

The Worker-Recovered Enterprises in Argentina: The Political and Socioeconomic Challenges of Self-Management

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The worker-recovered enterprises (*empresas recuperadas por sus trabajadores*, or ERT), defined as productive business unities abandoned or emptied by their owners and put into operation once again by their workers under self-management, are a relatively new phenomenon in Argentina and, on the whole, in Latin America. As such, they have attracted much world attention, especially after the Argentine crisis of December 2001. Nevertheless, the ERTs represent much more than a series of labour conflicts that culminate with the taking of factories and enterprises by workers. It is important to understand this process within the context of the almost total destruction of the nation's productive apparatus and the sentencing of millions of workers to unemployment and structural marginality. Putting ERTs back into production signifies much for the almost 10,000 ERT workers that have engaged in these important and novel struggles, both from an economic as well as from a political and cultural point of view. In support of these workers, a research project out of the University of Buenos Aires has been developed to explore the historical, social, and economic contexts of the issues leading to the ERT movement and their particular characteristics and challenges. This research includes not only quantitative and qualitative data (detailed in the book *The Recovered Enterprises in Argentina* (Buenos Aires: Faculty of Philosophy and Letters, University of Buenos Aires, 2005) but also a conceptual analysis pivoting on the concept of social innovation rooted in self-management. Fundamentally, we have come to understand this social innovation to include the strategies and methods destined to generate forms of productive unities outside of the paths dictated by the capitalist form of economic organization.

We present these ideas as a contribution to the panel on recovered factories and enterprises in Argentina.

The thinking and imagination of intellectuals and popular movements from around the world were greatly impacted by the Argentine rebellion of December 2001, especially in Latin America. During the 1990s, Argentina was presented as an exciting experimental laboratory for neoliberalism, where, in actuality, one of the strongest of the so-called "welfare states" established on the continent was rapidly and ferociously dismantled. It was a dismantling that converted a broad system of organisms of public assistance, social security, and state enterprises into a state reduced to its most minimal of expressions.

In reality, the Argentine state was re-rationalized towards other ends by using mechanisms of control that reaffirmed the hegemony of an economic power block bound up in imperial interests. In this sense, many popular organizations had confused a particular characterization of the Argentine situation: The state was not scrapped, as many believe, sold off as if outdated. Rather, the processes that Argentina was subjected to fundamentally reconfigured the state, returning the goods and services that Argentine society had managed to secure under the orbit of the state, by way of myriad struggles and political expressions, to a new oligarchy (a remodeled version that was qualitatively different from the old agro-exporting oligarchy). Throughout the '90s, this regression that opened up the floodgates to a conservative liberalism, with echoes that reached back at least half a century, was set upon a base of neoliberal global hegemony that, in its turn, rested on the victory of imperialism during the Cold War

and a hitherto unheard of electoral and media consensus. Never before had Argentine society accepted the official discourses of the political and economic right so totally and in such a disciplined way. The reelection of Carlos Menem in 1995 was a categorical expression of this sentiment.

This is why the rebellion of December 19 and 20, 2001 took more than one observer, including the militant blocks of Argentina's social and popular movements, by surprise. The social explosion that occurred during those days completely escaped the possibility of being conducted by political parties, unions, or any type of popular organization. At the same time, the social sectors that took part in the militancy of December 19 and 20 were so broadly mobilized that they did not appear to respond to any type of program or strategy. Not even the firmest of theoretical speculations of conspiracy (as sketched out by some analysts and journalists) could show, beyond the intention of or the real existence of certain manipulations and maneuvers, that any particular Argentine political or economic power possessed an "apparatus" of such magnitude and capacity effective enough to provoke such a national rebellion. To date, the following question has always remained: If such a political apparatus large enough to mobilize such rebellion ever did exist, how can it be explained that this force was never exercised in the past or since? There is no other explanation for Dec. 19 and 20 besides concluding that this rebellion was actually a social convulsion of massive proportions, where different sectors mobilized because of the perception that the country was in the midst of a national disaster of unheard of proportions, made possible by the brutal rupture of the hegemonic neoliberal ideological consensus of the 1990s.

These impact-filled days in reality were the expression of a confluence of several socio-economic factors: the desperation and hunger of the most neglected classes; a fury over the levels of structural unemployment not experienced in a country such as Argentina until that moment; the indignation of middle class sectors due to the confiscation of their savings; the perception that life projects and the much-promised possibility of rising in social status – that dream of the "grand" and "empowered" Argentina that had enraptured generations – had disappeared, witnessed in the rise of individualism and the loss of the most entrenched forms of social solidarity; and political manipulations that saw existing apparatuses of power casting out their nets. All of these factors meshed with the astonishing stupidity of a government that did not understand what was going on and that stubbornly clung to a standard of political life that turned its back on reality.

While this panorama provoked a regime of accumulation that produced a critical clash of intersecting economic, political, social, and cultural forces, no popular organization or movement proposing fundamental changes to the social and economic structures of Argentina could take advantage of this scenario. And while it is also true that the insurrection helped put the breaks on the inexorable journey to ruin that the old Argentina was on, it did not, nor did it know how to, lay the foundations for constructing a new society. Now, more than four years after those events, a new government that originates from the same sectors that formed part of the power structures of the 1990s (granted, a secondary part) still continues to demonstrate the inheritance of those days even within the new limits it is bound up in. That is, even though the new hierarchical power-base has succeeded in notably disabling the force of earlier social mobilizations, it operates within the limits sketched out by those earlier social mobilizations when necessity and public opinion demands it to not return to the visible symbols of neoliberalism.

The social phenomenon that we have been succinctly discussing thus far (one that, of course, deserves a much more profound analysis than space permits here) gave visibility to the real consequences of the neoliberal political model within a dependent country and, as such, showed the weaknesses of this model. At the same time, it permitted the vast tapestry of organizations and popular experiences to expose through its threads the light that emanated from the Argentine mobilization of 2002. In this way, popular assemblies, unemployed workers' movements, barter clubs, cooperatives, and other

expressions of popular movements organized because of the political and economic defenselessness of society, emboldened as they were, placed themselves within the national and international publics' consideration. One of these popular expressions has become the centre of much discourse the world over: the recovered factories and enterprises that were occupied by workers in light of owner abandonment or fraudulent bankruptcies and put back into production by workers under the rubric of workers' cooperatives or some other form of self-management.

The excitement of seeing thousands of workers take into their own hands the management of their enterprises and start production under their own control has provoked a plethora of articles and reflections that have characterized this phenomenon as a revival of the European workers' councils of the early years of the 20th century, or as a stimulating return of the vanguardist workers' struggles that seemed to have disappeared with the coming of the neoliberal storm, or even as a profound expression of the anti-globalization movement. This phenomenon, known in Argentina as the worker-recovered enterprises movement (*el movimiento de empresas recuperadas por sus trabajadores*, or ERT), constituted as it is by self-managed workers, has become a stimulant for theoretical debates concerning the challenges of constructing the politics and economics of a new working class power-base, the dynamics of the newest social movements, and the possibilities for the solidarity economy. Meanwhile, with the passage of time, the other social phenomena that became visible after the Argentine December have mostly faded away: the barter nodes have converted themselves into a parallel monetary network that has mostly withered away in light of the recovery of the formal economy; the neighbourhood assemblies have evaporated in light of the mistaken tactics of some of the organizations of the left but, principally, because of the progressive disinterest of "the neighbours" due to the institutional and economic normalization of the country; and the unemployed workers movements (*movimiento de trabajadores desocupados*, or MTD), better known as the *piqueteros*, have gradually converted themselves into organizations tied to preexisting political sectors, causing the MTD to be discredited from public opinion, molded as this public opinion is by the mass media and by a lack of collective middle class mindfulness. This last point deserves to be clarified briefly: The middle class no longer felt linked to the MTDs because they are, for many in this social sector, a troublesome and unremitting presence that discomfortingly reminds them of the existence of great masses of the population that have remained marginalized and humiliated. In contrast, the recovered enterprises have become a durable social and economic phenomenon that has garnered the adherence of, or at least the comprehension of, a populace that has revalorized the practices of defending the sources of work and the struggle for the recuperation of the productive mechanisms of the country.

During these years, the number of worker-recovered enterprises in existence has risen from around twenty in the year 2000 to more than 160 ERTs to date, employing more than 9000 workers. These cases have placed into discourse not only the working and everyday lives of these workers and their families, they have also provided a model of production for an economy that is just emerging out of neoliberal catastrophe, a strategy of political and economic action for the working class of Argentina and Latin America, and examples of practices of popular solidarity. This is no small feat, considering that over the past 15 years the Argentine labour movement has only succeeded in barely defending itself and negotiating pacts with established power – that is, as long as this power was willing to negotiate. Moreover, these "protections" were at the expense of the marginalization and hunger of millions of workers, the same workers that are now beneficiaries, or victims, of social assistance plans or that thicken the ranks of the movements of the unemployed, urban recyclers, *cartoneros*, social delinquents, or all of them simultaneously.

At this point, something else must be stated up front: The theoretic consequences and the resultant political practices that can be discussed from the perspective of an analysis of the experiences of ERTs must not be debated from visions extraneous to reality. We believe that the ERTs constitute a dignified

case study that can be discussed and debated by the entire ensemble of popular Latin American movements. We believe they provide characteristics that can help to rethink some of the ideas with which the working class is conceived in addition to its possibilities for carrying out political and economic action. But we also believe that this rethinking must be based on a foundation of consistent actuality, substantiated by a solid reading of concrete experience. If we were to begin from another perspective, we would merely be discussing imaginary hypotheses, as imaginary as those that saw the days of 2001 as a revolution, the barter clubs as an anti-capitalist economic network, and the germ of new soviets in the neighbourhood assemblies. After all, those who now occupy bankrupted enterprises are real, flesh and bone labourers, ideologically and politically formed within the traditional Argentine labour movement, or in no movement at all, and who are obligated to initiate the road to self-management despite the enormous struggles that that necessity implies within a dependent capitalist system in crisis such as Argentina's. These workers are forced to choose this long and risky road because of their circumstances and the impossibility of doing anything else other than take their future into their own hands. While these circumstances are, in some ways, similar to what Marx began to indicate in the *Communist Manifesto* of 1848, they are, perhaps, in other ways, very different from the future-oriented and powerful working class revolutionary organizations that have subsequently tinted world history.

The sinuous paths of self-management

The processes of self-management spearheaded by workers have a long history, beginning with the first experiences with cooperatives in the industrialized England of the mid-18th century. In Argentina and Latin America, even when they emerged out of situations of labour conflicts, these processes occurred in only a few cases and in exceptional political and economic contexts (such as in Chile during the Popular Unity government). If we exclude the vast and deeply-rooted, but somewhat different, experiences of the cooperative movement, the experiences of workers taking over enterprises in Argentina were few, mostly scattered cases throughout the '70s and '80s.

The phenomenon of the recovered enterprises as we know it today – that is to say, the phenomenon of workers restarting production in otherwise legitimately or fraudulently bankrupted firms as a reaction to the threat of being hurled into structural unemployment – is a process associated with another type of socio-economic situation that emerges out of the hegemonic and regressive neoliberal politics of the '90s. The experiences of ERTs are, therefore, about the responses of workers to a situation of extreme necessity in the middle of a seemingly irreversible process of deindustrialization. Traditional union methods, inefficiently positioned to offer any type of efficacious response that would prevent the passage of the Argentine worker into conditions of virtually permanent unemployment, together with the experiences of unemployed workers' quotidian struggles for subsistence, gave way to a new, costly, and conflictive strategy that was, nevertheless, perceived by its protagonists as the only possible way of preserving jobs. This marks a major difference with all preceding processes of self-management, demarcated and politically conceived as the ERTs are by more offensive, rather than defensive, labour postures within conjunctures favourable to the development of practices that put capitalism into question.

As an economic phenomenon, the recovered enterprises are a consequence of the deindustrialization that submerged the productive structure of Argentina beginning in the early years of the 1990s. In almost all of the cases that we have analyzed as part of our investigative team, the productive unity in question experiences a long process of deterioration that, at the moment of occupying or recuperating the enterprise, contains considerably less workers than it did before the takeover. Furthermore, its machinery is generally obsolete, its installations precarious, and the fleeing boss has usually left a heap of debt, not least of which usually includes the unpaid salaries of workers and the indemnifications of unemployed workers.

The phenomenon of the abandonment of enterprises owes its conditions not only to the macroeconomic policies of Domingo Cavallo and his minions, but also to the fraudulent maneuvers realized by impresarios in tune with the reigning model of financial valorization. This provoked situations in which, rather than a “take” in the traditional sense insisted upon by the history of labour movements, the occupation of the factory by its workers appears as a response to the capitalist’s abandonment of workers within an empty factory, a factory without capital and devoid of work.

To be more precise, the workers who confront these socio-economic and -political situations in this way do not necessarily engage in these processes as offensive moves but, more correctly, as moves that are activated by the reality of being left to their luck within a hostile environment, an environment that renders completely sterile the traditional weapons of the unionized working class. Not only did the successive governments of Carlos Menem and Fernando de la Rúa charge themselves with destroying the labour victories that were up until that time entrenched in Argentine legislation, but, in addition, there were no official outlets in place for workers to appeal for compensation, nor were there any places of employment left for them to offer their labour. In a country where work became a scarce resource, unions were practically left without a role to play. If we add to this the fact that the union leadership had converted itself, in the majority of cases, into a mafia-like appendix of business bosses, the scenario that the worker was confronted with could be characterized as being the most catastrophic in over 40 years.

The characteristics that see occupied establishments eventually become ERTs have revealed to militants and intellectuals of the left interested in such cases dramatic moments rarely seen. However, before even thinking about constructing another system or fighting for the control of the means of production, for workers, remaining in their places of work constituted a plank of salvation that prevented them from shipwrecking in a shark infested sea. That plank was, however, slippery: the law condemned these workers, the economy risked drowning them, and the political class ignored them, concentrating as it did in its own salvation. Hence, the solidarity of the left was received by the desperate as one of the only sources of support – indeed, they were not only thankful but were valorized by this solidarity in the face of no other support.

The year 2002 saw a multiplication of cases of recovered enterprises embodying the same characteristics we’ve been presenting. In the film by Avi Lewis and Naomi Klein, despite attempting to show something else, one can clearly see what we’ve been currently discussing in the case of the Forja San Martín factory. There was little political discussion amongst its workers and the workers’ organization of the occupation seems to clearly come from their desperation at the prospect of losing their places of work. This clearly contrasts with the case of the Zanón ceramics factory and even with the Brukman textile plant, both symbols at the time of the left’s tendency to demand for the control of the means of production by workers. The documentary framed Forja’s triumph of securing the temporary law of expropriation by its workers as an example of the possibilities that undergird the struggles of ERTs for the greater global battle against neoliberal capitalism. Nevertheless, if the documentarians had continued to follow the case up until the present their optimistic conclusions would have mutated into very different ones. Forja San Martín eventually closed itself off to the solidarity of the neighbourhood and the movements that link themselves to ERTs. The personalities that appear to lead the struggle in the film were eventually expelled from the cooperative and the plant’s leadership was ultimately replaced by the politically reactionary worker who is mocked in the film for sympathizing with Carlos Menem. Also, the agreement with the tractor manufacturer, Zanello, ultimately failed. Moreover, the film has been repudiated by a considerable number of cooperatives affiliated with one of the largest ERT organizations for favouring a “foreign-looking” vision “of struggle rooted in the anti-globalization, Marxist-leaning class.”

Not all cases are like this one, of course. The case of Forja is possibly one of the more extreme ones

considering that the change in workers' subjectivities that many social psychologists, sociologists, and anthropologists identify as one of the principle consequences of the ERT experience is not as significant as many of us would like. Many workers have not substantially modified their perception of the world that surrounds them, even given the experiences of deep change that they have lived through within these processes. Many others, already accustomed to the presence of cameras, journalists, and investigators, orient their discourse towards what they think each visitor wants to hear. Paradoxically, this situation played itself out in the case that the emblematic representatives of the world's movement against globalization chose for attempting to demonstrate that the world can take another path from the one which obligates us to carry on within the global capitalist system. If they had chosen another case, perhaps they would have succeeded in getting closer to what they were looking for in post-2001 Argentina. The problem does not reside with choosing an exemplary case study, but rather with not understanding the ERTs in the context that gives them their origins. Such understanding relies on anchoring them onto a social, economic, political and cultural process that is profoundly inserted in the history of Latin America and the particularities of Argentina's capitalist system that is informed by the greater experience of the struggles of the country's working class. To begin the analysis of the ERTs within this latter context provides one with the understanding that would indeed inform the global fight against globalizing capital. Approached from any other perspective, we think that one could arrive at sympathetic yet completely false conclusions.

A few particularities in the recovery of enterprises by their workers in Argentina

Defining what a recovered enterprise is is not as easy as it might first appear. It is a concept that emerges out of the heat of struggle and from its very worker protagonists who, with use of that specific nomenclature, hope too put into relief the difficult events that surround the recovery of workplaces. That recovery is, moreover, more than just about the recuperation of jobs – it is also about the recovery of the embattled economy of the country. In situating themselves thusly, ERT protagonists position themselves within the historical trajectory that is not linked to the anti-capitalist working class struggle but, rather, to the struggle rooted in traditional Peronist syndicalism.

Nevertheless, that workers should “recover” an enterprise that capital has abandoned – or self-destroyed, or bankrupted, emptied, or however else one would like to denominate the process by which impresarios abandoned or left an enterprise in the hands of its employees – is not looked upon with any sympathy by the economic powers-that-be. Inserting workers within the kingdom of private property – even when the proprietors have left the terrain open (although a terrain resembling more a scorched field) – has provoked proprietors to react indignantly and fearfully towards the acts of worker-led workspace recoveries.

If dominant power in Argentina behaves permissively with regards to recovered enterprises it does so only because of the social legitimacy that ERTs have, in addition to the relative economic weakness of ERTs. To the proponents of the classical liberal right, such as, for example, Juan Alemann, an ex-minister of the military dictatorship, the ERTs are all about simple, vulgar, and dangerous thefts. It is, inverting Proudhon's assertion, a theft against property. After a series of arguments based on various legal points (the very legality that was imposed genocidally) and the logic of business (the same logic that collapsed the country's economy), these proponents end their critiques by pronouncing that the self-managed enterprises are “a lazy-person's paradise.”

In a conversation with technocrats of the Inter-American Development Bank (IBD) who were setting up a proposal for rotating funds for ERTs in mid-2003, some of us from the investigative team at the Faculty of Philosophy and Letters at the UBA were surprised when they told us that “Washington” had rejected the term “*recuperado*” (recovered), preferring the term “self-managed” enterprise. That is, *self-management* does not seem to scare technocrats of international financial organisms, but *recovery* does. This is due to the fact that self-management, understood as cooperativism or the social economy

– “the economy of the poor” – does not bother big business and the dynamics of entrenched capitalism. But to “recover” a firm, with the appropriation of a once capitalist enterprise by simple workers, is another matter.

In attempting to advance a definition, we can consider recovered enterprises as a social and economic process that presupposes the existence of a previous company that functioned under the model of a traditional capitalist enterprise (which may include cooperative forms) and whose process of bankruptcy, being emptied out, or its lack of viability, pushed its workers into a struggle to start production once more under self-management. We chose the word “recovered” (when “self-management” or “recovered under self-management” could appear to be more precise terms) because it is a concept that the very workers, the protagonists of the process, use and because, as we have already alluded to, it implies the notion of the *occupation* of a previously functioning firm. It is about a process and not an “event.” Recovered enterprises are not only ones that are producing again, or ones that have been expropriated, or that have formed into a formal work cooperative, or whatever other criteria one wants to use to reduce the case to a single aspect without considering its totality. Rather, a recovered enterprise is a productive unit that traverses a long and complex process that eventually brings it to be collectively managed by its workers.

The ERT movement returns workers, who actually live in the bosom of production, to the centre of the scene; it returns workers to the centre of the very fight for which economic model will prevail, in concrete terms. The movement once again situates the social and political struggle for work at the centre of society’s contradictions – that is, the struggle that exists between labour and capital. In that sense, it is fundamental to realize that ERTs are not a phenomenon that can be completely assimilated into the so-called “social economy” or “solidarity economy.” The social economy, in addition to being driven by international monetary organisms as a way of mediating the inevitable effects of neoliberal reforms, is also driven by NGOs and sometimes the very state as a wall of containment in the face of social ruptures, as has been the case in Argentina. At the same time, these social economic solutions often succeed in prolonging the dependency of the most neglected sectors of society on donations or state subsidies. Furthermore, they often entrench NGOs too-tightly into the system, which, long-term, only serves to impede the struggle for returning unemployed workers to the formal structure of productivity.

As we have seen, ERTs overflow the notion of the social economy – after all, they are involved in the struggle for resituating workers within the productive apparatus and they do it in a way that also permits them to debate the social relations in which they participate in within the greater political and economic discourse that they find themselves in. If they do successfully return the firm to production, they have to insert themselves into and contend with a hostile capitalist marketplace and its traditional rules. Regardless of how strong the relations of solidarity are inside of an ERT, they necessarily must confront the problem of inserting themselves into relations of the marketplace that have nothing to do with a solidarity economy.

At the same time, the so-called social economy, from this perspective, is not a phenomenon that should be discarded wholesale. It is, after all, a potential social space of debate where ERTs, with their explicit or implicit questioning of private property, have something important to say. The relations between ERTs and certain sectors of the solidarity economy are necessary relations with much political and economic potential for the future. In sum, it could very well be that the discourse that the movement of recovered enterprises is putting on the table critically questions the failed attempts to separate social struggle from the political clash of classes that neoliberalism has attempted to impose as a model.

ERTs as productive unities

In the book *The Recovered Enterprises in Argentina (Las empresas recuperadas en la Argentina)* –

based on an exhaustive study of over 70 cases of recoveries which was carried out throughout 2004 and published in 2005 – we have sketched out a general picture of the characteristics and situations of ERTs as social, economic, and political phenomena. In synthetic form, we present in the following paragraphs a few of what we believe to be the most important findings for understanding the general problematics of the movement before we tackle a few of its more specific current problems.

To start with, we are looking at a phenomenon that is found throughout Argentina and in numerous industrial and service sectors. The distribution of ERTs within the country's regions and industrial sectors is not random but has a tight relation with country's economic structure and with the hardest hit sectors of the neoliberal offensive of the 1990s. This is reflected in the fact that 60% of ERTs are clustered within metropolitan Buenos Aires and the majority of the ERTs in the interior of the country are concentrated in the most industrialized areas of the provinces of Santa Fe and Córdoba. Fifty percent of ERTs belong to metallurgical industries or other manufacturing industries, 18% fall into the foods sector, and 15% to non-industrial service sectors such as health, education, and lodging. Only 12% of ERTs correspond to enterprises that were founded after 1990; indeed, a high percentage (65%) had plants in operation before 1970, the great era of Argentine industry.

Furthermore, if we were to mainly focus on how many workers the average ERT employs, the majority of ERTs can be categorized as small- and medium-sized enterprises (SMEs). – on average, ERTs have just over 20 member-workers. This having been said, the number of workers employed is certainly not the only possible criteria for classifying the importance of an ERT. We must also consider the enterprise's productive capacity and production turnover, among other factors. However, both of these factors are difficult to calculate for ERTs because they are enterprises in the midst of being recuperated and because they usually have installation capacities that supercede actual production (on this latter point, this is not only a situation that has afflicted the worker-managed firm, it has also plagued the firm in its final days as a traditional enterprise). These are considerations that obviously extend to productive turnover and revenue generation. In addition, categorizing an ERT by how many workers it has can undervalue the importance of the enterprise, given that many of them lost salaried workers in the course of its crisis for various reasons, not least of which was the fact that a substantial number of workers could not endure the process of struggle that undergirds the recovery of a firm. When we jointly consider these facts we come to better understand why it is that there are shortages of workers in most ERTs when compared to the potential productive capacity of each enterprise.

If we compare the number of workers that these enterprises employed in their most expansive moments with the enterprise after recuperation, we see on average a diminution of almost 70% of its labour capacity not attributable to technological change or business reforms. This diminishment parallels the long process of deterioration of Argentina's economy and industrial-base, and especially the precarization (euphemistically labeled "flexibilization") of labour conditions prior to the conflict. Workers that manage to survive these processes and crises and ultimately succeeded in occupying and restarting production under self-management, usually find themselves confronted with further structural difficulties – the most urgent being the need to be able to provide for the everyday necessities of their families. In the face of these needs, and heightened by the nagging presence of the possibility of the destruction of their lives and the lives of their families, all potential resources for the firm become valid. This is especially in a country submerged in the most significant crisis of recent history.

The long process of occupation and the return to production, which averages several months (more than nine months for recoveries that were initiated in 2001, 15 months for recoveries that occurred in 2002, and seven months for those recovered in 2003 and 2004.), is a substantial obstacle for retaining the most qualified workers or workers who possess the most marketable skills, such as administrative or managerial personnel. That is why in most cases the group of labourers that remain working in ERTs are those that don't have any other choice but to stay on until the very end. As such, ERTs tend to lose

those workers that have the best skills to reposition the firm back into the market. What is more, the improvement of the Argentine economy over the past two years has provoked this problem for many ERTs: Those ERTs with highly specialized workers that had the chance to market their skills somewhere else tended to abandon the self-managed firm in light of higher salaries in competing firms.. Some of these more marketable workers, rather than limiting themselves by matching their salaries with those that are perceived to be less qualified than they are, have found greater returns by becoming self-employed or even by contracting themselves back out to the ERT.

The problem of equality

This last point brings us to one of the main problems that confront the internal economic and social dynamic of ERTs. The traumatic process of occupation and the conflict surrounding the recovery of a productive unity moulds the drive for worker equality within the collective, which moves it beyond leadership statuses or differences in seniority or hierarchical positions that were present in the previous iteration of the firm. Subsequently, the notions of equivalent salaries and equal hours worked have become grounding political principles for the organization of self-management within most ERTs.

Nevertheless, as the ERT recovers its business capacity differences begin to emerge between qualified and unqualified workers, in the number of hours worked by each worker, in the different responsibilities assumed by each worker, etc. These differences are not minor since those workers that feel like they are burdened with the weight of managing the firm or carrying out the most concrete aspects of the firms' work perceive equal pay as unfair in scenarios where the actual work load is unequally distributed. Furthermore, the mechanisms of collective dispute resolution in these internal conflicts do not always work, mainly because most workers have not practiced or experienced the responsibilities of management before, let alone self-management. Moreover, because many workers continue to think like salaried employees, those who assume the responsibility of conducting the affairs of the ERT run the risk of transforming themselves, in the eyes of the rest of the workers, into new bosses, even when they make the effort not to do so.

These problems are not unique to ERTs but are rather related generally to the recent social history of Argentina. The rejection of hegemonic politics and the reaction against the betrayal and inefficiencies of the so-called "political class" have obscured the sense of personal responsibility towards the country's most recent events. That is to say, if Menem destroyed the country during his ten-year government tenurship, he was able to accomplish this in part because the majority of the population tolerated it, even while millions of compatriots were being condemned to misery and structural marginalization. The late reaction to this process in very few cases included the self-criticism of this attitude. The fault for Argentina's socio-economic descent was, on the whole, laid on the doorstep of "those politicians" that "stole everything," while everyday corruption and the lack of organization and mobilization by the majority of the population against these politics of privatization did not form part of, in general, the cry of "*¡Que se vayan todos!*" ("Everyone should leave now!"). In some ERTs, this "boss of social conduct" reproduced itself in small scale, especially in the bigger factories with more than 100 workers, where the lack of working capital and the negligible attention paid to them by the state (or even the outright boycott of the ERT by the state) produced enormous difficulties for starting or continuing production. This dilemma is heightened by the fact that these bigger firms necessitate greater volumes of capital to stay afloat. As such, many grave conflicts between workers have subsequently been unleashed in many of these ERTs, conflicts that, mind you, are not unlike those that may naturally arise within trade unions situated in traditional firms. In these cases, the ERT's workers' councils are characterized by the rest of the workers as "the boss," without taking into account that this "boss" was elected by them, often without further considering that the very structure of the entire workers' cooperative may be carrying within it the actual institutional baggage they are railing against, and often without coming to understand the enormous difficulties that the factory is submerged in.

As we have said before, we do not find a great degree of change in worker subjectivity: The majority of workers continue to work and wait for their pay cheques at the end of the month with the expectation of safeguarding the same approach to their jobs as before. Most workers not only lack a general understanding of their new collective responsibilities, they also lack commitment to the tenets of the very self-management they must take up. In actuality, when the workers' council or leaders in question have made a mistake or have acted dishonestly, the majority of workers are co-responsible for the lapse due to their own omissions or lack of commitment. In addition, these situations tend to nourish the maneuvers and ambitions of certain organizations, spokespersons, or officials that have learned to, rather than assist in resolving an ERT's economic hardships, profit from the instability of the firm. The "solutions" they proffer essentially consist of managing the ERT, thus taking away the responsibility of managing the firm from workers. Having said this, some workers are glad to give up such responsibilities because they only desire to work, thus willingly giving up the opportunity to negotiate jobs and otherwise manage the ERT. This acquiescent attitude, however, too often means that workers give up control of the firm to an unscrupulous cohort.

If financial difficulties help create these types of internal conflicts, provoking reactions reminiscent of syndicalist tendencies on the part of some workers, the drive for economic efficiency can lead to other kinds of problems that force some cooperatives to find "solutions" that pull them into scenarios that resemble those they faced when they worked for a boss. Even when the productive recovery of the ERT has been efficiently undertaken due to favourable macroeconomic circumstances that allowed it to rapidly reinsert itself into the market (especially when type of enterprise that it is has allowed it to survive the crisis), when the installations remain in fairly good working order after the crisis, or even when the reorganization of the firm is a good fit with self-management (almost always due to much personal sacrifice on behalf of the workers), the ERT still must face the challenges that either stagnate it or permit it to grow. Taking on these challenges is necessarily linked to how the firm reinvests revenues back into the firm in order to improve and maintain its machinery and installations, as well as incorporate new workers. Rather than being a test of the efficiency of self-management and a mark of the success of the workers' in managing the enterprise with effectiveness and solidarity, this last point has frequently become a nodal problem. It is here where the following question gets tested: Is the ERT truly a self-managed firm ensconced in solidarity, or is it beginning to take steps back to becoming a new kind of hierarchical organization under a new type of boss?

Workers that were present during the crucial days of the struggle often feel, perhaps with some grounds, that they are "owners" of the recovered enterprise. These workers subsequently become apprehensive of any new workers because they are perceived to be a threat to their own jobs. This apprehension is usually linked to the view that these new workers have not had to go through all of the problems that older workers and their families have had to endure. While this perception, of course, tends to ignore the difficulties that these new workers have most likely gone through somewhere else when they became unemployed, more fundamentally, such views might be indicative of unequal forms of conduct that do not bestow on new workers the same treatment that the original workers established for themselves. Following are a few common scenarios that illustrate some of these asymmetrical dynamics: the trial period of new workers might get prolonged indefinitely; the cooperative might subcontract other workers under salaried or labour contracts that are less favourable than those bestowed to cooperatives' members; workers might continue to perceive and point out substantial differences between workers that do the same job; new workers might be excluded from the political rights that other members of the cooperative enjoy; and so on. Sometimes, these asymmetrical practices are written into the cooperative's statutes, acting as precautionary measures that are consciously taken before accepting new workers into the cooperative as full members. At other times, these same practices serve as steps towards creating a collective of employers, simultaneously driven by the fear of losing their much-struggled-for jobs while also being stamped with the mark of exploitation.

These are some of the problems that ERTs currently face, two to three years or so after the period where it seemed that each week one or two plants were being taken by their workers as they struggled to convert them into recovered enterprises. The present period in the history of ERTs in Argentina is marked more by quotidian struggles than by political struggle. Once workers' control of the enterprise is obtained, most affinities with organizations of solidarity that lie beyond the walls of the plant, be they with neighbours or other social movements or even other ERTs, takes on secondary importance. Once the ERT is passed the urgencies of its initial conflicts, the internal life of the enterprise, with all of its challenges and complexities, becomes the main concern. The organizational movements that in various ways represent the ERTs via their organizational intentions to help form into a unified social-political sector – and with their hegemonic pretensions and politics – subsequently become vague and ill-determined external reference points for ERTs. At times, these representative organizations have become types of surrogate managerial bodies for those ERTs where its workers feel more at ease leaving managerial duties in the hands of experts or where they accept being subjects of clientelistic practices in return for solutions to certain legal and political problems. This structure is mostly linked to the personal leadership style of a certain lawyer, Luis Caro, and the organization he leads, the National Movement of Worker-Recovered Factories (MNFRT). The other major organization, the National Movement of Recovered Enterprises (MNER) has practically disintegrated, thrashed as it has been by the internal disputes of its leaders (the majority of whom have never worked in an ERT before), its cooptation by and its battle with the national government, and due also to the lack of political vision by these leaders. At core, however, what has driven these situations, it must be emphasized, is the low level of worker commitment towards the continuation of the movement beyond each workers' own enterprise.

These scenarios of fragmentation are not that different from the situation we find in other social movement sectors in Argentina. The main difference between these social sectors and the ERT movement is that the organizations that form its core are, while mostly positive for the ERT movement, weak enough so as not to provoke the wrath of the state. Up till now, the ERT movement has not threatened the capitalist state system because it lacks a common political strategy, especially in the demands that these organizations that represent ERTs make of the state. Each recovered enterprise or factory is also an entity onto itself, and its success or its failure is dependant on, first and foremost, its own workers rather than the organization and solidarity that the collectivity of ERTs can muster as a sector. The divisions between and within the organizational movements (that is, MNER, MNFRT, etc.), their different politics, and their confrontations, place ERTs as a social sector in a fragile situation that lessens their capacity to pressure the greater system. This works against the possibility of an ERT movement that has internal solidarity and that practices mutual assistance, thus impeding thinking through comprehensively and collectively the problematics they jointly face. On the other hand, and at the same time, the existence of these organizations has permitted ERTs to put forward its demands to various state organisms with a certain level of constancy. Furthermore, the type of support and advice they receive from these organisms, linked to the consistency of their lobbying efforts, have been crucial to ERT workers, especially in the first stages of their struggle which are the most difficult and decisive stages in not only the process of taking over the plant but ensuring the viability of workers' control. Fragmented and all, the existence of these representative organizations have also given public visibility to the greater ERT movement, as well as transmitting experiences and providing indispensable political contacts to budding ERTs so that every new case of workplace recovery can assimilate the experiences of its predecessors and not have to rediscover everything once again, which would be a costly and a potentially fatal waste of time for any infant ERT.

Social innovation

The critical overview of the actual situation of recovered enterprises that we have layed out thus far has

aimed to contribute to the discourse concerning the problems and the potentialities of the Argentine experiences of its ERTs as a reading of its challenges and concrete processes. Nevertheless, we do not claim that the efforts of thousands of workers have led to, as a final and irrevocable destiny, the reinsertion of bankrupted enterprises into the capitalist marketplace, the conversion of myriad workers into new impresarios or proto-impresarios, or the formation of a new managerial bureaucracy. While ERTs could transform themselves into these traits, the contrary is also possible – that is to say, it is possible that the phenomena of ERTs are alluding to the coming into being of a new form of enterprise, under the collective management of workers, where solidarity is the preponderant and creative value, and, breaking through the enormous difficulties they face, where alternatives to exploitative labour relations are experimented with.

But critical analyses of crude interpretations of ERTs' experiences does serve to alert us against the frequently held attitude of bestowing onto these workers – protagonists all, given their novel processes – the absolute responsibility of profound social change. After all, there is no change more difficult than the one that concerns transforming economic relations, the Gordian knot of capitalism. At the same time, such crude visions permit us to better valorize the real processes of transformation actually attained by this group of workers: a series of concrete social innovations in which the self-management of production and the formation of solidarity networks, once-absent from business life, have been put into play.

Those who approach the reality of these enterprises are surprised and fascinated by the extraordinary surge of these islands of collectivism in the sea of savage capitalism that has transformed Argentina since the genocidal dictatorship of 1976-1983. But once the real, but still nascent, possibilities offered by ERTs are contextualized, they must be played down once one goes deeper into these processes of change, as we've endeavored to do in this text. This contextualization should, however, obscure the real processes of change that have actually been realized and that lie at the heart of these enterprises. To help conceptualize these changes, we propose putting these processes into focus as *social innovations*, differentiating them from the social innovations that correspond to techno-scientific fields.

Some authors, in particular, a group of Brazilian thinkers, have used the concept of “socio-technological fit” to analyze the processes engaged with by ERTs. Their work takes off from the premise that the technological organization of production under capitalism needs to be adapted to the new social conditions of self-management. As such, to fully develop workers' self-management, so these writers theorize, one needs to produce a socio-technical fit that permits utilizing technology in ways that help foment relations of solidarity within production. Of course, in order to maximally accomplish this socio-technical fit, ERTs need to be surrounded by a different social system that permits the development of technologies that are specifically thought through from the perspective of collective management. As is more than obvious, we are far from that scenario. How do we, then, find this fit in order not to continue to reproduce old forms of production that, in the short or long term, end up imposing the logic of capitalism on ERTs?

Perhaps the response to this crucial questions is that this is impossible under current conditions if we continue to rely on old technological guidelines and think through ERTs as an absolute responsibility of the workers that protagonize them. To do so is, as we have already stated, to impart absolute responsibility for social, political, and intellectual change to workers – workers which, as we have also already explained, were, because of the economic and situational necessity that burdened them, forced to take the path of self-management. This is a conundrum that, to use a concrete historical example, the Soviet Union was not even able to resolve.

Nevertheless, the reality of the social innovations that have been spearheaded by ERTS, without proposing changes in technologies or the organization of production, surprises us. Notwithstanding the transformations that were forced onto ERTs by precarious contexts, rather than by the will of workers

or by their capacity to construct a different productive logic, ERT protagonists have succeeded in sketching out business structures that have different masters from those laid out by capitalist business models. These innovative practices are consistent to most the recovered enterprises. They start with the very act of intending to self-manage capitalist-abandoned enterprises without the mediating role of revolutionary processes. The control of an enterprise by workers within the mark of capitalist crises and without revolutionary pretensions such as those instances that occurred in other countries throughout the 20 th century is, one must say, something novel. When we consider the socio-economic and socio-political conditions that drove these cases, the novelty is even more pronounced. Contrary to the cooperative or associative will that motivates the majority of enterprises within the so-called solidarity economy, ERTs emerge from forced situations that give them impetus to form relations of solidarity in the face of an adversity that compels them, in some way, to create solutions to seemingly insoluble problems.

For them, the business logic of capitalism must be broken, although perhaps the protagonists of ERTs do not necessarily think about what they are doing in this way. We call these ruptures in the conceptualization of business practices social innovations. They are not – or, better said, they tend not to be – technological innovations but, rather, different social mechanisms used to operate a business that continues to function within the context of a market. And we must remember that we are talking about a market that belongs to a society that has been subdued by neoliberalism, with its ripped knitting of social containment that lies in the midst of a critical situation lived through by society in its entirety. Moreover, these social innovations exceed the practices of collective management and the egalitarianism of the workers who live them (and whose difficulties and challenges we have already discussed). They are mainly about the opening of the factory to the community, about the socialization of business secrets, including, more than a few times, business costs, the state of machinery, and the productive capacity of the enterprise. Many ERTs, for example, have adopted as one of their principal articles of faith aligning themselves with the notion of the “open factory.” This article of faith contrasts with the notion of the factory of the impresario, always remaining closed to all, including the state and, especially, in myriad ways, to its very workers.

This “open factory” has its roots in the emergent conditions of the recovered enterprise, whose workers had to appeal to social solidarity in order to save their jobs under the rubric of the occupation of the firm. In order to develop recovered plants as a productive unities that have survived bankruptcy, abandonment, or its emptying, with all of the well-known difficulties this process includes, ERTs have had to travel down a sinuous path that, in most cases, does not follow the economic logic that demarcates capitalist rationality. Indeed, no capitalist enterprise thinks of opening up its plant to the community that surrounds it by means of using its physical space for communal activities. These practices are not only unheard of in the capitalist enterprise, they are contrary to the very logic of capital. To open up cultural centres in a factory is not only not to be expected from a capitalist enterprise, it is anti-economic. And, moreover, this practice has nothing to do with technological fit within new conditions of management. It is simply a social or cultural innovation. And, furthermore, in various cases, this type of innovation, contrary to economic rationality, is a condition for the survival of the ERT. Thus, with this social innovation, we find ourselves, in reality, with a new economic rationality that is essentially different from the capitalist one.

With many ERTs, opening up to the activities of solidarity has served to socially legitimate the process that pressures, from a position of greater force, political power and the judicial system to award the plant to its workers. With some ERTs, these practices are about returning the space to the community in thanks for the solidarity of the neighbourhood that supported, in myriad ways (including economically), the occupation of the establishment. In some cases, the opening of these spaces to economic activities very different to what was originally carried out in them had a dynamic effect on

the group of workers that permitted them to more easily take over production from the previous enterprise. In all of these cases, we find ourselves with an innovative new road that merges away from the business paths established by the established system's rules of the game.

These are the profound processes that make ERTs a point of rupture in workers' experiences of struggle, irrespective of how the process continues to unfold. Even if the system were to close the breach that has permitted these exceptional situations, this fracture, as impossible as it was for many to have conceived of beforehand, has indeed already occurred. And the fracture occurred outside of revolutionary workers' offensives, in the middle of an imperial hegemony that imposes its rules of play across the planet.

As in other small or massive social, political, or economic fissures that have occurred in other latitudes, the recovered enterprises show the ensemble of social movements and popular organizations that fractures of the status quo are possible and – although nothing assures us that the road will be easy – that they must be taken advantage of. By pouncing on the opportunities that these fissures opened up, the Argentine working class has invented practices of social, economic, and cultural transformation almost without realizing it. And, they are coherent experiences of struggle already encompassing a rich yet still unfolding history of conquests, martyrs, triumphs, and defeats.

For the first time in years, Argentine workers have begun to signal towards new roads of struggle and political and economic advance within our society. Most extraordinarily, these advances have happened not only despite the myriad difficulties they face within their the socio-economic conjuncture and the concrete implications of taking charge of an enterprise, but also despite workers' lack of political and ideological development. After years of being on the defensive, some few thousand workers with their backs against the wall have begun to confront the forces mounted against them rather than continue to look for fissures in the wall in which to hide.

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- . Ruggeri, Martínez, & Trincherro, *Las empresas recuperadas en la Argentina*.
 - . These figures represent the number of known ERTs and its worker protagonists as of February 2005 (Ruggeri, Martinez, & Trincherro, *Las empresas recuperadas en la Argentina*). According to the Ministry of Labour's records, as of March 2006 there were roughly 183 ERTs throughout the country.
 - . Of course, we are talking about labour struggles within the bosom of a capitalist society. The case of Cuba is different because state power was taken and society was restructured based on a socialist model.
 - . Menem's "super-minister" of the economy, Cavallo was the author of the celebrated law of convertability that fixed the peso to a 1-1 exchange rate with the US dollar. The interventions of this representative of the most concentrated sectors of the economy established crucial landmarks in Argentina's subordination to finance capital and the consequent debacle of the national economy. In 1982, as the president of the Central Bank during the last years of the military dictatorship, he nationalized the external debt of private corporations. In 2001, the decadent government of then president Fernando de la Rúa again placed him at the helm of the national economy. This move came to have the disastrous conclusions that have subsequently become well known.
 - . Basualdo et al., "El proceso de privatización en Argentina."
 - . Cases in which unions tried to cover up the questionable maneuvers of business owners and bosses were not few and far between by any means. Indeed, unions were far from protecting the interests of workers. Indeed, some unions have gone as far as reacting violently towards ERTs, with, of course, mixed results.
 - . The case of Brukman in this respect is informative. The bosses abandoned this textile factory in Buenos Aires right in the middle of the debacle of December 2001, asking the few workers that remained to take care of the factory. In the midst of the desperation of the workers, the solidarity of the parties of the Trotskyist left was the only support that the Brukman workers found early on in their struggle. The use of their tactics and political platform meant that the Brukman workers were presented before the press as vanguards in the fight for workers' control, while they failed to form a cooperative like most other ERTs. This tactic exposed them to a sharp reaction by the impresarios within the judicial system, which carried over into a violent expulsion of the Brukman workers who then ended up camping out for months in front of the closed factory. The appearance of the right-leaning lawyer Luis Caro, who came with a proposal based on a solution that included forming a cooperative and entering into negotiations with the judge presiding over the case (a solution that was accepted by the majority of the workers), provoked the overthrow of Brukman's left-leaning supporters. Presently, the factory is functioning under much difficulty and their workers mostly support Caro, with only a small minority of workers identifying with the left.
 - . Lewis & Klein, *The Take*.
 - . See the web page of the National Movement of Recovered Factories (MNFRT): www.fabricasrecuperadas.org.ar.
 - . La Razón, Oct. 2, 2003.
 - . All data was gathered and realized by the team of researchers under the auspices of the University of Buenos Aires's Open Faculty Program in 2002 and 2004 (Ruggeri, Martinez, & Trincherro, *Las empresas recuperadas en la Argentina*).

- . In Spanish, SMEs are known as “*pequeñas y medianas empresas*,” or “PyMEs.”
- . Ruggeri, Martinez, & Trincherro, *Las empresas recuperadas en la Argentina*.
- . Ibid.
- . This improvement of the Argentine economy is connected to the policies surrounding a weaker Argentina peso and the higher exchange rate, which drives exports while discouraging the importation of goods that can be produced within the country.
- . Technically, there are no salaries per se in workers’ cooperatives but, rather, “withdrawals” (*retiros*). Nevertheless, in the minds of workers it is about salaries – it is about taking home what in Argentina is called “*la quincena*,” or the fortnightly pay cheque.
- . While these scenarios have been observable in all types of ERTs, the bigger factories with more than 100 workers are particularly susceptible to these dynamics. IMPA and Gatic San Martin (CUC) are two concrete examples that we are most familiar with.
- . Taking on these challenges carries with it an opportunity cost because it also necessarily means that the workers’ collective must decide not to distribute all of its revenues amongst the ERTs’ workers. While these decisions may be suicidal for the ERT short-term, such decisions have nevertheless been made by many ERTs.
- . Amongst others, Renato Dagnino and Henrique Novaes, investigators at the University of Campinas (UNICAMP), have, in various texts, attempted to work through the concept of “socio-technological fit” in relation to the ERTs. See: Dagnino & Novaes, “Mapeando mudanças em empresas recuperadas”; Novaes, “Para além da apropriação dos meios de produção?”