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Factories Without Bosses: An Argentinian Experience

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I. Introduction¹

This paper presents some facts and thoughts concerning the recovery of factories and companies by their workers. This situation developed after the economic crisis which began to unfold in the year 2000 in Argentina. Some factories and companies were taken over by their workers before the revolts of December 19th and 20th, 2001. But these revolts sparked collective actions in different social spaces (movements of unemployed workers and neighborhood assemblies) which accelerated and deepened factory takeovers by workers, who decided to run the factories themselves relying on their own resources.

During 2001 numerous factories and companies closed down. Workers and employees did not receive any payment for salaries owed or severance compensation. In many cases workers took over companies and began production amid great difficulties.

A distinctive feature of these groups of workers is that they have adopted self-management practices in their organization. Workers have taken over companies abandoned or bankrupted by their owners and got them up and running again. By means of self-management and collective decision-making, these enterprises have become productive and profitable once again.

Workers face strong police repression and threats of eviction. But they also receive gestures of solidarity from neighbors and people's organizations. These *factories without bosses*, as they are called, could not have developed without major subjective transformations by their protagonists.

This situation may be considered the result of neoliberal economic policies adopted in the '90s. The country was heavily indebted; the local industry was literally dismantled, in particular small and medium-sized companies that could not compete against extremely low international prices. Some owners incurred larger debts, a situation which, in most cases, led to bankruptcy. Yet, others chose a strategy frequently used in Argentina called asset stripping. This means that before bankruptcy is declared, the company's capital is depleted by different methods, the capital is kept in a safe place

¹ The thoughts this paper presents are products of various researchs run by Cátedra I de Teoría y Técnica de Grupos, Facultad de Psicología, Universidad de Buenos Aires' reaserch team. This team has been researching on the different experiences of workers-run factories in Argentina, since 2001. Nowadays, the research team is integrated by: Director: Dra. Ana María Fernández; Co-director: Dra. Mercedes López; Researchers: Lic. Xabier Imaz, Lic. Enrique Ojám, Lic. Sandra Borakievich and Mgr. Laura Rivera; Scholarship holders: Lic. Cecilia Calloway, Lic. Candela Cabrera and Lic. Julián Bokser.

abroad or in a new company; no more disbursements are made in payment for taxes, social security contributions, debts with suppliers, or wages and salaries owed to workers. In these cases, the usual practice for owners was to “disappear” leaving the factory without management.

As months went by without a salary or severance compensation, jobless workers realized that the only way for them to get through was to occupy these operative and productive plants. They restart them as self-managed businesses. This situation took place amid complex legal proceedings to determine ownership of the buildings and machinery, and in many cases with the police seeking to enforce court orders and evict workers using strong repression. At present, most of these conflicts have been solved; courts have declared factories bankrupt and turned them over to workers. But always temporarily.

As for legal issues², some workers were awarded possessory rights over the plants and machinery while others only the right to use them for up to two years until the legal dispute was solved. But courts have generally given in to pressure exercised by the community and extended such temporary authorizations. The government has also offered always short-term solutions, giving temporary legal ownership to workers. This legal permit is usually granted for anywhere between two and five years.

Most of these factories are now being run as self-managed cooperatives by their workers; nearly all are working, have consolidated their client portfolios, increased their salaries, created new jobs, and some even export their products.

To put the phenomenon in numbers, about 220 factories have been recovered and roughly 15,000 workers are working in them³. Some 25% are in the metalworking sector, followed by the food (meat-packing plants), printing, textile and electric device industries, among others. Also hotels and health care centres. Half of them had been in business for over four decades and employed 60 people, in average, when taken over by their workers. Today some of them have hired new workers. Zanón, a tile factory in the city of Neuquén employed 250 workers when it was occupied and taken over, while it employs 450 at present.

² At the outset, while legal rights over factories were sought, there was debate about whether to adopt a model of *nationalization under workers' control* (encouraged by the Workers' Party and the Socialist Workers' Party) or *workers' self-managed cooperatives* (encouraged by the National Movement of Recovered Companies or MNER, and the National Movement of Recovered Factories or MNFR).

³ The difficulties in establishing accurate figures are stated in *Recovered Companies in Argentina*, a report on the second survey of the Open School Program (SEUBE- School of Philosophy and Literature – UBA). Buenos Aires, 2005.

Factory	Trading	Workers	Culture
Arrufat	Candy	50	
Maderera Córdoba	Woodshop	22	High School
Chilavert	Printer	10	HS Library CC
Gráfica Patricios	Printer	60	
IMPA	Metalwork	63	H.S-CC
BAUEN	Hotel	150	Theatres
Zanón	Ceramist	470	Library CC
Grissinópolis	Food	30	Cultural Centre
Fénix Salud	Health	19+ pro	
Ghelco	Ice cream	60	
Hospital Israelita	Health	150	
Renacer	Electrical household	90	Artistic events and issuing

The workers of these abandoned or bankrupt factories were often part of the regular workforce with seniority, for which reason they had not been fired. This provided two essential elements that enabled workers to restart productive units. On the one hand, workers knew their trade and how to operate machines⁴. On the other hand, workers viewed the situation as their “last chance” to avoid unemployment. The economic crisis and the absence of unemployment insurance in Argentina left these workers and their families in a critical situation.

There are some peculiarities in this Argentine experience worthy of mention in this presentation. One of its closest historical precedents is Brazil's Landless Workers' Movement, from whom the slogan “*occupy, resist, produce*” was borrowed. This movement advocates for the use of direct action over claiming, the priority of recovering jobs as a right and source of dignity, and self-management of productive units.

Most workers did not have much prior knowledge on cooperativism or self-management. It was the state of affairs that put them on that path and many underwent remarkable transformations, both political and subjective.

⁴ Julián Rebon: *Desobedeciendo el desempleo. La experiencia de las empresas recuperadas*, Ediciones Picasso / La Rosa Blindada, Buenos Aires, 2004.

II. Three stages in the process of recovering factories.

The consolidation of recovering factories has taken place in three different stages from 2001 to date.

- Asset stripping of corporate assets by owners, take-over and occupation by workers. Collective agreement between workers taking part in the take-over, occupation and defense of the plants.
- Start of production. Workers in permanent assembly. Horizontality – Egalitarian distribution of income. Solidarity funds are set up instead of profits' distribution.
- Full production. Assembly as decision-making body. Egalitarian distribution of profits. Marketing strategies. Self-regulation rules. Specialization and training.

III. Resist and invent

Workers implemented *collective survival strategies* at a time when 20% of the country's workforce was unemployed and 50% of its population lived below the poverty line. In this context, it was difficult to imagine that once a job was lost, another one could be found. Social exclusion was at stake.

Trade unions have not given these workers their support; on the contrary, they have often tried to dissuade them in favor of employers.

These workers not only have resisted social exclusion. They also implemented production *without bosses* and novel legal strategies, and they have taken new types of political action which have changed their ways of thinking, feeling, acting and engaging in relations.

In general, there is a *minimum level of delegation* and *maximum horizontality*. *Horizontality brings about new social, political, and personal relations result*. In their struggle, workers' perceptions of work, money, mates, family and self-perception change. Their action involves innovative ways of doing politics and, while fighting for their rights, membership of a collective group provides them with a strong sense of belonging.

The close relationship between *resistance* and *invention* has made possible their new ways of producing, working and deciding. But, traditional methods of factory organization are always threatening to establish back. That is why they say, "Occupy, resist, produce... and resist again".

For explanatory purposes only, four different dimensions compose workers' inventiveness: productive, political, legal, and subjective, but it should be noted that the four occur simultaneously and no one can be thought to exist without the others.

IV. Four dimensions in the process of recovering factories⁵.

a) The productive dimension

Worker-run factories must have an innovative production method, as they do not rely on directors or technicians, and there are no sellers, engineers or managers. Of course, neither bank's credits.

In fact, little by little the workers themselves fill these positions. They perform their jobs on a rotating basis through the various departments so they learn a bit of everything. The most senior and experienced workers organize work, but not on the basis of exercising authority as a foreman or head of department. They maintain quite horizontal rather than hierarchical relations and some prefer the word "responsible" to "boss" when referring to a worker whose main duty is to coordinate different tasks in order to meet the deadlines agreed upon with customers.

The idea that factories cannot operate without boards of directors, bosses and/or presidents to take key decisions is deeply rooted in industrial culture. It also applies to managers and heads of department, who have technical knowledge that workers lack. Another myth is that workers would not maintain the discipline required to achieve competitive product quality without foremen and supervisors. These beliefs are held not only by bosses and managers but also by workers.

In these experiences, this did not prove to be true. When workers started producing and selling, they "*discovered*" many things. Firstly, that they were able to produce and had more technical knowledge than they had thought. Secondly, that they could decide collectively and that these decisions were not any wrong. In addition, they "*discovered*" that production, without hierarchical systems, was possible and that they could pay the salaries of all workers with two or three days' production. (They ignored surplus value Theory!)

Such "*discovery*" process was truly revealing. Several workers who had spent their working life in a factory and considered their bosses to be their friends and

⁵ Fernández, A. M. et col: *Política y Subjetividad. Asambleas barriales y Fábricas recuperadas*, Buenos Aires, Biblos, 2008.

protectors now realized these bosses not only had “*abandoned*” them but also “*got rich at their expense*”.

Acknowledging that with the passing of time they had gained know-how, good judgment and skills to deal with production as a whole had a great impact. Bear in mind they had been confined to extremely limited and repetitive tasks. The fact that they were now “owners” of large capital, necessarily collective (work force capital), encouraged them to put into practice a work project which would have seemed impossible a few days before.

This new production system turned out to be economically viable. Contrary to popular belief, worker-run factories seem to be in a better position for production than when they were run by bosses. One of the reasons for this is that costs were significantly reduced; there were no more withdrawals by bosses or managerial salaries to be paid. This reduction in costs gave them a competitive advantage: better prices with the same level of quality, which is why many of their former customers continue to do business with them.

At Zanon, industrial accidents have fallen by 80% since the factory is self-managed. Conditions previous to the worker’s occupation led to an average of 25-30 accidents per month and one fatality per year. At the time Zanon’s was ran by its owners, 14 workers died inside the factory. Since Zanon’s occupation by its workers accidents inside the factory have been reduced to a minimum. With only a few minor accidents. “With the owner, you worry and are pressured. Without a boss you work better, you take on more responsibility with consciousness”, one worker comments.

At May 2008, each worker earned AR\$3,000 (USD 1000) (a teacher earned AR\$1,500).

Inventiveness in its productive dimension entails producing without bosses or managers, or a fixed division of labor, and it is based on collective running and a very innovative way of approaching production and marketing⁶.

b) The political dimension

It should be noted that the organizational form workers opt for is a *horizontal assembly*; they resist hierarchical relations or delegation and try to take decisions by consensus. Their decision-making power was obtained after a long battle and this seems

⁶ Trigona, M.: “FASINPAT (Factory without a boss): an Argentinian experience in self-management” , *Real Utopia: Participatory Society for the 21st Century*, AK Press, 2008

to be the cause for their categorical rejection of any form of delegation or heteronomy. They are the protagonists of direct democracy experiences, both within the factory as in its links with other organizations. They do not trust representative systems, where decisions are taken by delegates or representatives; they only believe in their own decision-making.

In this regard, workers have introduced new ways of representation that differ from traditional trade union ways. Various social movements adopted similar strategies, including Zapatista communities in Mexico, alter-globalization youngsters in Europe and North America, Brazil's Landless Movement and neighborhood assemblies⁷ in the city of Buenos Aires (2001-2003).

When they have a difficult decision to make, beyond regularly-held assembly workers are *in a situation of permanent assembly*: debates take place at all times in corridors, at breaks, mealtimes, etc. In an atmosphere of euphoria, most workers get involved in discussions about the best solution.

Different circumstances have led workers to think and feel that bosses as well as labor unions betrayed them and, therefore, when the time came to recover their factory, they knew they could only count on their strength. Apparently, they regard delegation as the door to new betrayals, a door they will try to keep shut at all costs.

The fact that workers uphold this direct democracy⁸ practice so tenaciously may obey reasons connected to the erosion of delegation on account of long years of corruption at all representation levels, from the national government to labor unions. The latter have turned their back on workers instead of defending them when their factories were plundered and abandoned by their owners.

Self-management involves egalitarian relations between workers. But also transformations in their subjectivity, personal relationships, bodies, and view of the world. In addition, it implies consensual decision-making on what should be done but also imagining, creating and finding new solutions to tackle their daily problems.

c) The legal dimension

The *legal dimension* consists in the creative application of laws in force to cases of recovered factories. Worker's lawyers found solutions that often resulted in the

⁷ Fernández, A. M. et col.: *Política y Subjetividad, Ob. Cit.*

⁸ Direct democracy must fit together section assemblies, general assemblies, coordinators group and administration counseling. (Interview to Sergio Salvatore, "Renacer" cooperative's accountant. This cooperative used to be "Aurora Grundig". Ushuaia, Tierra del Fuego)

creation of workers' cooperatives, which were awarded the right to use the factory and the machinery by a court of law so that workers could make a living out of their work. In general, factories owed most of their debts to the State, their workers, and suppliers. Given that workers themselves were one of the main creditor groups, alternative solutions were implemented. When the State agreed to channel the money owed to the cooperative's workers, procedures were simplified (attained by amending section 190 of the Bankruptcy Act in April 2002).

Factory recoveries have sparked off a debate about the very foundations of our society: what should prevail, private property rights of factory owners or workers' right to work? "... *One of the articles (17) of the Argentine Constitution sets forth that property is inviolable, and another article (14) states that all inhabitants of the Nation enjoy the rights to work and engage in any lawful industry. Hence, lawyers defending recovered factories assert that both articles are on a legal par.*⁹"

Faced with a conflict of rights – the right to own property and the right to work – some courts decided in favor of workers and gave them the possibility to restart abandoned or bankrupt factories. This happened particularly after December 2001, when unemployment posed a threat to the social order and it became a priority to reduce the level of social conflict. Some judges started making statements in favor of recuperated factories understanding they were providing the common wealth. These enterprises keep labor-sources.

Many eviction orders were not enforced due to the large number of people opposing them who demonstrated outside courthouses. Mass rallies outside courthouses in support of favorable decisions for workers were not a minor issue; such rallies were attended not only by the interested parties but also by people of different social backgrounds, a situation which revealed the cracks in a system that did not even protect workers' basic rights.

d) The subjective dimension

Daily routines *without a boss, a fixed schedule, or restrictive rules* enable new relations to establish. Workers now cook, eat and clean together. They start to know each other and talk about their lives, families, problems, projects and dreams. Without realizing, workers build a *community* where they share much more than the company's

⁹ Magnani, *El cambio silencioso*, Ob. Cit.

modest profits. It's also very important to mention that to have been altogether against police repression was a key fact for belonging sense.

The new production and decision-making ways brought up new ways of *living the factory* develop. Workers listen to music, drink *mate*¹⁰, talk, and feel comfortable without a foreman to forbid, demand, or control them. Much to our surprise, there are no drops or delays in production, on the contrary. However, there have been changes in their level of sociability. This is how they establish new ways of *living the factory*. Their companies have changed but they have changed too; they have recovered the dignity of work, and as a group they discover that they can get through successfully¹¹.

These improvements in workers' industrial quality of life seem as important as the increase in their income. When interviewed, they insist on the importance of feeling at ease while working. Besides breaking with factory fragmentation, they restore dignity and personal and collective empowerment take place. Without those changes *factories without bosses* would not exist. It is important to note, once again, that the level of production did not diminish, but quite the contrary.

Now it is crystal clear that factory discipline does not serve production purposes but is part of the bio-political strategies of domination as Michel Foucault had thought. Discipline is replaced by a system of collective self-regulation¹², which includes a set of rules adopted by collective consensus. Each factory establishes its own rules, according to its core business, number of workers, etc. Self-regulation is possible today due to changes in the nature and intensity of the ties between them. There is an alliance between those who fought together that goes beyond labor and economic relations, and this alliance makes self-regulation viable. So for *collective regulation* to apply, first *common grounds*¹³ had to be established. In this case, it has entailed relations between equals, fraternity, and the conviction that their enterprise is viable only if they act collectively.

10 Having *mate* is forbidden in most companies and factories because it is considered to affect the corporate image as well as discipline and productivity.

¹¹ Fernández, A. M., Borakievich, S.: "La anomalía autogestiva" El campo grupal N° 92, Buenos Aires, 2007

¹² Fernández, A. M., Calloway, C.: "Lógicas autogestivas: asambleas, horizontalidad y autorregulación" II Encuentro Internacional "La economía de los trabajadores", Buenos Aires, Facultad de Filosofía y Letras, UBA, 12 al 15 de agosto de 2009.

¹³ Maurizio Lazaratto: "Filosofía de la diferencia y las ciencias sociales" Seminario Internacional *¿Uno solo o varios mundos posibles?*, Universidad Central, Bogotá, Colombia, 2005.

Self-management allows for new ways of thinking, feeling, acting, and relating with more self-affirmation, independence and prominence. Though these subjective transformations don't affect everyone in the same way, they have left very few things unchanged. As Zanón workers say¹⁴, worker-run factories have survived and improve on a daily basis on account of three reasons:

- The assembly method: it empowers participants but also allows for the development of collective innovation skills to overcome adversity.
- The independence from organizations or political parties.
- Their strong ties with the community. They are always present in other workers' conflicts, or take their products to those who really need them and the community defends them in eviction attempts.

IV. Beyond production: Cultural centers radios and schools in the factory.

a) *Learning and teaching in recovered factories.*

In Buenos Aires city these activities began in 2004, promoted by a group of university professors who are members of the People's Educators and Researchers Cooperative (CEIP). They are high schools for young people and adults specializing in cooperativism and microenterprises [At print shop Chilavert (3 courses of 25 students. They have a waiting list of student applicants), IMPA (150 students) and Maderera Córdoba in Buenos Aires City, and in the Cooperative 19 de Diciembre in greater Buenos Aires¹⁵].

These **self-managed schools**:

- Prioritize collective needs and links with the community.
- Implement self-managed education. By means of educational and cultural policies, they serve as resistance to social exclusion strategies.
- Do not establish hierarchies, have directors, secretaries, administrative personnel, or student monitors. Avoid traditional education.
- Teachers, students and workers take part in self-managed assembly.
- Encourage student autonomy and self-affirmation

Are an alternative to "formal education"

¹⁴ Zanón's workers interview by Dra. Ana Fernández, May 2009

¹⁵ Fernández, A. M., Calloway, C., Cabrera, C.: "Recuperar la fábrica, recuperar la escuela: prácticas autogestivas y producción de subjetividad" II Encuentro Internacional "La economía de los trabajadores", Buenos Aires, Facultad de Filosofía y Letras, UBA, 12 al 15 de agosto de 2009.

- Seek to produce students critical of social and historical reality.
- Include the history of the struggle for factory recovery in their curricula.
- Apart from the official curriculum, students learn a trade (printer, lumberman, etc.)

Students attending these high schools are workers trying to resume their studies and young people and adults in a state of social vulnerability. Most are unemployed; others have temporary or irregular jobs, or they are young pregnant women or mothers of several children, i.e. people who have systematically been expelled from the educational system. Courses have reached maximum enrollment and there are waiting lists in some cases. Dropout rates are low.

Traditional school discipline gave way to **self-management** strategies:

- **Circular classroom arrangement** for group work.
- **Breaks** on the factory's sidewalk
- No individual examinations; collective assessment by students.
- No disciplinary measures. Conflict resolution through dialogue in the classroom. No expulsion, not even in toughest cases.

Some workers from Zanón collective are working on several education initiatives, including a library. The assembly voted on a project to build a library inside the factory for the 470 Zanon workers. Literature will include technical training books, history books, and other literature. The library may also serve as a meeting space for study groups where workers have pushed to develop training programs and production planning along with Neuquén's public Comahue University. Currently, Zanon has collaborative relationships with Engineering and Economics schools at the national public University of Buenos Aires and Comahue University .

b) Cultural Centers.

The emergence of Cultural Centers in recovered factories took place from the very beginning of the recovery process.

Some of them have opened Cultural Centers as part of their strategies to disseminate and raise awareness of occupation, resistance and recovery¹⁶.

Their existence is true evidence of the socio-political and subjective transformations that took place in recovery processes. Most Cultural Centers combine two types of activities, mainly: shows or exhibitions and educational or training workshops.

In June 2003, IMPA offered 35 different workshops on various artistic disciplines, rehearsal rooms, and shows. In March 2004, Chilavert Cultural Center opened with courses regarding arts and communications, a socio-aesthetic research area, a library and documentation center, and a weekly musical event. In March 2008, Biodevoto offered 18 courses as well as weekly talks, and had an art gallery. The radio broadcasting from Gráfica Patricios has a grid with 40 programs, among others news programs, programs on movies, humor, poetry, music or politics.

Workers take part in the activities and feel very proud of opening new spaces and getting involved with artistic and cultural production. This connection with the community and with sectors linked to culture is part of an alliance that enables them to support and disseminate factory recovery. Neighbors are attracted by the activities offered at Cultural Centers and become more actively involved in the defense and dissemination of the struggle for factory recovery. At present, IMPA has 15 workshops attended by about 200 people who go by the factory at least once a week. Other activities carried out there include: book presentations, talks, movie projections, folk music club and festivals. Nearly 800 people attended the latest festival, most of them young people who knew what the festival was about. Zanón has a radio program, a documentation center and a library. Mass rock concerts are staged there.

These factories have showed that they can keep on running, increase their labor positions and they are able to make good profits out of them. Today, their fragility is not in the fact they are run by their workers but in their legal instability.

Zanón has got the definitive expropriation judgment. In the other hand, each factory faces legal conditions of huge vulnerability. IMPA, one of the pioneers, is these days on the verge of eviction.

¹⁶ Bokser, J.: “Centros culturales en fábricas recuperadas: una invención estratégica”. Jornadas Internacionales de Problemas Latinoamericanos: “Los movimientos sociales en América Latina. Pasado, presente y perspectivas”, Facultad de Humanidades de la Universidad Nacional de Mar del Plata, 25 al 27 de septiembre de 2008

A definitive expropriation law for factories producing under worker control would provide legal security for jobs and allow workers to dedicate their energy to improving factory production and community projects.

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