



**Euricse**

European Research Institute  
on Cooperative and Social Enterprises

# WORKING PAPER SERIES

ISSN 2281-8235

Working Paper n. 80 | 15

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Please cite this paper as:

Petrovic, I. & Cvejic, S. (2015) "Social and Political Embeddedness of Argentina's Worker-Recuperated Enterprises: A Brief History and Current Trends", *Euricse Working Papers*, 80|15.

# Social and Political Embeddedness of Argentina's Worker-Recuperated Enterprises: A Brief History and Current Trends\*

Irena Petrovic\*\* and Slobodan Cvejic\*\*\*

## Abstract

The phenomenon of ERTs (*empresas recuperadas por sus trabajadores*) in Argentina has gained popularity since the financial crisis of 2001-2002. The resulting drastic drop in gross national product, the high inflation rates, and the increased rates of unemployment and poverty reflected serious weaknesses and limitations of neoliberal institutions in Argentina. This phenomenon was also determined by specific historical patterns, such as state interventionism, a long tradition of trade unionism and workers' struggles, as well as a long and deep-rooted tradition of cooperativism. According to the latest survey (Ruggeri, 2014b), there are more than 300 ERTs in Argentina, employing over 13,000 workers. Data show that 95 per cent of ERTs are self-organized under the organizational and legal framework of worker cooperatives.

This paper aims at providing a political, economic and social overview of the emergence and establishment of ERTs in Argentina over the past two decades. Moreover, the legal and institutional preconditions that significantly encourage, limit, and determine the scope of worker cooperatives, will be analyzed. In this analysis we will rely on the results of research on ERTs that has been done over the last 10 years, as well as on a historical analysis of the legal and institutional framework.

## Keywords

Argentina's worker-recovered factories; Self-management; Employee participation, Labour managed firms; Labour movement, Trade union organization

## JEL codes

J540

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\* This research has received financial support by the European Commission in the framework of the project INT.RE.COOP - International Research Exchange on Cooperatives (PIRSES-GA-2012-318991), funded under the Marie Skłodowska-Curie Actions (FP7-PEOPLE-2012-IRSES).

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## 1. Introduction

Argentina's *empresas recuperadas por sus trabajadores* (worker-recuperated enterprises or ERTs) emerged as a specific reaction of employees in privately owned companies to the possibility of losing their jobs due to the bankruptcy of companies during the profound financial crisis that shook Argentina from 2001-2002. In most cases these enterprises were formed when the workers, through their collective effort, prevented the removal of their firm's assets and machinery, as well as the proposed change of use of the premises in which their bankrupt company had been situated, and negotiated with the state, provincial and local authorities on the solutions that would enable prolonged operation of their companies. In many cases, these companies were eventually reconstructed as worker cooperatives which took on the management of the bankrupt enterprises' property. In line with universal cooperative notions, the recovered companies instituted workers' self-management with the assembly of cooperative members making all decisions pertaining to management and operation of the company, where all the employees having a possibility of directly participating in the decision making process and equal rights when it came to the disposal of assets which were acquired subsequently and were not included in the bankruptcy estate.

During and after this crisis, the establishment of ERTs became a trend and assumed organizational, institutional, and geographic characteristics (mutual connection, relying on local communities, collective negotiation, and presence throughout the national territory). This was further supported by the fact that, after initial cases of bankrupt companies "occupation" by their employees, sparked by the mere interest of workers and their families to preserve their employment and income, subsequent cases of ERTs assumed marked ideological characteristics with the emphasis on wider social issues, such as the protection of workers' rights, action against alienation of labour, social justice, etc. Argentina's ERTs essentially offered a fresh alternative through reorganization of the labour process in the context of Argentina's crisis of neoliberal financial capital. More to the point, these new, recuperated worker cooperatives represent more broadly an innovation that strives for communitarian, cooperative and directly democratic values and practices promoting the concept of *autogestión* (self-management) (Vieta, 2010). Today, there are more than 300 of such companies throughout Argentina, as they cover various branches of industry and employ more than 13,000 people across the country (Ruggeri, 2014a). This type of enterprise is also present in other countries of Latin America (Brazil and Uruguay, and to a lesser extent Bolivia, Paraguay, Colombia, Venezuela, and Mexico) (Martí, 2006; Henriques et al., 2014). The analysis of the success demonstrated by ERTs in Argentina in saving businesses during one of the worst financial crises may teach important lessons, since these examples illustrate vitality of the cooperative production model and the processes of workplace conversions into worker cooperatives.

Through a brief overview of the crucial points in the economic history of Argentina, this paper will try to account for the mutual convergence of factors that led to the emergence of the movement of worker-recuperated companies, and may explain its spread and survival in a capitalist economy struck by crisis.

The emergence of ERTs was rooted in a decades-long tradition of worker cooperatives in Argentina and strong political influence of the labour movement, the two factors that contributed to the reproduction of the solidarity and community culture (Vieta, 2010). Furthermore, the emergence of this particular type of worker cooperative was initiated by specific experiences of the society

exposed to a severe financial crisis. On the one hand, there were positive legislation and institutions regulating this phenomenon and constituting the legal framework for the economic activity in the context of bankruptcy, while on the other hand, there were numerous actors that emphasized their interests, often with the prominent marked political overtones (Rebón, 2007; Vieta & Ruggeri, 2009; Vieta, 2010; 2013). These economic, political, social and cultural determinants of the ERTs emergence and development will be further explained in this paper.

## 2. Economic, social and political changes in Argentina

In order to contextualize as fully as possible the discussion about the emergence of ERTs in Argentina, it is necessary to reflect at the outset on the historical period that preceded their establishment. However, this discussion would have to cover a very long period of history, so it has to be limited here to its most general form. In fact, purpose of this paper is not a comprehensive analysis of very complex economic and political developments in Argentina in the last hundred years, but an attempt to outline the stages of the economic and political life that represent an essential interpretive model for studying earlier sporadic cases of worker-recuperated factories (as early as in the 1950s), as well as the emergence of today's ERTs. This part of the paper will begin with analyzing the economic history of the early 20th century, which is necessary for understanding the emergence and formation of the working class in Argentina.

Economic analysis shows that during the late 19th and early 20th century Argentina was one of the world's fastest-growing economies. In the period from 1870 to 1913, average GDP growth rate in Argentina was 2.5 per cent, three times higher than in the US (Gonzales Berlando de Quirós, 2014). Such economic growth in the country was driven by significant export of agricultural products as well as foreign investments (Cavarozzi, 2014). Investment growth was observed in different sectors, including agriculture, infrastructure and transportation. Although the first phase of Argentine economic development was based on agricultural production, average growth of investment in industrial sector was at its peak level: decade of the greatest economic growth in Argentine history was the 1920s (Di Tella & Zymelman, 1967). Accordingly, a large number of enterprises were founded during this period.

The consequences of the Great Depression also affected Argentina from the late 1920s throughout the first half of the 1930s. However, the country's economy continued on its path of growth during these years. Moreover, after the slowdown caused by this international economic crisis, high growth rates started to be recorded again at the end of the 1930s. In 1939, GDP in Argentina was almost 15 per cent higher than a decade earlier and 33 per cent higher than in 1932 (Cavarozzi, 2014)<sup>1</sup>.

The model of economic growth and development in Argentina from the 1930s to the 1970s is known as *modelo de sustitución de importaciones* or *industrialización por sustitución de importaciones* ("import-substituting industrialization", henceforth ISI) (López, 2006; Clark, Elena & Antivero, 2012). ISI is characteristic of a set of development policies with the objective of developing an internal manufacturing sector, providing high levels of protection to domestic producers and essentially closing the country to international trade (Arnaut, 2010). Argentina started this period with a very different economic configuration: although the share of the

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<sup>1</sup> All the while, GDP of the US increased by only 4 per cent (Cavarozzi, 2014).

agricultural sector in the national GDP continued to grow, manufacturing sectors achieved a large share of the overall economy and became the leading engines of the growth. Industrial production growth between 1935 and 1938 was approximately equal to the growth rate between 1914 and 1935 (Murmis & Portantiero, 2012).

Compared with the years of the Great Depression, industrial production in 1939 increased by 50 per cent (Cavarozzi, 2014), while the number of industrial facilities grew from 38,456 in 1935 to 86,440 in 1946. At the same time, changes that affected the economic sphere were accompanied by corresponding changes in the social structure of Argentina: in the period from 1935 to 1946 the number of industrial workers increased from 435,816 to 1,056,673 (James, 2013). Such a rapid development of industrial production has led to the emergence of the so-called “new working class” in Argentina, which will form the basis for the labour movement in the following period and, at the same time, will provide significant support for the Peronist regime. This has to do with the fact that a change in the social profile of the working class occurred precisely in this period; namely, a wave of “newly emerging” workers from the interior of the country came across a small but hardened “old” working class with considerable trade union experience (Paligorić, 1972). According to Marianetti, “most of the new labour force came from the country. Generally speaking, this workforce had no prior trade union experience and a very low level of political organization. Such an eruption of workers from the interior outnumbered old trade union cadres” (Marianetti, 1964: 328).

Interrelationship between the new working class and the Peronist movement can be described as follows: “what Perón did for the working class was to help form it into a real protagonist in national Argentine politics” (Vieta, 2012: 182-183). In addition, Perón provided indisputable social achievements to the working class such as: paid sick leave, dismissal compensation, health and safety regulations, workers’ compensation, family vacation facilities, retirement benefits, affordable and dignified housing, etc. In this manner, workers started to realize that many of their historic demands were finally being attended to. According to Vieta, “... in turn, what the working class did for Perón was to help bring him to power and articulate his version of the “third way”—*ni comunismo, ni capitalismo* (“neither communism nor capitalism”) also known as *justicialismo*, or more commonly, *peronismo*” (Vieta, 2012: 182-183)<sup>2</sup>.

Such characteristics of the Peronist movement can be explained to a considerable extent by political needs and interests. In fact, Perón was aware that to sustain a growing national economy, a prosperous working class would be required. To this end, Perón tried to articulate a precarious class compromise between different social groups: organized labour, rank-and-file workers, the agro-industrial sector, and the urban entrepreneurial class. In order “... to guarantee this class compromise, Perón perfected a political posture that would see his government placate workers’ demands for better living and working conditions on the one hand, while assuring national employers the continuation of the capitalist system on the other” (Vieta, 2012: 186).

Thereby, the Peronist government decade (1946-1955) was characterized by efforts to implement a change in the country’s social and economic structures, based on strong state intervention, where

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<sup>2</sup> It was an attempt to pursue development relying on the country’s “own forces” and resisting the influence of the world’s great powers, so Peronist ideology could be understood as hostile both to communism and democratic liberalism (Zanatta, 2014).

long-term goals of workers coincided with the nation's need for economic development. During the import-substituting industrialization period, a large number of state-owned enterprises were established, such as YPF (the national oil company), Somis and Altos Hornos Zapla (steelworks), Petroquímica General Mosconi (petrochemicals) and a great number of companies in telecommunications, transport and energy were part of this process (López, 2006). As previously mentioned, the manufacturing sector was the engine of the growth, and governments knew that positive linkages in these industries would generate high employment rates. Thus, the promotion of these sectors via tax exemptions, trade tariffs, and other non-tariff barriers that were demanded by industrialists were common policy instruments for promoting growth. In addition, this period was marked by strong economic policy measures which were focused on achieving the Keynesian ideal conditions of full employment.

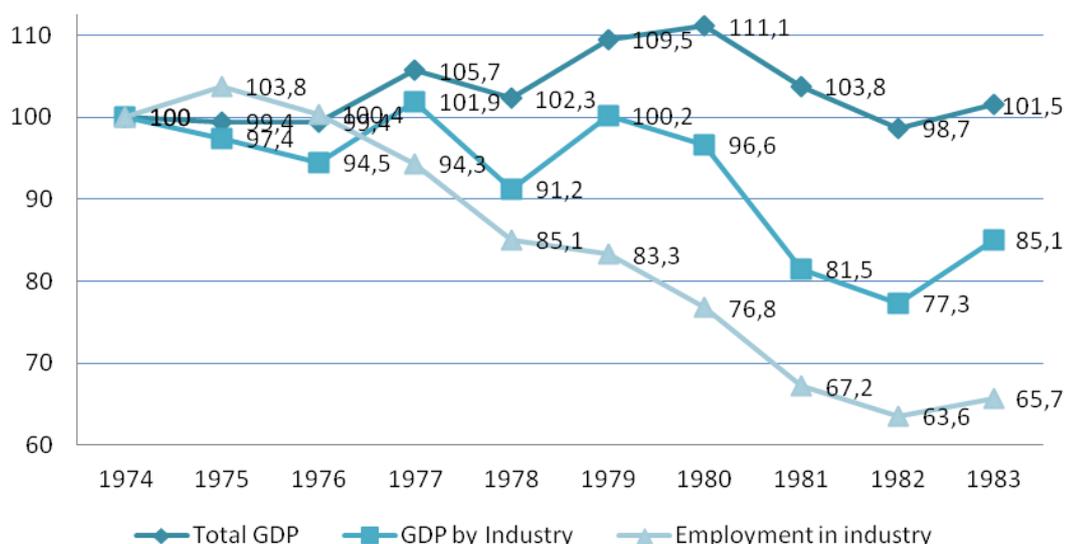
However, as Díaz Alejandro points out (1970), the adoption of economic policies oriented to the domestic market was directly related to state regulatory powers promoted by Peronism that, in the context of global stagnation in the industrial sector (in terms of productivity, level of technical equipment, high labour costs), had to impede the formation of a competitive industrial sector (López, 2006). In addition, the Argentine economy during this period remained one of the most closed economies of the world.

In general, the overall growth performance in Argentina over the ISI period was relatively low despite the popular perception that Argentina was going through its *edad de oro* ("golden age") with the highest production and investment growth rates in its history, in terms of full employment and continuous improvement of living conditions (López, 2006).

The economic system was further undermined by the ensuing period of military dictatorship (1976-1983) with its attempts to give a quick boost to the country's economic position, which resulted in additional long-term harm to the economic structure. The military dictatorship was marked by the introduction of new economic strategies for managing long-standing problems of acute external payments constraints, wildly fluctuating inflation rates, and difficulties in sustaining rapid economic growth. Reassessment of past interventionist and protectionist policies led Argentina to introduce gradual liberalization of its foreign trade and financial markets. Important theoretical underpinning of its economic strategies was a market-oriented framework known as the "monetary approach to the balance of payments" (Barletta et al., 1984). The beginning of this period registered positive growth rates (Figure 1). However, we should not neglect the impact of economic policies on the industrial sector.

As shown in Figure 1, industrial production and employment declined sharply during 1974-1983, reaching its bottom in 1982. In addition, the period observed was marked by a decline in the share of industrial output in the total GDP, from 26.9 per cent to 23.8 per cent.

**Figure 1 - Total GDP, GDP by industry and employment in industry, 1974-1983**  
(1974=100)



Source: Azpiazu & Schorr (2010: 32).

The results indicate that industries were not equally affected by neoliberal economic policies. As it can be clearly seen in Table 1, textile industry and wood processing industry were the most affected by the crisis in the 1970s and the 1980s. A significant decline was observed in the mechanical and printing industry, while the only sectors that recorded growth during this period (although modest) were chemical industry and metallurgy.

**Table 1 - Industrial sector's contribution to GDP (1974-1983)**

	1974	1976	1981	1983	Trends 1974-1983 (%)
Food, beverages and tobacco industry	520.2	521.0	514.8	491.5	-5.5
Textile industry	325.5	293.7	196.5	218.8	-32.8
Wood processing industry	53.4	40.0	38.8	31.5	-41.0
Paper industry, printing & publishing	141.5	124.8	100.2	113.1	-20.1
Chemical industry	334.3	344.5	338.0	367.8	10.0
Non-metal industry	132.0	129.8	109.5	111.0	-15.9
Metallurgy	134.9	117.0	119.1	142.5	5.6
Machinery industry	732.5	672.7	516.1	544.2	-25.7
Other industrial sectors	176.2	166.4	143.3	149.8	-15.0
<b>Total</b>	<b>2,550.4</b>	<b>2,409.9</b>	<b>2,077.8</b>	<b>2,170.3</b>	<b>-14.9</b>

Source: Azpiazu y Schorr (2010: 32).

According with data of the Economic Commission for Latin America and the Caribbean (CEPAL), this period also witnessed the high growth of the foreign debt, which by the end of the military dictatorship in 1983 reached the total of as much as 45.1 billion dollars<sup>3</sup>.

<sup>3</sup> <http://www.cepal.org/argentina/noticias/paginas/9/9839/Cuadro20.xls>

The period after the fall of the military dictatorship was still marked by economic instability. In early 1985, Argentina reached the very brink of economic disintegration. At this stage the government made a decisive move: recognizing the need for austerity measures and realizing the existence of political and economic obstacles to a stabilization that relied only on the demand side, heterodox Austral Plan was conceived, combining traditional monetary reform with incomes policy. A low rate of inflation was maintained through these economic policy measures.

A further decline in industrial production and a growth of the foreign debt (which in 1989 amounted to 65.3 billion USD) ranging from a high rate of inflation to genuine hyperinflation, remained noticeable until the end of the 1980s. Vulnerability of many groups of the population, combined with all other circumstances, has led to mass demonstrations, resignation of the former President Raúl Alfonsín and coming to power of Carlos Menem in 1989.

In sum, the social and economic policies of Carlos Menem (1989-1999) and Fernando de la Rúa (1999-2001) 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 minions of the Washington Consensus, globalization, and its free-market beneficiaries and advocates instead of protecting the interests of their own people (Vieta, 2013). Although in the early 1990s a growth in GDP was recorded (see Figure 2), as well as a decline in inflation and an output growth, the country's economy continued to be burdened by problems such as a current account deficit, low domestic saving rate, fiscal deficit, etc. (López, 2006).

In order to achieve domestic currency stability and the overall macroeconomic stability, in 1991 the Congress of Argentina enacted the Convertibility Law<sup>4</sup>, which legally adopted the currency board, guaranteeing the convertibility of *peso* currency to USD at a one-to-one fixed rate and limiting the printing of Argentinean *pesos* to an amount necessary to purchase USD in the foreign exchange market. As a result, inflation rate was reduced to 7.4 per cent, while the average annual growth rate in real GDP from 1991 to 1994 was around 7.9 per cent (INDEC, n.d.).

These measures led to the closure of a large number of industrial facilities, rendering industrial production unsustainable and no longer able to survive, faced with a massive wave of cheap imported goods that became available to everyone, including the food industry, in which the country had a historically comparative advantage (Ruggeri, 2014a). Compared with other sector, industrial production has reached the greatest decline: the industry share in the total GDP between 1989 and 1998 shows a decline from 18.8 per cent to 17.4 per cent, while the rate in 2001 was only 15.3 per cent (Azipazu & Schorr, 2010).

The second half of the 1990s was characterized by a dramatic drop in GDP and massive unemployment. While the unemployment rate in the early 1990s was below 10 per cent, in 1996 it reached the record high of 18.4 per cent. The economic instability was caused by the effects of the Mexican financial crisis (1994-1995) known as the “tequila crisis” and the subsequent Asian crisis (1997-1999). As a result of the financial crisis, Argentina experienced a 2 per cent deflation rate and a negative growth rate (-3.4 per cent, see Figure 2). A hint of crisis led to a reduction in investment and the beginning of the “flight of capital from the country”.

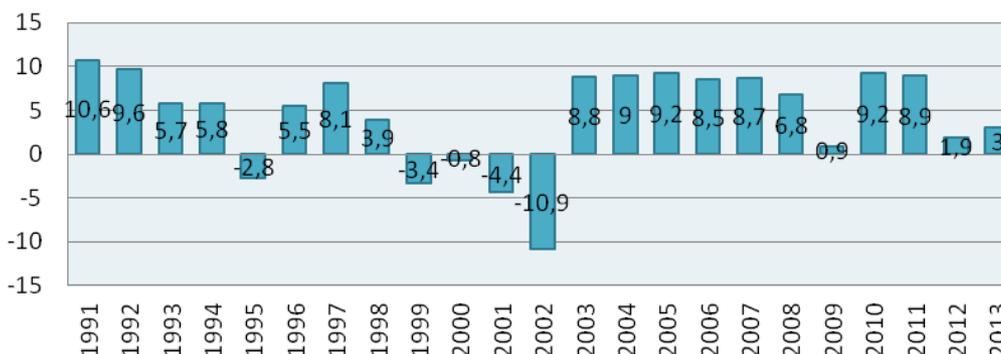
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<sup>4</sup> *Ley de Convertibilidad del Austral* (Law Nº 23.928).

In late 2001, Argentina was faced with nearly the worst economic crisis in its history. In December 2001, unprecedented protests shook the country. Argentina’s rebellion of December 2001 was a demonstration against the imposition and consequences of the neoliberal economic model. At the same time, it included a direct confrontation with the governing institutions and political leadership. These mass demonstrations represented opposition to President de la Rúa’s establishment of control over savings and checking accounts in order to avoid a run on the banks after the announcement of a partial debt default (the so-called *corralito*). What followed was de la Rúa’s resignation, and after several interim presidents, the national congress designated Peronist Eduardo Duhalde (Ranis, 2005). “The *cacerolazos* (pots and pans demonstrations) that began in December 2001 represented the mass of Argentine society from all walks of life. Argentina had never experienced such a spontaneous multiclass uprising. It represented the poor, the working class, the unemployed, the retirees, civil servants, students, the middle class, professionals and shopkeepers” (ibid.: 6).

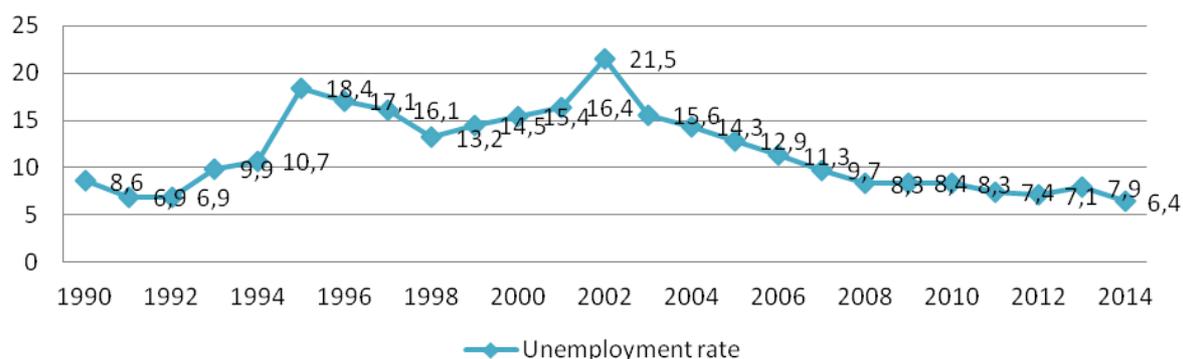
In January 2002, the government of President Eduardo Duhalde announced a package of emergency economic measures, including the transition towards the floating exchange rate regime. Argentina had been sliding into another economic crisis, with its currency rapidly losing value since the beginning of the year, leading to a further rise in inflation. In 2002, the Argentine economy was faced with the culmination of an economic decline that had begun in late 1998, when Argentina reached negative economic growth rate of -10.9 per cent (Figure 2). As a result of devaluation, poverty levels increased dramatically: more than 50 per cent of the population was living below the poverty line by the end of 2002. Additionally, the unemployment rate peaked at 20 per cent in 2002 (even though two years earlier it was “only” 15 per cent), revealing the profound impact of the economic crisis (Figure 3). According to data, the unemployment rate was extremely high in 2002, even higher than the general unemployment rate in most European countries. The poverty risk has also been on the increase during the decade: over 50 per cent of the population was living below the official poverty line, and almost one quarter of all Argentineans was in a state of indigence (INDEC, n.d.).

**Figure 2 - GDP growth 1991-2013**  
(annual %)



Source: INDEC, Encuesta Permanente de Hogares.

**Figure 3 - Unemployment rate 1990-2014**  
(annual %)



Source: INDEC, Encuesta Permanente de Hogares.

### 3. The labour movement and trade union organization

A brief history of the Argentine economy has enabled us to see that the class of industrial workers was formed during the 1930s: industrial workers first experienced a great expansion in the period of state intervention and the establishment of a large number of state-owned enterprises, and then a rapid decrease in successive periods of crisis at the beginning of the 21st century. These conditions were important for the emergence of ERTs from 2001 onwards. The emergence of ERTs was largely brought about by a long history of workers' struggles, strong trade unions, as well as a long and deep-rooted tradition of cooperativism matured in conditions of traditional state interventionism that characterized Argentine society until the early 1970s (Vieta, 2013; 2015).

In the context of discussing the importance of workers' movements and trade union organization in Argentina, some other characteristics of the working class should be pointed out. The Argentine working class has become aware of its political significance precisely through the trade union movement, in the absence of adequate political parties that could represent its economic and political interests. As pointed out by McGuire "characteristics of the Argentine working class are at the base of the power of the Argentine trade union movement, which gives broad social significance to union leaders' decisions about how to express their political demands in the absence of an effective allied political party" (McGuire, 1989: 10). Compared with the working class in other capitalist countries (in similar or more advanced stages of economic development), Argentine working class was large both in absolute terms and in proportion to the active population. Argentina also lacked a large mass of rural poor, due primarily to the land- (rather than labour-) intensive character of its agricultural production. Reinforced by the country's low rate of population growth, the absence of a "reserve army of labour" gave to the trade unions considerable bargaining power in their relations with employers. Finally, according to McGuire, workers were located in the Buenos Aires metropolitan area and in a few other large cities, as they had moved long time before from small and dispersed to large and concentrated places. These characteristics facilitate communication, a fundamental requisite for political and economic power" (ibid: 11). Hence, it was the accelerated development of industrial production during the 1930s that brought about "accumulation" of workers in the industrial centres throughout the Buenos Aires province, thus

putting them in roughly similar living and working conditions, which would prove to be an essential prerequisite for their group action.

When it comes to union organization of the working class, it should be noted that the country has been characterized by the longest tradition of trade unionism in Latin America. If we look at the period before Juan Perón came to power, we can observe that the trade union movement at the time was disorganized and weak. At the time of the military *golpe* of 1943 there were four workers' associations in Argentina: General Confederation of Labour (Confederación General del Trabajo, CGT) that had already been divided into two unions CGT1 and CGT2 (James, 2013); the anarchist-oriented union Federación Obrera Regional Argentina (FORA); and the syndicalist oriented Unión Sindical Argentina (USA). Due to the labour movement fragmentation, in 1943 around 20 per cent of the workforce (mainly in urban areas) was involved in a kind of labour organization. However, most members of the unions belonged to the tertiary sector, while a large number of industrial workers were on the margins of all forms of trade union organization (ibid.).

Empirical evidence of union organization in Argentina between 1940 and 1946 shows that in the period before Peronism, the number of union members had been constantly growing since 1936. In the late 1930s (1939), some 30 per cent of industrial workers were union members; less than one third of industrial workers across the country and around 10 per cent of all employees were organized; and the vast majority was concentrated in Buenos Aires and Rosario. However, a huge increase in the number of union members occurred between the late 1940s and the beginning of the 1950s. It is estimated that CGT gathered 1.5 million members in 1947, and as many as 3 million in 1951 (Murmis & Portantiero, 2012). The effects of economic development on the position of the working class during this decade became more than obvious. Only during the short period between 1946 and 1949, real wages of industrial workers increased by 53 per cent (James, 2013).

A positive attitude towards empowerment of the trade union movement led to the expansion of trade unionism, thus in 1948 the proportion of union membership increased to 30.5 per cent of the employed population, while in 1954 it soared to 42.5 per cent. When it comes to the industrial sector, the proportion ranged between 50 per cent and 70 per cent. Between 1946 and 1951, the total number of union members increased from 520,000 to 2,334 million (Murmis & Portantiero, 2012).

In short, when it comes to the characteristics of the labour movement in Argentina, the analysis shows that 1943 represented a turning point in the trade union organization of the working class: namely, we can talk about the completion of traditional phases of unionism in which union membership was not particularly prominent, and the emergence of a mass trade union movement developed under the auspices of the state (ibid.). Over this period workers learned to organize themselves, to stand up for their rights and foster egalitarian values, which has significantly influenced the subsequent emergence of the ERTs.

#### **4. The labour strikes and workers' self-management**

The emergence of ERTs is connected with spontaneous popular and labour struggles in the streets and on the shop floors (Vieta, 2012; 2013). More specifically, it is important to point out four related and reappearing working class institutions: *comisiones internas* (shop-floor workers' commissions), *cuerpos de delegados* (shop stewards' committees), worker-occupied workplaces,

and *coordinadores obreras or interfabriles* (workers or inter-factory coordinating bodies). “Such forms of labour actions had their roots both in characteristics of the labour movement promoted by Perón, and in the very self-determination and self-activity of the workers in Argentina” (Vieta, 2012: 181-182). In addition to these forms of labour actions, there were attempts to take over factories across Argentina as early as in the 1950s.

Thus, Argentina has had historical continuity since the 1950s when it comes to taking over factories (Ruggeri, 2014a), taking into account that these occupations have occurred in a different political and legal environment. In 1955, the cold storage facility Lisandro de la Torre was taken over. The reasons for overtaking this facility had to do with the adoption of the law that allowed privatization of the Municipal Meat Market. After failed negotiation with the government and certain unions, occupation of the factory was brutally terminated and it was privatized soon afterwards, which led to laying off 2,000 employees (Magnani, 2003). After the privatization, a wave of workers’ protests ensued, unprecedented in Argentine history in its form and outcomes. Only during 1959, 10,078,138 working days were lost to a series of strikes in Buenos Aires in which some 1,400,000 workers participated, six times the number compared with the strikes that had been organized a year earlier (James, 2013). According to ILO data, this was the biggest strike in the world in 1959 (ibid.). The 1960s were also marked by a wave of workers’ protests and attempts to take over factories. In 1964 alone, workers carried out strikes in as many as 3,400 factories. Nearly 50 per cent of occupied factories belonged to sectors of the textile industry and metallurgy, in which unions were the strongest and most numerous. Following this final wave of labour struggle, the *Ley sobre salario minimo, vital y movil* (literally, the law on “minimal, changeable, and of vital importance wage”) was adopted (Magnani, 2003). However, except for some marginal cases that lasted for a short while, workers failed to take control of the factories in the period preceding the crisis of neoliberalism. Nevertheless, regardless of the final outcome of labour conflicts, it can be argued that certain prerequisites for the mass emergence of ERTs a few decades later were provided during this period. In fact, collective actions of workers in the form of labour strikes and attempts to occupy factories in this period were the true “forerunners” of the collective action of the working class that took the form of taking over factories in the following period.

During the short rule of the Peronist President Hector Campora, there were some 2,000 incidents of occupying facilities, which included not only factories, but also universities, hospitals, TV stations, etc. In this period, occupation of the paper processing plant Mancuso-Rossi occurred, when workers together with the state established some sort of control of the factory. Decision making in this case was divided by the internal commission comprised of union representatives and certain number of workers (with the mediation of the Ministry of Labour), so this is not considered to be workers’ self-management in the full sense of the word (García Allegrone, Partenio & Fernández Álvarez, 2003).

The most famous case of a factory takeover during the 1970s took place in the industrial belt in the south of Santa Fe province in 1974. It refers to the takeover of the petrochemical plant PASA in Rosario, which was controlled by its workers between 26 July and 22 August 1974. Ten years later, with the re-establishment of formal democracy, after prolonged strikes in Ford factory in the province of Buenos Aires, the workers managed to take over the factory and restart the production process. This was one of the most intense labour conflicts occurred since the military dictatorship had fallen (Ruggeri, 2014a).

One of the most famous currently active ERTs, metallurgy IMPA, dates from 1961. This is a worker cooperative, which was previously expropriated by the state at the end of World War II (initially it had been owned by a German company). We should mention here two additional worker cooperatives, established as early as in the 1950s. These are the textile factory CITA in La Plata and the printing house COGTAL, which are believed to be the true precursors of today's ERTs (Ruggeri, 2014a). Later on, during the 1980s, the system of joint management (*cogestión de la fábrica*) established in the Lozadur ceramics factory would represent one of the most successful examples of workers' self-management in that period. During this process workers received substantial support from the ceramics industry union (since they constituted the vast majority of the union's membership) that, after a series of negotiations with the former management and stockholders, proposed a model of joint management as a possible solution to the crisis. Bearing in mind that a significant increase in the output ensued, as well as a rise in the number of employees, according to Wyczykier (2009) some authors (e.g., Proietti-Bocco, 1986) singled out this case as one of the most successful examples of workers' self-management. Unfortunately, such system of workers' self-organization failed to survive the crisis of hyperinflation occurred in 1989, at the end of Raúl Alfonsín's rule.

It should be emphasized that there are some differences between the cases of occupied factories from the 1950s to the 1980s and today's ERTs, although the basic principle is the same: workers who were left jobless took over the factory of their former employer and successfully restarted the production process, eventually organized as worker cooperatives. However, these companies were not in such poor condition as the majority of companies in the last decade of the 20th and first decade of the 21st century, nor were the takeover processes so traumatic. In short, in both private and state-owned companies, the transfer of management competence to workers was regulated either through agreements with former owners or certain government provisions, and was implemented in a considerably more favourable economic environment (Ruggeri, 2014b). On the other hand, cases of factory takeovers from 2000 onwards were often characterized by various types of conflicts (lasting for months); such as the attempts to evict the workers and to intimidate them by verbal threats and physical violence by former owners or other interested parties who wanted to sell the company's property, police attempts to reclaim the factories for their owners, as well as protests by the entire immediate neighbourhood (workers often live in the vicinity of the factory they work in) in order to prevent such police action.

As previously shown, the Argentine economy during the 1970s and the 1980s (similarly to the economy of other Latin American countries) began to be decisively steered towards the principles of neoliberalism; the changes in socio-economic circumstances, accompanied by the decline of state interventionism, privatization and continued deinstitutionalization, led to dramatic deterioration in the living conditions of the working class. If one takes into account general living conditions of the working class in the previous decades and the labour market that was characterized by full employment, as well as the workers' struggle that was mainly aimed at improving working conditions rather than preserving employment, it becomes easy to understand to what extent workers were unprepared for the closing of the factories. This is one of the key explanations for the failure of almost all attempts of factory takeovers during this early period. Workers had to face not only difficulties related to infrastructures, market access and economic sustainability, or the problems that would be faced by almost all ERTs a decade later (e.g. the metallurgy factory 25 de

Mayo)<sup>5</sup>, they also needed to face themselves, not realizing that the problem of unemployment had turned into a serious structural problem (Ruggeri, 2014a). In addition, it seems that not all the prerequisites for the mass occurrence of recovered enterprises were provided yet. In fact, it is only the crisis of neoliberalism in the late 1990s that will give rise to the emergence of a large number of social movements, primarily the unemployed movement, movements at the level of local communities and so on, which will be a true “trigger” for the emergence of a large number of ERTs in early 2000s.

During the second half of the 1990s, it became more evident that the process of economic restructuring marked by deinstitutionalization was leading to a dead end. Mass unemployment brought about the establishment of the workers’ movement known as *piqueteros*, unemployed workers whose most frequent actions included roadblocks, especially in the interior of Argentina where the state oil company YPF had previously employed a large percentage of the population (Ruggeri, 2012). ERTs established in the early 1990s which have managed to survive to this very day are Grafica Campichuelo and the metallurgy plant Quilmes Adobar. Furthermore, one of the best known ERTs (as well as one of the largest) is the cold storage facility of Yaguane with 600 employees, which was established in 1996. Two years later, workers of the above-mentioned worker cooperative IMPA regained control of the cooperative, fighting to restart production. The beginning of the 21st century witnessed the establishment of GIP Metal, presently known as Unión y Fuerza, with approximately 100 employees. Finally, throughout the previous decade there was a constant rise in the number of ERTs, the best known being Brukman, Zanon, Chilavert and Zanello. Apart from the factories in the strict sense of the word, there are examples of worker cooperatives in the field of service provision, such as the Salud Junin clinic in Cordoba (Vieta, 2012, 2015) and the Bauen Hotel in Buenos Aires (Ruggeri, 2014a).

Even though the cases of company takeovers between 1950 and 2000 were not caused by the mass occurrence of bankruptcy and their main aim was not to restart production and secure employment but rather to improve working conditions, it can be argued that Argentina has a tradition of this form of workers’ revolt and organized action. Such a direction in the development of labour movement has enabled a relatively swift reaction of workers in the context of the latest serious financial crisis and provided a ready-made model of self-organization, which in a large number of cases has enabled effective resumption of the work process.

## **5. Las empresas recuperadas por sus trabajadores: Origins and development**

The term *empresa recuperada* (recuperated enterprise) did not exist in Argentina or any other country before 2001. It emerged during the worst economic crisis in the history of Argentina, in 2001. This phenomenon can be defined as follows: “Argentina’s *empresas recuperadas por sus trabajadores* are formerly investor- or privately-owned (i.e., proprietary) businesses that had problems with their operation, had declared or were on the verge of declaring bankruptcy, and were ultimately taken over by their employees and reopened as worker cooperatives, usually under

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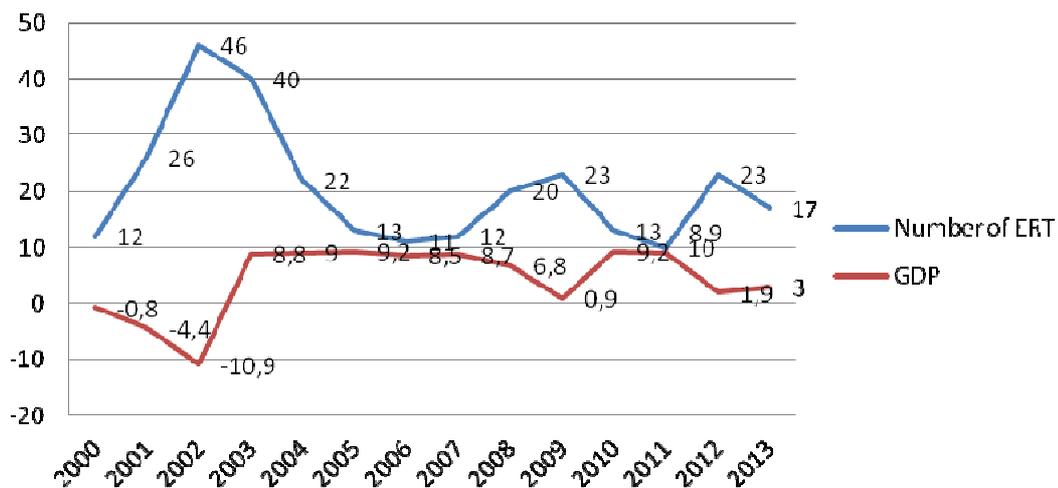
<sup>5</sup> The factory is facing technical limitations due to its deteriorated technological infrastructure. As its representatives point out, using out-dated technology holds them back from keeping up with competitors’ activity. In addition, the lack of access to bank loans (because of its undefined legal status) and the lack of governmental assistance limit its potential and hinder their market position (author’s interviews with ERT actors).

situations of deep conflicts on shop-floors between workers and managers or owners” (Vieta, 2013: 7). It should be noted that, when referring to this phenomenon, the term *empresa recuperadora* is usually used (although terms such as “worker-recuperated enterprises”, “worker-recovered companies” or “self-managed companies” would be quite appropriate), because this term has been coined by workers themselves, who are at the same time the main actors in this process.

The most general definition of an ERT immediately suggests some similarities between ERTs in their present mode of operating in Argentina and a large number of different cases from the previous periods of Argentine history. The concept of *empresa recuperada* has also been implemented in other Latin American countries, such as Brazil, Uruguay, and Venezuela, where cases of factory occupation by workers can also be found. However, only in the case of Argentina we can talk about mass appeal of the phenomenon (Ruggeri, 2014b).

According to the latest survey (Ruggeri, 2014b), there are more than 300 ERTs in Argentina, which employ over 13,000 workers (Table 2). This represents 0.07 per cent of roughly 15 million officially active participants in the Argentine urban-based economy (Vieta, 2013). As shown in Figure 4, most of them were established in the midst of the 2001 crisis. At the same time, it is important to point out the constant growth of ERTs during the period 2001-2013.

**Figure 4 - Trends in the number of ERTs and GDP, 2000-2013**



Source: Ruggeri (2014b).

Table 2 shows that more than half of the ERTs are located in the city of Buenos Aires and its conurbation. In addition, a considerable percentage of them are found in the interior of the Buenos Aires province, and in the provinces of Santa Fe and Cordoba. Such distribution is caused by the economic structure of Argentina, as well as the sectors that were affected most profoundly by the crisis of the 1990s (mechanical engineering industry, textile, graphic and wood processing industry) (Ruggeri, 2014a). Furthermore, these are also locations where most of the working-class struggles have taken place over the past 130 years in Argentina (Vieta, 2013).

**Table 2 - Total number of ERT cases by number of workers and by province**

<i>Region</i>	<i>ERT cases</i>	<i>ERTs by province (percentage)</i>	<i>Workers (number)</i>	<i>Workers (percentage)</i>
CABA <sup>6</sup>	59	18.97	1,902	14.13
GBA <sup>7</sup>	98	31.51	4,406	32.73
Rest of Buenos Aires province	46	14.79	1,726	12.82
Chaco	9	2.89	343	2.55
Corrientes	5	1.61	454	3.37
Entre Rios	5	1.61	328	2.44
Santa Fe	26	8.36	1,191	8.85
Chubut	3	0.96	45	0.33
Cordoba	14	4.50	1,003	7.45
La Pampa	5	1.61	157	1.17
La Rioja	4	1.29	133	0.99
Mendoza	7	2.25	173	1.29
Neuquen	6	1.93	837	6.22
Rio Negro	8	2.57	256	1.90
San Juan	2	0.64	39	0.29
Tierra del Fuego	1	0.32	30	0.22
Catamarca	1	0.32	27	0.20
Jujuy	2	0.64	80	0.59
Misiones	4	1.29	93	0.69
San Luis	5	1.61	232	1.72
Tucuman	1	0.32	7	0.05
<i>Total</i>	<i>311</i>	<i>100.00</i>	<i>13,462</i>	<i>100.00</i>

*Source:* Ruggeri & Vieta (2015: 82).

As regards their distribution by economic sectors, 42 per cent of Argentina's ERTs operate in the metallurgical, graphics, meatpacking and construction sector, 19 per cent of them belong to the foodstuffs sector, while 22 per cent of ERTs operate in non-manufacturing sectors, such as health, education, etc. According to data, ERTs have more than 30 workers on average (Ruggeri, 2014a).

Regardless of the deeply rooted tradition of workers' struggle, syndicalism and cooperatives, the following question, as asked by Vieta (2012; 2015) and Ruggeri (2010; 2014a), must be considered when discussing Argentina's ERTs: how was it possible for such a great number of ERTs to appear

<sup>6</sup> Ciudad Autonoma de Buenos Aires (Autonomous City of Buenos Aires).

<sup>7</sup> Gran Buenos Aires (Greater Buenos Aires, which is the area of the province of Buenos Aires that includes the surrounding municipalities outside the city of Buenos Aires).

over the course of a relatively short period (2001-2014)? The answer to this question lies mainly in Argentina's political economic and labour history, and its developed legal and institutional framework. Accordingly, the legal and institutional preconditions that can significantly encourage, limit, and determine the scope of sustainability of ERTs in Argentina will be analysed.

## 6. ERTs legal frameworks

Every single case of a company takeover has specific characteristics, depending on the branch of activity, the course of bankruptcy proceedings, regional distribution, the reasons that lead to the decision of closing the factory, etc. However, regardless of any specific characteristics and differences, legal recognition of ERTs is generally very important for their stability and sustainability. This applies primarily to the formative phase of the process in which it is necessary to restart production, even though there have been cases where production processes were restarted without a proper legal framework.

Research conducted on the legal status of ERTs shows that 95 per cent of ERTs are self-organized under the organizational and legal framework of a worker cooperative (Ruggeri, 2012). The almost universal adoption of cooperativism among ERTs can be explained in part with the fact that this is the only readily available legal framework under which it is possible to reconstitute a workspace controlled by a collective of workers in Argentina (Vieta, 2013).

When it comes to worker cooperatives, it needs to be reaffirmed that Argentina has a deeply rooted tradition of worker cooperatives (Vieta, 2012). The first worker cooperative was founded in 1928 (Guarco, 2013). Today, according to the National Institute of Social Economy (Instituto Nacional de la Economía Social, INAES), there are 27,766 cooperatives in Argentina, and they gather as many as 15 million members. However, regardless of the fact that participation of worker cooperatives in the total number of registered cooperatives amounts to as much as 77 per cent, they have a total of only 112,000 members (Guarco, 2013). Bearing in mind the number of employees within ERTs, we can observe that every tenth member of a worker cooperative is in fact a member of an ERT (Ruggeri, 2014a).

As it has just been noted, legal recognition is important for ERTs in order to provide for their potential stability and longevity. Vieta points out the following five reasons: firstly, this is an already tested and sound model to channel the workers' desire for *autogestión*. Secondly, this is a viable and legally recognized business model which goes a long way in showing the state and potential customers that the workers' collective is serious in its commitment to run its own affairs. Thirdly, due to the Argentinean cooperative law, being registered as a workers' cooperative rather than some other type of entity protects the worker-members from the seizure of their personal property should the co-op fail while also ensuring that the ERT does not have to pay taxes on revenues. Fourthly, as legal cooperatives, ERTs may qualify for subsidies and loans from the national cooperative associations and the state. And finally, it is an acceptable framework for the ERT actors to contest exploitative business practices of the former owners and begin to explore

viable ways of experimenting with how to self-manage their labour processes and collective working lives (Vieta, 2013)<sup>8</sup>.

When considering the importance of a developed legal framework, it is necessary to emphasize the relevance of applying the Argentinean expropriation law to ERTs (Law 21,499)<sup>9</sup>. The application of this law is based on the 1977 law stipulating that private or public goods could be temporarily expropriated for reasons of “public use”. The Province of Buenos Aires and the City of Buenos Aires had similar expropriation provisions in their constitution and local laws. On the basis of the new legislation, it has been prescribed that the machinery, trademarks and patents belong to workers. Workers are given three years grace period to begin paying off—over 20 years in six-month instalments—the value of the firm at the time of the bankruptcy. Therefore, it is necessary to point out certain important limitations. Expropriations were usually for two years in order to maintain the structural, administrative and productive coherence of the enterprise and were subject to being returned to its original owners if decided by the expropriator—the Province or the City of Buenos Aires (Ranis, 2005).

Implementation of Law 21,499 by ERT actors and lawyers has subsequently become vitally important for the worker cooperative’s path of securing the control of failed businesses, since it enforced closure of further bankruptcy proceedings, legally eradicated the possibility of forced eviction and auctioning off recuperated company assets, and gave the worker co-ops complete control of the plants, including their machinery, inventory, trademarks, buildings, and client bases (Vieta, 2013)<sup>10</sup>.

Such legal solutions have been much more commonly implemented in Buenos Aires than in the other country’s provinces. The absence of appropriate legal mechanisms in other provinces has led to unresolved legal status of many ERTs, resulting in low performances (for example in the provinces of Santa Fe and Cordoba). It is also worth pointing out that some ERTs outside the capital city have solved the problem of ownership. For example, in early 2014, FASINPAT (ex Zanon), as well as Textiles Pigue, acquired ownership of the production facilities (a permanent expropriation was carried out in their favour). On the other hand, some ERTs managed to buy industrial plants and thereby completely solve the property issues (Unión Papelera Platence, La Plata and Cooperativa Mil Hojas, in Rosario) (author’s interviews with ERT actors).

Amendments to the Argentina’s bankruptcy law (*Ley Nacional de Concursos y Quiebra*) have been an important next step towards the establishment of a favourable legal framework for sustainability of ERTs. A vital reform of this law has facilitated conversion of financially troubled firms into worker cooperatives. Actually, the reform of Article 190 of Law 24,522<sup>11</sup> was subsequently enacted into law in May 2002 as part of major reforms of the *Ley de Concursos y Quiebras* at the time. In this way, new articles were added to the Argentine national bankruptcy law with the aim of continuing to facilitate the conversion of failed firms into worker cooperatives (Vieta, 2013).

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<sup>8</sup> For more details, see Fajn (2003).

<sup>9</sup> *Ley de Expropiación* was signed into law during Juan Perón’s presidency in 1948 (Vieta, 2013).

<sup>10</sup> This information has been confirmed during personal interviews that one of the authors (Irena Petrovic) conducted with Argentinean ERT actors in a number of factories (e.g., Curtidores de Mendoza, Ex Textil San Remo, etc.).

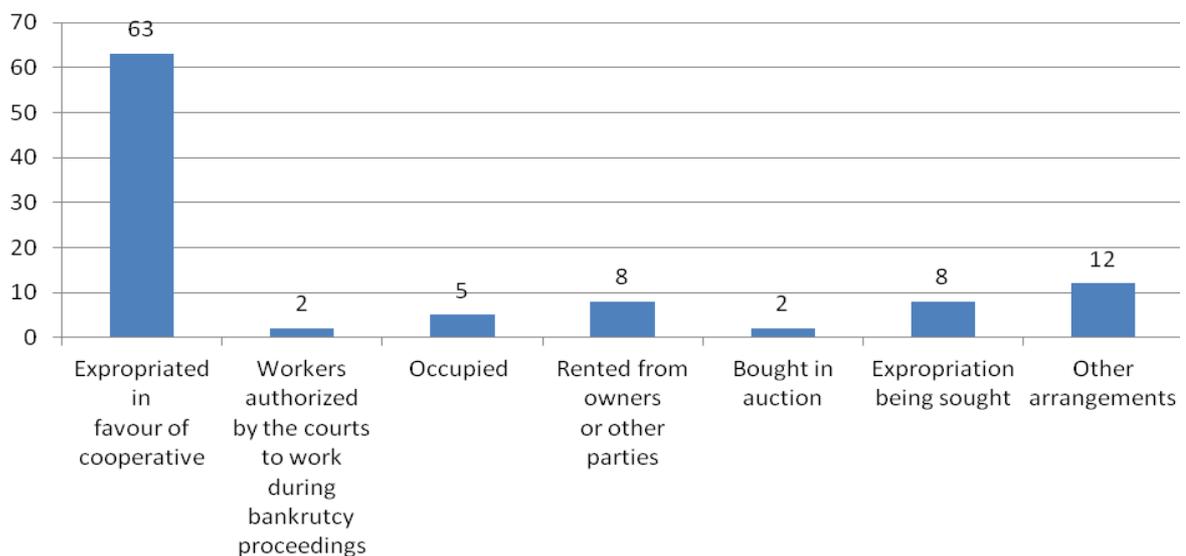
<sup>11</sup> Law 24,552 that was in effect until 2011 dates from 1995 and was based on the previous Law 22,917, which was adopted in 1983 by the military dictatorship.

In June 2011, after being unanimously adopted by both chambers of the national congress, Law 26,684 was passed, introducing significant changes to the bankruptcy proceedings. These reforms brought about the possibility of continuing the production process by using liquidated assets, not as an extraordinary legal solution, but as a way for workers to continue the production process, provided that corresponding requirements are met (Ruggeri, 2014a).

There have been various objections to the reforms of the *Ley de Concursos y Quiebras*: first, no clear criteria have been established for the assessment of this process' sustainability. Furthermore, the condition stipulating that a cooperative had to be formed by two thirds of former employees implied that departure of administrative staff or employees who did not support this option or had found another job in the meantime, meant in many cases that the number of workers necessary for a cooperative to be established could not be achieved (Ruggeri & Vieta, 2015). In many cases this condition prevented the establishment of cooperatives from companies that went bankrupt. Finally, unpaid salaries of the employees would sometimes be significantly lower than the value of the bankruptcy estate and so the workers were unable to take over the factory, or they had to take on part of the debt of former owners (Ruggeri, 2014b). These legal provisions were often inhibiting factors that prevented ERTs from functioning as worker cooperatives (ibid.).

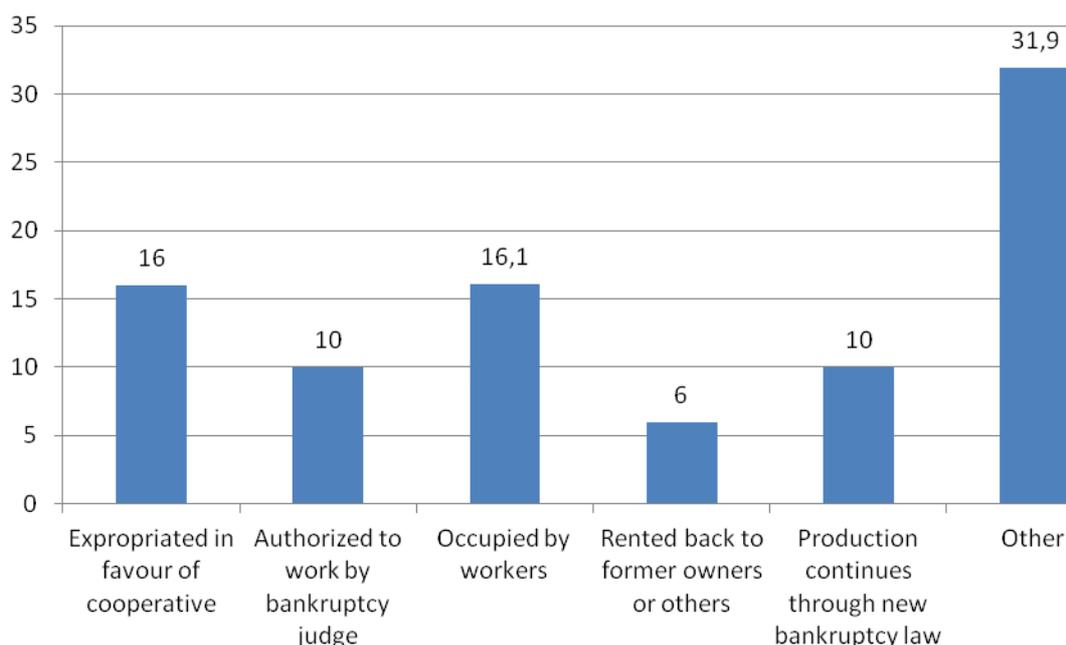
In order to determine the effects of the amendments to the bankruptcy law on the legal status of ERTs, one needs to get insight into research results on the legal status of ERTs before and after the reforms.

**Figure 5 - Legal situation of ERTs, 2010 (in %)**



Source: Ruggeri (2010).

Figure 6 - Legal situation of ERTs, 2013 (in %)



Source: Ruggeri & Vieta (2015: 96).

Research data related to the legal status of ERTs in 2010 show that 63 per cent of ERTs have been either expropriated for a limited time (temporary expropriation) or permanently (definitive expropriation), or are seeking expropriation (8 per cent). Compared with the results from 2010, 2013 data show that the legal situation has changed significantly for ERTs in the analyzed period: 16 per cent of ERTs have been expropriated, while a similar percentage of ERTs have been taken over by their workers, though without any legal decision. Such a disparity certainly suggests that the effects of the bankruptcy law were very modest (Ruggeri, 2014b). Taking into account the fact that only 10 per cent of cases (under the new law) managed to resolve their legal status definitively, it can be concluded that the proposed law amendments have not yielded satisfactory results. Therefore, there still remains a vast majority of ERTs that, for various reasons, have been unable to take advantage of the amendments to the law (ibid.). This has to do primarily with the fact that implementation of the procedure for issuing licences to continue production and for claiming compensation in labour disputes has been very slow, while at the same time workers had to work in uncertain conditions or they had to wait for permission to return to work. Thus, whereas only four years ago the average waiting time to resolve such cases was four-five months, after the reform of the bankruptcy law waiting time became longer than 11 months. Therefore, it can be concluded that the reforms of this law did not facilitate the process of taking over the factories, but only prolonged the conflict processes related to solving the legal status of ERTs (more details in Ruggeri, 2014b).

## 7. ERTs institutional and organizational frameworks

When discussing the importance of institutional and organizational framework, it is important to point out the relation of trade unions to ERTs. The issue under discussion can be formulated in the following way: to what extent have trade union organizations supported the takeover process of troubled companies? First of all, it is important to show that the degree of unionization of ERTs before the takeovers was extremely high<sup>12</sup>. According to the surveys conducted on ERTs in 2010 and 2013, trade union organizations were represented in more than 80 per cent of cases (Ruggeri, 2014b)

The position of traditional trade unions in relation to the process of taking over the factories usually implied neglect, non-interference and ambivalence of action (Rebón & Saavedra, 2006). In short, no trade union at the national level has supported workers in the formative stage of factory takeovers. However, certain union factions at the local level, such as the union of the printing industry Federación Grafica Bonaerense, the factions of Quilmes and La Matanza belonging to UOM (La Unión Obrera Metalurgica), the union Empleados de Comercio de Rosario and the union of Neuquen, had positive attitudes towards the process. The national union UOM provided support some time later by modifying its statute in 2004 to allow membership of ERT workers.

National unions and their factions have often had different positions in relation to ERTs: from providing substantial assistance, to being entirely passive or opposing the process openly. Amongst the trade union organizations that provided significant support to the process of establishing ERTs, is the union of metallurgy (UOM) in Quilmes, which played a key role in the establishment of the first ERT as early as in the 1990s, as well as in the sustainability of a number of ERT in the metallurgy sector, especially within the province of Buenos Aires. The UOM faction from Quilmes recognized ERTs' workers as union members, while they were seen as employers by the national union (in accordance with their status of *socio*) even though they had initially been identified as mere workers, not as members of cooperatives (e.g., Hotel Bauen). The UOM faction from Quilmes also provided significant support to the cooperative Felipe Vallese (ex POLIMEC), where workers' representatives with significant trade union experience initiated the factory recovery process. The union of the printing industry Federación Grafica Bonaerense should also be mentioned here. Although in the beginning this union did not have a positive attitude towards factory recovery processes in this sector of industry, it changed its position over time, becoming one of the main proponents of the formation of ERTs. However, there are a number of examples where unions were against the process of factory takeovers (e.g., Textil CUC—ex Gatic San Martin—; Transporte Rio de La Plata; Transportes del Oeste; and ERT FaSinPat—ex Zanon—) (Clark, Elena & Antivero, 2012).

The lack of unions that could channel the specific workers' interests was a key factor in the development of solidarity networks and social movements that were of great importance for the development of ERTs. While in the first stages the support was coming in most cases from the outside, from the unemployed movement and social movements existing within local communities, forms of support coming from ERT organizations themselves assumed importance later on. Solidarity networks have largely contributed to sustainability and strengthened the resilience of workers in the later phases of ERTs' development. When it comes to social movements, it is

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<sup>12</sup> According to various estimates, by 2010 the rate of unionization ranged between 24% and 39%. Argentina still has the highest rate of unionization in South America (Ruggeri, 2014b).

necessary to mention the National Movement of Recovered Enterprises (MNER)—the first and the most influential ERT lobby group between 2001 and 2005—and the National Movement of Worker-Recuperated Factories (MNFRT).

A number of worker cooperative federations and confederations have played an important role in the establishment of ERTs. According to recent data, around 35 worker cooperative federations operate in Argentina today (Guarco, 2013). Some of the most important federations and confederations that have supported ERTs' processes of recovery include the Federación de Cooperativas de Trabajo de la República Argentina (FECOOTRA), founded in 1988, and the Federación Nacional de Cooperativas de Trabajadores de Empresas Reconvertidas (FENCOOTER). However, because of its orientation to worker cooperatives, FECOOTRA failed to unite workers of ERTs who have continued to identify themselves as employees rather than as members of cooperatives. Subsequently, due to its connection with the cooperative movement and official sources of funding, FECOOTRA has regained leadership, becoming an important actor in the ERTs field.

Other organizations of the cooperative movement that supported the formation of ERTs are the Asociación Nacional de Trabajadores Autogestionados (ANTA)—which stood firmly in defence of the factory IMPA in attempted eviction and the Federación de Cooperativas de Trabajadores Autogestionada (FACTA) that was founded in 2006, and comprised a large number of ERTs from the provinces of Santa Fe and Cordoba, a small number of ERTs from the province of Buenos Aires, and a large number of worker cooperatives that had not been formed in the same way as ERTs. Together with other organizations, FACTA participated actively in the establishment of a new confederation, the Unión de Cooperativas de Trabajo de la Argentina, which was founded in 2008 and gathered ERTs as well as other worker. Through INAES (National Institute for Association and the Social Economy) these organizations managed to establish very good relations with the state apparatus. In 2009, FACTA, FECOOTRA, Red Gráfica Cooperativa and other federations of worker cooperatives founded the National Confederation of Worker Cooperatives, CNCT (Confederación Nacional de Cooperativas de Trabajo), in which ERTs are, however, in the minority.

At the same time, the state has largely supported the establishment of ERTs and their strengthening through financial assistance in the form of subsidies. It is important to point out that the Ministry of Labour, the Ministry of Social Development and INAES have developed over time an active policy towards ERTs.

Furthermore, assuming that joint ventures have been extraordinarily helpful to ERTs in gaining access to the market, special attention has been given to umbrella and network organizations (solidarity networks and initiatives). In recent years, a few networks bringing together a number of ERTs and cooperatives that belong to the same sector of activity were established following suit of one of the pioneers among such organizations, the Red Gráfica Cooperativa (the network of the Buenos Aires province print shops). The Red Gráfica Cooperativa currently gathers together more than 30 ERTs and worker cooperatives in the field of printing. Similar networks have been established in other industrial sectors, as metallurgy, textile industry, meat processing, etc. (e.g., Red Meralurgica, Red Textil, FORAL, Federación de Cooperativas Autogestionadas de la Carne y Afines) (Ruggeri, 2014a). As pointed out by Vieta, “these organizations bolster the market presence of these firms, build capacity and assist in the consolidation of new ERTs as cooperatives, helping

them to reduce the costs of production inputs by engaging in-bloc purchasing, representing the labour and legal interests of the ERT workers, and acting as conduits for the inter-ERT learning and support” (Vieta, 2013: 26).

Therefore, diversification of actors involved in this process is noticeable and fragmentation of the ERTs movement, federations and confederations, is particularly evident. Despite the role that these different actors have played in the process, dispersion and heterogeneity has caused some fragmentation of the ERT movement and consequently its weakening. However, regardless of potential organizational and political differences, general interests of workers within ERTs have remained common. The fact that a very small number of ERTs emphasize their belonging to a particular group/organization (Ruggeri, 2014a) points largely to this conclusion.

## **8. Concluding remarks**

*Empresas recuperadas por sus trabajadores* (ERTs) are a special form of worker self-management based on a cultural pattern shaped by a specific historical heritage, aided by government intervention in the form of subsidies and legal benefits (implementation of Argentine expropriation laws and amendments to the national bankruptcy law) and tested in a real market environment. While the conditions of the Argentine economy and institutions in 2000/2001 provided a specific historical framework for the establishment of ERTs, the measures of government intervention are also important for their formation, but only where there is a clear interest of employees to resume the activity of the company, accompanied by their ability to self-organize into a cooperative capable of performing all the crucial functions of an economic organization. Sustainability of ERTs after the initial phase depends on their capacity to maintain a minimum production level and to withstand the market competition.

Relatively speaking, ERTs are not numerous nor do they employ a significant proportion of the workforce, but their importance stems from the fact that their number has been growing over the last ten years, and that they belong to different industries and are spread throughout Argentina (and Latin America). These companies have an impact on workers and their associations, public policy makers, academic community and the general public, as they promote values as solidarity, equality and social justice, but also data demonstrate that ERTs can save jobs and protect workplaces. This impact is largely derived from their ability to connect within wider network of organizations, to help each other and fit their objectives into the ideological framework.

Solidarity networks developed at the level of neighbourhood or wider community, through their own ERT movements, trade union, federation, confederation, etc., and they facilitate not only the initial establishment of an ERT, but also sustainability of workers’ self-management.

In short, while the emergence of ERTs in the early 2000s was influenced by a drastic economic decline, their sustainability and subsequent growth became possible only because this form of economic organization has had a relatively strong workers’ support (as well as local community support), and because workers have demonstrated their capacity and capability to maintain production and service provision. Of course, we must not lose sight of the problems that were a considerable burden on this mode of operating from the very beginning. We refer primarily, as we

have seen, to the as yet unresolved legal status of numerous ERTs, as well as the problems related to financing and “persistence” in the market, which has not been the subject of our analysis here.

As a phenomenal form of workers’ self-management and labour action, the emergence of recovered companies in Argentina reiterated the historical and cognitive importance of studying workers’ self-management. Workers’ self-management in the form of recovered enterprises in Argentina is in fact a new model of collective action of one part of the working class, with the aim of safeguarding collective interests and in response to the crisis of primitive accumulation of capital. It shows how workers’ self-management can yield positive results in the sphere of work, which are primarily reflected, generally speaking, in humanization of the work process or overcoming consequences of alienated labour, in the possibility of preserving the work process and employment, and ultimately in the possibility of establishing an alternative way of organizing economic and social life in conditions of global crisis of capitalism.

When it comes to main preconditions for the emergence of ERTs, we have seen to what extent the structural and cultural factors<sup>13</sup>, i.e. the level of development of industrial sector and the working class, values of solidarity, etc., have determined the emergence and possibility of successful reproduction of such a model of work organization. Along with them, a more or less developed systemic and institutional framework, in terms of trade union organizations and worker cooperatives, has also determined the general direction of development of workers’ self-management in the form of recovered companies. At this point we should also recall the profound rootedness of workers’ protests and struggle that provided preconditions to a great extent, first for the emergence, and then for a successful functioning of such a model of work organization. On the other hand, as we have seen, the possibility of successful reproduction of workers’ self-management, apart from external factors, rested largely on the internal specific historical preconditions such as, inter alia, a developed legal and institutional framework, etc. Therefore, it can be concluded that the overall possibility of maintaining such a work system is determined primarily by the level of development of its particular internal factors and its overall historical well-foundedness.

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<sup>13</sup> This refers primarily to the characteristics of the economic and social structure and value system.

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