European Research Institute on Cooperative and Social Enterprises

Euricse Working Paper Series
ISSN 2281-8235

THE EMERGENCE OF THE EMPRESAS RECUPERADAS POR SUS TRABAJADORES: A POLITICAL ECONOMIC AND SOCIOLOGICAL APPRAISAL OF TWO DECADES OF SELF-MANAGEMENT IN ARGENTINA

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Working Paper n. 55|13

Please cite this paper as:
Vieta M. (2013), "The emergence of the empresas recuperadas por sus trabajadores: A political economic and sociological appraisal of two decades of self-management in Argentina", *Euricse Working Paper* n. 55|13.

THE EMERGENCE OF THE EMPRESAS RECUPERADAS POR SUS TRABAJADORES: A POLITICAL ECONOMIC AND SOCIOLOGICAL APPRAISAL OF TWO DECADES OF SELF-MANAGEMENT IN ARGENTINA

Marcelo Vieta*

Abstract

The crisis of Argentina's neoliberal model that escalated throughout the 1990s, driven in part by the zealousness of how IMF-sanctioned structural reforms were implemented, would eventually culminate in the model's temporary implosion over the years spanning the turn of the millennium. For workers living through this crisis, traditional union tactics would prove unresponsive to the neoliberal juggernaut, while the state was on the defensive as business bankruptcy, informal work, unemployment, and poverty rates soared to unprecedented levels during this period. But the crisis of neoliberalism that so deeply affected the everyday lives of Argentina's working people and their families also proved to be, for some of them, an opening for experimenting with other possibilities for organizing production and economic life. As businesses increasingly failed, more and more workers from a broad cross-section of Argentina's urban-based economy began taking matters into their own hands by occupying and self-managing the troubled workplaces that had been employing them as worker cooperatives. Today throughout Argentina, almost 9,500 workers self-manage over 200 *empresas recuperadas por sus trabajadores* (worker-recuperated enterprises, or ERTs) in sectors as varied as printing and publishing, media, metallurgy, health provisioning, foodstuffs, shipbuilding, waste management, construction, education, tourism, and energy.

The aim of this working paper is to provide a political economic and sociological overview of the rise and establishment of ERTs in Argentina over the past two decades. It does so in order to introduce ERTs to readers that might not be familiar with the Argentine experience of workplace conversions to worker cooperatives and their recent historical emergence. It also gives context to what is arguably, as I will detail in forthcoming research, a new form of hybrid social economy organization—a "solidarity worker cooperative/work integration social enterprise." In this respect, ERTs are a type of hybrid labour-managed firm that uniquely formed, in the Argentine political economic and sociological context, from out of the takeover and conversion of a formerly investor-owned or proprietary business into a worker cooperative by workers themselves.

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Keywords

Worker buy-outs; worker-recuperated enterprises; empresas recuperadas por sus trabajadores; business conversions to cooperatives; worker cooperatives; self-management; labour movements in Argentina; political economy of Argentina

JEL classification

D21, D63, J54, D29

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1. Setting the stage

Rooted concurrently in the long and rich history of workers' self-activity, labour organizing, and the cooperative movement, conversions of investor-owned or proprietary companies into worker cooperatives or other types of labour-managed firms have been present throughout the world since the consolidation of the capitalist economic order in the late 18th and early 19th centuries (Atzeni & Vieta, 2013; Ness & Azzellini, 2011). According to Humberto Miranda Lorenzo (2011), the first recorded case of workers taking over and self-managing formerly investor-owned firms was in England in February 1819 in the tobacco sector. After eleven days of strike action, according to Miranda Lorenzo, workers took over the plants that had been employing them and began to self-manage production (p. 77). One could also argue that Robert Owen's transformation of Scotland's New Lanark mills into a worker-focused productive community was also an early, if less dramatic but ultimately more influential, precursor to the conversion of private firms into labour-managed ones. Charles Fourier's minutely detailed vision for a new productive society organized within small, self-sustaining communities of people engaged in "attractive labour" and organized within communal complexes he called *phalanstrères* were ideas that similarly inspired early conversions of productive entities into labour-led organizations. As the industrial revolution took root and the capitalist economic system spread to all corners of the world, other imaginaries and experiences of worker-led production and industry began to take hold. We can recall, for instance, the early cooperative movement in the UK, France, Germany, Italy, and other European countries; the emergence of organized labour, again first in Europe and then in other parts of the world; and, ultimately, throughout the world with the spreading of the cooperative and labour movements into Europe's colonies by the mid-to-late 19th centuries. By the early 20th century, the occupation of workplaces and their conversions into labour-managed interests became more common, especially with revolutionary movements in Russia, Germany, and Italy by the late 1910s.

Today, conversions of businesses to labour-managed firms can be found primarily in regions that have experienced acute market failures or macro-economic crises, such as in contemporary Latin America, especially in Argentina, Brazil, Uruguay, and Venezuela; in Southern Europe, particularly in France, Spain, Italy, Greece, and in smaller pockets in other European countries such as Russia, Ireland, and the UK; and, to lesser degrees, in the US, Canada, and Australia. Workplace conversions may also occur in less-conflictive scenarios, such as when investors or private business owners of sole proprietorships or partnerships, in situations where there are no obvious heirs or when the selling of the firm is under consideration, sell or bequeath their businesses to employees. What tends to motivate workers to take over or buy out their places of employment is usually most immediately rooted in employees' desires to save their jobs and the businesses where they work in order to avoid the fate of unwanted early retirement, precarious employment, or unemployment. This is especially so in times of economic uncertainty or a firm's imminent closure[1].

[1] The literature tends to identify five types of scenarios or circumstances for business conversions into labour-

The emergence of Argentina's *empreseas recuperadas por sus trabajadores* (worker-recuperated enterprises, or ERTs), the business conversion model at the heart of this study, tends to fall on the more dramatic side of the conversion spectrum. And, over the past two decades of their existence in Argentina, ERTs have become transformative experiences not only for the workers that have gone through these conversions, but also for the communities where these takeovers occur (Vieta, 2012a, 2012b, 2014b). The transformative nature of these experiences is, in part, due to workers and surrounding communities uniting in solidarity in order to collectively overcome business closures, potential or further community depletion, and micro- and macro-economic crises (Vieta, 2012a, 2014b).

The aim of this working paper is to provide a political economic and sociological overview of the rise and establishment of ERTs in Argentina over the past two decades in order to give context to their emergence. More specifically, it seeks to answer the following five questions:

(1) Why did these firms emerge in Argentina in the past two decades?
(2) What motivated workers in Argentina to take over their firms in this particular conjuncture?
(3) What are the processes that these workers go through to win control of their firms?
(4) What are some of the challenges these new worker cooperatives face and how do its workers begin to overcome these challenges collectively?
(5) Why do ERTs overwhelmingly become worker cooperatives?

This working paper begins to answer these five key questions as follows: Part 2 starts with a working definition of ERTs, based on my sociological, ethnographic, and political economic work with these firms in Argentina since 2005 (Vieta, 2012a, 2014b). It then explores the social and political economic conjunctures underpinning the rise of ERTs in Argentina. It argues that the ERTs of the 1990s and 2000s first emerged as direct workers' responses to acute forms of exploitation and crises emanating from one or a combination of: (1) macro-economic crises radiating onto shop-floors and spurred on by broader market failure; (2) administrative or owner ineptitude, mismanagement, or overt exploitation of workers (i.e., under- or un-remunerated work, increasing work demands, cutting back on employee benefits, increasing practices of asset stripping firms, etc.); (3) or as a firm's employees' collective responses to growing rates of under- and unemployment, labour flexibilization, and informality. Part 2 then briefly compares and contrasts the ERT phenomenon's "first era" (1990s to 2004) and "second era" (2004 to the present), highlighting how these firms have been transforming into more stable and

managed firms: (1) conflictive company takeovers by employees in conjunctures of socio-economic distress; (2) employee buy-outs of investor-owned businesses in crises; (3) employee buy-outs of businesses where owners retire or leave the firm and are without heirs, or their heirs do not desire to own and manage the firm (i.e., business succession plans); (4) nationalization schemes where employees partly or wholly control or co-own the firm with the state (i.e., self-management in the former Yugoslavia or co-management in Venezuela today); and (5) employees becoming part-owners of the firm via share purchases, as with US and Canadian ESOPs or worker shareholder cooperatives in Quebec (Clarke, 1984; Estrin, 1989; Estrin & Jones, 1992; Gherardi, 1993; Girard, 2008; Hough, 2005; Jensen, 2011; McCain, 1999; Paton, 1989; Vieta, 2012a; Zevi et al, 2011).

consolidated worker cooperatives in recent years. Part 3 goes on to analyse the main motivations compelling workers to recuperate a firm, and unpacks the three-staged process that workers usually traverse when forming an ERT, captured in the slogan "*ocupar, resistir, producir*" ("occupy, resist, produce"). I layer this with analyses of the key legal and moral arguments ERT protagonists have had to deploy and rely on to carry out their self-management and cooperative projects, and the organizational and labour process transformations that take place within an ERT. Part 4 looks at why ERT protagonists overwhelmingly take on the worker cooperative model. And finally, Part 5, the conclusion, sums up the key moments of ERTs' emergence and briefly points to both the similarities and unique aspects of ERTs when compared to other worker-led conversions of investor-owned owned firms in other conjunctures. Part 5 finally briefly foreshadows sociological and organizational analysis of ERTs I will engage with in forthcoming research where I will analyse their organizational and labour process transformations and suggest these worker-recuperated firms are, in ways, new, hybrid forms of "solidarity worker cooperative/work integration social enterprises"[2].

[2] In future work, I will explore in more detail the various ways ERTs in Argentina and in other conjunctures are a new, hybrid form of solidarity cooperative, worker cooperative, and social enterprises that focus on work integration and community development, and that are initiated by workers themselves.

2. What are ERTs? Why Argentina? Why now?

2.1. What are Argentina's empresas recuperadas?

Argentina's *empresas recuperadas por sus trabajadores* are formerly investor- or privately-owned (i.e., proprietary) businesses that were in trouble, had declared or were on the verge of declaring bankruptcy, and that are ultimately taken over by their employees and reopened by them as worker cooperatives, usually under situations of deep conflicts on shop-floors between workers and managers or owners. In the past 20 years or so, they emerged as direct workers' responses to the worst effects of structural reforms on small- and medium-sized firms (SMEs) in Argentina, the decline of traditional union power, and the subsequent rising tide of life precariousness and unemployment (Vieta, 2012a, pp. 533-535). Furthermore, they are intimately connected to the country's long history of labour militancy and shop-floor democracy, as well as the mass mobilizations of popular and marginalized sectors of recent years (Ruggeri, 2010; Vieta, 2014b). Indeed, in Argentina, practices of taking over workplaces by employees or people occupying land or idle property have long traditions. Workplace takeovers, in particular, have emerged historically during key periods of political turmoil, market failure, or as labour bargaining tactics during moments of particular tensions between employers, workers and their representatives, and the state (Atzeni, 2010; Munk, Falcón, & Galitelli, 1987; Ruggeri, 2010; Vieta, 2012a)[3].

Argentina's contemporary ERTs, however, while linked to the militant past of labour and popular sectors, mark a somewhat unique moment in the history of labour struggles, emerging in recent decades as mostly non-union aligned, "bottom-up," and worker-led responses specifically to *the crisis of neoliberal capitalism*. As a phenomenon, they have also lasted much longer than previous waves of workplace recuperations in the country; have, despite their small numbers, influenced the reform of labour, business, insolvency, and cooperative legislation; and have inspired new visions for social change and more egalitarian forms of work and productive life.

In a nutshell, Argentina's contemporary ERTs began to emerge in the early 1990s as

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[3] The ERT phenomenon also, like most Argentine labour movements of the past 60 years, retains tinges of Peronist imaginaries of the "dignity of labour" and the "right" for workers to be central players in the Argentine political economy—views strongly articulated by Perón and the Peronist-controlled union movement under the auspices of the CGT in the 1940s, '50s, and '60s. These two common Argentine working class notions are perhaps the two main social imaginaries that remain ensconced in the social and cultural memories of Argentina's ERTs, further colouring their emergence (Munck et al., 1987, pp. 133, 238, 240; Vieta, 2010). Moreover, as Maurizio Atzeni (2010) frames it, *peronismo* and the union bureaucracy it propagated brought with it new forms of "citizenship around workers' rights" as trade unions became de facto state organs "responsible for the administration of substantive financial resources" that would give the CGT, in particular, "tangible power" in the Argentine political economy (p. 55). When these worker-based "state organs" began to collapse with the privatization and anti-labour reforms of the 1990s, some workers, such as ERT protagonists, began to act outside of their unions in order to not only save their jobs but retain the benefits and rights Argentine workers had enjoyed since the mid 1940s. As such, these Peronist-tinged imaginaries around the dignity of labour and workers' rights have, not surprisingly, overflowed into the ERT phenomenon's cultural, political, and discursive milieus via the memories and past experiences of ERT workers, the leaders of ERT umbrella organizations, and some of the phenomenon's most militant protagonists. Many ERT leaders and advocates, for instance, have come from some of the most militant sectors of Peronist and *clasista* (leftist peronist and non-peronist) trade unionism that advocated and fought for the institutionalization of these benefits and rights before the neoliberal era. For more on these themes, see the discussion around Tables 1 and 2 below, and Vieta (2012a, Chapter 3).

workers' direct responses to the anti-labour policies, structural reforms, and ultimate market failures of that decade. With Argentina's mainstream labour movement's leaders mostly co-opted into the neoliberal system that was sold to Argentines as a way to economic stability and prosperity (Felder & Patroni, 2011), and with an increasingly unresponsive state overwhelmed by increasing life precariousness, employees working in near-insolvent, insolvent, or otherwise failing firms began taking matters into their own hands by occupying and then attempting to self-manage them. The emergence of ERTs would hit its apex during the country's social, political, and financial crisis years of 2001 and 2004 as more and more SMEs began to fail, dismissed workers, or declared bankruptcy.

Today in Argentina, just under 9,500 workers self-manage their working lives in over 200 ERTs throughout most of the country's urban economic sectors (Ruggeri, 2010). While representing a fraction of Argentina's broader cooperative sector (INAES, 2008; Vieta, 2009a), and while making up a smalle number of its active participants in its urban-based economy (Ministerio de Trabajo, 2010), ERTs have nevertheless inspired the imaginaries of workers, cooperative practitioners, social justice activists, progressive social science researchers, policymakers, and grassroots groups in Argentina and the world over in the past dozen years or so. This is the case, as I will elaborate on in the following pages, because of how ERTs have saved jobs and businesses, transcended economic crises, integrated new workers into their workforce, prevented social exclusion, returned control to workers, and saved communities from further socio-economic depletion. Many ERTs have contributed positively to the socio-economic needs of surrounding neighbourhoods by, for instance, allowing other cultural and economic initiatives to operate within the firm, while some ERTs have invested part of their surpluses to community economic development and revitalization. Indeed, these new, converted worker cooperatives have punched well above their numerical weight in Argentina, instilling "new expectations for [social] change" (Palomino, 2003, p. 71). More concretly, ERTs have been important in motivating Argentina's federal governments since 2003 to return to more pro-labour and heterodox national economic policies (Vieta, 2012a).

ERTs are also said to be forging "new institutional relations" (Palomino, 2003, p. 71). Within the legal and organizational rubrics of a worker cooperative, Argentina's ERTs are beginning to exemplify the innovative ways workers themselves can reorganize work and production, directly address the inevitable instability wrought by economic downturns and market failure and, as in the Argentina of the 1990s, move beyond a national economy's over-reliance on the global financial system. Because of this, the process of creating an ERT has, over the past decade or so, increasingly *institutionalized* throughout the country[4]. For instance, the institutionalization of business conversions to worker cooperatives can be seen today in how creating an

[4] By the "institutionalization" of ERTs, I mean the consolidation and regularization of the social, political, and legal mechanisms, processes, and practices of converting failing private firms into cooperatives. Undoubtedly, ERTs still have many challenges, as I will show in this paper, and some policy makers and bankruptcy courts, judges, and trustees continue to contest the legality of ERTs because, it is mainly argued, they violate Argentine property law. Increasingly, however, ERTs are seen by the state and the legal system as viable alternatives to business closures, promulgating the legal regularization of these firms. I explore the institutionalization of ERTs in more detail in Vieta (2012a, especially Chapters 5 and 6).

ERT is now another legal option for troubled firms in the country, in addition to receivership, declaring bankruptcy, or permanent closure. The activism of ERT workers themselves, together with their representative organizations, directly influenced the reform and creation of new business and cooperative laws that now more strongly favour employees that decide to take over troubled firms and reopen them as worker coops (CNCT, 2011; Feser & Lazarini, 2011; Magnani, 2003).

It is increasingly clear, then, that Argentina's ERTs have not only saved jobs, but also helped prevent the further depletion of the cities, municipalities, and neighbourhoods where they are located, and brought increased attention to the social decay caused by business closures. Worker cooperatives such as ERTs have particularly shown the social and economic advantages of coopertivism in the face of recent economic crises stemming from the collapse of market liberalizations (Birchall & Hammond Kettilson, 2009); in becoming worker cooperatives, ERTs have tapped into what the cooperative studies literature calls "the cooperative advantage" (Birchall, 2003; MacPherson, 2002). Worker coops, for instance, have shown to be counter-cyclical, growing in numbers throughout the regions most affected by crises (Birchall, 2012). Such is the case with the emergence of ERTs and other worker cooperatives in Argentina in recent years (see Figures 1 and 3 and Table 4), as well as in other national contexts. Worker cooperatives tend to survive economic crises better than investor-owned firms because, on the whole, they favour jobs over profits and wage flexibility over employment flexibility (Pérotin, 2012). ERTs, too, have failed much less than conventional firms in Argentina, experiencing less than a 10% failure rate when compared to the extreme rates of business closures in Argentina throughout the 1990s and early 2000s (see Figure 2 and the discussion below)[5]. Also, worker-owners are more connected emotionally, psychologically, and locally to their businesses than dispersed shareholders (Penceval, Pistaferri, & Schivardi, 2006); workers participate in the running of their firms (Oakeshott, 2000) and live in the same communities where their coops are located, thus having more "intrinsic" and "extrinsic" motivations for the success of their firms and communities than shareholders (Borzaga & Depedri, 2005, 2009; Navarra, 2010; Pérotin, 2006). As I will argue in Part 3, such is also the case with ERTs. Worker coops also exhibit "positive externalities" for communities; economic democracy has been linked to workers' improved wellbeing (Theorell, 2003; Wilkinson & Pickett, 2011), and they promote participation beyond the workplace as worker members learn citizenship by "doing" democracy (Daly, Schugurensky, & Lopes, 2008; Erdal, 2000, 2011; Pateman, 1970). Again, ERTs have been showing ample evidence of its worker-members' growing awareness of community needs and their increased involvement in community participation, as I have shown elsewhere (Vieta, Larrabure, & Schugurensky, 2011; Vieta, 2014a).

[5] Indeed, micro-economic studies of labour-managed firms have shown that they fail less within the first 10 years than conventional firms. And initial empirical evidence is showing that Argentine ERTs are comparatively as resilient as, if not more so, than other LMFs in other contexts. For instance, Avner Ben-Ner (1988) found that, whether from "conversion into KMFs [or] out-right dissolution," the annual death rates of European LMFs in the 1970s and 1980s were: 6.9% for French LMFs, 28.6% for Dutch LMFs, 9.3% for Italian LMFs, UK LMFs were at 6.3%, and Swedish LMFs were at 29.5% (p. 208). In comparison, only 20 ERTs that were around during Ruggeri et al.'s (2005) 2004-2005 survey did not exist by the research team's 2009-2010 survey, suggesting roughly, in 2009-2010 numbers, a 9.75% death rate or non-survival rate among ERTs (Ruggeri et al., 2010, p. 39).

In short, worker cooperatives, as with ERTs, are not only palliatives for crises, but also, as I and others have argued elsewhere, *transformative organizations* for communities (Amulya, O'Campbell, Edoh, & McDowell, 2003; Vieta, 2012b; 2014a). And ERTs, as converted workplaces in other conjunctures in Latin America and Europe have also recently been showing (CECOP-CICOPA, 2012), ERTs go one step further, evidencing how workers can even take the reigns of failing, formerly proprietary firms, and turn them around, preserving not only jobs but also sustaining a productive entity and helping to protect local communities from socio-economic ruin.

2.2. How many, where, and ERTs' "symbolic" significance

Constituting less than 1% of Argentina's approximately 16.5 million active participants in its urban-based, formal and informal economy (Ministerio de Trabajo, 2010), the most reserved study suggests that, as of late 2009, 9,362 workers were self-managing their working lives in 205 ERTs across Argentina (Ruggeri et al., 2010, p. 9) (see Table 1)[6]. A testament to the extent of the neoliberal crisis of the turn of the millennium on Argentina's national economy, Tables 1 and 2 show that ERTs are found in most of the country's regions and provinces and throughout its urban economy in sectors as diverse as printing and publishing, media, metallurgy, foodstuffs, construction, textiles, tourism, education, and health provisioning. Indeed, the breadth of the ERT phenomenon, cutting across most of Argentina's economic sectors including heavier industries such as manufacturing, shipbuilding, and hydrocarbons and fuels, suggests that worker cooperatives, at least upon the conversion of a capital-managed firm (KMF) into a labour-managed firm (LMF) when most of its capital assets are still usable to some extent, *can* indeed function in capital-intensive sectors. In this regard, Argentina's ERTs seem to counter the assumption in the mainstream economic literature that worker coops are most adequate for labour-intensive and low-capital enterprises[7].

Additionally, it is noteworthy that the economic sectors with the largest conglomeration of ERTs tend to also be those that have come from militant union traditions, suggesting, as I did earlier in Part 2, the strong connections between ERTs and the country's history of working-class activism. It is no coincidence then that, from Table 1, just over 56% of Argentina's ERTs are found in the metallurgic, graphics, meatpacking, construction, and foodstuffs sector, represented historically by some of the most militant private sector unions in Argentina. More radical ERT workers with past experiences in their unions are often part of an ERTs' founding collective, and some of these workers subsequently go on to become leaders of their

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[6] More optimistic journalistic reports and the estimations of ERTs' political lobby organizations suggest that 12,000 or even 15,000 workers currently self-manage 250 or even more than 300 ERTs (e.g., Murúa, 2006; Trigona, 2006). There are political, ideological, financial, and psychological motivations for estimating larger numbers of ERTs for Argentine self-managed workers (i.e., the desire to have larger economic relevance, the hope of more government subsidies, easier access to loans) and for ERT lobby groups (i.e., increased political legitimacy, gaining easier access to policy makers). Indeed, as Palomino et al. (2010) suggest, as the ERT phenomenon has gained recognition and legitimacy some self-managed firms and worker coops that did not consider themselves "worker-recuperated" companies a few years ago, now do, thus further expanding the "universe" of ERTs.

[7] For discussions of these assumptions, see Ben-Ner (1984, 1988); Cornforth (1985); Bartlett, Cable, Estrin, Jones, & Smith (1992); Dow (2003); Drèze (1993); Fama & Jensen (1996); Furubotn & Pejovich (1970); Hansmann (1996); Vanek (1975, 1977).

worker cooperative. Their early formation as radicalized workers often takes place within former union settings as shop stewards, or from having taken part in past strikes and other labour actions, or they begin to learn the ins and outs of militancy from family members with histories of labour activism (Vieta, 2012a, 2014b).

It is also not coincidental that most ERTs are to be found in the city of Buenos Aires, the capital's greater conurbation, in pockets of the interior of the province of Buenos Aires, and in the provinces of Santa Fe, Córdoba, and Mendoza. These happen to be the country's six major industrial centres. Not surprisingly, they are also the places where most of its working-class struggles have taken place over the past 130 years or so in Argentina.

Tab. 1: Breakdown of ERTs per sector and number of workers per sector, as of 2009

Sector	No. of ERTs	No. of Workers	% of ERTs	% of Workers
Metallurgic Products	48	1,971	23.41%	21.08%
Graphics	16	503	7.80%	5.38%
Textiles	13	470	6.34%	5.03%
Gastronomy	4	72	1.95%	0.77%
Glass products	7	264	3.41%	2.82%
Chemicals	3	158	1.46%	1.69%
Plastics	5	85	2.43%	0.91%
Meatpacking and Refrigeration	13	1,353	6.34%	14.63%
Shipbuilding	2	62	0.98%	0.66%
Foodstuffs	26	640	12.86%	6.84%
Construction	12	748	5.85%	8.17%
Leather Products	5	481	2.44%	5.15%
Health	10	431	4.88%	4.61%
Education	4	118	1.95%	1.26%
Hotel	5	243	2.44%	2.60%
Sports Arms	1	13	0.49%	0.14%
Wood Products and Sawmills	4	74	1.95%	0.79%
Fuel and Hydrocarbons	5	95	2.44%	1.01%
Pulp and Paper	2	71	0.98%	0.76%
Footware	4	520	1.95%	5.56%
Transportation	6	375	2.93%	4.01%
Maintenance and Logistics	3	316	1.46%	3.70%
Communication Media	4	181	1.95%	1.83%
Commerce and Finance	2	95	0.98%	1.02%
Rubber	1	23	0.49%	0.25%
Total	**205**	**9,362**	**100%**	**100%**

Source: Ruggeri et al., 2010, pp. 10-11.

Tab. 2: Breakdown of ERTs and number of ERT workers per region, as of 2009

Region	No. of ERTs	No. of Workers	% of ERTs	% of Workers
City of Buenos Aires	39	1,466	19.0%	15.7%
Greater Buenos Aires	76	3,243	37.1%	34.6%
Interior of Prov. of Buenos Aires	31	1,164	15.1%	12.4%
Chaco	3	182	1.5%	1.9%
Corrientes	4	376	1.9%	4.0%
Entre Rios	5	332	2.4%	3.5%
Santa Fe	20	945	9.8%	10.1%
Chubut	2	24	0.9%	0.3%
Córdoba	5	515	2.4%	5.5%
La Pampa	3	79	1.5%	0.8%
La Rioja	3	100	1.5%	1.1%
Mendoza	7	178	3.4%	1.9%
Neuquén	3	600	1.5%	6.4%
Río Negro	1	30	0.5%	0.3%
San Juan	2	48	0.9%	0.5%
Tierra del Fuego	1	80	0.5%	0.9%
Argentina (Totals)	**205**	**9,362**	**100%**	**100%**

Source: Ruggeri et al., 2010, pp. 10-11.

Small in numbers but powerful in its suggestive force for workers traversing moments of micro-economic difficulties and potential job loss, Argentina's ERT phenomenon, as Palomino (2003) has also suggested, is more "related to its symbolic dimension" than to the strength of its size or macro-economic force (p. 71). But this certainly does not lessen its significance, especially given: the social innovations their worker protagonists have been forging (for instance, as I have already mentioned, in how workers convert a once-capitalist firm into a site for community socio-economic development); the phenomenon's relative longevity when compared to other labour-managed firms in other conjunctures; and the increasing support for and legitimacy of ERT workers and their self-management projects amongst the state, the legal sphere, and the general populace since the socioeconomic crisis years of 2001-2003.

2.3. The social conjunctures of Argentina's ERTs

As more and more businesses were going under throughout the mid-to-late 1990s, people from across Argentina were witnessing in televised news reports, reading in their daily papers, or experiencing live in their own neighbourhoods, workers occupying and taking over their places of work. And even though these workers were clearly violating national property laws, most Argentines were supportive of such actions because something more serious than the violation of property rights was occurring regularly and touching the everyday lives of most working people: the erosion of job security and the explicit violation of labour contracts. Argentines from across social sectors understood the socio-economic impacts of the actions of countless business owners and managers who were more interested, it was clear, in saving their own skins rather than in considering the well-being of workers—workers

who had often given decades of their lives to their jobs and the businesses that had employed them. And, in the eyes of many Argentines, workers who were occupying their places of work and desiring to keep their jobs were not, after all, "further burdening" already depleted state coffers by relying on welfare payments or work-for-welfare plans. Rather, these recalcitrant workers simply wanted to keep on working and ensure that their workplaces remained open in order to preserve their livelihoods. These commonly held views during the conjuncture of turn-of-millennium Argentina helped *legitimize*[8] workers' actions of taking over private firms in trouble, making it unpopular and infinitely harder for the political and judicial establishment or the police to reprove, repress, or evict these workers[9]. I will return to these points and their links to the emergence and institutionalization of ERTs in Part 3.

Not surprisingly, ERTs started to become visible to most Argentines, and increasingly to the rest of the world, during the days, weeks, and months following *el argentinazo* of December 19/20, 2001 as one of the many social justice movements in the constellation of bottom-up responses to the crisis by the country's growing population of the dispossessed, the exploited, the underemployed, or the unemployed. With a dearth of options left for working people on the brink of structural unemployment, between 1995 and 2005—and especially between the years 2001 and 2003—Argentina's deep class divisions crystallized into the strident radicalization of countless marginalized groups resisting and attempting to move beyond the neoliberal model of the 1980s and 1990s. Between 1995 and 2003 in particular, a contagion of bottom-up popular resistance spread across most marginal sectors, witnessed in the widespread direct action tactics of property occupations and squatting, the *piqueteros*'[10] now-famous road blockages, and myriad other spontaneous community mobilizations and solidarity economy initiatives such as the mushrooming of *clubes de trueque* (barter clubs), *asambleas barriales* (neighbourhood assemblies), and neighbourhood-based food security and provisioning projects (Dinerstein, 2002; Palomino, 2003; La Serna, 2004; Sitrin 2006; Svampa & Pereyra, 2004)[11]. What spilled over from these grassroots mobilizations onto all forms of popular struggle in the country at the time was a renewed sense of collective purpose against a callous, exploitative, and socially alienating system; a growing ethos of self-organization and direct participatory democracy "from below" via extremely flat—or "horizontal"—organizing structures (Colectivo Situaciones 2004, par. 3; also see Sitrin, 2006); and a massive "reactivation" of "communitarian social experience" (Svampa & Pereyra, 2004, p. 233). By the early years of the 2000s much cross-pollination was occurring between

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[8] I borrow the concept of *legitimacy* from organizational theory. Situating it beyond a simple jurisprudential concept, by *legitimacy* I mean the "social judgment" (Ashforth & Gibbs, 1990, p. 177) or "generalized perception or assumption that the actions of an entity [or group] are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions" (Suchman, 1995, p. 574).

[9] Although there is no doubt, as I discuss elsewhere (Vieta, 2012a) and in footnote 27 below, the repressive actions of the state via the threat of eviction or actual evictions by force continues to be a challenge faced by ERT workers.

[10] *Piquetero* is the colloquial name for the diverse social movements of the unemployed that emerged throughout the mid-to-late 1990s. They are also known as the *movimiento de trabajadores desocupados* (unemployed workers' movement, or MTD).

[11] For compelling accounts of the diversity of Argentina's social movements and social and solidarity economies that surged during the years spanning the turn of the millennium together with ERTs, see Adamovsky (2007), Almeyra (2004), Belmartino (2005), Jelin (2003), and Sartelli (2005).

these grassroots social justice groups, witnessed in the diverse composition of those engaged in radical actions and protests across the country at the time (Almeyra, 2004; Svampa & Pereyra, 2004).

At the same time, this contagion of bottom-up mobilization and solidarity economy initiatives was intermingling with a long history of labour organizing and workers' self-activity in Argentina. This history is especially rooted in workers' collective imaginary of Argentina's Peronist-led "golden years," which, between 1943 and 1976, included a strong and politically influential labour movement, a developmentalist state with pro-labour inclinations, a relatively prosperous working class, and a mostly nationalized and self-sustaining economy guided by the import substitution industrialization (ISI) model. This period also witnessed a marked rise of working-class self-activity that, at times, not only resisted employers, their rationalization drives, and recurring state economic restructuring programs, but also Argentina's traditional bureaucratic unionism (Atzeni, 2010; Godio, 2000; Smith, 1991). Indeed, throughout this period, worker resistances often emerged spontaneously from out of long-established bottom-up labour practices and shop-floor democratic organizations, such as *comisiones internas* (internal commissions, or factory committees), *cuerpos de delegados* (shop-stewards councils), and spontaneous workers' agitation such as wild cat strikes, walk outs, sit ins, and factory occupations that often by-passed official union protocols. In sum, acts of occupying workplaces, street mobilizations, and collective resistances to repression—techniques mastered by ERT protagonists—are part of, as I have already mentioned, a long tradition of workers' self-activity and bottom-up mobilization in Argentina (Godio, 2000; Werner & Aguirre, 2007).

As a result of these conjunctural and historical cross-pollinations, up until at least 2005 and the relative recovery of Argentina's economy under the watch of President Néstor Kirchner, much of the routines of daily life in urban Argentina were peppered by constant street protests, the occupation of land by the dispossessed, road blockages, and workplace takeovers by a recomposing working class experimenting with new *and* reclaimed forms of collective actions. These actions were not only demands for better living and working conditions and for social change, but also began to actually forge new forms of grassroots-based economic and political institutions deeply rooted within neighbourhoods, that were guided by participative and directly democratic values, and that engaged in solidarity-based economic activity run by and benefiting the people most affected by the enclosures of the neoliberal years. At the same time that these experiments resisted neoliberalism, in other words, they also began to create community-based solutions to socio-economic needs that looked beyond the mediation of competitive markets or cumbersome state or union bureaucracies (Coraggio. 2003, 2004; La Serna, 2004; Pastore, n.d.; Svampa & Pereyra, 2004; Vieta, 2010).

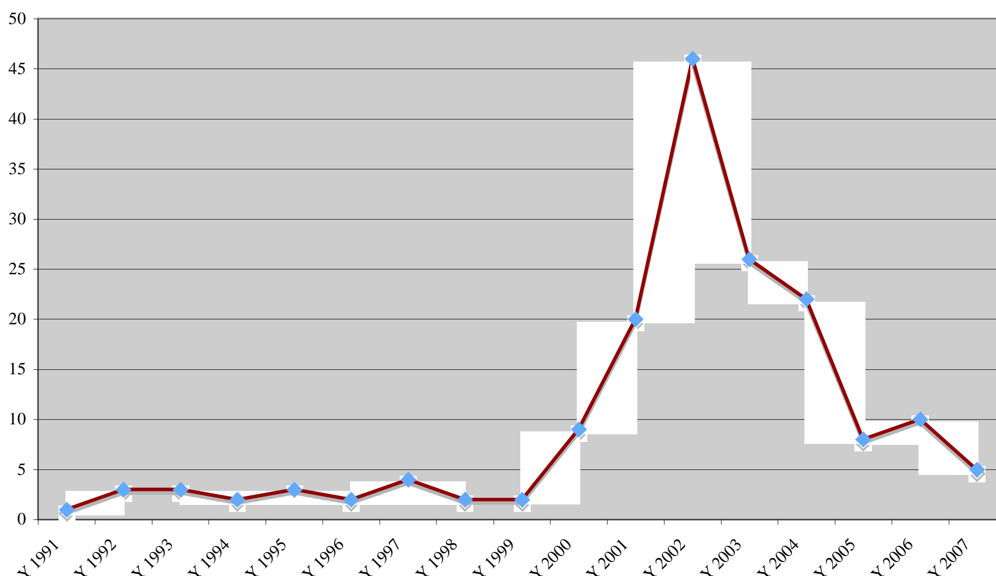
Since those harrowing days of uncertainty and economic hardship spanning the turn of the millennium, ERTs have been offering hope and inspiration for workers in hard times in Argentina and throughout the world. As I will discuss in Part 5, the practice of employees taking over workplaces in trouble and subsequently converting them into cooperatives, while not necessarily new in the history of Latin America or in other parts of the world, has spread anew throughout the region in the past two decades as

direct responses by workers to neoliberal crises, the flexibilization of formal jobs and the erosion of social security, the rise of informal employment, and lingering precarious life conditions (Dangl, 2009; de la Garza & Neffa, 2012; Martí, Bertullo, Soria, Barrios, Silveira, Camilletti, et al., 2004; Novaes, 2007; Carpintero, Petras, & Hernández, 2002; Portes & Hoffman, 2003).

2.4. The political economic conjunctures of Argentina's ERTs

The first years of the 1990s brought with them a new form of class compromise between employers, labour, and the state. This new class compromise was not based on the developmental state model and ISI-based heterodox economic policies of earlier decades, but rather on discourses of economic growth, consumerism, easy credit, individualism, and entrepreneurial values. This new national consensus especially gained momentum with the neoliberal policies of President Carlos Menem (1989-1999) and his Minister of the Economy, Domingo Cavallo. By the middle of the 1990s, however, many in Argentina's working class began to see through the promises of upward socio-economic mobility for all. Indeed, the ultimately unsustainable neoliberal experiment in Argentina would come to a temporary halt with the forced resignation of Menem's successor, Fernando de la Rúa (1999-2001), amidst the massive popular uprisings of December 2001. In particular, the surge of the ERT phenomenon can be said to be a direct response to the drastic increases in business closures, unemployment, poverty, and indigence that resulted from these orthodox economic policies and market liberalizations.

Fig. 1: Founding of ERTs by year, 1991-2007



(N=170 ERTs)
Source: Ministerio de Trabajo, 2008a

Figure 1 graphically depicts the emergence of ERTs over the 1990s and the first decade of the 2000s in Argentina, showing that the apex of new ERTs in Argentina occurred at the height of its last deep economic crisis years of the neoliberal model

between 2001 and 2004. But Figure 1 also shows that ERTs continued to emerge throughout the first decade of the new millennium, although at a slower rate due in part to the relative economic recovery of the country since at least 2004 and the return of more traditional, union-centred outlets for labour demands. I expand on the political economic contexts of this emergence of ERTs in this section.

2.4.1. Argentina's political economy of the 1990s: Structural adjustment, diminishing jobs, and increased precariousness

The neoliberal model's experiments with unfettered open markets beginning in the 1980s and taking off with force throughout the 1990s and into the first years of the new millennium included the privatization of almost all of Argentina's national assets and public enterprises, the multinationalization of a great portion of its once mostly-national industrial and economic base, the opening up of the nation's economy to speculative foreign capital, the "dollarization" of the peso, and persistent and broad cuts in social spending. Encouraged throughout the 1980s and 1990s by the structural adjustments imposed on the country by the IMF and other international financial institutions, these policies of free market liberalizations resulted in a gradual deindustrialization of an economy that had been, between the mid 1940s and mid 1970s, sustained to a great degree by ISI policies and high salaries that encouraged a strong national consumer market (Elgue, 2007; Kosacoff, 2007; Lewis, 2001; Romero, 2002). Rather than bring to Argentina the "economic miracle" that many mainstream media outlets and financial pundits were predicting throughout the early-to-mid 1990s[12], Argentina's neoliberal venture served to, on the one hand, enrich the affluent and the politically connected, and assist in the capital accumulation projects of foreign investors while, at the same time, impoverishing a large swath of Argentina's working people.

Argentina's neoliberal economic woes began to take shape with the fixed-rate exchange policy known as the Plan de Convertibilidad (Convertability Plan), introduced by Cavallo in the first trimester of 1991 (Gambina & Campione, 2002; Kosacoff, 2007; Patroni, 2004; Petras & Veltmeyer, 2004). The convertability scheme was openly meant to be a strong pro-market, price stabilization program implemented to stem acute macro-economic instability and, most of all, the persistent tides of acute inflation and hyperinflation that had plagued much of Raúl Alfonsín's government throughout the 1980s (Damill, 2005; Velde & Veracierto, 2000). While, soon after the plan's implementation, inflation was curtailed, price stability took root, and even exports began to increase for several years in the early 1990s, eventually an overpriced peso meant that Argentine goods increased in cost, which caused exports to decline relative to imports in subsequent years of the convertability program (Schvarzer, 1998). As a result, with no restrictions on the flow of capital out of Argentina by the multinationals that had bought up a great portion of the country, with more available consumer credit, and with cheaper imports saturating local markets, a chronic trade deficit took hold by the middle of the decade (Díaz-Bonilla,

[12] One of *Time* magazine's covers in 1992 headlined "Menem's Miracle" praises the neoliberalist, free market policies of the Carlos Menem regime as an "economic miracle." Also, see similar sentiments made by Michael Camdessus, executive director of the International Monetary Fund, as late as October 1998, when looming economic crises was evident to many, in Damill (2005, p. 215).

Díaz-Bonilla, Piñiero, & Robinson, 2004). The Plan de Convertibilidad also took away much of the borrowing and lending flexibility and monetary autonomy of the country's central bank, the Banco de la Nación, which was required under the IMF-sanctioned model to back fully the dollarized peso with foreign reserves. As a result, Argentina would lose the monetary sovereignty that could have responded to the eventual trade deficit and increasing monetary troubles.

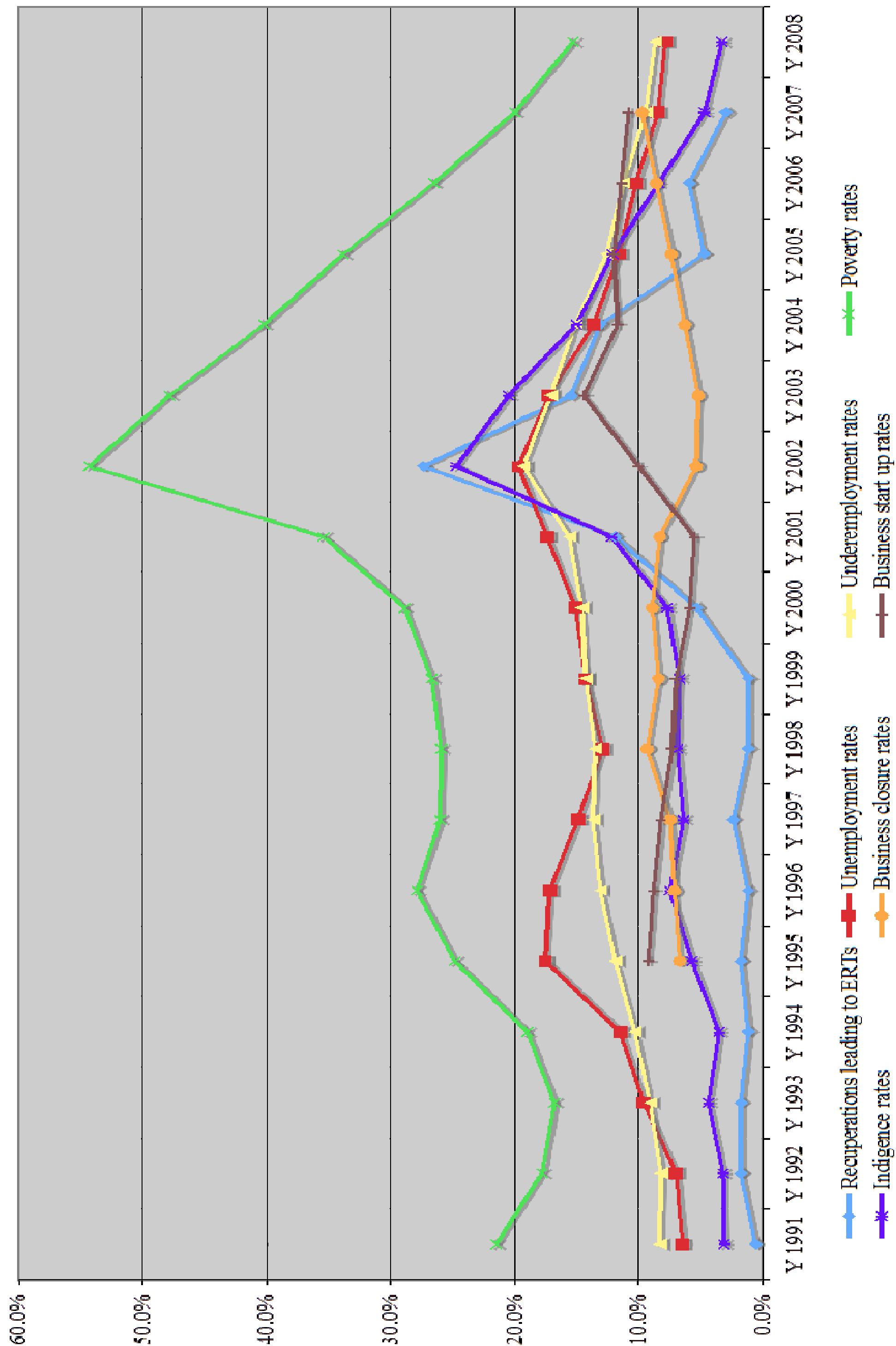
Another audacious move by the Menem regime in the first years of the 1990s was the selling of almost all of Argentina's national public services—telecommunications, gas, electricity, hydro, sanitation, etc.—as well as the privatization of its petrochemical and oil sectors; the mining industry; the country's national airline; passenger rail and subway services; many municipal and provincial government services such as city maintenance, waste management, and postal services; and even portions of its health and education sectors. The Menem administration's rationale for the sell-offs was ostensibly to recompose the national economy by paying down Argentina's exponentially swelling national debt and stimulate foreign investments (Borón & Thwaites Rey, 2004, p. 114). In reality, the eventual privatization of more than 150 national firms served to grease the skids of what proved to be a cheap and profitable auction-block for foreign investors and multinationals. The consequence of this massive sell-off was nothing less than a foreign takeover of much of the country's industrial base by dozens of foreign multinationals, the dismissal of 40% of its state employees, and sky-rocketing interest payments on the foreign debt that would, by the end of the decade, take up more than half of the country's GDP (Aroskind, 2001; Galiani, Gertler, Shargrodksy, & Sturzenegger, 2003; Gambina & Campioni, 2002).

In this macro-economic environment, many local businesses—and SME firms, in particular—discovered that they were unable to conduct business, losing their competitive advantage to more stable foreign companies subsidized in part by Argentina's favourable tax rates, renegotiated collective agreements at the shop-level, and other labour reforms that would see the flexibilization of employment standards. As Viviana Patroni (2004) explains, "many [Argentine] firms could not adjust to the new conditions created under trade liberalization, in many cases because they did not have access to the financing required to increase their efficiency" and to stay competitive (p. 103). SMEs were especially overburdened in this process of liberalization, Patroni further explains, because and overvalued peso, and thus overvalued Argentine products, "in combination with trade liberalization, proved to be a deadly formula for several economic sectors in Argentina which could simply not compete with the volume of imports domestic policies were undervaluing" (p. 103). Furthermore, an overvalued peso meant that the cost of wages became increasingly onerous for the country's SMEs, resulting in increased work intensification and rationalization of labour processes, layoffs, or firings. Unable to effectively compete with cheap foreign imports, and as peso parity with the dollar and easier debt financing made imported technology more accessible, employers were increasingly tempted to lower business costs by rationalizing production, freezing or cutting salaries, or via the redundancy of hundreds of thousands of private and public sector workers (Patroni, 2004).

Dwindling national and international markets, the increased cost of doing business in the country (including having to pay for wages in dollars), and increased competition by foreign firms and cheap imports meant that an escalating number of once-profitable SMEs began to court bankruptcy by the mid 1990s (Palomino, 2003, 2005a, b). By 2001, the national month-over-month business bankruptcy rate would reach its highest point in modern Argentine history: During the Menem/de la Rúa years, bankruptcies soared from and average of 772 per month in 1991 to over 2,600 per month by 2001 (Magnani, 2003, p. 37). The most notable result of this sharp rise in bankruptcies for Argentina's workers was that, by 1995, jobs were beginning to disappear in Argentina at unprecedented speed (see Figure 2). In sum, the fixed exchange rate, relatively high interest rates, and the increasing prices for services in the private sector meant "wages and other labour costs became practically the main variables available to reduce production costs" (Patroni, 2004, p. 113). As Patroni concludes, the neoliberial policy of convertability, as such, was *the* major macro-economic backdrop for the rising tide of unemployment, increased exploitation at the point-of-production, and the ultimate immiseration of the working class throughout the mid-to-late 1990s. For the first time in Argentina's history, economic growth (as measured by increases in national productivity) would also mean increased unemployment and poverty.

That ERTs have emerged within the past two decades as worker-led responses to major macro- and micro-economic crises in Argentina can be clearly inferred from Figure 2, which parallels the surge of ERTs with key socioeconomic trends of the 1990s and early 2000s, such as the rising tide of underemployment, unemployment, indigence, and business closure rates. Tellingly, for example, Figure 2 shows that the period between 1998 and 2002 was consistently marked by more business closures and bankruptcies than start-ups, ominously presaging the final implosion of the neoliberal model that was felt with force across all of Argentina's economic sectors between late 2001 and mid 2003.

Fig. 2: Percentage of ERT recuperations compared to key socioeconomic indicators in Argentina, 1991-2008[13]



13 Sources: “Recuperations per year” (Ministerio de Trabajo, 2008a); “Unemployment rates” and “Underemployment rates” (numbers are for last semester of each year) (Ministerio de Trabajo 2007; World Bank, 2011); “Poverty rates” and “Indigence rates” (INDEC, 2011; “La pobreza bajó,” 2005; “Para el INDEC,” 2009); “Business closure rates” and “Business start up rates” (Ministerio de Trabajo, 2008b).

Within this macro-political and macro-economic quagmire, and after suffering months and sometimes years of being owed back-pay and lost benefits, of decreased job security, and sometimes after layoffs or legally questionable lockouts, some of the most embattled workers in the most hard-hit SMEs from a broad cross-section of Argentina's urban-based economy would decide to take action, occupy, and attempt to self-manage their failing or failed firms.

2.4.2. The impoverishment of Argentina's working people in the 1990s: Privatizing profits and socializing risks

The socio-economic ruptures caused by these anti-labour economic policies were clearly showing by the mid 1990s. Between 1995 and 1998, the seams of Menem's extreme free market policies began to unrelentingly tear open as the country edged closer to defaulting on most of its foreign debt, which ended up totalling between US$140-145 billion by the dying days of 2001. Its eventual default on US$100 billion of this debt is still the largest sovereign debt default in history (Scott, 2010; Walsh, 2011). Between 1998 and 2001, more and more people from Argentina's once-strong working class were getting relegated to the ranks of the underemployed, the unemployed, and the poor. In real material terms, Argentina's Washington Consensus-inspired "progressive" neoliberal policies spurred on a national unemployment rate that, at its peak during the crisis years of 2001 and 2002, hit 20-30%, going as high as 40-60% in some of greater Buenos Aires's working class suburbs (Petras & Veltmeyer, 2004, pp. 5-54). These unemployment rates, a tragedy in any country, were perhaps even more pronounced in Argentina when one considers that in the early-to-mid 1970s, at the height of the country's industrialization and organized labour's power, its official unemployment rate hovered at between 2% and 4% (Damill, 2005, p. 220). The gradual evaporation of jobs that paralleled the increasing entrenchment of neoliberalism can clearly be seen when one looks at 22 year trends in employment between 1980 and 2002, the same span of years that saw the national debt balloon by 240%[14]: According to Argentina's Ministry of Labour, the official unemployment rate in 1980 was 1.9%. By 1989, at the height of hyperinflation, it had risen to 7.6%. By 1994 it hit the two-digit mark, coming in at 11.5%. Between 1995 and 2001, it was averaging 15.6%. And by 2002, the official unemployment rate had hit 19.7% of Argentina's working population, although unofficial estimates pegged it at the time at well over 20%.

Not surprisingly, as Figure 2 also shows, with the rise of unemployment rose the poverty rate, as well. By the early months of 2002, the most chaotic year of the economic crisis, it was estimated that 18.2 million Argentines, or 51.4% of the population, had fallen below the line of poverty (Petras & Veltmeyer, 2004). By October 2002, the poverty rate in the nation's urban centres had crept up to 57.5%, affecting in one way or another 70% of the country's population, while, at the same time, 27.5% of its urban population was considered indigent (Lozano, 2005; Rofman,

[14] It is also important to note that during roughly the same timeframe as unemployment, poverty, and bankruptcies were reaching record levels, the national debt soared from $6 billion US at the beginning of the military government of 1976, to $45 billion US in early 1984 when Raúl Alfonsín took power, to $60 billion during the first full year of Menem's regime in 1990, to between $140-145 billion by the time of the cursed de la Rúa regime in late 2001 (Rodríquez, 2011).

2005). These were the largest poverty and indigence rates in Argentina's modern history. The drastic descent into pauperization that plagued many Argentines became starkly visible by the early months of 2002: Between January and May of 2002, 3.2 million Argentines fell for the first time bellow the poverty line. Put another way, in the first 5 months of 2002, almost 800,000 people per month, or 25,000 people per day, were becoming poor! While it is true that this downward spiral of immiseration had stabilized somewhat by 2005, and certainly by the time of this writing, poverty and indigence still remained at historical highs by the middle of the first decade of the 2000s: As of September of 2005, 38.5% of Argentines (15 million people) were considered poor, while 13.6% of Argentines were indigent (5 million people) ("La pobreza bajó," 2005).

Another lingering carryover from the neoliberal years is the continued presence of informal work, or "*trabajo en negro*" (literally, "work in the black"), a type of employment that became a chronic problem for many workers in the 1990s and throughout the entire decade of the 2000s (Felder & Patroni, 2011). Workers in this situation, according to national government sources, are considered to be "non-registered" workers that do not receive the social benefits required by Argentine labour law, nor contribute to the national tax regime. As of late 2010, *trabajo en negro* was still affecting 32% of the economically active population of the country across all of its economic sectors (Presidencia de la Nación, 2010)[15]. Thus, it can safely be said that since at least the mid 1990s, to be unemployed in Argentina has for too many also meant to enter the ranks of the poor or the indigent, an especially unfortunate situation for these people considering that much of Argentina's union-based social safety nets had been mostly dismantled during the Menem years.

Hence, by 1995, it was already clear that the results of Argentina's radicalized free-market system were clearly anything but miraculous as the immiseration of millions of Argentines was being palpably felt throughout society. This state of impoverishment was especially visible in the cities with their growing populations of homeless people, *cartoneros* (cardboard recyclers), and the chronic presence of the infamous *villas miserias* (shantytowns or, literally, "towns of misery") that rim the peripheries of Argentina's urban centres and that are populated by migrants looking for an elusively better life in the country's cities.

But not all Argentines were suffering under the country's neoliberal market reforms, of course—the rich were getting richer. In 1974, Argentina's top 10% of income earners officially monopolized 28% of the national income. In 1992, at the height of Menem's market liberalizations, they monopolized 34% of the national income. By 2001, more than 37% of the nations' earnings officially remained with the top 10% of the population. In contrast, the poorest 10% of the population received 2.2% of the nation's wealth in 1974; by 2001, just before the massive increases in unemployment, the poorest decile received a paltry 1.3% of wealth (Petras & Veltmeyer, 2004). Given

[15] As of late 2010, the "economically active population" of Argentina's urban-based economy totaled almost 16.5 million people. Of these, around 60% were formally employed (self-employed or salaried), around 32% were "non-registered" workers working without receiving the social benefits required by Argentine labour law (i.e., working in *trabajo en negro*), and just over 8% were unemployed but actively looking for work (Presidencia de la Nación, 2010).

that the wealthiest classes in Argentina tend to under-report their income, James Petras & Henry Veltmeyer (2004) point out that the Argentine government estimated this wealth disparity and growing inequality to be even more marked than the official numbers indicated at the time. As such, some estimates suggested that Argentina's top 10% of income earners have incomes that are more than 40 times higher than the poorest 10% (pp. 7-12).

In sum, the social and economic policies of the Menem and de la Rúa regimes were deeply implicated in this downward spiral of national impoverishment and greed. Under their administrations, the state and the country's economic elites chose to appease the minions of the Washington Consensus, globalization, and its free-market beneficiaries and advocates instead of protecting the interests of their own people. Furthermore, their corruption-plagued administrations in effect placed the long-term security of Argentina's own people at risk for short-term gains and set the tone for a culture of individualism and avarice that took hold throughout the 1990s. In short, in a new but predictable narrative turn of the on-going neoliberal script, and in one more national economic conjuncture in the global South, the privatization of wealth and profit in 1990s Argentina was ensured by the socialization of risk via the cheapening of the cost of variable capital—i.e., drops in wages, heightened exploitation, and rising redundancies—and the dismantling of workers' social securities (Harvey, 2005).

Within this macro-political and macro-economic morass, and after suffering months and sometimes years of being owed back-pay and lost benefits, of decreased job security, and sometimes after layoffs or legally questionable lockouts, some workers of the most affected SMEs from a broad cross-section of Argentina's urban-based economy would decide to take matters into their own hands and attempt to self-manage the collapsing firms that had employed them.

2.4.3. The crisis of SMEs in the 1990s and the exploitation of workers

While an inordinate number of people in Argentina's working class were falling down this sinkhole of informalization and structural unemployment throughout the mid-to-late 1990s, many owners of SMEs were incurring unwieldy debt-loads in order to stay afloat amidst drying up national and export markets. While some of the ensuing bankruptcies were legitimate, others would strain even the most liberal notions of legality as many business owners, encouraged by the frontier-style economic free-for-all, were willing to incur questionable debt, speculate away their business assets in risky investment schemes, or engage in outright illegality (Andrés Ruggeri, 2005, personal interview). When these schemes faltered or business debts became unwieldy, many owners resorted to embezzlement or corruption to stay solvent. A common business practice of the 1990s was to attempt to sell off business assets while the firm was still in the process of bankruptcy proceedings. With this maneuver, owners would attempt to empty (*vaciar*, or strip) the firm of its assets in order to either auction off the machines, land, inventory, buildings, and such that should have gone to repay creditors, or to start production somewhere else with cheaper workers (Fajn, 2003). In addition, owners would often turn to simple bribery—a time-honoured tradition amongst Argentina's moneyed classes—to gain protection from the courts, pay off corrupt court trustees or politicians, or seek out other disreputable forms of

protection from irate creditors (Magnani, 2003; Ruggeri, Martínez, & Trinchero, 2005; Palomino, 2003).

Thus, even as annual business bankruptcies soared between 1991 and 2001, many in the business and ruling classes continued to benefit from Argentina's neoliberal free-for-all. In most cases of bankruptcies or owner-abandonment of firms, workers also became creditors because bonuses, benefits, and paycheques (usually in that order) made up considerable parts of the growing debt load that negligent owners never had the intention of paying back. The major difference between workers' transformations into creditors and the firm's other creditors is that workers had little choice in the matter: The implicit ultimatum given to workers by their bosses—an ultimatum that was well understood by employees—was to either work for vastly reduced wages, pay vouchers, with no benefits or overtime pay, or have their positions terminated (Magnani, 2003; Vieta, 2012). As many ERT workers explained to me in conversations I have had with them in my visits to Argentina, workers were often among the largest group of creditors in many failing companies because it was relatively easy for owners to convince workers to make personal sacrifices for the firm since owners knew the reputation of the Argentine worker: hard working, tenacious, and committed. Using similes of football culture which often colour the daily conversations of Argentines, owners would often ask workers during the firm's most difficult moments to "put on the jersey of the firm" for the greater cause of the "team." As employees would quickly learn, however, putting on the "team's jersey" often meant being relegated to the substitutes bench with no chance of coming back onto the "pitch" of the shop-floor again.

These exploitative practices put into sharp relief the tendencies of a highly individualist and competitive capitalist system in crisis. sIndeed, such practices clearly illustrate Karl Marx's (1967) account of the capitalist desire, especially in times of business and economic crises, to minimize the cost of "necessary labour" as much as business owners can get away with by reducing the cost of labour inputs via mechanization ("rationalization drives"), layoffs, or redundancies, while, at the same time, extracting as much "relative surplus-labour" as possible from the workers that are left (Marx, 1967, pp. 216-217, 241). In an interview from the early 2000s, conducted in the thick of economic crisis, one of the ERT movement's leaders, Luís Caro, who went on to found and lead the ERT umbrella organization Movimiento Nacional de Fábricas Recuperadas por sus Trabajadores (National Movement of Worker-Recuperated Factoreis, or MNFRT), clearly described the resultant transformation of many of Argentina's workers from employees to creditors in the neoliberal free-for-all of the 1990s and early 2000s; it is similar to stories I heard time and time again in the conversations I have had with ERT workers and activists (see: Vieta, 2012a, Chapter 4):

> *Business owners' debts would actually begin with their employees…. This would eventually produce a deterioration in workers themselves because [workers were often owed months of backpay],… bonuses, vacation pay, and retirement contributions. In the [lead-up to imminent bankruptcy,] workers would transform into owners' financiers. Instead of taking on more debt from outside sources, owners would not pay their workers.*

> *What was lived in Argentina [during the 1990s] was to push its workers to one side and the labouring subject—that is, workers—began to get conditioned. Even the unions couldn't take actions [to protect workers] because of their deep interrelations with the impresarios.* (Caro, quoted in Magnani, 2003, p. 54)

The massive erosion of jobs throughout the 1990s, the growing rates of unemployment and poverty, a national currency crisis, eroding export and national consumer markets, an unpayable national debt, exorbitant debt-servicing and structural adjustment demands insisted upon by the IMF and enthusiastically carried out by the Menem and de la Rúa governments, and the subsequently infamous *corralito*[16] instated to stem the inevitable run at the banks that began in early December of 2001—all wedded to the political and economic establishments' greed, impotence, or ineptitude—culminated in the social upheaval of December 19/20, 2001. While radical academics, social activists, and the fractured parties of the left were momentarily emboldened by the possibilities for another Argentina they foresaw in the popular rebellion of *el argentinazo* of December 2001—inflated by the fury of a temporarily radicalized middle class that was denied its access to savings and credit—the so-called "multitude" failed, however, to sustain itself on a massive scale once private bank accounts were re-opened and middle class consumerism was allowed to find its footing again[17].

2.5. ERTs' "first" and "second eras"

It is no coincidence, then, that the years 2000 to 2004, the height of the socio-political and socio-economic crisis of the neoliberal model in Argentina, saw the greatest surge of ERTs (Palomino, Bleynat, Garrio, & Giacomuzzi, 2010; Rebón, 2007; Ruggeri, Martínez, & Trinchero, 2005; Ruggeri, 2010) (see Figures 1 and 2). The period beginning with the emergence of the first few ERTs in the early 1990s, leading up to 2001 and 2002, and ending sometime in early-to-mid 2004 with the relative re-composition of the Argentine economy, has since come to be known as ERTs' "first era" (Palomino et al., 2010; Vieta & Ruggeri, 2009; Vigliarolo, 2008). It was a period where the strategies and tactics of workplace takeovers and conversions into worker cooperatives started to be articulated and formalized. During ERTs' first era, this articulation occurred via the confluence of workers' collective memories of the historical Argentine labour tactics of shop-floor occupations, militant unionism, and organized labour's public marches and general strikes, with contemporaneous practices of social protest, the *piquetero*'s strategies of road blockages, and the spread of horizontalism throughout Argentina's popular sectors at the time (Almeyra,

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[16] "*Corralito*" is the Spanish diminutive for "corral" or "enclosure." It was the nickname given to the national government's policy put in place in late 2001 to prevent a massive run at the banks. Passed into law in the first days of December 2001, the *corralito* in effect legally barred Argentine's from withdrawing more than $250 pesos a week from their bank accounts when the convertibility law was rescinded and the peso was allowed to float once again against the US dollar after more than 10 years of being pegged to it. The passing of this law had much to due with flaming the massive uprisings of the middle and working classes during the days of Dec. 19/20, 2001.

[17] As I have discussed elsewhere (Vieta, 2012b), some radical academics theorized during this time that *el argentinazo* of December 19/20 was evidence of the emergence of the "multitude" and the force of "constituent power" from below in Argentina. For such accounts see Dinerstein (2002), Colectivo Situaciones (2002), Gutiérrez (2005), and Hardt & Negri (2004, pp. 216-217).

2004; Belmartino, 2005; Palomino, 2005; Sitrin, 2005; Vieta & Ruggeri, 2009). Throughout this first era, ERT protagonists and the two most important political organizations and lobby groups that represented them at the time—the Movimiento Nacional de Empresas Recuperadas (National Movement of Recuperated Enterprises, or MNER) and the Movimiento Nacional de Fábricas Recuperadas por sus Trabajadores (National Movement of Worker-Recuperated Factories, or MNFRT)[18]—prioritized political mobilization, solidarity work with other social justice movements, and struggles to legitimate practices of workplace takeovers with the political-judicial system and the broader Argentine public (Aizicson, 2009; Fajn, 2003; Magnani, 2003; Palomino et al., 2010; Rebón, 2004, 2007; Ruggeri, 2010; Vieta & Ruggeri, 2009).

The period between 2004 to the present is ERTs' "second era" (Palomino et al., 2010; Vieta & Ruggeri 2009; Vigliarolo, 2008). As Argentina's economy improved due, in part, to the combination of Presidents Néstor Kirchner's (2003-2007) and Cristina Fernandez de Kirchner's (2007-present) more heterodox nationalist economic policies and high world agricultural commodity prices between 2004 and 2008 (Arroyo, 2006; Fraga, 2006; Levy Yeyati & Valenzuela, 2007; Raus, 2006), ERTs continued to emerge but at a slower pace. Notwithstanding a small surge in new ERTs in more recent years due to the current global financial crisis (Aiziczon, 2009; El-Najjar, 2010; Palomino et al., 2010), in this more stable economic period in Argentina that extends to today, ERTs tend to come onto the scene specifically as worker responses to difficulties the point-of-production or firm-specific insolvency issues.

These new, second era ERTs thus contrast with the ERTs of the first era. First era ERTs were highly politicized workspaces, deeply suffused by the popular ire towards the anti-labour policies of the 1990s, the Argentine establishment, and the severe macro-economic crises of 2001-2003. Second era ERTs, in contrast, tend not to be as etched with the anti-systemic discourses that brought first era ERTs in close affinity with the newest social movements that were swelling Argentina's social and solidarity economies around the turn of the millennium. Moreover, the second era also stands out for the different struggles ERTs must now face as they consolidate their production processes: securing organizational stability, gaining market share, fixing or replacing depreciated machinery, reskilling workers, recuperating workers' social security benefits lost with the failure of the previous firm, educating ERT workers in the values of cooperativism, forging economic networks of solidarity with other ERTs or traditional cooperatives, and lobbying for the reform of laws that would generally improve the competitive advantage of these firms generally. Additionally, second era ERTs are also distinguished from first era ERTs in that, as I already touched on, the phenomenon has managed to secure its legitimacy with Argentina's public and, importantly, some members of the political and judiciary establishments. Moreover, together with traditional business norms of declaring bankruptcy or "restructuring" the firm, the processes of starting up a worker cooperative from the ashes of a failed investor- or owner-managed firm has now in a sense been informally institutionalized in Argentina, as I have also already mentioned. This has meant, in practice, that the conversion of private firms into worker coops in Argentina is one more increasingly legal option available for failing firms (also see: Palomino, 2003; Bryer, 2010;

[18] I spend some time discussing ERTs' various political organizations in Vieta (2012a, Chapters 5 and 6).

Dinerstein, 2006; Howarth, 2007; Ranis, 2006; Rebón, 2007; Ruggeri, 2010; Wyczykier, 2009a, b).

Lastly, it is worth mentioning the connections between first and second era ERTs. Workers in more recent ERT cases tend to learn about the processes of workplace recuperations and conversions from the pioneering struggles of first era ERTs. Besides receiving much sympathetic media coverage during the first era, ERTs' strategies of recuperations and self-management have since been discussed widely amongst social and political movements and parties of the left, social justice groups, cooperative associations and federations, organized labour, and academic researchers, and these discussions have pollinated into workplaces and organized labour settings across the country in recent years. Since the first ERTs emerged, there has also existed inter-ERT umbrella organizations and solidarity networks and initiatives, such as the first era's MNER and MNFRT. Among others, two more recent ERT solidarity initiatives stand out and highlight the new, more pragmatic direction of the the second era: the Confederación Nacional de Cooperatives de Trabajo (National Confederation of Worker Cooperatives, or CNCT) and the Red Gráfica (a "graphics network" of Buenos Aires area printshops). Both serve multiple functions for their member ERTs: to bolster the market presence of these firms, to build capacity and assist in the consolidation of new ERTs as cooperatives, to help reduce the cost of production inputs by engaging in bloc purchasing, to represent the labour and legal interests of ERT workers, and to act as conduits for inter-ERT learning and support. In both of these networks, first era ERTs often act as mentors to newer, second era ERTs.

In short, research into the political economic contexts of ERTs to date suggests that they began to emerge within the following multifactor scenario: (1) A *macro-economic conjuncture of financial, political, and social crises* that ultimately saw, as Patroni (2002, 2004) convincingly argues, the negative impacts of monetary convertibility on employment security, real wages, and the overall viability of the Argentine economy as it faced export deficits, balance of payment issues, fiscal shortfalls, and rising debt servicing burdens. (2) The subsequent rise of *severe micro-economic crises at the point-of-production or point-of-service delivery in many SMEs cutting across all urban economic sectors* that could not compete against cheap foreign products and rising production costs. And, (3) the *increasing precariousness of everyday life for most working and middle class Argentines* that expressed itself in *shared existential and lived experiences of fear and despair,* as well as a general sense of *loss of dignity amongst an increasing number of Argentine workers* threatened by business closures, redundancies, and high structural unemployment.

By the early 2000s these three political economic dimensions increasingly motivated some workers with no other options left to (1) *occupy* and *takeover their firms,* (2) *resist repression*, and subsequently (3) *self-manage* their failed or failing firms as worker cooperatives. This three-staged emergence of struggle on the road to self-management has come to be known among ERT protagonists by the slogan "*ocupar, resistir, producir*" ("occupy, resist, produce") (Eduardo Murúa, 2005a, personal interview). Part 3 delves into the specificities of this three-staged process of workplace recuperation.

3. "Occupy, resist, produce": The making of Argentina's ERTs

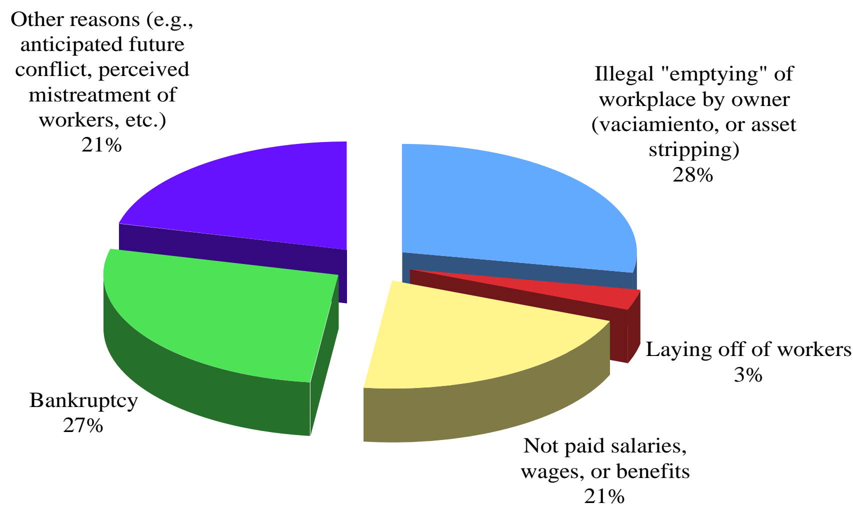
Each ERT's story of its own emergence, while unique, tends to follow a similar plotline: After years of suffering under the economic hardships of neoliberalism faced by SMEs throughout the country, broken institutional promises, the threat of or the outright closure of the firm due to legal or illegal declarations of bankruptcy by owners, and the general ineptitude or greed of business owners and managers most poignantly reflected in unpaid benefits and salaries, workers are pushed into carrying out risky workspace takeovers. The "founding" of ERTs thus entail long periods of round-the-clock occupation and resistance against at times violent attempts at eviction by state agents and returning owners and even their hired thugs. The slogan that has been taken up by the Movimiento Nacional de Empresas Recuperadas (MNER), the first and most influential of the ERT lobby groups between 2001-2005, evocatively captures a typical ERT's three-staged struggle towards self-management in the following slogan borrowed from Brazil's landless workers' and peasants' movement: "*ocupar, resistir, producir*."

3.1. The main motivating factors for taking over workplaces in Argentina

Figure 3 shows the five main reasons initially motivating workers to takeover their places of work, as self-reported by ERT workers themselves. These include: the impending or already declared bankruptcy of the firm; not having been paid salaries, wages, benefits, social security contributions, overtime, etc.; workers' sense of the inevitability of the firm's *vaciemiento* (asset stripping, or literally "emptying") of the plant by its owners; the actual laying off of fellow workers; and other related factors such as experiences of mistreatment at the hands of their managers or bosses, the anticipation of future conflict at the firm, and so on. As Ruggeri, Martínez, & Trinchero (2005) assert, these self-reported motivators for workplace takeovers by "those [workers] that were victims of" Argentina's neoliberal collapse during ERT's first era, were "consistent with the [socio-economic] context of the loss of productive entities that characterized the decade of the 1990s and the process of deindustrialization [in Argentina], coming to a head in the crisis of 2001" (p. 66)[19]. In other words, here we see the tight connections between macro-economic crisis and the responses to this crisis by Argentine workers in some troubled firms that surged during the last years of the 20th and the first years of the 21st century.

[19] For a clear picture of the "loss of productive entities" in the 1990s, see Figure 2 and the related discussion of this period in Argentine history Part 2.

Fig. 3: Perceived reasons for workplace takeovers by ERT workers



(N=72 ERTs)
Source: Ruggeri, Martínez, & Trinchero, 2005, p. 66

These five self-reported motivators can be synthesized into the following two overarching experiential motives guiding workers' direct action tactics of occupying their workplaces and their subsequent resistance against state power and owner repression, contributing to one of the major distinguishing characteristics of ERTs explored further in this paper's concluding section: Workers' initial actions involving the seizure of deteriorating, bankrupted, or failing companies from former owners, the occupation of them for weeks or months, and their desire to put them into operation once again under self-management, arise immanently out of: (1) their *anger* or *indignation* at suffering maltreatment from bosses and managers, and out of (2) *deep worries* about becoming structurally unemployed, a life situation that Argentine workers term "*muerte en vida*" ("death in life") (Vieta & Ruggeri, 2009, p. 202)[20]. That is, ERTs originate first as defensive and immanent responses to their worker-protagonists' lived experiences of deep conflict on shop-floors and their emerging precarious life situations in light of the paucity of other alternatives for work or for organized labour resistance. Argentine economic and social anthropologist and ERT researcher Andrés Ruggeri (2006a, personal interview) explained this to me as follows in a long conversation I had with him in 2006:

> *The precarious conditions of life for the unemployed served as visible threats for those workers that still had jobs. This motivated them to develop new labour survival strategies that could replace old union*

[20] These worries are further heightened by the fact that most ERT workers are around 40 years-of-age or more and that finding a new job or work elsewhere for anyone over 35 or 40 in Argentina is a challenge in its ageist job market in the best of times

methods that didn't seem to be useful any longer. Remember that traditional unions [during the height of the crisis of the neoliberal model in Argentina] had lost most of their abilities to apply pressure to business. In addition, workers faced a situation where there was a massive demand for work but little supply. Our society was one where jobs became a scarce commodity for an enormous army of reserve labour.

3.2. The collectively lived experiences of indignity and fear of structural unemployment: Mobilizing grievances

One major experience amongst ERT protagonists that stands out from my ethnographies, interviews, and ERT case studies in Argentina (see Vieta, 2012a) is that workers' initial acts of workplace occupations—called *ocupaciones* (occupations) or *tomas* (takes) by ERT workers—are usually not *initially* about taking over a factory, clinic, or shop for good; owning the firm's property; or even kicking out abusive bosses. And in most cases of ERTs—again, *initially*—the collective of workers does not premeditate their *tomas* in order to initiate projects of self-management or workers' control of their places of employment. Rather, the *tomas* and *recuperaciones* (recuperations) of troubled workplaces in Argentina by a group of its employees tends to always primarily be about—again, at least at the beginning of each struggle—a defensive tactic in order to secure the salaries each worker is due in backpay, save their jobs in light of the absence of work elsewhere, or guarantee fair severance packages. It is only after occupying the plant or starting production that another vision—a self-managed one—for their working lives emerges. As one worker at a recuperated medical clinic, for example, underscored for me in a 2009 interview, their worker collective's initial reasons for occupying the failing clinic in late 2001 and early 2002, during the height of their struggles with their fleeing bosses, was not initially about taking over the plant:

> *We didn't want to stay with the clinic and self-manage it forever. In reality, the occupation of the firm was only a strategy on our part to generate an event that would get the original owners of the clinic to [negotiate with us] and, we were hoping, then collect our owed salaries.*

Indeed, according Ruggeri (2006, personal interview), this has been the case in most workplace recuperations to date in Argentina:

> *It is significant that, among other things, the surge of ERTs at the height of the socioeconomic crisis in Argentina, especially within say 1999 and 2002 [within ERTs' "first era"] is directly connected to the massive closure of industries and the consequent unemployment of millions of workers. Within these conditions, the first ERTs—and for many worker collectives still who are thinking about occupying a firm—were usually desperate reactions by workers that were, first and foremost, looking to conserve their places of work via whatever means that would permit them to escape the social marginality and rising unemployment that had become very real possibilities for their own future.*

The initial motivators for a group of employees taking over troubled firms tend to also be rooted in their *collectively shared experiences* and feelings of fear, deception, and

loss of dignity due to the mistreatment and abuses that they have suffered at the hands of managers and bosses, as well as in the indifference or outright hostility of the state or their unions to their plight (Rebón, 2007; Ruggeri, 2010; Vieta, 2010, 2012a). Additionally, these collective experiences of suffering at specific workplaces, especially during the years of macro-economic crises at the turn of the millennium, began to get processed by workers within an admixture of what they were also seeing occurring at the time in the work situations of their family members, friends, and neighbours who where also suffering abuses at work or facing unemployment or poverty. These collective experiences were also being reflected in the daily media images they were consuming that constantly depicted street protests by the country's marginalized, growing factory occupations, reports concerning the continuing corruption of the ruling establishment, and the details of the collapsing social order around them. Moreover, the abuses suffered by workers on shop-floors that would eventually become ERTs were most often related to outright violations of their labour contracts and thus put the exploitative nature of the relationship between capital and labour into sharp relief for them, perhaps for the first time in their lives. These emergent and collective realizations of injustice and loss of dignity at work, grounded in intensifying forms of exploitation and shared moments of heightened employment uncertainty, I have argued elsewhere, are intimately tied to these workers' gradual radicalization (Atzeni & Vieta, 2013; Vieta, 2012a). This radicalization, intimately connected to the emerging awareness of their plight, would catalyse the drastic actions of some workers at some of the most affected and crises-riddled workplaces throughout the country.

Most ERT protagonists that risk the eventual takeover of their workplaces—with all of the ensuing struggles this decision entails—are, thus, initially motivated to do so by the commonly *felt* and *lived experiences* of fear, deception, indignity, and foreboding shared between workmates. Social movement theorists have called such collectively lived experiences motivating radical social actions such as workplace takeovers social protagonists' "mobilizing grievances." According to David Snow & Sarah Soule (2010), these are "grievances that are shared among some number of actors, be they individuals or organizations, and that are felt to be sufficiently serious to warrant some kind of corrective, collective action" (p. 24; also see Dahrendorf, 1959). ERTs, I have argued elsewhere (Vieta, 2010, 2012a), are vivid examples of such a collective of actors—a particular subset of Argentina's working class—that held such grievances and that acted together and were mobilized and motivated by social and personal grievances that compelled them to fight for their jobs and recuperate their firms in order to rectify injustices they felt were committed upon them by bosses and the capitalist establishment.

One can palpably sense some of the nuances of these intersubjectively shared lived experiences of fear and insecurity—i.e., their mobilizing grievances—and the worker solidarity these experiences eventually fostered in many of my interviews over the years with ERT workers. As another worker at the aforementioned recuperated medical clinic recounted to me, the clinic's worker collective's shared feelings of uncertainty of each member's future at the clinic, their common life situations of precariousness, and the tenuousness of their collective actions during the workers'

first weeks and months of occupation would bring them together both out of feelings of self-preservation and solidarity: "[W]e stayed here taking care of the clinic, at first because *we didn't know where else to go*," this worker related to me. "It was only eventually," he explained, "that we realized that we had to stay here and occupy the clinic in order to avoid [its closure]." Another member of the clinic, a long-time female nurse, underscored how this shared sense of precariousness served to bring the collective together when she stated that "[i]t was a *very precarious time for us all* and this also *served to bring us together as a group*, to look out for each other."

These initial moments of shared crises are transformational for these workers and overflow into the eventual reorganization of the firm as a cooperative. Many ERT workers I spoke with over the years, for example, underscored the importance of these interesubjectively lived experiences of micro-economic crises and their solidarity-building moments for the collective's eventual projects of self-management. The former president of a worker-recuperated newspaper in the city of Córdoba, for example, connected for me the importance of these commonly lived experiences for the coop members' eventual sense of *compañerismo* (camaraderie, or solidarity), *compromiso* (commitment) to the cooperative project, to the past political and community work that some members draw on for strengthening their solidarity, as well as to the continued sense of "*esto es de todos*" ("this belongs to all of us") and of struggling for "*el otro*" ("the other") that the members need to have in order for their eventual self-management project to last and prosper:

> *I believe that what one incorporates from a past of social and political activism and shared struggles are values and methodologies of working together, democratic participation, and so on. Most importantly, I think, is that one incorporates* un compromiso*, a sense of ethics, and* una lucha por el otro[21]. *One doesn't learn to be a cooperator until one lives it because, in a sense, one's level of commitment in a cooperative [to a common project and to the other] is maximum, not like the commitment you have when you are an activist, which is temporary or for a little while. In a cooperative you live it daily and you are a* compañero *for life…. Your destiny is linked to the other, not on a temporary basis to, say, fight for a better society with someone you meet on the street, but rather your very existence, your destiny, is linked to the other all the time in a cooperative, it's a kind of 24 hour militancy, right?*

A number of my key ERT informants over the years also used the word "*compromiso*" and phrases such as "*la lucha por el otro*" when describing the heightened sense of "*responsabilidad*" ("responsibility") (another commonly used word in my interviews) needed by an ERT's worker collective in order to make the cooperative function and prosper. The comments of the recuperated newspaper worker also alludes to the value of "*esto es de todos*" that infuses, either implicitly or explicitly, all of my interviewees' discussions of their collectives' past struggles, the events that mobilized their direct actions, and what is needed to ensure the ongoing unity and continued stability of their self-management project. Moreover, my key informants often linked these values of togetherness, solidarity, and shared commitment and responsibility emerging from

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[21] "[A] struggle for the other."

collective struggle to the following four factors: (1) the ERTs' foundation story of how the worker collective had to surmount various challenges in the process of securing the firm; (2) how shared struggles of occupying the firm, resisting repression, and starting to self-manage an ERT helped gel the worker collective; (3) to individual members' histories of militancy, community involvement, or political work; and (4) to how the collective's challenges brought an ERT's members closer together later on during the self-management phases of the ERT. Indeed, my ERT protagonist key informants consistently linked these shared values and commitments to their emergent and intersubjective experiences of struggle. These shared struggles, in turn, were crucial, they told me, for subsequently solidifying their cooperatives and self-management projects, and for members' eventual investment in cooperative values and practices.

In sum, all of these commonly shared lived experiences—experiences of common struggles and challenges, of common sufferings at work from the abuses of bosses and managers, and the suffering experienced at home from the indifference of a callous neoliberal system that had shed itself of much of the costs of labour protections and social safety nets—served to heighten the collective anger of workers and entrench the solidarity among them during the height of the micro-economic moments of crisis on shop-floors. Moreover, these commonly shared and intersubjectively lived experiences, my research has shown, subsequently serve to catalyse a troubled firm's worker collective into carrying out the direct action tactics that characterize the Argentine ERT phenomenon. In turn, these *struggles in common* deeply infuse the motivating factors—or the mobilizing grievances—of the remaining group of workers at some troubled firms in Argentina to take over and self-manage them[22]. Eventually, these collective experiences and grievances serve to drive and solidify ERT workers' subsequent projects of self-management, as I will discuss in more detail in the next section.

3.3. The three stages of workplace takeovers

Theorizing these micro-political, micro-economic, and experiential motivators, Argentine labour sociologist Hector Palomino (2003) identifies three stages in the emergence of an ERT: (1) A *worker collective's recognition and genesis of conflict* with former bosses and/or the state; (2) the *transformation of workers' perceptions of their capacity to change their situation* and *shift the terrain of conflict* from their

[22] In light of the widespread nature of micro-economic crises on shop-floors during these years in Argentina, the question remains then as to why there weren't more cases of ERTs. This question has been under-researched by the ERT literature to date. Some answers may be that some unions were actually sympathetic to the plight of workers in failing firms and so these workers did receive much needed support from them, subsequently seeing workers able to move to other firms. The metalworkers union in the city of Quilmes is one such example. In addition, not all workplaces that were in trouble closed during these years; many SMEs did manage to stay open under investor or proprietary ownership during this era, either because managers and owners were more sympathetic to the broader social consequences of closing, because they had adequate capital reserves to ride out these years, or because the crisis did not hit certain sectors as hard as other sectors. Moreover, other workers that were let go in companies that eventually did close took buy out packages, retired, or found work elsewhere in other firms or in the growing informal sector that rose exponentially during the neoliberal years. Lastly, some workplaces, for myriad reasons, had workers that were not as radicalized as in others that would eventually become ERTs and saw their fired workers disperse into the growing ranks of the unemployed or, if lucky, find work elsewhere.

workspaces onto the streets and the houses of power,[23] and (3) the struggle to *regularize and normalize their work* once again as self-managed firms. Eduardo Murúa (2005a, personal interview), former president of the now disarticulated MNER, has called the tactics of physically occupying workplaces, coupled by street mobilizations and public protests that, as I discussed in Part 2, often see hundreds of community and social movement sympathizers mobilizing for the cause of an emerging ERT, "the war of bodies." MNER evocatively captured ERTs' three-staged struggle towards *autogestión* in the slogan still used by many ERT workers to poignantly and efficiently communicate the three main stages of their struggles to themselves, to new ERTs, and to others: "*ocupar, resistir, producir*" ("occupy, resist, produce"). Complementing Ruggeri's quote that opened up Part 3, Murúa (2005b, personal interview) explained to me the meaning behind this slogan as follows:

> *This new form of struggle—or, let's say, the necessity for a new form of struggle—now appears; a new method of workers' struggle. It marked a new form of struggle that no longer is limited to the common type of union demands for increased wages or for better work conditions. Rather, it was a struggle to occupy the factory in order to operate it ourselves—as a response to the neoliberal model. This was, in the beginning, a defensive struggle. This [was the case] when the first recuperations start appearing, and this is also when IMPA is recuperated*[24]*.*
>
> *It was then that we made solidarity our central theme. We began our practice of rallying around our compañeros in conflict, and we [adopted] a slogan that communicated what we wanted to do:* ocupar, resistir, producir*. It has to do with occupation as a founding practice. When we spoke with our* compañeros *who were engaged in conflict, the first thing we would say was: 'Occupy the factory and do not leave!' Then we would say: 'Resist,' because it was after occupation that the law would arrive. While the workers are being swindled, left out on the streets, and not getting paid, the 'law'—and I say this in scare quotes—fails to show up. The reason for the word 'resist' is because what the justice system orders is the clearing out of the plant in order to liquidate it. It is then that we have to resist with our bodies, and with the solidarity of our people, so that the police cannot move on the juridical decision [to close the plant and evict the resisting workers]. It is this resistance that [eventually]*

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[23] Particularly as they seek legal recognition and protections for their self-management projects from the state. See my discussion of the strategy of expropriation, for example, later on in this paper.

[24] IMPA (Industria Metalúrgica y Plástica Argentina), was one of the first ERTs, recuperated in 1997-1998. Still existing as an ERT, this large aluminum processing plant is located on the border of the central Buenos Aires *barrios* of Caballito and Almagro. Already a cooperative by the time it was taken over by a group of its worker-members (IMPA had been nationalized by Juán Perón, and then turned into a cooperative in 1961), IMPA became an ERT in 1998 when a group of *socios* (members) took it over from the old cooperative's administrative council when it declared bankruptcy and threatened to close the plant. Eduardo Murúa had been one of the shop stewards at the plant and, together with another early MNER activist, Guillermo Robledo, led the takeover of IMPA. Since then, IMPA has become one of the most emblematic ERTs. It was, for instance, one of the first ERTs to open up its space to community projects. Moreover, since its reopening as an ERT cooperative, IMPA has dedicated a large part of its space to an art school, silkscreen shop, theatre, cultural centre, free medical clinic, and to popular education programs under a project called La Fábrica Abierta (The Open Factory) and La Fábrica Cultural (The Cultural Factory). And finally, in the early days of IMPA, Murúa continued his union and workers' rights activism by co-founding MNER at this ERT.

convinces judges or politicians to seek a solution that will put the factory back into operation[25].

Pragmatically, then, the slogan "occupy, resist, produce" serves to concisely capture the three distinctive stages most ERT worker collectives must go through on their way towards what they themselves call *autogestión* (self-management). In the remaining pages of this section I highlight the most common experiences in an ERT's first two stages and the initial reasons for forming a worker cooperative in the third stage[26].

3.3.1. "Occupy,…"

In Argentina, a failing investor-owned or proprietary firm's employees collectively mobilize and take action as they realize the very real possibility of the disappearance of machinery, inventory, and, eventually, their jobs—or after already having been locked out—while business owners contemplate bankruptcy or the abandonment of their firms after amassing unwieldy debts. As I discussed in Part 2, these debts were commonly acquired by thousands of SMEs throughout the 1990s and early 2000s either out of a desperate need to stay competitive with foreign firms doing business in Argentina or in corrupt or questionable deals with lenders in an era where credit—called at the time "*la plata facil*" ("the easy money")—was perhaps too easy to come by for business owners and investors. Workers are also motivated to organize and seize their places of employment when they realize that they will most likely never see the months (or sometimes even years!) of wages, benefits, and bonuses they are owed. While employees in Argentina are often the first "creditors" that failing businesses owe money to, more often than not they are also the last to get paid back, if ever. At other times, occupations occur with the imminence of mass firings, job flexibilization, or a plant's closure. Eventually, some workers collectives mange to occupy their workspaces, often with the help of supportive family, neighbours, sympathetic unions, or other social justice groups, in order to prevent the illegal *vaciamento* ("emptying," or asset stripping) of the firm by fleeing owners that were often in cahoots with corrupt bankruptcy court trustees or judges.

Often, the "occupy" stage of ERTs sees workers facing down either returning owners and supporters wishing to reclaim their abandoned firms, or in some cases even unions colluding with business owners, as workers have at times had to confront police batons and assault vehicles when local bankruptcy or commercial court judges deem the worker occupation of the firm to be illegal and preside over eviction orders which at times become violent. As was the case with some ERTs in the phenomenon's first era, such as with the Artes Gráficas Chilavert print shop, the Global/La Nueva Esperanza balloon factory, and the Brukman textile plant in the city of Buenos Aires, or with the ceramics factory Zanón/FaSinPat in the province of Neuquén, *vaciamiento* attempts or forced evictions occur under the stealth of night and are usually surrounded by onerous circumstances. As such, with the very real possibility of the

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[25] This quote first appeared in Toronto School of Creativity and Inquiry (2007).

[26] Avi Lewis and Naomi Klein's film *The Take* (2004), Isaac Isitan's *The Women of Brukman* (Isitan & Poliquin, 2007), and Darío Doria and Luis Camardella's *Grissinopoli: El país de los grisines* (2005) vividly capture ERTs' early stages of occupation, resistance, the initial legal battles faced by ERTs, and their workers' struggles to restart production under self-management.

disappearance of machinery and inventory—and, thus, jobs—workers first mobilize either by: (1) occupying the firm, as is most frequently the case according to Ruggeri et al. (2010), with around 74% of ERTs having gone through periods of workplace occupations; (2) camping outside of the doors of the firm when locked out, as was the case in around 30% of cases; or (3) other types of mobilizations such as worker and community street protests or street blockages, lobbying local courts or legislatures, or other public acts of protest, the reality of around 15% of all ERTs (p. 16)[27].

With the overwhelming need for these workers to take on such drastic direct action tactics, then, it is perhaps not surprising to learn that a high percentage of new ERT cases, particularly during ERTs' highly volatile and politicized first era, experienced repressive situations[28]. Of the 205 ERTs that were in existence in 2009, 50% reported having experienced "repression or orders of forced eviction" from the state, usually during the worker collective's first days, weeks, or months of occupation (Ruggeri et al., 2010, p. 17). This is why the support of the community, universities, and social movement groups in affinity with the plight of ERT workers prove to be vital in the first stages of occupation for the collective of workers during an ERT's first days, and especially for the ensuing "war of bodies." As a founding worker at the Chilavert print shop clearly put it to me in 2005:

> *During the days when Chilavert was under siege by police and our moments of occupation, the community support we received was key for us. We couldn't have kept this place open or resisted repression without the community, without the support we received from the ERT movement, from the neighbourhood assemblies, from students, from our families. Their support in so many ways—bringing us food, helping us*

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[27] The total responses equaled more than 100% because surveyed ERTs provided multiple responses. For example, in some cases, such as Chilavert or with the worker-recuperated bakery Grissinopoli in the city of Buenos Aires, the workers had set up camps outside of the firm before the firm was occupied inside.

[28] State-sanctioned repression as both an act of social control and as a weapon used by capital-state alliances to control working class resistance has a long history in Argentina. As early as the mid 19th century, with the first signs of industrialization in Argentina in the meatpacking sector, capital used repressive tactics to entrench itself in a dominative position over the growing working class as either a way of re-establishing "social order" when workers protested against unfair treatment (as witnessed most vividly in the Semana Trágica of 1919 or the Patagonia Rebelde episode of the early 1920s), or as the state's usual response to general strikes and factory takeovers, as, for example, in the Frigorífico Lisandro de la Torre incidents of 1959 (Petit, 2009). The last half of the 20th century witnessed an Argentine state increasingly turn to violence and repression for reformulating or restoring the country's class compromise (Smith, 1991). More brutally and notoriously, of course, were the strategies and tactics of the last military dictatorship's self-labelled National Process of Reorganization (1976-1983), which unleashed a massive wave of fear, human rights violations, systematic killings, and disappearances of mostly workers and union leaders in order to introduce neoliberalism and forcefully phase out the import substitution industrialization (ISI) model that had predominated the Argentine political economy in the previous four decades (Smith, 1991). State-sanctioned repression was also present throughout the 1990s and especially during the crisis years of 1999-2003, remembered by most for the killings of more than two dozen protesters during the December 19/20 mass protests and Eduardo Duhalde's government's involvement in the killing of two young *piqueteros,* Maximiliano Kosteki and Darío Santillán, on June 26, 2002. In sum, strategies and tactics of repression have been central to the *modus operandi* of the Argentine state towards social protests or labour unrest. They certainly did not go unused in dealing with new ERTs, especially during the phenomenon's first era. While state repression has not been unheard of even during the two Kirchner presidencies, the governments of Néstor Kirchner and his predecessor, Cristina Fernandez de Kirchner, have distinguished themselves from previous governments by, at least in their policies and in their public discourses, distancing themselves from state violence and campaigning on platforms of human rights, social justice, and workers' rights.

stand off against police, coming to visit us, making this place relevant—is one of the most important parts of our history.

3.3.2. "…Resist,…"

After the turmoil of the initial micro-economic crisis period on shop-floors, the realization by a firm's employees that their jobs are at risk, and the subsequent occupation of these troubled firms, the collective of workers that have decided to continue the struggle enter into the "resist" phase of an ERT. The occupation phase, lasting anywhere between a few days to a year or more, as Figure 5 graphically shows, blends into the "resist" phase, when workers ensure that they are present within the shop at all times or, if they have been locked out, camp outside of it on an ongoing basis in shifts, often with the solidarity of neighbours and *compañeros* from other ERTs who bring them food, bedding, and other supplies. In some cases during this time, the occupying workers begin to run machines, produce in small batches, or deliver some services, as the case may be, sometimes even using the help of supportive neighbours or other community groups to bring their products to market. In most cases, substantial production runs must wait until the resisting worker collective's numerous legal issues are resolved, which can take months or years.

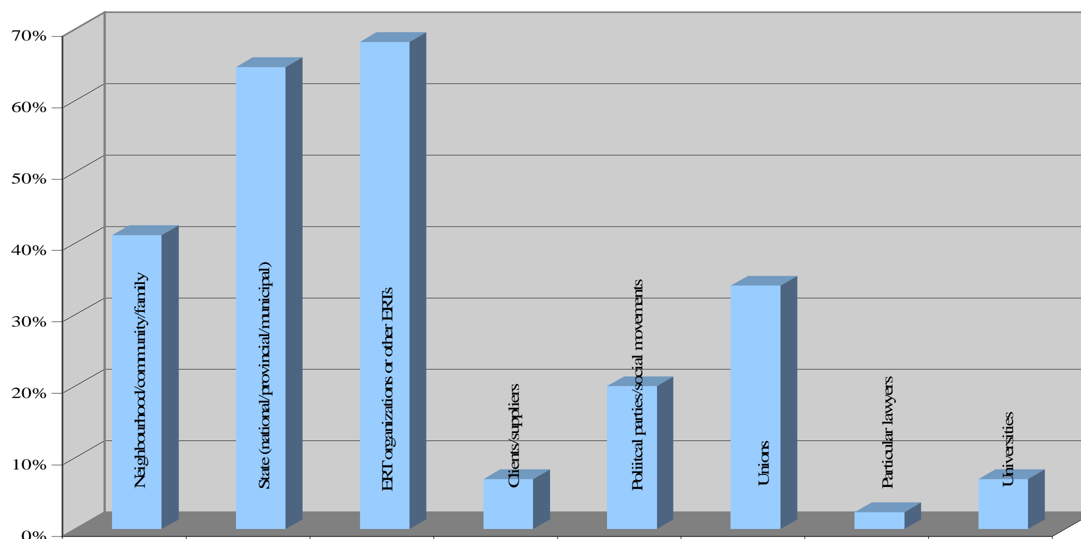
The resistance phase of the struggle is, thus, extremely exhausting for the already psychologically battered and emotionally drained ERT workers who, after having experienced the traumas of working life during the last months of employment for their former bosses and the initial takeover of the plant, more often than not now have to tackle yet another precarious stage of their lives that is characterized by little or no income and the constant threat of forced eviction. With little or no state support, ERTs' only sources of income during the "resist" phase tend to come from community solidarity funds, financial support from family, strike funds from unions that decide to support ERT workers, or whatever money they can manage to secure from initial sales of goods or services or from recycling or pawning off remaining inventory or raw materials on hand. It is for these reasons, in part, that the resistance stage can last up to a year or more.

The challenges of the resistance stage are compounded by ERTs' situation of legal limbo and inconsistent state support that would go a long way towards easing workers' struggles during these periods, as well as speeding up their re-entry into product or service markets. Moreover, unlike similar situations that see ERTs emerging in Venezuela, Brazil, and Uruguay, or in Southern Europe, for instance, as I have already mentioned, where ERTs enjoy wide support from the state and from union centrals (see Part 4), in Argentina the state does not, to date, have—more than almost 20 years after the first ERTs appeared—comprehensive or consistent national policies in place for assisting a firm becoming an ERT, preferring to deal with each new worker recuperated firm on a case-by-case basis. The Néstor Kirchner and Cristina Fernández de Kirchner presidencies and some provincial and municipal governments, however, have taken up a much more sympathetic treatment of ERTs in recent years. New assistance programs for ERTs from the state in recent years (again, instigated in no small way because of the lobbying efforts of ERT political umbrella organizations) have included some technical renovation programs, start-up grants, and subsidies from the national Labour, Social Development, and Economy ministries and provincial

ministries such as the province of Buenos Aires's Ministry of Production. On the whole, however, throughout the past two decades national cooperative, labour, and (until June 2011[29]) bankruptcy laws have remained unclear or counterproductive with regard to the legal status and production needs of an ERT. Most extant laws affecting ERTs, for example, do not detail the exact legal and bureaucratic steps needed to transition a firm in trouble from private ownership to cooperative management; do not adequately address the continued social security needs of workers who lose, for instance, pension contributions and workers' compensation benefits since they are considered—inadequately—"autonomous" or "self-employed" workers under Argentine business law; and do not consider more favourable cooperative tax exemptions. Nor are there sufficient nation-wide grants and subsidies for the ongoing capitalization needs of self-managed firms[30].

One of the consequences of this lack of a comprehensive legal definition or state policies towards ERTs is that each new ERT case is subject to the legal interpretations of bankruptcy court judges or the whims of court trustees appointed by these judges to oversee the administration of the troubled firm while in receivership. I discuss some of the initial legal challenges faced by ERTs next to underscore some of the reasons why the "resistance" stage often turns into some of the most precarious days for an ERT's collective of workers.

Fig. 4: Support received by ERTs during the recuperation process



(N=85 ERTs, multiple answers permitted)
Source: Ruggeri et al., 2010, p. 20.

[29] As I will discuss shortly, a promising new reform of Argentina's bankruptcy law, ratified May and June of 2011 by Argentina's Chamber of Deputies and Senate, is intended to facilitate the transition of a firm in financial trouble to its employees when they form into a worker cooperative (Feser & Lazarini, 2011; CNCT, 2011).

[30] For a more thorough discussion of these challenges, and the ways that ERT protagonists have been at the forefront of reforming and, as it were, "recuperating" these laws, which are vital for ERTs, see Vieta (2012a).

Indeed, as Figure 4 explicitly shows, almost 70% of ERTs self-report having received support from ERT umbrella organizations such as MNER or MNFRT, from other ERTs, or from other cooperatives during the recuperation process. More than 40% received support from neighbours, the community, or family members during this time. Thirty-three percent received support from their unions, and almost 20% of ERTs were supported by political parties or other social movements during the recuperation process.

That almost 65% of ERTs existing in 2009 claimed to have experienced support from the state (municipal, provincial, or federal governments and related ministries) is a reflection of the state's change in attitude towards ERTs since 2004, during ERTs' "second era." This new, more supportive attitude towards ERTs from the state, due in no small part from the lobbying efforts of ERT umbrella organizations and activists, is, for example, witnessed in the increased institutionalization of the processes of converting workplaces in trouble into worker cooperatives, as I have already discussed, together with the concurrent rise in ERT-specific state subsidies available in recent years, which has expanded from less than 5% of ERTs receiving state assistance in 2001, to 10% by 2005, to more than 21% of ERTs claiming to have received some form of state subsidy in 2009 (Ruggeri et al., 2010, p. 75)[31]. What needs to be underscored here, however, "reading between the bars" of Figure 4 as it were, is that the bulk of support for ERTs during the recuperation stage comes from other ERTs, supportive social movements, neighbours and community groups, and some unions. The Argentine state, as I will make clear in the next section, still has a long way to go in order to more thoroughly facilitate the conversion of failing firms into cooperatives, for assisting in meeting the social security needs of ERT workers, and for helping meet the sundry challenges of self-managing once depleted firms. This is especially so when one compares the situation of Argentine conversions to the legal and policy guarantees established for similar workplace conversions in Uruguay and Brazil (see Part 4); in Southern Europe, most notably in Spain's *sociedades laborales*, France's CG-SCOPs, both offering legal frameworks for business conversions to worker coops; and in Italy's long-standing Legge Marcora (Marcora Law), which has seen hundreds of failing firms receive favourable loans and consultancy services from a dedicated cooperative fund to convert failing Italian firms into workers coops (Jensen, 2011; Zevi et al, 2011).

In Argentina, particularly given the paucity of similar legislation or organizational framework for ERTs, community involvement, then, is vitally important for an emerging ERT during its "occupy" stage. This is especially so not only for offering moral support to workers occupying a plant, but also pragmatically in order to protect the ERT against possible repression—again, within what Eduardo Murúa already described for us as the "war of bodies." National and regional governments and local

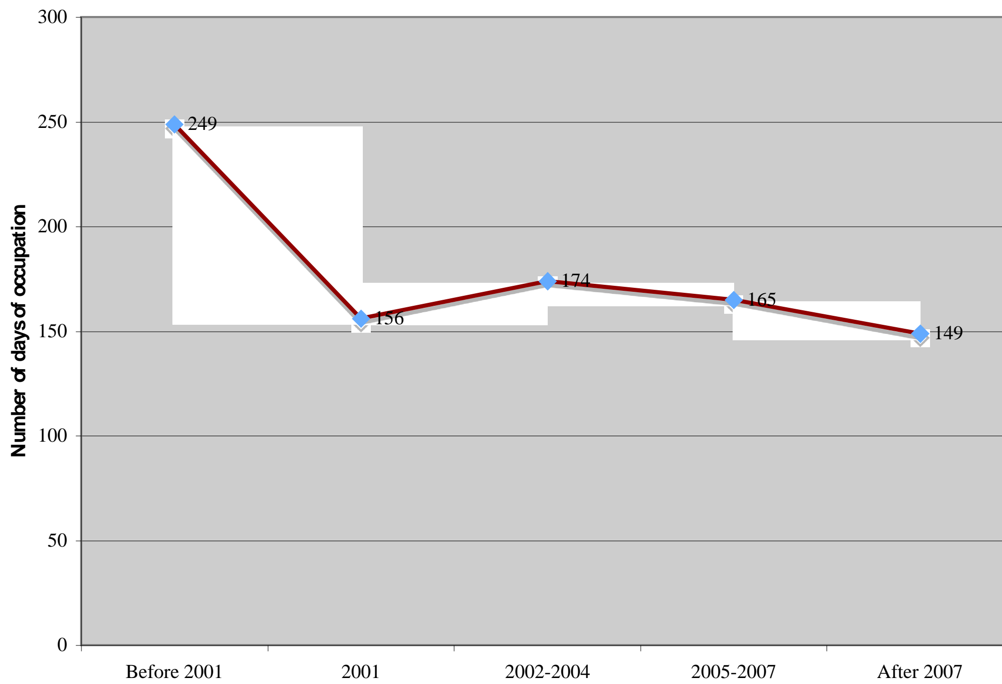
[31] This new, more pro-ERT attitude that has gradually been embraced by the two Kirchner administrations and various provincial and municipal governments across Argentina in the past eight years or so, for example, can be grasped when we compare these 2009 figures to 2005 figures that had 59% of ERTs existing at that time claiming to have received some form of state support for the recuperation of the ERT from either the national government (11%), the provincial government (11%), or municipalities (27%). Moreover, there has been a growing awareness and support for ERTs from unions when compared to 2005 numbers when only 19% of ERTs claimed to have received support from them (Ruggeri, Martínez, & Trinchero, 2005, p. 62).

judges, soon recognizing the bad publicity they were receiving in light of the chronically high rates of unemployment stagnating the country throughout ERTs' first era and into the first years of its second era, have since, on the whole, ceased to use draconian measures with more recent cases of worker occupations[32].

Moreover, as the process of recuperating a failing firm by workers has become more institutionalized within Argentina's jurisprudential and policy spheres, and as the practice has become more widespread and received continued media coverage well into ERTs' second era, the average number of days needed by ERT protagonists to occupy the firm, as Figure 5 shows, have decreased from 249 days before 2001 when the processes of workers taking over a firm in crisis was still being worked out and exceptional, to 174 days between 2002 and 2004, and down to 149 days after 2007. Concurrently, as can be seen in Figure 6, the percentage of occupations that see workers suffer repression has also dramatically decreased for the same reasons, from 60% of all ERTs that emerged between 2002 and 2004 suffering repressive moments during their occupation phase, to 38% of ERTs that emerged after 2007 having suffered repressions during this phase. Another telling socio-political reality of the time implicitly suggested by reading Figures 5 and 6 together is the ambiguous if not perplexed position of the state with regard to worker takeovers of private firms during the height of the neoliberal crises years: While the paucity of legal options available to ERTs at the time, together with the bottlenecked situation of cases in bankruptcy courts for workers that were occupying their plants before 2001, is reflected in the extensive number of average days they would need to occupy a plant before securing its control (Figure 5), the state would often fail to see the connection between its desire to promote more business activity during the lows of Argentina's economic downturn between the late 1990s and 2004 (see Figure 2) and the opportunity the ERT solution offered for the preservation of jobs in the midst of massive rates of unemployment at the time. Thus befuddled, the state would, more often than not during 2001 to 2003, the most acute years of socioeconomic crisis, mistakenly believe that they were supporting business growth by privileging property rights over the right to dignified employment, carrying out forced evictions against a majority of ERTs during these years (Figure 6).

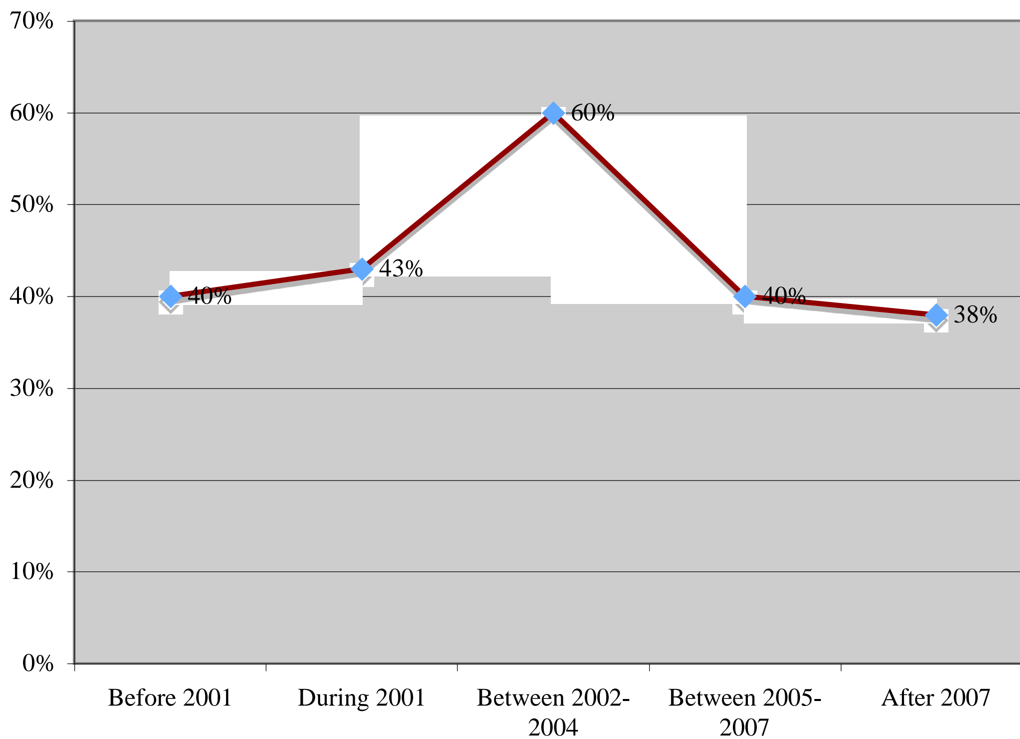
[32] It is important to note that while the state repression that tended to follow factory seizures in the early days of the ERT phenomenon has mostly abated with newer cases of ERTs, acts of state repression do still occur. As of 2009, for example, new ERTs such as Textil Quilmes, the print shop Indugraf, the chocolate manufacturer Arufat, and the current struggles of the Hotel BAUEN have all included threats of forced eviction and acts of potential or outright repression by the state.

Fig. 5: Average duration of occupations, in days



(N=53 ERTs)
Source: Ruggeri et al., 2010, p. 19.

Fig. 6: Percentage of occupations where workers suffered repression, by year of commencement of ERT



(N=53 ERTs)
Source. Ruggeri et al., 2010, p. 18.

3.3.2.1 ERTs' moral and legal legitimacy during the "resist" stage

With most new ERTs, self-managed production can only begin when the resisting worker collective has secured certain legal recognitions and guarantees concerning their rights to use the firm's assets and control the business. Such legal assurances can bring considerable stability and protections from otherwise countless eviction orders (and perhaps repressive actions by the state), creditors' claims on the firm, or future legal challenges from former or returning owners. In short, the legal issues that ERT workers have had to deal with and address during the "resist" stage of the recuperation process include: (1) how private property laws are interpreted by the legal system, (2) the process of transferring control of the firm from previous owners or creditors to the worker collective, (3) how outstanding debts from the days when the firm was under owner-control are to be handled, and (4) the legal business entity the worker controlled firm is to take (Fajn, 2003; Magnani, 2003; Palomino, 2003; Rebón, 2007; Ruggeri, 2010; Ruggeri et al., 2010).

And, as a social phenomenon, ERT protagonists including workers, ERT lawyers, and ERTs' political organizations such as MNER, MNFRT, FACTA, ANTA, and the CNCT[33], have had to be innovative in adapting or, to transpose Andrew Feenberg's (1995, 1999) term from his critical theory of technology to the legal-political realm, "creatively appropriating" already existing constitutional, commercial, and bankruptcy laws to argue in courts and regional legislatures for the moral and legal legitimacy of workers taking over private businesses. As journalist, author, and ERT specialist Esteban Magnani (2003) writes:

> *[W]ithin the existing system, [ERTs'] lawyers try to find the path that will permit them to reach their objective in the best way possible, although they recognize that this might not be necessarily the best path imaginable. The result is that, up till now, [ERT protagonists have taken on] an adaptive politics that takes into account the legal resources at their disposal.* (p. 92, emphasis added)

These "adaptive politics" that appropriate "legal resources at their disposal" are most fundamentally rooted in a set of consistent moral arguments that ERT advocates have been bringing to the legal and political table over the past fifteen years, which generally unfolds within the following logic: *ERT workers were justified in taking over their firms because they…*

(1) experienced clear violations of their labour contracts while working for their former employers,
(2) were not properly remunerated for the work they had completed (often for lengthy periods of time),
(3) are thus legitimate creditors of the failing firm, and
(4) in light of the high rates of business closures, under- and unemployment, and poverty in Argentina (especially during the crisis years of the neoliberal system), and

[33] For more information on accronyms, see this paper's Appendix.

(5) in light of the fact that they initially merely wanted to stay employed and that they are now keenly interested and able to keep the firm afloat and thus save jobs, the remaining worker collective thus
(6) merits the administrative control of recuperated workplaces and the legal right to self-manage the firm, have access to credit at favourable rates, government grants or subsidies, and privileged access to state contracts
(7) in order to start production as quickly as possible.

These moral arguments put forward by ERT advocates in bankruptcy courts, local legislatures, and in the public sphere via the media, essentially address two major political and jurisprudential areas ERT protagonists believe could facilitate the founding of an ERT and its workers restarting production as soon as possible: (1) the *moral legitimacy* of the direct action tactics deployed by ERT workers and (2) the need for *legal and political reforms* that should be taking place in Argentina (at best), or *new interpretations* that judges, politicians, and bureaucrats need to be making to existing business and property laws (at minimum).

There is no doubt that the strategies and tactics of occupation, resistance, and self-managed production of once privately owned firms within a capitalistic market system explicitly challenge the system's privileging of capital over labour and property over the rights of workers. As Mario Barrios, president of the waste-management ERT Unión Solidaria de Trabajadores (Solidarity Union of Workers, or UST), emphatically told me in a 2009 interview: "our struggles and our practices of *autogestión*, given Argentina's current legal, economic, and political system, forces us to emerge from and work in illegality." But the "legal weapons," as Magnani (2003, p. 91) terms it, that ERT workers have been creatively appropriating and arming themselves with from within extant Argentine legislation has also been legitimizing and gradually institutionalizing their otherwise illegal actions. ERTs' legitimizing force is not only suggested by the gradual changes taking place in the normative dimensions of labour relations in Argentina, it is also witnessed, via ERT protagonists' now well-known processes of *autogestión* on shop-floors *and* through their political lobbying efforts, the literal transformation and reform of labour and business laws. Recalling labour sociologist Hector Palomino's (2003) claim, mentioned earlier in Part 2, that ERTs are fundamentally showing "new institutional relations" for Argentina and its workers (p. 71), the jurisprudential and macro-political spheres are two key areas where the ERT phenomenon has been punching well above its economic weight. Suggesting the socio-political reach of ERT protagonists' moral force that extends well beyond their conflicts with bosses at the point-of-production, Gabriel Fajn (2003) articulates the key debate that the mere presence of ERTs has been engendering in Argentina:

> *The debate generated from out of the conflicts unlocked by [ERT] workers poses a confrontation between the concepts of legality and legitimacy. The occupation of firms directly challenges the right to property but, at the same time, demands within the framework of legitimacy, the right to work.* (p. 100)

For Magnani (2003), there is a pragmatic side to these debates and a *material necessity* for ERT workers to first seek out legitimacy within existing legal frameworks in order to provide an ERT the initial stability it needs to get the firm producing as quickly as possible and meet the first desire of its workers: to earn a living. At the same time, however, this legitimacy is also grounded in the seven-point moral logic that I laid out above. That is, the struggles for legal recognition during the "resist" stage of an ERT is one that is both infused with a moral legitimacy that pushes Argentine commercial, labour, and property law to reconsider certain foundational jurisprudential and economic tenets while, at the same time, challenging ERT workers to think pragmatically and use the laws at-hand to secure their livelihoods and the self-management of their places of work. As Magnani further explains:

> *The challenge [for ERTs] is not only the creation of a force for physical resistance…. It is also necessary [for ERTs] to find a legal framework that can permit them to function not only within a position of moral legitimacy, but also from one of legal legitimacy that can allow workers to throw their energies [, especially in the first months of autogestión,] into production rather than having to dedicate them all to resistance….* (p. 91)

In this light, ERT protagonists' legitimizing force can be seen as emerging, at one level, as the clash of "rights" over concrete issues affecting the lives of workers on shop-floors (Marx, 1967, p. 235) or, in the case of ERTs, the right to "just" remuneration, a job, and the legal recognition of their self-management projects. Again, this clash is linked to ERTs' initial mobilizing grievances. From out of this battle of normative values, as such, ERTs, at another level, are pragmatically influencing the real transformations of existing labour, commercial, cooperative, and bankruptcy laws. In the following sections, I focus on the pragmatic side to the pursuit and appropriation of the "legal weapons" that ERT protagonists discovered were already at-hand for securing their self-management projects.

3.3.2.2. Reappropriating Argentina's bankruptcy law

After constituting the cooperative, the next matter that an ERT's members must tackle during their stage of resistance is the issue of how to transfer the rights to use the business installations, machinery, trademarks, and property to the newly formed worker cooperative—especially given that, for some observers, judges, and politicians, the occupation of a business by its workers is potentially a criminal act of "usurpation" of private property (Magnani, 2003). The conversion of a troubled private firm into a worker cooperative is intimately related to Argentine bankruptcy law and, as ERT protagonists have innovatively shown, its national and regional laws of expropriation. I deal with ERT protagonists' struggle against extant bankruptcy law in this section, and address their engagement with Argentina's laws of expropriation in the following seciton.

One major contribution by protagonists of the ERT phenomenon in impacting Argentina's commercial jurisprudence has been in the manner its legal representatives have not only creatively adopted contemporary bankruptcy law but also reappropriated and transformed it.

According to Argentina's national bankruptcy law, Ley Nacional de Concursos y Quiebras, Numero 24.522 (National Law of Creditor's Meetings and Bankruptcy, Number 24,522), a firm that cannot meet its debt obligations must first arrange a debt repayment plan or, if needed, engage in business restructuring proceedings. In Argentina this initial phase before bankruptcy is declared is called *concurso preventivo de acrededores* (preventive hearing of creditors), the phase equivalent to the US's Chapter 11 or Canada's creditors' meeting. Ley 24.522 stipulates that a *concurso preventivo de acrededores* must be carried out before a firm officially declares *quiebra* (bankruptcy). Made up of insolvency hearings and creditors' meetings with the bankruptcy court in order to re-organize debt repayments before a firm declares bankruptcy, either the business's owner(s) or the collective of creditors can seek to enter the *concurso preventivo de acreedores* (Magnani, 2003). One of the first legal areas where ERT workers' lawyers begin to justify the practice of taking over the firm by workers in order to continue the "productive activity" of the business entity is in this section of Ley 24.522 because, these lawyers have been pointing out, the first responsibility for the *concurso preventivo*, according to the legislation, is to attempt to save the firm in order to preserve the jobs therein. Only if there is no possibility for the firm to remain open should the *concurso* proceeding move to seek ways of selling off the firm's assets and pay back creditors. Moreover, since the workers were, these lawyers argue, amongst the firm's first creditors due to their unpaid wages and benefits, the *concurso preventivo* judge has an obligation to cede control of the plant to the workers should they be willing to take over the firm (Fajn, 2003; Magnani, 2003).

But the *concurso preventivo* phase also poses a further challenge for ERT workers. This phase includes the appointment of a court trustee, known as a *síndico* in Argentina. Usually an accountant, the *síndico*'s main job is to administer the firm during the *concurso*. As was the case with many ERTs, the appointment of a *síndico* tends to be a weak point in Argentine bankruptcy proceedings because of the degree of control of the firm this legal representative is given during the *concurso preventivo* stage. Indeed, many of the fraudulent bankruptcy schemes that plagued Argentina during its neoliberal years occurred with the appointment of the *síndico* during the *concurso preventivo*, especially when the trustee would engage in under the table deals with the firm's owner or creditors. One common practice often concocted between a *síndico* and a business's owner(s), occurring in countless firms in Argentina over the past three decades or so according to Gabriel Fajn (2003), is related to the practice of the *vaciamiento* (emptying, or asset stripping) of the firm, which often includes illegally selling a firm's assets during the *concurso preventivo*, giving a cut of the sales to the *síndico*, and then not showing these fraudulently sold assets in the final inventory list presented by the *síndico* to the bankruptcy court for calculating the fiscal value of the firm. This is exactly what happened at, for instance, the Buenos Aires print shop, Artes Gráficas Chilavert.

Another weak point with the *síndico*'s appointment is that he or she only gets compensated from a percentage of the fiscal value of the firm once its assets are auctioned off or from initial revenues if the firm reopens again (Fajn, 2003). Because it is more likely that the *síndico* will get paid and paid more quickly with the auctioning

off of the firm if the company is already in trouble, the *síndico,* as such, has a vested interest in seeing the firm shut down and sold off. Moreover, as happened in many bankruptcies in Argentina in recent decades, a firm might finally declare bankruptcy when the *síndico* demands his or her fee, compounding the financial difficulties of an already depleted firm. As Fajn (2003) explains, clearly articulating what occurred at Chilavert and countless other firms that eventually would become ERTs, and underscoring the extent of fraudulent bankruptcies in Argentina during its last neoliberal era:

> *In Argentina, fraudulent bankruptcies are not few, as the numerous lawyers we have consulted have told us. Indeed, there exist 'manuals' for how to realize this type of operation that often include the active participation of* síndicos*. On the whole, the final steps of [*the concursos preventivos de acredeedores*] will often see [*síndicos*] cutting deals with fleeing owners. One of the lawyers we interviewed figured that in the last 25 years 90% of Argentina's bankruptcies were fraudulent [in this manner].* (p. 102)

But some, more progressive bankruptcy judges during the first era of ERTs, encouraged by the legal arguments of savvy ERT lawyers who were well aware of the fraudulent activities occurring, began to counter these fraudulent bankruptcy practices and rule in favour of ceding the plant not to court trustees but, rather, to its remaining employees (Fajn, 2003; Magnani, 2003). Eventually, these "activist" judges, again encouraged by the arguments of ERT lawyers, began to find sufficient loopholes in Argentina's bankruptcy law in favour of the remaining workers, or began interpreting sections of Ley 24.522 in ways that would allow workers who could prove the financial viability of the firm and their capacity to manage it to either be "caretakers" of the business as its legal status and debts were being negotiated, or were authorized by these judges to begin to work at the firm in question in usufruct while the courts controlled the firm legally (see Figure 7)[34]. Indeed, the proof of ERT workers' capacities to take care of the firm was amply available as they began to show time and again that they were more than able to revive the firm and keep it afloat, especially when compared to previous owners and managers who were, on the other hand, too eager to abandon the firm or corruptly sell it off or give it away in shady auctions or to bribed court trustees.

Article 189 of the Ley Nacional de Concursos y Quiebras, sanctioned originally during then-president Carlos Menem's labour and commercial law reforms of 1995, already spoke to the possibility of the "continuity" of production in a failing business if it was (not surprisingly, given the neoliberal stripes of the Menem years) deemed favourable to creditors[35]. But this "continuity" was to be at the discretion of the *síndico* administering the firm during the *concurso preventivo*, a discretion that was also often

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[34] There are sections of Ley 24.522 that permit the presiding judge to override the appointment of a *síndico* or the administrative decisions of the *síndico* and appoint another party to administer the firm as caretaker during the *concurso preventivo* (Fajn, 2003).

[35] Article 189 of Ley 24.522 reads: "*Immediate Continuity*. The trustee can, without delay, continue the exploitation of the enterprise or its establishments, except when the continuity of the firm could result in grave damages against the interests of the creditors or the conservation of the patrimony (Ministerio de Economía y Producción, 2007).

used for the countless aforementioned fraudulent bankruptcies plaguing Argentina throughout the last quarter of the 20th century. A vital reform of the Ley Nacional de Concursos y Quiebras was spearheaded by ERT protagonists in early 2002, taking their case to the legislative sphere and acting as important consultants that helped to rewrite numerous articles in the law so as to facilitate the conversion of financially troubled firms into cooperatives. The political arguments they used at the time was that such a reform would counteract the soaring unemployment and bankruptcy rates that were plaguing the country in the months following December 2001, during the height of the socioeconomic crisis. The reform of Article 190 of Ley 24.522 was subsequently passed into law on May 15, 2002 as part of larger reforms of the Ley de Concursos y Quiebras at the time[36].

One of these reforms was to further clarify how the "continuity" of a financially troubled business could unfold. Article 190 now facilitates the transfer of the management of a firm in the midst of a *concurso preventivo* to a group of two-thirds or more of the remaining employees that reorganize into a worker cooperative (Caro, 2004; Concursos y Quiebras, n.d.; Ley No. 24.522, n.d.)[37]. This vital reform was spearheaded, amongst others, by Víctor Turquet, a founding member of one of the first ERTs, the meatpacking plant Yaguané in the greater Buenos Aires municipality of La Matanza, and who since the early 2000s has been the specialist on ERTs for the Instituto Nacional de Asociativismo y Economía Social (National Institute for Asociativism and the Social Economy, or INAES), Argentina's cooperative regulating body within the national Ministry of Social Development in charge of overseeing the registration of coops throughout the country (Magnani, 2003). The continued work of individuals such as Turquet, ERT lawyers, political lobby groups, and umbrella organizations such as MNFRT, CNCT, and ANTA over the past five years, working closely with national legislators and senators within presidents Néstor Kirchner and Cristina Fernandéz de Kirchner's political blocs in the upper and lower houses of Congress, added further significant reforms to Argentina's bankruptcy law in March 2006 ("Nueva ley de quiebras," 2006) and between May and June of 2011 ("CFK promulgo," 2011; CNCT, 2011; Feser & Lazarini, 2011). These reforms add new articles to Argentina's national bankruptcy law in order to continue to facilitate the conversion of failing firms into worker cooperatives. The 2011 reforms, instigated to a great extent by the lobbying and consultancy work of second era ERT organizations such as CNCT and FACTA, particularly go a long way in easing the transference of control of a financially troubled firm to workers *before* the firm enters the *concurso preventivo* stage, and formally delinks previous credit accumulated by former owners from the new worker coop (CNCT 2011; Feser & Lazarini, 2011).

[36] These reforms are officially known as Ley Numero 25.589 (Concursos y Quiebras, n.d.).

[37] Article 190 of Argentina's national bankruptcy law now stipulates the following concerning employee ownership of a failed firm: "[T]he continuity of the enterprise [in the case of bankruptcy] will consider the formal requests of its employees in their relation of dependency that represent two thirds of active personnel, or from labour creditors, who must act in the subsequent period of continuity under the form of a worker cooperative" (Ley No. 24.522, n.d., Artículo 190).

3.3.2.3. Reappropriating Argentina's laws of expropriation

Another savvy and pragmatic legal strategy developed early on in the ERT phenomenon by some of its first leaders—who were, we will recall, more than capable of arguing for and articulating the moral and legal legitimacy of ERTs in the Argentine public sphere during the height of the neoliberal crisis—was to turn to constitutional law. After forming the cooperative and securing the temporary control of the plant under usufruct from the presiding bankruptcy judge, some early ERTs began to seek and lobby for the *expropriation* of the firm by the state on behalf of the cooperative as a "public good." Forming an important part of what José López, former president of the worker-recuperated medical clinic Salud Junín called their worker collective's "*salida política*" (political solution) during their "resist" stage, appealing to local legislatures to expropriate the firm on behalf of workers is another example of the creative appropriation of Argentine law by ERT protagonists.

Seeking expropriation of the plant introduces the worker cooperative into the legislative sphere of politics because, according to Argentine constitutional law, expropriating private property as a public good is the jurisdiction of national or regional legislatures (i.e., provincial governments or the government of the Autonomous City of Buenos Aires), or, in some instances, can and has been deployed by the national or provincial executive branches of power as decrees in the case of regional or national emergencies. Nationally, expropriations fall under Ley de Expropiación, Numero 21.499 (Law of Expropriation, Number 21,499), which was signed into law during Juán Perón's presidency in 1948 and used at the time to begin building Argentina's national road system and for nationalizing particular businesses and economic sectors. At the same time, each provincial jurisdiction and the city of Buenos Aires also have their own version of this law (Magnani, 2003).

Application of Argentina's expropriation laws with regard to ERTs began early in the phenomenon and was innovated by MNER leaders such as José Abelli and Eduardo Murúa and their lawyers at the time, in particular Diego Kravetz, Vanesa Castro Borda, and Luís Caro (Florido, 2009; Magnani, 2003; Ruggeri, 2006, personal interview)[38]. ERT lobby groups and lawyers, spearheaded by the public debates mobilized by MNER during the first era of ERTs, ground their legal and political arguments in support of the expropriation of ERTs for its worker cooperatives in Articles 14 and 17 of the Argentine constitution of 1994. Article 14—"the right to work"—is guaranteed constitutionally, they argue, even in economically difficult times, and especially if those difficulties were brought on by the bad social and economic policies of representative governments, they further add. They then use the second part of

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[38] So important was the pursuit of expropriation and other public policies for ERTs' political organizations that by 2003 Eduardo Murúa and Diego Kravetz decided to run for legislative seats, Murúa as a left Peronist candidate representing the province of Buenos Aires in the national Chamber of Deputies (Vales, 2003), and Kravetz for a seat in the city of Buenos Aires's municipal legislature as a candidate for the Kirchnerist-Peronist bloc Frente para la Victoria. Moreover, MNFRT president, Luís Caro, would run for mayor of Avellaneda as part of a right wing bloc of the Peronist party, and in the city of Buenos Aires elections 10 other ERT protagonists would run for various political blocs, mostly on the left (Rebón, 2007). While Murúa, Caro, and the other ERT candidates would lose their campaigns, Kravetz ended up winning in the city of Buenos Aires and was instrumental in pushing for and drafting the first two expropriation laws for ERTs in the city of Buenos Aires for the Chilavert and Ghelco ERTs in 2003, and in 2004 in drafting and pushing for the passage of Law 1529 that has seen 17 ERTs permanently expropriated in the city of Buenos Aires to date (Ciudad Autonoma de Buenos Aires, 2011).

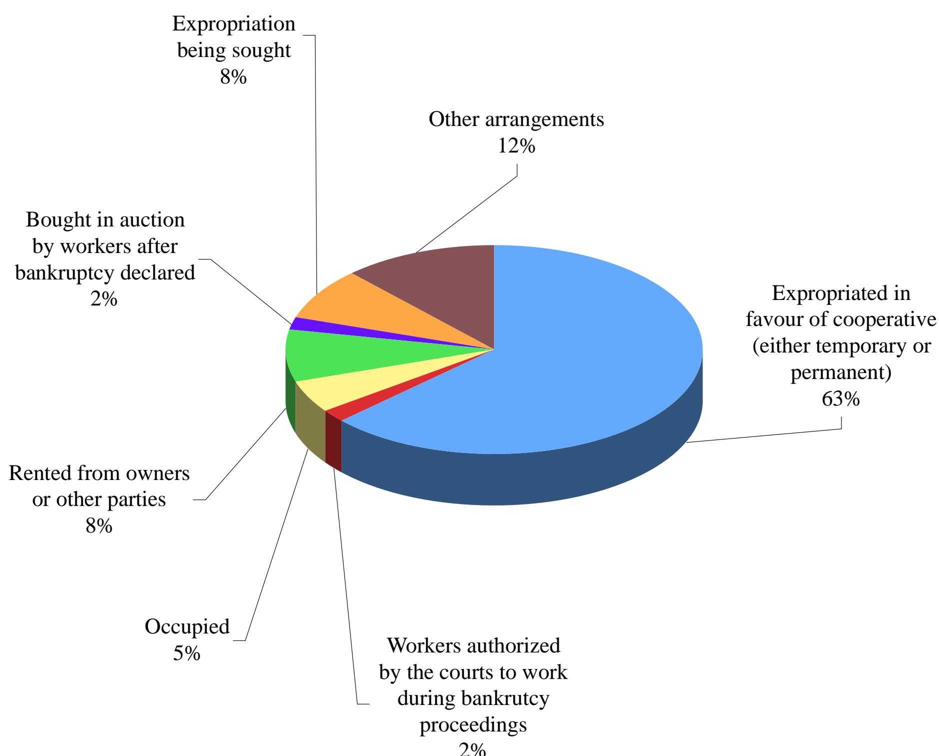
Article 17—"the expropriation of private property"—to argue that ERTs are of considerable necessity to the communities in which they are located, and are thus a "public good," especially given high unemployment and poverty rates and the social and economic value that ERTs' contribute to their localities' economic security and development. Finally, these ERT advocates add, the very act of self-managing these firms that would otherwise be closed means that the state is spared from having to take on the financial costs of bankruptcy and the social costs of taking care of even more unemployed workers.

The appropriation of this law by ERT protagonists and lawyers has subsequently become a vitally important tool on a worker cooperative's path of securing the control of a failing business because it puts closure to further bankruptcy proceedings, legally eradicates the possibility of forced eviction and the auctioning off of the recuperated company's assets, and gives the worker coop complete control of the plant, including its machinery, inventory, trademarks, buildings, and client base. At times workers' owed wages are used against the state's cost of expropriation as "labour credits," in effect immediately ceding ownership of the plan to the workers once expropriation is declared. At other times, in combination with the labour credit model especially if labour credits are below the cost of expropriation, workers are responsible for the remaining cost of expropriation to the state over an extended period of time as a form of amortized payback scheme. Seeking the expropriation of failing firms on behalf of workers, although still a bumpy political road to negotiate for ERT workers, has become common practice if we see from the data in Figure 7 that 71% of currently existing ERTs have either been either expropriated for a limited time (temporary expropriation) or permanently (definitive expropriation) (63%) or are seeking expropriation (8%).

Pursuing the expropriation of a recuperated firm was a particularly difficult and unpaved political road during ERTs' first era when ERT lawyers and lobbyists were still trying to figure out how to mobilize these laws, while elected officials and their constitutional advisors were baffled by not only the legality of applying laws of expropriation to a troubled firm but also by the political implications of seizing private property and ceding it to workers as a "*bien común…material*" ("a material public good"), as Article 1 of Argentina's expropriation law dictates (quoted in Magnani, 2003, p. 99). Because the decision to cede a failing firm to its employees as a public good was to be considered on a case by case basis by elected officials (complicated further by Argentina's constitutional right to possess private property in Article 17), ERT workers soon found themselves immersed in the task of attempting to sway and lobby political blocs and specific politicians in regional legislatures who had to present their case as a unique legislative bill. To prove the case that, indeed, their firm is a public good and their coop's recuperation of it is in the public's interest, ERT workers have needed to expend much physical and mental energy lobbying politicians and garnering media attention in order to *ablandar* (soften) politicians or political blocs within regional legislatures to their cause. This is what Palomino (2003) meant earlier on in Part 3 when he points out that the second "terrain of conflict" for ERT workers

after recuperating their firm tends to be the streets and the houses of power[39].

Fig. 7: Legal situation of ERTs, as of late 2009



(N=85 ERTs)
Surice: Ruggeri et al., 2010, p. 24.

The tactic of the "war of bodies" now takes on new spatiality, extending workplace-specific conflicts out onto another political terrain within the community as ERT workers and supporters must attend countless parliamentary debates or, at times, even physically occupy legislative buildings, as has happened on some occasions, in order to force or "soften" politicians (*ablandar los políticos*) to actually present their cases as bills of expropriation and vote favourably on behalf of workers in local legislatures. Additionally, ERT protagonists often take their cause out onto city streets

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[39] Why many regional legislatures and their political blocs still refuse to definitively expropriate ERTs is witness to how completely the neoliberal experiment that seemingly collapsed in 2001-2002 still continues to radiate its effects, fracturing and polarizing Argentine political and economic life. Local governments vacillate on granting permanent expropriations to these fledgling worker cooperatives because elected officials find themselves caught in a web of conflicting interests between workers' right to work and the rights of private property owners; even those legislators that are sympathetic to the plight of ERT workers find themselves torn between the push and pull of sundry lobby groups advocating for business owners or workers, the debates between political blocs in the regional legislatures, and perceived voters' interests. Moreover, both property rights (Article 17) and the right to work (Article 14) are guaranteed in the Argentine constitution, adding to the legal confusion. These constitutional guarantees, perhaps complementary in economically stable times, have proven to be paradoxical since the neoliberal years of the 1990s for ERTs.

by blocking roads, conducting public rallies, or participating in sit ins in front of legislative or other government buildings in order to gain media attention and make their cases in the public sphere. This extended political terrain again mobilizes the community, now outside of the recuperated factory or shop, in order to persuade elected officials by swaying their voting constituents. Chilavert's Cándido González underscored the importance of this tactic in a radio interview I attended with him in Buenos Aires in 2005:

> *Looking back at our days of struggle, three years on, one thing that we did right, without knowing it at the time—and that worked coincidently in our favour—was to move our conflict to the streets. That move gave us lots of results. What we tell many of our compañeros when we go and support them in another workers' conflict is that the first thing they have to do is to take their conflict to the streets. Let the neighbours know, let all the community organizations know about your struggle because those that will first come to support you [when you need it most] will be the people from the neighbourhood.*

3.3.2.4. Other less common legal structures

While most newly constituted worker cooperatives that wish to restart production in the failing firms that had been employing their members do not seek to negotiate with former owners or the old management, who more often than not have lost all legitimacy with the resisting workers, some chose to do so. As Figure 7 also shows, in order to begin production as soon as possible or avoid getting into drawn out court cases or political lobbying efforts, some ERT cooperatives (8% of cases) decide early on to sacrifice some aspect of full control of the firm by renting or leasing back the property and facilities from previous owners or new landlords as, for example, with the snack foods manufacturer Malvinas Argentinas located in the city of Buenos Aires and the shipyard Navales Unidos in the Buenos Aires suburb of Dock Sud (Lavaca, 2004a, p. 125).

One ERT, the recuperated newspaper Comercio y Justicia in the city of Córdoba, decided to avoid the long political road of seeking expropriation when its members voted early on to buy the firm outright. They did so after securing right-of-first-refusal to bidding for the bankrupt firm in the subsequent bankruptcy auction, negotiating with the judge to pay for half of the business via a mortgage secured on the personal assets of the coop's founding members and the other half via a deal with the province of Córdoba to recognized the workers' owed salaries (i.e., labour credit) as down payment on the mortgage. While Comercio y Justicia was the first ERT in Argentina to go down this buy-out path, similar employee buy-out schemes have occurred in a handful of other ERTs.

Other firms, such as the tractor manufacturer Tractores PAUNY in the town of La Varillas in the province of Córdoba, managed to overcome bankruptcy proceedings by seeing a worker cooperative forged by remaining employees strike a co-ownership arrangement with the plant's managers, suppliers, and the municipality. In the case of PAUNY, the worker cooperative (formed by the blue-collar production line workers) controls 33% of the enterprise, their former managers and administrators control another 33% of the firm, a group of parts providers another 33%, and the

municipality of Las Varillas the remaining 1%[40]. The Pauny model is similar to the arrangement of a worker cooperative sharing ownership of a business corporation with other shareholders in jurisdictions such as Quebec, Spain (*sociedades laborales*), and France (CG-SCOPs). Other co-ownership schemes can involve co-management arrangements between the worker coop and local unions, such as with the worker-recuperated supermarket and community centre Trabajadores en Lucha/ex Supermercado Tigre in the city of Rosario, or co-ownership between the worker coop and the firm's original owners via the issuing of shares for owed salaries for members of the worker coop.

3.3.3. "…Produce"

If all goes well with the occupation, the period of resistance, and the first year or so of self-management (and there are no guarantees that it will), the process of worker recuperation culminates in the workspace becoming an official, worker-run firm controlled wholly or in part by the worker cooperative. As with the transition from the "occupy" to the "resist" stages, there are no clear boundaries or events demarcating the "resist" and the "produce" stages. In some ERTs, production restarts in the middle or latter stages of the resist stage. In other ERTs, production must wait until their legal and financial hurdles are more substantially dealt with, or until founding workers retrain themselves in new administrative and marketing skills[41], or once they fix depleted machinery, or when they begin to take on new workers.

Of course, because ERTs must still compete within the greater competitive marketplace, they are constantly being affected by the tensions that inevitably arise between the quotidian needs of workers and the production and marketing challenges of having to remount a depleted firm. While each ERT's daily production and financial challenges are uniquely nuanced within their own particular micro-economic realities, ERT's most commonly shared challenges tend to be: (1) underproduction, (2) capitalization difficulties and depreciating machinery, (3) undefined legal status, (4) difficulties in reaching new markets, (5) hiring new workers and securing the future of the worker cooperative, and (6) the continued precarious life conditions of workers (Ruggeri et al., 2005; Vieta, 2009). These challenges mean that many ERT cooperatives operate with the constant awareness that sufficient revenues might not be generated to pay salaries, which eventually could push them to begin to engage in less cooperative, more capitalistic forms of management and production preoccupied with the maximization of revenue. As a result, these tensions have tempted some ERTs to begin to engage in practices of "self-exploitation" and "self-bureaucratization" (i.e., a return to hierarchical management, re-privileging individualism, a return to Taylorist production practices, etc.) (Fajn & Rebón, 2005). Indeed, when staying

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[40] The makeup of the administrative council of the firm parallels this co-ownership scenario with the worker cooperative, in turn, having its own workers' council and holding its own assemblies for specific issues affecting just the cooperative.

[41] One of ERT protagonists' major early challenges, the retraining of workers often occurs informally on shop-floors as more experienced workers with particular skill-sets teach other *socios*. At times, this training occurs with the assistance of sympathetic university programs, unions, ERT umbrella organizations, or from one of the new cooperative federations that have emerged in recent years that have been working more closely with ERTs during their second era (i.e, ANTA, CNCT, and FACTA). For more on the informal learning and new skills acquisitions at ERTs, see Larrabure, Vieta, & Schugurensky (2011) and Vieta (2014a).

afloat becomes the primary focus of a worker-run cooperative, workers risk losing sight of the collective spirit and democratic desires that drove them to become a worker coop in the first place.

When one considers ERTs' long periods of struggle for self-management, their technical limitations due to the deteriorated or depreciated conditions of much of an ERT's technological infrastructure (infrastructure that was, after all, appropriated by workers from failing capitalist firms), the reduced size of an ERTs' workforce when compared to the firm under owner-management[42], the lack of access to credit from banks (because of the former firm's precarious financial state and because ERT coop members are viewed in Argentina as "self-employed" workers), and the lack of governmental assistance for the movement (see below), it is not surprising that most ERTs are currently producing at between 30-60% of their potential capacity when compared to their production runs under owner management. Indeed, as of the summer of 2005, only 12% of all ERTs that had been operating for over 3 years under worker management were producing at more than 60% capacity (Ruggeri et al., 2005, pp. 65-76).

These challenges, however, are tackled right from the first moments of attempting to restart production at most ERTs. Rather than relying on inadequate state assistance, ERT protagonists draw on the solidarity of other ERTs, sympathetic unions, the community, and increasingly in the second era, from the cooperative sector and new second and third tier worker cooperative federations that have been emerging with the surge of new worker coops in Argentina recent years (see Part 4). Pragmatically, the specific way that the cooperative restructuring of the shop unfolds tends to be worked out within each ERT as it matures and lives out the intricacies of *autogestión*. There are three crucial ways that ERTs noticeably attempt to revive production, contest market-imposed conditionings, and engage in more communally sensitive forms of economic and productive practices: (1) *pay equity*, the (2) *horizontal reorganization of their once-hierarchical labour processes into horizontal ones*, and (3) the *transformation of the pace of work.* The first practice is directly related to the third cooperative principle—"member economic participation"—while the second and third practices are grounded in the second cooperative principle—"democratic member control."

[42] On average, most ERTs' workforces shrink by about 80% when compared to their workforce when under previous owner-management (Ruggeri et al., 2005, p. 43). Moreover, most of the workers that decide not to be a part of an ERT are younger than those that stay; ERT workers tend to be over 40. Those that do not stay on to self-manage the firm also tend to be professionals, administrators, or possess more transferable technical skills. This workforce shrinkage means that there is a paucity of professional, technical, and administrative staff left at most ERTs by the time the remaining worker collective decides to take over a failing firm. This is because it still is infinitely easier for administrative or professionalized workers to find jobs elsewhere in Argentina when compared to blue-collar and service sector workers. These administrative workers are also usually younger than the mostly blue-collar workers who stay on to take over and convert firms in trouble. Moreover, Argentina's job market has traditionally been ageist and younger workers tend to find jobs much easier in general than older workers. Rather than risk the difficulties and insecurities of taking over and self-managing a firm, most of these younger and usually more technical and administrative workers—workers who could help immensely in the reorganization of and ERT's labour process—decide not to take part in the project of self-managing the firm and leave for more job "security" in other owner-managed private firms.

3.3.3.1. Equitable remuneration schemes

The practical nature of the third principle of cooperatives—how "member economic participation" is to be taken up (MacPherson, 1995, par. 46)—is, as with other types of worker cooperatives, still open for debate amongst ERT members. For instance, revenue capitalization and salary amounts, salary adjustments due to ebbs and flows in the firm's business cycles, and the social dividend each member is owed are regularly discussed, voted on, and adjusted by the ERT's workers' assembly. On the other hand, common practices are discernable. As practiced in most worker cooperatives, and as entrenched in Argentine cooperative legislation and the International Cooperative Alliance's (ICA) principles, new ERT members (that is, those that are taken on after the founders take over the firm and create a coop) contribute some sort of a "membership fee" or "share capital" to the coop (usually deducted from salaries), forming an important part of how "members contribute equitably to, and democratically control, the capital of their cooperative" (ICA, 2007, par. 6). And also as in other worker coops, the membership fee is returned to the member with limited interest when they leave the coop or upon retirement[43]. Founders usually do not pay a membership fee; their struggles to convert the old firm into a worker cooperative is assumed to be a more than sufficient "entry fee." Additionally, ERT members are also entitled to a yearly "social dividend," usually divvied out equally amongst all members and depending on the revenues generated that year. These dividends are usually dispersed at the end of the cooperative's fiscal year and, at ERTs, might replace the traditional Argentine practice of the *aguinaldo* (the "thirteenth month's" pay at the end of the year)[44]. In these membership and distributive practices, ERTs again follow the general model of worker coops, such as Mondragón, where salaries are deducted until membership fees have been met and where social dividends are usually issued periodically.

Besides the widespread agreement among ERTs of the value and necessity of "members controlling the capital" of the firm (MacPherson, 1995, par. 46)—encouraged by the flat horizontal organizational model and small size of most ERTs[45]—there is no defining trend across ERTs, however, concerning how much revenues are to go back to the capital needs of the firm or how members are to "receive limited compensation…on capital subscribed as a condition of membership" (ICA, 2007, par. 6). This means that the following continues to be worked out pragmatically and debated within each ERT as it matures and lives out the intricacies of *autogestión*: what percentage of revenues should return to the cooperative as capital or be divvied to members as the social dividend, how much of the revenue should be allocated to salaries and benefits, whether or not a certain percentage of revenues should go to local community needs, and how losses are to be dealt with. In reality, these revenue

[43] Thus, as Gregory Dow (1993) points out, labour-managed firms (which of course include ERTs), engage in "membership-markets" when hiring new members rather than in wage-labour markets.

[44] How founders are compensated sfor invested effort and work is another matter still being debated by ERT protagonists. In some ERTs parting founders receive an agreed upon amount equivalent to years worked at the firm, either dating back to the old firm or as an ERT. In other ERTs departing founders agree to only receive the equivalent of pension contributions owed from the previous firm. And in others, no "entry fee" is returned to founders upon leaving.

[45] ERTs tend to average at between 20 and 50 workers (Ruggeri, 2010).

allocation decisions—or how ERTs' surpluses are to be divvied up and losses handled—are often also susceptible to market cycles. More financially challenging months are most often bridged with cuts to salaries and at times community development contributions for those firms that engage in community work.

Difficulties in normalizing salaries have multiple causes but tend to be rooted in the reality of market competition, fluctuating revenues, chronically low cash reserves, a fleeting customer-base, difficult orders to fulfill due to depreciated machinery, or challenges in securing loans (Vieta, 2012a). The waste management ERT Unión Solidaria de Trabajadores (UST) proved to be the exception here amongst the ERTs that I visited. The fact that UST works primarily with the public sector (they mainly contract their waste management an construction services to the municipality of Avellaneda or the province of Buenos Aires) makes their financial situation more stable than other ERTs I visited. Unlike ERTs who have to primarily sell their products or services on open markets, UST's production expectations are clearly marked out each year, their revenue projections and expenses are understood well-ahead of time, and their revenues are mostly guaranteed for the duration of their state contracts. On the whole, and while they do take on smaller independent contracts on open markets, UST's production and revenues unfold outside of market pressures. Mostly free from market pressures, then, this is also why UST has been able to carry out its unique community development outreach projects that could serve as a model for cooperative-based community development and social assistance delivery to local communities[46].

One trend that does stand out with ERTs, and the most vivid example of how ERT protagonists are controlling and democratizing their capital, is in *the preponderance of pay equity schemes no matter how senior a worker is or what skills she or he possesses* (Fajn, 2003; Palomino, 2003; Ruggeri, 2010). Empirical research carried out by two separate teams from the University of Buenos Aires have found that between 56% (Ruggeri, Martínez, & Trinchero, 2005, p. 80) and 71% (Fajn, 2003, p. 161) of ERTs practice complete pay equity. While this coincides with the general tendencies of labour-managed firms to be more equitable in remuneration practices than capital-managed firms (Craig, 1993, pp. 93-102; Dow, 2003, p. 25), the degree to which pay equity seems to be practiced across the universe of ERTs is one noticeable innovation that differentiates ERTs from the practices of other, non-recuperated labour-managed firms in Argentina and beyond its borders.

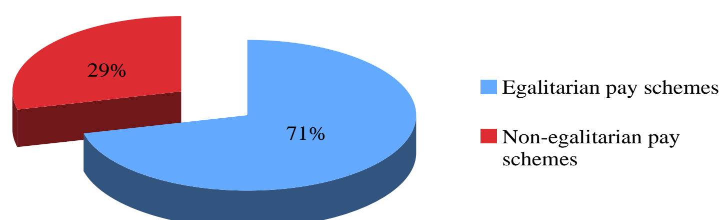
Ruggeri et al.'s (2005) research discovered further nuances to the preponderance of pay equity: First, the *age of the firm* is related to pay equity. It seems that older recuperated firms (especially those recuperated during the most turbulent years of Argentina's neoliberal crisis, i.e. ERTs' first era) are more likely to practice pay equity when compared to more recently recuperated firms. For example, Ruggeri et al. (2005) discovered that 70% of ERTs recuperated during or before 2001 practiced complete pay equity while only 39% of those recuperated during 2003-2004 do so (p. 80). In addition, the *size* of the firm tends to also be linked to pay equity: 64% of firms with 20 workers or less practice pay equity, compared to 47% of firms having

[46] For more on UST's unique model of work integration and community development, see Vieta (2012a, 2014b).

between 20-50 workers and 54% with 50 or more workers (p. 81).

There are several explanations for these differing remuneration practices linked to the *age* and *size* of the ERT, and the *intensity of conflicts* traversed on the path of becoming a cooperative: It seems that the strong role of *compañerismo* (solidarity in camaraderie) that I have discussed elsewhere (Vieta, 2010, 2012a, b), fostered by worker solidarity that solidifies during an ERT's period of most intense struggles (i.e., the "occupy" and "resist" stages), has a strong part to play in egalitarian remuneration practices. That is, the intensity of conflictivity and struggle that a worker collective goes through in the founding of an ERT are correlated to later practices of pay equity. And, as first era ERTs are more likely to have experienced conflictivity in their founding days when compared to second era ERTs, older, first era ERTs are also more likely to practice pay equity. Figures 8 and 9 graphically show how an increased likelihood of pay parity is specifically linked to an ERT coop's most economically and socially harrowing early days. For instance, Figure 8 shows that 71% of ERTs that were involved in lengthy acts of occupation or other intense conflicts in its early days subsequently practice pay equity, while, Figure 9 shows, that only 37% of ERTs that were not occupied or had not experienced intense conflicts do so. Tellingly, workers at ERTs that incorporate equitable pay schemes told Ruggeri et al., as they also told me, that their desire to practice pay equity was one specific way of counterbalancing the most exploitative practices they experienced under owner-management (pp. 81-82; for similar findings, also see Fajn, 2003; Rebón, 2007).

Fig. 8: Pay equity linked to acts of occupation or level of conflict in the early days of the ERT in "occupied or highly conflictual ERTs," 2004-2005

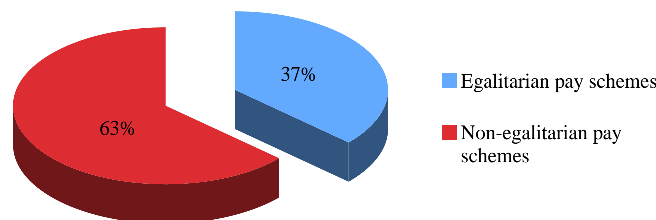


(N=72 ERTs)
Source: Ruggeri et al., 2005, p. 82.

Moreover, Ruggeri et al.'s (2005) data, as with my ethnographic work with ERTs, suggest that the collective of workers belonging to smaller ERTs are more likely to practice pay equity when compared to larger ERTs because workers from smaller ERTs

tend to spend more time interacting with each other on a daily basis than those in larger ERTs and thus have more intimate knowledge of each other's jobs and personal lives. In other words, workers from smaller ERTs more readily develop commonly-shared values and concerns via stronger bonds of friendship and camaraderie when compared to larger firms with more complex divisions of labour, multiple and more dispersed work teams, or in ERTs that engage in shift work. The values and practices of *compañerismo*, it seems, has a chance to gel more amongst the entire collective of workers at smaller ERTs, and one way that this *compañerismo* plays out is in equal salaries and social dividend pay outs no matter the skill-sets or member seniority.

Fig. 9: Pay equity linked to acts of occupation or level of conflict in the early days of the ERT in "non-occupied or not-as-conflictual ERTs," 2004-2005



(N=72 ERTs)
Source: Ruggeri et al., 2005, p. 82.

Some of the ERTs I have worked with in Argentina over the years shed nuances on how this tendency of pay equity is linked to the intensity of *compañerismo* forged in struggle, and also the size and age of the firm. For example, the Buenos Aires printshop Artes Gráficas Chilavert and the Córdoban health clinic Salud Junín, in particular, two of the smaller ERTs amongst the many I visited, seem not to experience as much factionalism, individualism, and shop-floor competition as the larger ERTs I have visited, and both practice complete pay equity amongst members. The general lack of substantial worker conflict at these smaller ERTs were also communicated to me by key informants, both implicitly in the general lack of stories about workplace conflict in our conversations and explicitly when I would ask them about it in formal interviews. While I did not personally witness worker antagonisms in the larger ERTs I spent time in, such as UST and Comercio & Justicia, their key informants' stories did contain more themes of interpersonal, shop-floor, and work team conflicts. In the larger firms I visited, workers in positions of leadership tended to, for instance, spend more time discussing some of their *compañeros*' lack of commitment to the ERT project, or had complaints about some of their *compañeros* "slacking off" on the job or not pulling their weight (i.e., the "free rider"

phenomenon). These types of critiques were virtually absent in the smaller firms I visited. Of course, it can be argued that in the smaller firms I visited, perhaps the fact that all workers know each other well made them self-censor sensitive and intimate details of inter-worker conflictivity inside the ERT, while in larger firms workers felt freer to discuss such matters because they know each other less. Notwithstanding these possibilities, it was clear from the interactions of workers I witnessed that the intensity of *compañerismo* was stronger at smaller ERTs. I witnessed this, for example, in the more informal ways workers at smaller ERTs spoke to each other and in their many shared daily activities, such as communal eating practices, joking around with each other, and the degree to which they engaged in more non-work activities together when compared to the social interactions and greater interpersonal formality I witnessed at larger ERTs.

On the other hand, one of the larger ERTs I have visited, the city of Córdoba's worker-recuperated newspaper, Comercio y Justicia, also had the least conflictual beginnings of all of the ERTs I visited. Not surprisingly, it also has one of the most differentiated salary schemes of all of the ERTs I have been to, basing this salary differential on a mix of experience, seniority, and position. Comercio & Justicia in many ways continues the same salary schemes and hierarchical structure present at the previous private iteration of the newspaper. While the ERT loosely bases its salaries on the news industry standard, especially amongst its journalists, the coop nevertheless tries to keep their salary differentials at 3:1, one of its former presidents informed me. Moreover, their salary differential is based on both seniority and whether or not workers have a supervisory role (see below). In addition, because Comercio y Justicia sees a considerable part of its revenues coming from selling advertising space in its print and online editions, the three coop members dedicated to ad sales enjoy both a base salary calculated on the average salary at the paper plus keep a commission from ad sales, making considerably more than other members of the ERT. When I probed the former president of the coop on these salary differentials and asked him why they do not practice complete pay parity as in other ERTs, his answer was both straightforward and telling:

> ¡Por la competencia! *(Because of the competition!).... We have to keep good journalists here because the competition in this sector is tough…. And the sales guys? Well, they bring in a considerable amount of revenue for us which helps pay the other members' salaries, so we need to keep them motivated!*

That remuneration practices are not as equitable at the newspaper Comercio y Justicia also illustrates the flip side of Ruggeri et al.'s findings: The newspaper's beginnings as an ERT were not as conflictual as the other three ERTs in my study; this ERT happened to be the first in the country to have negotiated a lease-back-to-own settlement with the bankruptcy courts and so its workers did not have to enter into the usually long struggle of "occupy, resist, produce"[47].

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[47] Comercio y Justicia's founders decided to take the path of negotiating with bankruptcy courts instead of the more usual "occupy and resist" path taken by most ERTs. Indeed, as my interviews at the newspaper reveal, most of its journalist members possess the strong critical writing and thinking skills necessary to negotiate the legal

Somewhere in the middle of the spectrum of pay schemes—Chilavert and Salud Junín on the end practicing complete pay equity, and Comercio y Justicia on the other—UST introduced in 2009 a slightly more differentiated salary level based on experience. Moreover, UST includes a unique "community work/activism" remuneration plan for workers participating in social movement activities during working hours, and overtime pay for doing so in the name of UST during non-work hours. While UST workers rotate in these activist and community tasks, some workers participate in social activist work more often than others and thus end up getting paid slightly more than *compañeros* that don't engage in activist work as much.

Finally, as Atzeni & Gigliani (2007), Fajn & Rebón (2005), Rebón (2007), Ruggeri (2010), and Ruggeri et al. (2005), point out, ERTs in more competitive market sectors also might engage in some form of remuneration differentials in order to retain workers. Such is the case with Comercio y Justicia's practice of paying some of its well-known journalists and its sales people more than other members. Also, in larger ERTs, where practices of *compañerismo* might not be as strong as in smaller ERTs, some remuneration is more likely to be tied to performance or participation in certain activities deemed important to the firm. On the whole, however, it is undeniable from the evidence that ERTs practice much more equitable salary schemes than the capitalist firms they emerged from, and even when compared to other labour-managed firms in other conjunctures, pointing, perhaps, to the generally high conscientization of its workers and their strong sense of solidarity developed from out of their common struggles together.

These empirical findings might suggest that a tight, intersubjectively existential social structure rooted in necessity, common bonds, shared experiences, and struggling to overcome situations of crises together permeates the ways ERTs organize their remuneration schemes. From out of moments of conflict and shared struggles that serve to coalesce common bonds via shared experiences, it seems that new cultures and organizations of solidarity (Fantasia, 1988) emerge. Moreover, while it is true that not all ERT firms practice egalitarian salary schemes, it is nevertheless also clear that the strong tendency amongst ERTs is to practice far more egalitarian forms of remuneration than when they were under the control of bosses and owners. Thus, on the whole, struggle, cooperation, and workers' own shared sense of the communal value of their living and collective labour, not particular skill-sets or hierarchical divisions of labour, tend to dictate the measures of compensation and reward at ERTs.

3.3.3.2. Horizontalized labour processes

While the degree and nature of member economic participation is continually debated within and sees some variation between ERTs, one aspect of ERTs that has seen almost universal take-up across the phenomenon has been the importance that (perhaps without them articulating it this way) most ERT protagonists give generally to the cooperative principle of "democratic member control" (ICA, 2007, par. 5). Indeed, the continued discussions within each ERT and throughout the sector concerning the form that member economic participation should take accentuates the importance that many ERT protagonists give to the principle of democratic member

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quagmire of renegotiating bankruptcy and reconverting their newspaper into a worker coop.

control. More often than not, I consistently witnessed in ERTs I visited a strong culture of active member participation "in setting…policies and making decisions" (MacPherson, 1995, par. 34). These flexible and democratically-mitigated organizational policies highlight the strength of the cooperative structure mentioned in the literature, underscoring what Ian MacPherson (1995) has characterized as one of the "remarkable special characteristics" of the International Cooperative Alliance's principles: their "inherent flexibility" to adapt to the economic and political particularities of a cooperative and to the collective needs of its members (par. 37). And it is this aspect of Argentina's ERTs—the high number of members who "actively participate in setting… policies and making decisions" (par. 34)—that journalistic reports and academic research often highlight. My research is beginning to find that there is also, not surprisingly, a wide range in nuance in how democratic member control is carried out in practice.

On the whole, ERTs (and especially larger ones) tend to be administered more formally by a *consejo administrativo* (administrative council) or *consejo de trabajadores* (workers' council) made up of at least a president, a treasurer, a secretary and sometimes members at large (*voceros*) elected from the membership and with a mandate of one to two or sometimes three years. Unlike in many cooperatives throughout the world, but similar to many smaller worker coops, management responsibilities do not tend to be taken up by hired managerial staff, nor is there a tendency for administrative members to form into a select group separate from the rest of the membership. Rather, managerial duties are divvied up amongst the general worker' assembly and the workers' council. The workers' council of an ERT, or worker-members that directly report to it, take on the role of running the business on a day-to-day basis, engaging in duties such as ordering supplies, signing cheques for accounts payable and paycheques, following up on owed monies, keeping the books up to date, dealing with overarching production issues, customer relations, strategic marketing issues, and the like. Also, members of the workers' council, emulating in practice (if not consciously in most ERTs) the anarcho-syndicalist and council communist model of recallable delegates (and also emulating the Mondragón management model), can be removed from office at any time if a majority of an ERTs' members decide to do so. All ERTs also hold compulsory meetings of the workers' assembly, which consists of all of the coop's members. Usually, workers' assemblies meet either on a regular periodic basis (sometimes weekly, usually monthly) or when major issues arise, or both. (This practice, by the way, far exceeds Argentine cooperative legislations' requirements of having one yearly members' meeting.) The workers' assembly is involved in debating larger issues that will affect most if not all of the ERTs' membership on an ongoing basis, such as electing the workers' or administrative council members; deciding on when to hire new members and whom to hire; whether or not to enter new markets, engage in producing new product lines, pursue grants or loans, buy new machinery, etc.; whether or not the ERT should collaborate with certain community groups, involve itself in certain political issues, or support certain social movements, and so on. In addition, the workers' assembly is also tasked with the implicit and, at times, explicit disciplining and reprimanding of members that "free load," steal, or otherwise shirk their cooperative responsibilities. Often, social pressure is how wayward members are disciplined at assembly meetings

and on shop-floors[48], while with more severe offences, such as theft or personal injury to another member, the removal of member from the coop is voted on and decided at the assembly[49].

Communication flows between the workers' council and the broader member assembly is usually informal, and acting workers' council members usually continue, at least on a part time basis, the job tasks they do at the firm when not in office. In larger ERTs, however, the jobs of president and treasurer, in particular, tend to preoccupy the incumbents on a fulltime basis (the latter is the case at UST and Salud Junín, while the former at Chilavert). Smaller ERTs, such as Chilavert, tend to administer themselves primarily via regular and informal workers' assemblies and the collective solidarity of their members. At Chilavert, day-to-day concerns relating to production issues are more often than not worked out on an ad hoc basis on actual shop-floors via the adoption of production processes that are (re)organized around flexible work teams, consensus, and informally led by the expert in that product line or labour process on a per-project basis. Larger and more complex ERTs such as UST and Salud Junín deploy more formalized decision-making concerning broader issues of contracts and production, while a representative from the workers' council, or even a fulltime production organizer, might be responsible for allocating particular tasks to certain work teams. Once a job or task is given to a particular work team, decision-making around that job or task tends to be immediately transferred to the work team. Usually the expert in the particular job leads the temporary work team, or the team decides to collectively manage the job on an ad-hoc basis based on the tasks to be done.

Some ERTs involved in sectors with traditionally hierarchical shop-floors, such as the newspaper Comercio y Justicia, might choose to continue the old firm's labour processes and division of labour. Here, again, the degree of competitiveness of the economic sector might also play a part in how hierarchical the ERT's labour process remains. Comercio & Justicia, for instance, is involved in perhaps the most competitive market of the many ERTs I visited. Argentina's newspaper sector is dominated by the largest media and newspaper group, Grupo Clarín, which controls virtually all Argentine newspaper markets across the value chain. At the same time, dozens of other smaller papers, such as Comercio y Justicia, compete, at some disadvantage, with this media giant in most major urban markets, particularly due to the fact that Grupo Clarín also dominates the street kiosk distribution system and the paper supply sector in almost all urban centres in the country. As such, this highly centralized market that has seen in recent years many local papers bought out by Grupo Clarín has had a large part to play in encouraging this ERT to continue to organize itself within a hierarchical production process, emulating the divisions of labour of capitalist newspapers, as Comercio y Justicia's Mario Rodríguez (2009,

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[48] A prime example of social pressure as disciplining mechanism at ERTs is the scene in Avi Lewis & Naomi Klein's documentary *The Take* (2004) where, shot during the presidential election campaign of 2003, the only *menemista* member of the group of workers is roasted by the rest of his *compañeros* who actively support Néstor Kirchner's candidacy. Other documentaries on ERTs, especially Darío Doria & Luis Camardella's *Grissinopoli: El país de los grisines* (2005) and Isaac Isitan's *The Women of Brukman* (2007) are also full of scenes of assemblies and shop-floor gatherings at ERTs where the social pressure of the group (often couched in jesting and gentle but public reprimands) is used at times to impose discipline on wayward members.

[49] To my knowledge, very few ERT workers have been removed from the coop in this manner over the years.

personal interview) and Javier De Pascuale (2009, personal interview) explained to me in 2009. For example, each of the newspaper's production sectors is headed by an appointed *encargado* (chief, as in "chief correspondent," "editor-in-chief," "chief of publication," etc.). Moreover, and not surprisingly, it was evident in my visits to this ERT that it tends to mostly focus on the task of producing a newspaper rather than further consolidating and horizontalizing their cooperative model or being more involved in the community or with other social movements. Moreover, Comercio y Justicia was the only ERT I visited where attendance at regular workers' assemblies is not mandatory (only attendance at the year-end assembly, as stipulated by Argentine coop law, is mandatory). Not coincidently, perhaps, the ERT members I interviewed here also tended to have the weakest personal changes in community-focused values and attitudes (see Vieta, 2012a, 2014a).

The complexity of the labour process at an ERT also affects the degree to which horizontality is taken up. For instance, Salud Junín's at times highly intensive and fluctuating workflows deeply affect how each of the clinic's core areas carries out patient care. With more intensive or emergency medical interventions, or during busy times at the clinic, the otherwise horizontal labour process can transform into a comparatively hierarchical structure where the particular expertise of the medical personnel on hand dictates the decision-making hierarchy of the team given the particular needs of the patient. It was clear to me during my visits to this ERT that, on a broad level, members working at each of the clinic's sectors understand well where they fit into the general flow of patient care and who has to be contacted if further procedures are needed, or if the patient has to be referred to another medical facility. In less acute medical situations, each nurse at the clinic will rotate their decision-making responsibilities at the particular sector of the clinic they are working at, relying on the leadership of specialist doctors only when caring for patients under the supervision of a doctor[50]. As such, a worker-members' expertise for a given medical intervention guides who delegates and who follows instructions at any given sector of the clinic. When not involved in a task related to the immediate caring of patients, on the other hand, an organic and situational dynamic of job rotation takes place. In these less pressing daily routines, there is a constant flux of informal job sharing amongst the nurse members as nurses with downtime relieve the duties of other members caring for patients, members on personal leave, or who are off-shift. Indeed, it is not unheard of at Junín to see nurses and other coop members engaging in janitorial duties or repairs of medical instruments, or falling into a support role during an emergency triage procedure.

3.3.3.3. Transforming the pace of work: The merger of work and play

Another promising innovation in many of the ERTs I visited—loosening and arguably even humanizing an ERT's labour process—is the incorporation of unstructured moments of rest and even play right into the working day. This was present to some

[50] At Salud Junín, doctors (called *los profesionales* at the coop), are not members of the cooperative but rather contract out their services to the coop for a fee. This was a conscous decision made by the nurses, administrative, and building maintenance staff that made up the group or workers that took over the original firm, which was originally owned by various groups of doctors. For an analysis of the decision to limit the coop's membership by this ERT's workers' assembly, see Vieta (2012a, 2014b).

degree in all ERTs I visited, although predictably, less so at Comercio y Justicia (see my discussion above). Here, ERTs' transformations of the pace of work suggest one promising way that ERT protagonists are reclaiming their time on shop-floors and reconceptualizing work processes. Throughout my visits to Argentina's ERTs, for example, I observed countless instances of worker-members eating and playing together regularly (i.e., daily communal lunches or weekly soccer games or barbeques, and so on); varying work hours on the basis of specific deliverables, contracts, or jobs; and taking many breaks throughout the day. ERT workers have told me on numerous occasions that these less-intense production processes worked well with their fluctuating work demands and production orders. They also effectively deal with the non-work life needs of workers, such as attending to personal matters or medical visits during working hours on slow days, and generally helping ease the tensions and stresses that come with the daily routines of work.

An illustrative practice deserves particular mention here to highlight the importance of the incorporation of rest and play into the labour process for the transformation of the rhythm of the working day at ERTs. At all of the ERTs I have visited in Argentina, the Southern Cone's[51] cultural tradition of collectively sipping *mate*, the bitter green tea drank from out of a shared gourd with its metal *bombilla* (straw), is alive and well. The *mate* station and its paraphernalia—the *mate* gourd, *bombilla*, the bags of *mate* tea, and the teapot—are always visibly located at prominent and easily accessed places on shop-floors in all ERTs I visited. Often, there are several *mate* stations throughout a plant. I have often seen workers making *mate*, meeting at the station, and drinking together throughout the working day. I even had the recurring pleasure of sharing this tradition with workers right on the shop-floor, partaking of the mate break with them, and at times even sharing with them the complementary *factura* (baked sweets) that is customarily eaten with *mate* in Argentina. I was told by several workers at numerous ERTs that this particular act for them was not only a way to break up the monotony of the working day, but also a symbolic gesture that reclaimed for them their working class Argentine culture. It was, for them, a purposeful act that served to remind them of what they could not readily do when working for the former boss. For me, this practice is yet another seemingly modest and unpretentious act which has the powerful effect of rethinking and prefiguring another pace to working life. It is, I argue, a small moment in the reconceptualization of work as a social act, and the production of one particular dimension of social wealth that suggests ways of uniting cultural practice with economic chores. In sum, for me, such an act on shop-floors begins to break down the capitalist obsession with dividing work time from the rest of life.

Other mergers of work and play I observed and participated in, and that are incorporated into the workweek throughout the ERT phenomenon, include the mid-week or Friday afternoon barbeque and informal soccer matches played by an ERTs' collective or between ERTs. Besides being moments where *compañerismo* is further solidified, and where, again, Argentine popular culture merges with work, these social spaces also act as informal places to share and figure out work-related issues and, in

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[51] The Southern Cone is the region of South America consisting of Argentina, Uruguay, Chile, Paraguay, and Southern Brazil.

particular, political activism in support of other ERTs or when a collective's own ERT is in a particularly difficult moment. Here, ERTs again show their working class roots by incorporating organizing practices that have been used by unions and worker collectives in Argentina historically to develop and work out political strategies and tactics for mobilization outside of the reach of bosses[52].

3.3.3.4. From cooperative production to community development

Jobs, surpluses, labour processes, and decision-making structures are not the only things recuperated by ERT protagonists. Like other social economy enterprises (Quarter, Mook, & Armstrong, 2009), ERTs tend to also have strong social missions and objectives. ERTs' new forms of *social* production and, as cooperatives, the social wealth they generate and redistribute amongst members, tend to also, with some of the most promising ERTs, extend out to include provisioning for the social and economic needs of surrounding communities. Indeed, as of 2009, 57% of all ERTs participated in "some tye of solidarity or cultural activity" with surrounding communities (Ruggeri et al., 2010, p. 79).

Some ERTs, for example, are always open to the neighbourhood, doubling as cultural and community centers, free community health clinics, popular education programs for marginalized children and adults, alternative media spaces, or community dining rooms, run by workers, neighbours, or volunteers. Chilavert and UST, for instance, like other emblematic ERTs such as Zanón/FaSinPat, IMPA, and the Hotel BAUEN, regularly open their workspaces to other uses besides its everyday business interests. Hosting such cultural and community spaces and involving themselves intimately with the needs of local communities is not just a way of giving back to the neighbourhood out of self-interest, "corporate social responsibility," or "goodwill." Instead, ERTs that host community projects tend to see their workspaces as continuations of and integral players in the neighbourhoods they are located in. And, for most of them, hosting such activities is a way of giving back to the solidarity and support they received during the most harrowing days of the occupation of their firms (Ruggeri et al., 2010; Vieta, 2012a, 2014b).

For instance, Chilavert hosts the ERT Documentation Centre, run by student volunteers associated with the University of Buenos Aires's Faculty of Philosophy and Letters' Programa Facultad Abierta extension program and used frequently by national and international researchers interested in the ERT movement. A vibrant community centre called Chilavert Recupera (Chilavert Recuperates) also operates on its mezzanine level, hosting plays, art classes, music concerts, and community events often linked to Argentina's social justice movements. Furthermore, Chilavert houses an elementary school and adult high school equivalency program focused on a popular education curriculum that is heavily used by local marginalized communities. Another emblematic ERT, IMPA, the large metallurgic ERT in the Almagro and Caballito *barrios* of Buenos Aires, is also known as "The Cultural Factory" because it dedicates a large portion of its space to an art school, silk-screen shop, free health clinic, community theatre, and an adult education high school program. And Artes Gráficas Patricios, in

[52] Such informal gatherings in Argentina were particularly used by workers during the dictatorship years in order to avoid state repression.

the southern Buenos Aires neighbourhood of Barracas, also hosts a popular education school, plus a community radio station and a dental and medical clinic, all run by neighbours, social movement groups, and health practitioners volunteering their time.

Looking at the entire sample of ERT workers I have interviewed over the years, the development of solidarity practices extending out into the neighbourhoods and communities that exist beyond the walls of the ERT, while less noticeable than the changes in the values, attitudes, and practices of cooperativism within the walls of an ERT, were, nevertheless, for most of them top-of-mind. This of course is another marked difference from their individualistic perceptions of the role of their work when employed by a boss. Even amongst ERT members that are, for various reasons, less involved in community work outside of the firm, there is a tangible sense of the importance of their project for a different, less individualistic and more communitarian kind of social and economic project for Argentina. As a nurse member of the ERT medical clinic Junín related to me:

> *No, I was never involved in a community project of any sort before helping to start this coop…. And now I am only, unfortunately, involved in this coop, not in other movements. I just don't have the time. I'd like to do more work in a disadvantaged neighbourhood, for example, or some such thing. But time is limited! For us, it's about doing as much as we can for the community from here, our coop.*

My data also suggests that, after having worked at the ERT, some workers experience a strong desire to personally take up community practices beyond the ERT (as the above quote suggests). Such desires espress themselves in practice in how ERT workers claim they have increased their community engagement since participating in the ERT project by, for instance, speaking to neighbours about community issues more since being a part of the ERT and attending community meetings. As a young and novice 21 year old member of UST told me:

> *I never worried about community problems or problems in my neighbourhood before coming to work here. I just couldn't see them before, in reality. Now, from here, you start to see these problems and you start to work [to alleviate them].*

Save for five of the several dozen workers I interviewed that had community activist or union activist backgrounds, it is important to underscore here that most of my key informants did not have previous experiences with community organizing or activism; it was the specific involvement with the ERT project that fundamentally changed them into more community-minded individuals.

While some ERTs open up their doors to the community, the changes in community values and attitudes experienced by workers have encouraged a few ERTs to integrate into their very business practices social missions that see them *sharing* portions of their revenues with the community, which essentially extends their productive efforts out into the surrounding neighbhourhoods spatially. Some of the most celebrated ERTs such as UST, Zanón/FaSinPat, and Hotel BAUEN, for example, have expanded their business focus to include community economic development projects right into

their *raison d'être*. UST and Zanón/FaSinPat, in particular, are renowned for their practices of divvying revenues between the capitalization needs of the firm, workers' salaries, and community service. UST is an especially promising case of how to rethink the social, cultural, and economic role of a social business within the immediate geographic spaces and the myriad communities that it finds itself immersed in. This is especially promising in Argentina given the depleted and neglected reality of many working class neighbourhoods that, unfortunately, still remain far from the reach of government-sponsored community development programs (Palomino et al., 2010).

Like Zanón/FaSinPat, UST consistently redirects a significant portion of its revenues to community development, such as an affordable housing project for its workers and the surrounding community. This initiative has already built 100 attractive town homes to replace precarious housing for its own members and other neighbourhood residents. In addition, UST built and continues to support a youth sports complex in the local neighbourhood and an alternative media workshop and radio program, while also heading a unique plastics recycling initiative for the large low-income housing project located near its plant. The current president of UST, Mario Barrios, told me in several extended conversations I had with him that providing for the life-needs of workers *and* the surrounding neighbourhood in areas such as decent housing, sports, education, and eradicating illiteracy amongst workers and neighbours are key motivators for the coop. Indeed, he added, the coop is not only in the waste management and construction business, but now also in the business of assisting in the provisioning of the life-needs of its workers and neighbouring communities.

3.3.4. Transformed worker subjectivities

In sum, the transformation of formerly capitalist workplaces into cooperative ones is intimately linked to collective experiences of attempting to transcend moments of crises together, of heightened degrees of solidarity formed because of these common struggles, and the personal transformations of each ERT worker from more individualistic employees to more socially and communally sensitive cooperative *socios*. Despite the difficulties inherent to the stages of "*ocupar, resistir, producir*," for ERT protagonists, the possibilities of another kind of working life eventually becomes clear to them *from within their moments of struggle*. For them, their *politicization emerges out of their actions* motivated by the conjunctures of crisis they find themselves in. For these workers, their *hope grows from their collective responses to their difficulties* rather than from an enlightened vanguard; from below and within their moments of struggle, not from above or outside of them.

Cándido González (2005b), ERT activist and now a retired member of Artes Gráficas Chilavert, eloquently articulates this immanent change that many ERT workers go through and that emerges from out of their common struggles to self-manage their working lives:

> *Early on in the fight to reclaim our work we started fighting for our salaries, for getting out of our severe debt-loads that the boss had left us…. But now I know, looking back on our struggle three years on. Now I can see where the change in me started, because it begins during your struggles. First, you fight for not being left out on the street with nothing. And then,*

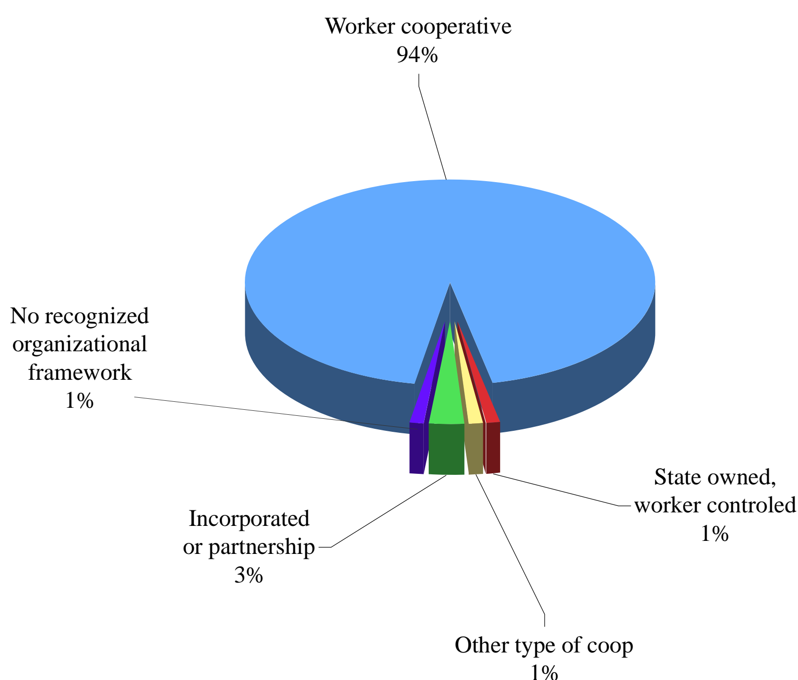
suddenly, you see that you've formed a cooperative and you start getting involved in the struggle of other enterprises. You don't realize at the time but within your own self there's a change that's taking place, you don't see it directly at the time. You realize it afterwards, when time has transpired…doing things that you would never imagine yourself doing.

4. ERTs as Worker Cooperatives

4.1. Why ERTs become worker cooperatives

As Ruggeri, Martinez, & Trinchero (2005) report, and as I graphically lay out in Figure 10, as of 2004-2005 94% of ERTs were self-organized under the organizational and legal framework of a worker cooperative (p. 67). By 2009, the total number of ERTs that were worker cooperatives had risen slightly to include just over 95% of all ERTs (Ruggeri et al., 2010, p. 22)[53].

Fig. 10: Organizational makeup of ERTs, as of 2005



(N=84 ERTs)
Source: Ruggeri, Martínez, & Trinchero, 2005, p. 67.

[53] As Ruggeri et al. (2010) point out regards the surveys they conducted in 2004-2005 and 2009, and expanding on Figure 10, those ERTs that were not yet worker cooperatives either desired to become worker coops but had not done so yet, or had chosen other business organization models for pragmatic reasons. The teacher-recuperated kindergarten and primary school Escuela Fishbach, for example, converted into a service cooperative recently when it sought funding from city of Buenos Aires's Dirección General de Educación Privada (General Directorate for Private Education, or DGP). Gráficos Grupos y Proyectos ERT became a *sociedad de responsabilidad limitada* (limited liability company, or SLR) in an agreement its workers forged with its only corporate client (p. 23). Finally, Clínica Medrano, has proven to be to date the only ERT to have been nationalized with its workers becoming municipal employees of the city of Buenos Aires's Ministerio de Salud (Ministry of Health) (p. 22).

What is astounding in these consistently high numbers is that, while some ERT workers have had previous experience in union organizing or community politics, most workers just starting an ERT have had *no* experience in any form of cooperativism. Moreover, the traditional cooperative sector and its federations during ERTs' first era were viewed suspiciously by ERT protagonists as "conservative," pro-business, or even *oficialista* institutions, a situation that has been changing with the creation of new worker cooperative federations and confederations in recent years during ERTs' second era, as I will describe in more detail in section 4.2 (Fajn, 2003; Martí et al., 2004; Olmedo & Murray, 2002; Rebón, 2007).

The many challenges ERT workers initially face increase, then, due to the fact that not only do they have to reorganize depleted workspaces and reinsert themselves into competitive markets, they also have to learn the intricacies of forming and running a cooperative and self-managing a firm. If learning how to become cooperators compounds the challenges ERTs face early on, then why is it that their workers overwhelmingly turn to the legal rubric of a worker cooperative without having had any previous experience with the organizational form?

One answer is to be found in the public debates that were, in the early years of the ERT phenomenon, preoccupying workers, social economy and social movement activists, academics working with ERTs, and the phenomenon's first political leaders. One of these crucial early debates was held in front of the then occupied Brukman textile factory on September 7, 2002, in the thick of the socio-economic crisis. In attendance at this meeting, called "La Segunda Asamblea de Empresas Recuperadas" ("The Second Assembly of Recuperated Enterprises") (the first was held several months earlier), were key ERT figures at the time such as MNER's Eduardo Murúa; the MNER lawyer who would go on to found MNFRT, Luís Caro; Víctor Turquet from the Yaguané meatpacking ERT and INAES; Zanón/FaSinPat's Raul Godoy; workers from many of the earliest ERTs such as Chilavert, Salud Junín, Supermercado Tigre from Rosario, and Renacer from the province of Usuahia; and other key figures from *piquetero* groups such as Coordinadora Aníbal Veron; the left political movement Corriente Clasista y Combativa (Classist and Combative Current, or CCC); supportive left parties; activist media groups such as Indymedia; university research teams; and various other key players ("Algunos por la autonomía," 2002). One of the major issues on the table at this early and critical debate was the legal and administrative framework that ERTs were to take: nationalization under workers' control, as the Zanón and Brukman workers had been seeking, or worker cooperativism ("Algunos por la autonomía," 2002; Fajn, 2003, pp. 105-106; Ruggeri et al., 2005, p. 67). While nationalization under workers' control was historically plausible in Argentina (see Petras & Veltmeyer, 2003), most early ERT protagonists eventually scrapped the option when it became clear that the Argentine state was refusing to go along with the proposal (Fajn, 2003, p. 60; Martí et al., 2004). The only practical and legally sound alternative for ERTs, it was decided in these debates, was, out of "convenience," to turn to the already viable and long-established cooperative model, especially in light of a state that could not, because of its strong commitments to capitalist enterprise,

set the precedent of nationalizing once-proprietary firms[54].

At first, then, these workers reopen their firms as cooperatives for pragmatic reasons: in order to as quickly as possible re-establish the business as a formal productive entity legally recognized by the state, the financial system, markets, and its customer-base. As Eduardo Murúa (2006) articulated in an interview I was involved in organizing and translating:

> *In the beginning I have to say that we didn't set out to study the question of* autogestión*. Rather, we began by defining what juridical form would serve us best during that historical moment and in order to ensure that the factory would be able to continue to function. We thus decided that the cooperative form of organization would be best because it would permit workers to self-manage their enterprise, enable decisions to be made within an assembly, and ensure that revenues would be distributed equitably.*

At the same time, potential ERT workers quickly learned, becoming a worker cooperative rather than another form of entity (such as a partnership or a *sociedad anónima*) protects the worker-members from the seizure of their personal property should the coop fail, offering a form of limited liability under Argentine cooperative law while also affording the firm the ability to organize itself democratically. Additionally, the cooperative model in Argentina ensures that the ERT does not have to pay taxes on revenues if they are operating as a non-profit whose main purpose is the mutual benefit of members (IBFD, 2011; "Muchas empresas," 2004)[55]. Argentine cooperative law, reformed somewhat in recent years by the efforts of ERT advocates such as the already mentioned Victor Turquet from within INAES, and the recent reforms of Argentina's bankruptcy law (see Part 3) also guarantee that the state consider the members of a worker-recuperated plant under the control of a worker coop as a new business separate from the previous proprietary or investor-owned firm, thus protecting the ERT coop from assuming most of the debts incurred by the previous owner(s) or investors (also see Fajn, 2003, p. 106)[56]. And, as already mentioned in Part 3, reforms of Argentina's bankruptcy law in 2002, 2006, and 2011 further facilitate the continuity of a firm under the administration of a worker cooperative

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[54] The importance of these early debates in establishing *la salida cooperativa* (the cooperative out or solution) for ERT protagonists—both in formal, public debates in numerous *encuentros* and roundtables that were held at the turn of the millennium in Argentina, and in informal debates among ERT protagonists, academics, and supportive social movements—is without question. Many worker protagonists and other participants such as the University of Buenos Aires's Andrés Ruggeri, Cooperativa Chilavert's Cándido González, MNER's Eduardo Murúa, the workers of the recuperated Hotel BAUEN, and UST's Mario Barrios, among others, have personally commented to me the importance of these early debates in establishing the worker coop model as the most viable legal solution for restarting failing plants as ERTs. There is no doubt that for most ERT workers this is the reason why they initially adopt the coop model.

[55] Most ERTs in Argentina fit the "non-profit" stipulation because, while they might seek to maximize revenues, the revenues are for the mutual benefit of worker-members' salaries rather than shareholders.

[56] There have been cases, as with the recuperated editorial house Cefomar and as with Chilavert, that outstanding utility bills from the previous firm continue to get billed to the cooperative. This is because utility providers are not legally bound to recognize and ERT as a new entity. Additionally, Argentine coops still must pay the value added tax when purchasing supplies and other production inputs. One of the current struggles of ERT political lobby groups such as CNCT and FACTA is to reform Argentine cooperative law to better reflect the particularities of ERTs in order to, among other things, ease their tax burdens and remove the possibility of taking on *any* previous debts incurred by the old firm's administration.

formed by a group of the firm's former employees during the *concurso preventivo* phase of bankruptcy.

ERT workers also take on the identity of cooperative practitioners gradually and pragmatically, associating more with their working class roots as *laburantes* (workers) rather than *cooperativistas*. As one young UST worker-member told me in 2009, summarizing the view of a majority of the ERT workers I interviewed:

> *We became* cooperativistas *out of obligation, not because we wanted to be* cooperativistas*. First we are* laburantes*, then* cooperativistas*. We formed cooperatives as an alternative for the continuity of our jobs, in order for us to keep on working. From there, from that starting point, we begin to work as a cooperative. I formed into a* cooperativista *from inside, from here, in the process of working here. I don't know if I am a complete* cooperativista *yet! I don't think this is either good nor bad, it's just the way it is*.

Julián Rebón (2007) also found this ambivalence (or, perhaps better, pragmatism), towards cooperativism in his study of ERTs where one of the workers he interviews comments: "We are a cooperative because it was the only legal form of being able to hold on to our jobs…. The form we took happened to be a cooperative because…we were told that that would be how we would be able to [take advantage of] expropriation" (quoted in Rebón, 2007, p. 184).

But despite these pragmatic beginnings, most ERT workers I have interviewed have also told me that they do eventually come to realize that the worker cooperative model is indeed the most robust organizational form from which to restructure their decision-making, production, and remuneration processes within the more transparent, horizontal, and democratic work structures they eventually seek.

This brings us to one of the major distinguishing characteristic of ERTs that I will elaborate on more in Part 5: Most ERTs reorganize their self-management projects within the legal rubric of a worker cooperative—and usually after many weeks if not months of struggle—*not* because the recuperated firm's workers come to the struggle with a vision of becoming cooperators, nor because they possess presupposed political ambitions, were pushed into cooperativism by leftists political parties or radical unions, or because they had connections with Argentina's more traditional cooperative sector. Rather, workers turn to cooperativism at first as a *legally viable* and *pragmatically defensive strategy* that emerged in the early years of the ERT phenomenon by its political movements' leaders, and that becomes known to the struggling worker collective only during or after their fight to occupy and seize their workplaces.

The worker coop model, in sum, essentially serves to eventually give procedural shape to their projects of *autogestión*, helps to organize their newly associated labour processes and socialized production, and organizationally expresses the desires of ERT workers for solidifying their values of *compañerismo* (camaraderie or solidarity) and their ethics of "*esto es de todos*" that I discussed in Part 3. Moreover, an ERT collective comes to the realization that the legal framework of a worker cooperative symbolically serves to remind them of and counteract the managerial excesses they

faced when they worked for a boss. And, there are other psychological and practical benefits to forming a cooperative for their new socialized production model: organizing under a legally recognized business entity such as a worker cooperative legitimates the ERT in the minds of returning or potential customers, other firms within their market sector, and in the minds of the ERT workers themselves; facilitates access to government technical assistance programs and subsidies; and, as I already mentioned earlier in this section and in Part 3, together with expropriation, the cooperative model makes it infinitely easier for an ERT to seek legal protection from outstanding claims by the previous firm's creditors or returning owners wanting to reclaim their business.

4.2. The effects of neoliberalism on Argentina's cooperative movement and the rise of ERTs

On the other hand, it is perhaps no surprise that the early ERT debates that settled on the worker cooperative model emerged in a country with a long past in cooperativism. With its first cooperative society founded in 1875, Argentina's cooperative sector is linked to the country's long history of European economic influence and the waves of immigrants from all corners of Europe who arrived beginning in the last quarter of the nineteenth century with new ideas of how to organize economic and working life (Montes & Ressel, 2003; Shaffer, 1999). Indeed, Argentine cooperativism was the "first to begin in a country outside the industrialized countries of Europe, Australia, Canada, Japan, and the United States" (Shaffer, 1999, p. 139). But in the past three decades, Argentina's cooperative sector has passed through fairly profound economic changes due to the country's sharp turn to neoliberalism in the 1990s, as with other sectors of the economy.

Tab. 3: Number of cooperatives and cooperative members in Argentina, 1985-2002

Year	Total Cooperatives per Year	Total Coop Members per Year
1985	4,204	10,592,359
1991	8,142	9,103,269
2002	16,008	6,874,064

Sources: Montes & Ressel, 2003, pp. 18-19; Shaffer, 1999, p. 149.

For instance, as Table 3 shows, there was, on the one hand, a marked increase in the number of cooperatives between 1985 and 2002. In the former year, there were a total of 4,204 cooperatives in Argentina, jumping to 8,142 by 1991 and 16,008 by 2002. While this represents almost a threefold increase in the number of registered cooperatives in Argentina in less than two decades, combined membership in cooperatives, on the other hand, dropped almost twofold in the same 17-year period: In 1985 there were over 10 million cooperative members in the country; in 1991, just less than 9 million. And by 2002, the figure had fallen to just over 6.8 million cooperative members (Montes & Ressel, 2003).

Recent studies hypothesize that this paradoxical inversion of growth in the number of coops with a concomitant decline in membership had to do with the rise of neoliberalist policies in the country. This is especially linked to the establishment of an

unregulated free market system and the entrenchment of a globalized marketplace in Argentina which intensified competition, destroyed established national networks of production and distribution, and subordinated much of the country's economic development to the whims of international financial capital (Basañes, 1999). While this truculent neoliberal model was strengthening its hold on the Argentine economy throughout the 1990s, labour flexibilization and privatization schemes were also exerting strong blows to cooperatives, especially on those that operated within sectors most affected by Menem's unregulated free market policies, such as the agricultural, transportation, public services, and natural resources sectors. One effect of these policies on the cooperative sector was the breakup or demutualization (i.e., privatization) of many of the countries long-established coops, such as the multistakeholder social services coop Hogar Obrero Cooperativa de Consumo, Edificación y Credito (founded in 1905 and entering insolvency in 1991), and the consolidation, privatization, or closure of dozens of credit unions and cooperative banks throughout the 1990s. As Alberto Muñoz (2005) has recently written: "In the privatization process of the mid 1990s, the cooperative movement was not only denied the possibility of participating as an alternative, it was effectively excluded" (p. 107).

Some have theorized that this inverse growth relationship between rise in coops and the drop in members might also have to do with the rise in the late 1980s and throughout the 1990s in what in Argentina are called "false cooperatives"—coops that were formed by the outsourced workers of larger firms and multinationals that were downsizing during the period of neoliberalization in order for these corporations to unburden themselves of "high labour costs." Assisting entire workspaces become "cooperatives" that the same downsizing firms were then ostensibly to do business with were, in reality, practices of labour flexibilization and union busting. Fundamentally, the practice served to deaden the inevitable reactions by organized labour to what in essence were job cuts. As Mario Mittelman (2005) suggests, these downsizing businesses facilitated the creation of "false cooperatives" in order to appear to be supporting an "alternative to the loss of jobs;" for Mittelman, these practices were counters to a "problem that presents itself periodically" in Argentina—labour strife in the midst of down-turning economies and rising unemployment (par. 7).

Indeed, as outlined in Table 4, the gradual rise in worker cooperatives in Argentina, from 25% of total cooperatives in 1991, to over 40% by 2002, and to almost 70% of coops by 2008, while the number of total cooperative members dropped almost twofold over the period between 1991-2002, can in part be explained by the surge in these "false cooperatives." The rise in the number of ERTs and cooperativized micro-enterprises in recent years, plus the state's subsidization of new worker coops made up of otherwise unemployed workers receiving social assistance as a method of outsourcing the delivery of public services that it had privatized in the 1990s (see Vieta, 2012a, Chapter 6), have contributed to the surge in worker cooperatives throughout the country, and to the eventual increase in cooperative members again more broadly since 2005 ("El sector de cooperativas," 2007; Roggi, 2001; Vieta & Ruggeri, 2009).

Tab. 4: Cooperatives per type in Argentina, 1984-2008

Coop sectors	1984		1994		1997		2002		2008	
	No.	%	No.	%	No.	%	No.	%	No.	%
Agriculture	1,282	31.5%	1,305	17.3%	1,921	15.6%	2,190	13.7%	1,064	6.3%
Consumer	209	5.1%	106	1.4%	206	1.7%	243	1.5%	95	0.6%
Credit	287	7.0%	200	2.6%	375	3.0%	311	1.9%	259	1.5%
Provisioning	342	8.4%	631	8.3%	1,106	9.0%	1512	9.4%	1,265	7.5%
Insurance	57	1.4%	55	0.7%	105	0.9%	50	0.3%	17	0.1%
Public svcs.	1,100	27.1%	1,270	16.8%	1,800	14.6%	1,868	11.7%	1,019	9.0%
Worker coops	404	9.9%	2632	34.8%	4,264	34.7%	6,549	41.0%	11,371	67.4%
Housing/Construction	392	9.6%	1,365	18.1%	2,526	20.5%	2,966	18.5%	1,607	9.5%
Others							319	2.0%	172	1.0%
Totals	**4,073**	**100%**	**7,564**	**100%**	**12,303**	**100%**	**16,008**	**100%**	**16,869**	**100%**
Members	**10,592,359**		**9,103, 269**		**NA**		**6,874,064**		**9,392,713**	

Sources: INAES, 2008; Levin & Verbeke, 1997; Montes & Ressel, 2003; Shaffer, 1999.

Argentina's exceptionally large number of worker coops, which surged in numbers in recent years, deserves further contextualization. While its worker cooperative movement's economic impacts have yet to be adequately measured, its numerical size is in the same league as Italy's, Spain's, France's, China's, and India's worker cooperative sectors, and most recently, Venezuela's surge in coops. In Italy, Spain, and France, in particular, worker coops have had either long histories or have benefited from healthy state funding and support, as well as benefiting from the presence of strong cooperative federations (Craddock & Kennedy, 2006; Piñeiro Harnecker, 2007; Roelants, 2000; Zevi et al., 2011). Argentina's worker cooperative sector is particularly large regards the number of cooperatives that constitute it when compared to other cooperative movements in the global North (Quarter, Mook, & Armstrong, 2009, p. 64). In sheer numbers, Argentina's 11,371 worker cooperatives as of 2008 make it among the largest worker coop sectors in the world, together with Italy's 31,378 worker cooperatives (39.52% of all coops) (Ministero dello Sviluppo Economico, 2009), Spain's almost 17,000 worker coops (COCETA, 2011) and 12,000 or so *sociedades laborales* (Ministerio de Empleo, 2013), France's almost 2000 SCOPs (Société Coopérative Ouvrière de Production) and SCICs (Société Coopérative d'Intérêt Collectif) (Corcoran & Wilson, 2010), and India's and China's tens of thousands of worker coops (Corcoran & Wilson, 2010; Padgham, 2002). To put this in further context, other countries in the global North that have amongst the oldest cooperative movements have much smaller worker cooperative sectors. In Canada, for instance, there were 345 worker cooperatives in 2009 making up 6% of the country's non-financial coops (Co-operative Secretariat, 2009). The UK's 403 worker cooperatives make up 8.3% of its universe of cooperatives (CooperativesUK, 2009). And in the US, a mere 0.63% (or around 300) of its 48,000 coops were worker cooperatives (Curl, 2009, p. 2).

But the meteoric growth in worker cooperatives in Argentina over the last dozen years—notwithstanding the emergence of ERTs—has less to do with a renewed cooperative sector and more to do with state-sponsored welfare delivery plans. Again, the economic policies of neoliberalism, this time regards the downloading of social

assistance programs delivered through hastily organized worker coops, has much to do with the quick growth in worker coops in the country over the past three decades. For instance, as Table 4 shows, while in 1984 there were only 404 worker coops in Argentina accounting for 9.9% of all coops in the country, by 1994 there were 2,632 worker coops accounting for 34.8% of all coops, by 1997, 4,264 making up 34.7% of all coops, by 2002 and the beginning of the first post-crisis and state-sanctioned work-for-welfare delivery worker cooperatives, there were 6,549 (41%), and by 2008 a full 67.4% of all coops in Argentina (or 11,371 coops) were worker cooperatives.

The representation of ERTs within this figure by 2008 continued to remain small: The 200 or so ERTs that existed in 2008 represented around 1.8% of all worker cooperatives in the country. To put it another way, slightly more than 98% of Argentina's worker coops that existed in 2008 *did not* originate from workers' taking over failed capitalist firms in which members did not have any previous experience in cooperativism. The great majority of worker coops in existence in Argentina today are, rather, either cooperatives that were already formed before the surge of ERTs (i.e., pre 1997)[57], or are part of recent make-work, welfare delivery programs of the Argentine government.

Hence, most new worker cooperatives in Argentina emerging since 2003 have much to do with the national government's make-work and "social containment" initiatives for the surging population of the unemployed and underemployed, as well as with the affordable housing and municipal infrastructure construction programs linked to national policies of social assistance spearheaded by the administrations of the Kirchners (e.g., Manos a la Obra, Plan Agua Más Trabajo, and the recent Plan Argentina Trabajar[58]) (INAES, 2009; Vuotto, 2012). They account for much of the stratospheric surge in worker coops in Argentina over the past two decades. These welfare and make-work programs include the formation of worker cooperatives as employment generating mechanisms, which are, in essence, assistentialist initiatives. Some have also called these state-sanctioned social assistance cooperatives "false cooperatives" because they are, they argue, in reality work-for-welfare programs, delivered by a downsizing neoliberal state organizing local groups of under- and unemployed social assistance recipients. Here, the worker coop model is seen as an excuse to dole out welfare without further training recipients in the intricacies of self-management, cooperative values, or actual relevant skills for sustainable workforce integration. In actuality, these critics argue, the members of these new worker coops receive very little support from the state regards how to run a cooperative business. Moreover, these coops directly violate several of the ICA's cooperative principles, such

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[57] As Table 4 indicates, a large number of Argentina's traditional cooperatives (59%) belong to the rural, housing, insurance, consumer, public services, and credit sectors, rather than to the economic sectors where most ERTs are to be found. To date, most ERTs have come from urban economic sectors most affected by the implosion of the neoliberal model of the 1990s, which include urban industrial sectors or service sectors that deal with intermediary production (i.e., graphics, metal works, food processing, etc.) or final consumption (i.e., editorial houses, schools, hotels, etc.). Additionally, workers from the traditional coop sector have many advantages regarding their production levels and organizational stability that ERT workers do not have. For instance, coops that are not ERTs did not have to pass through the traumatic circumstances of taking over plants from deteriorating owner-run firms, and are usually staffed by more experienced cooperators working within better economic conditions, with better machinery, and with more stable productive capacities.

[58] Respectively: Hands to Work, Water Plus Work Plan, Argentina Works Plan.

as “voluntary and open membership” (Principle 1), “member economic participation” (Principle 3), “autonomy and independence” (Principle 4), and “education, training, and information” (Principle 5) (Dinerstein, 2007; ICA, 2009; Vieta & Ruggeri, 2009; Vuotto, 2012). They are, in sum, pseudo-cooperatives that emerge with a profound organizational disadvantage: they both paradoxically lack autonomy by relying on the state for salaries and production inputs via welfare payments, and yet are not supported enough by the state in their members’ needs to learn appropriate business, cooperative, or lont-term job skills.

While ERTs also emerged within this new wave of worker cooperatives, they are fundamentally different from the state-sponsored, work-for-welfare version. As I have already discussed, they are *not* initiatives by the state or other top-down organizations or by-products of programs of social assistance or work-for-welfare. Rather, ERTs have been, to a great extent, the outcomes of working class struggles, workers’ self-activity and self-determination, and the bottom-up initiatives of workers committed to preserve their jobs rather than entering the ranks of the unemployed.

Rather than emerging from Argentina’s traditional cooperative movement or as state-sponsored work-for-welfare cooperatives, then, ERT workers’ strongest roots emerge out of a history grounded in bottom-up workers’ struggles and the new forms of social protest that countered the negative social effects of neoliberalism at the end of the 1990s and throughout the early 2000s. And it is the practical and political tools that they have learned from these sources, and not the traditional cooperative movement, that guided Argentina’s workers to begin to subsequently experiment with horizontalized and self-managed workplaces during ERTs’ first era.

Recent years—during ERTs’ second era—have witnessed the promising emergence of new worker cooperative federations and confederations that have done much to assist Argentina’s new cooperative experiences, including ERTs. They include the Federación Argentina de Cooperativas de Trabajadores Autogestionados (Argentine Federation of Self-Managed Worker Cooperatives, or FACTA), the Asociación Nacional de Trabajadores Autogestionados (National Association of Self-Managed Workers, or ANTA), and the Confederación Nacional de Cooperativas de Trabajo (National Confederation of Worker Cooperatives, CNCT). These new federations have begun to bridge the experiences of the traditional Argentine cooperative sector with new cooperative organizations such as ERTs and also cooperatives formed from work-for-welfare programs. They have been formed in order to advocate for new, pro-cooperative and pro-work intergration national policies while developing and carrying out many educational initiatives to train these new cooperators in business skills and cooperative values and practices. Both newer ERTs and new, state-sponsored work-for-welfare cooperatives have begun to benefit much from the advocacy and training programs brought together by these new federations in recent years, seeing many of these new worker cooperatives consolidate more quickly and its members receiving much needed support for administrative needs and marketing skills acquisition (Vuotto, 2012). Given that these new federations have come to the scene relatively recently (FACTA and ANTA in 2006 and CNCT in 2009), and that they include both older worker cooperatives and newer worker coops, it remains to be seen still how effective their involvement with new cooperatives such as ERTs will be for the long-

term business and member needs of these firms. Recent evidence, such as their crucial involvement in reforming Argentina’s bankruptcy laws to better favour worker takeovers and buy outs of businesses, and their strong advocacy for the reforms of the country’s cooperative, bankruptcy, and business laws, suggest that their impacts might prove promising for the long-term viability of Argentina’s new worker cooperatives.

5. Conclusions

After defining ERTs, which I will further refine shortly in section 5.2. Part 2 of this working paper discussed how ERTs emerged in the 1990s and 2000s as direct workers' responses to acute forms of exploitation and crises. This emergence was driven by a combination of the following factors: (1) macro-economic crises radiating onto shop-floors and spurred on by broader market failure; (2) administrative or owner ineptitude, mismanagement, or overt exploitation of workers; (3) or as employees' collective and defensive responses to growing rates of under- and unemployment, labour flexibilization, and informality. After presenting the micro-sociological and micro-economic motivators for a worker collective's decision to take over and self-manage their places of work, Part 3 elaborated on the specifics of the three-staged process of converting a formerly investor-owned or proprietary firm into a worker cooperative in Argentina, vividly captured in the slogan that ERT workers themselves use: "*ocupar, resistir, producir*" ("occupy, resist, produce"). Part 3 of the paper then assessed how ERTs, in converting overwhelmingly into worker coops, tap into what the cooperative studies literature calls "the cooperative advantage," which includes: the deep interests workers take in the wellbeing of their firms, each other, and their communities from being intimately connected to the running of their coops and living in the communities where these firms are located, and the "positive externalities" generated by worker cooperatives for surrounding communities. Implicitly, I have been arguing throughout this paper that ERTs, as with other worker cooperatives, are *transformative organizations* for workers, the firms where they work, and the communities within which they are located. ERTs, I have sought to show, go one step further, highlighting how workers can take over the management and ownership of productive entities—even ones that were formerly in micro-economic crises—and revive them, preserving not only jobs but also helping to protect and develop local communities from socio-economic depletion. As such, Argentina's ERTs have been promising beacons for workers in Argentina and elsewhere aspiring to transcend socio-economic hardship and marginalization, as they punch well-above their numerical and economic weight and spawn new expectations for social and institutional changes in Argentina and beyond.

The political economic and sociological evidence of the emergence of Argentina's ERTs presented in this working paper also shows how ERTs contribute to the self-management, worker cooperative, and sociology of work and labour literatures. They do so by, most fundamentally, underscoring how a worker collective's *shared experiences of crises* at the point-of-production, and having to overcome crises together (crises that are in no small part prolonged when having to exist within competitive markets), catalyze the organizational dynamics of worker-recuperated and labour-managed firms, strengthen the solidarity of members, and contribute to the longevity and even the possible radicalization of the cooperative project. The evidence from Argentina's ERTs also unpacks one specific and contemporary example of how workers are indeed more than capable of self-managing the means of production and their own working lives—without the need of managerial supervision and coercion. Ultimately, ERTs show, to quote an ERT pamphlet, that workers can indeed begin to "take destiny in [their] own hands" (Cooperativa Unión Solidaria de

Trabajadores, 2007, emphasis in original).

Specifically, ERTs are showing that the conversion of a capital-managed firm (KMF) into a labour-managed firm (LMF) *can* indeed be fruitful for securing the working lives of employees. They further show that LMFs can function in competitive environments and even in capital-intensive sectors. The many ways in which ERT protagonists have radicalized and worked towards transforming productive entities and business law to better favour self-managed production in the country, as well as the longevity (i.e., favourable survival rates) of ERTs when compared to other labour-managed firms in other conjunctures, and certainly when compared to the previous firm from out of which they emerge from, provide yet more evidence for the viability of worker-recuperated enterprises, especially in times of socio-economic crises. ERTs also demonstrate how the cooperative restructuring of a once hierarchical shop by workers themselves can unfold, contesting market-driven conditionings while transforming a business into a communally sensitive form of productive enterprise. Part 3 showed that there are three main ways that ERTs radically transform businesses into more socially focused productive entities: via (1) the preponderance of *pay equity* and *revenue sharing* mechanisms, (2) the *horizontal reorganization of once-hierarchical labour processes* guided by democratic decision-making practices, and (3) the *transformation of the pace of work.* These three micro-economic and social transformations—what I call elsewhere ERTs' "radical social innovations" (Vieta, 2012a, 2014b)—facilitate in reorganizing a once-capitalistic business interest around the second and third cooperative principles: "democratic member control" and "member economic participation."

In sum, this working paper puts into relief how the tight, intersubjectively existential social structures that are rooted in shared experiences of necessity and struggling to overcome situations of crises on shop-floors permeate these radical social innovations and reorganizations. Parts 3 and 4 subsequently went on to work out how the worker cooperative organizational model essentially serves to give procedural shape to ERT workers' projects of *autogestión* (self-management); organizationally expressing and solidifying their emerging values of *compañerismo* (camaraderie or solidarity), an ethics of "*esto es de todos*" ("this belongs to all of us"), and "*compromiso*" (commitment); and the community projects they subsequently take on.

5.1. ERTs as "solidarity worker cooperative/work integration social enterprises": A hypothesis for a hybrid form of social economy organization

From out of moments of shared conflicts and struggles, then, ERT members' social bonds coalesce and the worker cooperative model is strengthened. On the whole, shared struggles, overcoming crises together, and workers' emerging sense of the communal value of their self-management projects are at the heart of Argentina's ERTs. ERTs, I will argue in forthcoming studies, are, in ways, new forms of worker cooperative/social enterprise hybrids. They are both mutualistically focused in that they are, especially during their first months and years, about the preservation of jobs, livelihoods, and the re-integration of workers back into the economy. They are also, at core, socially focused entities, in how they reintegrate a productive entity back into the community in ways that far exceed the economic interests of the firm, in

how they open up the shop to the community and in how they engage in numerous forms of social and cultural development with surrounding neighbourhoods and community groups.

ERTs, for instance, offer viable community-based alternatives to welfare plans, government make-work projects, assistentialism, clientelism, unemployment, and underemployment. In this respect, Argentina's ERTs are formerly proprietary firms that are transformed into a type of worker-led and bottom-up "work integration social cooperative," with some characteristics resembling Italy's Type-B social coops (Borzaga & Depedri, 2009; Gonzales, 2010). This is especially witnessed in how ERTs not only save jobs but also promote job security and worker re-integration into the workforce, eventually hiring new workers, often from marginalized communities, as coop members (Vieta, 2012a). ERTs can also be seen as a type of community-based multistakeholder cooperative akin to Quebec's "solidarity cooperatives" (Girard, 2008) or Brazil's "solidarity enterprises" (Gaiger, 2003; Gaiger & Anjos, 2011). This is witnessed in how ERTs involve themselves in social justice issues beyond the daily production concerns of the shop, and in how they tightly engrain themselves in the communities and neighbourhoods that surround them. ERTs, for instance, contribute to the revitalization of neighbourhoods and communities when they share their workspace with community cultural centres, free medical clinics, and popular schools, or when they devote part of their surpluses to spinning off new cooperatives, build and help run neighbourhood youth centres, or engage in other forms of community development (Ruggeri, 2010; Vieta, 2010, 2012a). As such, ERTs can also be seen as a new type of solidarity-based labour movement in how their protagonists struggle, in collaboration with more progressive unions and new cooperative federations, for the reform of labour, business, cooperative, and bankruptcy laws in order to benefit the lives of self-managed workers and facilitate the growth of the ERT sector (Vieta, 2012a).

Indeed, ERTs combine these social and solidarity cooperative forms, new community-based work integration schemes, and union-like organizing strategies and, in so doing, create a *hybrid* form of work-based and socially focused organization[59]. They are, at once, thus a worker cooperative operating in the market, a work integration social enterprise, a community development organization, and a solidarity enterprise operating increasingly within a non-marketized solidarity economy. In short, they are a form of bottom-up, non-state driven social economy business unique to Argentina's socio-economic circumstances of the past two decades that has proven to be adequate for responding to the crisis of employment in Argentina and for the transformation of labour relations in that country over the last two decades.

Future work should strive to give nuance to the role of converted firms as hybrid forms of solidarity worker cooperative/work integration social enterprises. I will endeavour to begin to explore this hybridity hypothesis in future research. Such a research program is important in order to gauge for the further reproducibility of ERTs in Argentina and in other conjunctures, especially in our times of lingering economic

[59] For discussions of organizational hybridity in recent social economy firms, see Defourny & Nyssens (2012); Evers (1995); Nyssens, Defourny, Gardin, & Laville (2012).

crises, structural adjustment regimes, and chronically high rates of business failures and structural unemployment. Such a research project could begin to gauge, from cross-national and comparative economic and sociological perspectives, how these new types of worker-recuperated/solidarity/worker coop/social enterprise hybrids fare in diverse socio-economic contexts, and the policies that benefit or hinder the creation of these types of labour-managed firms[60]. I further surmise that hybrid forms of social economy businesses such as ERTs are deserving of study for what they contribute to our micro-economic and organizational understanding of cooperatives and social enterprises generally, and for better grasping what workers themselves can still do to overcome crises, catalyze the force of worker and community solidarity, and create new and better jobs for themselves—jobs that are rooted intimately in their localities and that have strong extrinsic *and* intrinsic value for workers. In future research work that seeks to better understand these hybrid worker-converted firms in different national and regional settings (see Vieta, 2012c), I will work with other researchers and ask the following four broad questions:

(1) Where else in the world are ERTs located, and what is their prevalence?

(2) How exactly are ERTs transformative for workers, for their firms, and for the communities that surround them?

(3) How are ERT experiences in different regional contexts similar and different?

(4) In what ways are ERTs hybrid "solidarity worker cooperative/work integration social enterprises" and what is their significance for development policies in regions that seek to overcome socio-economic crises?

5.2. Situating Argentina's ERTs from a world-historical perspective

Worker takeovers of firms or even national economic sectors are not new in the region. In Latin America, ERTs are also present in countries that traversed similar political economic situations leading to high business bankruptcies due to neoliberal-inspired market reforms and eventual financial crises throughout the 1990s and early 2000s[61]. Regionally, for instance, although in less numbers, ERTs can today also be found in Brazil, Uruguay, Venezuela, Colombia, Paraguay, Peru, Bolivia, Mexico, and Ecuador.

The few comparative studies of ERTs between different countries in Latin America that exist to date show that the strategies and tactics of ERT worker cooperatives and other forms of self-management, particularly in Argentina, Venezuela, Uruguay, and Brazil, are enjoying surprising longevity despite their challenges (Camilletti, Guidini, Herrera, Rodríguez, Martí, Soria, et al., 2005; Ghibaudi, 2006). These studies also assert that the rise of worker-recuperated enterprises in recent years in the region is proving the ERT form to be a viable grassroots answer for workers facing structural

[60] For a proposal I have made to begin such a collaborative and cross-national research initiative, see Vieta (2012c).

[61] In Venezuela, their rise is also linked to the Bolivarian socialist ideologies of Chavez (see Chapter 2).

unemployment and the dismantling of national economies by speculative global capital and neoliberal market policies. A comparative examination of Argentina's ERT experiences in light of other Latin American countries over the past 20 years or so shows how the defensive strategy developed by workers who have faced the most negative effects of neoliberal policies across the region unfolded within similar socio-economic and political conjunctures. Indeed, in light of the lack of any consistent institutional support, the relative longevity of ERTs in Argentina and across Latin America is a testimony to the resilience, agency, and innovative capacities of workers despite the continued presence of some degree of neoliberalist market policies within all of the current centre-left governments of Latin America.

But ERTs have ans older pedigree in Latin America. Historical instances of workspace occupations and attempts at co- or self-management in Latin America have occurred in exceptional political contexts and usually with direct leadership from state governments, political parties, or unions. The most salient historical examples include the factory occupations of failing firms in Chile in the late 1960s; the 125 factories that were nationalized under workers' control in Salvador Allende's Chile between 1970 and 1973; the nationalization and co-management of mines and rural enterprises during Bolivia's National Revolutionary Movement of the 1950s and again during J.J. Torres's dictatorship of the early 1970s; the surge in cooperativized "industrial communities" in General Velasco Alvarado's leftist military regime in Peru during the late 1960s; and the situations of union-instigated and temporary workplace takeovers in Argentina in the late 1950s, throughout the 1960s, in the first half of the 1970s, and in the mid 1980s.

Similar takeovers of firms and economic sectors by workers are also not new from a world-historical perspective. Such experiences appeared at different historical junctures of socioeconomic crises or political upheaval in, for instance, the European revolutions of 1848; the Paris Commune of 1871; the Russian Revolutions of 1905 and 1917; Italy's *bienno rosso* of 1919-1920; in regions of Spain in 1936; in Hungary in 1956; in post-colonial Algeria in 1962; in the numerous revolts and uprisings around the world in 1968; in factory occupations and takeovers in France, Italy, and the UK in the 1970s and 1980s; and, more recently, in the occupations of workplaces in the US, Canada, Europe, and South Korea coming out of our contemporary global financial crisis (Bayat, 1991; Horvat, 1982; James, 1988; McNally, 2010; Munck, Falcón, & Galitelli, 1987; Ness & Azzellini, 2011; Petras & Veltmeyer, 2002; Vieta, 2010).

With a few exceptions, however, earlier experiences with workspace takeovers in Latin America and in other historical conjunctures in other regions did not form ERTs. Historically, instances of workplace occupations by workers have tended to be centred on temporary union tactics occurring over short periods of time in the pursuit of bargaining demands, against rationalization drives or firm closures, or carried out in support of other political ends. Here, the exceptions might be the French experiences of the workers' takeover and self-management of the LIP watch factory in France in the early 1970s (Thoburn, 2003) as well as others throughout that decade and in the 1980s in France, Spain, the UK, and Italy; the Paris Commune of 1871; and the anarchist communes and collectives of Spain 1936, where the initial takeovers of

factories, shops, and even public services were certainly driven and sustained by workers at the grassroots level (although in the last two instances, both situations were short-lived compared to the relative longevity of the Argentine experience with ERTs). The phenomenon of worker-recuperated enterprises as we know it today in Argentina is, rather, in many ways a particular process associated with another type of socioeconomic situation that emerges most directly out of a unique historical conjuncture of a hegemonic neoliberal political and economic order in crisis within a developing and heavily indebted country.

Moreover, the practice of self-management in the Argentine context of ERTs has not, to date at least, been about the revolutionary takeover of the state by the working class, as was the intention of the Bolsheviks in 1919. Nor is it about the reinforcing of an already-established or aspiring socialist state under the rubric of co-managed factories or farms, as in the state-owned and worker-run factories or agricultural entities in Tito’s Yugoslavia, Allende’s Chile, the *ujamaa* experience in Nyerere’s Tanzania, or the aspirations of now-deceased President Hugo Chavez in Venezuela (Bayat, 1991; Lebowitz, 2005; Petras & Veltmeyer, 2002). Argentina’s ERT phenomenon is also not about fighting for sectoral labour rights or better collective agreements via the pressure of temporary workspace takeovers, such as the experiences of earlier Argentine factory occupations, or worker takeover of plants in Canada as with the TWU workers’ occupation and self-management of BCTel in 1981 (Bernard, 2011), the occupation of the Maple Leaf meat packing plant in Edmonton, Alberta in 2005 (UFCW, 2006), or the takeover and running of Alcan Quebec by its workers in early 2004 (La Nuit, 2004). Nor do Argentina’s ERTs emerge out of workplace buy-outs, as with Employee Share Ownership Plans (ESOPs) in the United States or similar initiatives in Canada (Blasi, Kruse, & Aaron, 2003; Melnyk, 1985; Quarter & Brown, 1992).

Instead, the origins of Argentina’s ERTs more resemble, *at first*, other situations that emerge in other conjunctures during downward economic cycles that see a large and sustained rise in unemployment and business closures during moments of economic crisis and sociopolitical turmoil. In these situations, as Johnston Birchall (2003) asserts, “the most direct response” to the effects of economic depression, deregulation, and globalizing markets has been in some cases “to set up workers’ co-operatives that took over failing firms or parts of firms that were still viable” (p. 48). With the exception of other contemporary Latin American experiences with ERTs, similar surges in worker coops as solutions to the growing rate of unemployment and economic crisis occurred, for example, with the noticeable expansion in labour coops in Finland in the 1990s in the wake of the economic disruption of that country’s white collar and service sectors caused in part by the break-up of the Soviet Union, or the exponential growth in the Industrial Common Ownership worker coop movement (ICOM) in the United Kingdom during its deep economic recessions in the late 1970s and early 1980s (Birchall, 2003; Melnyk, 1985; Oakeshott, 1990). Worker cooperatives have also proven to be a robust business model for reorginizing economic sectors and securing the economic viability of entire regions. Indeed, in Canada, the province of Quebec has had a long tradition of worker cooperatives that has promisingly weathered many economic storms, most notably in its forestry and

health services sectors (Quarter, 1992). Many examples of similarly sustainable and economically robust worker coop movements can also be witnessed today in Italy (i.e., ERTs emerging as a result of its Legge Marcora), France (i.e., the case of the surge of SCOPs in recent years), and Spain (i.e., their widespread *sociedades laborales*). And in the US's Pacific Northwest, its plywood industry was populated by dozens of worker cooperatives until recently that similarly withstood many economic downturns and provided self-managed jobs to thousands of workers throughout a large part of the 20th century (Dow, 2003).

But something different undoubtedly also happened with the surge of ERTs in Argentina in recent years when compared to the growth in worker cooperatives, workplace occupations, sit-ins, and the like in other historical conjunctures of economic crises. In a nutshell, the ERT phenomenon is multisectoral and cuts across Argentina's entire territory. In addition, they are not affiliated with state politics or political parties, tend not to be union aligned, do not emerge directly from an older cooperative movement, and have been surprisingly long lasting. Furthermore, Argentina's ERTs suggest that these new worker-managed firms are new experiences in organizing production and service-delivery cooperatively and a new moment in the history of workers' self-determination and self-activity. They do so in the new social and solidarity economic imaginaries and practices they are beginning to forge, in their more radical notions of worker cooperativism rooted in *autogestión* they promote, in their new organization models for (re)organizing labour by creating affinity projects with other social movements and the communities that surround them, and in their direct struggles against neoliberal modes of organizing the economy at a micro-economic level. This new, hybrid soilidarity worker cooperative/social enterprise model—a worker cooperative and social enterprise model that emerges from out of micro- and macro-economic crises and that dramatically converts a formerly privately-owned capitalist firm into a worker-co-owned and labour-managed one—is visible in what their protagonists begin to recuperate when forming an ERT: less-alienated labour, control over their own surpluses, a return to associated forms of work under their collective control, an engagement with bottom-up community development projects, and, most noticeably, in the horizontal rethreading of their labour processes and the organizational structures of formerly capitalist firms.

From out of the evidence presented in this working paper, we can thus define Argentina's ERTs as follows:

(1) ERTs are formerly investor- or privately-owned capitalist businesses taken over and reopened by embattled former employees after either risky occupations or confrontations with former owners or with Argentina's juridical-political establishment. These actions were motivated by, at first, workers' fear and desperation at having to face the closure of their workplaces and falling into the ranks of the structurally unemployed.

(2) ERTs overwhelmingly become worker cooperatives redesigned by workers along the lines of extremely flat, or horizontal, administrative structures and almost all to some degree engage in one worker, one vote direct-democracy via workers' councils and workers' assemblies.

(3) Unlike most traditional cooperative practices, ERT worker coops are distinguished by a predominance of near across-the-board egalitarian remuneration schemes despite variations in worker seniority or skill-sets.

(4) ERTs thus endeavour, as much as they can, to not replicate the management hierarchy and exploitative practices of the former firm they have emerged from.

(5) A number of ERTs open up their workspaces to the community or engage in outwardly focused community economic development in ways that intimately embrace the seventh principle of cooperativism—"concern for community."

And finally, (6) these five characteristics both emerge out of and directly address ERTs' legal, production, financial, and other challenges, interplaying intimately with their protagonists' conceptualizations and practices of *autogestión*.

Of course, while other worker cooperatives in other conjunctures have encompassed one or more of these distinguishing marks, as I have shown elsewhere (Vieta, 2012a), the pervasiveness of these characteristics in most of Argentina's ERTs are, taken together and in the context of the neoliberal conjuncture from which most of them emerged out of, unique experiences in the history of labour struggles, cooperatives, and social enterprises. Most astounding, I believe, has been the longevity of ERTs as self-managed productive entities, and their protagonists' innovative zeal in forging new forms of work relations, despite the many challenges they face along the path to a self-determined work life and in situations where former owners, investors, or managers would not or could not keep the firm afloat.

Appendix: List of Abbreviations and Acronyms

ANTA	Asociación Nacional de Trabajadores Autogestionados (National Association of Self-Managed Workers)
CGT	Confederación General del Trabajo de la República Argentina (General Confederation of Labour of the Republic of Argentina)
CNCT	Confederación Nacional de Cooperativas de Trabajo (National Confederation of Worker Cooperatives)
CTA	Central de Trabajadores de la Argentina (Argentine Workers Central)
ERT	Empresa(s) recuperada(s) por sus trabajadores (worker-recuperated Enterprise(s)
FACTA	Federación Argentina de Cooperativas de Trabajadores Autogestionados (Argentine Federation of Self-Managed Worker Cooperatives)
FECOOTRA	Federación de Cooperativas de Trabajo de la Provincia de Buenos Aires (Federation of Worker Cooperatives of the Province of Buenos Aires)
INAES	Instituto Nacional de Asociativismo y Economía Social (National Institute for Associativism and the Social Economy)
INDEC	Instituto Nacional de Estadísticas y Censos (National Institute of Statistics and Censuses)
INTI	Instituto Nacional de Tecnología Industrial (National Institute of Industrial Technology)
IMPA	Industria Metalúrgica y Plástica Argentina (Metalurgic and Plastics Industry of Argentina). One of the first ERTs working in the aluminum processing sector, the birthplace of MNER, and the originator of the strategy of having a cultural centre in an ERT.
ISI	Import substitution industrialization
KMF	Capital-managed firms
LMF	Labour-managed firms
MNER	Movimiento Nacional de Empresas Recuperadas (National Movement of Recuperated Enterprises)
MNFRT	Movimiento Nacional de Fábricas Recuperadas por sus Trabajadores (National Movement of Worker-Recuperated Factories)
MTD	Movimiento de Trabajadores Desocupados (Movement of Unemployed Workers).
PJ	Partido Justicialista (Jusiticialist Party), the official name of the political party founded by Juán Domingo Perón, known more colloquially as *Partido Peronista* (the Peronist party).
PyMES	Pequeñas y medianas empresas, known as SMEs (small- and medium-sized enterprises) in English.
SRL	Sociedad de responsabilidad limitada (limited liability company)
SMEs	Small- and medium-sized businesses, known as PyMES (pequeñas y medianas empresas) in Spanish.
UOM	Unión Obrera Metalúrgica (Metalurgic Labour Union)
UST	Cooperativa de Trabajo "Unión Solidaria de Trabajadores" ("Union/Solidarity Gathering of Workers" Worker Cooperative)

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