

Laura Hanson Schlachter
Department of Sociology, UW-Madison
November 2015

Reflections on Pathways to a Cooperative Market Economy Workshop Buenos Aires, October 27-30, 2015

Thanks to the Instituto Gino Germani at the University of Buenos Aires and all the researchers who so generously shared their energy and insight. I am especially grateful to Erik Wright, Rodolfo Elbert, and Daniel Rodriguez for making my participation possible.

This brief memo offers some reflections on the Buenos Aires workshop, which included eighteen paper presentations and site visits to two *empresas recuperadas* (hereafter, simply *recuperadas*), Quilmes and Mady Graff. I organized it around five questions that I hope will continue to animate our conversation as the project moves forward.

1. Why have *recuperadas* continued to form even after the 2001 crisis subsided?

Andres Ruggeri presented foundational descriptive data of formation rates and other characteristics based on a national census of *recuperadas*. Of 1,200 registered cooperatives in Argentina today, 352 formed through worker takeover and transition to democratic ownership and control. There were 36 *recuperadas* in 2001, 163 in 2004, 247 in 2010, and 311 in 2013.

In other words, the formation of *recuperadas* was not restricted to the period immediately following the 2001 crisis but has continued to proceed gradually even in the contemporary period of relative economic stability. In net terms, 127 *recuperadas* formed from 2001 to 2004 (approximately 42/year) and 148 formed from 2004 to 2013 (approximately 16/year).

As a newcomer to the study of *recuperadas*, this was surprising to me because it suggests that workers have been able to gain legitimacy for takeover even in the absence of an acute economic crisis. Several presenters attributed more contemporary cases such as Mady Graff, which only recently became a *recuperada* after many years of militant worker activism, to a diffusion process facilitated by partial recognition by the state and organizational networks, especially through unions and social movement organizations. As workers become more aware that *recuperadas* are an option, they are more likely to pursue takeover as a strategy to address grievances against owners.

The formation trends also raise questions about the conditions under which *recuperadas* can become a viable pathway to a cooperative market economy. Does this pathway necessitate a preceding economic crisis? If so, how severe must the crisis be for takeover to be seen as legitimate recourse for mismanagement? What implications does a founding moment in crisis have for the subsequent trajectory of a worker cooperative? For example, Carina Balladares spoke about divisions between old and new members at a *recuperada* she studied in San Martin. More generally, what role do founding myths play in the life cycle of a *recuperada*? How do the criteria for organizational legitimacy and intelligibility evolve with time, macroeconomic conditions, and socio-political context?

2. How has the idea of worker occupation and transition to democratic ownership and control diffused both within Argentina and transnationally?

Unpacking the mechanisms whereby workers become familiar with takeover as an option – and then come to see this option as desirable and viable – would be useful in analyzing the possibilities for applicability in other contexts. Several of the presentations suggested a crucial role of inter-organizational/civic networks (i.e. unions, working-class movement organizations) and the media. Based on the site visit to Mady Graff, where workers talked at length about support and mentorship from Zanon, I suspect there is also some mimicry at play.

Adriana Visoli mentioned that there have been other cases of *recuperadas* in South America. To what extent have *recuperadas* exchanged information and resources via transnational networks? I am familiar with the case of New Era Windows and Doors in Chicago, which was directly inspired by the Argentine example and also secured financing through the Working World, a financial institution that is intimately connected to the *recuperada* movement. I think it would be interesting to consider a transnational comparative piece in the volume to give us some clues about the mobility of this particular pathway in Argentina and beyond.

3. What role has institutional context played in the launch and sustainability of *recuperadas*?

I do not feel that we adequately explored institutional context during the workshop, and I think it is crucial to put together a more systematic picture of these interdependencies as the project moves forward. Here are some of the types of institutions I'd like to know more about:

- Financial – How did workers secure financing for the transition to democratic worker ownership? What are the particular bank and nonbank institutions involved in that process? For example, my understanding is that involvement from the Working World (a nonprofit financial intermediary) was crucial and widespread. Are there systematic differences in the survival rates, sector distribution, etc. between firms that partnered with Working World and those that did not?
- State – The Labor Department does provide some technical assistance and other support for *recuperadas*, but Adriana Vitoli explained that this assistance is only accessible to firms with more than 50 workers and the Department has relatively little expertise in addressing their unique challenges. We also heard examples during the Quilmes site visit of how government officials have provided decisive support in specific cases, such as the Secretary of Commerce imposing local sourcing requirement on Ford. Can we map out the state agencies involved in each step of launch and sustainability? The extended discussion around the unintended consequences of the 2011 bankruptcy law also merits a more systematic exploration of the state-legal institutional nexus.
- Labor – Unions have generally been ambivalent about *recuperadas* with the exception of social movement trade unions including the graphics union (Mady Graff workers have been active in the opposition wing), metalworkers (the UOM works with about 18

recuperadas), and ceramics (Zanon is the key example here). These unions have typically seen *recuperadas* as a job protection strategy. For example, one UOM slogan is “occupy, resist, produce.” Yet as explained by Adriana and workers at Quilmes, union support has been decisive and manifest in a range of tangible benefits including economic subsidies for unemployed workers, credit, marketing, training, and health care access. I see some fruitful parallels between the USW-Mondragon union co-op initiatives in the United States and these union-backed *recuperadas* in terms of the possibilities and dilemmas support from organized labor opens up in the formation process. I’d like to see us explore these links more systematically.

- NGOs and universities – According to workers at May Graff, professors and students were instrumental in providing business planning and training capacity after the departure of management staff following the occupation. We also heard examples of the crucial role of civic institutions in legitimating worker takeover in the community, such as Karina Benito’s study of the cultural institute that helped IMPA build bridges with the youth movement and artists. Which civic and educational institutions are actively participating in the *recuperadas* movement, and how do they contest or compliment the state infrastructure?
- Enterprise Networks – Cynthia Srniec presented her research on enterprise networks, including a case study of ten *recuperadas* in the same industry that exchange technical expertise and financing. It does not appear that the network has developed a shared value chain, but I would be interested to know whether this has occurred in other cases. To me, the essence of a cooperative market economy is the reproductive capacity of a federated worker cooperative network.
- Political Parties – As Fernando Aiziczon, Rodolfo Elbert, Mariela Diaz, and others emphasized, it is not uncommon for *recuperadas* to affiliate with a political movement, whether that be a radical left party or the local Kirchnerists. This highlights the highly political nature of *recuperadas* and their exposure to shifts in the political winds. It will be particularly illuminating to see how the election of President Macri affects the configuration of legal and state institutional support.

4. What kinds of policy interventions would facilitate the development of *recuperadas*?

I would be interested in exploring the possibility of including an essay in the volume that examines policy reform proposals. In Argentina, the two proposals that seemed most salient were reform of the 2011 bankruptcy law and the creation of a separate legal category for *recuperadas*. Currently, *recuperada* workers are classified as self-employed and thus do not have access to the same social security benefits as other workers.

The political feasibility of both proposals now seems limited, but it would be informative to think through some concrete proposals of relevance that could tie together several of the empirical cases.

5. How can our group maintain momentum as we move the project forward?

On a practical note, I also left the workshop thinking about how to best maintain our momentum after this gathering and beyond.

After talking with Erik, I have set up two tools to help us stay in touch as the volume continues to evolve. First, I created a Google Group to communicate via email listserv. Second, I created a Google Drive to share documents. I sent out links to all participants in the workshop for whom I have an email address. Please contact me (lhanson4@wisc.edu) if you have trouble accessing these resources.

At the South Africa workshop, I would encourage us to think about having fewer, very empirically grounded papers and more time for discussion of each paper and the overall conceptual framework for the volume. I'll also reiterate my suggestion that individuals take on particular roles to facilitate planning and group process, including but not limited to: convener, facilitator, communications coordinator, and scribe.