations both in Argentina and abroad as fund-raising and consciousness-raising mechanisms on behalf of the Argentine recuperated enterprises.

A WORKER'S VANGUARD

Workers ask only to continue to work and work hard in an enterprise into which they have put much of their lives, rather than have it disappear as it is auctioned off and their machinery and tools sold as scrap metal. Ironically, many of the worker cooperatives have taken place in bankrupt metal, textile and food processing factories, the very manufactures that laid the basis of Argentina's vaunted industrial surge since early Peronism in the 1940s and the 1950s, and which fueled the country's historic levels of income, consumption and modernity.²² Under these conditions, workers' shared interests and identities merge into a form of class consciousness very much filtered through the extant Argentine political culture and value system.

In the many factories and enterprises I visited and read about, the worker-managed entities had achieved a sea change in worker organization and attitudes. Decisions were undertaken by worker assemblies scheduled regularly – sometimes weekly, often monthly. Interchange of job functions dramatically increased the workers' knowledge of the whole production and commercialization process. It also enhances the willingness and commitment on the part of the employees to make the enterprise succeed through not only hard work but the diligent care of the enterprises, its facilities and tools as never before. Working for the enterprise is not seen as external to the worker. The profits are distributed equitably to all the workers. Labor is no longer seen as *forced labor* to be "shunned like the plague." That the enterprise belongs to the workers manages to disconnect the former relationship of wages with owner's control over his private property. The workers now share equally in the profits according to the decisions of the worker cooperative assemblies. It is in this spirit that worker alienation as depicted by Marx is substantially mitigated. The collective ownership of the enterprise acts as a catalyst for worker ingenuity, creativity and sacrifice. It creates the conditions in which these attributes result in the enhanced value of the whole enterprise.

²² Peter Ranis, *Argentine Workers: Peronism and Contemporary Class Consciousness* (Pittsburgh: University of Pittsburgh Press, 1992).

The Argentine cooperative movement represents an intelligent, resourceful, pragmatic, micro-managed alternative to continued unemployment and poverty among the working class in Argentina. It relies on the capabilities of the factory and enterprise workers to take on the reins of production, distribution, marketing, research, advertising, public relations and, above all, political and community outreach. As workers' cooperatives expand, thrive and demonstrate their viability, areas of public officialdom begin to assess worker competence and ingenuity in manufacturing and services; and accept this as a contribution to national economic growth, while it enhances income distribution and workers' sense of economic and political participation and competency.

North American workers have much to learn from these Argentine examples of protecting their places of work through self-help, self-sacrifice and ingenuity in their appeal to community support and their leveraging of existing legal options and strategies. The recent US Supreme Court decision in *Kelo v. City of New London* opens the door to just this kind of labor activism in the United States. As recently as August 24, 2005, Justice Stevens spoke again of his majority opinion in *Kelo v. New London* before an audience of the American Bar Association. Though he admitted he had reservations about the case, since he thought "the free play of market forces is likely to produce acceptable results in the long run than the best-intentioned plans of public officials," he acknowledged that our legal system provides for the exercise of eminent domain.²³ The American labor movement can do no less to protect their rights as productive citizens, their livelihoods and the very health and well being of their communities.

²³ *New York Times*, August 25, 2005, p.1.