

Argentine Workers' Takeover

MICHAEL BUSCH

BEFORE HIS RECENT STINT as intellectual arm candy to Bono on the rock star's crusade to save the world, Jeffrey Sachs made his name as a leading proponent of economic neoliberalism. The basic tenants of this philosophy, collectively derided as the "Washington Consensus," have been credited with exposing developing countries, through the strong arms of the World Bank and IMF, to debilitating predation by multinational corporations.

Indeed, while the wisdom of Washington Consensus wizards like Sachs may have shepherded some developing countries through a successful transition out of communism in the 1990s, in others it dismantled the institutional safeguards against privatized avarice and global recession. Throughout the last decade of the twentieth century, a contagion of crisis swept across the globe. Mexico was first to catch the bug in 1994. East Asian nations fell sick in 1997, followed by Russia a year later. The virus spread next to Brazil in 1999, before laying low the Argentine economy in 2001. In the case of this last country, however, alternative medicine was administered to alleviate the ailment. *Sin Patron*, a new book by the worker-run cooperative of journalists known as Lavaca, documents the treatment.

During the fall of 2001, while much of the world's attention was focused on the nascent War on Terrorism unfolding in Afghanistan, the Southern Cone of South America witnessed the

financial disintegration of a regional juggernaut. If September 11th inaugurated a cycle of corporate opportunism and unmitigated greed in the name of fighting terror, it also marked the close of a similar cycle carried out in the name of "development" in Argentina. In the decade and a half since the country had emerged from authoritarian military rule, its markets had been opened by IMF conditionality, and picked clean by foreign investment. As a result, by the time Argentina fell into crisis at the start of the twenty-first century, the country was an emaciated version of its previously robust self.

The seeds of Argentina's financial meltdown were planted in 1991 with the adoption of the "Convertibility Plan." This program fastened the Argentine peso to the American dollar at a one-to-one ratio. On its face, the Convertibility Plan paid immediate dividends. The country finally prevailed in its wrestling match with hyper-inflation, and the dollar-peg provided necessary price stability that led immediately to healthy economic growth rates. Meanwhile, however, Argentina's president, Carlos Menem, spearheaded a campaign of market deregulation, liberalization, and privatization to insure greater rates of productivity and increased international competitiveness. At the same time, he did nothing to stem the rising tides of state spending and institutionalized cronyism. The mixture of Menem's proactive neoliberal policies combined with his blind eye to corruption laid the foundations for turmoil that would come to engulf Argentina in the final months of 2001.

Sin Patron
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While the Argentine economy managed to escape the Mexican, Asian and Russian financial crises relatively unscathed, the Brazilian currency crisis of 1999 brought Buenos Aires to its knees. The peso's parity with the U.S. dollar notwithstanding, Argentina relied primarily on its regional neighbors for most of its trade. Most importantly, the country looked to Brazil to provide the bedrock for its continuing success.

When financial crisis hit Brazil in early 1999, the value of its real plummeted by nearly 40 percent. Suddenly, pesos fixed to increasingly valuable American dollars became a serious liability. As other countries in the region scrambled to brace themselves against shocks from Brazil's faltering economy, however, the Argentine peso remained faithful in its marriage to the American dollar. The result: Argentine exports no longer found favor with foreign trading partners, especially those across the border.

Faced with this problem, the government responded by concocting a convoluted dual-peg exchange system that served primarily to reduce investor confidence in the country's markets. Soon, American dollars were flooding out of the country, sapping Argentina's foreign exchange reserves dry. The run on Argentina's banks prompted the government to freeze all accounts and holdings, which, in turn, catalyzed a groundswell of public dissatisfaction expressed through protests and riots. As the streets exploded into flames and violence, the currency imploded, leaving supermarket shelves empty, businesses bankrupt, and working people without jobs.

Yet as *Sin Patron* highlights, many unemployed Argentines refused to sit still while their country collapsed around them in ruins. Instead,

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they simply returned to work. Throughout the country, abandoned factories and bankrupted businesses were seized by their former employees, and reopened under democratic worker

management. How did they do it? Told almost exclusively through first-person testimonials of the movement workers, *Sin Patron* outlines their two-pronged collective action program. The workers at once navigated the proper institutional channels of the country's courts,

while at the same time, challenged state authority with brave acts of civil disobedience.

From the start, the cooperative movement in Argentina has focused on providing equitable work conditions for its laborers within the confines of national legal restraints.

While their initial seizure of "private property" was technically against the law, the workers did so in the name of another national law that protected a fundamental human right: the right to work. This truth shines light on an appropriately unique twist to the tale told in *Sin Patron*. Unlike other countries, where workers protect their right to work by leaving their workstations in protest, the cooperative workers struck by returning to theirs. Once inside, workers took legal action by quickly organizing themselves into cooperatives.

As *Sin Patron* makes clear, the reasons workers organized into legally recognized cooperatives were both moral, and immediately pragmatic. A striking feature of the cooperative movement is its insistence on equal access to democratic participation. As one worker explains it, "We formed the cooperative with the condition of equal wages, making decisions by assembly. We are against the division of manual and intellectual work, we want a rotation of positions, and, above all, the ability to recall our

elected leaders.” At the same time, however, the workers shrewdly leveraged their identities as cooperatives to great economic advantage.

Under Argentine law, cooperative arrangements provide a shield for the workers against incursion of the previous owner’s debts, or legal action connected to the previous ownership’s illegal activities. In other words, the cooperative allows workers a fresh start. In addition, “registering a corporation in Argentine costs a minimum of 300 dollars. A worker cooperative, on the other hand, costs only 45 dollars.” But the legal instruments privileging cooperatives don’t end there. As the Lavaca authors point out, “over time . . . workers also managed to transform their cooperatives into tax shelters, since they are exempt from capital gains taxes and, in many districts, municipal taxes as well.”

Nevertheless, the workers’ willingness to work within the walls of national law did not prevent the courts from attempting to suffocate the movement’s building momentum. In most cases, the workers had their rights to expropriation repeatedly revoked by courts. Workers were physically escorted out of their workplaces, sometimes by ski mask-wearing, shotgun-toting security officers. Says one worker of her eviction, “I thought I was in a movie — I couldn’t believe this was happening. They came in by breaking down the doors with their rifle butts — it was pretty dramatic . . . Walking out of the factory, it was like a militarized zone — incredible. That’s when they charged us with trespassing and theft, and charged a fine of 50,000 pesos.”

These setbacks, however, did not shake the workers’ resolve to lay claim to what was rightfully theirs. Confronted with the refusal of the state to let them work their jobs, some hit the streets, setting up makeshift living quarters outside their companies, distributing literature to passersby on sidewalks, and lobbying local politicians for support. Others engaged in more confrontational resistance: intimidating private security guards with their power in numbers,

busting open locks on factory doors and retaking their plants by force. In sum, the workers demonstrated an unyielding willingness to carry on the fight until their objectives were met. Eventually, the state surrendered, allowing workers provisional control over their expropriated companies.

A PARTICULARLY PROMISING FEATURE of Argentina’s emerging cooperative labor movement is the overwhelming presence of strong women in the vanguard. This shouldn’t be surprising. Many of Argentina’s industrial factories were predominantly staffed by women. Whether negotiating with the state, rallying their fellow workers into action during moments of low morale, or leading the charge into an often violent political fray, women are the lead actors in the cooperative drama. Yet leadership demands considerable risks, as one woman makes clear in a typically arresting testimonial describing the early days of expropriation:

We were negotiating with the minister. But then there wasn’t anything left to discuss. The chief of police told us that we couldn’t go in, not even to negotiate. That made me feel so angry — impotent . . . I was holding onto the fence and Juanita, Estela, and Delia Figueroa were yelling at me, “Let’s go in, let’s go in!” I turned around and snapped at them, asked if they really wanted to go in. When they answered yes I turned back around and pushed the fence. I latched on to three campeneras who had stepped forward and we moved ahead. It was a moment of anger — a lightning bolt. When the fence fell I saw the police lift their rifles and take aim. Then they started shooting. I thought, “They’re going to kill us, right here.”

That the threat of state violence against the workers maintains a constant presence in all the narratives recorded in *Sin Patron* testifies to the legacy of military rule still haunting Argentine society. The country’s failure to institute democratic policing in the wake of an era defined by state-sponsored human rights violations invests

the workers' struggle with an added dimension of danger and heroism. After being arrested for trespassing on her former workplace, one worker remembers being escorted from the building by "normal cops in unmarked cars. While I was in the car, I was mentally saying goodbye to everything . . . The car kept going and going . . . I even got to the point of thinking 'Am I going to be just one more missing person.'"

In the face of potential violence at the hands of the state, legal obfuscation from the courts, and attempts at cooption by leftist political parties, the cooperatives nevertheless continued to fight for their basic right to work. Their efforts have not gone unrewarded. There are currently almost two hundred recovered businesses under worker management in Argentina, employing nearly 20,000 citizens who would otherwise be out of a job. And they make money. One man notes that the expropriated companies are able to attract their old clients "without help, without subsidies, pure sweat." Lavaca echoes his claim. "Many of the businesses work with the cooperatives," it writes, "because they find in them a seriousness and efficiency that doesn't exist among the entrepreneurs bent on asset stripping." The remarkable fact remains that, in Argentina, not a single reclaimed company has gone out of business since 2001.

And while the aggregate numbers of reclaimed businesses and the workers they employ may be small, their power is not to be underestimated. Candido, a worker in the Chilavert plant, notes that while the expropriated businesses "are a small speck within the universe of the Argentine economic universe," he understands that his movement is "a prestigious little speck. Not all who have a lot of power have prestige." And as Naomi Klein points out in her forward to the book, it's precisely this prestige that has produced ripples of change beyond the borders of Argentina. "These struggles have had a tremendous impact on the imaginations of activists around the world . . . there is [now] a renewed interest in democratic

workplaces from Durban to Melbourne to New Orleans."

Closer to home, *Sin Patron* demonstrates that the cooperative movement's success her-

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alds more immediately the birth of an exciting new brand of politics emerging in Latin America. In contrast to the top-down models of social change advocated by the likes of Hugo Chavez to the north, self-determined workers in Argentina have rejected the state as a go-between in their struggle against the capitalist consensus. Instead, they pursue a cutting-edge blend of strategies at the grass-roots which shatter the altar of private property at which traditional capitalists worship. As they reclaim their identities, and put food on their household tables, the workers force ideology and party politics to the back seat.

To be sure, parties aren't completely absent from the scene. But their political agendas are viewed with skepticism by cooperative members. According to one cooperative spokesman, "Leftist parties supported us during difficult times, but we didn't let that confuse us, nor did we let ourselves become directly influenced." Another worker points out that "There's a leftist leadership here, that there's opposition to the capitalist system. But I think the worst thing that could happen would be for this to turn into something sectarian or partisan."

That the Argentine expropriation experience inherently rejects the traditional place of party politics in its struggle against the state raises the most troubling questions about the nascent movement. While the legacy of corrup-

tion and political opportunism staining traditional parties of the Argentine Left has clearly stamped itself onto the minds of expropriated workers, the absence of a generalized movement challenging the social-neo-liberal order fostered by the state could threaten any chances at enduring progress. Indeed, social movements need an outside source of leadership, most frequently in the form of a party, to effect state transformation.

But for the moment, it is far from clear that the collectives seek such change. In fact, they resemble what Barrington Moore has labeled “revolutionary crowds” which he defines as “loosely organized . . . forms of collective human behavior that arise outside of the normal institutional structure.” Instead of acting in the name of major sociopolitical transformation, these groups come together to “revive a social contract that had been violated,” fighting for what James C. Scott has argued are the “rather mundane, if vital, objectives” of everyday survival. Because revolutionary crowds are highly autonomous, they create their own leaders independent of organized politics, and become

therefore suspicious of outside sources of leadership. Surely parties that are sensitive to the workers’ sentiments will serve as strategic leaders in future struggles. But thus far, the Argentine Left has failed to demonstrate the awareness — to say nothing of ethical discipline — necessary to assert vanguard leadership.

As the movement grows in size and scope, however, the tension between workers and organized politics will surely need to be reconciled. Nevertheless, in the meantime it seems clear where the majority of collective membership stands in relation to the parties in Argentina. As Alberto Esparza, a laborer at the FaSinPat plant (short for *Fabrica Sin Patron*, or “Factory Without a Boss”) says,

One can’t detach oneself from society and have a message demanding social justice . . . You know, children, students come here and ask how we did this. The first thing we did was break the law. And I like to explain it in my own words. Being in a party is simple because you’re tied to a set of statements the party defines, and that’s it. What we do here is much richer, where we debate, reach agreements, and know whose interests we defend.