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Lot of polishing needs to be done on this translation so if anyone can offer better versions or corrections they will be most welcome at my mail:

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1. INTRODUCTION

I believe I understood for the first time the phrase “ nothing left to loose” when Cándido, a mild-mannered printer from the Chilavert Cooperative, described to me in his own words his decision and profound determination to go right to the bitter end. He said, “When I saw the police coming in, I thought, ‘if it’s not to be ours, it won’t be anybody’s’ and I prepared a Molotov cocktail to destroy all our equipment.” I said to Candido that he would have ended up in prison. “And what of it? No worse than being out on the street without work at my age.” And that was the truth: for this 59 year old man, as for so many others, the only alternative to ending up penniless or with a pittance from a make work project was to go out and put his life on the line. When these workers finally got the equipment working again, they discovered that they were no longer the same people, that a change had occurred within them, a transformation that took place somewhere beyond the clamor of the struggle, beyond the anxiety of waiting for another negotiation process or figuring out how to obtain a power supply. A silent change has transformed them together with their surroundings. It has allowed them to vanquish the voice within that had been telling them their only option was for each one to save his or her own skin. Without speeches and theories, they have managed to construct the basis for a profound political change which is being woven by them and amongst them from day to day and which in the end may weave a new society while renewing hope at the present time.

There is an old saying that “politics abhors a vacuum”. Perhaps this the reason why the seeds of something new are taking root amongst the political and economic rubble of 30 years of neo-liberalism, seeds of something unimaginable for Argentines of a scant 5 years ago, who were then living a languid dream of consumerism and sterile desires. When the crash came, some decided to stop wasting their time in idle accusations and start attempting to change the atmosphere that was asphyxiating their minds. They were determined to create, from nothing, a space which would allow them to grow and to turn into reality that which had been inconceivable. On December 19 and 20 of the year 2001, on the heels of the collapse of social structures in the nation, people seemed ready to take control of the future by means of assemblies, mobilization, demands, reclaimed factories, pickets and many more methods for which words have yet to be found.

Today many of these forms of organization have shown themselves to be ephemeral. However, thanks to the explosion that destroyed our societal structures, some of these forms of organization have survived. It is impossible to imagine evolution without diversity. Without the vacuum left by the previous social order, the birth of that which continues to grow and develop today would have been much more difficult. Amongst the multitude of experiences undergone by this devastated country, a country which had begun to seem irrevocably sterile, there has sprung up a new group of people who are not only initiating change, but are feeding themselves and their families through this change, who are making a living without asking for anything from anybody. A new form of organization is emerging within the factories run by the workers: an axis around which an entire society is being structured.

Although it appears paradoxical, the conditions necessary for the birth of this new force were created by those who most opposed and continue to oppose it. If the latter had not been so egregiously insatiable, the workers would not have gambled the only thing remaining to them – their own lives – in order to carry on to the very end in a struggle which seemed suicidal. As a result of this effort, it is possible today to conceive of an alternative to going home empty-handed and unemployed. There are even those who dare to dream greater dreams, those who imagine a better society. The battle against unemployment, the struggle for productive work, which is documented in hundreds of statistical compilations, becomes real when we are made aware of the life experiences underlying these statistics. It is sometimes difficult to find words to transmit the anxieties, the doubts, the injustices and the hunger that confront the worker who wants to reclaim his work. Sometimes words are as insufficient for the task as are grand intellectual constructs.

For anyone who has not experienced the levels of exploitation described in this book, entering into this other world run by a different logical system represents an intellectual and sensorial challenge. In this world, each day might end up in a battle fraught with the risk of falling across the line – onto the other side whence it is very difficult to pick oneself up and carry on. For a period of almost 8 months, I lived with one foot in my own profession – composed of words – and the other in the factories, the demonstrations, the discussions accompanied by the inevitable gallons of steaming sweet maté, the streets filled with tear gas and fleeing people. And always there was waiting, the energy-sapping expectancy of the result of a deputy's or senator's raised hand. Only in those surroundings could I begin to conceive of and construct a narrative which might bring about a truly intense understanding of those workers who were confronting a system based on their own oppression, a system

which, to add insult to injury, was daily being justified in the everyday discourse that ripples over our society and is swallowed whole by an uncritical majority.

Nevertheless, the workers who are the subjects of this narrative decided to make a breach in this system. They slipped through the opening and made it wider and wider for those behind them to pass. Making common cause with one another, they created more room for themselves until, little by little, they could stand together with pride in their own space.

This story is made up of many fragments, and in it I have discovered the valor of men and women who are fighting their last battle, who are staking everything against a more powerful enemy. More importantly, they are taking a stand that pits them against the overwhelming opinion that utopias have gone out of fashion. In the stark reality devoid of options inhabited by these workers, the reclaimed factories, despite their limitations and financial problems, constitute their last hope for survival and also, possibly, a faint hope for a society desperate to transform itself into the architect of its own destiny even though the path to that goal remains unclear. It may seem of great or small importance, but it is a fact that 15,000 workers managed to detach themselves from meager government hand-outs in order to face the resistance of management and factory owners, the judiciary, economic structures and even societal prejudice. Because they made that decision they were able to put these factories on their feet and make them grow. They were able to create jobs and distribute profits equitably in an unprecedented and sustainable fashion. It is difficult now to imagine a return to the past. Thousands of jobs could be created annually if the State and the entire nation gave their support to this movement which seeks to put the workers back in the abandoned factories where the equipment will otherwise continue to stand idle or else be sold to the lowest bidder for scrap.

It is argued that these factories have owners, that the concept of private property is being violated, but there is evidence to refute this argument. The majority of bankrupt factories owe money to their workers, to the State for evasion of taxes, to chartered banks and to their suppliers. To whom then do these idle factories belong? Do they belong to those who hold the deed or to the workers who did not receive their salaries? Or perhaps they belong to the State, which refrained from levying taxes on the proprietors, thus further enriching the latter. Or do they perhaps belong to the banks that issued loans for the construction of these factories, or even to the citizens of this country who paid taxes which were swallowed up in the fraudulent bankruptcies. In this nation devastated by three decades of neo-liberalism and an economic crisis without precedent, the answer should be very clear, even for the capitalists without capital who do not respect the rules of the game which they attempt to impose on others.

Seen from this perspective, the move to reclaim the job base appears to be a

means of keeping the system going under the direction of workers who have organized themselves in place of those corrupt capitalists. This view may be correct. However, the more or less explicit goal of a large portion of those who are reopening factories is the creation of the material conditions needed for a change in consciousness that might bring about a more profound social transformation. It is hard to predict whether or not this goal can be attained because the workers are the ones who are attaining power, and it is they who will or will not decide to dedicate the same kind of energy to the construction of a new society that they devoted to the task of reopening factories. At any rate, the struggle itself is bringing about a silent change in these men and women who are becoming more ambitious as they realize their own capabilities. If they managed to fill their own plate, why not attempt to fill the neighbor's plate too? The new way of organizing work and making decisions in the context of assemblies has made them responsible for their own fortunes: it is doubtful that they will be able, with the apathy often characteristic of our society, to witness injustice and not feel complicit. Those of us who have watched these people achieve the impossible find inspiration in their struggle. They have few friends in the press; they are unlikely to attend parties where members of the bench congregate; they do not gather in bars to chat with the intellectuals of our nation or get together in exclusive restaurants where influential members of society dine.

That is why I have written this book. That is why I wished to amplify their voices through this narrative, voices that journalists rarely record unless they need to knock off a column or two to fill their quota at the paper. In his last book, Lopez Echague speaks bitterly of

...these flocks of journalists and communicators with a propensity for intellectual indolence, for chopping up reality and using the bits and pieces to whatever ends most suit their purpose at any given time...

There is an entirely distinct reality to be found in San Martín, in Valentín Alsina, in Neuquén on the road to Centenario or in the neighborhood of Once in the Capital. However, to penetrate this reality one must overcome the prejudices that one's own colleagues have erected and break down the barriers of a society molded by egoism and hardened by dictatorships which violated our bodies and an ideology that poisoned our spirit during the long reign of President Menem. Having crossed these barriers, I feel that I must help to re-establish a balance. I feel obligated to open some windows in order that more people may take a look and meet the gaze of those inside, in order that the tattered fabric of a society divided by prejudice and guilt may be repaired and reconstructed. In fact, the truth is even simpler: it is possible that these realities are very different or seem different, but there is a great deal to be learned from those who are struggling with such determination because they have nothing left to lose. Each day more and more people come to realize that alternatives

do exist and that without them we cannot live.

I wrote this book for all these reasons. It is an attempt to capture with pen and ink a piece of the immediate history of Argentina, a living history that can be read in the hands of the men and women who work in the factories. But in order to read that history, we must stand close beside them or there will be no understanding. During my research I collected fragments of a history as yet undefined. The protagonists themselves do not always agree on how this history is to be read. Many of these fragments exist only in the memory of those who took part in them, in diary notes sometimes contradictory or dissimilar, in pamphlets, in a meeting captured on film or in some almost impalpable impression. I have followed the threads and tried to create a general picture, but it may be that the features often become obscured behind a curtain of exceptions which make definitive conclusions difficult. This may be due to the newness of the phenomena and to the great diversity involved, as well as to inexperience on the part of the researcher. In view of these factors, this book will be a rough draft for future narratives based on a broader experience – something akin to a mythology ready to compete for the social imagination with politicians who talk and say nothing, with television programs that display cars and clothes as the proof of personal success.

I hope the result will be a puzzle, an eye-opener that will seed doubts in the reader's mind. Hopefully, he or she will go out, armed with these doubts, to investigate in the only way that allows one to understand certain things – by committing one's heart and soul.

1.1. Various Viewpoints

The phenomenon of reclaimed factories may be considered from a variety of perspectives: from a short-term historical perspective, it can be analyzed as a sort of "miracle" coming after the ten years of Menem's presidency which reduced to a shadow the spirit of social solidarity, combativeness and creativity. On the other hand, this phenomenon can be considered within the historical context of several decades of Peronist resistance, which created a legacy of experience amongst the most combative sectors of society.

There is also the internationalist perspective - which colors a good part of the writing of this book - brought here by foreign scholars, journalists and other interested people who have caused amazement, pride and exhaustion to the workers as they appeared in the factories, often struggling to communicate in a faltering Spanish. With one foot still in their home country, these visitors from abroad usually come in search of something genuine, perhaps fleeing from the suffocation of the more wealthy consumer societies with their advertising-imposed pleasures and

desires. In the context of the general crisis of legitimacy presently afflicting the capitalist world, Argentina occupies a noteworthy position. A pioneer in a neo-liberal experiment that destroyed all legitimacy and all consensus, Argentina is now spearheading a change that may be considered as a test case for the rest of the world.

Closely connected to the search that in many cases fuels the visits of foreign chroniclers is that great question mark, representative democracy, which is being questioned with good reason - in this country, particularly after the events of December 19 and 20 – and the need to demonstrate that another, more horizontal form of democracy is possible. It is interesting to note that although representative democracy is being questioned in many societies at this time – as a consequence of repression, corruption, injustice, blatant crimes and a panorama of human suffering – the onus of demonstrating utility and effectiveness falls upon direct democracy. Countless times I have described to friends or acquaintances the assemblies in which decisions are taken by the cooperatives, only to hear the following comments: “Yes, but somebody has to be in control...” or, “Who is really managing the whole thing?” or, “Well, somebody is going to come along and gobble them up!” and many more of the same ilk. Anyone who actually attends assemblies will see that, although there are natural leaders, the practice of assembly-based decision making seems, in itself, to generate individuals who are able to say “no”, who can express dissent and impose their opinion through persuasion rather than coercion. In those situations in which a small group makes the decisions, there is a tendency for the same mechanism that brought about the crisis in the first place to reproduce itself. Whereas the survival rate of such entities returns to that of the previous model, those cooperatives that manage to adapt to the complexities of direct democracy seem to survive and develop.

Let us continue to examine the various vantage points from which we can look at the phenomenon of reclaimed factories. The interplay of personal relations has a myriad of facets almost infinitely varied and requiring much care in their description if they are not to lose their very essence, that is, their diversity and peculiarity. A literary approach often gives a truer representation of these elusive interpersonal relations than a more formal academic approach. At a meeting in a reclaimed factory, Osvaldo Bayer said, “What unity, what a sense of poetry and beauty, what a sense of the struggle! Let’s take our example from them and join the struggle!” Something of this spirit, which confronts cynicism head-on but is not romantic, is part of the very atmosphere pervading the reclaimed factories where there is no sidestepping or evading issues: it’s all up-front.

The academic stance, on the other hand, gives us the tools to conceptualize the

previously inconceivable. However, an academic analysis can deconstruct a phenomenon to the vanishing point - leaving us puzzled and empty-handed. At present some intellectuals have proclaimed *mea culpa* and given up expounding how things ought to be. For the first time in their lives they are lending an ear to the living voice of the social classes which they have always claimed to defend. In May 2002, sitting at a table opposite the Brukman Factory from which the workers had been expelled, Naomi Klein said:

The idea that we, the so-called intellectuals and journalists at this table, should offer our theories on how “the working class ought to organize”, is at once offensive and dangerous. It is responsible for much of what is dysfunctional on the left today. If there is something to be learned from these astounding women who work at Brukman, it is that the working class knows perfectly well how to organize and how to do battle. In Argentina and throughout the world, direct action – effective, creative and original – is way ahead of leftist intellectual theory.

On the other hand, the romantic stance sees a change leading to utopia in a phenomenon which is, in fact, merely an attempt to earn a living and preserve a means of subsistence. Not all the workers possess class-consciousness or a romantic sense – tinged often with a measure of simple traditionalism – which journalists and other analysts insist on reading into this phenomenon. There are those working people who suffered the painful consequences of neo-liberalism and who, nevertheless, have voted for Menem. There are those who refuse to share their meager unemployment benefits with colleagues in need of help and others who think about sub-contracting as soon as the cooperative gets on its feet. Of course there are workers who dream of a socialist future for our country, but they are not necessarily in the majority. Insofar as it is possible to detect a certain tendency amongst so much diversity, the cases that we will examine show that the struggle is born of a determination to hold on to that which was acquired through much effort and work and to avoid at all costs the fearful fate of unemployment. The fear of being unemployed is a powerful moving force that we must not underestimate. As we will see later in this work, class-consciousness comes later, if at all, together with a deeper transformation generated by the daily life in a worker-controlled factory.

In this work all these various points of view will come into play, and the reader will surely find enough raw material to create still other methods of analysis. In spite of this broad scope of possibilities, the narrative is held together by a mortar which can be defined by the following thought borrowed from Karl Marx: You’ve got to start from the ground and work upwards to the sky and not the other way round.

This means that we do not begin with what a human being says, imagines,

conceives, nor with what is narrated, imagined or conceived about that human being in order to arrive at an image of the flesh-and-blood person. We start from the real, active person engaged in the process of living and, on that concrete basis, we follow the development of the ideological reflections and the echoes of this living process.

In summary, Marx insists that social relations are determined, in the final analysis, by material conditions. Although the degree of autonomy that can be apportioned to social relations is open to discussion – the topic has filled thousands of pages – we will accept the above position in this work and will attempt to buttress it with practical examples. Each page of this book is based on the idea that social discourse and social praxis (legal, economic, interpersonal, etc.) are affected by the changes in survival strategies, that is, in the changes in the structures and forms at the workplace. When these most fundamental structures of human activity are modified, the way in which the workers relate to one another, build their lives, see the world and relate to it – all these elements are also modified. Of course the “ideological” consequences of being empowered at the workplace, of being able to make the decisions affecting one’s work, will always be complex: work is certainly not the only determining factor in the world view of an individual. However, it is no less certain that work is one of the essential activities of daily life, the structure – at least for the working class – that maintains the family, provides an arena for recreation, cultural activities and much more.

The restructuring of work along more horizontal lines produces an effect ranging from a pleasantly warm feeling of community with other members of the cooperative all the way to a personal conviction that we are all equal and must fight for a better world. The individual transformations can eventually bring about more profound changes in the social structure. As Maria Chavez writes, “Power is not something to be possessed: it is exercised at different levels through social relations.⁴” These relations transform themselves, at the same time transforming power, thus attaining a new and more equitable distribution. In a social climate where it has been considered acceptable that, in most cases, those who hold of power wield that power against the people, we should not underestimate the power for change that can be generated by a successful worker-controlled enterprise.

At the time this book was being completed, when the number of worker who had re-claimed their workplaces was as yet minute in comparison with the total workforce, we can, nevertheless, see certain effects on the level of social relations. A very conservative evaluation allows us to affirm that presently, when an enterprise goes bankrupt, some of the employees see worker control as a viable option to be considered rather than unemployment, and they are eager to investigate the

possibilities and ways of reaching that goal. As well, some entrepreneurs become aware that workers do not necessarily depend on them for the privilege of being able to work. There is a perspective for change in the laws governing bankruptcy in order to facilitate worker-control in future cases (the very fact that there is discussion on this subject indicates that the phenomenon of worker-control has had repercussions in other spheres). Some workers in these cooperatives are sharing their lives with their co-workers. A new relationship, no longer one of a purely professional nature, is forming: the power of solidarity begins to be felt. The changes that can be observed now may seem unimpressive and lukewarm, but the dynamics which are being established at present (factories opening almost daily as a result of the efforts of their workers) allow us to expect that things will heat up and that our society will feel the social repercussions of this phenomenon.

The everyday experience that is implicit in worker control influences the way in which individuals relate to their surroundings. This mechanism can also explain the manner in which the various protagonists in this phenomenon behave within it and toward it. Each protagonist or group – workers, judges, neighbors, participants in the assemblies, police, and strikers - has the tools and the personal experience that allows them to see certain aspects and prevents them from seeing others. In fact, there is something very large at stake in this struggle for social change: to create a language, to find the tools and to make the space that will allow us to describe a new reality. Private property, the foundation of the capitalist structure, is itself being questioned. An example given me by Diego Kravetz, lawyer for the National Movement of Re-claimed Factories, comes to mind: he said that for some time the legal establishment has been out of step with reality and does not know how to approach many situations with which it is confronted. The same scenario is to be found in the spheres of journalism, economy, and morality, all of which put forth answers with the sole intention of tranquilizing their own conscience and deceiving themselves in the face of facts that cry out for change.

This book will examine the evidence suggesting that certain things are no longer working and must be changed. In the best case scenario, the examination of these elements will allow us to look at our society in a more fruitful way, one that corresponds more realistically to the world around us.

1.2 Working Conditions

“¡Este país...!”

- Avi Lewis, on various occasions during the first six months of 2003 in

Much of the material in this book is the result of an investigation carried out over a period of six months for a documentary film directed by Avi Lewis and Naomi Klein, two Canadian journalists and analysts who critique capitalism and the injustices which flow from that system. Naomi Klein is the author of *No Logo*, one of the most important works that has been written on the economic and cultural impact of neo-liberal capitalism. Ms. Klein has been most improperly dubbed “leader of the globalphobes” for this seminal work. Avi Lewis is well-known in Canada as the host of some 500 political debates for the program Counterspin over a period of three years.

The couple – they are married – were in Argentina for several months in 2002 and were impressed by the new forms of social organization that were emerging in that period. Returning at the end of the year and remaining for the better part of 2003, they visited and filmed picket lines, re-claimed factories, assemblies and all sorts of organizations and individuals in an attempt to discover an alternative to this devastating form of capitalism.

Near the end of the work that we were doing together I spoke to them of my interest in writing a book which would include some of material we had gathered, as well as other necessary elements. In my opinion the material we had compiled was of enormous importance and could not possibly be included in a documentary of less than two hours. Thus, much of it would eventually disappear without trace. To my delight they said that they considered the information to be part of our heritage and supported my intention to write this book.

Because Naomi and Avi did many of the interviews that appear in this work, I feel it only proper to give them the credit due to them. In many cases I was the translator during the interviews after which we often discussed our impressions. Many of the ideas in this book are the product of the interaction that went on amongst the 15 or so members of the team. The intention of this explanation is not to exploit their names but, in the first place, to present in the clearest possible terms the working conditions in which the interviews - often in English with Spanish translation - were conducted. Secondly – and in fact most importantly – I want to honor Avi and his extraordinary interviewing skills. It was amazing to watch him get the very best out of each interview by means of his unusual sensitivity and charisma in spite of the language barrier. His way of smiling and nodding at each answer would soften anybody’s heart – even the “bad guys” of the film! Both Naomi and Avi have shown that it is possible to gain an understanding of a distant and foreign reality if one is capable of listening. And may it be said in passing that it is no easy task to listen in a

1.3 Structure of the Book

In order to develop the subject in the best possible way, as well as to facilitate the understanding of a phenomenon with many facets, this book is structured in a way that presents a partial but representative view. Firstly, as we have seen, there is a general description of the phenomenon and an exposition of the multi-disciplinary perspective we have chosen, followed by a presentation of the conditions surrounding the production of this work and, finally, a summary of its contents.

We will then proceed to the second part of the book. The first chapter deals with some antecedents of worker control in various historical periods and locations. We hope to give the reader an indication of where to find other references and parallels which are beyond the scope of this book. They will also provide a better understanding of what it means to set worker control as the final goal of the struggle.

The next chapter follows the growth and development of a broad movement, beginning at the time of its conception. The section includes data on the two most institutionalized manifestations of the phenomenon: the National Movement of Factories Re-claimed by Workers, presided over by Luis Caro, and the National Movement of Re-claimed Enterprises whose president is Eduardo Murúa. The selection the leaders of these two movements does not mean that they are directing the phenomenon, but rather that they have participated in so much of the struggle that they are probably the two people who have had the greatest involvement in and knowledge of the phenomenon as a whole. For that reason an interview with each of these leaders has been presented here (in the case of Murúa, the lawyer Diego Kravetz⁵ was also present), the intention being to discover their perspectives on the phenomenon and their role in it.

In the subsequent section, questions introduced in the first section will be discussed in depth with particular attention being paid to some of the implications of this phenomenon for the social, economic and legal sphere. We begin with the social context and attempt to describe it in its everyday reality, which is where we might expect the greatest potential for the growth of this phenomenon. The central hypothesis is that the dynamic in which the workers find themselves involved is gradually changing them and moving them – sometimes haltingly – towards a class consciousness (in a loose sense) which often did not previously exist. Taking part in workers assemblies, becoming conscious of their decision-making powers, experiencing a creative awakening that serves the work at hand and participating in an all-around way – these are things that an entrepreneur who wishes that his or her

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employees would “wear the Company T-shirt” can only dream about. These are things that actually come to be - as marketing text books say - not when a communication campaign full of empty phrases is launched, but when the workers enjoy a broad and intense participation in decision-making. Nevertheless, it is impossible to foresee how far this change in consciousness will go and there is doubtless much room for discussion.

The next subject will be the legal domain, a complex field for a neophyte to tackle, but one which is vital to the successful occupation of a factory. In that chapter we hope to provide a rundown of the legal steps that must be taken by workers during this struggle as well as the options that are open to them. The question as to which method is the best remains open, and only the workers themselves can find the answer in each particular case. The fundamental hypothesis in this chapter is the incapacity of the legal framework to respond to an entirely new social reality when its instruments are outmoded - rendered obsolete by the social experiences and needs. The legal profession cannot respond to the situation in a satisfactory way unless there are profound changes in legislation. The legal structure can be considered as the institutionalization of a relation of forces legitimizing the status quo. In Argentina jurisprudence and the legal structures have been overtaken by reality. In this new reality re-claimed factories are using the available laws in a particular way in order to reach a socially necessary goal, that is, work.

In considering the economic sphere, our intention is to demonstrate that the enterprises under worker control are far from being doomed to failure as certain entrepreneurs, journalists and the voice of ““common sense” would have it in repeated statements. In fact these enterprises enjoy a number of advantages in comparison with their situation under the former ownership. In the first place, the commitment of the workers is quite different now: his or her work is not for the benefit of the boss. The workers have total control of the fruits of their labor. In some instances this can lead to a more relaxed and healthy attitude toward work, but even if that is the case, the efficiency level of each worker is raised. There is no place for malingering; no hanging about idly as soon as the foreman’s back is turned. The worker uses the materials and equipment, which they themselves have bought, more efficiently; there is a more reasonable and humane use of work time, for the worker knows better than anyone the importance and cost of each hour. One does not need to be a dreamy-eyed romantic in order to believe this scenario: in each factory the pride is patent, pride in work that took such a struggle to re-claim. However, of utmost importance as a factor in the greater efficiency of worker-controlled factories is the elimination of management cost. The pressure to make a profit at any price (including that of declaring bankruptcy), which was the entrepreneur’s prime

motivating force, in actual fact was a hindrance to the success of the enterprise. In the present situation it may happen that there is no profit at some point; on the other hand, the profit that is realized may be re-invested, directed to social ends, distributed amongst the workers or used in some other way determined in assembly. In the final analysis, it must be said that the primary goal of workers in control of their workplace is not necessarily of a strictly economic nature. In other words, if productivity falls at some point while the quality of the work and the quality of life enjoyed by the workers improves, the final evaluation may be a positive one because the workers have chosen to enjoy the fruits of their labor in that manner. Although the survival of an enterprise is always a function of its efficiency and productivity, the lofty position of these criteria may be challenged when the workers of a factory interpret them in qualitatively innovative and revolutionary ways.

In the third part of this book, five specific cases are analyzed – always endeavoring to maintain the immediacy and directness of the information so that the reader can examine it using the tools we suggested in previous sections as well as any other methods they might have at their disposal. We make no pretense at an exhaustive coverage of each case – an impossible task at any rate. We have simply tried to present the most striking elements from each factory: a particularly fertile interview with an actor, an experience in the heat of the struggle, a failure of some sort, the peculiarities of the workers at a given factory. It may be that the result is somewhat arbitrary, but the intention is to make the experience come alive through details taken from life rather than to pursue themes in an exhaustive fashion. The five cases are the Zanon Factory, the Chilavert Cooperative, the Union and Fuerza Cooperative, the Brukman Factory and the Communications Institute Cooperative.

I invite the reader to plunge into this phenomenon, this new logic of work which is built on the ruins of prejudice and preconceived ideas, and which opens onto a horizon of hope for change. Although it would be risky to allow a romantic outlook to impede a clear view of the limitations inherent in the phenomenon, this change can affect the very roots of our society – its productive forces. If the reader wishes to delve more deeply into issues touched upon here, there is certainly a wealth of material and interpretation that has escaped the eye of this researcher. May the exploration be a fruitful one!

2. The Global View

The antecedents of worker control are invariably a product of the particular historical moment that put its stamp upon them from moment of their inception. Without doubt, the need to find viable responses was never so urgent in those historical cases as it was in the desperate situation created by the neo-liberal

experiment in our country. Nevertheless, it remains of interest to look at other contexts and see how other workers were able to overcome the supposedly insuperable barrier between labor and the means of production. This book does not touch upon the numerous theories in existence about the merits and faults of worker-organized systems of production, principally because they often stem from a specific conjuncture or political current.

2.1 Occupied Factories

For one reason or another there have been many cases of workers coming together to produce goods or services. The most audacious researchers have reported on proto-cooperatives in Ancient Egypt around XXV BC and Phoenician cooperatives involving naval insurance in the 15th century BC⁶. In order to avoid a long list of historical cases having some connection to worker control, the following brief study is limited to recent history, more specifically, to the period of the rise and establishment of capitalism.

The workers of the Woolwich and Chatham Shipyards formed a cooperative bakery in 1760 with the goal of producing bread that their families could afford to buy. In this early period of strident capitalism, the monopolies controlling the flourmills and bakeries responded to the challenge by eventually burning down the cooperative. The same period saw the birth of consumer co-ops such as the one formed in 1769 in Fenwick, Scotland, in order to obtain better prices for consumer products. A similar phenomenon has occurred in various countries at various times and has much in common with the neighborhood assemblies formed in Buenos Aires at the beginning of 21st century.

The first cases of worker control of real significance are the series of experiments launched by the Welshman, Richard Owen(1771-1858). After several entrepreneurial and philanthropic experiments (he created England's first kindergarten in New Lanark), Owen published the first of four books expounding his ideas: "*A New Vision of Society*". The thrust of his argument was the fundamental relationship between the circumstances of a person life and the formation of character: surrounded from childhood by a good environment, the individual would turn out to be healthy and responsible. His enterprise in New Lanark, which functioned as a test tube for his ideas, became an obligatory stop for scholars of the period interested in social questions. Thus, he became one of the precursors of socialism and the cooperative movement. He put forth a proposition to the governing circles of the time for the establishment of villages of 500 hectares each. These villages would be composed of 1200 individuals living in a single square dwelling provided with public kitchens as

well as playrooms for the younger residents. Each family would have a private room and take care of their own children until the age of three when the community would assume responsibility for education. Richard Owen's rejection of any type of religion resulted in his alienation from spheres of political power, and he therefore left England for the U.S. in 1825, purchasing 12,000 hectares of land in Indiana. There he founded New Harmony, a community that seemed to fulfill all his expectations for a period. Internal disagreements about religion and how the community should be governed arose in time and the somewhat domineering character of the leader did not facilitate compromise. In 1828 he abandoned New Harmony, visiting various Owenist communities until he finally devoted his life to spreading his ideas.

Owen's ideas were more successful than his experiments and in 1824 the "London Cooperative Society" was formed, followed by the "Brighton Cooperative Society" in 1827 and in 1829 the "British Cooperator, a newspaper devoted to diffusing his ideas. By 1830 between 300 and 500 cooperatives had been formed. In that year Owen himself founded the "National Workers Fair Exchange" that used a currency based on time invested in the production of goods and included the cost of equipment and material used (accumulated work). Initially the currency was a success, but in 1832 it failed after a violent repression of the more radical wing of English workers which ended in hangings and deportations. The struggle was carried on by the first Chartist movements (circa 1832) demanding electoral reform. The charter was drawn up by William Lovett, a follower of Owen. As a result of this movement, thinkers emerged – later considered to be pre-Marxists – such as William Thompson who urged unions to form cooperatives oriented towards a communal style of life. According to him workers should be co-owners, co-producers and co-habitants, exchanging goods amongst each other in the same way that certain projects presently function in Argentina – striker markets, barter networks for alternative producers, etc.

Instead of vainly seeking throughout the world external markets that are overburdened or flooded by the incessant competition of starving producers, let us create a voluntary association of the working classes. They are numerous enough to assure a direct, mutual marketplace for the most indispensable goods in terms of food, clothing, lodging and furniture⁷.

In France, at this time, François Marie Charles Fourier (1772-1837) began his phalansteries, agricultural cooperatives responsible for social welfare, which provided for rotational roles amongst their members. These phalansteries were to introduce themselves into both capitalist and monarchic systems of government where they were expected to demonstrate a greater degree of social justice. Each member

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received a share of the total production of the cooperative.

One of the most interesting antecedents of worker control in a modern sense is the case of the weavers of Rochdale, a poor neighborhood of Manchester in England. This movement produced the 7 principles of Rochdale that

... would henceforth be the backbone of the spirit of official, interclass, apolitical cooperativism: open membership, political neutrality, one member- one vote, limited interest on capital, cash sales, profits returned to members, education and professional training⁸.

In general, these forms of cooperativism were a legal alternative to the more radical workers movements coming on the scene in Europe, particularly in times of economic crisis. That is probably why the cooperative movement gained the support of European governments such as that of Napoleon III, for example, who extended certain rights to cooperative workers and supported a legal charter in 1867.

The experience that most closely approximates that of Argentina – including the abandonment of factories during the great economic crisis – was perhaps the Paris Commune of 1871. Following France's defeat by Prussia, factory owners, along with most of the wealthy population, fled Paris. The remaining inhabitants of the city declared it a republic and put up a short-lived resistance to the invaders. In that brief period, unprecedented experiments in socialism were carried out. It was decided to leave the abandoned factories in the hands of their workers. On April 16, 1871, the Commune issued a decree:

The Paris commune, considering that a great number of factories have been abandoned by their directors who have fled their responsibilities as citizens with no concern for their workers; considering that, as a result of this cowardly flight, work of primal importance to the life of the community has been interrupted, thus putting at risk the livelihood of the workers, decrees:

That unions should come together to designate an investigative commission that will:

1. Compile statistics on the abandoned factories, as well as a detailed inventory of the state of the factories and any equipment in them;
2. Draw up a report on the conditions so that the factories can return to production immediately, not under the deserters who abandoned them but under the workers of said factories in cooperative association.
3. Create a plan for the formation of such cooperative workers associations.⁹

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In 1875 cooperativism based on the 7 principles of Rochdale arrives in Montevideo “where it is seen by the bourgeoisie as an element of the harsh class struggle that followed the tough strike by 500 spaghetti factory workers in 1884. In 1897 an agricultural cooperative is established in Avellaneda, Argentina”¹⁰.

During the 20th century there were a number events involving worker control that should be mentioned. In Yugoslavia the government became involved in the establishment of worker control of production. This was possible because President Tito management to maintain an independent stance in relation to Stalin’s regime, an independence that allowed him to maneuver in a way that other communist countries could not. The American thinker James Petras distinguishes three stages in worker control development in Tito’s Yugoslavia: from 1950 to 1964 he finds there is worker control supervised by the Communist Party in every factory; from 1965 until the disintegration of the Yugoslav Federation in 1972, the factories, under a regime of ‘market reform’, Petras affirms, are affected by capitalist pressures, with the emergence of social inequities amongst factories and economic sectors as well as unemployment”¹¹. From 1973, factories under worker control begin to disappear in the face of international competition, internal struggles and the problems that beset the Communist Party. According to scholars who have studied worker self-management (Dr. of Sociology, James Petra and the sociologist Henry Veltmeyer), its success for about 25 years is fundamentally due to

...the mass struggle preceding the emergence of worker self-management during the anti-fascist and anti-Stalinist periods, which mobilized and politicized the working class and promoted class consciousness and organization.

Closer to home, The Bolivian National Revolution occurred in that country in 1952. Its most notable achievements took place during the presidency of Victor Paz Estenssoro of the National Revolutionary Movement thanks to the support of the miners and peasants. In October of 1952 three of the largest tin producing companies were nationalized, but the control did not go to the workers. According to the conclusions of Petras and Veltmeyer, the effects of state control were of a limited nature due to the absence of alliances with other social sectors and similar experiences outside of the mining sector.

In 1968 a military junta under General Velasco Alvarado took power. The nationalization of the International Petroleum Company and a chemical and paper

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plant called Paramonga belonging to American interests, precipitated severe international isolation. The junta found support amongst the peasants when it expropriated land which was then worked by indigenous communes, peasant collectives or individuals, remaining, nevertheless, under control of the military forces.

The absence of any real democracy in the factories caused the workers to stage numerous strikes against the enterprises that they were supposedly managing. According to Petras and Velmeyer, "The lesson of Peru is that expropriations or nationalization from above reproduce the hierarchic structure of capitalism and marginalize public sector workers"¹².

Another notable case is that of Chile under the socialist government of Salvador Allende between 1970 and 1973 when Augusto Pinochet staged a military coup. During Allende's government there were many expropriations¹³ and about 125 factories functioned under worker control. These factories were operated by "commissions composed of workers as well as functionaries"¹⁴. In this case, according to Petras and Veltmeyer, the very expansion of the phenomenon caused an explosion of resistance to the perceived threat: "The displaced capitalist class turned to violence and repression in order to regain control of the means of production"¹⁵.

During the strikes that accompanied the mass movement in France in May of 1968, factories were occupied and, in some cases, began to operate under self-management¹⁶. There were many more such cases in that period in the communist countries (for example, Czechoslovakia, beginning in 1966), although most failed to re-allocate political power. Thus, a pyramidal capitalist structure alienated the workers, supposedly the beneficiaries, from real control.

Although there are other examples we could touch upon (such as Portugal in 1974), we will stop here and draw up a brief historical balance. In the 20th century, the significance and achievements of worker control or nationalization appear to be limited for a number of reasons. There were certainly cases that did not fall within

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the context of the capitalist system, but the workers were nonetheless controlled by military bureaucrats or the Communist Party, and in neither case did they enjoy much autonomy in terms of decision-making. In these cases the State played a major role in the initiation of the cooperative action. In the case of Argentina, as we will see, there are different factors at play, particularly because the initiative takes place in a power vacuum and is instigated by the workers of the factories who themselves make the decision to take action. In Argentina the State plays an erratic role ranging from bewilderment to a position of consent and on to a repressive stance.

There is, however, a very interesting case close to us in time, space and methodology: the phenomenon of worker control in Brazil, particularly since the foundation of ANTEAG (National Association of Workers of Self-Managed Enterprises), which came about in response to a series of bankruptcies in the wake of the neo-liberal experiments on our continent.

The first experience in Brazil occurred in 1991 at the Makerly Shoe Factory that went bankrupt, throwing 500 employees out of work. Realizing how difficult it would be for those unemployed workers to find new jobs, the Footwear Workers Union of the region of Franca where the Makerly factory is located, began to look for alternatives to total closure of the factory. They were able to negotiate its purchase as a cooperative by means of a government loan. Unfortunately the new self-managed enterprise maintained a hierarchic structure, lacked transparency and in general was unable to create a system of management that would allow the factory to develop. It finally closed its doors in 1994. Nonetheless, in 1994, based on the experience at Makerly, a group of technical workers at the Trade Union Department of Statistics and Socioeconomic Studies (DIESSE), together with the Union of Chemists, decided to create ANTEAG with a view to providing support to new self-management endeavors of the sort that are occurring in Argentina. The main difference is that in Brazil the usual method is not state expropriation. Rather, the ex-employees buy the enterprise from the owners taking advantage of the accumulated debts or, when the enterprise comes up for auction, bidding with the help of government credits. Another advantage that provides some security is the commitment on the part of the State to buying the products of such enterprises.

Following this methodology, 30,000 jobs had been recovered by the middle of 2003. About 300 enterprises were re-claimed, and of those approximately half are members of ANTEAG. Similarly to Argentina, most of these Brazilian cases do not have an ideological tendency: they arose out of extreme need. One of the coordinators of ANTEAG explained the process to Indymedia Brasil:

When there is no alternative and the workers run the risk of losing their jobs, the

union contacts ANTEAG and we help the employees in their negotiations with owner on the subject of the sale of machinery or how jobs can be kept¹⁷.

2.1.1 Argentine Antecedents

Finding real parallels between the experience of worker control during the last two or three years and events in the past involving worker control in this country is a problematic task. The struggle of workers in Argentina has a rich history, but occupations of workplaces in the past concentrated on demands that have little to do with the present objectives of Argentine workers. Finding parallels with the agricultural cooperative movement that arose towards the end of the 19th century would be a distortion of reality. According to a 2002 report by the National Institute of Economic Solidarity, there were 15,887 cooperatives in Argentina and almost 30% of the population presently belong to some sort of cooperative, most of which are entirely different, in terms of their organization and history, from the re-claimed enterprises of the last few years. The majority of these enterprises took the form of cooperatives in a juridical sense out of practical considerations, evincing, nevertheless, some very specific features.

During Peron's government, there was something of a boom in the cooperative movement, but the levels of worker control were much lower than what we see in the re-claimed enterprises. A study that investigates the historical antecedents of the present process comments:

... we want to clarify that, so far in our study, we haven't found any analogous experiences prior to 1959, which of course does not mean that none are to be found¹⁸.

At any rate, the fact that we do not see any antecedents would seem to indicate that, if they did exist, they were of marginal importance and had little real impact, as opposed to the present scenario. In the above-mentioned study there are some antecedents for factory occupations occurring within the framework of the union movement, particularly the Peronist union movement. These are as follows: the case of the Lisandro de la Torre Meat Packing Plant right after the Liberation Revolution of 1955. The 1958 occupation of this packing plant happened within the context of the Peronist resistance movement. The decision to occupy came from the new leadership

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of the Union of Meatpackers which had close ties to the Peronists and enjoyed support in the neighborhood of Mataderos where the slaughterhouse workers and their families saw their economic welfare linked to the fate of the meatpackers. The occupation was triggered by the passing of a law that allowed the privatization of the Municipal Meat Market. After fruitless attempts at negotiation with the government and the emergence of internal divisions within the union, the occupation was brutally repressed, the packing plant was returned to private ownership and 2000 workers were fired.

In 1964 during the feeble presidency of Humberto Illia, the CGT drew up a plan for the total remodeling of the political profile of the government: freedom for all political prisoners, repeal of all repressive legislation, maintenance of jobs and creation of new ones, defense of the nation's patrimony, and many other points. In the absence of a satisfactory response, the CGT launched the second part of its plan consisting of the occupation of factories for brief periods (less than 24 hours) throughout the country. Waves of partial and total occupations began to sweep the nation in May and reached a high point of hundreds of factories each time. The last wave of occupations in July 1964 encompassed "3400 enterprises"¹⁹. Metallurgical and textile factories comprised about 50% of the occupations. "...on the heels of this second stage of the plan, the Transferable Minimum Wage Law was ratified and the "independents" left the leadership of the CGT and the position of Vandor was strengthened"²⁰.

With the exception of a few marginal and short-lived events, workers did not operate the factories they had occupied.

In June of 1973, during the brief period of Héctor Cámpora's presidency, 2000 occupations took place not only in factories but also in universities, hospitals, television stations, etc. An end to this conflict was reached through an agreement between Perón, the unions and the entrepreneurs, but after the death of Juan Domingo Perón it broke out again during the government of María Estela Martínez de Perón. At that time the radicalization of some sectors occurred as a result of the divisions within Peronism. In this final stage of the movement the workers occupied the Mancuso-Rossi Paper Plant and set up a sort of worker control over the employers. There were some other cases of direct worker control, such as PASA Petrochemicals near Rosario, but that was also short-lived.

The last case we will examine in this section is the occupation of the Ford factory

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in 1985 – later events fall within the context of direct antecedents of the present phenomenon of re-claimed factories. The occupation of the Ford-owned Pacheco plant came as a response to 33 layoffs. Hundreds of workers, gathered in assembly, decided to demonstrate their ability to operate the factory. This lasted for 18 days, at which point the government of Alfonsín, the employers and a part of SMATA (Car workers Union) agreed to repressive action and the workers were expelled from the factory. In spite of its limitations, this particular struggle had an important impact in terms of the characteristics of the factory and the number of workers involved in the takeover. It is notable as well because it happened relatively recently – in the period of democracy in Argentina.

As we can see, the objective in these cases was a change in the relations of force between workers and entrepreneurs with the intention of bringing to the fore demands for certain labor rights previously enjoyed or of bringing pressure to bear on the State regarding certain political positions. In none of these antecedents was the goal one of restructuring the way in which work is organized in order to bring about worker control. Thus, when worker control did happen, it was more a way of putting pressure on the employer in terms of certain objectives rather than a rejection of the employer's return to the workplace. It should be noted that as the conflict drags on there is more attrition on the workers than on the employers or the politicians, both whom dispose of resources enabling them to withstand the struggle longer. In this disparity there is a vital lesson for the workers of re-claimed factories who must pay particular attention to their economic strength.

2.2 In a Context of Crisis

The recent increase in the number of factory occupations has been made possible by a particular context that legitimized this type of behavior at the level of social, political and economic activity. The period that in some sense stimulated the capacity for struggle as well as the creative forces of the working class goes hand in hand with the intensification of the economic crisis that began in 1998.

Dating from that time, the struggles at Yaguané and IMPA – each with its own characteristics – allowed the workers to keep their jobs although they assumed pre-existing debts amounting to millions. In the first case, the debt was owed to the previous owners and in the second case the debt was negotiated later by the cooperative. However, the most successful model up to the present appears to be the Unión y Fuerza Cooperative, which was awarded a decision in 2000 approving the expropriation of this metallurgical plant. The debts owed by the previous owner were included in the bankruptcy, but the workers will at some time be required to pay the costs of the expropriation proceedings (to all intents and purposes, they have these

monies now, as we will see, after three years of operation). The methodology utilized by this cooperative served as a model - with an infinite number of variations - for many factories that came down the same road in subsequent months and years, or even for some, such as Yaguané, which preceded it: Yaguané had its expropriation approved years after it began to operate. But let's not get ahead of ourselves. We will now examine the context in which this process occurred.

After the retreat of Carlos Menem and his boycott of a potential successor, Eduardo Duhalde, in the elections of 1999, Fernando De la Rúa took the reins of government. In spite of somewhat hopeful appearances, he was not long in demonstrating that he would provide no viable alternative to the neo-liberal model responsible for plunging the country into an unprecedented crisis. The number of books written about this period exempts the present author from giving a detailed account of the subject. Nevertheless, it might be useful to look at some figures from the National Institute of Statistics and Census. They give us an idea of the scope of the economic crisis:

4. In October of 2000, unemployment reached 14.7% of the active population and sub-employment reached 14.6%. By the middle of October of the following year the results were 18.3% and 16.3%. Only six months later they were 21.5% and 18.6% respectively.
5. In October of 2002 the poorest 10% of the population received 1.4% of the total income and the richest 10% accounted for 37.4% of the total income.
6. From May 2001 to October 2002 the percentage of Argentineans living below the poverty level went from 35.9% to 61.3% while those living in indigence went from 11.6% to 29.7%.
7. Economic activity in comparison with the same month of the previous year dropped in almost every month from October 1998 to November 2002.
8. The real impact of the economic crisis can be seen in some more everyday examples: the number of urban railway tickets sold in October of 1997 was 42,194, dropping to 26,196 in February of 2002 - only 62% of the sales of five years earlier. This means that a little more than half the people who were taking the train in 1997 were remaining at home in 2002. In June of 2003, after a few months of improvement in the general economic situation, 31,141 train tickets were sold or 73% of the number sold six years earlier.
9. Even before the beginning of the most severe period of crisis the number of meetings of creditors and bankruptcy proceedings increased. In order to better understand the picture outlined below, we must remember that in February of

2002, statute 25.563 suspended execution of bankruptcy for a period of 180 days.

That is the reason why the rate of executive decisions, aid of creditors and declared bankruptcies stopped increasing as they had been doing over the previous years.

The economic crisis was a reflection of a savage neo-liberal political trend that functioned as a business for international lenders and representatives of big business, particularly international banks. There is a wealth of evidence that the crisis was not harmful to everyone; some benefited from it in this country, but most notably – in other parts of the world. It is unnecessary to delve into this subject too deeply; a quotation from the Washington Post will suffice. According to this newspaper belonging to a nation that has always refused to accept any culpability, between 1991 and 2001, the principal financial firms of the world made “about 1000 million dollars”¹: this is the flip side of the scenario presented by the statistics cited above. Therein also lies an explanation of the role of Wall Street as one of the accomplices in the debacle that sent Argentina hurtling towards catastrophe.

The economic debacle precipitated a seemingly terminal crisis in the political realm as well. It exploded in the demonstrations of the pots and pans on December 19 and 20 of 2001. At the end of December the government of De la Rúa folded, leaving a vacuum that could not be easily filled. The impact on the social structure was severe, and successive presidents, each one stepping down in turn, suffered from the rejection that the political elite had provoked in the citizenry, a wholesale rejection given voice in the cry, “Get out – all of you!” That cry awakened Argentine society from the consumer-driven anesthesia that was part of the neo-liberal snow job laid on by Menem.

This awakening led to an attempt to develop alternatives instead of waiting for solutions from the government. As José Abelli for the National Movement of Re-claimed Enterprises explains, the only alternative that the Argentinean governing class could offer was:

To sell everything to Petrobrás, to deliver up the national patrimony on a platter. The Argentinean establishment is pathetic. They were like the people dancing on the Titanic as it sank. They were asking for flexibility and complaining of the labor costs in Argentina. But the only costs here are management costs. One hundred and thirty-five billion dollars have gone up in smoke. If we seriously want to see development in this country, we will have to be part of it ourselves².

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The impact of the pots-and pans demonstrations, the repression and the deaths was not long lasting, although the real consequences of those things will only be understood from a perspective of several years. Today there is debate about whether the people brought the president down, whether it was a plot or whether he fell all by himself. Most probably it was a mixture of all three. Into this scenario dominated by a power vacuum and a total lack of legitimacy on the side of politicians and business leaders jumped great numbers of agitated people. The people poured into the streets in search of something that would give them a sense of empowerment, a sense that they had some control over their destiny. This political hyperactivity gave rise to the development of numerous experiments (such as the neighborhood assemblies) at the same time as pre-existing actions (such as picket lines and re-claimed factories) grew and found support. Although a great deal more could be said about this period, there is an excellent and inexhaustible bibliography analyzing the crisis. We will only look at some of the data from a broader context in order to give a better insight into the phenomenon of re-claimed factories.

First of all, we must emphasize the effect exercised by the vacuum of political legitimacy and the sense that only ground-roots organization could stop the juggernaut. This ground swell created a new social climate in which dynamic and creative forms of social organization could appear and find support. Amongst these are the re-claimed factories. In accordance with the experience of Candido, the Chilavert Cooperative, where the struggle began in the months succeeding the pots-and pans-march we can say that one of the main reasons why the re-claimed factories could exist and grow lay in the support and in-put of the people:

It's not like it was before – “don't get involved” – it's not like that any more. People participate. Just look at us over here [referring to Chilavert Cooperative]. If it was just us, they would have kicked us out long ago, but we were not alone. The people from the assemblies, retired folks, neighbors – they all came to help. People are getting involved because they're mad - they're fed up. In one way or another everybody's been hurt by this rotten system, so it's the people who want to change it – not some smart-ass know-it-all or anything like that. We're in it together. We're in the front lines, but the rest of the people are right behind us because if they weren't, we couldn't do it. Even if they don't get right in there with us, still they come round and say hello and how are we doing and that's enough for a change in society. The change is coming from the ground up, not from above – that would be faster. Since it's starting from below, it takes longer but a big part of society is on our side – they want a change²³.

For many factory occupations that have had a successful conclusion, the neighborhood assemblies were an important factor logistically and in terms of morale because they provided support when battles were being waged against superior forces, usually in the persons of syndics, judges or the men in blue. Chilavert was supported by the Assembly of Pompeya, El Aguante was supported by the Assembly of Carapachay, Nueva Esperanza (ex-Grissinopoli) and also by Crometal, Bauen Hotel; others were supported by various assemblies at once.

This assistance was repaid in various ways, particularly in the cases where the situation of the factory had become stable: cultural centers (Nueva Esperanza, IMPA, Yaguané, Tigre Supermarket), health centers (IMPA, Chilavert); in other cases, courses are offered (Chilavert, Veytes), visits to schools are arranged (FORJA San Martín, Zanón), and donations and loans are provided (Brukman, Zanón, Unión y Fuerza, IMPA)²⁴. Although it is a bit early to draw conclusions, it seems that the degree of aid received by the factories during the struggle is correlated to their commitment to contributing to the community and other factories later. In other words, when bonds were forged during the time of greatest vulnerability, there is a sense of obligation to respond in kind when stability and strength is recovered.

Many of the new endeavors adopted a blueprint, which, as opposed to a capitalist hierarchical structure, organizes decision-making on a horizontal basis centered in assemblies. The objective is to avoid a pyramidal structure in which power is delegated and finally appropriated by the upper echelons for personal benefit. This new type of organization is radically opposed to that which was promoted in Argentina from the time of Peron, right through the dictatorship and the neo-liberal experiment of the 1990's. Thus it represents a political challenge as well as a cultural, social and even psychological one. Only the vacuum created by the lack of legitimacy of the previous regimes and the economic crisis could allow such a complete breakdown of established structures, leading to a traumatic sense of uncertainty and personal culpability. This void is reflected in various analyses of the re-claimed factories:

... The take of Brukman occurred in the context of the social explosion that brought down the De la Rúa government and a population that was bursting out of the confines of individual isolation in which they had languished for years: the people were beginning to demand a different sort of participation in democracy.[...] This rupture on a broad scale encouraged the workers at Brukman to launch a rupture in

²⁴ These examples mention only a few enterprises because many of them operate on a small scale in the neighborhoods. They must be visited to see extra-productive activities.

depth, for they were aware of having the backing of a mobilized population²⁵.

Analysts of this phenomenon generally agree on the fundamental importance of the political ambience to the growth of the occupation movement:

The public profile of the movement is recent and is linked to the period of the institutional crisis of December 2001²⁶.

Other established actors on this stage, who depended upon the existing structures for their survival – many of the unions, for example – were perplexed by a movement comprised of individuals who had been passive for so many years. Here is a striking example:

The Bonaerense Federation of Graphics Workers during the occupation of the Chilavert printing plant, the Textile Workers Union at the Brukman factory, and the Union of Food Industry Workers in Grissinópolis all abandoned their members to their fate and re-called their lawyers when the workers decided to occupy²⁷.

There are many cases of this order. Workers tell us that the union promised to be present but generally did not appear. They say that if the union did make an appearance, it was to drop off a box of food and a piece of advice to the effect that the workers should try to negotiate a reduction in layoffs and payment of some of what was owed to them. Of course there were exceptions, as we shall see. At any rate it is clear that, due to a sea change in the social climate, not only did a series of new re-claimed factories emerge, but also others that had previously been hidden became visible.

Secondly, the crisis had the effect of provoking a thorough critique of the market-driven economic path the country had been following. State-owned enterprises were privatized throughout the 1990's in order to finance a field-day of consumption that came to a sorry end when "Granny's jewelry" was all sold and the bubble burst. The privatized companies were in actual fact just as inefficient and costly as they had been under government ownership. They were, however, even more voracious, and the icing on the cake came in the form of the Law on Convertibility allowing the owners to realize great profits from an exchange rate of dollars and Argentine pesos at par. Public indignation at this pillage took a similar form to what had occurred in the political sphere: a greater acceptance of the idea that it was up to the citizens

²⁵ Chaves, María, et al, 2002

²⁶ Palomino, H. et al, 1/2003.

²⁷ Palomino, H. et al, 1/2003.

themselves to resolve these problems – both political and economic. To top it all off, the crisis had left many people with nothing to lose and consequently a great willingness to try something new. This explains why older workers were in the forefront of the movement to take over factories: they would have the least hope of finding new positions elsewhere. Younger workers faced with unemployment often preferred to go in search of another position, however unlikely it may have been that they should find something. We cannot emphasize too much that, although the context described here was fundamental in the drastic decision to take control of the means of production, nevertheless, the obstacles faced by the workers were enormous. The innumerable economic, legal, cultural and even moral barriers that the workers had to overcome took a great toll in many ways and thus, various kinds of support and assistance were needed to help them come to that decision.

Thirdly, the termination of the Law on Convertibility, which had so suffocated Argentine producers, gave an economic boost to local producers including the re-claimed factories.

The exception seems to have become the rule. The boss has fled the factory. No substitutes have appeared. On the rare occasion when an interested capitalist has put in an appearance, the operation is no more than a smokescreen for some real estate deal, some speculative adventure or a plan of brutal rationalization²⁸.

What that means is that production in this country was not an attractive prospect. As we shall see, the requirements of the entrepreneur in terms of profit are greater than the requirements of the workers who consider their work rather than profit to be their final goal – they have always lived from their work. In a context of economic crisis such as the one we experienced, entrepreneurs were engaged in activities that had little to do with the production of goods and if those dealings were not profitable either, there was no reason to keep the business going. Presently, in a context of greater competitiveness, production is once again a profitable endeavor. On one hand this favors the productive processes of the re-claimed factories but on the other, it decreases conflict and increases the resistance on the part of entrepreneurs to relinquishing the factories. In other words, the repeal of the Law on Convertibility can be interpreted in two ways: positively for enterprises already firmly under worker control and negatively for those cases that might arise in the future. Nevertheless, this variable is not the only one at play in the phenomenon of worker-controlled factories, nor is it necessarily a determining one.

As we analyze the economic variables that affect the phenomenon of re-claimed

factories, we must remember that the context in which it sprang up and developed was a context of terrible crisis. Thus, we can understand that even if the worker-controlled factories did not always ensure a decent salary or health insurance, the advantages of self-management were not only political but also material, since there was an equitable sharing of whatever was produced. Furthermore, when things got better, equal distribution was maintained, as we will see in the chapter on economics. Of course there was no shortage of small, everyday humiliations, but that comes with the terrain.

At the moment of writing [end of 2003], there seems to be a tendency towards an improvement in the economy. There is discussion as to whether this improvement will continue on a medium and long-term basis. There is also greater political stability in the person of President Nestor Kirchner, considered to be a man of action who is getting results in sectors that seemed to be untouchable for the preceding administrations - in spite of public demands on various counts, such as the dismissal of certain Supreme Court Judges or the matter of the vendors of stolen car parts. The strong support enjoyed by President Kirchner - 90% at the beginning of August 2003 - may lessen the urgency of these social movements or, on the other hand, it may challenge them in a new way. The latter scenario might occur if people were to delegate power again, a step that invariably opens the door to an abuse of power if those to whom it is transferred do not use it for the common good. The lesson that one should not trust blindly in leadership and that one must confer with one's colleagues and neighbors before making decisions was a lesson learned in the arena of a long and arduous battle. The political reality of the world seems to indicate that the options are few.

2.3. The beginning

“When property becomes more important than the instruments of work, we have a problem. They are goods to be used, not to be possessed.”

Eduardo Murúa, during an interview in August 2003

Before casting a glance back at the beginnings of the phenomenon of re-claimed factories, we should establish a framework for the phenomenon and, more particularly, answer the question as to what a re-claimed factory is.

It is difficult to determine which enterprises or cooperatives belong to this category and which do not. Many factors are at play here: first, there are the legal aspects relating how these factories were set up (by expropriation order, by conversion to a cooperative or through *de facto* worker control); there are also

cultural and social features, such as the organizational structure, the presence of some form of hierarchy, the function of assemblies, etc.

Everyone who is engaged in studying this phenomenon comes up against the same difficulty:

How to define factories re-claimed by workers is a question that poses considerable difficulty, caused in the main by the very nature of the movement: it is composed of diverse groups with different orientations³⁰.

Having accepted this complexity, we can trace some vague borders for the purposes of this book. The fundamental features of a re-claimed enterprise, at least as it is commonly understood, are: that the workers exercise control over the factory and that they all enjoy the same rights in regards to making decisions. In most cases, apart from worker control, there is a juridical framework, or the pursuit of such a framework, which will allow the factory to function - even if precariously.

1. This *de facto* control is the product of labor disputes that resulted in either a partial desertion by the entrepreneur (removal of equipment and machinery, layoffs and decapitalization, etc.) or a total abandonment and/or lock-out. In most cases this process implies a struggle against management, unions, the State or a combination of all three. However, there were cases in which an agreement between workers and owners was reached and other cases in which local government and the union collaborated with the workers.

Keeping in mind the approximate nature of our definition encompassing such a wide range of enterprises, we can calculate that about 170 entities meet the criteria and this number is growing fairly regularly. Eduardo Murúa spoke of approximately 170 re-claimed enterprises in August 2003, although he said that it was hard to pin down an exact number. The Internet posts regularly up-dated lists, but these provide information that is rather uncertain.

The question as to when the phenomenon first emerges is also difficult to answer with any certainty. There are at least a couple of isolated cases around the middle of the 1980's that, as opposed to the Pacheco Ford factory mentioned earlier, were able to return to production under worker control. One is the Mosconi General Cooperative, a metallurgical plant in Florencio Varela where the workers obtained the moveable property - EQUIPMENT AND MACHINERY, RAW MATERIAL? as a result of a judgement against the owners for illegal removal of property from the plant in bankruptcy. The second is the Adabor Silo and Bottle Cooperative. After the employer declared bankruptcy in 1988, a transfer of credit to the workers was

negotiated in exchange for their assuming the outstanding debt. These cooperatives were the exception at that time and they did not use the expropriation legal tool.

In the mid -1990's, during the period of crisis that characterized Menem's presidency, struggles occurred that are similar to the phenomenon of re-claimed factories. However, expropriation would only happen at some of these workplaces when the movement became more organized and the methods leading to expropriation were developed.

The meatpacking plant, Yaguané S.A., located in Matanza belonged to Alberto Samid, a friend of Carlos Menem. Yaguané was one of the largest such enterprises in Argentina, employing 527 people. In 1996 the huge plant was in trouble with a debt of 140 million that Samid could no longer conceal even with his many contacts in government circles. He found the solution to his problems: 250 layoffs. Faced with this threat, the workers took the factory. A cooperative named Cooptrafriya was set up by the employees who, in order to stabilize their situation, began to negotiate with the shareholders. The latter were anxious to get rid of shares that represented nothing but debts. Thus, the employees were able to negotiate 50% of the total shares in exchange for assuming the debts. At a later date, a judge determined that, in the absence of any participation on the part of Samid, his shares had no value whatsoever. In this way the Cooperative was able to continue operating the plant, although it could not get out from under the debts of the previous owner and was even saddled with old, unpaid bills for certain services as well as new costs relating to court cases brought by former employees who had not wanted to join the cooperative. It was not an easy time and the salaries of the 500 members who saw it through were barely enough for a meager bag of groceries each week. In spite of all the difficulties, they were successful. The president of the cooperative, Daniel Flores, who did not have a high school diploma at that time, got together with other members and took courses in economics in order to manage their cooperative.

The situation of the Cooptrafriya Cooperative was finally regularized in June of 2001 when the Province of Buenos Aires issued an expropriation decree (No. 12688), that took the plant away from the stock company and gave it to Cooptrafriya. For the expropriation to take effect, the indemnity payment that had fallen due two years previous and was being demanded by the judge administrating the bankruptcy had to be dealt with. The Provincial Executive finally arranged for payment of the indemnity and in August of 2003 negotiations were underway to determine the amount to be paid. This was no easy task: in 1996 the company had been assessed at 3.2 million pesos/dollars and in August of 2003 Governor Felipe Solá offered 5 million pesos to the bankruptcy court in payment for the expropriation. The syndic was demanding 38 million because the enterprise had increased its capital value:

however, this was due to its operations and the reinvestment made by the cooperative in recent years. Victor Turquet, member of the COOPTRAFRIYA and employee of the National Institute of Association Movements and Social Economy, explains the situation as it stood:

The syndic awarded himself an honorarium of 1.5 million pesos and we paid him 660 thousand pesos over a period of seven years. Now he is demanding 38 million pesos because then his share will increase. This is a case of judicial connivance with business interests without regard for anyone.

Judicial connivance with business interests was not the only hurdle facing the workers of the packing plant. In recent years they invested 600,000 dollars in order to obtain sanitary certification allowing them to export to the European Union, which approval they got in October of 2002. Having prepared their first shipment destined for Hamburg, they were taken off the list of exporters certified to fill the Hilton quota: other enterprises in the industry with influence and connections in the decision-making organisms (SENASA) had achieved their goal. A report issued by the workers of Yaguané says:

The President of the Republic - with the assistance of the Secretaries of Agriculture, Fishing and Food - is intervening in an attempt to correct the injustice that has endangered the livelihood of the 500 workers who returned Yaguané to operation.

The list of problems is a long one but the workers of Yaguané are optimistic in spite of everything. At present, salaries range from \$450 to \$1100 according to classification by the union.

Another antecedent is the metallurgical plant IMPA at Almagro in Buenos Aires. It was founded in 1910 and nationalized in 1945. Due to a number of economic problems, it was re-structured as a cooperative in 1961. Although the plant was established as a cooperative, an internal management hierarchy was created. It functioned in the time-honored way: managers received higher salaries, debts were accumulated and general assemblies were rejected. In 1997 serious conflicts arose when workers began to receive wages of \$2 per day. In 1998 they overcame the internal divisions that had been holding them back and spoke to a lawyer who put them in touch with Eduardo Murúa, later to become one of key figures in the National Movement of Re-claimed Enterprises as we will see. After a number of meetings, the workers reached an agreement regarding their demands and on May 4, 1998 they were unanimous in demanding that an assembly be held. Finally on May 22 the assembly took place and its first decision, by a majority of votes, was that Eduardo Murúa remain in spite of management's objections. When the "bosses" realized that

they could not impose their agenda, they left. The workers were on their own.

Then another struggle began – services had to be re-connected and the workers had to get down to the job of learning how to manage the plant without the supposedly indispensable technical know-how. They were confronted by an even great challenge when they going though the books. The plant had a debt of 6 million pesos of which the cooperative had only liquidated a portion by the middle of 2003 since those who had been running the plant had negotiated payment over 10 years with a nearly four year grace period.

At the present time the plant is operating at full steam; it has 150 workers who receive “withdrawals” (members of cooperatives call the monies they receive in this way) of more than \$1000 a month. The plant also runs a cultural center that gives it legitimacy within the neighborhood. The IMPA fulfills an important role in the movement because it is one of the first successful cases of worker control, and also because it has achieved economic stability, many of its workers going on to become politically committed, particularly Eduardo Murúa. He remained with IMPA as its coordinator until he stood for deputy of the Province of Buenos Aires in the elections of 2003.

To complete the trilogy of most recent antecedents that have served to guide the present phenomenon of worker control, there is Unión y Fuerza described in detail in a later chapter.

Suffice it to say for the moment that the struggle at Unión y Fuerza began with the removal of equipment from the factory by the employer. In December of 2002, the workers, with the assistance of the Federation of Worker Cooperatives (FECOOTRA) of the Province of Buenos Aires and especially one of its lawyers, Luis Caro, were awarded the first decision for expropriation ever handed down in this type of case.

After these positive events, as well as others in Santa Fé (Cooptravi, Mil Hojas, Herramientas Unión) representatives of Rosario, FECOOTRA, Unión y Fuerza and Yaguané were invited by IMPA to come together for a meeting.

Eduardo Murúa recollects;

We got together to talk about how to make connections amongst the re-claimed factories and how to create an organizational framework for this kind of struggle, which would be useful to other workers. We came up with the idea of a movement, although some people at the meeting preferred the idea of a federation. Others of us thought that a federation would be adequate for a grouping of cooperatives, whereas the re-claimed factories belonged to different categories and therefore, a broad socio-economic movement would be more suitable.

After this discussion Yaguané and FECOOTRA decided to continue on their own and the people from Santa Fe who were with Abelli and IMPA (Murúa) created the National Movement of Re-claimed Enterprises (MNER). Initially, Luis Caro remained with the first group.

The movement began to grow in the fertile medium provided by the spate of bankruptcies and conflicts leading to December 2001. Events in which the struggle had come to a successful conclusion were the subject of excited conversations. Factories that were embroiled in conflict approached MNER and the number of re-claimed enterprises grew apace. Although the severity of the economic crisis was enough to fortify the movement, the social debacle of 2001 smoothed its path, giving it social and political legitimacy. Victor Touquet of the Yaguané Cooperative remembers:

When that infernal December arrived, people came to Yaguané to ask for help, but we had no money even for kerosene. It was too much for us to handle. So we decided to create UREC (Executory Unit for the Reclamation of Enterprises in Crisis - Daniel Flores who was president of Yaguané, Horacio Repetto, Marcela Díaz and I drew up this plan as a project for Yaguané. We presented the project to the INAES (Instituto Nacional de Economía Solidaria) when Dr. Elvira Castro took up her post. In April 2002 they called us back to say they had this request but nobody knew anything about it. But in May we started up.

The group began its work in Santa Isabel de Santa Fé, Avícola Moreno and Minguillón de Moreno. Soon political disagreements began with Luis Caro and he ended up going to MNER (National Movement of Re-claimed Enterprises) where he didn't last long either, leaving that group in April 2003. According to Eduardo Murúa, the split occurred because of

...personality differences. There were confrontations between Caro and Abelli that sometimes seemed to be nothing more than childish fights over who got to be the protagonist. It made me feel uncomfortable because I worked very well with both of them but they didn't get along with each other.

Another facet of the division between these two leaders – a facet that is more visible now – stems from ideological differences. Whereas Abelli and Murúa carry on a discourse in favor of national liberation, Caro is concerned with opening up opportunities for work rather than critiquing the ideological model or international power networks. Finally, faced with the impossibility of resolving the differences, Dr. Luis Caro formed his own movement: National Movement of Factories Re-claimed by Workers (MNFRT), of which he is the president.

At this point we should make a clarification. Although the tendency for each

movement to have a “protagonist” is an important factor at the moment of re-opening a factory – especially since the question of experience is vital – it would be wrong to suppose that these leaders have a great influence once the workers are in control of their factory. Even though it is common, when a particular factory is mentioned, to hear “That’s one of Caro’s” or “That one belongs to Murúa” or “That’s a FECOOTRA place”, nevertheless, the reality of most of the factories is quite different. What does it really mean that this factory is part of one movement and that factory is part of the other? The answer is hard to come by because the workers are intrinsically suspicious of anything or anyone that smacks of a boss or a chief who might make inroads on their autonomy. Luis Caro has contracts with some of the factories for which he charges legal fees like any other lawyer. This has allowed him to organize a more solid structure in order to provide assistance in new conflicts. Also, some professionals associated with Caro do remunerated work for various cooperatives, particularly in the field of administration. As to how much real power or influence this activity represents, it is difficult to say, as we will see further on. The factories stand under a flag of autonomy that they are not inclined to lower.

The MNER, on the other hand, has no such contracts, although some enterprises, particularly IMPA, make contributions to help with the expenses of the movement whose members, though, generally come up with their own financing. According to Eduardo Murúa, this economic independence

allows the members of the movement to discuss everything freely. The personal autonomy of each member is fundamental to the life of the organization. We can’t be limited in our freedom because we owe something to someone.

Murúa accepts the fact that the movement has no control over what goes on inside the factory, or over the level of support that it might get when the movement needs a hand. Once the workers have resolved their own situation, their level of combativeness will drop again:

That is how it works because of the conditions under which our people live. We can’t tell people to take up the struggle, become politically active and change their whole lives when all they have ever done is work, go home and watch TV and they’re still doing that. We can’t change 12,000 workers into 12,000 activists. There should be one or two for each factory who are engaged in the movement and the struggle, but no more.

As far as the situation of both movements goes, by the middle of 2003 both workers and leadership recognize that there are positive signals from the government indicating that the mechanism of re-claiming factories may be achieving acceptance. There is hope that some positive changes may take place: a

modification in bankruptcy law, the creation of a fiduciary fund to make capital available to cooperatives, the possibility of release from debts in favor of workers who take over the management of enterprises and even the possibility that some cooperatives will become State suppliers. Upon concluding an agreement with the MNER, the Minister of Labor, Carlos Tomado, announced in 2003 that the President had determined that support should be given to “the re-claiming of enterprises that had had to close their doors as a result of the economic crisis in recent years”³². As Murúa commented at a meeting in August, “there have been some encouraging signs in recent months, but nothing concrete has come of them.” Thus, we can only watch and wait.

At a meeting in July of 2003, José Abelli gave a synthesis of the new relationship being established with the government, which denotes a growing recognition of the work that the movement has accomplished:

We must always remember that we have reached this point because we have occupied factories, we have resisted and we have produced. A year ago nobody in the government took any notice of us and now we are sitting down at the discussion table with them. This doesn't mean we can stop mobilizing – our strength lies in our solidarity. Now that we have their ears, we need to get the tools that they can help to provide us with. And another thing: it must be clear to them and to us that they are the State and we are not. We are the workers. We will do our best to get every thing we can. On paper, everything looks great – there seems to be some political will. Supposedly there are 7,000,000 pesos in credits available under excellent conditions for factories that present a viable plan. Now we have to see if the money is really there. Will they release the money or put up hurdles? Do they really want to help us? The same thing goes for political will: let's not forget that outside the Province [of Buenos Aires] and the Capital, nobody is talking to us. There aren't even any laws on expropriation.

Victor Tourquet of the INAES tells us that between June 2002 and May 2003 they [INAES] worked on 62 cases, while in 2003 there was a decrease in the number of conflicts.

There are fewer conflicts now because the economy is on the move – crawling or dragging itself along on its knees, but moving forward. In recent months, very slowly, people are returning to work. And this is reflected in the number of applications for cooperative status. So what direction should we take? Well, we should strengthen the ones that are operating; we should improve the qualifications, efficiency and

³² Press release from the Ministry of labor 14/7/2003

structure of those cooperatives. But it's fashionable now to talk about re-claimed factories because it's useful to politicians in their electoral campaigns. We are not thinking of closing shop, but we have been thinking of turning our attention to strengthening and consolidating what has been achieved. This office has another 6 months worth of work and then we can close our doors.

There are many hostile elements to be taken into account. In the face of an improvement in the economy, the entrepreneurs may put their capital back into production, thus rendering the task of re-claiming factories even more difficult. Entrepreneurs may offer sums of money that those workers who are less committed to being in control of their workplace cannot resist. As we have seen, this scenario occurred at one of the factories looked upon as a symbol of the movement in Brazil. A report from the Executory Unit for the Reclamation of Factories in Crisis (INAES) led by Victor Tourquet, had the following conclusion on the subject of re-claimed factories in the food industry:

The meatpacking plants Vizental, Santa Helena, Avícola Moreno and Fricader are examples of the tendency we have talked about and we feel that assistance to these operating enterprises should be reinforced. Their role in the industry should be consolidated so that they continue to operate successfully as examples of a social economy within an industry dominated by big business groups.

Entrepreneurs are certainly not the only threat on the horizon. Tourquet insists on one characteristic that must prevail in the factories: autonomy. According to him there are frequent battles about impossible goals with the sole intention of one or another group making a better showing. As well as this partisan competition, there is jostling for personal power. Speaking from the INAES and Yaguané, Victor Tourquet says that all his efforts are concentrated on assuring that the workers enjoy a real autonomy. In this sense he is different from the leadership of other groups and enterprises. We might call him a fundamentalist of cooperativism. He believes that it is imperative to respect without any reservations the cooperative doctrine and the fundamental principles of Cooperative Work: participation of all members without exception, democratic organization, no discrimination on the grounds of ideology or politics, no exclusion of any workers who are members and finally, peaceful demands. Work should be done "constructively, silently and far from the influence of those who would impose their opinions in a heavy-handed way". A document from INAES, signed by Dr. Elvira Castro, criticizes the exploitation of cooperatives for political ends:

In these cases Cooperative Work arose as an alternative almost exclusive of all others, but we have often noticed that its basic features have not been respected.

The efforts of the many have been exploited for the benefit of the few and this has generated a pseudo-movement that has developed in an inorganic way. This artificial movement is prey to partisan politics. It depends on magic solutions having nothing whatsoever to do with a true culture of work.

In spite of these reservations, Turquet agrees that the majority of factories develop a high degree of autonomy. Those that don't manage to throw off the hangers-on in search of personal benefit do not survive. In factories where production is subordinate to other goals, there is a tendency to failure of the enterprise, while those enterprises that give priority to production can be politically active or not, according to how the assembly decides.

This has been an overview of the situation in which the phenomenon of re-claimed factories finds itself. We did not touch upon cases having particularities in terms of the form the struggle took or different objectives, such as Zanón or Sasetru. We will examine their specific traits in a later chapter. With respect to the future of the movement, we hope that the reader will be able to form his or her own opinion by the end of this work.

2.3.1 Statistics

In this section we will give a brief quantitative analysis of the phenomenon of re-claimed factories. As we have said, they have had no great impact on the national economy, while their effect on society is due more to qualitative factors rather than the quantity of these events.

In order to give a tentative idea of the statistics, we will look at some numbers from the MNER, which were not complete at the time of finishing this book and are also in constant flux because of the changes occurring at the various factories. With these provisos we will present some data based on a sample of 160 factories (except where it is stated that another figure is used as a base) describing these enterprises in terms of location, workforce and type of production.

The average number of workers in a sample of 115 factories is 52. This sample excludes La Esperanza Sugar Mill in Jujuy which has 2200 employees, the obvious reason being that it would distort the average, resulting in a number of 71 workers per factory.

2.3.2. Two re-claimed factory movements

We have already mentioned that it would be a underestimation of the real autonomy of these enterprises to think that re-claimed factories answer to some movement that is coming from outside the assemblies. When an enterprise is involved in conflict, the various organizations involved working with the enterprises have an important role to play in the initial stages of the struggle. However, when a measure of legal and economic stability has been achieved, their role is generally reduced to one of moral support imposing no obligation on the workers. Sometimes various members of the movements will provide assistance to workers in administrative or legal questions, but generally these activities do not necessarily mean that there is any particular alliance. In fact, the limited resources of the movements – particularly in the case of the MNER – impede the creation of a closer link, as we shall see, between the movement and workers. For their part, the latter are so occupied with the difficult task of getting the factories going, particularly in the first few months, that they have little or no free time or money to help out the movements. The workers also have a healthy suspicion - stemming from their experience in the struggle- of any organization with an institutional or hierarchical whiff about it that might suggest delegation of power. There are, of course,

exceptions, but as we have said, when loyalty to one or another personality takes precedence over the common good of the enterprise, the latter suffers: internal conflicts, reduced efficiency and sometimes closure of the enterprise constitute the price of that shift in focus.

Thus, it isn't a simple matter to determine the real degree of involvement between the re-claimed factories and the movements. The link is certainly more emotional than formal. In any case, keeping in mind the strong component of autonomy characterizing the enterprises, it will be useful to look at the structure of the movements and listen to the opinions of the leaders of those movements that have given the greatest support to the new factories: they are doubtless the persons who have had the most profound involvement in this phenomenon and know it best.

National Movement of Factories Re-claimed by Workers (MNFRT)

The lawyer Luis Caro, together with the Workers' Cooperative Federation, helped the workers of the Unión and Fuerza Cooperative to obtain, in 2000, the first expropriation in this type of conflict. The papers for that expropriation had almost been completed when Caro became involved with a factory called Gip Metal Inc., which would thereafter be the basic model for future conflicts.

With a background as a militant in the JP (Peronist Youth), Luis Caro has been active in a broad range of organizations connected with re-claimed factories. He is the president of the organization that he founded and named Movement of Factories Re-claimed by Workers (MNFRT). The number of contacts that he established with the most disparate groups is astonishing and includes the Catholic Church (he had long been a member of Pastoral Social Services) as well as many political contacts. His wife, Liliana de Caro, is a municipal councilor for Avellaneda, and he ran for mayor of Avellaneda at the beginning of 2003 on the subsequently discredited ballot of Adolfo Rodríguez Saá and Aldo Rico, despite the fact that he had stated in various interviews that he would have liked to have been a candidate for United Left with whom he also maintained good relations, and the fact that he had worked with ARI. At the same time, he maintained his links with a number of entrepreneurs, such as the owner of San Caetano Supermarkets, acting as their legal representative on various occasions. He was instrumental in the re-opening of the Renacer Cooperative in Tierra del Fuego (formerly Grundig). The re-opening of this enterprise was strongly supported by Corriente Clasista y Combativa.

We may ask how one man can have such a wide range of contacts. Perhaps he himself gave the best answer in an interview for lavaca.org before the presidential elections in May 2003:

I am not an anarchist. To use La Renga's words – not even an anarchist. Maybe I'm a rebel. I am in favor of the de-legitimization of politics and of these politicians in positions of power who are losing their jobs day by day. I'll be watching to see if they can recover...You can't get very far from the vantage point of social movements: you've got to fight for power. I have a chance to do that today. A Peronist always has that goal in sight: to get into power. The three front-runners for the presidency are Peronists or pseudo-Peronists. To deny that this is the reality of the situation is to misunderstand the nature of power politics³⁴.

Caro generates misgivings in a number of people. The Partido Obrero (Workers' Party) web site accused him of a lack of solidarity with the working class because he described the occupation of Sasetru, organized by the Workers' Party, as "political"³⁵.

Others who are closely associated with the phenomenon of re-claimed factories feel that he is building a personal power base very much in the style of his mentor, Juan Domingo Perón, whom he constantly quotes. They think that he presents himself as the person who will solve the legal problems of a factory so that it can start up again, thus becoming the protagonist in a success story. This approach puzzled the much more "politicized" Raúl Godoy, from Zanon, who told us in an interview how surprised he was by the attitudes at one of the cooperatives belonging to MNFRT:

In one case we went to a cooperative in Buenos Aires. At the gate we tried to discuss a few points with the workers and they told us to go and talk to Mr. Caro, the lawyer. We were shocked but we could understand them because they had no previous experience.

At another enterprise where Caro had collaborated, one of the employees told us that he found himself in the minority at the factory if he came out against a measure proposed by Caro. As he told it, the lawyer makes the final decisions – not because he gives orders but rather because he is always very humble and is "hurt"

3 4 lavaca.org "Bosta y barro"(Manure and Mud), web site:<http://www.lavaca.org>. This note was written before the presidential elections of 2003.

3 5 Pitrola, Néstor, "Worker Control Is Working Class Politics", Workers' Party web page, <http://www.po.org.ar/po/po798respuesthtm,14/042003>

if someone disputes his point of view. “He talks and talks until everyone is exhausted and then he gets what he wants,” the employee told me.

This style of leadership, if it undermines the real autonomy of the workers, may represent a risk for the movement: the workers might not learn to stand on their feet and could be used for ends that have nothing to do with their interests. In the case of Caro, the risk of this happening is increased by the fact that he agreed to run for mayor of Avellaneda on the slate of Adolfo Rodríguez Saá and Aldo Rico, neither of whom can be depended upon to systematically support the re-claiming of factories. In an interview for lavaca.org, he was asked, “As a social activist, aren’t you concerned about sharing a slate with Aldo Rico?” He replied:

I agree with the proposals of Rodríguez Saá and Rico. I have no problem with either of them as persons. That is what’s the wrong with the Left in Argentina: they’re always talking about personalities - about the person - and that’s why they’re always divided. I’m not saying you have to swallow a toad every day, but now and then you have to keep your mouth shut in order to do politics. If not, you’ll never get anywhere. The most important thing is that you be clear yourself. If I am elected mayor, neither Rico nor Rodríguez Saá is going to tell me what to do³⁶.

These thumbnail sketches may help the reader to understand better the great range of personalities and motivations which come together in the story of the re-claimed factories. However, Luis Caro is not necessarily representative of those who are immersed in the phenomenon and his real importance therein may be scant. The reality lies, most probably, in the tremendous diversity of the various aspects of this phenomenon and in the difficulty of giving a clear, well-defined description of this diversity.

Interview with Luis Caro

This interview was done by Naomi Klein for the documentary that we were filming. The interview took place at the Vieytes cooperative (formerly Ghelco), which is in fact the base of operations used by Luis Caro and the MNFRT. Caro was wearing a dark suit and tie, and in the background machines were busily producing ice-cream or perhaps chocolate. He speaks quietly, in a clear and convincing manner that is usually pleasant to the ear. At the time the interview was carried

3 6 lavaca.org “Bosta y Barro “, web site: <http://www.lavaca.org>

out, posters had appeared in Avellaneda announcing his candidacy for mayor on the Rodríguez Saá and Rico slate.

Naomi: Could you tell us a bit about this place?

Caro: This is the former Ghelco factory. It produces products for ice-cream, sweets and pastry. On February 13 2002 the owners declared bankruptcy. There are many similar cases in Argentina: debts pile up, beginning with workers' salaries, provisions and suppliers. This factory owed about 20 million pesos. So, what do the owners do? Their ruse consists of declaring bankruptcy and then buying back the business through a third party, a sort of figurehead. Then they put it back in operation. As you can see, the factory is in excellent condition and in full production. What they did was liquidate their liabilities, in other words, get their creditors off their backs, by means of a payment in the order of – well, this factory is worth at least 30 million pesos, whereas their were offers of 750.000 and 1 million pesos...Do you understand? That was the sum they could pay. Let's suppose they paid 3 million pesos but in actual fact the debt they had accumulated was no longer payable. Think of all the loss and distress caused to the workers because of course they could choose whom they wanted to re- hire and furthermore the workers would not get the pay owed to them by the supposedly former owners. And most of the workers were owed 7 months wages, as well as benefits of various sorts. In this process the workers were financing the owners. Instead of obtaining financing form somewhere, the owners simply stopped paying their workers. In Argentina at that time labor became marginalized and the workers began to get together: the unions didn't do much - they were often involved with entrepreneurs, in other words, keeping the lid on things. Salaries were minimal and there were no pension payments and that sort of thing. Then comes February 13 and the declaration of bankruptcy. The workers begin to contact workers at other factories such as Lavalán, here in Piñeyro. They called me at 12:AM and we got together the following day at the home of one of the workers and the day after that we gathered at 11 o'clock at night at the factory gate. I always try to have direct contact with workers at their workplace. This is fundamental in my opinion because for me this whole process depends to a great degree on the conviction, the will and the effort that workers put into it. I can say that I work with them on all aspects – social, juridical, organizational, but I know that they are the protagonists and if

they're not right in there, no judge, public prosecutor or even government is going to help. The workers are the foundation of this.

Naomi: What were doing before you devoted yourself full-time to this?

Caro: I was always deeply interested in transforming the world in which I live. I used to live in a very poor part of Avellaneda, in a slum. I say this with pride. Thanks to the efforts of my parents, of my whole family and God, I was able to study and become a marine engineer. I was an officer in the merchant marine. I was no longer a young man when I became a lawyer specializing in bankruptcy cases. I never forgot my working class origins and I was finally able to put my convictions to work when I saw factories that had been abandoned, rusting away in over-grown fields while the workers sat idle in their homes. I had the opportunity to talk with them a number of times and they would tell me that their factory had closed down 5 or 6 or 10 years previously. And here is something else: in Argentina we have more than 20 million people living in poverty while milk is being dumped. We have watched on Argentine television as dairy farmers threw out the milk they produced because they couldn't make a livelihood. I also have deep religious convictions and I believe that there can be a better world where greater solidarity exists. The present system is based on a glorification of capital to the detriment of the worker. So I said to myself: I am going to do whatever I can. In fact I didn't know how to go about it when the first case turned up – that was Unión y Fuerza in Avellaneda in August of 2000. I knew I had to defend right to work – that I knew for sure – and I also knew we had to mobilize. I knew that if the workers mobilized, some people in power would act. I had occasion to talk with some very tough judges who turned a deaf ear but when I introduced the workers, their hands all covered with calluses, and they would say to the judge: “ I worked at this factory for 40 years and today I have nothing, nothing to bring home to my family”, and there would be tears in their eyes and the judge said, “I going to do everything possible for you - whatever I can, I'll do it.” This is a confrontation with stark reality for him. He could see that the machinery was standing idle on one side and the workers on the other, unable to put the machines to work. “What's preventing them from operating the machines?” asks the judge. So, thanks be to God and to creative thought and action, the machines and the only people who know how to work them – nobody else has experience on those particular machines – are brought together again.

Naomi: When you realized that the closed factories were not the end of the story how did your vision of the country change?

Caro: It must have been my parents' influence, but no matter how often people said that our country was poor, I always said it was a rich country. We have everything in Argentina and I began to see that, basing my view on the concept of solidarity. This what I say to the workers in the factories: "Never abandon the system of solidarity. The system under which you all lost your jobs was the old system, the system based on egoism, materialism and individualism. Find another system in which you and your companions in this and in other factories can create a better world." I always tell that them a revolution took place not just within the factories but within them also. I tell them that they used to be in a state of dependency – they were dependent on someone else. And now, because of this whole process that has happened, they have become liberated individually and collectively. You can see it in the workers – it's beautiful...At the beginning, when they had just gotten back the factories, they came to work on their bikes, with their bag over their shoulder. Now they have cars and they are making plans for their children's studies. Many of them have taken trips. Someone said to me, "I haven't seen my mother in years – I'm going to Corrientes to visit her!" This is wonderful to me. These workers produced the riches of this country but they did not get their share in exchange for their work. The worker's share in the earnings of an enterprise is 50% throughout the world. In Argentina it has been 5 to 7%. This is total greed. Argentina is recovering. I don't know what to call the system now: is it capitalism, is it socialism, is it Marxism? The way I see it, it's simply a system in which the worker can enjoy health, education, recreation and culture. These are the basic needs of a human being. I ask the workers why we are going to defend the factory when the police are on their way. It's tough to refuse to evacuate a factory when a court order is presented. Why do we do it? After all, in Argentina the Constitution states in Article 17 that private property is inviolable. But Article 14 states that every Argentine citizen has the right to engage in any sort of legal industry. Thus, these two articles have the same weight in the Constitution. And work creates dignity. A person who has no work has no dignity; he is like man deprived of liberty. Nowadays we can't even conceive of slavery, but previously people were born into slavery and died in slavery. A woman was a chattel to be bought and sold. Humanity has made a lot of progress and here we are today. And

I truly believe that the day will come when society itself will not accept that anybody should be unemployed. At this time we have to struggle, argue and defend the right to work with all our strength and conviction. The workers often say to me, "We have to go forward from here because we need to work. If this factory is auctioned off, we won't get what we have a right to." In Argentina the Ministry of labor has very little power – nothing like the police who can be called in at any time. Our labor laws provide for workers' rights; the courts make decisions favorable to workers, but after that, the workers can't even get wages paid to them. That is why I thought of going for the means of production, the machinery, because trying to get court decisions executed was a vain pursuit; the workers couldn't live like that.

Naomi: How many factories are you involved with?

Caro: The MNFRT has 80 factories in all and I myself have direct contact with 70 of them. All of them work on the basis of decisions taken in assembly by all the employees and workers. There is single form of management: each assembly decides how matters will be conducted in every sphere, from the moment a lamp is turned on to the moment it's turned off. The workers delegate authority to their companions. It is no longer the owner who makes decisions – it's the assembly. Let's put it this way: the pyramidal structure of the chain of command has changed. A very important point is that we do not accept external interference in terms of management. I am convinced, and have been since the beginning, that workers can deal with the administration of their factories themselves. This is one of the old paradigms they are breaking out of. They would say to me, "Luis, we can't manage this factory ourselves." I would say, "that's true; you can't do it right now, but that doesn't mean you will never be able to. You can learn." There's a worker here by the name of Miguel. He is the secretary of the cooperative and he can neither read nor write. But he uses the computer for dispatch – we taught him. They have the capability. And another important point is that they don't have to depend on capital. Why did this kind of phenomenon not occur previously in Argentina? It was always said that fifty thousand, one hundred thousand pesos were required to start up production because you had to buy raw materials, services, and supplies... But I always say to them, "Look fellows, you don't need a single peso to start up production. What you do is custom work – jobbing –and that's how you get a lease and raw material. At the beginning you sell your labor

and then you can pay the gas, electricity and other services at the end of the month. So the first week you work quickly and you have your first revenue; you can pay for supplies. That's how you get started: no capital required. This seems like a contradiction because we all learned that we must have capital to invest in order to produce, sell and pay for everything, after which we take out our profit. If there is no profit, we have to reduce salaries, suspend production, lay-off manpower or close the factory. But we work with a different logic. The other way is fine – we accept it, but it's not the only one. Why are the re-claimed factories successful and even profitable in the marketplace? The reason is that they fulfill two fundamental conditions. The businessman's interest is an economic one as Adam Smith said. If the product has quality and the price is right, it will sell. In other words it doesn't matter that our people are workers: their product has quality. I tell them, "You are the same workers who have been making this product for 20 or 30 years. Can you guarantee the quality?" The selling price of the product includes raw materials, supplies, services and taxes and then there is the cost of labor and management costs. In Argentina management costs are extremely high. Management salaries are 10 to 20 times higher than workers' salaries and utilities. This is called plus-value. In re-claimed factories this disappears. Also in this process, labor cost is not a cost: it is an investment. They accept the responsibility of not taking money in the first one, two or three months. Thus, the price they can charge without any labor cost or management cost is a very good price. And furthermore, if the client provides the raw material and the supplies and often pays an advance, then the process can go ahead because we have the workers.

Naomi: Considering that this process depends on equipment belong to other people, how sustainable is it? The original capital was put in before the workers took the factory. How far can this model go?

Caro: That was the problem I was confronted with in the first factory. The machinery and the buildings were not ours because the factory was in bankruptcy proceedings. The court had taken it over in order to sell it. Private property is inviolable but there are two ways that it can be set aside. One case is when a judge has the property auctioned off, as a result of a court decision. The second possibility falls under the law on expropriation when property is declared to be of public utility, is expropriated and the owner receives an indemnity. That's what happened here. I dealt with the first expropriation. That was Unión Y Fuerza, a

cooperative in Avellaneda. We have the use of the buildings; that is, we lease them. The plan is the following: initially, the workers have the use of the property – they do not own it. This is the big difference from occupying a factory without any legal basis. When we go into a factory, it's usually with an authorization from a judge. The trustee lets us in and puts it in our hands. This is the first stage. During the second stage we work through the law on expropriation which regularizes the matter of ownership. We pay an indemnity. Most of these factories are in receivership or closed down or their owners have abandoned them. That state of affairs is not benefiting the country in any way. Nor is it doing the creditors any good. So this is what I thought: we've got to begin by solving the smaller problems first and then we can proceed to the major ones. It's obvious to me that work is not going to start up by itself. I try to convince the judges that something must be done by explaining how quickly a factory that is closed begins to deteriorate due to bad weather and thieves: a closed factory has no value in comparison to a factory in production. And I say this to the judges because it is in accordance with existing laws. I want the situation to change. I would like the courts to award the factories to the workers. I believe that some day legislators will look at these good antecedents and they will bring down a law. If the bankrupt factories are liquidated or sold, a large part of Argentina's productive power will be destroyed. And that's not all: these workers have accumulated a tremendous amount of experience on this machinery. You can sell off a lathe for scrap, but in actual fact a lathe provides jobs for three people – the master turner, the assistant and the laborer. Here you have the contradiction. The judge is supposed to sell off the factory but I think there should be a *new deal*. We need a new contract acknowledging the rights of creditors and property owners but at the same time incorporating the process by which workers, through their labor, can acquire the funds needed to pay for the property in one or two years. At the beginning of this process they are not proprietors. They have the use of the factory and at a later time they will pay for it at the price that is established. I tell the workers: "You have worked here for 30 years; what do you have as a result? Nothing! You are unemployed. To tell you the truth, I – Luis Caro – would be happy to work here for a year if I could own this factory at the end of that year. Doesn't that seem like a good idea to you?"

Naomi: What made you decide to stand for the office of Mayor and become a politician?

Caro: Well, in actual fact I've always been active in politics. I have been a social and political activist in Avellaneda where my wife is a municipal councilor with the Peronists. I always was a political activist but two years ago I realized that I had to get busy in the factories because at that time politics wasn't going to solve the problems of my community. I have always wanted to be at the center of the decision-making process. In Avellaneda we have a population of about 350,000 people with about 150,000 people living in poverty. This was a heavily industrialized zone and there are about 300 closed factories. Furthermore, members of the Peronist party asked me to stand for office. They had seen me on television and in the newspapers. There were other candidates but they wanted me to stand because I was doing what Perón used to say, "Creating work is governing." At first I refused, but finally I decided to stand for office because I believe that it is necessary to be in a position where decisions are made. I agree with those who say that the politicians who are in power now and who brought Argentina to its knees have got to go. But we ourselves have got to get into the political arena; we have to be active in the public domain. The workers would say to me: "Luis, you're going away – you're going to leave us, aren't you?" "On the contrary," I say, "If I win the race, this will be the first municipal government to have a department devoted entirely to the matter of re-claiming factories." That's what I tell them. If we have gone this far without any help, by dint of hard work and our own efforts...No, I don't see a contradiction. I'm not an anarchist. I am part of a democratic system in which those who are morally and intellectually fit have an obligation to reach positions where decisions are made in order to be able to transform this world. The presidential candidate is Adolfo Rodríguez Saá and the candidate for governor is Aldo Rico. Both of them are good administrators quite apart from any personal issues. I have always been involved in the public life of Avellaneda. I am president of an institution that deals with the prevention of drug addiction in the community. I was a parochial social assistance delegate for the diocese of Avellaneda-Lanús. I have always been involved in matters where there is a lot of conflict. It's perfectly normal for me to become candidate for mayor. There is no contradiction in my head.

Naomi: Some people are concerned because Aldo Rico is basing his campaign on security and he could target the Movement for not respecting private property.

Caro: Well, the truth is that I haven't spoken with Aldo Rico. If he is against the

re-claimed factories, that's his problem - not mine. I am a candidate for the party representing Rodríguez Saá and Rico, but each one of us has his own ideas. I don't really think there is a problem because when I had some contact with him on the subject of various factories that had some problems in the municipality of San Miguel, where he is Mayor...well, some situations are managed in ways that cause a lot of harm. Anyway, if there are issues with Aldo Rico, that will be his problem. I am of the opinion that private property has to be protected. I believe that possessing things is a part of human nature. But in Argentina private property, while it must be recognized, has got take a back seat in order to give some advantage to labor. I think Rico and I are of a mind because Rico is a Peronist and so am I. I support the doctrine of justice propounded by Perón: he said that capital should serve the economy and the economy should serve the welfare of society. In Argentina it's all upside down: social welfare serves the economy and the economy serves capital. I agree with Rico on many things. He won in San Miguel with 70% of the vote. Jauretche said: "The people often don't know what they want, but they certainly know what they don't want." I know that many people on the Left criticize me – people from the PTS, the Partido Obrero (Workers' Party), and the MST de la Izquierda Unida (United Left). But not one of them ever asked me to be their candidate. Nobody ever said, "Look, Luis, we want you to be our candidate." If the Izquierda Unida had asked me I would have stood for them. But nobody asked me.

Naomi: Do you think this model could work in other countries?

Caro: Yes, I'm sure it could. I think it could because it is based on two fundamental elements: the machinery and tools of work and the workers. Throughout the entire world there are workers who know how to do their job. Throughout the world there are factories. The conditions that we have in Argentina are not the same throughout the world, but wherever there are factories that have closed down and workers, it is possible to do what we are doing. The discussion centers on the question of who is going to keep the profit that is produced. What we are saying is that the workers should have it and I think that the difficult part for any worker, here or elsewhere, is to confront the following question. Am I capable of taking on this commitment? Can I assume the responsibility of paying for utilities, paying the taxes and distributing the profits amongst my companions? What I tell the workers is that they have always taken on this responsibility: in all the years they worked in the factory, they were always the ones who paid for the

utilities, the taxes and the raw materials. They can do it. They can learn. It takes an effort – nothing is gained without effort. These Ghelco workers spent more than two months in a tent set up at the gate protecting the property of the factory. I believe that this can be done anywhere in the world.

The Movement of Re-claimed Factories

At this time, Eduardo Murúa is president of the MNER. Together with José Abelli and the lawyer Diego Kravetz, he is the most visible member of the MNER. We met him dozens of times in various factories that we visited and at any number of meetings. Many times we listened to Murúa as he explained how to go about re-claiming a factory to workers who were examining for the first time in their lives the idea of fighting for their jobs, no small task considering the rate of unemployment in Argentina in the 21st century. In most cases they were drawn to the movement by the horror of their situation.

Eduardo Murúa is a man of a little over 40 years of age with a past and a present devoted to the struggle and a tendency to go right to the point in any conversation:

I am a rebel. To be a rebel today means doing what I am doing: fighting for a different sort of Argentina, fighting to liberate our country, being at the place where we should be, side by side with the people. Today the organization known as MNER is carrying forward the struggle - which is not so much economic as it is symbolic - for the re-claimed factories and all that they stand for.

The real motivation for the struggle that Murúa carries on is the awakening of worker consciousness and encouraging the workers to go beyond recovering their jobs. He himself admits that the achievements in terms of political consciousness are sparse. He agrees that political consciousness is a difficult goal to reach and does not know where the struggle will lead. In a few concise sentences he described the movement in mid-August of 2003:

In most cases the workers don't take it into their heads to set up a soviet and then proceed to do so. No, necessity instigated this struggle and it was often very tough. So you can't demand any more of these workers. The experience in each case involves political commitment, but the fight only continues up to a certain point. If we had 12,000 militants we wouldn't need to be having this discussion. Reality is what it is and you don't take offense with it. Don't forget that we might

spend an hour or so chatting with the workers, but they spend 5 or 6 hours with the enemy – the television. The power of the media is enormous. That's why our approach is different from that of other social organizations. We don't expect our workers to be active in any of the other mobilizations carried out by our movement. There are no strings attached when we arrange unemployment programs for them. We offer them our solidarity in concrete ways. The only thing we ask in return is that they help other workers when their own situation has improved. If they don't do that, that's their business and we will not say or do anything.

Anybody who wants to can attend MNER meetings and I have slipped into meeting rooms without anyone inquiring as to my purpose or identity. The same goes for the members of the cooperatives: they attend when and if they want to, and there are no consequences if they don't attend meetings. The usual pattern is a more assiduous attendance on the part of workers who are still in the process of resolving their situation. Those who have resolved their conflict and feel that they are in a more stable situation tend to become less active, either because they have less free time or because they no longer see a pressing need to pursue the struggle. Perhaps this reluctance to participate has more to do with their blanket mistrust of political organizations than with any other factor. And that is why Eduardo Murúa's candidacy under Frente Polo Social in the Province of Buenos Aires and MNER lawyer Diego Kravetz's candidacy as deputy for the Federal Capital under the PDR (headed up by Miguel Bonasso) evoked amongst many workers the following reaction: "It's the same old thing again..." However, some had a different opinion. Cándido, a member of the Chilavert Cooperative had this to say:

We have to fill these openings because if we don't, someone else who can make a mess of everything certainly will. Without occupying political positions, we have created thousands of jobs. Just imagine what we could do if we were in positions of power. We are not going to engage in dirty politics: we have already shown that we can make the factories produce.

Eduardo Murúa recognizes the risks:

I believe that there is a mass rejection by the people of the swindle that elections have signified. Politicians as a group defrauded the people of Argentina. On the other hand, social organizations are demanding that we sit down at the table with the politicians. We think that there is an institutional space that should

be occupied in order to give voice to the politics of these social organizations. It is true that many workers feel cheated by my entry into politics. But what I can say is that of all the workers in the movement with whom we have been able to talk, primarily in the Province of Buenos Aires and the Capital, not a single one has said that I shouldn't stand for office – quite the contrary in fact. Before deciding to stand for office, I posed the question to my companions at the cooperative I represent (IMPA), and they all gave their approval. This is an opportunity to have one more deputy in government. I am not convinced that a lot can be achieved in that position. What I intend to do – my companions will see if I do it or not – is to remain in the middle of every battle that needs to be fought, just as I have done up to the present. This could be a step towards building something better.

One of the practical problems resulting from Murúa's candidacy will be his absence from the MNER, which has a very loose structure and in which he is a ubiquitous presence. Who will take his place in the many situations of conflict requiring resolution?

This is a quasi-philosophical discussion: are political activists born or formed? I believe that there is a bit of both in the mix. We try to form activists and I don't know if we do a good job or not. Maybe we should make the same kinds of demands on them as we make on ourselves. You don't need to be a great lawyer to re-claim a factory. All you need is political will on the part of the workers and the determination of two or three individual to see the process through. When we step down, others, who are not so visible now, will step up and take our place. Also, my work is not going to be restricted to Congress. I will be in the middle of the fray as always. What I will no longer be able to do – and I have made this clear to my companions at IMPA - is manage the factory.

The movement is nourished by many other individuals with a militant background and an amazing degree of dedication. They stand side by side with workers in each struggle and often end up joining one of the cooperatives.

Interview with Eduardo Murúa and Diego Kravetz

After many informal meetings, we did a long interview with Diego Kravetz and Eduardo Murúa at the Bauen Hotel in May. The chat with one of the leaders of MNER and of the lawyers who knows best the legal twists and turns relating to re-claimed factories was alive with jokes, particularly when the camera was turned

off. Each of these two men wants to be worthy of the expectations that people have of them. Eduardo Murúa selects his sentences carefully and his tone is one of conviction that seems to say: if others follow us, well and good, but we will continue fighting in any case.

This stubborn determination allows them to go forward without too much concern for the endless obstacles that arise. During the first five minutes of our chat, their cell phones rang so many times that the two men finally turned them off. Even so, someone who knew where Kravitz was to be found called another cell number and asked that he be told he was urgently needed.

Avi conducted this interview in which we were able to talk at length about the real objectives of the movement, its limitations, as well as the possibility that the movement might be, in actual fact, merely keeping the lid on a social situation at the boiling point.

Avi: Tell us about the basic ideas underlying the Movement of Re-claimed Enterprises.

Eduardo Marúa: The Movement is basically a new form of struggle that Argentine workers have at their disposal and that emerged from a concrete situation: the widespread unemployment that has swept this country. From 1996 or 1997 we've had 30% unemployment in Argentina. As workers we were not being served by the usual trade union methods of struggle because enterprises were going bankrupt and the workers became structurally unemployed. Therefore we conceived another method of struggle which involved taking over the means of production and putting the enterprises back to work under a system of self-management. The main thing to keep in mind is the continuity of the trade union struggle, a very important experience in the history of the workers movement in Argentina and one that as far back as 1969 had given rise to the kind of situation we are seeing now - with the important difference that our new method of struggle was not an option then. This is what we are today: we reflect the experience acquired in previous struggles as well as the political will on the part of the workers to put a new stamp on the union struggle. This new kind of dynamic means that the struggle is carried on by taking over factories and putting them back in production. We were forced onto this path by circumstances, that is, by the unemployment prevailing in our country.

A: Is it due to some specific strategy that the process we are seeing is so very contagious?

EM: No, we have no particular strategy. We do what we can. What you are seeing is a movement of people who are poor. We don't really have a large structure. Everything is in the workers and the decisions that the workers take. Sometimes it's hard for us to be in all the places where we are needed. I suppose that if the movement were better organized and had some sort of economic structure, we would then have greater scope and we could occupy a greater number of factories. People want to fight. They want their jobs back, but we do not as yet have the tools that would allow us to become exponentially stronger.

A: Throughout the world we have seen the struggle adopt various non-traditional forms. People are infused with a new impatience as they search for solutions themselves rather than wait for governments to give them what they require. Do you and the workers feel any connection to those people?

EM: Yes, I think we have all suffered from neo-liberalism and globalization and I think that the battles that await us will be closely connected to those factors. The degree of unemployment in the world is profound and that problem cannot be solved without a change in the system, without the creation of a different set of institutions that would distribute wealth in a different manner. That's why we will continue to see this type of struggle. The present technological revolution forces us to think of a new society, one that is not based on labor but rather on another kind of organization and distribution. We can see this kind of struggle throughout the world and we are engaged in it here. Even though we might not be closely connected with the rest of the world, we are battling with the same determination and the same expectations for change in an economic system that is oppressing the majority of the world's population.

Diego Kravetz: To follow up on what Eduardo was saying, I don't think there is a body of laws in the entire world that is capable of containing the real life situations that people are experiencing. In other words, the problems that the people are having in relation to juridical structures is due to the inability of the legal system today to provide solutions to the phenomena of poverty and need arising from the economic system. And so we have disagreement and strife: problems arise; one thing leads to another and violence breaks out. These situations arise because the legal framework doesn't have the instruments for providing solutions to the basic

needs of the people here and in other parts of the world.

A: You appear in Court and you tell the judge that the workers have the right to take over a factory that they have not purchased. What legal arguments do you use?

DK: At certain moments legislation has reflected the needs of the people. Certain laws have never been put in effect but they are embodied in various ways. For example the right to work and the right to shelter are not only constitutional rights but they are also enshrined at a higher instance such as international agreements to which Argentina is a signatory. So what we do is to invoke judicially certain rights that were embodied in some legislation or norms from some time and place in history – having recourse to higher levels as well – and to attempt to bring to life these rights that had lain, as it were, dormant. When such rights are embodied in the practical experience of today, the workers are making their right to work operative in a concrete way and that has a greater moral and political significance than property rights. After that of course we search for chinks in the law because we are well aware... we're not fooling ourselves: we won't get far with appeals on moral grounds and political speeches. Nor will constitutional laws that have lain inoperative for a long time save our bacon. Thus it is imperative that we know very thoroughly how the legal system functions and commercial law is of particular importance. The trick is to use their laws to our benefit, so we are always on the lookout for loopholes that will allow us to recover the workplace and the jobs.

A: In North America we are programmed to believe that private property is the foundation of society and that everything else rests upon it. What would you say to that?

DK: I believe that they themselves have created that fallacy. It is a paradigm. The right to property is not absolute even according to the norms and standards of the USA. A good example of this is the law on bankruptcy in the USA, which is clearly superior to ours. In that law, the famous Chapter 11 allowed them to put the jobs of thousands of workers in the aeronautic industry over and above the right to private property. If the property rights were absolute, the rights of the creditors would be paramount and the assets would be liquidated in order that those who invested in the aeronautic industry could recover their money. But in fact, the welfare of the people working in the plants was considered of greater

importance and their right to work was upheld. This is a paradigm case. The right to property makes for fine speeches - of which there are many in the North – but these are asymmetrical speeches because they ignore the way things are actually dealt with inside their own nation. Internally there are provisions for overcoming problems that we are not allowed to overcome. Although they maintain that private property is unalienable, within their own nation they are constantly concerned that the system should provide for the welfare of important social sectors, often somewhat to the detriment of private property rights.

A: What are your thoughts on Kirchner?

EM: I think he will have a historical opportunity to become at least the equivalent of Brazil's President Cardoso and to be a sort of interface between the new and the old in our country. I think he can consolidate a new political force, perhaps not in terms of a socialist revolution but at least in terms of a serious change with respect to the relations of our country to the rest of the world. We don't expect a lot from Kirchner, certainly not in terms of the political needs of our people, the struggle of our people and our society. We will certainly be the opposition on May 26. Perhaps he will not do what our people require of him, what our country requires, but I do believe that there will be an opening towards something new and at the next elections we can really begin to trace a different path.

A: Here's another basic question: how many occupied factories are there in this country and how many workers does that involve?

EM: At this time there are 162 re-claimed factories with nearly 13,000 jobs. But we don't have a reliable study at this point. As I have said, this a new method of struggle for the workers. Doubtless in many parts of the country with which we are not in contact, workers are presently re-claiming their factories. The figures I've given you reflect more or less what we know.

A: Could you say something about the present situation? Is the movement growing? Is it taking off in a big way?

EM: There is an exponential growth of the whole experience and of these new methods of struggle. There is also a tremendous sense of commitment on the part of society as a whole towards these workers. This movement is characterized by a discourse that simply can't be opposed by any other discourse. Not even the most

reactionary sectors of society are questioning the right of the workers to recover their jobs and their factories. We believe that in no time at all, given the mobilization and the clear evidence of what workers can do, we will have not only our jobs back but much, much more because we are going to get policy changes from the government. I believe we will oblige the government to come up with a policy in relation to the workers. We have always said that if the government had policies in place relating to this sector and if there were changes in the bankruptcy laws, in no time at all a million jobs could be recovered.

A: What kind of changes to the bankruptcy laws would you like to see?

EM: Basically that an enterprise that goes bankrupt be given over to the workers. No enterprise should be liquidated. We consider that these enterprises are social goods, not private property. These enterprises were created by the workers as well as by the capital initially invested by the owners. Furthermore we are seeking the establishment by the State of a fiduciary fund to be used for start-up working capital. Such a fund would give greater potential to re-claimed factories as well as allowing more workers to be incorporated into every sector of production. Many re-claimed factories have five times fewer workers than before. That's what we are working to achieve - enterprises with as many workers as possible fully employed. That is what we achieved at IMPA: there were 40 workers and now there are 174 of us.

A: We were talking to the lawyer for Brukman and he told me that in Argentina there is no respect for private property. He said that re-claiming factories might be good for some workers in certain areas, but if the bankruptcy laws are changed in such a way that any factory can end up in the hands of the workers how are you going to explain to society in general that this is good for everybody?

EM: We have never taken over a factory where there was no union conflict; we have never taken over a factory that had not been abandoned and we have never taken over a factory where workers' salaries and benefits were duly paid. We do not say that we never will – we promise nothing. But up to the present time this has been a battle for the dignity of workers and for their right to play an active part in the productivity of this country. We have no quarrel with factories that are actively producing – only with those that are presently inactive, those that are abandoned by their owners, those that are in bankruptcy or factories whose owners are no longer in possession of them.

A: But you want the struggle to expand; you want to occupy factories that are open as well as those that are closed down.

EM: That's not how I see it in relation to all factories. We know the general framework of our country and our diagnosis describes a state of external aggression, of commercial warfare against our country and against this region on the part of the power centers, their intention being to prevent us from developing. Based on this diagnosis we are defending our jobs and our country. It's true that within the framework of the macro-economy, we are definitely confronting the big monopolies. But that does not apply to all the PYMES (Small and Medium-Size Enterprises). I believe we are subject to the same kinds of aggression from national monopolies as from international monopolies. There should be major State intervention on behalf of workers in order to put a stop to this kind of aggression toward our nation industry. At present I represent workers who want to recover their jobs. At the same time we support workers who are employed at capitalist enterprises and who are fighting for their salaries and for improvements in working conditions. Part of this struggle is, for instance, the demand for the reduction of work hours in capitalist companies. What I can tell you today is that my aims at present do not include the taking over of all factories by their workers.

A: The day after the elections the IMF came to town to have discussions with both of the possible presidents (referring to Carlos Menem and Nestor Kirchner, winners of the first round) on the subject of their concern about the threat posed to private property in Argentina. What sort of threat do the ideals of your movement pose to the IMF?

EM: The IMF is the power center for the policies of the major countries and imperialism in general. I believe that they want to impose or to maintain their model of social exclusion. This is a model that excludes our industries industry and therefore everything that the IMF proposes is going to effect to some degree the strength and stability of re-claimed factories. At any rate we will continue, independently of the IMF and the presidential candidates, to do whatever we have been doing up to now outside the framework of the law – although, in fact, our actions have been entirely legitimate. What we have been doing answers the concrete needs of the people and it will not be stopped by laws or by pronouncements from the IMF. Let me say the following: I consider that they represent the enemy in a region and a country suffering from underdevelopment – not because they are evil but because they themselves realize that their system is

disintegrating and can only be propped up if our development is held back.

A: So the question remains: how to combat these forces? The new government is going to come to an agreement with the IMF and the IMF is going to say, "Fine, but you've got to deal with the factories that have been taken over". And bang! That's the end of the movement.

EM: We would be honored if the IMF turned its attention to us, if it considered us an important opponent and gave its managers in the democratic government the task of eliminating the re-claimed factories. I don't think the IMF will show us this honor. However, just as there was a decision to impose other things upon us through the military coup that used prison, torture, death and disappearance as tools of choice, similarly the next government must decide if it will crush this experience, thereby taking us out of the factories and putting us in prison or making us disappear. If our government were to take orders from other centers of power there would be a confrontation.

A: You and your colleagues defied the IMF in a court of law. Tell me about that. Why did you do it?

DK: In very broad terms, de-industrialization in Argentina was carried out within the framework of three major sets of guidelines. First there are customs regulations. Secondly, there are the credit guidelines issued by the Central Bank. They were very negative for cooperatives as well as for small and medium-sized enterprises in general. The avalanche of declarations of bankruptcy was largely due to those regulations relating to credit. Thirdly, Cavallo changed the bankruptcy laws and that is the cause of our fundamental quarrel with the IMF. When De La Rúa fell from power, there were riots in the streets. The government immediately decided to make changes to the bankruptcy laws because they realized, and rightly so, that the situation rendered it impossible to expect that contracts would be fulfilled or that bankruptcy cases would proceed according to the law. Therefore they decided to implement suspensions of the law on bankruptcy and the changes were made by unanimous vote. These suspensions were at the root of our fight with the IMF. We defended the suspensions because they avoided an even greater flood of bankruptcy. Approximately in May of 2002, the IMF exerted extreme pressure on the Executive and Legislative branches of government to repeal the suspensions and to lift the Law on Economic Subversion. The IMF exerted this pressure in such a way and to such a degree that in our view it became a form of

extortion and that is a criminal offense! We demanded that the directorate of the IMF and the Minister of Economic Affairs, Paul O'Neill, be arrested. We made this demand because they were issuing constant threats to the effect that if the government did not reverse these measures, there would be dire consequences for the nation. And so we decided to come out in defense of the institutions of this country and of every one of our legislators. All of us together at IMPA - a factory in bankruptcy - decided to denounce a situation which represented a clear threat to us. This matter received ample coverage in the media. When O'Neill came to Argentina we applied for an order of arrest. We attempted to have him detained to make sure he would appear in court. Well, at present the case is in limbo. What we took away from that experience is that we never hide our faces. Each one of our legislators should have behaved in the same way and that is exactly what we told them. I look upon the writs in that case as another testimony to the struggle. That battle didn't take place in the streets but it was an integral part of the struggle against the centers of power.

A: One of the things that I would like to know is your sense of how the massive unemployment in this country is politicizing people, creating, in fact, conditions in which people begin to take control of their lives in this way.

EM: The history of the Left in this country has always been very limited. The Left has frequently committed grave acts of betrayal that people have not forgotten. If there ever was a Left in Argentina, formally speaking, it was always a part of Peronism. This is why you don't see an obvious presence of the Left here. What you will see is people who have come from the Peronist movement and have a long and active background in the union movement. But just as often as not, our people don't have even that kind of background. They are workers who are taking back their factories. It's very important to us that the workers go forward in terms of consciousness. It's important that there be progress and a greater understanding of the situation not only in terms of how a factory is run, of how to better distribute the fruits of their labor, but also in terms of national issues. How is the country run? What situation is the factory in and why might an enterprise be in trouble? How do monopolies work? What is the function of the legal and financial systems and how do they affect development? I think progress in this kind of understanding is the most vital part of the movement. This creates a political vision in the people who are now part of the occupied factories. They become interested in the national

reality as their experience in the struggle raises their consciousness.

A: You have a unique perspective on how this whole process changes people because between the two of you, you have probably seen more of the struggle in Argentina than anybody else. Could you give me some examples, in very specific terms, of how relations between people have changed in the course of their struggle to recover their work?

D: I have seen all sorts of things, both small and great. In the order of small things, I saw a worker who had never taken part in a street battle with police stand up in front of the group and tell his companions not to show the police their ID and then turn to the police and tell them that ID was not for that purpose. I have seen more and more of this kind of person who had never before participated in the struggle, but who would climb up on a tank with a bottle of gasoline in hand in order to defend the factory. I have watched as they begin to see the connection between the fight for their own factory and the struggle going on at other factories. I believe that one of the most important things for the worker who recovers his or her factory is that the person recovers his or her dignity. I think that he is actually killing his old self, to use a figure of speech, in order that he may come to life again as a new, transformed person. I don't want to idealize or romanticize this group of workers but I do know individuals who have undergone such a transformation. It is said that one is only free when one puts to death the oppressor. I believe that it is this process that makes some of our comrades struggle and finally rid themselves of the part of them that was resigned and passive, the part of them that would accept anything. Then a new person is born and that is what I have seen. I think that the most difficult change is a change in mind-set. For a person to begin to think in a new and radically different way is not easy. I have seen workers who had been passively waiting for their bosses to return and get things going again suddenly commit themselves to defending what is rightfully theirs even if it meant going to jail. These are profound changes in the mentality of a person. As a lawyer my role in direct action is quite different from that of the workers. I mean, I have been in the streets when things got rough and I've taken a few blows from the police but I am not the one who is going to feel the weight of police repression. The workers are taking that repression on their backs and that must be always in my mind when I speak to them: it is unlikely that I will have to take the consequences of the struggle. And you know, they realize that and they go far beyond what one

could imagine. When you see that...it really moves you when you see what they are prepared to do. I mean, they have lost everything, they have no income, no one to direct them, sometimes no house – nothing. Suddenly there is a transformation: the police arrive and begin to beat the hell out of them and instead of running, they stand up to the aggression all together (some more so than others of course); and these can be extremely violent situations. It's really amazing to see. And they are able to do this because their way of thinking has undergone a change. That is what happened at Crometalica the very first day when some of the workers ended up in prison. There was a fight but they hung in there and that day was a paradigm. I have seen people change on the spot when a comrade is been beaten up. Some of the fellows at IMPA are very peaceful, quiet individuals, but things got violent I saw those very men – some of them middle-aged – jump up and fight the police in riot gear.

A: Perhaps I am wrong, but could it be that the famous Argentine middle class created the notion that everybody has a right to more?

EM: I think your are right. That has to do with what I saying before about our society as a whole. If it hadn't been for the broad support that the movement received from people, the legal system and the police would have come down much more heavily on us. We would have had great difficulty holding our ground and they would have thrown us out of many more factories. Yes, I believe the middle class in Argentina has a lot to do with our success. It has a strong connection to the working class.

IA: Let's talk a little about democracy. Do you think that people are ready for democracy on the job?

EM: Yes, we are absolutely convinced of that. That is what we wanted and we will try to assure that there will always be democracy at the workplace. Obviously not everybody is prepared for decision-making in an occupied factory, but I do believe that in a country such as ours, an occupied nation, there must be this kind of democracy: not a representative democracy but a more direct form of democracy. There should be more referendums, more consultation with people on the most important issues. For instance, this country needs to make decisions on strategic question. You cannot say that we are in a democracy and then not do what the people have asked you to do. This applies not only to Argentina. Look at Spain: 90% of the population was opposed to the war, but the feudal lord – friend

of the king – said that Spain had to go to war. So it is not only this country that doesn't have a true democracy. This is a general problem. This is why I maintain that people have the capacity to decide on the most important issues and that they will not make the wrong decisions. When power is truly in the hands of the people the government cannot make the wrong decisions – not only in relation to the factories, but also to the whole nation.

A: I would like to get back to the question of what is possible. Can we be sure that they are not letting us go only as far they want?

EM: I, at least, am not sure. I am not sure if the system is going to be able to use us, if that is your question. What I am sure of is that we are going to dig in our heels: each factory will be a bulwark for the final battle. We know that we form a small space on the vast battleground of our people. We would like our factories to become a small battleground for our country. We alone cannot bring about national liberation. We are not that important, but I do believe in the space that we have reclaimed, in the small battlegrounds that will certainly be of help in the struggle. I don't think we have any link to those in power because up to the present moment they have given us nothing. We are not even useful to them in terms of political advantage. Not one of us has been compromised by any connection to the dominant sectors of the country. Perhaps they think that we can re-claim a few factories but that we are not going to affect the system in its totality. And perhaps they are right – for the time being. If this phenomenon does not turn into what we had hoped – a bulwark in the final struggle – then it will be one more episode of social dissent to add to our experience. However, it is our intention that it should lead to something greater. The most important factor is the change that is effected in each worker in each re-claimed factory. We must work toward that change. We try to go forward each day in that sense. We try to have the right people in place so that this vision of change is pursued, so that the workers can become political and revolutionary beings capable of acting together with their companions toward national liberation...but we must wait and see. We know what we want but we do not yet know if it can be fulfilled on a broad scope.

3. The Pillars of the Re-claimed Enterprises

In this section we will look at some of the vital issues in the phenomenon of re-

claimed enterprises. In order to get some understanding of this experience in social, economic and legal terms, we have picked out the factories that are considered the strongest. These three elements act together to bring about political change, which they also shape to some degree, and which weaves in and out of the following analysis.

3.1. Re-claimed Society

“The phantoms formed in the human brain are also sublimations of the process of its material life.

This is empirically verifiable and is linked to material premises.”

German Ideology, Karl Marx, 1968.

One of the reasons motivating this analysis is the capacity of the phenomenon of reclaimed enterprises to change individuals and hence society. Of course its real development depends on many factors, but looking at the experience from within, one can distinguish strengths that inspire optimism, especially the changes that occur in the workers who are living this experience of struggle and organization alongside their peers.

The impact of re-claimed factories goes way beyond their actual dimensions. Their real power lies in the fact that they modify substantially the way work is carried out. Quantitatively work is one of the biggest parts of our lives by the simple fact that it takes up a large chunk of the day, and qualitatively it plays a vital role in how an individual and his or her family experiences life. Even for people who do not work in a re-claimed enterprise, the mere existence of such a phenomenon allows them to imagine other solutions to possible crises at their workplace. As employees of a boss who can withdraw his capital and leave them suddenly without jobs, they would have no recourse but to go home and wait.

From this point of view there are a number of researchers who have evaluated the influence of re-claimed factories on a large part of the working class.

...in spite of the fact that this phenomenon is very recent and also the difficulty in establishing its impact on the building up of a “new” identity in the workers, the occupation of factories represents without doubt a cultural watershed.

It offers the possibility of identifying elements linked to processes of collective construction³⁷.

How is this new way of organizing work being experienced and lived? That's hard to explain. In Cuba around the middle of the 19th century, reading circles were begun in prisons where groups of prisoners engaged in making cigars were able to listen to various types of literature as they worked. This custom was taken up by workers in cigar factories, many of whom were anarchists. They took advantage of the quiet nature of the task in order to read aloud and the readings had more political content with the passage of time. Something of this "poetic" atmosphere pervades the re-claimed factories. The right to drink maté (always with a lot of sugar as I discovered to my surprise) is one of the most important demands relating to the daily routine. When the noise level allows it, conversation is cordial and generally relaxed – a great improvement over the way in which life on the factory floor was organized previously. The workers are proud of this change and when they happen to be doing something that was formerly forbidden, they recount with obvious relief the injustices that they used to experience on a daily basis.

3.1.1. Daily life and ideology

"We now believe that the working class, in accordance with its daily experience, has sufficient capacity to share the management of the economy with the enterprises and we will venture to say that the enterprises will be more efficient, without suggesting that enterprises are not sufficiently efficient. There is also no doubt that the participation of the working class would actually [...] have avoided many problems." Augustín Tosco – from Augustín Tosco – Present in the Struggles of the Working Class.

In one of the most interesting sections of his work – in as much as it leads to a profound understanding of the complexity and difficulty of social change – Karl Marx explain the bases of historical materialism. According to Marx, it is existence or the daily life in which an individual develops and expresses him or herself as a human being that determines consciousness or ideology and not vice-versa. This

seems to be a very valuable tool for understanding change. There is no need to dwell on this theme since there is a wealth of books and studies that analyze the debate on this subject. Let us take a quick look at how it relates to the phenomenon of the re-claimed factories and the enormous potential for real change that is to be found in them. In German Ideology Marx explains:

Real life is not determined by consciousness, but rather consciousness is determined by real life. In the first case, the starting point is consciousness taken as the essence of the living person. The second case is shaped by real life and the individual living that life is the starting point; consciousness flows from that reality.³⁸

Simply expressed, it is everyday life, the concrete actions of a workday, the food we eat, the way our family life is organized, how we prepare our meals, our sleep patterns – the day to day routines - that frame our ways of thinking. If we spend our days tightening bolts like Charlie Chaplin in *Modern Times*, we probably have little time for reading and we may envision our lives as a cycle of repetitive actions. We may find reasons and explanations for the routine nature of our lives and find it normal that others make decisions for us. Thus an implicit overview or ideology, which itself emanates from our everyday existence, accompanies the material acts of our lives. This interpretation of the view of praxis expounded by Marx is shared by many authors:

According to Marx the manner in which individuals interpret their existence is not free but rather depends on that existence and is rooted in it. Thus we have his famous statement, “Existence determines consciousness”. The factor that determines our consciousness is our own life, personal and full of concrete daily activities.

To some degree these daily activities – praxis³⁹ – in the context of our societies tend to be based on pyramidal structures involving hierarchy and delegation of power. Naturally this mechanism also occurs in factories where the worker is not

3 8 Marx, Karl. 1968, pg.12.

3 9 For a better understanding of the concept of praxis, see Henry Michel, 1984.

free to use his own criteria beyond the pale of what is required of him. In very concrete terms, the way in which the equipment is arranged on the factory floor and the location of managerial offices or stations determines who communicates with whom and what degree of surveillance or control is exerted upon the workers in the course of the work day. Thus, whether or discussion can freely take place among workers is determined by the layout of the workplace as well the existence or absence of communal areas. Enjoying lunch together in a common room or eating separately at their workstations (as was the case at Brukman) determines whether or not the workers get to know each other and form friendships.

One of the workers at the factory, Raúl Godoy, described the uniforms. They were of different colors in accordance with the task performed the worker and thus the managers could pinpoint immediately anybody who was out of their particular work area. He also described the colored lines on the floor marking out the various possible directions to be taken. There were also supervision windows at various vantagepoints. It is apparent that there was an intention to control the human element at the factory, something that limited the avenues of exploration of certain possibilities such as interchange of opinions or friendship. Many individuals found these measures unjust or at least exaggerated when viewed in the light of their previous experiences such as family organization, school context, types of friendship links and other experiences. In the best of cases they balked and rebelled at these measures, but many others accepted them as a continuation of experiences typical in their lives, which had taught them that domination and authority emanate naturally from others.

Consequently, it follows that a change in the way the workplace is organized has a series of implications for the way in which the workers confront life in all its aspects. A worker-controlled factory conducts its affairs from a different perspective. When there is no one to blame but oneself because decisions are taken together and when there is no boss telling each of the workers what must be done, it is necessary to think carefully before one acts. Each person has a vote and decisions are always voted upon. There is no blaming the boss for what has been done or not done. An understanding of this profound change is essential to grasping the impact that the fact of being in control of the means of production can have on individuals.

In Asia and particularly in India there are families who continue to live in

conditions of virtual slavery due to old debts contracted by some family member. Certain NGO's⁴⁰ engaged in trying to liberate these people from the yoke of debt that enslaves them to all intents and purposes, have discovered that the purchase their freedom brought with it a new problem. These liberated virtual slaves did not know how to live without direction from their master. They could not perceive the connection their work and the plate of food eaten at the end of a day of work. The vital link – the master – was missing.

Those workers who were able to struggle against feelings of resignation and who dared to act in order to recover their workplace were able to do so only when they confronted the demands of everyday survival as a group - en masse. It is quite possible that, in a country where some other work could be found, most of these workers would have moved on even though they might be aware that conditions of injustice, exploitation and control would occur again in the new situation. In many cases resignation would be the usual reaction to a loss of employment, but when that loss of jobs is on a massive scale it signifies indigence. With their backs to the wall, the workers were forced to transform feelings of despair and resignation into a flow of person energy that many did not know they could muster. In a study done in the re-claimed factory Grissinópolis, the author explains that the workers “discovered a great new potential within themselves – both collectively and individually”.⁴¹

Although the workers may believe in ideals of justice and equality based on their schooling or their family experience, it is likely that such ideals turn out to be impracticable in a system built on punishment and often direct humiliation.⁴² In contrast, a new way of organizing work based on a united feeling amongst the workers leads to and even forces the development of facets of personality that seemed not to have existed previously or were dormant due to years of passivity. The results of the collision between character traits that were dominant during a lifetime of obedience to hierarchical structures built around the concept of competition and completely new traits varies from person to person. Nonetheless, we can conclude that nobody remains unaffected by these changes

We were able to follow these transformations through different phases as we studied the phenomenon of re-claimed factories, right up to the stage of starting

4 ⁰ Such as Vidhayak Sansad of India

up the equipment without the presence of an owner or boss. Our observations coincide with those of other people involved in the process with whom we exchanged impressions. In broad-brush strokes, this is how the process unfolded: at first the workers simply wanted their unpaid salaries and this is what they asked – rather timidly – the owners to do. When they received no response or when the managers and/or owners disappeared, the workers occupied the factory and awaited the payment of monies due to them. At the next stage, the workers would refuse the crumbs that were offered (and frequently not even that was offered) and decide to fight for a real change. Sometimes this only occurred when they realized with certainty that there would never be any response from the boss. This stage was often reached during the period when the workers were in control of the closed factory and began to uncover a web of lies. Through conversations, papers and documents found in the offices, visits from previous clients and suppliers and investigations regarding contributions and benefits they understand the full extent of the deceit that had been practiced against them. For example, the workers of Nueva Esperanza (and also many others) applied for unemployment benefits when they lost their jobs. They found out that they were ineligible because the contributions that had been scrupulously deducted from their pay had been pocketed by the owners. To this must be added the sense of betrayal produced by the complicity of the unions (with a few exceptions such as the Metallurgical Union of Quilmes, the Commercial Syndicate of Rosario and the Graphic Workers in Buenos Aires). Particularly when they have contact with other groups of people in similar situations, the workers are able to channel their anger at this dishonesty and injustice into the dynamic concept that it is possible to recover their livelihood.

In some cases the situation was resolved before it reached the stage of confrontation as for instance at Gatic where, faced with the threat of occupation, the owners paid all the salaries that were owed. When the issues are not resolved in time to avoid confrontation, the idea of taking control and managing the factory - particularly when there are inspiring examples of successful worker-controlled enterprises – often becomes almost irresistible. Many workers begin to flirt with fantasy of being factory owners and enjoying the advantages that must accompany that station, but this is an idea that quickly evaporates: it becomes evident that the collective is in control and not an owner.

We observed the process of passing through various stages amongst the former workers of Bauen Hotel. They have now formed the Calla Cooperative. At the first

meeting in February of 2003, which took place in the space of the re-claimed printing house, Chilavert, the former workers of Bauen Hotel gave themselves over to a sort of cathartic session. They told of the many injustices they had suffered at the hands of the owners and of how they had run the hotel almost on their own for some time before it closed down. They said that they had in fact already demonstrated their capacity to run the business. Subsequently they commented that they experienced a radical and almost palpable turnabout in their way of thinking when they realized there might be a legal framework enabling them to keep the fruits of their labor. At that point the focus of the discussion shifted from possible negotiations with the purpose of recovering their back salaries to what kind of legal framework their worker-controlled enterprise could have as well as other questions relating to the recovery of their workplace. Towards the end of the meeting, one of the workers asked what would happen if they used the possibility of worker-control as a method of putting pressure on the owners in order to get their salaries. The brand-new president of the incipient Callao Cooperative replied: "What ever for? So that they can do the same thing to us again in a few months?" When there are no alternatives the workers, for the very first time, begin to conceive of the possibility that they could be their bosses. And then it is difficult to return to square one. A worker at the Nueva Esperanza (ex-Grissinópolis) describes this transformation:

"This experience has changed our mentality. We aren't going to allow ourselves to be used any more. We are not for sale and we are giving away our services for free any more. Now we know the value of our work and it must be recompensed at its true value. Our work is part our dignity and we owe respect to ourselves. [...] No more of this business of accepting a little voucher for 20 or 70. No, those were very bad times for us. A lot of us are upwards of forty years old. We can't go back to that. We don't have time for that.⁴³

At the beginning of the conflict, the workers of Nueva Esperanza simply wanted a weekly voucher of 100\$. What a gulf between that and their present objective of worker control, not to speak of the 10\$ in cash (much of it counterfeit) that they were getting at the end of their connection with the owners!

4 3 Hazaki, César, "Chronicles of a Workers' Struggle" from Carpintero, Enrique and Hernández Mario, 2002

Another almost anecdotal example is that of the president of a cooperative. He is an engineer who presently has his own small enterprise. Together with Naomi and Avi we interviewed him for the first time in January of 2003 when he began his battle for the recovery of a factory. After a long chat in which he told us in detail how he intended to proceed, we asked whom he would vote for in the up-coming elections. He replied that he intended to vote for Adolfo Rodríguez Saá for President and Aldo Rico for Governor of the Province of Buenos Aires. I was puzzled by his reply and we asked him why he was voting for them. “What we need is a strong hand!” answered. And this is the man who, seven months later, had become one of the most omnipresent activists in the movement for re-claiming factories. He was at almost every meeting we went to, always ready to lend a hand to anybody who needed help. At a meeting in August he criticized Luis Caro for standing as candidate for Mayor of Avellaneda and, he added, “Get this - he’s on the

ballot with Rico and Rodríguez Saá!”

One of the leaders of the MNER who was involved in the FORJA recovery in San Martín told me that, nearly one year after the recovery process was begun and about a month after expropriation,

“Some of the workers have begun to say, ‘This is a lot bigger than we ever imagined. If we could get this far, we are capable of doing anything.’ and ‘Now that we’ve got the gavel in our hands, let’s see what we can do!’ and people come from other factories with questions. They want to know what we have done and our people can see that their experience is an example to many others around here.”

Others studies confirm the impact on the way of thinking of workers in the struggle:

“As soon as the workers take a factory their attention turns from demanding back-salaries to putting into question the legitimacy of the ownership of the means of production, which are still legally in the hands of the owners or those responsible for bankruptcy proceedings.⁴⁴

4 4 Palomino, H. et al., 1/2003.

The process of taking over a factory can, of itself, change the way reality is perceived:

The subjective impact and the rupture inherent in the experience of worker control at Brukman gave them a whole new sense of the struggle. Even if they did not have a family background with a leftist tradition, the experience swept away their fears and made them appreciate the support they were receiving.⁴⁵

This life experience is vividly reflected in one the reports that we did on the printing shop Chilavert for the documentary film. We talked to Cándido and his son Hernán who, in spite of his youth, is now a veteran of the struggle to re-claim the workplace. Avi asked them how the relations between workers had changes since the cooperative had started up:

Cándido: We have the advantage of knowing each other for many years. We all had the same objectives and when you are all on the same track you avoid a lot of strife. We were all focussed on the same goal – how to get the shop going and so you work as a team. When you work as a team you are bound together by your goal and you can have some disagreements but they get worked out as you go forward. The goal was clear in all our minds right from the beginning so the atmosphere is different. When you have a good work atmosphere - nobody's getting mad, you're relaxed – you solve problems that come up on the production end of things in a different way. You become like a family. For example we take our meals together, we try to share the activities we have in the street, because we don't just work in the plant – we also have our activities outside. Actually we have a good time.

Avi: I always wondered about how hard it is to change the relationships among the workers. Let's suppose you've been working alongside the same guy for 20 years. And one of the things you've been doing together for the past 20 years is bitching about the boss. Everyone complains about the boss. Those two (points to the sound technician and cameraman) complain about me and everybody does that. I grouch about my bosses in Toronto. Sometimes complaining about the boss is the cement holding the workers together: they are all suffering under the same system. So what happens when a problem comes up and its just as much your fault

4 5 Chavez, María, et al., "Brukman Under Worker Control".

as it is the fault of the guy next to you?

Hernán: You're right - that's a hard one. There is usually somebody who has taken the initiative when the factory was occupied and that's often the same person who takes responsibility on the job. Isn't that how it is? But I think this is a question of consciousness, of commitment. You can take on a commitment to make the factory works efficiently and produces what it's supposed to produce, but you might also decide that you want to do more and say, " No, I'm not going to stop at this. I'm going further." That's not to diminish the role of the other guy who is performing his job just as he ought to, but it's like it says in the Bible about going the extra mile. I think that is the commitment that these two (he nods in the direction of his father and Ernesto) have made - to go the extra mile.

Cándido: We've all made a commitment. You realize that when you see a piece of finished work. If we as workers felt pride when we produced a good piece of work before, just imagine how much more pride we feel now that we are the creators of this work. We feel good about what we're doing and the underlying principle is responsibility. We've been talking about responsibility from the very beginning - we put a lot of emphasis on that. There are no bosses here, only responsibilities. The person who sweeps and cleans had fewer responsibilities before. Now that person has the same responsibilities as anyone else. So as you can see, responsibility is a big thing with us. The work has to turn out well, it has to be top quality and we are all responsible for it, not just one or two of us. We don't delegate responsibility to one or two individuals. It's shared and we are getting results.

Hernán: As each person's responsibility increases, the efficiency of our enterprise increases. It's a question of mathematics. Each worker wants to assure that the flyer or newspaper or whatever comes of the press today will be the best yet and that makes for greater and greater efficiency. You begin to realize that all this is yours. I think that is the most difficult part. We were talking about that with someone from Bauen. You know, maybe this print shop is like our own home. When I was 8 years old I would bring my dad his supper if he had to work late. Over at Bauen it's a different story...a hotel that's worth 14 million dollars. You stand at the door and look in and you think, "Wow, all this!" So for them, the process of taking over the hotel is a bit different. Some people get into this process faster than others, but I think it's the same process as Chilavert. And nobody is the same as they were at the beginning. Everybody's growing as time passes, we're all

developing in terms of the commitment we have to our own enterprise and also to others. You'd think it would be the other way round; as soon as we had our own problems solved, the heck with everyone else. But no, it's just the opposite. The commitment to other enterprises got stronger and that's also because we were always on the phone to other places, asking how things were going. And then they would call back and tell us their news and we would pass it on and everybody would be please to hear the good news if they won their case. This sense of commitment and responsibility increased with time. This is an awakening of consciousness. It takes longer in some than it does in others, but the fact is that this experience has caused everybody to make a decision. We've all made the decision to stand on one side of the fence and not on the other. Nobody knows for sure what will happen in the future but I think there will be a lot of growth for all of us.

As we have said earlier, this change in daily practices is transforming, to varying degrees, the subjective reality of individuals. Each individual is affected in part by a whole series of other factors that influence the way he or she undergoes this change. Another element in this model of transformation is the issue of hiring new people when production increases. The first reaction might be to hire on new people at a lower rate of pay, that is, to reproduce the old hierarchies. However, as far as I have been able to discover, this mechanism has not occurred in any of the re-claimed enterprises (the system in place at Unión Y Fuerza, as we shall see, has some special provisions for new members, but it does not contradict the conclusion we have made). Cooperatives generally take in new people on trial for three or six months and when the trial period is over there is a vote in assembly as to whether or not the person is incorporated in the cooperative with the same rights as everyone else. This is how new workers are incorporated into IMPA, The Institute of Communications, Chilavert, Zanón and various others.

Another example of the change that can be effected in a person by a change in the organization of his or her workplace is the story of the general coordinator of Zanón, Carlos Saavedra, better know as Manotas:

“Well, before we just took orders. There were 82 supervisors. I must admit that I was one of them. I joined the struggle but I was from the other side. Only two of us remain from the 82 supervisors. We used to put a lot of pressure on the workers

regarding time and absenteeism. The company wasn't interested in hearing about personal problems that a worker might have. There was a strict timetable for tea break. Maté was forbidden and all day long we were ordered around. Now that's all changed. No more orders. Each worker gets the machine going because he knows that what he is doing is for all of us. So nobody needs to give him an order. We can drink maté whenever we want to, and what 82 individuals used to do – all 300 of us do nowadays. And we do it conscientiously. We don't need a boss to tell us what to do or how to do it. But we do inform our fellow-workers what we are going to do and we all assume any risk. The commitment involves everyone, not just a few. Before, when we were supervisors, we had to look in the garbage bins to see if anyone had been drinking maté. That was ridiculous. Now I want my fellow workers to enjoy maté.”

With the disappearance of the boss, the task of the worker has a new basis. He or she can no longer wait for orders and be assured that at least there will be a salary at the end of the month. This is such a profound change in the role of the worker that it is often accompanied by considerable stress. Divorces and separations are quite common amongst those who get involved in the struggle. A study at Brukman showed that:

...the factory is no longer strictly a workspace, a space where production is carried out. It has become a space where people “live” as well: some workers spend most of the week at the factory in order to avoid transportation expenses; others live there because they have nowhere else to live and still others because of family conflicts.⁴⁶

In some factories such as Zanón, psychological support groups have been set up in order to deal with the issue of stress. According to a study carried out by another group of researchers in the re-claimed enterprises, these new relationships can be described in the following manner:

4 6 Fernández Alvarez, María Inés – “Transformations in the world of work and processes of occupation/recovery of factories”, presented at a conference on Interfaces Between culture and Politics in Argentina IDES, 17 and 18/12/2002.

The “family-type” relationship that used to exist between workers and owners had a paternalistic basis. It has been replaced in re-claimed factories by a “family-type” relationship among the workers who took part in the process. These relationships were transformed by the daily life in the context of work. Furthermore, the process of re-claiming the workspace [...] led to the creation of strong links among workers.⁴⁷

It would certainly be unrealistic to think that all the workers at a given factory will inevitably reach the same level of transformation. One of the members of MNR expressed disappointment at the slow progress he saw in the assemblies at a factory where he had been active for almost a year. “What do you say when everybody accepts the words of someone who used to be a supervisor as though he were speaking the word of God? How do you get them to change?” There are certainly many individuals who stop half-way, who may have a very profound resistance to a horizontal form of organization and who may be continue to act in ways that have no place in such a system of workplace organization.

One of the workers at a print house expressed exasperation:

“The other day a worker stood up in the assembly and said he wanted a wage increase. Now what can you do with a guy like that? He just doesn’t get it.”

The fact is that one’s job, although it can take up a very important space in one’s life in terms of time and intensity, must compete with other components of our lives. As well, there can be overwhelming contradictions between the work part of an individual’s life and other parts where entirely different criteria dominate. I was discussion that issue with Lalo from MNER and he commented:

“At first we had decide through a vote at FORJA that whoever had the highest salary could not receive more than three times as much as the smallest salary. We haven’t discussed the matter for some time, but I think that there has been a slide towards egoism. That’s unfortunate but we should look at it. There is always the danger that we might end up with ten managers who put the rest to work. But nevertheless, I maintain that I also see a general trend toward a deeper consciousness. At what point each of our fellow-workers decides to call a halt depends on him or her.”

4 7 Palomino, H. et al., 1/2003.

This is a very profound transformation. The more flexible individuals are able to change gradually, scarcely noticing the process. Others who are more resistant to change will undergo a certain modification in their way of thinking, enough to be part of the new enterprise, but they will not go any further and will hold on to their own ways. Some do not understand what is going on and do not want to be part of something that remains entirely foreign to them. How far each individual is willing to go is a personal matter and is impossible to predict. Nevertheless, there now exists a path that has been laid out and from it a new horizon is visible. This in itself, after so many arid years devoid of options, is a veritable revolution - a great, silent change.

3.1.2. The World beyond the Workplace

The transformation of the workplace has brought with it certain kinds of stress as we have seen. Beyond the internal difficulties and problems occasioned by the changes in the organization of work, there have been negative reactions from the larger world. One of the most offensive, which often resonates in the interviews throughout this work, is the attitude of skepticism toward the workers' capabilities. Supposedly they will not be successful because they have neither the know-how, nor the sense of responsibility nor the drive - not to mention the capital - to run a successful enterprise. A member of the Lavalán Cooperative, Ledesma, described this attitude in an interview:

"The bosses wanted to kick us out by force. They told us, 'You think you're going to set up a cooperative? You lot are just a bunch peons who know absolutely nothing about running a factory', but in reality we *are* running the factory and we are doing it very well. We've produced 250,000 kilos in 20 days without anyone telling us what to do. And 250,000 kilos in 20 days is a better record than our former boss ever had.⁴⁸"

It would seem self-evident that if the responsibility that work be performed properly is placed directly on the shoulders of a boss, that individual will be constantly after the employees who, for their part, have only to follow orders. This is an issue that gives a lot of headaches to researchers studying relations within enterprises and attempting to come up with other options rather than straightforward coercion that uses the threat of job loss or reduction in salary as a means of reaching a goal. One such option is an appeal to the workers on an emotional level, including attempts to convince them that, as employees of the enterprise, they are part of a "family". In other words, what is good for the enterprise is good for everyone. And they are right. However, the problem resides in the nature of relations as they have been established in traditional capitalist enterprises. They present insurmountable barriers to the creation of this kind of rapprochement. In the majority of cases, the most that can be expected from such attempts is that the employees "play the game" and do what is expected of them out of self-interest rather than out of a real sense of belonging. When it is time for a reality check, there is little doubt as to who is part of the enterprise: dismissals, unpaid salaries and impotence in the face of decisions give their own testimony on that subject. At best the employees are part of someone else's team that will let them go when they become dispensable, even if the employer finds it painful to do so. In a worker-controlled factory, as part of a lengthy process, responsibility tends to be shared over the whole

4 8 Revue "Abrecaminos", No 1, December 2002.

group. The workers know that they are truly part of the enterprises. This why, for example, the workers of Yaguané came out all together on June 20th to protest against their exclusion from a meat exporting quota to the European Union. This demonstration by all the workers would probably not occur in an enterprise composed of employer and employees.

It is, nevertheless, true that not everyone in the cooperatives has the same commitment: there are, of course, leaders. Not all the members feel comfortable expressing themselves and many continue to await solutions from outside, although “outside” has a more intimate significance now, that is, the cooperative assembly. It is also true, however, that more and more of the workers are getting up the courage to speak and present their opinions and that is because the channels are there, ready and waiting to be used. The limitations are a matter of personal inclination and choice. It is probably feasible to expect that the change in organization within the enterprise will have repercussions on the subject world of individuals and this might lead to changes in other spheres of their lives. We spoke with Gladys in the Once neighborhood of Buenos Aires:

Esteban: What was the atmosphere like at work after the owners abandoned Brukman?

Gladys Figueroa: Before we didn't know anything about the person who worked beside us all day long. When we were on our own we learned a lot. We learned how to defend our ideas, how to speak and criticize, you know - how to stand up and speak our minds and really express ourselves. We all learned how to do that. Before I used to listen and keep quiet, but now I listen and then, if I think something is not right, I speak up and give my opinion because that's the right thing to do. That was one of our mistakes before. If we'd gotten together with our fellow-workers before, I think we could have presented our demands all together instead of waiting for our union rep, who was in the boss's pocket, to go and tell them, 'Look, this what we want' and we never could be sure she really did tell them and you can bet they told her to pay no attention to us. I think we should have learned some lessons long ago. I'm not exactly sure what we should have done, but what I'm sure of now is that workers who depend on their bosses should always get together and go in a group to speak with their employers and put pressure on them. One person alone can't do it. If had to work again in another place and I saw something that wasn't right, some injustice that the workers were suffering, I would go straightaway to my companions and discuss the matter. Then we go together to the boss and present our complaint – as a group. We tell him right to his face what we think and that what he is doing is not right in our opinion. And if some of my fellow-workers agreed with me but were afraid of the consequences if we went and talked to the boss, the rest of us would try to explain how and why workers suffer injustices.

Thus, an important change is the transition from an individual point of view to a collective point of view. Once an individual begins to experience a sense of belonging to something greater than himself or herself in which real participation is possible, in other words, in which the individual can be part of decision-making that changes the reality of daily life, it's hard to go back. This sentiment stands out in the chat with Gladys who, in fact, admitted that politics did not really interest her. She continues:

Esteban: Can you imagine yourself working in the usual kind of workplace after being your own boss for a year and a half?

Gladys Figueroa: I'm not sure. I haven't really thought too much about that. I don't know if it's going to work out for us yet, if people believe in us enough to make it work.

E: But what about you yourself, if you were looking for work?

GF: Just me and not a part of our factory? Well, I'm a skilled worker, no doubt about that. I don't know how I would feel but I would probably adapt. I could probably get used to it again. One thing is for sure though: no boss is going to walk all over me ever again. It might be hard for me to adapt but I wouldn't let any boss screw me around.

The strong internal loyalties that can be seen within individual factories extend to and include the other enterprises as well. One researcher who looked at Nueva Esperanza said that in many of the enterprises there is a sense that "their destiny is inextricably bound up with the totality of the struggles in this social movement"⁴⁹. This feeling has been intensified by the precariousness of most of the expropriations, in which final ownership is by no means assured. The workers are well aware that when the decisive moment in their struggle arrives, they will need the support of their peers. This is reflected in a phrase that is often repeated: "What affects one enterprise affects them all". Those enterprises that have title or are about to acquire title of ownership do not necessarily evince as strong a sense of being connected to the whole. Roberto Salcedo, the president of the metallurgical plant Unión Y Fuerza explains that not necessarily all the cooperatives feel they are part of a broader movement:

"That feeling can be strong in a cooperative that has just begun, that is awaiting judgement according to the law on expropriation, that has nothing and therefore feels that it depends on the movement and on other cooperatives for help in putting pressure on the government to deal with

the expropriations. So, of course, if you belong to a cooperative that is not making any money and you cannot make the indemnity payments, then you have to count on the movement to convince the government to pay for the expropriation. I couldn't say what the exact number is, but there must be 20 or 30% who need the movement in order to have a uniform law passed."

The relatively stabilized status of some enterprises can promote a "middle-class" type of attitude and an acceptance of the prevailing norms because those enterprises no longer need special laws and are able to compete on the market. The case of Unión Y Fuerza is unique in that it carried out the struggle with very little help from outside. Furthermore, it is probably the most stable of the enterprises in legal and economic terms. Therefore it would be hasty to draw general conclusions from this rather special case.

We could offer many more examples to describe the change that workers experience when they begin to fight for their work and to organize their workplace in a new way. All in all, these are still early days for drawing general conclusions but, although some cases, such as that of Unión Y Fuerza, could lead us to think that the cooperatives might lock themselves up, each in its own safe fortress as it were, there is a ground for a lot of hope. And we should clarify, concerning Unión Y Fuerza that, in spite of what they might say, their actions speak louder. They stood together with Lavalán in the struggle and they gave financial aid to Vieytes Cooperative (ex-Ghelco), without which it wouldn't have been able to survive initially.

To conclude this discussion, it is of fundamental importance that any change that occurs in the ways of thinking of these workers should come from within each of them in a way that is entirely genuine. Only this kind of change will have an impact on fellow-workers. Thus any attempt to impose a sense of solidarity on individuals would be an assault on their autonomy, something that should be avoided at all cost in order that their freedom of choice is not co-opted. The road will be long and many will not travel to the end, but those who do will have played a crucial role in moving toward a profound and desirable social change.

3.1.3. Worker know-how

"We have talked about the cooperative movement, particularly cooperative factories established without any assistance and thanks only to a few bare hands. The significance of these great experiments cannot be overestimated. By actions rather than words, it has been shown that large-scale production, in accordance with the principles of modern science, can be successfully carried in the absence of a class made up of masters and using only the resources of a class made up of hands." – Inaugural speech of the International Association of Workers, October 21, 1864,

London.

In the course of our research we have collected a number of anecdotes about the ability of workers to carry out tasks that were supposedly out of their range of knowledge. The documentary film made for Canadian television in which we were involved was originally to be titled "Fire the Experts". The title was intended to reflect this country's desire to get rid of the supposed know-it-alls who, in order to benefit themselves, had brought the mass of the population to a state of extreme poverty.

In the case of Argentina, these supposed experts presented our dilemma as a sort of enigma to which there was only one solution known to a very select few. This gave free rein to technical experts and government officials to do whatever they wished in their own self-interest. During the government of President De La Rúa, which was awash in ineptitude to a degree painful to recollect, he issued countless pronouncements to the effect that the path he was pursuing was the only one leading to the solution of our problems. In actual fact his policies plunged the country into deeper calamity. Probably the most striking example that remains emblematic for Argentines is the persistent Minister of Economic Affairs, Domingo Cavallo. In each successive government, he presented the measures he initiated with a brilliant air of technical expertise: the results were always and increasingly disastrous for the country.

The phenomenon of worker-controlled enterprises is showing that much of this supposed expertise can be easily replaced by will, humility and the knowledge and know-how acquired and tested in daily work. The way in which the workers wage their daily battles leaves many professional people (and also intellectuals) somewhat perplexed as to the value of their own role. A researcher at one of the re-claimed factories commented:

"Self-revelation is rarely considered of "scientific" value. Quite to the contrary, sociologists are educated for a very distinct role: they are supposed to be as reserved and uninvolved as possible for fear that a hint of subjectivity might be imputed to their scientific work⁵⁰."

Thus, the supposed experts continue to negate the possibility that workers can successfully operate an enterprise (for example Luigi Zanón and the lawyer for the Brukman brothers) in spite of clear evidence to the contrary.

The knowledge that springs from experience, as well as common sense, are what enable a

⁵⁰ Wright, Mills, 1969.

general coordinator who never finished high school to manage successfully a factory occupying 310 workers. The same factors enable an electrical technician who presides over a cooperative that has reached capacity production and intends to duplicate that capacity in a year and a half. He claims that he uses the storekeeper's logic: "Buy at two and sell at three." A similar situation occurs among the members who are in charge of dealing with the press at Zanón. Here is what Carlos Guerra told us:

"In matters related to the press, we are told that we show a lot of initiative. We want to have something in the newspaper every two weeks. For example we had material in the daily newspaper Río Negro more than 400 times. They tell us that what really amazes them is our initiative and the creativity. It's the same determination and impetus that keeps you going in the struggle that gives us the initiative to get our stories in the paper. We have discovered that we have the capabilities within ourselves. I, for instance, studied engineering up to the third year. We are told that if you don't have the academic background you can't do anything. But there are writers who didn't finish grade school and are excellent writers."

There are certain sectors of knowledge that, although they are strictly speaking of a technical nature, are not beyond the reach of the workers at re-claimed factories. Among the many examples, here is one from IMPA. The workers developed their own recycling system when they realized that it was impossible for them to buy small quantities of steel at a reasonable price from the monopoly controlling most of the sales of this metal in Argentina (ALUAR). The workers tested a model that engineers had repeatedly rejected: recycling of aluminum.

After a series of tests they obtained a grade of steel that was of the same standard as the previous supply, entirely satisfying quality requirements.

There is also the example of the new ceramic ware being produced at Zanón from a material they have named "Worker". When we spoke with Chicho, one of the workers at Zanón, he told us about the learning process:

"They always kept the worker down in this way: if you're not an engineer, if you're not an intellectual, then you don't know anything. But if you really look at the factory, it is running thanks to the work of those who don't know anything! That goes for employer-run factories as well as worker-run factories. They operate because we make them operate. And just like any in other activity, the more we got into it, the more we learned. An engineer knows the theory, but we have the experience. Out of our experience we create theory. We don't just throw a few things together and out comes some kind of product. We test and try and we are constantly learning. We have

people who assist us that we can rely on and quality control assures that everything is done properly. In the lab at present we have a former master builder, a chemical technician, a marketing expert and an electrical technician. They all completed a technical high school.”

Little by little the workers are gaining confidence in themselves. This process is allowing them to become agents of their own present, something they are better able to do than when they surrendered decision making to those who supposedly knew more. The struggle that they have been involved in has made them suspicious of the multitude of individuals, from the Right and from the Left, from the government or from neighborhood groups, who appear before them wanting something or offering opinions on what they are doing. As a general rule most of the workers seem to be impermeable to these contacts, preferring to rely on their own fellow-workers and coordinate activities only within a restricted circle. Agustín Tosco, union leader from the Peronist movement, spoke in 1959 about why the working class did not trust the employers:

“The people are urged to have trust. They are accused of being distrustful; they are told that without trust nothing can be achieved. This mistrust is not an innate part of their make-up, but rather a consequence of the fact that today they are told one thing and tomorrow something entirely different happens⁵1.”

Four decades later these words are still resonating.

This pre-conceived notion about the capabilities of workers is one of the challenges that re-claimed factories will have to confront in order to reach a social consensus. It is striking that the bankruptcies and the countless fraudulent acts on the part of employers have not occasioned the kinds of criticism and suspicion that have targeted the workers in this process. Certainly the struggle will be a long one, but there is a great possibility that the belief that workers can carry out their resolve and operate factories on their own will acquire real social acceptance. At any rate, the economic and social crisis in Argentina was instrumental in demonstrating that workers have few options. Whether or not they can be successful, their best option is to give it a good try.

3.2. The re-claiming of legislation

“I’m not worth much -

In my ignorance, that I know.

I’m nobody - sometimes I’m the hare, sometimes the hound –

⁵ 1 Lannot, Jorge, et al.

It depends on where I go.

They order us around,

Here, there and everywhere –

But they should spare a thought for our welfare...”

Martín Fierro by José Hernández_

Before plunging into the specific legal problems posed by re-claimed factories, let us touch on a question posed earlier by Dr. Kravetz. According to him there is a disjunction between the law as a body of established norms enjoying a measure of consensus in society and the real relation of forces that exists between the various social actors. In the words of a researcher from the Workshop on Labor Studies (Taller de Estudios Laborales – TEL),

“In capitalist society the law should, in the final analysis, address the relation of forces between classes and social sectors. Those norms that don’t reflect in either a direct or an indirect manner that relation of forces can no longer be applied⁵².”

When laws lose contact with the reality that bestows upon them their reason for being, they can no longer be applied as was originally intended, and they lose their ability to give social legitimacy to those sectors of society that experience injustice.

Our attention is drawn to the fact that workers, often seen as revolutionaries or simply as delinquents, are for the most part merely asking that the law be enforced. And that is the same law that is so frequently violated by their employers when they neglect to pay taxes, when they obtain loans (generally from the State and in sums greater than the value of their enterprises), when they don’t pay salaries and benefits etc. Presenting themselves as defenders of legality, those same employers talk of juridical uncertainty, and violations of the rights of private property guaranteed in the Constitution. At the same time, they conveniently forget to mention tax evasion, the emptying of accounts and other, more blatantly fraudulent activities. Without doubt, the lack of systematic respect toward the existing laws, on the part of all the actors, leads to a situation in which the law loses its reason for being. In this way violations of the law end up acquiring legitimacy:

“Laws and regulations enunciated within the framework of a particular type of social relations constitute a positive body of laws that have force as long as that social context persists. When changes within society are profound and take on solidity, thus giving rise to new kinds of social

⁵ 2 Pérez Crespo, Guillermo, 01/2003.

relations, the application of those laws and norms will come up against enormous resistance. In time this will engender an impairment or debasement of the law⁵³.”

This is what happens in the case of re-claimed factories: the law cannot provide satisfactory answers and the workers begin to tamper with it just as their former employers did. Nevertheless, there is a difference between the two scenarios. The workers appear to have much more noble and respectable purpose from a human point of view. When a situation has been created in which the workers stop putting their trust in the law as a place from where they can fight for what they consider to be just. At that point they are ready to bend the law and to force it to adapt politically to their needs as, for example, in the case of the law on expropriation (which was not originally intended for this type of application) or the use of cooperatives (which in actual fact have quite different roots). They are ready to demand that the law be changed (as in the modification of the bankruptcy law) and they may decide to respond to violence with violence (as in the acts of resistance to eviction).

This struggle puts in question the workings of a society that permits abuse in the most inconceivable situations that cause individuals to go so far as to reject concepts having deep roots in common sense. Thus it is that social contracts such as private property, seemingly so very basic and incontrovertible, can be questioned. Certainly the majority of those who would question private property rights would do so from within the circle of capitalist logic. In other words the owners are greedy and, attempting to squeeze out more and more through the laws that protect them, they constantly violate the law in order to get what they want. However, it is not improbable that this questioning process might lead to deeper questions which would cast doubt on the validity of private property as such when it is privileged to the detriment of the general good. As the philosopher Ernst Tugendhat says (and this can be applied to other implicit social assumptions), “What the classic liberal has forgotten is that property is a social institution”. In other words, it is society that must respect property and inasmuch as society can distort the concept of property or question it, society can also reconsider the conditions under which it accepted that concept.

“A society in which private property prevails is not based on an implicit contract among property owners; rather, if we are to pursue the metaphor, it is based on an implicit contract between proprietors and non-proprietors and it is this unequal contract that government is required to enforce⁵⁴.”

⁵³ 3 Pérez Crespo, Guillermo, 01/2003.

⁵⁴ 4 Tugendhat, Ernst, 1998.

Another good example of the disjunction that can exist between legislation and reality is the law governing the right to work which has more to do with those who are working rather than those who are unemployed. Unable to deal with a situation involving the illegal closure of factories, the State and the courts responded initially with repression, persecution and imprisonment, all of which takes away the legitimacy of the entire system and encourages more and more people to ignore the laws of the country. The alienation of the workers with respect to the workings of justice is deepened and the whole situation is degraded by the actions of judges who, often acting in good faith, proceed according to the dictates of the legal structures that is in place. In a world seen through that prism, any conduct that is beyond the pale of the law must simply be repressed in the interests of the common good. The eviction of the workers of Brukman on April 21, 2003 and the subsequent posting of a police guard around the factory is an example of this attitude. The lawyer for Brukman explains this decision:

“From my point of view as a magistrate, there was a judicial order, it was carried out and it continues to be carried out. As citizens we have to accept a judge's decision, as in any other part of the world, whether or not it is legitimate. It must be respected. This is not a question of employment or unemployment.”

Victor Turquet, of INAES and of Yaguané, says that this kind of attitude on the part of judges is something that he has to confront with frequency:

“This is a problem of mentality in the judiciary. We deal with a judge in the cases involving Yaguané, El Palmar, La Baskonia, Siglas, Brukman... I can't say she is a bad person. She is a just person. But she speaks to you from an altar. She attends a multi-sector meeting concerning Yaguané composed of twelve individuals who are engaged in legislation. The first thing she does is to ask who is a lawyer. Four individuals raise their hands. She says, 'Come in please. The rest of you wait here.' It's a real challenge to make an individual with that sort of mentality see reason. At least we all agree now on the fact that it's better to have factories operating than factories that are closed down and workers out on the street – after 3 years we can agree on that much and that's something of a change. All I do is bring 200 people to her door to give her a hard time – I can't change that kind of mentality.”

When judges do not take into account unemployment and the experience of living through injustice, the juridical system distances itself even more from the reality that people are living. In some measure that invites those who have suffered harm to ignore the legal system when they seek what they consider to be right and just:

“Workers must question the legitimacy of juridical decisions. They must use the law as a form of resistance. To accept decisions means to accept strict limits to social protest and to the right to life itself. Certainly this kind of rupture is not easy and in each particular case the workers must make a careful analysis of the question disputed, of the relation of forces, the possibilities and the most efficacious forms of confronting a tricky law. Thus they must use the law as tool of resistance⁵.”

The lawyers acting for the workers use the law as an instrument, but they generally do not accept its limitations. They often support demonstrations of force on the part of the workers when necessary. Such demonstrations of force cannot by themselves overcome the repressive state apparatus, but the symbolic value of workers with their bare hands confronting police can deconstruct to some degree the neat and balanced world in which judges and legislators⁶. Lawyers usually seem – for the workers as well - to be the agents who bring about results, but in reality the success of the lawyers in most cases depends on the determination of the workers to go, paradoxically, beyond the pale of the law.

As Mariana Salomón, a lawyer from the Professional Center for Human Rights who is assisting the workers of Brukman, explains:

“We are assisting the workers in the struggle so that they can win their cases. The conventional function of a lawyer is to explain objectively to the workers which measures are legal and ones are not. We propose something more democratic, that is that they decide in assembly what they want to do and then we explain to them the risks involved. For instance, in the case of Brukman, from the perspective of bourgeois legality it was against the law to occupy the factory and begin operating it again⁷.”

It is imperative that we remember this context in order to find explanations, which may be somewhat off the beaten track but at the same time reach deeper into the nature of the phenomenon. This the context that leads to an understanding of the peculiar way in which the workers have used the juridical system in order to fight for their work.

3.2.1. Legal instruments

“If I am ordered to use force, I’ve got to follow orders. If I don’t, I’ll end up marching around with you fellows.” - Chief of Police Marcos Paz, June 23, in a chat with workers.

⁵ Pérez Crespo, Guillermo, 01/2003.

⁶ Lavalán workers, for example, battling against riot police with shields and helmets, present a stark image of this form of struggle in the documentary film “Laburantes” by Carlos Mamud, Patricia Digilio and Nora Gilges.

⁷ Quoted from statements in Chaves, María et al, 2002.

It must now be clear that the decision to occupy factories springs from a series of needs, both social and individual, that have to be addressed. The challenge is not only to create concrete positions of strength from which direct attacks from other social entities can be rebuffed, but also to find a legal framework that would permit the factories to function legitimately from a legal as well as moral point of view. At least for the time being, some sort of legal basis would allow the workers to devote themselves to production instead of exhausting their energies in constant resistance. In other words, even though they are ready to put up a fight against the commands of the law, the cost of maintaining a position of resistance to its repressive apparatus is too high for such a stance to be viable in the long term (perhaps Zanón is the only lasting exception to this rule).

That the task of the lawyers who represent workers in this struggle. The lawyers seek a legal framework that can encompass the workers' need to occupy enterprises that, for whatever reason, are no longer operating under their owners, their need to resist, to produce and to sell the fruits of their labor. The methods are different in every case and this diversity applies also to battles that are carried out beyond the borders of existing laws. It includes demands for new laws (as in the cases involving Brukman and Zanón, as we shall see). A lawyer with considerable experience in dealing with recovery of workplaces explained this matter:

“There is a variety of ways of imparting legality to these factories. One of the better-known ones is expropriation, which many jurists find questionable. An alternative is the payment to the owners or to court of bankruptcy of a type of rent. A judge then allows the workers to continue operating the enterprise as was the case of Induspel, Chilavert and the communications Institute. Sometimes the owners, realizing they cannot continue running the enterprise, give the shares and stocks and the property over to the workers. Another scenario occurred in Rosario where the factory went to auction and the workers bought it with loans. The bankruptcy law is a bad law. It states that if you declare bankruptcy you have 120 days in which to liquidate everything, in other words, sell the lot and pay what you can. And what's the use of that? You look outside the bankruptcy law and the only recourse outside the bankruptcy law is the law on expropriations, so you go for that.”

Thus, within the present legal system, lawyers try to find a path that will bring them to their goal in the best way possible, although they agree that there are certainly better ways to solve these problems. This has been an adaptive policy in the face of the legal instruments that are available. The way in which the concept of cooperatives has been utilized is an example of such adaptation. The INAES (National Institute of Association and Social Economy), which registers cooperatives, was an institution that went about its business at a leisurely pace until the flood of

applications from all those who dream of becoming their own boss. Losing patience with the lack of knowledge about the nature of cooperatives, the functionaries give basic courses on cooperatives and conduct studies to find out whether or not the prospective cooperatives are actually going to function as such. In general, all this fuss doesn't make the workers too happy, for it represents another source of problems for them.

Victor Turquet, who is a member of the Yaguané Cooperative and also in charge of the INAES sector that deals with re-claimed factories⁵⁸ told us that some cooperatives look with a jaundiced eye on the visits made by inspectors from the Institute. The law on cooperatives does not really reflect the way in which re-claimed factories are organized and this is bound to produce some conflict and difficulties between the INAES and the cooperative enterprises.

The fact is that in order to get around the obstacles constantly blocking their path, the workers look for short-cuts and accumulate experience that others subsequently use in their own struggle. They do not see the utility of using methods and instruments that were not shaped for the kinds of situations they must confront. We can conclude that this unremitting process of trial and error, traumatic as it was for those who came first along the path, has led to the discovery of new mechanisms for dealing with each case and in some way to the establishment of precedents that others can use. At present, the goal is to take an active stance in the pursuit of legislation that will fit the needs of the workers whose struggle has been rich in experience.

Expropriation is a method that bound by many limitations and as we shall see, it can be a perilous route to take. For example, the ruling that establishes an expropriation becomes effective only when the government that passed that ruling executes the indemnity payment. If these monies are not forthcoming over a period of two years in which the State is required to complete the indemnity payment, the application for expropriation must be renewed. However, only one extension is allowed. The meatpacking plant Yaguané, presently run by the Meatpacking Cooperative Yaguané (Cooptrafiya), was granted an extension of expropriation. It must insure matters are expedited in order that the indemnity be paid and the manner in which those monies are to be repaid to the state be firmly established. As Victor Turquet explained this issue:

“There were provincial legislators who would tell us, ‘All right, you’ve got the expropriation, but there is no money available. We’ve passed the expropriation ruling – we’ve given you an umbrella so you can protect yourselves from the “bricks” flying around. Now you’ve got to hang in there and keep at it. You’ve got a two-year breathing space. Either we renew the expropriation after that

⁵⁸ This sector, called Executive Unit for the Recovery of Enterprises in Crisis, was formed during the government of Duhalde for its work with Yaguané.

or you people find another instrument.”

The judge and the officials in charge of the bankruptcy proceedings can throw bricks at the workers or toss bricks in their path and the workers will protect themselves as best they can with their “umbrellas”. But if obstacles are put in their path, the process will be more arduous for the workers and they will experience more difficulty in initiating production.

The lack of road signs along this way, the absence of more or less accepted legal routes – these factors make each case unique. For example, the Mil Hojas Cooperative, a pasta factory in Rosario was paying a rental fee of 2000\$ per month to the court, but by June they had gathered up the sum of 73,000\$ required to buy their building. This why the following analysis of the legal framework does not spend much time looking at specific cases. Lalo of the MNER deprived me of any hope of arriving at a definitive explanation. He told me that:

“In reality you will not be able to elucidate all the juridical twists and turns. Someone can describe the legal framework for you at one moment and it can be quite different at another moment - unfortunately.”

For that reason there are already a number of bills before the legislature that are intended to resolve this type of conflict. Amongst them is a bill concerning legal status for the occupation of factories in the event of labor conflict, a bill intended to deal with the illegal removal of equipment etc. from enterprises (this is often carried out by owners with the collusion of officials of the courts), a bill to create a fiduciary fund and others.

Perhaps a paradigm in the legal chaos that confronts lawyers is Hotel Bauen case. In this case the real estate belonged to one individual and the building to another. One of the parties was in bankruptcy and had huge debts that were guaranteed by that building which, in fact, had been sold. To complete the picture, the Legislature refused to expropriate the building temporarily (at a cost of about 150,000\$ per month) or permanently (at a cost of about 30 million that the workers would have to pay at a later date) since expropriation on such terms would be too onerous. In this particular case the solution under consideration was to rent the building from its supposed owner. During a meeting in August one of the workers said that although it certainly wasn't an ideal solution, it would at least allow them to get back to work, which they desperately needed to do. Diego Kravetz, lawyer for the MNER, agreed with the workers. He said, “Each cooperative does what it can. If we start being dogmatic, we'll lose a lot of enterprises.”

In order to understand how this spate of bankruptcies occurred we must examine the beginnings of this unjust situation. A good portion of the phenomenon of re-claimed factories is

due to the recent reform of the Bankruptcy Law. This reform literally allowed asset stripping from bankrupt enterprises. During a meeting at Bauen Hotel R. Kravetz explained how the Bankruptcy Law was modified in 1995:

“When the law governing bankruptcy was modified, the issue of fraudulent bankruptcy was removed from it. In other words, they were saying: ‘we allow you to destroy your enterprise. You have our permission. You can’t save it anyway, so this is your consolation prize. Off you go – do what you want without fear of punishment. Fraudulent bankruptcy no longer exists.’ That is what happened and in the midst of it all the worker was left to find his way and what we have is a new method of struggle which, I think, extends much further than each individual factory. I think there is a struggle going on for a new kind of model for a different kind of country. The model they are imposing on you, the workers of this country, is a de-industrialized model and you are fighting for an industrialized nation. Further down the road, you will decide yourselves how far you want to push the struggle; you will decide if you want to create a different system – that decision belongs to the worker and we will see what happens. But what I see now is, in my opinion, the result of a vision that doesn’t want an industrialized nation. What I see is marginalization, poverty, violence and the absence of the kind of dignity that only work can provide.”

This is why one of the chief demands of the MNER is the modification of the Bankruptcy Law.

It will be useful, nevertheless, to give a quick overview of the laws that affect many of the re-claimed enterprises. This is certainly thorny territory, but it is a substantial part of the process and it will allow us to better grasp the wear and tear experienced by the workers. Many do not possess the minimum required to support a family and that dilemma often pre-dates this conflict. The bureaucratic procedures seem interminable to those who are counting the hours and the minutes. They see a bill in the legislature or a case in the courts advance and then suddenly stop. It’s the old story: two steps forward and three steps back. Thus, it is fundamental for anyone who wishes to understand this phenomenon at a deeper level that they glance at a few pages of the legal labyrinth confronting lawyers and workers when a factory is re-claimed. This is legal territory that goes beyond the usual framework of the law. As an individual closely connected to the movement told me:

“Not just an lawyer can venture into this territory. He [or she] must have a lot of knowledge, be very creative and be extremely involved in this matter, truly emotionally committed.”

The National Constitution

The National Constitution is the foundation on which all our national and provincial laws rest.

Lawyers frequently use the Constitution as the cornerstone of their arguments. Articles 14 and 14 bis are of particular importance for us here because they establish, among other things, the right to work⁵⁹.

Florencia Kravetz, a lawyer with MNER, Uses the National Constitution as a basis for her arguments as often as she can:

“Another article that I use a lot in my presentations to the courts is Article 16, which speaks of equality before the law. I think it is fundamental for us because there you have certain rights that are guaranteed in the constitution and are even superior to the Constitution. If you recognize the creditors' rights, then you must recognize that the worker has an even greater right to his or her work. And I base this claim on Article 16. If you extend a right to one party, you are obliged to extend it to the other⁶⁰.”

The article that relates most directly to and is most important for expropriation is Article 17 of the National constitution. It says:

“Private property is inviolable and no inhabitant of the Nation can be deprived of it except by virtue of the law. Expropriation, for reasons of public utility, may be determined by law with prior indemnity.”

In other words, although private property is inviolable, the Constitution does not exclude the possibility of expropriation pending indemnity. Furthermore, we shall see that in certain cases the indemnity may be paid subsequent to expropriation and that, in fact, it is then rarely paid, at least

5 9 We cannot repeat too often: “**Article 14** – All the inhabitants of the Nation enjoy the following rights in accordance with the laws which regulate its use; that is, the right to work, and to engage in any legal industry; to navigate and to engage in commerce; to petition the authorities; to enter, remain in, travel in and exit from Argentine territory; to publish ideas in the press without prior censorship; to use and to dispose of one’s property; the to association for useful purposes, the right to freedom of religion, the right to teach and to learn.

Article 14 bis – Work, in its diverse forms, will enjoy the protection of the laws and these guarantee to the worker: decent and equitable labor conditions; limited hours of daily work; paid rest and vacation time; just remuneration; adjustable minimum wage; equal pay for equal work; a share in company earnings with the right to participate in the regulation of production and management; protection from arbitrary dismissal; job security for public servants; free and democratic union membership by simple inscription in a special registry.

Guilds, unions and other worker associations are guaranteed: the right to call collective labor meetings; recourse to settlement and arbitration; the right to strike. Worker representatives shall enjoy the guarantees necessary for the exercise of their functions as union officials and those related to the their job security.

The State shall establish social security benefits, which shall be integral and obligatory. In particular, the law shall establish: obligatory social security, which shall be in the charge of national or provincial entities having financial and economic autonomy and administered by the interested parties with State participation and with prohibition of superposing contributions; retirement and other pensions adjustable for cost of living; full protection for the family; defense of family welfare, family benefits and the right to decent housing.

6 0 **Article 16** – The nation of Argentina accords no privilege to blood or birth: the Nation admits of no personal privilege or titles of nobility. All its inhabitants are equal before the law and admissible to all jobs without any conditions other than capability. Equality is the fundamental principle of taxation and of public office.

for the time being.

Mariano Pedrero, a lawyer for the workers at Zanón, described the reaction of judges to arguments concerning the right of workers not to accept the closure of a factory that, as the lawyers maintain, has always operated through loans from the community as a whole:

“They get annoyed because they have no answer. They start talking about private property and our Constitution and Article 17 that talks about private property and blahblahblah. But our reply is that Article 17 of our Constitution says that we have the right to work. And then a pretty heavy discussion ensues.”

Since these rights are found in the National Constitution, the provinces also must allow the possibility of expropriation. However, the shared legal framework does not mean that in all provinces expropriation is carried out in the same manner. As many of the actors involved in the phenomenon of re-claimed factories have stated on frequent occasions, the political capacity to effectively establish these recoveries exists, for the present, only in the Capital and the Province of Buenos Aires, with a few exceptions such as Renacer Cooperative (ex-Grundig) in Tierra del Fuego or the Sieme Cooperative, a stone quarry in Entre Ríos. Many cooperatives in the Interior, in particular in Córdoba and Santa Fe, brought pressure to bear on the provincial legislatures in the hope that they too would support this type of process. The lack of assistance from the authorities is in a large measure due to the links between politicians and local business people, many of whom were accustomed to doing business through this type of network. Thus it is that in other provinces the more frequent sorts of solutions are of a somewhat different type, such as for example, purchase in auction by means of a loan or the transfer of shares to the cooperative.

The Bankruptcy Law

During a get-together of re-claimed enterprises Dr. Kravetz of the MNER gave the following commentary on the Bankruptcy law:

“Anyone who studies this law can see that it is intended for the liquidation of enterprises, be they viable or not, within a period of 4 months. This is the basic thrust of the bankruptcy law, which is composed of 300 articles. It says that a judge who does not liquidate in four months is not fulfilling his obligations. In other words, the idea is to liquidate, to destroy.”

Let us analyze the text of the Bankruptcy law (No. 24522). In Article 21 it states:

“The initiation of preventive bankruptcy proceedings results in:

1) The presentation before the bankruptcy judge of all claims against the debtor that relate to

corporate assets.

2) Expropriation proceedings and proceedings based on family relations are excluded from presentation before bankruptcy judges.

This means that that the law precludes any claims against expropriated assets. The former owner of the assets may only launch a claim against the State for the value of the assets and not for the assets themselves, a provision which safeguards the workers in the event of future claims against the State.

Articles 186 and 187 state that:

“...the receiver can determine a rental contract or any other contract in relation to the assets as long as such contracts do not dispose of the property totally or partially and do not exceed the time limit provided for in article 205.”

In that article a time limit of 4 months is stipulated with the possibility of one extension of 30 days if the judge so determines. That means that the workers can make an offer of rental payments to the judge in order to facilitate continued production during that period.

Articles 198 and 190 also treat continuity of production, which must be taken into consideration by the receiver who can authorize the workers to continue carrying out their operation as long as that does not cause prejudice to the bankruptcy proceedings. In actual practice, what happens is that some judges are prepared to grant a more extended continuity to the workers if a fee or rent is paid into the bankruptcy fund. This is a risky step as they can be accused of not adhering to the specifications of the law. Once again, the issue rests on the interpretation of the judge. In Article 190, modified in April 2002, it is expressly stated that:

“Concerning the continuity of production, consideration shall be given to the formal application on the part of the workers who depend upon production and who represent two thirds of the active personnel or of those workers who have labor claims against the bankrupt enterprise and who will be actively working during the period of continuity, organized as a worker cooperative. [...] The judge, for the purposes of the present article and within the framework of the powers given by Article 274 can, in a well-founded manner, extend the time limits for the continuity of the enterprise provided for by law, to a degree that is reasonable in order to guarantee the liquidation of each establishment as a commercial entity in operation.”

In May of 2002 that article was used to stop the auctioning off of San Justo Optica when the auctioneer had already entered the hall. While the workers prevented the bidders from entering,

an application was submitted to the judge in charge of the case. It brought to her attention that a modification of the bankruptcy laws had been approved in April and that twenty applications made by the workers for an audience with her had received no reply. The INAES presented a well-founded argument showing the viability of the project and asked that Article 190 be applied. The judge was obliged to halt the auction. Victor Turquet, who had been involved in getting Article 190 included in the case, remembers that occasion:

“A contract of restitution was signed and the monies go into the bankruptcy fund. Twenty days later continuity was granted and they went to work. It isn’t a perfect instrument but if you know how to use it...”

The lawyer Dr. Florencia Kravetz is more skeptical concerning the power of Article 19 to insure continuity for re-claimed enterprises:

“The problem is that Article 190 was approved somewhat under pressure. It doesn’t stipulate time limits and it doesn’t provide a solid juridical basis, so it is not a very good instrument. Since these elements are lacking, certain judges will not consider it. But we use it when we can.”

That law also stipulates the order in which funds should be used for paying off debts, in other words, for paying the creditors who have claims in the bankruptcy proceedings. Once the assets of a bankrupt firm are liquidated, the order of payment is as follows: lawyers, expenses related to the receivership and the court fees. If there is anything left, that sum is distributed amongst the secured creditors, that is, mortgage holders, creditors holding mortgages on movable goods and labor creditors, that is, workers who are owed salaries, benefits etc. At the very end come unsecured creditors. It’s clear from this list that that the possibility of workers receiving a part of what they are owed is very remote, so much so, that most judges refuse to accept the claims of workers as part of the purchase of an enterprise by a worker cooperative. This is a barrier that is very difficult to overcome⁶1. Upon occasion, workers have decided not to initiate the struggle for worker control in the false expectation that if bankruptcy proceedings continue and are brought to a close with an auction, they will be compensated for what is owed to them. In fact this is a very faint possibility because monies realized from auction are usually very inferior to debts.

Once the expropriation is completed, the judge in charge of liquidating assets should not have any more contact with the re-claimed enterprise since the assets are no longer under the jurisdiction of the bankruptcy proceedings. In some cases judges do continue to have contact, but

6 1 As we were finishing this book, a judge accepted labor claims from the new worker cooperative as part of the purchase of the newspaper Commerce and Justice. This decision was a development that offers hope for other cases. It would seem that the phenomenon of worker control is creating, and at the same time improving, the conditions that in turn bring about its own growth.

only when there is some specific problem. This happened at the Crometal Cooperative (ex-Cometálica) where the expropriation decision did not include (due to an oversight) the trade name and therefore the originals at the patent office could not be used.

Expropriation Laws

Expropriation is a juridical institution by means of which the State appropriates something for a particular purpose. This law is being used to recover workplaces. The National Law on Expropriation (No. 21.499) dates from 1948. It has been used, for example, to force property owners to sell real estate that was in the way of projected freeways in the City of Buenos Aires. Article 1 of this law states that:

“The public utility that serves as the legal foundation for expropriation encompasses all cases in which satisfaction of the public good is sought, be it of a material or spiritual nature.”

The use of expropriation under this article for the purpose of returning jobs to a handful of workers is questionable in legal terms, as we shall presently see. Article 4 of the National Law on Expropriation specifies other cases when it should be applied:

“All assets that are suitable or necessary for the satisfaction of the public good, whether they belong to the public or private domain, whether they be things or not, may be the object of expropriation.”

Insofar as work is a right, whatever is necessary to make it happen may be considered to be of social benefit. In accordance with this reasoning the re-claimed factories can be expropriated, in the view of some jurists. Other jurists disagree with this interpretation of the law. The State must pay an indemnity to the owners or to the bankruptcy administration for the expropriation. In some cases the expropriation is temporary and the State makes a rental payment (usually a symbolic one) to the owners or to the receivership (this is the case of Chilavert and Unión Y Fuerza). In another variant, the law determines that the workers have a time limit in which to pay the indemnity: in the case of FORJA (Law of the Province of Buenos Aires, 13076) the term is from 10 to 20 years. As a matter of course, the indemnity must be paid within two years after the declaration of expropriation; otherwise the latter loses force and must be renewed. There is allowance for only one renewal.

Concerning indemnity, Article 10 stated that:

“The indemnity covers only the object value of the asset and damages accruing as a direct and immediate consequence of the expropriation. No consideration shall be given to circumstances of

a personal nature, sentimental value, mortgage income or any potential increase in the value of the asset brought about by the operation. There will be no payment for loss of earnings.”

On the other hand, the indemnity payment to the expropriated party must constitute a “just price” (appraised value). The latter is determined by National Tribunal of Appraisals. As we shall see, the appraised value is often much higher than the auction value (last year it was about 30% of the appraised value). This discrepancy translates into a good deal for the expropriated party and perhaps should be a subject for close analysis by workers considering an application for expropriation. Let’s look at an example. Lalo explained the situation at FORJA before the expropriation decision was brought down:

“The issue is straightforward. I’ll give you the example of FORJA. The appraised value is 2,000,000\$, whereas the auction value is 419,000\$. The State has two years to pay the appraised value to the creditors. In the event that the owners have not been dispossessed, they can, together with the receiver, manage the funds, a rather risky prospect considering that they brought the firm to bankruptcy in the first place. Once the expropriation has been determined, the workers may arrange a time frame for re-payment to the State of the sum that the latter disbursed. However, this is not always the rule. The workers of Chilavert, for instance, have permission from the government of the City of Buenos Aires to make use of the building without payment.”

Other cases in which the Municipal Government has allowed cooperatives to use the premises of the expropriated factories without payment are San Jorge Stationery, Bakery 5 and Baskonia.

As we have mentioned, the indemnity paid to the owners or the receivership after the finalization of expropriation can be very much to their advantage. Lalo explained the situation to me:

“The other day I had a meeting with the Governor of the Province of Buenos Aires, Felipe Solas and he said to me that, when all is said and done, we were playing into the hands of the owners because they getting more money than if they had gone to auction. For that reason we are asking that the indemnity for expropriation be set at an intermediate value somewhere between the starting auction price and the assessed value. At FORJA we negotiated a term of ten years for payment of the indemnity.”

In actual fact, the State is not really paying indemnities at the present time, nor is it possible to establish the assessed value of the asset. Lalo has more to say on this subject:

“There is no budget for the expropriations that are being processed at present. The Office of the Treasurer receives a dossier with the purpose of making an appraisal. The Treasurer asks for a report from the Ministry of Economic Affairs as to what sort of allotment is available in the budget for payment of this particular expropriation. The Ministry replies, ‘There is nothing in the budget’. The Treasurer says, ‘We can’t appraise the asset’. That’s because the appraised value is not permanent. The bureaucratic muddle makes it very difficult to get title. At FORJA we managed to get an expropriation decision that stipulates the form of payment and the time frame, neither of which appeared in other expropriation decisions.”

Concerning indemnity, the law says that in cases of common expropriation there must be payment of the indemnity or of a deposit to the judge in charge, before transfer of the asset. According to Article 22:

“In the case of real estate, the expropriator must give a deposit to the judge corresponding to the amount that the National Tribunal of Appraisals has determined to that effect. When this deposit has been made, the judge will award possession of the asset.”

The State may, however, cede the asset to the workers through some particular disposition.

Section VIII of the same law covers uncommon expropriation in the following cases:

“Uncommon expropriation actions shall proceed in the following cases:

- a) When, in the presence of a law declaring an asset to be of public utility, the State takes possession of that asset without prior payment of the corresponding indemnity.
- b) If, by reason of the law determining public utility, the movable object or real estate should de facto be not disposable due to the evident difficulty or impediment involved in disposing of it or them under normal conditions.
- c) If the State should impose upon the possessor’s right to an asset or an object any undue restriction or limitation causing injury to his or her property right.

Workers organized in cooperatives can take advantage of the terms of this article, which allows the State to take possession of an asset before payment of the indemnity.

Article 28 states that:

“No action on the part of third parties may impede the expropriation or its effects. The rights of

the claimant are considered transferred from the object to its price or to the indemnity, the object remaining free of any encumbrance.”

In other words, no creditor or specially privileged party can hinder the execution of the expropriation that has been determined by law. The only grounds for claims are the sum itself and the time limit for payment of the indemnity, but not the expropriated assets.

Provincial Laws

The Law of the Province of Buenos Aires covering expropriation cases (No. 5708) is similar to the National Law. They are both useful for resolving issues raised in concrete cases, be they in one or the other jurisdiction. Article 16 of the Civil Code states in Section I:

“ If a civil question cannot be resolved by the letter or by the spirit of the law, the principles of analogous laws shall be used as guidelines; and if doubt persists, the question shall be resolved by means of the general principles of law, always keeping in mind the circumstances of the case.”

That is to say, if there are no specific laws indicating how to resolve the issue, other similar laws and laws that treat related questions should be applied. This suggests that in the future cases can be based on successful precedents that will expand the body of jurisprudence available for this type of action.

The Provincial law has two articles that are worth examining. Article 22 refers to expropriation. It stipulates that the State can permit the immediate utilization of a factory in cases of emergency requiring prompt possession. Thus, in some decisions establishing expropriation, an emergency is declared so that the workers can begin operation without having to wait for payment of the indemnity to take effect.

Article 53 states that if an area is affected by a force majeure (fire, flood, earthquake or epidemic), the President or the Executive Department the Governor for example) can dispense with all legal proceedings in order to take possession of private property, movable or immovable. Normal legal procedure is postponed to a later date.

A legal brief prepared by Dr. Luis Caro sheds some light on this issue:

“It is my opinion that the description of force majeure in this article is not restrictive since other cases that fit completely: enterprises in crises with production totally paralyzed; workers out of work, without recourses, without any hope of finding gainful employment and dependent on a judicial process that prevents them from returning to production for several months.”

In other words, an enterprise that is not producing in a time of crisis and unemployment can be looked upon as a disaster area, and therefore the State has the right and the obligation to do everything in its power to lessen the impact of the catastrophe.

Taken as a whole the laws and various articles of the Constitution make it clear that it is possible to expropriate factories in the case of both receivership and bankruptcy. In some enterprises such as Crometal is not even necessary to reach those stages, for a lock-up was declared before bankruptcy proceedings began. In spite of that, expropriation was achieved.

3.2.2. How valid are the expropriations?

We have mentioned earlier that the methodology involved in these expropriations has been questioned by various jurists, constitutional scholars and also by parties on the Left, which hold the view that the real struggle is carried out on a different terrain. First of all, let us summarize the positions of those who cast doubts on the expropriations from a legal point of view.

The argument against the use of expropriation laws in these cases rests on the equality of persons before the law. If workers demand a special law allowing them to continue working, even though this is brought about by virtue of the right to work or a pressing economic crisis for individual who otherwise would be out of work, then the same can apply to thousands of other cases. Obviously the State could not cope with such an overwhelming task and to that must be added the resistance that business and political forces would certainly put up. Public utility is limited to a group of persons or, in the best of scenarios, extends to those in close contact with them, such as family members, suppliers, clients etc. A member of MNER gave me the following explanation:

“In fact the problem that is being created is one of social equality. The starting point is an issue of enormous social inequality – a system that created great social inequality, people who are destitute. The crux of the matter is that we don’t have just one factory with 50 individuals who are in distress; half the population of the Nation is in the same situation. However, I do think that the expropriations are a healthy thing. What isn’t healthy is to forget that while you are helping fifty individuals, there are millions out there that you’re not reaching. I believe we need more global solutions.”

This battle for more global solutions and for the construction of a larger force that will make such a change feasible is what gives an over-arching meaning to the limited solution of expropriation.

During a get-together at Bauen Hotel, Daniel Sabsay, a constitutional scholar, explained the

need for more changes to the Bankruptcy Law, which had been modified during the reign of neoliberalism in our country:

“The Bankruptcy Law states that the Legislature must provide whatever is necessary to human development, to the kind of economic progress that ensures social justice, to the productivity of the national economy, to job creation, to professional training for workers, to the defense of the national currency. As you can see, actual practice on the part of the State is incongruent with these values. We must undertake the creation of new legislation on bankruptcy and receivership. The law that we have at present is in violation of the goals established by the Constitution for the growth and development of our country. This incongruity should be a starting point for the struggle to obtain a complete re-working, in accordance with the basic tenets of our Constitution, of those laws that impede job creation and sacrifice and humiliate all those who want to return to work.”

Another speaker at this get-together, Dr. Gustavo Ferreira, explained the difference between the right to work and the right to jobs:

“What we are discussing here is whether we are merely assured the right to work, that is, to choose an occupation, or if there is a sort of obligation on the part of the State to provide, under certain circumstances, a solution to controversial social issues.”

In Ferreira’s opinion, the present system of expropriations should be re-formulated in terms of “temporary normal occupation”, according to a concept existing in Italian law. This was a very brief summary of the debate that has been going on among jurists and that will hopefully lead to laws more in touch with the needs of our national reality.

Groups on the Left of the political spectrum have doubts of another order regarding the validity of expropriations. The Polo Obrero⁶² and the Partido de Trabajadores por el Socialismo (PTS), although they concur that the means of production must be reclaimed, see the pursuit of that goal in a totally different way. They do not accept the present legal framework on the grounds that it is unjust. Thus, they propose a completely different approach: nationalization of enterprises, meaning that the State would guarantee salaries and purchase the output. Initially, this was the predominant point of view among the workers of Brukman and it still is at Zanón. From this viewpoint, expropriation is an insufficient measure, which ties the workers to the political vagaries of the moment and burdens them with a debt that is just as onerous as dependence on a boss. In a study that he carried out at Chilavert and Ghelco⁶³, Pablo Heller ⁶⁴ looked at the expropriation

6 2 As we shall see, the PO ended up changing its stance on this question. Taking a more flexible position, it achieved expropriation of the factory Sasetru.

6 3 Ghelco was the name of the enterprise taken over by Vieytes Cooperative.

6 4 Heller, Pablo, 19/09/2002.

decisions brought down in those two cases. He considers that the projects that were approved in those decisions “cannot honestly be called expropriation to the advantage of the workers”. Although the projects had “unquestionable merit” according to Heller, “they do not provide an answer to the needs of the incipient worker-controlled enterprises”.

“The workers do not own the assets of those factories. The immovable assets are under “transitory occupation”, that is to say, they are still in the hands of the previous owners or the creditors and are administered by the judge or receiver in charge of the bankruptcy proceedings. The City must pay rent to the owners and creditors. At the end of two years – when the “transitory occupation” comes to an end – the owners once again take possession of the asset and can do as they like with it.”

Thus, according to the views of the PO, the Chilavert workers should reassess their political strength at the end of two years or should attempt at that time to purchase the immovable asset. We must clarify that not all expropriation decisions function in this manner: some of the later decisions (posterior to Heller’s article) such as San Jorge Stationery, Bakery 5 and Baskonia determined “ the immovable asset, the plant and the machinery to be of public utility and subject to expropriation”. They were given over to the respective worker cooperatives at no cost whatsoever. As a general rule, the most common procedure at present involves payment by the workers of the indemnity advanced by the State. Heller continues:

“This solution compensates the owners with an unexpected windfall – a sum that is not negligible. The expropriation thus turns into a brilliant coup very much to the advantage of the bankrupt entrepreneur or the creditors.⁶⁵”

Thus says Heller:

“ The workers, on the other hand, find themselves abandoned to their own resources: they own nothing, they have no assured income - not even a minimum wage - at the end of the month, and most importantly, they have no working capital.”

In summary, what the expropriation decisions achieve, in most cases, is to get the ball rolling and, to some degree, to oblige the movement to fortify itself so that, when the final battle for expropriation is waged, the workers will be in a position of strength - a position that is favorable to them. This scenario, says Heller, “was expressly admitted to by a number of Deputies when they supported these two projects” [Chilavert and Ghelco].

6 5 Heller, Pablo, “occupied Enterprises, worker management and cooperatives”, 20/06/2002, available on the Internet: <http://www.poloobrero.org.ar/sindical/gestionobrera/descomposicion.htm>.

As a member of PO, Pablo Heller proposes the following alternatives:

“1. That the State assume its responsibilities and insure that all expropriated factories enjoy a minimum salary in accordance with the labor laws. The State should assume responsibility for completing any shortfall in the monthly salary received by the workers relative to the minimum salary stipulated in the labor laws. The workers in worker-controlled factories shall enjoy the right to union affiliation and shall be eligible for all social programs administered by the association to which they belong.”

2) Allotment of an extraordinary subsidy to worker-controlled factories in order that they might have the necessary funds at their disposal for reopening and operating factories.

3) The expropriated assets should be given over to the workers at no cost.

4) The elaboration of a production plan intended to increase the output of each factory and to reorient the operation towards a privileged status under which said factories will be prioritized by the State as a source of commodities in short supply for hospital, schools, public departments and indigent sectors of the population.

“Let us present this program as part of the struggle to set up a central organization of reclaimed factories and as part of the larger battle, on a national scale, against capital and the capitalist State, for the nationalization of banks and the creation of a single state banking system that incorporates a majority of representatives from reclaimed factories as well as elected representatives of the working class in general on its Board of Directors⁶.”

Raúl Godoy, who works at Zanón and is one of the leaders of the struggle in Neuquén, explained to us how he saw “nationalization”, a goal pursued at that factory:

“It means that the provincial government must guarantee supplies, salaries, electricity and gas. For our part, we are responsible for production and for making decisions together with all our fellow-workers regarding the needs of the factory, expenditures, purchasing of replacement parts and equipment, etc. That is the mechanism I envision. We are not business people. We don’t want to compete in the capitalist marketplace with workers employed in other factories. You see, we would like this experience to have more of a social character, even if it’s not forever. And we are struggling alongside other organizations of unemployed as well as employed people; but in our particular case, we would like the factory to function on the basis of the State paying supplies and salaries, while we take care of production and manage the money – using it where it is needed in a

⁶ Heller, Pablo, 19/09/2002.

transparent manner so that the community knows what use is being made of it. In this way, through the workers, the whole community takes control of the factory. I believe that if this kind of system were developed on a large scale many things would change.”

In short, from this perspective:

“The Program for Reclaimed Factories raises the question of reforming the Bankruptcy Law and creating a fiduciary fund. Once bankruptcy proceedings are begun, the intention would be to grant the workers the right to manage the enterprise for a period of two years. [...] From the perspective of the MNFRT, this would entail small-scale production within the framework of the market economy and capitalist production.”

Within the context of the present legal system and the current struggle, the above interpretation is neither outlandish nor illogical, Indeed, the Movements consider it to be correct. Luís Caro, president of MNFRT, explained the reason behind this stance:

“We are asking for a change to the law regarding expropriations because, as we all know, when there is an expropriation, it carries with it a time limit and there are cooperatives that cannot meet the payments. The amounts are simply prohibitive in many cases. It’s a pity when a cooperative has returned to production, has become profitable, has saved the jobs and then, after two years, it has to close down because it can’t pay the indemnity. This is why most cooperatives require some solution from the authorities⁶⁸.”

From the editorial page of the MNER’s magazine, Eduardo Marúa comments on the need for profound changes:

“We are fully aware that what we should really be doing is changing all the laws; we should replace the liberal Constitution with a brand new social Constitution. However, while we are gathering together the social forces necessary for that revolutionary transformation we will support every step forward in defense of the rights of the working class [...] We also reaffirm that with the help of this law or without it - or even outside the law - we will not allow a single job to be lost in Argentina. Furthermore, we will continue giving our unconditional support to the workers who struggle to reclaim the factories in their control and to prevent the stripping of assets from those factories⁶⁹.”

There appears to be some confusion about certain organizational aspects of the cooperatives. At Zanón, for example, in the midst of some interesting and valuable discussions, a number of

⁶⁸ 8 Revue “Abrecaminos”, No. 1, December, 2002.

⁶⁹ 9 Revue “Ocupar, Resistir, Producir”. MNER”, No. 1, 30/11/02.

references were made to the inequalities supposedly cropping up at expropriated factories run by cooperatives. Avi conducted an interview with Carlos Saavedra, the general coordinator at Zanón. He asked Saavedra why they were opting for nationalization as the legal basis for their project.

Carlos Saavedra: I can give you my personal opinion. Firstly, in the system under which we live in this country there is a 50% rate of poverty. Nothing is going to work under such conditions - neither State initiative nor corporate initiative. Secondly, I don't share the views of the cooperative system of organization because I can't go along with a system in which there are hierarchies within the factory. That's my personal opinion. I repeat: for equal work, equal pay. In my opinion there shouldn't be economic differences, so we are against the cooperatives on economic grounds. And in order to form a cooperative we would have to give up our rights and what about all my years of work? You see?

Avi: It's not clear to me. I am told that in the cooperatives everybody earns the same thing.

CS: Let me explain. In the system in which we live, with the level of poverty that we have, it would never work. Secondly, if we formed a cooperative, it would force us to compete and we don't want to compete with anybody or leave anybody out in the street. You see? We want to work and generate income. We don't want to compete. We're not entrepreneurs. We are motivated by something different. We simply want a more just society. There are projects that function as cooperatives. If it works for them, I'm happy for them. But in our case, at Zanón, it wouldn't work. Of course that doesn't mean that we can't work with the people from the cooperatives. We can work with them.

A: Why wouldn't it work here at Zanón?

CS: It wouldn't work first of all because it would only be for two years and because we would be responsible for the 75 million dollars that Zanón owed and we don't want to pay that for personal reasons."

Perhaps a word of clarification is necessary. While the cooperatives as juridical entities do not necessarily establish egalitarian guidelines for salaries or do away with hierarchical structures, in practice the majority has opted for an egalitarian model. That applies to factories where the political objectives were fairly low, as in the case of Unión Y Fuerza. This suggests that the explicit legal framework is not the definitive element in the organization of these cooperatives. Furthermore, in reality the workers set up their cooperatives simply because the cooperative model is the mechanism that allows them to establish worker control in the simplest way. Subsequently each factory develops specific types of relations elaborated by the workers

themselves – almost always on the basis of decisions taken in worker assemblies. It is true that we have had occasion to hear Eduardo Marúa make the point to the workers that if they were to hire new people at lower salaries or if they denied new members the right to vote, the cooperative would cease to belong to the movement.

Concerning the aspirations of the Polo Obrero, it would seem that these are somewhat excessive in relation to the situation prevailing in our country at present. Starting from the fact that workers experience obvious injustices under a capitalist system, it is nevertheless also true that not all workers perceive them in the same way. Nor is it a given that all workers see the answer to such injustices from a revolutionary perspective. For example, one of the workers from FORJA voted without any misgivings not only for capitalism, but for the most rabid and exploitative representatives of that system - in the form of the Menem and Romero combination in the April, 2003 elections.

When the majority of the population is impoverished and more interested in securing food than developing a social or class consciousness, individuals who seek a radical solution can find themselves isolated and debilitated. On the other hand, the slow process of building a power base or a “counter-power” base by means of the kind of praxis that actually fosters social consciousness can, in the end, show itself to be more reasonable, as the leaders of MNER suggest, and also more effective in achieving goals. There is no doubt that everything hangs on a consensus among the workers concerning the need to pursue the struggle. However, such a consensus is not entirely assured.

Many facets of these debates on the Left can be better understood if the views of analysts who take that perspective are examined⁷⁰. The most radical wing of the Left in this country saw signs of revolution in the “anger” vote of the 2001 elections. They saw a “...revolutionary political situation stemming from the popular uprising of December 19 and 20⁷¹.” But the same sectors of the Left seem to turn a blind eye to the fact that on April 27, 2003, 79% of the population cast their vote - of these less than 2% were spoiled or contested ballots – and in Buenos Aires the Right won a solid victory. In the rest of the country, Menem’s neoliberal candidates reaped one in four votes. One in four votes is a substantial chunk of the population. “A massive popular uprising is not a revolution”, as James Petras concludes⁷².” The road leading from actions to a social consciousness is straight but very long and there are many timeout stops along the way, as we

⁷⁰ Some intellectual on the Left, such as, for example, James Petras, have interpreted the situation in a more pessimistic terms than our analysis. See James Petras’ paper, “Argentina: 18 months of Popular Struggle – A Balance”, 28/5/2003.

⁷¹ Heller, Pablo, April, 2003, page 63.

⁷² Petras, James, “Argentina: 18 months of popular Struggle – A Balance”, 28/5/2003.

can see among some workers who want to rest in their successful cooperatives without worrying too much about the situation around them.

The growing social “pacification”, which seems to have found its ultimate expression in the arrival of Néstor Kirchner at the post of President, seems to be lulling to sleep many sectors of society that were so active a few short months ago. With the inauguration of President Kirchner, his government –at least in his first months in office - turned its attention to and absorbed a large part of the social protest movement. Thus, Kirchner’s government had a neutralizing influence on popular mobilization, with the effect that the people are once again nursing the illusion that someone will solve their problems for them. The concepts of self-management and direct democracy are beginning to drift into the past for the majority of people. On the other hand, we must not forget that, in spite of the legitimacy of the social unrest and the demands it expressed, the degree of repression that was exercised in, for example, the case of the Brukman factory makes it clear that the combative spirit has its limits. The neighborhood people who gave such support to the Brukman workers were subject to fear and exhaustion. When the flags of the most radical parties arrive on the scene, the presence of the staunch Mothers of the Plaza de Mayo is not sufficient to quell the tide of terror that puts people to flight. That is the reality of the struggle.

As Naomi Klein explained during one of the round tables in front of the Brukman factory just after the eviction in April:

“The problem is that theories are often mistaken. Sometimes the intellectual aim of imposing sense and structure is frankly dogmatic and rigid, wreaking havoc, alienating the living language and the live moments. Instead of a factory where a group of people decide to hold onto their jobs and work with dignity, those who would impose their structures imagine a pre-Revolutionary cell looking to take over the government.”

The coming together of pickets, assemblies and reclaimed factories seems more feasible when progress is made step by step. Launching into the final struggle right from the beginning can lead down a road full of shadows and empty spaces. One of the hypotheses of this book is that a change in the subjective context of the workers is a slow but absolutely indispensable process if profound change in society is to come about. The occupation of factories, even if it is a precarious event, creates at the very least temporary spaces where the workers can cultivate whatever is needed for acquiring a political consciousness. And that in turn will open horizons (which they might not wish to explore) onto possibilities for greater combativeness and commitment to larger goals.

The movements that encompass, as it were, most of the factories are counting more or less explicitly on the prospect of the workers being economically, socially and politically stabilized

within a period of two years. Their hope is that the workers will then be in a position to get clear title to their enterprises or at least to get an extension for another two years as was the case at the Unión Y Fuerza Cooperative in Avellaneda or at Yaguané. Looking at the situation from an optimistic point of view, one might say that this is a period of gathering strength for the final push. On the other hand, at first glance it would seem that a certain radical intransigence, which would achieve everything at one fell swoop and right from the start, is not yielding results but rather, causing erosion of energies. This wear and tear seems to be besetting the Brukman workers: after nearly two years they must fight again for expropriation from a less advantageous point than before.

On a happier note, the workers of Zanón, although they haven't found a legal framework to adequately buttress their demands (similar to the ones outlined by Polo Obrero), have been able to weave a fabric of social acceptance and legitimacy in Nequén that renders them almost unbeatable, at least for now. The immense popular pressure exerted on the Governor of Nequén, Jorge Sosbich, a long-time acquaintance of Luiggi Zanón, forced him to publicly announce that he would not send the police into the factory⁷³. To some degree the legal vacuum in the Zanón situation has been filled by a strong social legitimacy imparted by the community. This strength could, nevertheless, diminish if the general societal tendency toward demobilization continues.

From a vantage point beyond the range of the critical crossfire, we can perhaps say that it is good, as an a priori postulate, that a variety of strategies develop, some of which will lead to successful solutions that can be applied by others in the future. We might call this process a sort of political evolutionism and for it to function, complete autonomy and decentralization of decision-making are fundamental. From their daily experience the workers know that it is best for everyone if they pass over the differences they may have regarding methods and focus on the common ground that underlies the struggle. As an example of this attitude, I saw the support given the Brukman factory on the day of police repression by Luís Caro, Eduardo Marúa and workers from many other factories. They set aside their differences for future discussion or study and stood with the workers of Brukman on that day. As an aside, we must note that much of this discussion will probably be relegated to the archives soon for, soon after we finished writing this book, a cooperative established by Polo Obrero obtained an expropriation decision for SASETRU, a factory that had been closed down for almost twenty years. It is expected to begin operation soon (the workers opened the factory in August, 2003), but it will be hard a grind since only twenty of the original 250 workers are part of the cooperative. It is well known that the knowledge acquired by

7 3 Río Negro Daily, 9/4/2003. "This is a political issue, says Sosbich."

an experienced worker is just as important as the quality of the equipment which, in this case of course, has also suffered from years of disuse⁷⁴. Thus it would seem that the PO has finally accepted the fact that, with all its faults, expropriation is the best route for the present.

It would seem that discussion has definitely been superceded by events. Perhaps we are finally seeing in practice what Naomi Klein suggested as we stood in front of the Brukman factory. Using on of those handy English phrases, she said, “If it works, do it!”

3.2.3 In practice

As we have seen on many occasions, the discussions presented in this book repeatedly reveal their relative nature when they come up against reality, a reality that resists being pushed into patterns or molds and is constantly being shaped by conjuncture. Thus, workers and entrepreneurs are constantly at loggerheads over issues or simply engaged in a duel of words. Far from suited lawyers, with His Lordship presiding over a settlement in the classic manner of the movies, real garden-variety disputes tend to get sorted out in a more direct way that involves a constant jockeying for position against the opponent. There are endless examples to chose from. Here is one from La Vasquita, a milk-processing plant in Marcos Paz.

The case of La Vasquita exemplifies the range of possible ways of achieving an occupation and possibly an expropriation, with the contingent legal ins-and-outs, steps in bankruptcy proceedings, asset stripping, auctions, seizures of property and sundry other ingredients. At this factory, the major partner in the enterprise, according to the workers, had been gradually defrauded by the two minor partners. Finally confronted with a payment he could not meet, the former owner was obliged to accept the auctioning off of the buildings. While the auction was being finalized, the plant continued operating at a fraction of its capacity. It closed its doors in mid-2002.

By order of the judge responsible for the seizure and sale of the asset, two auctions were held and it so happened that there were no offers. According to auction regulations, if there is no sale at the first two auctions, the third one is held with no basement price. Thus it was that an individual from the neighborhood, who was well connected politically, acquired the dairy for about 40,000\$. Since the appraised value of the immovable asset was 700,000\$, the new owner had done very well for himself. The sale at the third auction was confirmed in December and in February the workers decided to take the factory in spite of everything. On June 23, 2003, they were joined by workers from other factories and people from the neighborhood in Avellaneda and

⁷⁴ 4 Vales, Laura, “A Factory with a History”, Page 12, 1/9/2003.

together they blocked all entrances to La Vasquita. The new owner was scheduled to take possession of the premises at 9:30 in the morning. When we arrived, we were told that last minute negotiations were going on in Court but shortly, Carlos Monje, president of the cooperative arrived without having reached an agreement. The subsequent events, if it had not been for the latent violence that could be felt, would have made for a picturesque scenario: Ragone and his lawyer tried to approach the factory while the workers and their supporters jostled about, shouldering them away from the entrance. The Chief of Police from the nearest station looked on attentively, while twenty or so policemen stood about on the grassy space in front of the factory.

After a time this push and shove match came to an end. Ragone and his lawyer pointed out to the police chief that they were being prevented from entering the factory in spite of the fact that they had the papers attesting to their title in hand. They asked him to do something. A critical moment had arrived. Some people looked frightened, particularly the La Vasquita workers, but they seemed in no way ready to give up. I suddenly had a flash of understanding: the reason for their apprehension was their total dependence for their subsistence on their good health and their strong arms. If they were injured and unable to work, they had nothing to fall back on for the support of their families – no savings, no insurance and doubtless no well-to-do relatives. In this sense their situation was entirely different from that of judges, receivers and entrepreneurs. They are fully aware of this and they must be very determined in order to pursue their goal: they are putting at risk the only thing that remains to them.

A group gathered around the Chief of Police: workers, police, Pedro Ragone, his wife and his lawyer. A disorderly discussion ensued. Opinions from two entirely different worlds were exchanged. As could be expected, mutual understanding was almost non-existent. Alicia Montoya from the assembly in Flores called “December 20” (the group that occupied Clínica Portuguesa) began to speak as the representative of the MNER in defense of the La Vasquita workers. Although the following has only anecdotal value, we would like to present the following dialogue, word for word, as it transpired in front of La Vasquita that day. We hope that it will show that there is indeed a great variety of situations in which the struggle unfolds.

Pedro Ragone: They asked me if they could stay here for six months and after that pay rent. So I made them an offer: find another place and I will pay the first six months rent. And also the Mayor and Senator Arboleda could pay because they said they wanted to help in this business. So yesterday these people tell me they want two more months. In two months time things will be the same as they are now. If the expropriation goes ahead – perfect! We’ll leave the premises and you’ll take over. But that expropriation decision isn’t going to happen.

Alicia Montoya: Are you acquainted with what went on at Acrow Scaffolding - do you know the

place I mean?

PR: Yes.

AM: Well, the expropriation came through two weeks ago. The factory was legally expropriated and it's in operation now. Of course it's much bigger than this place. But we're looking to achieve the same thing. The problem is that the legislature has a big backlog, but expropriation decisions are being handed down. The workers were merely asking for between thirty and sixty days to allow the decision to be handed down. And you know perfectly well that you would benefit from the decision because the judge is going to put a value on the expropriation that will be to your advantage because it will correspond to the appraisal. You won't get a better deal anywhere in the world. So what I'm trying to say is that in a country like ours with an unemployment rate that's off the scale and families that have nothing, we're not throwing up roadblocks, all we're doing is seeking legal expropriation, working capital and a commitment on the part of the Governor of this Province to provide working capital for the reclaimed factories.

PR: So why don't they provide working capital for the enterprises that are still working to prevent them from going bankrupt?

AM: Well, that certainly is a valid...

PR: Because if I can get that kind of assistance, this place won't stay closed. I'm going to do things here.

AM: The fact is that in Argentina today the laws on bankruptcy and other legislation support this process.

PR: But I bought the place and I want my property!

AM: You have a legal right but we have a right based on legitimacy.

PR: Your right is no kind of legitimate right.

AM: Yes it is a legitimate right. The right to work stands higher than the right to profit.

PR: This is private property and we're not living in a communist country yet.

AM: The right to work has nothing to do with Communism, Sir. The right to work has everything to do with survival!

PR: Well, obviously we've got nothing to say to each other. We just don't understand each other.

AM: What do you mean we don't understand each other? I'm trying to say...(They both speak at once and there is no dialogue possible. Finally they calm down and we can hear Alicia again:

AM: What I'm trying to say is that in sixty days...

PR: In sixty days we'll be right where we are today.

AM: That's not so because the parties can sign an agreement - the members of this cooperative

will sign it and members from other cooperatives, too. If nothing happens with the expropriation at the end of that time period you can bring in the police.

PR: Why don't you people just leave peaceably and if the expropriation is declared we'll give it back to you. It'll be closed for two months - nobody occupying the place. If what you say is true and the expropriation will be resolved in two months, you could leave now and come back when there's a decision. We'll make an inventory of everything and if you don't get an expropriation in two months, the place is mine to do what I want with. In the meantime we'll be on stand-by. The factory's not operating anyway.

AM: That's not so. They're getting things going. There's a possibility of some working capital.

PR: Well, let them give you working capital for some other place that you can rent. Why do you have to have this place? I keep telling you that I'll give you a hand with the rent.

Cándido: If I had bought it for 20,000\$, I'd pay the rent too!

PR: So why didn't you come and buy it for 20,000\$? And it wasn't 20,000\$ anyhow.

Pita: Yes, but the auction has been challenged.

AM: Really, the appraised value that I saw for this property...

Candido: The Judge changed the inventory for us at Chilavert.

PR: What's the Judge got to do with this? This place went to auction three times. The first two times it didn't sell and the third time - it sold. It sold at the price I bought it for. So what if it had sold for more? What difference would that make?

AM: You're absolutely right - no difference at all.

Pedro Ragone's wife: This place has been closed down for I don't know how many years and suddenly you decide you want it!

PR: It hasn't been operating for four years.

A worker: Seven months.

PR's wife: What do you mean, seven months?

AM: Seven months. The factory was taking a loss, but it was operating.

PR: You call that operating? 500 liters of milk - child's play!

The verbal sparring continued for a while longer until Alicia moved off to discuss with the workers the possibility of accepting Ragone's offer of leaving the factory closed under guard for another month in the hope of getting some sort of decision from the Court. In fact what she had been trying to do (and this is fairly obvious from the foregoing dialogue) was to play for time, hoping that their lawyer from the Movement would arrive. As the general discussion continued, workers and police officers chatted: some rhythm-challenged kids from Parque Avellaneda

practiced on a variety of drums. One of the workers encouraged their efforts: “Hey kids! Make some noise – we’ve got to keep this thing going.” A policeman standing nearby said, “We can make some noise – how about some gunfire?” The worker laughed, “I don’t think so...” It was a bit like a movie full of clichés about Latinos.

I took advantage of the lull to approach Pedro Ragone for a short interview:

Esteban Magnani: What do you intend to do with this factory?

PR: First of all I’m going to fix it up so that it can be used again. I mean, it’s not going to stand empty – it’s going to create jobs. And I can assure you that there will be more jobs here, under one owner, than if half a dozen people with no capital behind them try to make a go of it. It’s not a simple question of starting up production: you have to know what you’re doing; you have to understand marketing and this is a very difficult time for businesses. Did you know that Marcos Paz has a number of milk-producing plants? Well, most of them are in trouble. And if this one went bankrupt, it’s because managing a plant is no easy matter.

EM: The workers are saying that there’s been asset stripping, that the factory’s being emptied out.

PR: Nothing of the sort – the place has been virtually closed down for the last four years. You can check that out in the documents. Of the half dozen individuals here today, not one of them was an employee at this plant. You can’t have production standing still like that. So occupy the factory, you set up a cooperative and the provincial government gives you money. And who, may I ask, is the Province? The Province is the taxpayers. Did you know that employees of the provincial government have just had a pay cut of 13% and they’re not going to get it back because there’s no money? And these guys think the government is going to spend money here? Pour money into this place that has little hope of success? I told them I would the rent for six months if they found a smaller place and other people would help them with capital... Why does it have to be this place?

EM: But isn’t it cheaper in the long run to finance this kind of project than to pay endless subsidies to unemployed workers and their families?

PR: In order for a project like this to really become viable, you’d have to sink a lot of money into it. Listen to this: if they were going to process milk here, they would need at least 7, 000 liters per day. You know how much that costs? That’s 150,000\$ a month for milk and you need another 50,000\$ or 60, 000\$ for other supplies. You need more than 200,000\$ a month. And then you have to market your product.

EM: Do you know anything about other factories that were expropriated?

PR: Not here in Marcos Paz. This is really the first time for me in a situation like this. But you know why they usually manage to survive? They don’t pay taxes - that’s why. And they take a pay-

cut - they get along with less than they were getting as employees. That's the sad truth of the matter. So what we are doing is creating an economy that is poorer and poorer. You see it all around – poverty, broken-down cars.

EM: But that's not due to the expropriations...

PR: No, it isn't, but we're getting accustomed to this poverty. And since there are no jobs, these people drive around in dilapidated vehicles and they are allowed to do that. It's a danger to everyone.

EM: Wouldn't you say that not paying taxes is more a thing that a lot of entrepreneurs in Argentina do – almost a tradition for them?

PR: No. If you're a registered taxpayer, you have to pay. You might fiddle the books a bit but if you don't pay, you can't operate. They send you letters all the time and it's impossible to function if you don't pay your taxes.

EM: I mentioned that because in many cases the enterprises that have been expropriated had not been paying their taxes or their debts and they went bankrupt. The cooperatives that took them over are paying those taxes.

PR: Well, in the few places I know that are operating, I see people – well, I couldn't swear to, but I think those people are getting less money than they earned before, and of course they're not making social security payments and I'm pretty sure they don't pay taxes. It really hurts me when I see these people being deceived – making them believe they can succeed in something that is very difficult to do. I consider that managing an enterprise is no easy task.

Alícia interrupted our conversation. Followed by a number of workers, she came over to ask Ragone if he would wait a few more days until a meeting of the Provincial Senate (in fact there was no such meeting). She suggested to Ragone that he could take advantage of that breather in order to consider the advantages that a possible expropriation would bring him, particularly payment of the appraised value of the factory, which would be about 35 times more than he had paid. Ragone agreed and after the required signatures were made, he shook everybody's hand and left, giving his word of honor that he would do nothing until Thursday.

We went inside the factory and Pitu, a journalist from the Movement, told me that Ragone is well known in Marcos Paz for his seizures of property from those who owe him money. Apparently he had been a candidate for Mayor and he now owned a cheese-making factory, which would suggest that La Vasquita could be useful to him. I asked Pitu how it had happened that nobody had made a bid at the first two auctions, thus allowing Ragone to acquire the factory at such a ridiculously low price. He was good enough to give me a detailed explanation of how auctions actually function in Argentina.

In the meantime, Alícia was complaining bitterly about having had to speak, all the time hoping that a lawyer or someone better versed in the law would arrive on the scene and take her place. Having got that off her chest she laughed and told us about the Chief of Police who had said to her, “If they order me to use force, I have to use force. Otherwise I’ll lose my job and I’ll have to come down here and march around with you people.”

3.3 The economy of reclaimed enterprises

“If someone imagines that this is a wild dream or a utopia, they should come round and have a look at our factory.” Alejandro López – Zanón worker.

A question that has been perhaps taken for granted on various occasions throughout this book is the question of the economic viability of these enterprises. Recovered factories are of course operating within a capitalist framework and they must conform to its laws to a certain extent in order to function successfully. Competition being the cardinal law of the market, there are vast possibilities for reclaimed factories to grow if their workers achieve efficiency and produce quality products at a good price.

There have been cases of boycotts carried out by former owners, but they have not been on a corporate or systematic scale. When the workers are asked why the corporations are not launching a coordinate attack, they reply that the marketplace is a one of the most anarchical environments where, in fact, he who competes successfully carries the day. Up to the present time, when no reclaimed enterprise has gotten in the way of a really powerful opponent, this seems to be a correct analysis. However there are a few exceptions and some cooperatives have had to confront important entrepreneurs with a lot of influence in political circles. These confrontations render the recovery of an enterprise much more arduous, but on the other hand the exposure that the struggle gives to cases of corruption that might thus be revealed would seem to suggest to some business people the expedience of avoiding conflict. At any rate, the legal and political struggle has not spread to the economic domain in the form of boycotts.

Another interpretation of the absence of corporate obstruction tactics is that, for the present, these factories are producing on a small scale - just little “kiosks” as the workers say affectionately about their projects. If they were to really take off, the situation could become more complicated.

In this chapter we will look at the type of difficulties that the enterprises have to deal with once they have overcome the legal hurdles and the challenges of returning to production. In fact, once that stage of difficulties has been surmounted, they are able to function better than before, recovering their clientele with relative ease. Eduardo Marúa explains:

“In most cases there is a lot of sympathy for this endeavor, even on the part of some capitalist clients. They are happy to buy from us and we have no problem with them. At IMPA we have clients such as Nestlé, Arcor, Fel Fort – these are big clients, some of them multinational firms. First comes price and then quality. If we can provide high-quality products at a good price, we have a market. We are certain of that.”

From an economic point of view, most of the reclaimed enterprises are showing a sustainable growth pattern. This is notable considering that these factories were undergoing serious problems very recently: unable to pay salaries and often unable to continue in operation. Even though the workers' income remains low, it is usually an improvement in relation to their impecunious situation when the employer was unable to pay their higher (but ghostly) remuneration.

Another point of no small importance is the increased requirement for manpower in most of the enterprises that have achieved stability. This is a very significant factor in an economy where productivity is usually increased to the tune of serious reductions in the workforce. This is why various leaders in the movements are saying that a government policy in favor of self-management, as well as some changes to the bankruptcy laws and the creation of a fiduciary fund would help to reduce significantly the unemployment rate. These measures would allow idle equipment and experienced workers to fulfill their productive potential. The alternative is to continue multiplying the numbers of unemployed workers being supported by benefits and sell off potentially productive equipment as scrap.

In the absence of more general statistics let us look at the data on some individual factories, most of which have been in operation for about a year. At Lavalán (less than a year in operation) the workers told us they are earning 1200\$ per month. At Chilavert (same start-up date as Lavalán) they went from 200\$ a month to 400\$ and then to 800\$ in six months in spite of having to change many worn-out parts and, for instance, refill all the fire extinguishers in that period. At Zanón earnings have a ceiling of 800\$ per month in order to allow reinvestment and consequent growth at a rate of 10% per month. At the Química Sur Cooperative they have increased the workforce from 34 to 60. At IMPA they have surpassed monthly earnings of 1000\$, and some months they go well over that amount. At Unión Y Fuerza they receive at least the double of what they earned under the former boss and they calculate that by next year they can make an investment in their enterprise allowing a two-fold increase in production. Nevertheless, the picture is not always so bright: some factories have difficulty taking off, such as FORJA San Martín, which is seeking 500,000\$ in order “to get a good start” as one of the workers explained. At Nueva Esperanza and El Aguante they are experiencing great difficulty finding clients and the

members are earning very little.

All things taken into account, it would seem reasonable to conclude that this phenomenon does not belong to the realm of utopist delirium. Approximately 170 factories are operating under worker control. They have created jobs – an end in itself for this type of project – and these jobs are being maintained. In other words, these projects have not evaporated into thin air at the first crisis as many enterprises did when their owners saw their profits dwindling.

The greatest economic repercussion of these factories lies in the revitalization of the neighborhoods and zones surrounding them, particularly in smaller cities and towns. The town of Las Varillas in the Province of Cordova exemplifies this kind of impact. The Zanello factory, located in La Varillas, is a mixed capital enterprise (cooperative, State and private) that makes tractors costing around 30% less than the imported product. There are no mechanics, welders or machinist to be had in town because they are all busy at Zanello or in some industry supplying the factory. Since more money has come into the region, commercial activity of all sorts has been given a boost. A reclaimed factory may not have a noticeable effect on the GNP, but it can certainly transform people's lives.

Although this phenomenon has, for the present, a marginal effect in terms of the national economy, it is useful to examine the reasons why the more stable projects have been able to reach a position of strength.

3.3.1 Entrepreneurial cost

“It is admirable that workers are fighting to keep their jobs, even to the point of giving up a large part of their remuneration. The fact is that usually they receive no pay at the beginning – or very little indeed. Or else they get by on the 150\$ subsidy to the head of the family. Admirable though their efforts may be, the matter is not as simple as that. If those factories closed down, there was a good reason for it.” From an editorial by Juan Alemann in the daily, La Razón.

The above quote is obviously a paraphrase of the concept, “cost of labor”, referring to monies paid out in salaries in capitalist enterprises. That concept is not a neutral one since it is often used to indicate one of the variables that is supposedly a burden capable of dragging an enterprise down. This way of looking at salaries through the capitalist lens (that is, as a cost) is connected to the neoliberal vision that had such a pernicious effect not only on the social and cultural life of the country, but on its economy as well - although the latter was supposed to be its prime beneficiary. The expression “Argentine cost”, is still in vogue as a way of describing and denouncing the expectations of workers in this country. It is imputed that these expectations are so high that they

go against the interests of the workers themselves by reducing the competitiveness of industry and causing unemployment. According to this line of reasoning, salaries are not a just and proper remuneration that contributes to the welfare of the population, but rather an expense that impedes the growth of an enterprise by striking at its capacity to compete and thus at the capacity of the whole economy to grow.

Hence if workers curbed their demands, the economy would improve and that would promote the welfare of the general population. This was the argument used during the 1990's to impose labor "flexibility", the benefits of which have remained hidden behind a curtain of unemployment such as this country has never before seen. The assumptions on which the argument for reducing labor costs is based would seem to consist of a strategic fallacy rather than a solid and verifiable body of evidence. That is the thesis that drives this book and according to which we will make an economic analysis of the reclaimed factory phenomenon.

We do not propose to consider the theme of labor cost in this section. Rather, we propose to turn the question upside down and look into entrepreneurial cost. Thus we will confront the argument that weaves its way through this book in so many of the interviews and commentaries including the one chosen to head this chapter. That argument can be characterized by the following question: "If the entrepreneur, with all his expertise, couldn't make a go of it, how are the workers going to manage?"

This section looks at the fundamental components that make up the answer to that question.

Entrepreneurial cost, as it is presented here, is the need experienced by the capitalist to produce a certain amount of profit in order to justify putting his capital to work, that is, putting his capital at risk. Management cost (the higher range of salaries) can be included in the entrepreneurial cost since, in virtually all reclaimed factories and in spite of the expert knowledge that was supposedly the exclusive domain of professionals, it is the workers themselves who are responsible for administrative tasks, planning, technology, etc. The workers repeatedly commented that the salary of one manager covers ten worker salaries. The Zanón factory, for example, financed an office in Buenos Aires employing 100 people. Today the workers have demonstrated that there was no need for all those people, as the factory is now functioning and growing without their help. It should become clear that, although in many factories such expertise can be beneficial, its absence is not a determining factor for the success or failure of an enterprise. Indeed, in some cases it can be a burden that actually hinders growth.

Although the workers' commitment to their daily tasks allows a lot of money to be saved, particularly through an increase in work efficiency that in turn increases productivity and hence profitability, the fundamental element that explains their success is related to the absence of the entrepreneurial cost.