



## ‘Empresas Recuperadas’: Argentina’s recovered factory movement

**Highlights** The ‘empresas recuperadas’ or worker-recovered enterprise movement in Argentina emerged as a response to the country’s sovereign debt crisis of 2001, with workers fighting for their right to run abandoned factories. Central to the movement is an ethos of solidarity, with worker-owned enterprises based on horizontal authority, collective decision-making and shared returns from the business.

### Introduction

Worker-recovered enterprises (WREs) are productive businesses, particularly small and medium-sized enterprises (SMEs), which were closed and abandoned by their owners following bankruptcy, and then put back into operation by their workers. They exist in many Latin American countries, but became a force in Argentina following the economic liberalisation of the Menem administration in the 1990s, and the financial crisis of 2001. In Buenos Aires, where unemployment and underemployment affected 36.4 per cent of workers, various alternative forms of political and economic self-organisation, such as neighbourhood assemblies and barter clubs, began to emerge in response to the crisis. In the same spirit, the sight of vacant factories led workers to occupy and restart enterprises as worker-led cooperatives. Since the late 1990s, around 185 abandoned enterprises have been taken over for self-management by former employees.



Map data © 2019 Google

## Timeline

| 1990s                                 | 1998                                       | 2001  | Dec 2001                           | 2002                                       | 2004   | 2005 –  |
|---------------------------------------|--|---|------------------------------------|--|--|---|
| Liberalisation of Argentina's economy | First recorded worker-recovered enterprise | Unemployed workers occupy abandoned factories | Argentina's sovereign debt default | National political movement (MNER) emerges | Programme for Competitiveness in Self-Managed Enterprise | Economy improves; new WREs continue to be created |

## How It Works

The WRE movement started when former employees seized control of failed enterprises, eventually restarting them under worker self-management. The workers argued that they had a right to expropriate and run these enterprises, since they had produced the value embedded in the products which lay in the now-abandoned premises. However, in practice this often meant a lengthy judicial process, requiring workers to occupy the premises for weeks or months to ensure their former employers didn't strip its assets in the middle of the night. In the early days, these takeovers often turned violent when police tried to evict the workers.

While WREs arose from necessity or anger, rather than a philosophical or political preference for worker ownership, once workers established control over an enterprise, they tended to constitute themselves as a co-operative. Co-operatives offered a pragmatic legal form that helped protect workers against the threat of repression by state or capital, and could also be used to secure loans and other forms of finance.

Examples of WREs include:

- Graficas El Mar (producing marketing materials in Buenos Aires)
- Hotel Bauen and Hotel Bartel (both in Buenos Aires)
- IMPA (aluminium in Buenos Aires) – considered the first ever WRE
- Lo Mejor del Centro and Centro Cultural La Toma (Rosario)
- Maderera Córdoba (woodworking in Buenos Aires)
- Zanon (ceramics in Neuquén)
- Chocolatería Arrufat (chocolate factory in Buenos Aires)

In several cases, WREs are strongly embedded in their communities. Members of the community support the enterprise, while workers support the community through donations, offering space for cultural and educational activities, or access to training. For example, Zanon opened a high school (bachillerato popular) for its workers, which is also open to the public and aims to reach poor and marginalised groups.

In 2002, WREs first came together as the National Movement of Empresas Recuperadas (MNER), with links to broader social movements. From 2003, the state has also taken a more proactive role. Several programmes and ministries aimed to stimulate cooperatives. In 2004, the Programme for Competitiveness in Self-Managed Enterprise offered financial and technical assistance to WREs, while the expropriation law provided two years of legal recognition for workers who took over these enterprises. From 2009, the 'Plan Argentina Trabaja' (Argentina Works Plan) used public procurement to support cooperatives with public contracts – acting also as a measure to reduce the costs to government of social benefits.

## Enabling Participation

As for other cooperatives, workers in WREs participate in firm ownership and share in profits. However, WREs differentiate themselves from traditional cooperatives due to their assembly-

based decision-making, socialising of productive relations, and sometimes also their embeddedness within the community. Workers choose members of the Board of Directors, set strategy, manage the cooperative, and assess results. At Zanon, for example,

... when big decisions need to be made, production is stopped and all workers join an assembly, which can sometimes last for one or two days. For less important decisions, weekly or biweekly assemblies of one or two hours are organised. During the assemblies, workers put forth motions, openly discuss them and then vote. If competing motions are put forward on the same topic, the one with the most votes is the one adopted. Finally, workers also get together by production division (for example, quality-control, packing, shipping) ... every division has an elected coordinator and once a week coordinators of all the divisions get together to discuss and try to solve a particular problem. These meetings are open to all workers (Larrabure, 2017: 513).

Despite their decision-making power, a key question is the degree to which WREs are truly able to empower workers within the economic sphere, given that they are subject to the same market conditions as other firms. For example, workers in WREs have greater access to accounting and other management information which they can employ in their decision-making and management of the enterprise. However, the result may simply be a form of self-exploitation towards profit-oriented goals, with traditional management information leaving workers ill-equipped to know how to balance economic objectives alongside other, non-economic, values and goals.

### Outcomes

As a result of their involvement in WREs, workers have become collective enterprise owners with direct decision-making power, and have gained other benefits, such as access to informal learning. Anecdotal accounts point to benefits for women, such as greater workplace flexibility, while women argue that their struggle alongside men in the movement creates the basis for them to be treated equally.

Economic results have been mixed. At IMPA, for example, wages are paid at above market rates and accident levels are low. Other WREs have had to close due to lack of finance or because of management issues. Employing 'temporary' non-members has become a common cost-cutting practice, as temporary workers typically earn less and are excluded from social security. Overall, a key challenge has been how to combine business logic with solidarity so that cooperation brings benefits that surpass individual actions and rewards.

Public policy since 2004 has recognised the importance of the sector, bringing benefits such as access to technical and financial support, but has also prioritised employment over solidarity outcomes, depoliticising WREs in the process. The expropriation law implied that workers rented the property rather than having collective ownership. Government policies have sometimes also created dependence on state decisions and resources, weakening enterprise responsiveness to opportunity and undermining long-term sustainability.

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**Funding** Supported by a grant from the Open Society Foundations.

This Case Summary forms part of the collection of materials produced for the 'Linking Participation and Economic Advancement' project led by the Institute of Development Studies. This research project recognises that economic processes impact the lives and livelihoods of people who frequently have little or no power in these processes. Through this research we identify alternatives: ways that communities, governments and enterprises are making economic decisions in which 'ordinary' people have a real voice.

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