

When Workers Take Over: Reclaimed Factories in Argentina

By

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When Workers Take Over: Reclaimed Factories in Argentina

On December 18, 2001, a group of 30 workers began an occupation at the Brukman textile factory in Buenos Aires, Argentina. Of the 115 workers then employed at Brukman, these 30 had asked if they could spend the night of the 18th at the factory because they did not have enough cash to travel home and then return to work the next day. According to Jaime Muszkat, the lawyer for former factory owner Jacobo Brukman, on the following day, December 19, those 30 workers blocked the management and the other 80 employees from entering the factory (*La Nacion* June 30, 2002).

The workers who remained at the factory tell a different story. They say they asked their former bosses for a portion of the wages previously owed to them so they could cover the expenses of their transportation to and from work. According to the workers, the bosses went into their offices and came out empty-handed. They then told the workers that they were going to the bank to get cash, and would be back shortly to pay the workers. The workers waited at the factory until late that day, then overnight, and then over the next few days and weeks, but nobody came to pay them. They say their other coworkers returned to the factory, but left once they realized the bosses were not returning.

Having no other income sources, the workers returned to their sewing machines, continued their previous work orders, and created a makeshift store on the ground floor, all in order to make enough money for the bus trip home to see their families.

Temporarily, this practice provided them with cash and survival. Yet twice, the municipal police arrived at the factory and demanded that the workers leave—they

claimed the factory was not theirs to use. If anything, they said, it belonged to the state until Jacobo Brukman paid the debts he owed to the state, the workers, and different utilities.

The Brukman case has continued to be contentious in the months and years since December 2001, but it is not an isolated instance. Worker-occupied factories and businesses in Argentina have become a growing phenomenon during the last several years. Beginning in 1999, factories have closed their doors when owners can no longer cover expenses. In some of these cases, the previous employees have appropriated the factories and continued production—usually in the form of a cooperative or worker-directed system.

After Argentina's economic crisis hit its peak in December 2001, the rate of factory shut-downs increased even more dramatically. In Buenos Aires, its surrounding towns, and in provinces across the country, more workers began to occupy and produce in the owner-abandoned factories where they had previously been employed. Currently there are over 130 factories (there are claims of more than 200) that are being run as employee cooperatives, employing at least 10,000 people throughout Argentina.

The 2001 economic crisis led to bankruptcy for many factory and business owners of across a range of industries. Owners often lacked the money necessary to pay wages to their workers. In some cases, employees were paid less and less each week until they had been scaled back from a weekly salary of \$100 pesos to a salary of \$5 pesos per week as had the Brukman workers. For the many workers who live in the province of Buenos Aires but work in the city itself, five pesos barely covers a day's commute. Leaving two

hours before their workdays begin, they take a combination of *colectivos* (buses) and subways to complete the journey of up to 60 miles one way between home and work.

Aside from their workers, factory owners also owed payments to banks, other creditors, and utilities services like *Aguas Argentinas* (Argentina Water), *Edesur* and *Edenor* (electricity companies). In many instances similar to Brukman, workers from these factories have “taken over” the factories or continued to occupy and operate them. Most have had to battle in the courts to become recognized as legal cooperatives, and the legality with which many currently operate is tenuous at best. Some factories are recognized as independent and legal cooperatives, some operate on two-year leases issued by the government, and some operate without permission of the government—constantly facing the threat of violent and forcible removal.

Because this Argentine social phenomenon is essentially a recent occurrence, the academic literature on it is still in early stages of development. To date, a few notable studies have been done on these factories (Palomino et al 2003, Gobierno de Buenos Aires 2002, Magnani 2003), and a few wider studies on other social, economic, and political responses to the 2001 crisis, such as the *piquetero* (picketeer) movement, have included sections on occupied or reclaimed factories (Svampa and Pereyra 2003).

Some media reports hail this development as a political stab against an overly capitalistic society and as nothing short of the beginning stages of an economic revolution (*The Guardian* Jan. 25, 2003). Others see it only as a temporary reaction to unemployment that is sure to disappear or substantially decline within the next several years (Di Tella 2004). Social scientists and international media sources have written about this phenomenon, but their reports generally focus on the processes by which

workers have taken over factories. Often, as with Brukman, there are contradictory reports about how the factories have been taken over or come under workers' control. Much of this literature has focused on the political struggles these worker-run cooperatives have had to endure to operate during the last two years. Outside of a few one-line quotes in newspaper articles, almost nothing has been written on the internal workings of these worker-led cooperative factories.

There have also been academic and media accounts of court proceedings resulting from the incompatible demands of workers, bankrupt owners, and the state in the Brukman case among others. Such conflicts have resulted in several lengthy legal battles about private property and the rights of workers. Yet after such cases are legally resolved, in situations where previous employees are granted temporary use of the factory and even in situations where they are not, little more about these worker-run factories is mentioned. At the factory level, there has yet to be any close analysis of the consequences of the takeovers and of the ways in which workers organize production. This thesis will show how workers carry out the administration of these reclaimed factories. It will contrast the way workers organize the factory with the previous system of management.

Previous Factory Occupations

Worker-run factories or cooperatives are not a recent Argentine invention. During the last two centuries, aside from saving jobs, worker's cooperatives have been created by people and organizations as an expression of deep political and personal beliefs about private property, egalitarianism, equality within work situations, or the rights of workers to make decisions in the workplace that will directly affect them (Jackall and Levin 1984). I outline some such cooperatives in both Europe and the U.S.

in Chapter 1. Yet while the Argentine situation is reactionary, these other cooperatives are generally *created by* the persons who work there. They originate from the political ideals of people, not from the shutdowns of already existing organizations that threaten workers with unemployment.

As detailed more fully in Chapter 1, since the dawn of industrial capitalist production, workers have occupied or taken over factories in a wide variety of instances. During the early twentieth century, factory workers in the U.S. and several European countries used occupations as a method of protest against their employers. The fundamental difference between previous factory occupations or sit-downs in other countries and these movements in Argentina is that workers in Argentina are not stopping production to negotiate with employers. Argentine employers often fled the factories after workers demanded back-pay. Since then the workers have taken over these “abandoned” factories and resumed production and sales. They see it as their only potential source of income. This is occurring in different sectors of the economy—there are reports of textile companies, bakeries, supermarkets, publishers, medical clinics, and transportation companies being run by workers as cooperatives.

This *economic* rationale for cooperative worker-run factories is not new, nor is it unique to Argentina. As early as the nineteenth century, Frederich Engels supported the establishment of worker-run factories in the event of widespread economic downturn. In 1884 he wrote a letter to an official in the German government in support of legislation that would allow workers

“to purchase, on their own or the state’s account, factories etc. whose owners cease operations in times of crisis or because of insolvency or which for other reasons are put up for sale, and operate them co-operatively and in this way introduce the gradual transition of the whole production to co-operative ownership” (quoted in Mellor, Stirling, and Hannah 1988:70).

Why Argentina?

In a country like Argentina, where the poverty rate reached 26 percent in 2002, there are often discussions on the economic reasons why employees take over factories. The basic rationale is that there are few—if any—other jobs to be had. As their bankruptcies imply that these enterprises were not generating profits, workers are not taking them over in hopes of “getting rich” but rather to keep their jobs and stay out of poverty. Much of the literature rationalizes these factory occupations as economic inevitabilities (Gobierno de Buenos Aires 2002, Magnani 2003). In light of the country’s severe economic problems, it is understandable that workers continue to produce at these factories. In some of the legal battles that have emerged, advocates for the workers argue that the government should throw its support behind these jobs-saving ventures.

News sources have reported, rejoiced, and lamented that Argentina’s worker-run factories are a step toward socialism. Some depict these workers as revolutionaries who are redefining the traditional relation between labor and capital while others see them as nothing more than common law-breakers. Opponents of the takeovers have argued that the workers’ takeovers prove their contempt for the institution of private property. Some workers in these factories are members of leftist political parties and grassroots organizations like the more radical Polo Obrero (PO) and Corriente Clasista y Combativa (CCC) that do indeed call for an abolition of private property and capitalism. While most workers in reclaimed factories are *not* affiliated with these parties and do not hold their strong political convictions, they have been joined by members of these political parties in protesting factory shutdowns.

Recent Social Change in Argentina

From 1989 to 1999, Argentina was lead by Carlos Menem, a Peronist by name, but a conservative proponent of neoliberalism. During his tenure, Menem privatized all of Argentina's national enterprises—including water, gas, electricity, and air and rail transportation. In the 1990s, “close to 150,000 workers lost their jobs as a direct consequence of the privatization process” (Auyero 2003:15). Not all regions were affected equally by privatization. Public enterprises in the country's interior were hit especially hard because the new private enterprises were much smaller and not able to absorb the regions' labor forces. In addition to privatization, Menem also discontinued the majority of national welfare services and instead left these, along with education and health services, to the country's provinces.

Unemployment in Argentina grew at a steady rate during the 1990s. Productive industry shrank from 24 percent of the country's total employment in 1991 to 16 percent in 2000 (*Gobierno de Buenos Aires* 2002). An increasing number of people found themselves laid off and without job prospects in the formal economy or any type of public assistance. The era marked the end of ideals of “Fordism” for workers—adequate salaries, public job protection, and social services (Svampa and Pereyra 2003).

By the beginning of the 21st century the country faced an unemployment rate hovering around 20 percent, up from 6 percent at the end of the previous decade (*Gobierno de Buenos Aires* 2002). Both the industrial and public sectors incurred heavier unemployment than average. The province of Buenos Aires lost 5,508 industrial plants between 1988 and 1998 and the number of industrial jobs decreased by 22 percent between 1985 and 1994 (Auyero and Moran 2003). The crisis culminated when the

government defaulted on a loan from the International Monetary Fund (IMF) in December 2001. In the weeks that followed, the national presidency changed hands five times as successive presidents resigned only days or weeks after being appointed.

During the late 1990s, a growing number of unemployed and impoverished people in Argentina became displeased with Menem and the *Partido Justicialista* (PJ). Though the traditionally populist Peronist party, the PJ lost some of its pro-labor base when its leaders championed economic neoliberalism. Many members left the PJ and joined smaller, worker-focused, more leftist political parties and unemployment groups that emphasized the need for public assistance for unemployed workers. These political groups were often small, grassroots, regionally isolated within the country, and lacked access to government resources. Lacking direct channels to government but demanding its attention nonetheless, they employed practices like demonstrations in front of state and national government buildings and public roadblocks in various provinces across the country.

At first seen as isolated protests, by the end of 2001 the growing number of such protests became known as *piquetes* (pickets) and their actors as *piqueteros* (picketers) (Auyero 2003). The groups held not only internal meetings called *asambleas*, but also open meetings where all could express their dissatisfaction. The picketers' common cause and need for coordinated national strategies were emphasized at annual meetings held in the province of La Matanza in 2000 and 2001 (Auyero 2003, Svampa and Pereyra 2003). Public protests and roadblocks grew larger and incorporated more unemployment groups and even students and middle class political activists. These efforts led to some minimal national assistance programs for unemployed workers—most notably the *Jefas y*

Jefes de Hogar (Head of Household program) which provides neighborhood or regional representatives with some money and food staples to pass out to those in need in the region. Picketers have also been credited with developing a national worker movement that has been connected to all sorts of class-based or worker-based efforts and activities (Svampa and Pereyra 2003).

My thesis examines how internal organization of the workplace has changed since factory workers took over factories in Argentina. Looking at three *fábricas recuperadas* (reclaimed factories) in Buenos Aires—the Brukman textile factory, the Chilavert printmaking factory, and the *Industria de Metalurgia y Plástica de Argentina* (IMPA) metallurgy and plastics factory in particular, I compare how the recently begun worker-run operations differ from factory organization under previous ownership. Primarily, I ask whether and how internal organizational changes have occurred. In each system: How are workers paid? How are tasks assigned to workers? How are workers hired? Who decides how the factory is run? What are the some of the effects of worker management on internal social networks?

While other studies focus on *why* workers reclaim factories, this is a study of the organization of production within reclaimed factories. Instead of concentrating on the political basis and relevance of takeovers, I focus on how these emergent micro-economies actually work.

I conducted interviews with workers who have taken over three factories and continued to produce goods after the owners declared bankruptcy. Without traditional vertical industrial structure, these workers have continued to fill orders for clients, to pay

outstanding bills owed by the factories (for electricity, water, et cetera), to reserve portions of the factories' income for capital improvements, and to distribute their profits among workers so that many workers now make *more* than what they were paid by the former factory owners.

Although these three factories are in separate industries, have distinctive developmental histories, and have many internal differences, I focus on their common methods of organization and cultural similarities. I also briefly discuss two main organizations or networks of worker-run factories, the *Movimiento Nacional de Empresas Recuperadas* (National Movement of Reclaimed Enterprises, or MNER) and the *Movimiento Nacional de Fábricas Recuperadas por sus Trabajadores* (National Movement of Factories Reclaimed by their Workers, or MNFRT). These two organizations serve as networks through which workers from different reclaimed factories meet, discuss their common situations, and provide advice, labor services and capital to new worker-run enterprises. Each has grown substantially during the last year and both incorporate additional factories every few weeks.

Hypothesis

Workers employed under previous factory ownership are likely to organize factory production differently than previous management. Workers will take measures to equalize and democratize the system of organization. Specifically, workers in reclaimed factories will organize operations so that decision-making is less centralized, they will shift the basis for payment and promotion from output to seniority, and there will be more flexibility of work schedules and task assignments. A more detailed outline of shifts I expect to find in worker-run factories is seen in the chart below:

Table 1. Hypothetical Differences in Old and New Systems of Factory Organization

	Old System	New System
General organization of factory/Decision-making	<ul style="list-style-type: none"> • Strict separation between workers and management • Management makes factory decisions 	<ul style="list-style-type: none"> • Increased interaction between workers and management • Workers participate in factory decision-making
Hiring and Internal Promotion	<ul style="list-style-type: none"> • Hiring based on weak social ties • Promotion based on output or seniority 	<ul style="list-style-type: none"> • Hiring based on strong social ties (emphasis on “trust”) • Promotion based on seniority <i>rather than</i> output
Payment	<ul style="list-style-type: none"> • Managers paid more than workers in production • Pay for workers based on physical output 	<ul style="list-style-type: none"> • Smaller discrepancy between payment for management and workers • Pay increases based on seniority
Schedule	<ul style="list-style-type: none"> • Same schedule for all employees • Strict enforcement and penalization for tardiness and absence 	<ul style="list-style-type: none"> • Fewer hours per week • Increased flexibility • Less penalization or more relaxed enforcement regarding absences and tardiness
Task Assignment	<ul style="list-style-type: none"> • Rigid delineation of task assignment • Physical separation based on task assignment 	<ul style="list-style-type: none"> • Increased sharing of tasks among workers • Less stringent enforcement of physical separation of workers based on task assignment

After Chapter 1’s analysis of historic takeovers and worker-run enterprises, Chapter 2 examines sociological theories of workplace organization, networks and compensation. I present the findings of my research in Chapter 3 before concluding my thesis in the final section.

Chapter 1

Historical Perspective on Factory Takeovers

This chapter provides a historical context against which to compare the current factory takeovers in Argentina. The first section draws upon twentieth century episodes in the U.S., France, and Italy during which workers occupied or took over factories from owners. In most of these cases, factories were taken over as part of workers' strikes and workers rarely continued production. The second section of the chapter explores historical cases in the U.S., Spain, Hungary, France, Israel, and Brazil in which workers created factory cooperatives. Under various social contexts, workers have organized production at factories in distinctive ways and with varying degrees of success.

Factory Occupations

Historically, factory occupation has been relatively uncommon. In several instances during the late nineteenth and early twentieth centuries, workers occupied factories as a form of protest against their employers. This method of striking was most notably used in the U.S., France, and different parts of Italy. In 1920 in Italy and in the late 1930s in the U.S. and in France, workers' factory occupations became widespread but short-lived events.

The broad term "factory occupation" obscures crucial differences within different factory occupations. Sometimes workers occupy factories to *appeal to* management and in other cases they occupy factories as a way to *get rid of* management altogether. In some instances, workers who occupied factories stopped production completely (albeit temporarily). In other cases, workers resumed production, creating systems in which they organized production and distribution. Thus "factory occupations" encompass a

wide range of activities and in and of themselves, reveal little about what actually occurs during occupations.

Factory Occupations in the United States

During the late 1930s in the United States, workers occupied factories in the form of sit-down strikes. A notable factory occupation occurred in several sections of the GM plant in Flint, Michigan from December 30, 1937 until the end of January 1938. The workers called a strike for a collective bargaining agreement and union recognition (Fine 1969).

The GM workers occupied the factory for over four weeks, but they did not continue production during the strike period. Yet even they did not produce, the workers did create and follow an organizational system during the occupation. The seven hundred striking workers elected a fourteen member “chief administrative body” that represented different factory departments (Fine 1969:157). The committee was authorized to make administrative decisions for the factory but acknowledged that final authority rested with the totality of the striking workers.

This administrative committee created subunits and assigned tasks to workers, such as guarding unoccupied factory areas so GM management could not resume production in these areas. They also created a judicial system in which workers were tried and penalized for not performing their assigned tasks or for disrespecting the other rules set forth by the committee.

The organizational system served its temporary function, maintaining order among the strikers during this period. The GM occupation lasted only a few weeks.

Because all parts of the plant were inoperable, GM management was forced to negotiate with the workers and to provide them with union recognition (Fine 1969).

During the same time period similar sit-down strikes for union recognition occurred at the Bendix auto factory and at the Firestone, Goodyear, and Goodrich tire companies, as well as at some steel mills and factories that provided parts to automotive corporations. As with GM, unions were generally recognized at these factories after several weeks and those who had occupied the factories returned to work (Fine 1969).

One key difference between traditional striking methods and these factory occupations in the U.S. auto industry is that it is much more difficult for management to employ strikebreakers to take over the production when workers actually *occupy* a factory. So long as employees are occupying the factory, they will not be likely to concede their workplace to potential replacement. It is also dangerous to bring in any kind of force with police powers to neutralize the strike. Management tends to prevent any violence between striking employees and police forces when severe damage to machines could result.

Factory Occupations in Europe

In their analysis of European strikes, Tilly, Tilly, and Tilly (1975) argue that, in most cases, workers used sit-down strikes as “pre-emptive” collective action. In such instances, workers inhabited factories to demand certain benefits, privileges or rights previously not provided to them by their employers. By contrast, “reactive” collective action is undertaken when one party or group attempts to resist an action taken or a demand made by another group or individual.

The pre-emptive nature of sit-down strikes or factory occupations was often fostered in workers through popular political parties among the working class. In France, the Communist party was important in the development of factory occupations or sit-down strikes. In December 1938 in Romans, France, workers at a shoe factory began an occupation “in the aftermath of a CGT [*Confédération Générale du Travail* (General Confederation of Labor)]-called general strike” (Tilly et al. 1975:68). The CGT had called a 24-hour strike to protest against employers who were not adhering to 40-hour workweek mandates. The workers in Romans continued to occupy their factory for a week after that until their employer consented to a 40-hour schedule.

Factory occupations can also be reactive measures. Some were direct responses to measures taken by management. One occurred at Milan, Italy’s Alfa Romeo auto plant during August 1920. After workers at the factory had participated in a union-wide slowdown, management responded with a lock-out the next day. This effort was unsuccessful, however, as workers from the early shift “refused to leave the factory” (Tilly et al. 1975:173).

Shortly thereafter, other union plants in the auto and metal industries in Milan and nearby Turin were also occupied by workers as an expression of solidarity with the Alfa Romeo workers. In the weeks that followed, over 400,000 metal workers and half a million workers in total in northern Italy occupied their factories. By the end of September 1920, 185 factories were occupied (Spriano 1975).

During these occupations, workers did continue production. At some factories workers created councils that made decisions about production for the whole plant. At Fiat-Centro, for example, the council’s first statement called for the prompt resumption of

production: “The workers internal commission...calls upon all workers to remain at their workplaces and to carry on work as in the past... Workers! Show that you can run this factory without employers!” (in Spriano 1975:63).

At other factories workers also attempted to organize systems of management and to coordinate the supply of materials, production, and distribution of products. At the Fiat plant in Turin, workers created a sales organization within the factory to administer the sale of completed products but the *Federazione Italiana Operai Metalmeccanici* (Federation of Employees and Workers in Metal or FIOM) opposed individual factories selling automobiles and this was stopped (Spriano 1975).

Along with production, the councils of workers also created other social regulations. They created rules to ensure the success of the occupation. “No one could enter or leave without permission. Workers were searched at the exits and thieves were severely punished” (Spriano 1975:65).

These occupations in Italian factories ended after the FIOM union reached a tentative agreement with the Prime Minister at the end of September 1920. FIOM ordered workers to leave their factories and allowed previous management to return. Yet one issue that remained unresolved at many factories was payment. Workers demanded to be paid for their labor during the occupation. Initially, management at most firms refused to pay employees retroactively. Eventually, compromise was reached on a firm by firm basis. Most workers were paid some money, but less than their normal salaries because production volume had been low during the slowdowns and the occupations (Spriano 1975).

In Italy, along with the U.S. and French cases mentioned above, these factory occupations were significant worker protests against management. Workers did not take over factories *specifically* to take charge of production. These occupations were bargaining tactics used by workers to negotiate with management. In some cases workers took over production, but these were short-term occurrences, none lasting longer than several months. Little evidence points to these takeovers as being conceived of as potential solutions or long-term plans for the future of industrial production.

Worker-Run factories or production cooperatives

Aside from factory *occupations*, there have been previous instances of worker-run or cooperative-based production at factories and other enterprises. Cooperative enterprises, largely comprised of agricultural cooperatives and consumer cooperatives, have existed in many formats for millennia but cooperatives in industrial production are a much more recent phenomenon.

Worker-run factories in the United States.

Worker-run cooperatives were created in the U.S. in the 1830s, such as those established by Robert Owen in New Harmony, Indiana. Owen believed that men were created by their circumstances and that if men were given resources and responsibilities, they would be able to make the conscientious decisions necessary to run an enterprise (Magnani 2003). Though they were successful for several years, Owen became disenchanted by how workers ran these cooperatives. These factories failed because “problems of factory production, labor management, and profitable sale of things produced were too complex for the workers to handle. They were utterly without administrative experience and without a schoolmaster to train them” (Cowling 1938:31).

Other production cooperatives have existed in the U.S. since the middle of the nineteenth century, but the development most relevant to the current case in Argentina was the surge in production cooperatives in the mid-1930s. During the Great Depression's highest periods of unemployment hundreds of "self-help" production cooperatives were founded with the set purpose of creating jobs. Many such cooperatives were funded and otherwise supported by the national and state governments (Jackall and Levin 1984). The rationale behind these cooperatives was that the unemployed could sustain themselves through their own production and trade of goods. These cooperatives were not created to maximize profits nor to compete in the wider market, but to keep people afloat, employed, and occupied during the Depression.

Most of these cooperatives were members of different federations that affected their structure and organization. In canneries in California, workers were paid the same wage rate, but people worked a wide variety of hours so all workers did not end up with the same pay (usually somewhere between \$20 and \$30 a month based on 80 to 140 hours of work). Unlike with factory shutdowns, these cooperatives employed many people with no previous experience in a particular industry. Therefore many resources were allocated for retraining. People worked in these cooperatives until they could find "better" sources of employment and such organizations largely died out by the beginning of the 1940s (Jackall and Levin 1984).

Worker-run factories abroad

The first production cooperatives emerged in England during the mid-nineteenth century. The Rochdale Co-operative Manufacturing Society textile mill was created in 1854 by a consumer cooperative with the same name when a group of workers

collectively leased a room in a privately owned textile mill. After ten successful years, the cooperative put shares of its ownership for sale in order to expand. It was purchased by outsiders and ceased operating as a cooperative shortly thereafter.

Other worker cooperatives operated in England until going out of business in the 1970s. Unlike Rochdale, however, these cooperatives were owned by the state and controlled by labor unions. Just as the term “cooperative” is inclusive of consumers’, agricultural, and production cooperatives, the term “worker cooperative” doesn’t mean that these cooperatives are exclusively owned and controlled by their workers (See: Oakeshott 1978, Wiener and Oakeshott 1987).

Another modern form of cooperative society is the Israeli kibbutzim. More than a production cooperative, the kibbutz relies on cooperation in all aspects of society. Though run in a cooperative fashion, not all members of a kibbutz have the same power to make decisions. To combat this inequality and make the system more egalitarian, management positions rotate. “After a certain number of years at the top, people give up their places and go back to lower-level positions” (Kanter 1977:271).

Job rotation has been stressed as a way to organize work within production cooperatives (Mellor et al. 1988). All workers share responsibilities and must do the same job at one point or another. The shifting of workers from one job to another deters an establishment of hierarchies based on position or privileged knowledge. In factories, widespread knowledge of different jobs can prevent bottlenecks in the production process, as workers can shift tasks and provide help where it is needed (Jackall and Levin 1984). Additionally, workers became more skilled in different capacities and have an enhanced awareness of all aspects of the business (Mellor et al. 1988). As workers gain a wider

base of information about the cooperative, they are better able to understand what is necessary to run the cooperative.

Another example of cooperative production is the Mondragón Group in Spain. It is the largest producer cooperative movement in the world. As of 1987 there were over one hundred factories in the same region employing around 20,000 people (Jackall and Levin 1984, Wiener and Oakeshott 1987). Each factory has an executive board elected by all of that factory's workers. The board makes day-to-day decisions at the factory, but major decisions are made by popular vote in factory-wide meetings.

While the factories may be controlled and run by workers, they are owned by other individuals or small groups. Those who start up a factory must pay the Mondragón Group and are expected to provide the capital necessary to create a factory, although in cases of economic hardship and for those without savings, loans are available from the Group (Mellor et al 1988). Workers are required to pay a percentage of their earnings to the Caja Laboral Popular (CLP) or group bank. Serving all the cooperatives, the CLP provides capital loans for expansion or for increased technology. It also is a facilitator for solidarity and cooperation in business between the different factories (Wiener and Oakeshott 1987).

David Stark (1990) provides an ethnographic account of a subcontracting enterprise in Hungary's mixed economy during the 1980s. Workers created subcontracting units in existing factories. Autonomous groups smaller than the regular workforce, they would work in the factory and fulfill orders for their own clients after the regular shifts. They used public or state property for private gain or to supplement their incomes.

These workgroups provided workers with alternate systems of representation, as there was no traditional “management” position, and alternative systems of payment (a subcontracting group had to divide payment among itself as its members saw fit). Workers now had the task of valuating their work and creating proper payment distribution: they needed to determine the worth of the work done by each person. In the process of determining the ‘proper’ system to use, they recombined “existing institutional materials” and then created new organizational forms (Stark 2001:70).

According to Stark’s interviews with these workers, they enjoyed having the ability to bypass the bureaucracy they had to deal with during the regular shift. However, conflict sometimes arose between workers on the proper way to organize production and payment. By the time Stark completed this research in 1990, workers in the group voted out the person they originally chose as the manager because he overvalued his own work while undervaluing theirs.

Even more similar to the Argentine case is that which has been occurring during the last decade in Brazil. The Makerly footwear factory shut down in 1991, leaving about 500 workers without a job. Brazil’s national footwear union recognized that these workers would not easily find other jobs and it negotiated a deal in which the workers were able to buy the factory with credit from the state (Magnani 2003). This factory maintained a traditional hierarchical structure, but with “minimal transparency,” before it went bankrupt in 1994. Shortly thereafter, the *Associação Nacional dos Trabalhadores em Empresas de Autogestão* (National Association of Workers at Self-Managed Enterprises, or ANTEAG) was founded with the aim of organizing worker-run factories (Magnani 2003). After a factory shut down, the ANTEAG guided its previous employees

toward gaining access to and running the factory on their own. Currently there are about 300 such enterprises in Brazil. Yet unlike most worker-run factories in Argentina that nominally belong to the state, Brazilian workers often *buy* the factories from the bankrupt owners, their creditors, or the state.

Associations of cooperatives like Brazil's ANTEAG have played a significant role in maintaining production cooperatives in many regions. During the late 1970s in France and other Western European countries, workers resisted factory closures while unemployment rates grew across the entire region. The *Sociétés Co-opératives Ouvrières de Production* (Society of Cooperatives Working in Production or SCOP) received over thirty requests for help annually from workers facing factory closures whereas during previous years they had regularly received less than ten such requests (Thornley 1978). "Job losses were not evenly spread throughout the workforce and there were much higher levels [of unemployment] in traditional manufacturing sectors such as heavy engineering, shipbuilding, and the extractive industries" (Mellor et al. 1988:44). In these sectors, worker-occupied or reclaimed factories were run as cooperatives.

In Italy the *Lega Nazionale delle Cooperative e Mutue* (National League of Cooperatives and Mutual Aid or LEGA) and similar groups organized production cooperatives in groups to encourage cooperatives with "complementary skills" to patronize one another and to provide various other types of help with purchasing and financing (Mellor et al. 1988:96).

Throughout all regions discussed, most worker-run cooperatives have been small or midsized businesses. The great majority of such organizations have employed less than three hundred workers. During the 1970s, 300 of France's 537 registered

cooperatives did not employ “on average more than a dozen people” (Oakeshott 1978:129).

Different reasons have been given for the lack of expansion and growth among worker cooperatives. In situations where workers have to provide the capital for technological expansion, generally through deduction in their own wages, they have been hesitant to do so (Oakeshott 1978). Worker-run cooperatives generally have more difficulty than private firms in getting loans for capital expansion. When banks do extend loans to cooperatives, they often ask for personal guarantees from the workers—including their homes if they own them (Mellor et al 1988). So while liability is limited for other factories or firms, production cooperatives face much more difficulty acquiring the means for capital expansion. Without technological advancement and access to capital, most of these firms have not experienced any large levels of growth.

Though payment within worker cooperatives may have been split in a more egalitarian manner than at comparable enterprises, it was not split *equally* among all cooperative employees in most cases. From the end of the 1940s to the end of the 1970s, managers in French cooperatives made two and a half times as much as workers made. In private industries, managers made seven times as much (Oakeshott 1978).

While, in theory, worker cooperatives are defined as being owned and controlled by workers, this “traditional definition can not be interpreted literally” (Mellor et al. 1988:78). Many productive organizations are run cooperatively although they are neither owned nor run by their workers themselves. Some are owned outright by other entities like the state or banks, and some are only owned by workers in name, though banks, government, or some other authority effectively *own* the enterprises. In both cases, the

autonomy with which workers organize production or run the enterprise is compromised or limited by financial and other constraints.

The history of production cooperatives is far-reaching. They have occurred in different forms in industrial societies—both capitalist and socialist—during the last one hundred fifty years.

Chapter 2

Organizational Structure and Payment Systems: Theoretical Overview

Factories may be taken over for a variety of social, economic and political reasons. Workers may do so to protest a hostile working environment or low wages, or to express solidarity with unions, larger scale worker movements, or specific political parties, or for a combination of these and other reasons. Rather than examining *why* workers take over factories, this thesis seeks a better understanding of *how* workers operate and organize production and payment at these factories under their own autonomy.

Factories or cooperatives controlled by workers have been organized and operated differently than factories controlled by outside ownership and management. To understand how the organization of a factory might differ under private ownership and worker control I analyze the literature on the organizational structure. The first section of this chapter reviews organizational theories in order to address the following questions: What is similar or distinct in how organizations are created and reproduced under different systems of management? Within a factory do different groups of actors organize and value production differently? If so, do relations and networks within the factory change? Is organizational culture different at worker reclaimed factories than at factories that continue to be run by employers' management?

The second section of the chapter reviews literature on theories of payment and compensation to provide a basis from which to analyze differences that may exist between how management and workers view and organize payment within factories. The final section of the chapter examines theories of hiring and internal promotion within

firms or factories. This serves as a framework from which to view the ways in which people are hired and/or promoted in Argentina's reclaimed factories.

Organizational Structure

Production and management within organizations can be distributed horizontally, vertically, or both. A horizontal division of production creates separate sectors of the overall work force within an organization or factory. One sector may be affiliated with the production of Product A, and another sector with Product B, both of which the factory regularly produces. Or one sector may be responsible for the actual production of a product while another sector is responsible for the distribution of that product. Thus within the organization there is a division between those who work in the different horizontal sectors. Horizontal distribution does not necessarily rank different sectors in any normative manner or assign them different levels of status.

Vertical distribution of production also arises within some organizations—in firms that either are or are not horizontally integrated. Within the overall production scheme or within different horizontal sectors, work is divided vertically to the extent that different subgroups are assigned separate responsibilities and perform different tasks—even if they work in the same sector (such as production, marketing, distribution, etc.). In a vertically distributed system, there commonly *is* differentiated status and normative ranking of positions by status, authority, and salary. There generally is a clear and formal demarcation of superiors and subordinates. Information tends to flow vertically, between superiors (who make decisions) and subordinates (who execute decisions made by superiors).

Burawoy's (1979) study of vertical productive relations from a Marxist perspective shows how management and workers interact on a factory shop room floor. He posits that workers and management are two separate groups that interact but do not overlap. Management is the agent of capitalists and is entrusted with maximizing the enterprise's profit—through appropriating the maximum possible surplus labor from workers.¹

Vertical differentiation between superiors and subordinates can be symbolically exemplified by physical separation. For instance, bosses and key decision makers may have reserved parking spaces and private offices apart from the location of actual production. In doing so, they reinforce the vertical differentiation in responsibilities as well as a social hierarchy and differentiated status between groups (Saxenian 1994). For instance, superiors might eat together in an executive lunchroom while other employees eat in a common dining area.

The spatial geography of a firm or factory can also both symbolically and physically facilitate and impede vertical and horizontal organization as well as formal and informal networks.² Physically separate facilities for different divisions of an organization can facilitate horizontal structure and provide opportunities for the different units to exercise autonomy in decision-making. Greater proximity between divisions can increase their cooperation with one another and dampen the need for the central

¹ One of Burawoy's main contentions is that the specific organization of production "is part and parcel of the factory 'culture'" (Burawoy 1979, p. 4). Though workers may be subordinate to management and not dictate relations or organizational forms, both management and workers play active parts in reproducing the organization of production, the factory 'culture,' and the social relations therein. Burawoy cites theories of organizational persistence and the ability of an organization (like a factory) to resist change in the organization of production.

² The location of machines within a factory determines which workers have daily contact with one another (Magnani 2003).

coordination that is part of a centralized, vertical structure. While physical proximity may facilitate informal relations among different divisions, it also may provide less autonomy for decision-making within the individual divisions. Similarly, the physical proximity of management to workers can influence the level of direct control management has over workers.

An organization is based on “historicity,” or reproduction of the “weaving together of bits and hunks of preexisting organization” (White 1992:105). According to White (1992), management must unpack these prior organizational forms and reproduce the regulations that govern a particular organization. Whether management might be private owners, workers, or some other entity, they must organize production somehow based on prior and current forms of organization. In doing so repeatedly, internal divisions and vertical hierarchies like those mentioned above are recreated and institutionalized (Morrill 1995).

In her comparison of production organization in the Silicon Valley and Route 128 in Massachusetts, AnnaLee Saxenian (1994) emphasizes that regional organizational structure, culture, and tradition play a significant role in determining systems of organization. A large number of start-ups were located in the Silicon Valley because “the regions’ culture encouraged risk and accepted failure” (Saxenian 1994:38). These tech firms were begun within the context of a regional network-based industrial system. Factories or firms might specialize in a particular field within the industry, but they would interact with other firms often and work collectively. The internal structure of most firms was decentralized as they occurred “in an environment that lacked indigenous industrial traditions and experienced managers” (Saxenian 1994:50). In Route 128

however, similar firms were much more integrated or insulated from each other and there generally was little communication between them. Boston had a much stronger base of independent firms and traditional corporate hierarchy—both of which led to “local executives’ inherited ideas about how to organize production” (Saxenian 1994:70).

Saxenian’s study follows the theoretical comparison between small firm networks and larger independent firms (Saxenian 1994). Similarly, studies of industrial districts in northern Italy and of the Japanese *keiretsu* also emphasize small firm networks and the importance of strong network relationships among different firms. In Italy, the physical proximity of firms in a given industry allows them to collaborate and subcontract work because “only a portion of the firms market final products; the others execute operations commissioned by a group of firms that initiate production” (Powell and Smith-Doerr 1994:386). The Japanese *keiretsu* (business societies) are diversified business groups that regularly do business with one another—even across different industries. The firms are linked to one another both horizontally and vertically (Powell and Smith-Doerr 1994). These three cooperative ways of organizing businesses show that not all firms operate in an open market system, independently of external network structures.

The Impact of Networks in Organizational Life

Social relations, particularly networks within and between groups, have been widely studied and reviewed within the sociological literature on organizations (Burawoy 1979, Burt 1976 1998, Ibarra 1997, Kanter 1977, Norhia 1992, Saxenian 1994, Stark 1992, Portes 1998, Powell and Smith-Doerr 1994). Beyond its structural setup, networks can show what and where are the sources of power and influence in an organization.

Both formal and informal networks and structures occur within and between organizations and provide information about how organizations are run. “The degrees of association between three features of organizations—positions in relational networks, positions in the formal role system, and culturally embedded attributes of members outside the formal role system are variables of potential importance in predicting the tone and style of an organization” (DiMaggio 1992:131).³

Formal relational networks follow the structure of the formal role system. In Silicon Valley, for instance, formal networks were associated with relations in the formal role system—like the established research partnerships between tech firms and area universities (Saxenian 1994). Informal networks often occur *outside of* the formal role system. In Silicon Valley informal socializing and cooperating at work were common between people who worked in different divisions, people who worked at different firms, and people with different formal roles (like a company president and an engineer) (Saxenian 1994).

Informal networks can undermine, preclude or bypass formally established hierarchies of authority in organizations when they occur between members with

³ Along with formal and informal networks, prescribed and emergent structures also occur within organizations such as factories. Prescribed structures are “composed of a set of formally specified relationships between superiors and subordinates and among functionally differentiated groups that must interact to accomplish an organizationally defined task” (Ibarra 1992, p. 166). They are like the formal role systems outlined by DiMaggio (1992) cited above.

Emergent structures are more informal networks or “discretionary patterns of interaction where the content of the relationship may be work related, social or a combination of both” (Ibarra 1992, p. 166). Instead of acting because formal role systems prescribe them to do so, actors maintain their self interest and may interact with others as a result of negotiations or routinized patterns or relationships (Ibarra 1992). Emergent structures often have a direct impact on operations and can facilitate operations that are impeded by the bureaucracy of a formal hierarchical structure (Dalton 1959, Kanter 1977). They are especially important in situations that lack prescribed structures—such as in the initial phases of an organization in which formal roles and networks have not yet been established. Because there must be some degree of mutual trust and understanding in emergent structures, they provide social control to decision-makers in organizations that lack formally established structures.

different positions in the hierarchy. In integrated organizations which require interaction between distinctive parties, the relational networks often take the place of a formal role system in determining the bases of power within those organizations (Kanter 1977). For instance, in tech firms in Silicon Valley, key decisions were often made by people with a wide variety of positions—not always necessarily by those with formal “decision-making” roles (Saxenian 1994). In less integrated organizations, positions in the formal role system are more important in understanding the networks and functions of members within those organizations.

In addition to intra-firm networks, inter-firm networks are also significant in examining how organizations operate. General economic analysis assumes that a firm’s transactions are based on rational choices for profit maximization. Yet sociological literature emphasizes that interpersonal and interorganizational exchange networks based on personal ties and trust exist and are often reproduced—although they do not necessarily maximize economic profit (Uzzi 1997). Firms may work together because of personal ties or trust between members of the different firms even though these transactions are not necessarily the most profitable. Embeddedness in interfirm networks may provide other advantages to a firm—such as solidarity and alliances, reliability, mutually beneficial arrangements, and the pooling of resources (Uzzi 1997).

Social Capital

The capital required to operate an organization like a factory stems not only from economic capital (money), but also from social capital, or access to “collectively-owned” resources that are linked to and retrieved through membership in a particular network or group (Bourdieu [1983] 2001). Bourdieu’s works on social capital have been included as

key elements in descriptions of networks and organizations and of how individuals and groups acquire and exchange many types of resources (Burt 1998, Granovetter 1992, Portes 1998, Putnam 2000, Stark 1986). All parties in a network relationship have social capital. The capital exists in the *relationship*, instead of within a party. The amount of social capital possessed by a party within a social network depends on the size of the network of connections and on the amounts of capital possessed by other units in the network that the particular party can access (Bourdieu [1983] 2001). For instance, within a factory where all workers have the same skills they do not have the same social capital when some workers are part of networks and can tap into the resources of other network members while other workers cannot. It is the *availability* of such resources, not necessarily their use, which provides these workers with a higher level of social capital. As networks shift, split, grow or are reproduced, these relationships and the social capital within them are constantly being reproduced, growing, changing, and breaking.

Not all relationships produce the same kinds of social capital. Some close relations or “strong ties” create bonding networks that bring members closer and promote solidarity (Granovetter 1992, Putnam 2000). More distant relations or “weak ties” on the other hand promote bridging networks that bring together a more divergent group of members and can increase access to information and other resources for those members (Granovetter 1992, Putnam 2000).

Though it may play a role, the social capital accrued by members with a variety of network relations is not an exclusive determinant of position within a firm’s hierarchy. Members with similar hierarchical positions may have more or less extensive network contacts. Both Burt (1998) and Ibarra (1997) found that women who had been promoted

to a certain level of management had more extensive network ties—both weak and strong—than did men promoted to the same level of management. Clearly, other factors also come into play.

Formal job characteristics naturally play an important role in determining power and authority within an organization. The amount of separation between parties in an organization can also affect power and control over resources therein. In his discussion of competition within and between firms, Burt (1992) discusses Georg Simmel's *tertius gaudens* proposal. Specifically, Burt discusses the benefits within a relationship a third party can accrue based on the relationship (or often the lack thereof) between the other two parties. When a workforce is divided internally by task (or some other criteria), whoever connects one division to another wields social capital and power within that network. As the third party that connects the other two, management has power and discretion to choose what information will be passed from one party to another (Burt 1998).

Thus in a factory situation, management benefits from situations in which production workers are divided into two or more groups. Conflict between the groups of workers can be institutionalized whereby a structure emerges under which management is at the advantage from the outset. During the nineteenth century, for instance, textile factories in both Britain and Germany were designed to “segregate the principal workrooms from each other and from the ancillary rooms” where related processes occurred (Biernacki 1995:135). These segregated production groups had to compete with one another for the more beneficial relation with management.⁴

⁴ Divisions within a workforce need not be created by management when they already exist external to the factory or organization. For instance, during the nineteenth century industrialization period in the U.S.,

Similar to Burt's (1992) argument, power can also be acquired through centralization and specialization. "Specialization and centralization can be seen as alternating strategies for achieving external control via boxing-in networks of agency seeking autonomy" (White 1992:98). When specialization occurs within an organization, some kind of centralized apparatus must be established to maintain the overarching structure of the organization. Different sectors of an organization can have different levels of "professional autonomy" (Saxenian 1994:50) based on the strength of the organization's centralization.

With a small amount of variation, centralization, hierarchies in firms, and set roles for employees at all levels—whether management or assembly line workers—have generally been viewed as common features of industrial capitalist firms during the twentieth century. However, not all firms follow these ideals, and there are arguments that the standard criteria is changing for organization of firms during the 21st century. Recently, there have been challenges by firms and academics that "fixed hierarchy; separation of person and position through formal job descriptions; clear, numerous, universally applied rules; long-term employment within the enterprise; and reward based on a combination of merit and seniority" may no longer be the defining characteristics of firms (DiMaggio 2001:10). During the last few decades there has been an increase in the "flattening out" of internal hierarchies, horizontal integration, and interdependence in firms, though this doesn't necessarily mean that horizontal organizations are the way of the future (DiMaggio 2001, Stark 2001). Stark argues that diversity of organization

factories increasingly hired women as workers. Doing so kept wages for males from rising because management could always choose to expand their inexpensive female workforce instead of increasing payment to the male workforce (Perrow 2002). The division between male and female labor was maintained by the widespread belief that female labor was supplementary, secondary, or worth less than male labor. However, in situations where all workers in production are grouped together, management, as the opposing group, does not hold the same power or control over them as if they were divided.

within a firm increases that firm's adaptability to changing external economic conditions and also increases that firm's "capability of learning" (2001:78). Throughout the world, he says, there are regional differences in the way firms are organized, and it is not clear that there is *one* type of firm that will emerge as *the* new way that firms are organized.

Systems of Payment within Factories

The terms "payment" and "compensation" are often invoked interchangeably in discussions of wages paid to workers. However, "payment" is a broader term than "compensation," as it includes several features in addition to compensation. According to Zelizer (1996), payments can also include gifts and entitlements. Recognizing that payments in enterprises or businesses (including factories) are combinations of compensation, gift, and entitlement, for this discussion on payment, the emphasis is on *compensation* in the form of wages paid to workers. "Money as compensation implies an equal exchange of values and a certain distance, contingency, bargaining, and accountability among the parties" (Zelizer 1996:482). Thus assuming wages are paid to workers *in exchange for* their work, they are compensatory payment.

According to Charles and Chris Tilly (1998), payment to workers is an incentive system in which employers combine compensation "with coercion and commitment" (1998:201). Compensation "rewards performance with respect," while coercion "threatens to withdraw respect," and commitment is based on a worker "acquiring respect through symbolically charged external connections" (Tilly and Tilly 1998:203).⁵ Money,

⁵ Emphasizing one of these factors above another affects the way a factory operates. Maintenance of an organization is retained through emphasizing commitment, short-run effectiveness or efficiency of the organization through compensation, and short-term control or power over workers through coercion (Tilly and Tilly 1998).

status, and praise are all materializations of respect or compensation when respect is viewed as a form of incentive or payment (Sørensen 1994).

Tilly and Tilly (1994) address the reasons for different levels of payment or compensation both within and between organizations. Factors that influence payment include:

(1) market power exerted by the firm; (2) amount of capital per worker in the firm; (3) extent of the worker's discretionary control over the firm's capital; (4) impact of the worker's performance on the firm's aggregate performance (and the degree of substitutability of that impact, which depends crucially on occupation); (5) the worker's network proximity to others scoring high on items three and four; and (6) the nature of institutions regulating compensation in the firm, industry, or occupation" (Tilly et al. 1994:294-295).

From these items it follows that those who work in management would be paid more than those who work in production. Managers have higher levels of discretionary control over the firm's capital than do other workers. Workers with specialized skills valuable for the firm would also be paid more than other workers who lack those skills (Tilly et al. 1994).

Standard Theories of Payment

Much of the literature on payment is written with the underlying assumption that management or owners pay *other* workers for the tasks the workers perform. For instance, the classical economic marginal productivity theory of wages argues that a firm hires "additional workers until the increase in revenue obtained by adding workers to the firm's work force equals the wage rate presented by the market" (Sørensen 1994:506). Thus the management, the capitalist, or the firm itself is seen as entering into payment or wage agreements with workers. In these theories, devising payment systems is seen as something that must be done *for* rather than *by* workers.

Scientific management or Taylorism has been one of the most influential payment theories in the last century. Named after W.F. Taylor, an American engineer, Taylorism

emphasizes that the most effective and efficient way to organize work is by “tying the monetary rewards of the work to the level of output achieved by the individual” (Watson 2003:23).

Based upon a rational-choice economic or “scientific” perspective, Taylorism relies on the incentive of greater pay to motivate workers to maximize their production. This system emphasizes *individual* production output and it is claimed that it functions optimally in organizations in which there is advanced job fragmentation and maximum division of labor (Watson 2003). The separation and lack of interaction between workers are necessary to ensure that unionization or other forms of collective organizing do not occur.

In addition to separation of production tasks, Taylorism underscores the distinction between management and production. Management must use science, analytical reasoning, and rational decision-making to determine the best way to maximize profit for the firm. Management decides the following:

the location at which a particular task will be done, (2) the movement of tools, of materials, and of workers to this work place, and the most efficient arrangement of these work-place characteristics, (3) sometimes the particular movements to be performed in getting the task done, (4) the schedules and time allotments for particular operations, and (5) inspection criteria for particular operations (as opposed to inspection criteria for final products)” (Stinchcombe [1959] 2001:274).

Workers, rather, execute these decisions made by management. Thus management organizes work to maximize the firm’s profit, not necessarily to best suit workers.

Piece-rate payment systems fall under Taylorism. Within such systems, workers are paid based on the number of times they successfully perform an operation within a given time period (e.g. hour, day, week). Management may set targets or goals for what a worker should be able to perform in an hour (or day or week) when working at a set

pace. Monetary bonuses or other incentives are given for producing more than the target goal. Piece-rate systems may include a base salary for those who do not meet this ‘100% goal,’ though this salary is less than the payment rewarded to those workers who meet the goal. Like Taylorism, piece-rate systems generally emphasize *individual* output and do not consider ways in which output by one individual are dependent on output by other individuals or groups.⁶

Named after Henry Ford, Fordism is a payment system based on the tie between production of goods and the market for their consumption. Unlike Taylorism, Fordism does not strongly emphasize the link between levels of production and payment. Workers are paid a set salary not because they produce at a specified level, but because they require such salary to be viable consumers of the products they produce. Like Taylorism, Fordism relies on high degrees of specialization or divisions of labor.⁷

Other influential theories of payment also emerged during the twentieth century. George Akerlof’s (1982) theory of efficiency wages suggests that, in some instances, firms are willing to pay workers more than necessary (or more than the market value) for their work. Because workers are aware that their wage is higher than what they would receive doing the same job elsewhere, they provide “more work than the minimum expected amount of work” (Sørensen 1994:515). Such a relation between an employer

⁶ Taylorism is thus derived from the *human capital* theory of compensation which states that workers who produce more are paid more. According to the theory, some workers produce more than other workers do because they have greater human capital—meaning they are more skilled at a particular task. Taylorism ignores other factors that have influenced payment for centuries—including networks, inertia, preferences and ascriptive characteristics (Tilly and Tilly 1998).

⁷ In its original setting in the Ford Motor Company, the Fordism system of payment included other elements to control the behavior and productivity of workers. Workers were paid the high five-dollars-a-day salary only after working a minimum of six months and adhering to certain standards of personal behavior (Watson 2003). In this way Fordism has also been viewed as a “social contract” between management and employees (Burawoy 1979, p. 113).

and employee falls under a “gift-exchange” theory because both parties view what they provide to the other beyond the minimum as a “gift” and not as a requirement (Akerlof 1982).⁸

Hiring and Promotion

As with the organization of a firm, hiring also depends on social networks and social capital. In his study of hiring and employment, Granovetter (1992) shows that people more commonly get jobs through weak ties than stronger personal or familial ties. Familial or tight personal networks tend to be more closed and similar information is shared by their members whereas new and different information is more likely to be acquired through *weaker* social ties.

Kanter (1977) examines how informal and formal networks within a corporation affect variables including hiring and promotion. As there are informal power systems in organizations that may not correspond to official hierarchical distinctions, she finds that membership in formal and informal networks significantly affects hiring and promotion.

Internal labor markets are common in the literature about payment of factory workers (Burawoy 1979, Sørensen 1994, Stark 1986). Often, getting a “better” job or one that pays more money is a privilege granted to those who already work in a factory. Such “closed employment relationships” provide opportunities for workers to advance in a factory’s hierarchy (Sørensen 1994:508). Internal labor markets or job promotions can be used by managers to generate workers’ effort and to promote commitment to a factory

⁸ Inherent in this gift-exchange theory is the widely held notion of fair pay for fair work (Sørensen 1994, Tilly and Tilly 1998, Stark 1990). The idea that there is a “proper” wage for a certain job or task is also part of Akerlof and Yellen’s (1990) hypothesis that workers will restrict their outputs or effort when they are paid an unfairly low wage.

or firm. They can also “serve as training devices and sorting devices” (Sorensen 1994:524).

Zelizer (2001) suggests that internal labor markets often generate unique circuits of commerce within an enterprise. These circuits, related to networks, are “dynamic, meaningful, incessantly negotiated interactions” among actors, which “employ distinctive media” and “organized, differentiated transfers” (p. 3). For instance, people who work in top management positions generally receive greater compensation than people who work in production, and this compensation can take different forms. While workers may be paid wages based on hours or weeks worked, or based on production, management may be paid annual salaries and receive other indirect benefits unavailable to other workers (Zelizer 2001). Such differentiated payment based on different jobs can create competition or conflict among workers and management or between workers who wish to be promoted.

Stark (1986) finds that bureaucratic processes are used to determine job promotion in firms that operate in market environments, whereas market transactions are actually used to decide such matters within firms in socialist economies. The stable bureaucratic system used in a market economy provides reassurance to management and workers that the training received by workers will stay within the organization by providing a disincentive for workers to look for work elsewhere. The work they do will appreciate over time and continue to be rewarded. In a socialist economy, the requirements and supplies for production change with external bureaucratic decisions and, to operate effectively, organizations rely on workers to perform tasks outside their

official job requirements (Stark 1986). As a result, promotions are often rewarded to those workers who perform these less-routinized tasks.

In market economies, conflict between workers is more prevalent in firms that have few formal rules regarding criteria for promotion (Burawoy 1979). In situations where there are formal and explicit rules regarding job advancement, conflict between workers may still occur, but often to a lesser extent. Having opportunities for job advancement diminish “conflict between workers and the lower levels of management—the foreman and the industrial engineer” (Burawoy 1979:104). Knowing their current jobs may only be temporary, workers have less incentive to fight with management over payment or other related issues.

This chapter outlines and describes the central facets of the organization of production in enterprises like factories. Organizational structures, payment systems, and hiring all play a part in determining the ways management and workers interact. What happens when *workers* become managers as they are in Argentina’s reclaimed factories? I now move to Chapter 3 and present data on organizational systems at three reclaimed factories in Buenos Aires.

Chapter 3

Three Sites of Popular Struggle

In the following three sections, I examine three reclaimed factories in Buenos Aires: IMPA, Chilavert, and Brukman. For each factory, I present data collected about the process by which workers gained operational control, employment characteristics, current decision-making bodies, systems of compensation, work schedule, geographic layout of the factory, task assignment, internal and external relationships, and other changes that have occurred. This data is based on interviews I conducted and my own observation of these factories. The fourth and fifth sections of this chapter pertain to two inter-factory networks, the *Movimiento Nacional de Empresas Recuperadas* (National Movement of Reclaimed Enterprises, or MNER) and the *Movimiento Nacional de Fábricas Recuperadas por los Trabajadores* (National Movement of Factories Reclaimed by their Workers, or MNFRT).

IMPA

Located in the busy Almagro neighborhood, *Industrias Metalúrgicas y Plásticas de la Argentina* (the Argentine Industry of Metallurgy and Plastic, or IMPA) was founded as a private business in 1910 and was nationalized in 1945. After some economic problems it became an official cooperative in 1961 (Magnani 2003). Though a cooperative by name, workers argue that it was not run in a cooperative fashion but instead was “worse” than most privately owned companies. There was a rigid hierarchy within the company, and those at the top were paid much higher salaries than the workers. Though they originally had been elected to their positions, ranking management within

the organization refused to hold annual general meetings in which they were supposed to disclose information about the cooperative's economic status and run for reelection by the workers. Workers were upset not only because there were no open meetings, but also because management was very inaccessible on a daily basis. According to Cristina Sergio, who has worked at IMPA for eleven years, "You would have to make an appointment a few days in advance, and when you'd go to see them, they'd either keep you waiting outside or tell you that you would need to reschedule for another day."

Relations between workers and management were described as being tense for a while, but the disputes came to a head in 1997 when workers' salaries decreased sharply—before becoming as low as \$2 a day. Workers said that management required them to work long hours and threatened to fire all workers who would not cooperate with them. In 1998 workers from different divisions within the company got together and decided to consult a lawyer. Eduardo Murúa (currently the president of the National Movement of Reclaimed Enterprises or MNER) arranged a meeting between his coworkers and a lawyer he knew. After meeting and discussing strategies with the lawyer a few times, the workers confronted management and requested a company-wide meeting. Management fired Murúa for organizing the meeting with the lawyer, but they agreed to hold an open meeting on May 22, 1998. At the meeting the workers voted that Murúa should be allowed to stay and management promptly walked out of the meeting.

Worker Takeover Process

Shortly after the failed meeting workers called a strike. With help from neighborhood residents, they spent six months protesting in the street outside the factory.

They finally gained re-entry to the factory after the former president and management gave up, declared bankruptcy, and left the factory.

Unlike most other reclaimed factories in Argentina, IMPA had been established and legally recognized as a cooperative for decades before the strike in 1998. Officially, all of the workers owned the plant together so long as it was run as a cooperative. Its bankruptcy and resignation of the previous factory administration were not necessarily sufficient grounds for the government to seize the factory. Workers attribute the government's permission to keep operating to neighborhood support. As IMPA's current president, Oracio Campos, explains, "The government let us take over the factory because we had the support of the neighborhood and we planned to help out the neighborhood by creating a cultural center."

Under Workers' Control

By the end of 1998 workers began to run the factory on their own—without the former management. Workers say this first phase was the most difficult because it was the period when they had the smallest amount of work orders and the largest debts to pay. They quickly discovered that the factory was in debt for six million pesos—a debt they continue to work to pay off today. Though they started working with only small clients in 1998, they have been growing ever since and today they work on much larger projects.

Workers at IMPA attribute their financial success primarily to their market viability. According to Oracio, "Some people may come here because they are sympathetic to this struggle. But prices and quality come first. If we can do things cheaply, at the lowest price and with good quality, we can be assured of the market." Other cooperatives and even traditionally-run corporations of all sizes—including Nestlé,

Arcor, Havanna, Colgate Palmolive Argentina, and other international companies—do business with IMPA. Most of their business comes from Buenos Aires, but there is also some from other cities in Argentina and other countries in Mercosur (a free trade zone consisting of Argentina, Brazil, Paraguay and Uruguay).

Employment

Currently there are 170 people working at IMPA. There were between 400 and 500 workers at the plant before the strike in 1998, but many of those workers either left during the strike or during the first years when the factory came under worker control. Most of the workforce is male, but there are 14 or 15 women who work at IMPA. All but two of the women either work in the administration section or in the small plastics section. The two who work in the metallurgy section do not work with the heavy equipment or with the furnaces.

Physical Arrangement of the Factory

The IMPA factory takes up a large part of a city block. It is four stories high, each story with several areas about the size of large lecture halls. Tasks are divided by area. The first floor is where the metal is melted in furnaces and then cut and molded into different forms. On the second floor sheets of metal are bent into cylinders and closed off into tubes. Plastic molding, painting, and administrative offices are on the third floor, and the fourth floor holds the lunchroom and the cultural center—including a theater and art gallery.

Until recently, all workers ate in the same lunchroom at 12 p.m. each day. There were eight tables set up and each sat 16 workers. Now that there are more workers, they have changed the lunch schedule so that there are two lunch shifts. One group eats at 12

and the other at 12:45. There are new tables in the lunchroom that each seat five people, and workers generally eat with the people who work with or nearby them. There is a cook in the lunchroom who prepares meals for those workers who do not bring their lunch. Each morning the cook goes through the building and asks each worker whether they will need a lunch that day. Those who eat what the cook prepares are charged for it; the money comes directly out of their paycheck.

Decision-making

At the start of their experiment in 1998, there were some internal factions or groups with different ideas about how to best organize the plant. Yet they quickly realized the entire group needed to work together in order for the venture to be viable. “It was important that everyone was united,” said Oracio. One of first things they did was institute a group meeting in which all workers would be able to vote on important issues facing the factory. Initially they held meetings every 15 days to update everyone about any plans for the factory. As time passed and as their workloads increased, the workers decided to meet only once a month but left open the possibility of additional emergency meetings if necessary.

The workers at IMPA also created an administrative council of 12 members, consisting of a factory president, vice president, secretary, treasurer, and eight workers from different parts of the factory. Workers at IMPA say that because there are so many workers, a full-time management or administrative council is necessary to make day to day decisions about how the factory is run. Yet they also created ways to keep the council from becoming too powerful. There is a formal union to which all members belong. In the event of a problem, union leaders can demand meetings with the

management council at any time and can call a vote among the workers to override a decision made by the council.

In addition to the monthly meetings, there are also yearly meetings in which all workers can speak and elect those who manage the factory. Management is required to present information about profits, losses, and other accounting data at these yearly meetings “so that workers know what kind of a job the current management has done before they vote” (Oracio).

Furthermore, management now has an “open door” policy. Those who work in production are allowed to speak with administrators whenever they see it as necessary—they do *not* need to make an appointment in advance. All of the workers I interviewed felt that this arrangement is superior to the more closed position of the factory’s administration before 1998. Not only is it “better” in practice, but it also is symbolic of greater common understanding between those who work in production and those who work in management. According to Cristina, “The [former] president never cared about the people. They all [the current administration] have to have a conscience and act nice and just. They have more sympathy towards their coworkers and their economic troubles [than the former administration did].”

Compensation

All IMPA employees are paid the same base salary. When they initially took over the factory, workers were making only \$5 pesos per day and they relied on funds raised on their behalf by university students. They currently make about \$1000 pesos a month and admit, that while it is not a lot of money, it is decent considering the economic crisis and is a lot more than they used to get. In contrast to other factories, they are paid by the

month instead of the week. If the factory produces a significant amount in a certain month or sells a lot of goods, there is also a bonus for workers. Thus, any surplus money left over after the cost of paying their salaries and maintaining a general fund for debts and machine repairs is split equally between all workers.

Schedule

All workers at IMPA are required to work Monday through Friday though not all employees have the same daily schedule. Those in production work from 6 a.m. to 3 p.m. and those in administration work from 9 a.m. until 6 p.m. Though distinct, their schedules do overlap and all people work the same number of hours. Those who work in production are eligible to receive additional overtime pay for the hours they work past 3 p.m. Both production and management can work overtime on Saturday if there is work that needs to be done. Some workers have even come in on Sunday occasionally, though that is a very rare occurrence.

Task Assignment

Workers generally kept the same jobs they had before they reclaimed the factory, but there is greater flexibility than before. Depending on what work needs to be done, some workers shift from one area to another and help out other workers. They learn how work varies in different parts of the factory. Some workers, like Federico Castro, who handles security and reception at the factory, haven't seen much of a day to day difference in their jobs since the takeover. Federico has worked at the front entrance of IMPA for 19 years and says he can't notice any difference between his job now and the way it was when he started working.

IMPA and External Associations

Workers at IMPA strongly believe that the support of people outside of the factory has been important to its survival and growth during the last six years. They believe the main reason they never had major trouble with the police during the six months they were on strike was because of the great deal of support they had in the neighborhood. In 2001 they completed the cultural center they promised for the neighborhood. With more allies in the surrounding area now, they are less worried about being expelled from the factory by the police or other government forces.

Many students at all educational levels come to IMPA—to tour the plant, observe and do research, or to help the workers organize their cultural center. From elementary school through university-level, hundreds of students from Argentina, other South American countries, Europe, and even the U.S. visit the plant each year.

Relations with other reclaimed enterprises

In the years since 1998 and increasingly during the last two years, workers at other reclaimed factories or organizations have looked to IMPA for guidance when they have run into difficulty. Workers from other factories come to IMPA and make appointments to speak with its workers when looking for advice about how to create and run a cooperative workplace. IMPA workers say they take a lot of pride in helping these other groups and hope that other factories can learn to run themselves without the traditional separation between management and production.

Near the factory entrance there is a poster entitled *Las leyes del jefe* (The Boss's Rules). Rules on the list include "The Boss is always right," "Never argue with the Boss," "The Boss is the most important person at the factory" and others of the same vein.

This poster is meant as a joke but it also serves as a reminder of what the workers found problematic in the old system and what they now work to avoid.

Chilavert

The *Chilavert Artes Gráficas* (Chilavert Graphic Arts) printmaking factory is located in the working-class neighborhood of Pompeya in the southwest section of Buenos Aires. It opened in 1923 as Gaglianone Establecimiento S.A.C.I., named after its previous owner, the Gaglianone family. The factory moved to its current location at Chilavert 1136 in the 1940s, but it wasn't until 2002, after the workers had reclaimed the factory, that they named it after the street on which it is located. Though never a large enterprise, there were 45 employees as recently as the 1970s. Employment had steadily fallen since then and only eight workers were left by the beginning of 2002.

Chilavert workers describe their former boss as very militant and say their work was undervalued. "The boss would get paid \$100 and we would get \$40. He'd tell us that he didn't have money to pay us more," said Fermín González. Relations between the workers and management had been rapidly deteriorating for a few months, and things finally came to a head in April 2002. One of the workers, Plácido Peñarrieta, had a friend who worked at the IMPA cooperative and suggested to other workers that they might make more money if the factory were organized as a cooperative. The workers discussed this possibility among themselves and met with IMPA workers before deciding that it was something they wanted to do. A group of workers at Chilavert approached their boss with this suggestion, but they say it was denied out of hand. By September of that year the boss had started to sell off pieces of factory equipment in order to pay creditors and utility bills.

Worker Takeover Process

The Chilavert workers had reason to fear that their boss was selling equipment to make some money before declaring bankruptcy and letting them go. There were rumors that the printing presses and other machines were not going on the official inventory even though they were still in the factory. Convinced that this was the case, the workers decided to occupy the factory to keep the machines from being dismantled and sold. They spent six months literally living inside the factory. On some occasions, the police came to expel them or to change the factory locks, but neighborhood residents helped workers survive inside the factory. The *Asamblea Popular Pompeya* (Pompeya Neighborhood Association) and many of the area's retired or unemployed helped them re-change the locks. The workers and their neighbors created a hole in the wall between the factory and an apartment next door. During the time when the police would not let them come and go freely, Chilavert workers conveyed the published materials to their clients by sending the finished posters through the hole in the wall.

During their struggle to gain control of the factory, the Chilavert workers were also helped by workers at other factories—including IMPA and Brukman. Those workers had already reclaimed their factories and they advised Chilavert workers about organization strategies. After meeting with IMPA, the Chilavert workers also met with members of the MNER organization and were incorporated into it in late 2002.

The Chilavert factory was one of the first worker-run enterprises to be granted a two-year temporary operating permit in December 2002 by the Buenos Aires city government. It was also one of the first factories the city had expropriated. The city government had recently refined their *ley de expropiación* (law of expropriation) before

reviewing the Chilavert case. The law now stated that when an enterprise goes bankrupt but is still functioning, the government can appropriate the enterprise and allow its workers to continue working. Under the current agreement, workers can use the building and the machinery within it without having to pay rent to either the government or the former owner. They are, however, required to pay utility bills for the property. To date, workers are unsure of what the long term future of the factory might be when the two-year permit expires. They plan to try to renew the permit in December of this year.

Employment

In January 2004 there were 9 workers at the factory—all of them male. Eight of the workers had been at the factory long before it was reclaimed; seven of the eight had worked there from a range of 19 to 52 years. Walter Basualdo, the newest worker, was hired by the cooperative in June 2003 and he was the only one who had not been part of the “takeover” process a year earlier. Though I did not ask about it, one worker, Aníbal Figueroa, explained that women generally do not work at printmaking factories and that no women had come to the factory in search of a job. He added, “But I guess it’s good that way because women would be a distraction for us and we need to stay focused on the work.”

Decision-making

At Chilavert workers make most day-to-day decisions outside of formally held group meetings. If one worker wants to do something out of the ordinary, he discusses it with other workers to get their agreement. Ernesto González (not related to Fermín and Cándido González) says this has been a relatively problem-free experience because there are 9 workers “instead of 900.” The workers say this is possible because they all share

the same basic goals for the factory—they all want the printing presses to function, they want to make enough money to support themselves, and they want to maintain the factory as their source of employment. They don't have many fights because they know one another quite well.

When there are disagreements among workers or when important decisions that affect the factory need to be made, meetings *are* held. The workers discuss the issue and then vote on a course of action. Though they may try to persuade one another during debate, workers stress that there is no individual with more power than any other person. “When we have meetings, the oldest [Fermín] often wants the last word because he has a lot of experience, but that doesn't necessarily give him authority. He may be free with advice but we don't frequently take it” (Plácido).

The Chilavert workers frequently mention feeling much “freer” and having a greater degree of autonomy without having a boss. For instance, all workers are authorized to make decisions in the areas of the factory where they primarily work. They are still held accountable to their coworkers, who act as a check to make sure workers consistently make decisions that are in the best interest of the factory. “Now, if you do some job in a way they don't particularly like, they are more likely to tell you, ‘Hey, it's not like that’” (Jorge Luján). According to Plácido:

“Ernesto is the one who is supposed to buy paper. Sometimes we have questions for him like, ‘Hey, why did you buy all this yellow paper?’ He'll explain that he talked with a customer and the paper would be needed for some upcoming order or that maybe the price of paper was going to go up soon so he bought it in advance. In the same way, Ernesto asks us why we run the printer at slow speed sometimes. We explain that if it always ran fast it would break more often.”

Administration

Workers at Chilavert say that there is no organizational hierarchy and that the factory is arranged horizontally. They emphasize that there are no *patrones* (bosses) or *empleados* (employees), but rather that all of them are *socios* (business partners). There are a few set positions within the factory but no worker has more power than any other. Plácido Peñarrieta is president, Cándido González is secretary, and Aníbal Figueroa is treasurer, but they only act with the consent of the other workers. “If it were up to us, we wouldn’t have these kinds of positions, but there needs to be one person to sign some of the official stuff for the city so we decided to have Plácido as president and to have other people do a few things. They may hold positions, but they aren’t ones of superiority,” (Ernesto).

New Responsibilities

Communication is another area within the factory for which workers take an increased responsibility. According to Plácido, who works with the image transfer machine and often helps Ernesto with administrative work, “We really had to increase the amount of dialogue between the workers so that people would know what work was being done, what work they should do, how to decide the order in which things should be done—things like that.”

There is also a new system of collective discipline that wasn’t in place under previous factory management. According to Ernesto, “Before people might see a coworker steal something and they probably wouldn’t do anything about it. Now that the stuff is all of theirs, they won’t let anything like that happen. But the chances [of that

happening] are smaller.” Workers know that they have personal stakes in the factory, and the money they make depends on the success of the factory as a whole.

Compensation

Under previous ownership, not all of the workers were paid the same salary. Though both men did similar jobs and worked with the same printing machine, Cándido was paid about \$1000 per month while Daniel Suárez was paid \$500. Jorge Luján, who had worked at the factory since he immigrated to Argentina from Peru in 1996, worked at another printing machine with Plácido, and was paid even less than Daniel. He held two full-time jobs until the workers reclaimed the factory and began working longer hours. Because at that point he was being paid more at Chilavert he decided to quit his other job.

The group decided from the beginning that in order to maintain internal unity all workers at Chilavert would earn the same salary—regardless of their official job functions or years of experience. Previous pay discrepancies between workers and management had left a bitter taste in their mouth. Fermín, who has worked at the factory for 52 years, and Walter (the son of another worker, Manuel Basualdo), who has worked there less than one year, both receive the same salary each week. “Why pay the *gerentes* (managers) more? They aren’t better than the workers. They rely on us for the production of their goods. They need us—everyone needs everyone else, and we should all have equal salaries since we all work” (Fermín). Since October 2002, salaries have increased at a steady rate every few months; salaries have gone from \$200 to \$400 to \$800 pesos a month per worker.

The salary total is less than the factory’s overall income because a certain amount of money is saved in a general fund used for repairs, purchasing, and emergency

situations. Repairing a printer can be quite expensive,⁹ but it is crucial to do it when necessary if they are to continue working. The workers also use the money in this fund to buy printing equipment and supplies like paper. “The equipment we’ve bought with this money belongs to the cooperative, not to the government [as opposed to the equipment already in the factory]” (Aníbal Figueroa). Initially no bank would allow them to deposit this money, but now that they have more money in this fund “the banks want our money” and they do have a bank account where this money is deposited (Cándido).

Schedule

Along with their salaries, another way Chilavert workers say unity is promoted within the factory is that all workers have the same daily schedules (Monday through Friday). Their workday begins at 8 a.m. and they usually work until 6 or 7 p.m. but they have sometimes worked as late as midnight when there was an inordinately large amount of work to finish on a particular day. When they first began running the factory, some workers wanted to come in on Saturdays to make additional money but the group decided against this because it would create a division between those who worked overtime and those who didn’t which could lead to some tension. “Having the same schedule and payment is one way we stay united as a group” (Fermín).

Although workers stress the importance of maintaining the same schedule, they do not stringently enforce it. Under previous management the workers were required to use punch cards when they arrived, and their pay would be docked if they were more than five minutes late. If they frequently arrived late, they were called into the manager’s office and were verbally reprimanded. Now workers try to arrive on time, but they don’t face pay deductions or reprimands if they arrive several minutes later than they should.

⁹ They generally have to pay about \$200 pesos an hour for repair.

Officially, all workers are allowed one week of paid vacation a year and there is a consensus among them that they cannot afford more vacation than that.¹⁰ Making money is certainly a priority for workers at Chilavert, but profit is not the main goal. “Maintaining the sources of employment is the most important thing. The factory doesn’t function very well if we aren’t all here” (Daniel).

Layout of the Factory

Physically much smaller than the IMPA factory, Chilavert is basically one large room or warehouse. The printing presses, binding machines, and other printmaking equipment are at the center of the factory floor. Upon closer inspection, one can see that there are small “MNER” stickers on some of the machines and there are even some on smaller objects—like stools and tape dispensers. Packages of paper, vats of ink, finished posters and books line the surrounding walls. Despite the printing equipment, it is still a relatively open space and it is easy for workers to see one another at almost all times.

The front left corner of the building is separated from the rest of the factory by glass full-length walls that make up two private but transparent offices. This is where the owner and manager previously worked, the glass enabling them to observe production in the rest of the factory. The offices are still there, and that is where Ernesto answers the phone and performs administrative tasks, but other workers come in and out of the offices throughout the day—asking questions, helping out, or doing some of their own administrative chores. Now it would be difficult for someone to sit at a desk and observe

¹⁰ However, during the weeks I interviewed workers at Chilavert they told me that they were planning to make an exception to their vacation policy for Fermín. He had never taken much vacation time in the past but he and his wife planned a three-month trip to the Canary Islands beginning in February of this year. At 66 years old, Fermín has been working at the factory for 52 years—since he arrived in Argentina from Spain at age 14. “Before [with the old boss] this would have been something I could only dream about. They wouldn’t have let me take off that much time from work.” (Fermín)

production, however, because there are papers and post-it notes all over the walls with phone numbers and contact information for their service providers and clients.

Division of Labor

The workers at Chilavert generally work in the same areas as they did under the previous ownership, but people are not rigidly assigned to certain tasks. When the bell rings to notify that someone is waiting for them outside the factory, any of the workers will open the door depending on where they are and how busy they are at that particular minute. All workers share responsibility for tasks like answering the door and the phone. There is no set “assembly line” and workers frequently move from one job in one area to another. They help out coworkers in other areas when it is needed or when their own work is at a standstill. “We shift around more than we used to and we’ve had to learn a lot about each other’s jobs within the factory” (Cándido).

The workers base much of the decisions they make about who does what task on practicality. They recognize that different people are better at doing different things and it makes sense for people to do what they’re good at. “We planned to maintain work how it was, and advance from there” (Plácido). Before 2001, Cándido and Daniel worked together on one of the printing presses. Now, however, Cándido does a lot more general administrative work while Daniel still works at the same press most of the time. Having workers work in the areas they know best also serves as a measure of quality control.

Administrative Responsibilities

Workers at Chilavert emphasize that the main area where they face new challenges is the administrative work they have to do at the front of the factory. Previously, workers would print orders in the back of the factory but it was up to the boss

to take care of relations with the clients. When I interviewed him, Ernesto apologized for the piles of paper on his desk but says this is the only way he knows how to file things.

“At first it was really difficult for us to learn how to do the things in the office because we were accustomed to only working with the machines” (Manuel). Before, if there were small mistakes in how something came out, it was up to the boss to either catch the mistake and make the workers redo it or to explain it to the client. Now, however, the workers say they are much more conscientious about the quality of their work because they want to ensure that they don’t lose their clients. They recognize that they bear the burden of accountability for their work. Even though workers find the environment to be much more tranquil without a boss, they say they are also more alert about their work. “We have to be. If something comes out bad, who loses? The boss? No, we do” (Manuel).

Chilavert relies on their clients for the capital necessary to get the raw materials they need to work. The workers admit they work on a small margin, but they don’t have the money necessary to take economic risks. Banks do not give them loans and they cannot afford to give loans to their clients. Clients must pay for half of what they order up front. With that money, the Chilavert workers buy paper, ink, and any other materials needed to complete the order. They are paid the other half after they complete the job.

One day when I was at the factory interviewing some of the workers, I noticed two women using one of the old machines to bind books. I had never seen these women or this machine being used before, so I asked Ernesto about it. He explained that Chilavert usually sends out their binding to the company where the women work. That company asked Chilavert if their workers could come to the factory to use this binding

machine because what they were binding was too wide for their own more modern machines. “Of course I let them come here. It’s probably not something the old boss would have done, but it makes sense to do it. We might need a favor from them in the future” (Ernesto).

Other changes

Workers at Chilavert claim that they have changed the entire organization of production and of the factory since they have been running it. “We do what is practical. It doesn’t matter whose idea it is. If there is a boss, the boss wants to follow his own idea, even if it doesn’t work. We’re more interested in the *results*” (Cándido).

Both the quality and quantity of work have changed since they began running the factory. Despite the country’s financial crisis, the long battle with previous ownership, and the decisions of the courts, Chilavert workers say there is much *more* work than ever before. Yet while Chilavert receives more voluminous orders, the work they do now is of a much lower grade, and the paper and ink are less expensive than what they produced under previous management. Now they print more in black and white and less in color though they used to do a lot of multicolored art prints on high quality paper—the factory had specialized in art books and posters. As a result Chilavert does not get as much revenue as it used to.

“The previous clients of the factory were big foundations and places like the *Teatro Colón* (Colón Theater). For this type of work, we depend on maintaining long-term relations in which they rely on us as the providers of these services because they are high quality and expensive kinds of work to do. But the market has changed and now we print a lot of the more common type of things. We’ve gotten a lot of new clients though, because the fight we had over control of the factory made us better known publicly” (Ernesto).

The workers at Chilavert attribute their current lack of high-priced orders to both the country's general economic plight and the fact that they have not been able to work as much with the factory's old clients. They say most of their former clients either began to work with different printing agencies or stopped printing things altogether because of the poor economy. Some of their new clients include cultural centers in Buenos Aires, universities throughout Argentina, politically sympathetic organizations, and other reclaimed businesses.

One of the main benefits of the new system is that they are able to work more freely without having someone observe their every movement. The workers say that they used to be scared of talking to the boss. As explained by Ernesto, "Nobody is in the office watching people work. It's much more relaxed and there's less pressure without the boss."

Daniel said that there is still pressure, only now it is pressure from the work they do, not pressure from the boss. Because of pressure from a heavy workload, the workers decided to hire an additional worker last year. "We needed a ninth person. If we didn't hire someone, at least one of us would always be overwhelmed with work" (Plácido). Walter, the new hire, who has only worked at Chilavert since August 2003, finds working at the factory comfortable and agreeable. He had never formally worked before coming to Chilavert but says he can imagine what it would be like to work for a boss and that he prefers this system.

The workers at Chilavert have taken certain additional measures to make the workday more enjoyable without necessarily slowing down their production capabilities. Daniel brought in a radio shortly after they began working and all the workers listen to it.

Throughout the day, *rock nacional* (Argentine rock music), international pop, tango, cumbia, and even American oldies can be heard at all locations on the factory floor. When asked who decides what music should be played, Cándido explained, “It’s like a marriage. We might like different music, but we take turns picking it and we tolerate the others’ music. We don’t want to let something small like this get in the way of the bigger picture.”

Like many things, listening to the radio was not permitted under the previous system. Additionally, “We used to not be allowed into the office without permission and we were only allowed to make one phone call a day. If we finished our work for the day a few minutes early it didn’t matter—we still had to stay until 5 p.m. There were a lot of strange and absurd requirements” (Plácido).

Along with allowing music, the workers have found other ways to make the workplace more comfortable. A few workers smoke cigarettes throughout the day as they work. Many workers bring soft drinks to their work stations although this was prohibited before. Those who don’t drink soda drink *mate* (an Argentine herbal brew served hot). They have sips throughout the day, but rarely stop their work for more than a few minutes.

Workers say the newer, more relaxed environment has increased their certainty that they can successfully both manage and work the factory. At first it was difficult for them to run the factory but they note that things have improved as time has passed. “We’ve changed as people. With more liberty our confidence has grown in our own abilities to run a factory. We know we can do it, we’ve done it so far” (Plácido).

Internal and External Relationships

The Chilavert workers say their struggle to get permission to run the factory and the way they have structured it have brought them closer to one another. Additionally, bonds outside the factory have grown stronger as well. They appreciate the help they received from the neighborhood during their struggle, and responded by creating a cultural center. Workers interact with the neighborhood association, university students, volunteers from IMPA's cultural center who want to help them set up their own, and other factories which are part of the MNER. There are other print-making factories in the MNER and if Chilavert or one of them has an especially large job, they often share or split the job among the factories.

Each day every worker eats breakfast, lunch, and their *merienda* (afternoon snack) together in a small room off of the main floor. They used to bring their own lunches to work, go home if they lived nearby, or order out from a nearby restaurant, but now they get their food from the soup kitchen at the nearby *Asamblea Popular Pompeya* (Pompeya neighborhood association center). Fermín's wife works there and he is good friends with the man who runs the center, so he generally goes over at 11:45 and asks if they have enough food for the nine workers. If they do (almost always), he pays for it and goes back to work. At 12:30 someone from the neighborhood association brings the food—usually a big pot of stew or something similar—to the factory. The workers share duties like setting the table and clearing or washing dishes afterward. During the meal the atmosphere is casual and relaxed. They discuss different things such as movies and news (as they watch an old television in the room). They also joke around about which one of

them will have to fix a leak on the building's very steep roof and some of them play a quick game of cards after they eat.

Eating at the same table every day has helped workers get to know one another better and has helped them become closer friends. "People used to eat in separate groups based on where they worked in the factory. Groups, like the printers or the binders, would stick to themselves. But now all of us are more like friends. We've become a lot closer" (Plácido).

Partially because of the outside help they received from groups in the neighborhood, workers at Chilavert are installing a cultural center upstairs. They hope the center will host artistic and literary events for neighbors and they eventually plan to hold complimentary computer courses. "Just as we cooperate with each other within the factory, we have to also cooperate with people outside the factory. We want to promote a culture of cooperation and sustainability" (Cándido).

Brukman

The Brukman textile factory is a six-story building located in the working/middle class Once neighborhood. It was opened in the 1950s by three brothers in the Brukman family and by 1990 it employed 400 workers. After several years of financial struggle, layoffs, and increased competition during the late 1990s, the factory officially went bankrupt in September of 2000 with 115 employees (Magnani 2003). Later that year, however, the court ruled the owners could keep the factory on a provisional basis if they paid debts owed to creditors during the three previous years.

Workers say that their salaries started to fall during the middle of the 1990s—beginning in 1995. From \$100 pesos a week to \$90, then \$80, then \$70, they fell all the way to between \$5 and \$2 a week toward the end of 2001. “The owners became indebted to us. They still owe me \$4,800 pesos of back pay. Also, during the last several years they would make us work ‘voluntarily’ on Saturdays or threaten us that they would have to close [the factory]” (Macario Avello).

Yet in an interview with Jaime Muszkat, the lawyer for Jacobo Brukman, the author Esteban Magnani (2003) was told that the workers received \$70 to \$100 pesos per week as a bonus *in addition* to their base salaries up until November 2001. Muszkat also confirmed that the company had debts totaling \$5 million pesos at the end of 2001 (Magnani 2003).

Worker Takeover Process

As mentioned in the introduction, the worker occupation at the Brukman factory began December 18, 2001. A group of about 30 workers explained to management that they didn’t have the money necessary to travel home and back to work the next day.

According to Brukman's lawyer Muszkat, the workers were told they could stay overnight, and that they would be paid the following day (Magnani 2003). According to the workers, Jacobo Brukman was supposed to come later that evening to pay them their salaries, but he never returned.

Workers who had gone home the night of the 18th came back the next day and waited for their boss to arrive. Most soon realized that the factory must have been going bankrupt. Some left for good, but a group of the workers waited days, then weeks, for the owner to return. After a while, a client came to pick up an order and the workers explained their situation. The client offered to pay them if they would finish the 200 suits he had ordered and they took up his offer. After that, they realized they could continue to work and make money.

“We didn't plan for this to be an occupation; it's just that [the owners] never returned. Some of the managers who came by here at the beginning told us after a few weeks that the plan was to give each of us \$120 pesos and three suits and then shut down the factory for good. But that wasn't what we wanted. We wanted to work, and we wanted them to come back and work out the problem” (Gladys Figueroa).

The owners, along with the municipal police, did come back to the factory—four months later in March 2002. At this point the workers were finishing up old orders, selling suits, and even taking in new orders. The police ordered the workers to leave, but the workers later returned. Workers were again forced by the police to evacuate the factory in November 2002 but soon returned. In April 2003 the municipal police yet again arrived at the factory and ordered the workers to leave.

At this point “the workers [at Brukman] began to talk with workers at other factories” to get advice on how they should proceed (lawyer and MNFRT president Luis Caro). After having been removed twice from the factory, the Brukman workers and

their lawyer argued that the city government should expropriate the factory and let them work there legally as a cooperative. At the end of a lengthy trial, in October 2003 a judge ruled that the city would expropriate the factory and the workers could work there as a cooperative for a two-year period, very similar to the Chilavert situation.

Physical Layout of Factory

The Brukman factory building consists of six floors. The first floor has a small lobby in the front, and several rooms behind that where finished garments are stored or sold. The second to the sixth floor are similar in structure. Each consists of one large room that spans the depth of the building. The rooms get sunlight, and there are rows of neon lights on the ceiling. Near the elevator, attached to the wall on each floor are several rows of timecard slots. The names on some of the slots are legible and some belong to people who still work at Brukman. Yet there are no timecards in them because the workers do not use them. The slots serve as one of the few relics of the old organization of the factory.

Today there are two municipal police officers outside the factory at all times. After a violent encounter between police, workers, and people protesting in support of the workers, Brukman workers requested daily protection. The government also agreed to pay for a full-time security guard who oversees all people who enter and leave the building.

Production

Although the factory has a capacity for 400 workers, Brukman had not been operating at its full capacity since well before 1997. Before then workers produced 200 to 250 suits per day, but after that they were down to about 100 per day.

Even though they have faced serious interruptions since they began to run the factory in 2002, they have still been able to continue to do business with some of the company's old clients—including brands like Christian Dior and Cacharel. Currently, most of the pending orders are from the same clients who dealt with their former bosses. Workers say they have not solicited business from new clients and they do not plan to do so until they complete outstanding orders.

Workers at Brukman are not worried about losing clients. They say that most of the orders they now get are the result of oral agreements with their former clients. “We are the same workers who've been doing this for 20 or 30 years. Clients know we can guarantee the quality of our work” (Elvia Hernandez).

Decision-making

One of the strongest areas of the worker organization at the Brukman factory is the weekly meeting, which started when they first reclaimed the factory in 2001. Officially, meetings are held every Monday at 3 pm, but if an important work issue comes up at some other time during the week an emergency meeting can be called. Smaller groups of workers may discuss work-related issues at other times during the week, but it is only at the meetings that *official* decisions can be made for the entire factory. At the meetings workers can bring up any topic or issue. “We make all the decisions at the meetings, from the biggest ones to the tiniest little things” (Esalta “Flor” Cervera).

The workers emphasize that it is important that everyone have a say and a vote in decisions made during these meetings. Debates can be long and intense but everyone must make his or her own decision. Votes are cast by a show of hands. All workers are

required to attend the meetings, and if for some reason several workers cannot be there, the meeting may be canceled or rescheduled. Outsiders are not allowed to attend these meetings, though specialists are occasionally admitted for a specific purpose.

“It’s just us workers and sometimes maybe a few of the lawyers who we call in so they can explain to us some sort of legal function we need to decide on. When we call them in they give us their opinion and then they leave. Then we discuss it and vote, to see if we think it is a good idea” (Gladys).

I was allowed to attend part of one of these meetings to introduce my research and to ask permission to enter the factory during normal working hours. When I arrived at the factory at 3 p.m. on January 19th, 2004, a worker explained that they were not meeting because several people had not come into work that day. I was allowed to continue interviewing workers daily from 3 p.m. to 5 p.m. and told to come back to the meeting they would hold the next Monday. I returned January 26th eager to attend the meeting. While the meeting was supposed to begin at 3 p.m., it actually began at about 3:30 p.m. After I waited in the lobby to be called up to the meeting from 3 p.m. until a little after 5 p.m., the workers came downstairs to leave for the day. A few explained to me that they had a lot to discuss and the meeting had run long. They would continue the meeting again the next morning at 9 a.m.

I waited until 10 a.m. the next morning to be called up to the meeting. A worker escorted me to the 3rd floor where everyone sat or stood in a circle near the front of the room. Two women sat at a desk in the center of the circle with a large notebook open in front of them. They recorded all decisions made at the weekly meetings in this notebook. After I introduced myself, several of the workers asked questions about my research, like what equipment I would bring with me and how long I planned to be there. After I

answered, I was asked to go downstairs while they deliberated and voted. A few minutes later one worker came downstairs and informed me that I had permission to enter the factory during working hours.

Administration

Officially, there are no set administrative positions at Brukman. Instead, the workers have created different internal *comisiones* (committees) to oversee different aspects of the factory's operations. There are committees for administration, quality control, procedures, organization, accounting¹¹, selling, and other similar matters.

Employees

The group of people now working at Brukman is a different group than the one at the factory immediately before December 2001. Currently there are 58 workers, down from about 100 when the owners left in December 2001. Also, not all of the 58 had worked at Brukman in December 2001—about eight of them had been laid off or had quit during the late 1990s. Patricia Gonzalez is one such worker. She had been one of 155 workers at Brukman for two years (from 1994 until 1996), but quit after she became pregnant. She came back to the factory in September 2002, after the workers had once been expelled by the police and had later re-entered the factory. Her mother, Alba Sotelo, has worked at Brukman for 14 years and recommended that Patricia return because there were a lot of orders that needed to be completed. Only about 25 of the current workers at Brukman were part of the first struggle in 2001. The rest were either rehired (like Patricia) or hired for the first time by the workers in 2002. They haven't received many

¹¹ Though there is currently an accounting committee, several workers at Brukman mentioned that the factory plans to hire a professional, independent and nonpolitical accountant in the near future.

new orders lately, but they plan on hiring more workers in the future if there is too much work for them to do.

Most of the workers are middle-aged females, but there are thirteen male workers (again, mostly middle-aged). All the women (and almost all the men) who work at Brukman have children and work primarily to support their families. While all the women I spoke with were Argentine, each of the four men I interviewed had emigrated from another country (two more elderly men, one from Italy, one from France, one middle-aged man from Bolivia, and a young man from Peru). Generally, men and women have the same responsibilities inside the factory. Both men and women work as sewing machine operators but only men work on the second floor with the heaviest irons. Both men and women iron pants and jackets at different stages on the third floor.

Compensation

Payment is divided equally so everyone gets the same salary rate and all workers are paid weekly in cash. However, workers are not paid for days they do not work, so actual payment varies with attendance. Though there is no note of the specific arrival time, each worker signs their name on a sheet at the security guard's desk each morning when they arrive at work to verify their attendance at work that day. “[Under the old system], people used to fake illnesses and bring in false notes from doctors or hospitals. We didn't want that to happen now that we run the factory so we decided just not to pay for days not worked—even if someone really is sick” (Macario).

The weekly salary rate varies with levels of sales and production; currently Brukman workers earn about \$100 pesos per week. Two of the workers from the accounting committee pay each worker on Friday afternoons before they leave. They

walk around the factory and pay people at their workstations. With the attendance sheet and a calculator, they determine how much money each worker should be paid for that particular week. Each worker must sign a sheet acknowledging their payment. “Our salaries were a little higher in 2002 before we got thrown out but they’ll probably pick up again in the next few months as we get more work and people [clients] aren’t on vacation anymore” (Jacques Holc).

Workers debated and decided on the payment system at the weekly meetings. At first not all the Brukman workers thought that payment should be divided equally. “Some people argued that their work was harder than what other people do and so they should get more money. But these workers were voted down at the meeting. We thought it would be better if everyone was paid equally and that it would minimize fights” (Esalta “Flor”).

This payment system differs greatly from the arbitrariness of the old system. Workers say there was a large schism between what the boss thought their work was worth and the value he placed on his own job. Previously, payment for workers was mostly at the boss’s discretion. “The boss would pay you more if he thought you had a pretty face even though all the jobs we do are difficult. But of course he never paid any one of the workers as much money as he paid himself” (Juana Moreno).

Officially there were five categories for payment: (1) apprentice, (2) assistant official, (3) official, (4) grand official, and (5) master official. Advancement from one category to the next was based on both skill and the length of time someone had worked at Brukman. All workers entered at the apprentice level. For each payment category, there was a specific quota for how many pieces a worker should be able to sew per hour.

When workers met this quota they were paid their base salary. If they failed to meet it, their pay was reduced by an unspecified percentage. When a worker surpassed their quota they would get a small bonus, and after consistently exceeding the quota they would be promoted to the next category—replete with higher pay and a higher quota. “The boss would decide when to promote people and to give them a pay raise, but the raises were small. People at the top didn’t make much more than people at the bottom” (Esalta “Flor”).

Currently, the salaries of the workers do not perfectly reflect the money paid to the factory by clients. Part of that money goes into a collective fund to pay utility bills and to have as an emergency fund. Sending some money into a general fund like this helps to provide the capital investment for the factory that workers are unable to make. “We use the money to buy cloth when we need it. Some clients give us the cloth, others don’t” (Delicia Millahual).

Geographical separations within the factory

Then as now, most of the heavy ironing takes place on the 2nd floor and cloth-cutting takes place on the 4th floor, but the Brukman workers have rearranged the way the workplace is set up within the factory. Previously, jackets were sewn and assembled on the 3rd floor and pants on the 5th floor. Now, since there are fewer workers, they have moved pants to the 3rd floor along with jackets and the 5th floor remains vacant. Though the sewing machines are still in rows, many of them now face each other instead of all facing the same direction. A worker’s physical station within the group is generally associated with the task that he or she performs. After performing their task or operation, workers pile the garments next to them and then pass the piles to the person who sits

behind or beside them. This new setup also creates an environment more conducive to learning and performing tasks different from those that workers generally do. A worker who usually sews jacket collars can easily go to a machine on the other side of the room and have a coworker teach her how to sew inseams. This way the workers can “communicate better and get a better sense of who is working on what” (Alba Sotelo).

Schedule

Almost all workers have the same 6 a.m. to 3 p.m. schedule. The only exception is the two workers who sell on the first floor and who work from 8 a.m. to 5 p.m. instead. For all the workers, their schedule now is actually *less* flexible than their former schedule when they had slightly different shifts—some started at 7 a.m., some at 8 a.m., and some at 9 a.m.

Those I interviewed stressed the importance of working on the same schedule because the work of one person depends on other workers. For the most part, they said, workers are very conscientious of this schedule. “A lot of people used to not arrive on time but now they do” (Elena Caliba).

From 3 p.m. to 5 p.m. the workers have a rotating guard duty. All workers are in one of five guard duty groups and each group works one day of the week (Monday through Friday). Those on guard duty sit by the front door and they inspect the bags of the other workers as they leave the factory. They check to make sure that nobody takes any materials from the factory with them. The guards must wait until all workers have left the factory before they are allowed to leave—usually by 4:30 after workers shower.

Under the previous management there was a professional guard who performed the same task.

“The bosses used to own the stuff so they would have someone check bags every day. People used to want to take things [materials from the factory] home, especially after they stopped paying us. A few people continued to take things even after the bosses left [during the initial worker occupation]. Now it’s more like we are the owners, so it doesn’t make sense to take stuff. It is stealing from yourself. We have people on guard now so we can be sure that nobody among us takes anything home” (Macario).

Additional Responsibilities

Being on guard duty is just one of the workers’ new responsibilities. Workers see self-discipline as essential to the success of their enterprise. “Nobody is there to keep everyone in line so everybody is in charge of their own job” (Elvia). “We know we have to work if this is going to work” (Jacques).

Without a boss, workers are required not only to do their jobs, but also to look around them and make sure everything is running adequately and that nobody is shirking their duties. “It’s a little difficult because we have to watch to see whether others are working. Before [under the previous system] we didn’t” (Carmen Mesina).

Workers say that when they first began running the factory there were a few problems with some of the workers not doing their fair share of the work. Most worked at a steady rate all day, but there were a few who roamed the building and spent a lot of time traveling from floor to floor to visit different workers. “If someone is working hard and someone is just messing around but they both get paid the same, then there are going to be problems, you know?” (Juana). This issue was brought up at some of the meetings, and now workers say that the problem is mostly resolved.

Another reason they decided to move the pants from the 5th to the 3rd floor was economic. “[By not going up to the fifth floor] we use the elevator less and we use less electricity” (Carmen). Workers are much more aware of the electricity they use and the bills they must pay because they recognize that the more money spent that way decreases the amount left for them.

“This is a factory and of course we’re going to need electricity for the machines and for light and fans. But we turn things off when we aren’t using them—just like people do in their houses. We never thought about bills and electricity before. This was all something that the boss took care of.” (Juana)

Saving money from utilities is just one of the ways workers have dealt with their increased financial responsibilities. They have also set up a storefront on the ground floor where two workers, Elvia and Juana, sell unused pieces of cloth and pants that are half-sewn for 20 pesos and under to anyone interested who walks by. “We sell based on the price of the cloth. If it’s high quality, we sell it for a higher price” (Juana). In the larger interior room they sell completed jackets and pants at slightly higher prices. These are unfinished and cancelled orders that they sell to supplement their income.

Selling clothes on the first floor is something new. Under previous ownership, all the workers either sewed or ironed upstairs. With both guard duty and sales, the Brukman workers have set up a job rotation system. The guard groups change daily and, after several weeks, two other workers from upstairs will replace Elvia and Juana and they will return to sew upstairs.

Brukman workers have taught one another how to perform different operations on the sewing machine so that workers who specialize in one area will be able to help out coworkers in other areas when necessary. At the end of the workday, those who finish

their duties before their coworkers sweep up the scraps of cloth from the floor where they work and also from the areas where their coworkers are still working. They say they have learned how to step in for one another in order for the job to get done. “I just see what needs to be done and I do it” (Gerardo Pizzirusso).

According to the workers, one drawback to not having a supervisor or boss is that sometimes they have conflicting opinions about the *best* way to do something. For instance, one day while I was at the factory a man who works with the heavy irons on the 2nd floor came up to the 3rd floor to speak with the people who were sewing inseams on a large order of pants. He showed them the pants they had been sending him and asked them to do a different kind of stitch in the inseam that would allow the pants to be ironed flatly. The woman in charge of inseams inspected a pair of pants and explained to the ironer that they had to use such a sturdy stitch instead of the flimsier one he suggested. After disagreeing for several minutes, the ironer accepted that the stitch would not be changed but warned that the ironing would take longer and that several extra workers might be needed on the 2nd floor to finish the job on time.

While under previous management workers were responsible only for their own tasks, now there is a lot more focus on what they need to do *as a group*. Though they generally do the same jobs, workers have had to learn other tasks in the event of a backup or if a coworker is missing. Some of the workers said they liked the new system but that their jobs were much easier while the boss was still at the factory. In addition, they have had to learn some administrative tasks. “It used to be that we would come to work, work, and then go home and forget about it. Now we have a lot more responsibility—we have to constantly think about what is best for the factory” (Elena).

While the majority of workers said they preferred working as they do now in spite of the challenges, not everyone thought that the new system was better. Macario pointed out some of the disadvantages to having the workers run the factory.

“It’s a lot more difficult now. Some of us have worked here for a long time and now are having to learn to change the way we work after years of doing it another way. If one person isn’t working doing their job when they should be it can hold up the line for the rest of the workers. Plus there is more arguing between workers during the meetings. It would be much easier with a boss and a steadier job. For me, I would just prefer to work, get paid, and leave—not to have to worry about all this other stuff.”
(Macario)

He also pointed out that the more time workers spend discussing and debating things during the meetings is less time they spent working and actually producing garments.

Other changes

In spite of the new responsibilities, workers quickly point out that there are significant advantages to the way they organize production. The most notable advantage they see is the lack of having a boss: “It’s nicer now because we don’t have to worry about a vigilant boss looking over our shoulder. People used to be scared of the bosses. It was a lot like school—you would get in trouble if you were talking to a friend”
(Patricia Gonzalez).

Workers say they are much more relaxed now and feel they actually produce *more* efficiently without feeling nervous about being watched. Some say that not having a boss changes the mentality of the workers. “A person works more with their head than with their hands. We might do the same job but now we work for our salaries, not for the bosses. In this way the work has totally changed” (Jacques).

Under previous management, workers were required to eat their lunch in front of their own machines. That way they could eat and then return to work without having to

waste time resettling at their machines. Management told them this was necessary because there was no space for them to eat in the kitchen, where they kept their food until lunchtime. Currently, workers are allowed to eat their lunch wherever they please—at their own machine, at a friend’s machine, or even at the table in the kitchen that seats at least ten people. Generally all workers eat on the 3rd floor. “As long as we eat, clean up, and get back to work on time, it’s not important where people eat. Some eat with the same people every day, some with different people” (Gladys).

They used to have a 10 minute break in the morning and 20 minutes for lunch. After the allotted time, a bell would ring signaling that they were supposed return to work. Now morning breaks last between 10 and 15 minutes, but they are timed in ways that are more convenient. For instance, Patricia starts her break five minutes earlier than her mother because she likes her *mate* hotter than Alba does. She prepares her own and leaves the hot water out to cool a little so that it is not as hot when Alba starts her break. They sit together and visit for a few minutes and then Patricia goes back to work while her mother finishes her *mate*.

In addition to lunch and work breaks, there are other ways in which the Brukman workers have made their environment more comfortable. Those whose machines now face each other can talk to each other over the humming of the machines while they work. Some workers periodically get up from their machines to go to the restroom or walk around to stretch for a moment. They also walk over to other people’s machines to ask whether any work needs to be done or to ask for advice about how to do a certain operation. A few workers have headphones on which they listen to music and two people brought portable radios on which they play music that is hardly audible above the sounds

of the machines. Some of the workers have attached silk flowers, Argentine flags, or small pictures of *Nuestra Señora de Lujan* (Our Lady of Luján, a Catholic icon in Argentina) to the spools on their machines and almost half of the workers have sodas or other drinks on their tables. “None of this was allowed before. We were only allowed one trip to the bathroom. We couldn’t stand up and stretch or have a sip of soda. It was like we couldn’t breathe” (Esalta “Flor”).

Internal Relationships

Workers at Brukman say they’ve gotten to know one another better since they’ve begun to run the factory. Under the previous system, workers only knew the people who worked on their floor. “We’re much more like a family now” (Jacques). Both the meetings and the new set-up of the factory make it easier for workers to get to know their coworkers and also to see all the other people in the factory on a more regular basis. The four men who work with the heavy irons on the 2nd floor used to only talk among themselves. They are still close, but they say they have become a lot closer to the workers from other floors as well. “Of course there are groups that are closer or better friends than the rest, but overall there is a lot more solidarity among everyone now” (Alba).

Workers say they have more understanding of one another and of the common economic hardships they all face, even though they may disagree occasionally. “We argue sometimes, in the meetings, but not about work, only about the ways to work. Everyone here wants to work” (Elvia).

External Relationships

The Brukman factory has received a great deal of legal and organizational help from attorney Luis Caro and the association he leads, the *Movimiento Nacional de Fábricas Recuperadas por los Trabajadores* (National Movement of Factories Reclaimed by their Workers or MNFRT). In addition to legal help, the MNFRT helps out the Brukman workers in other ways. When the factory needs certain services, other factories or organizations within the MNFRT provide them to Brukman free of charge. For instance, one day while I was at the factory I noticed a man walking from machine to machine, checking something off on a list in his hand. A worker explained to me that this man works at another MNFRT factory and repairs sewing machines. Luis Caro sent him to Brukman to see if any of the machines needed to be repaired.

Additionally, the Brukman workers rely on money they have received from human rights and workers rights organizations throughout the world. Throughout their struggle they've gotten donations from groups in Germany, Spain, Italy, and France. Naomi Klein, a Canadian, and at least two Germans working independently of each other, have made documentaries about the take over at Brukman and the subsequent fights for control of the factory. Brukman workers thank the documentary makers and journalists who have brought their situation to the attention of people around the world. "The people from abroad helped us when we entered the factory for the first time and since then they've helped even more. They've wished us luck, protested with us, encouraged our efforts, and even provided financial help when we were on the street with nothing" (Delicia).

Brukman workers have also gotten and continue to receive some money from international organizations dedicated to helping them with their struggle. As with factory income, some of this money is put into savings and the rest is divided among the workers. The workers say this money from abroad was especially important during the times when they were expelled from the factory.

Intra-factory Networks

In all three cases, help from people outside the factory was critical to the takeover's success. Outsiders provided physical protection from police or former ownership, moral solidarity, and even monetary donations. Workers often mention this help as the reason they want to create cultural centers or do something else to “give back” to the neighborhood.

Cooperation and collaboration between worker-run factories is key to their existence and success. Workers at the three factories noted how they either helped out or received help from workers at other reclaimed factories. This help generally came in the form of advice—on how to occupy or reclaim a factory under a private owner's control, on how battle in court to become a legally recognized cooperative, on how to run a cooperative, or on what it meant to work in a *cooperative* fashion. As with the case between Chilavert and IMPA, some of the help and collaboration between reclaimed factories may stem from friendships or personal ties.

I now briefly turn to the two main formally established organizations that connect workers at various reclaimed enterprises.

MNER

The organization to which Chilavert, IMPA, and about 85 other Argentine enterprises reclaimed by workers belong is the MNER (National Movement of Reclaimed Enterprises), which is headed by Eduardo Murúa of IMPA.¹² There were only two organizations in the MNER when he founded it in 2001, but it has grown steadily since then. “Our primary purpose is to allow workers at different reclaimed enterprises to

¹² It was Murúa who got in trouble with IMPA's previous management in 1998 when he led workers to consult a lawyer and demand a factory-wide general meeting.

come together and see how they can learn from each other, to see how they can help one another.” Murúa believes the best way to ensure these new enterprises are successful is for them to see how other reclaimed factories have organized themselves and dealt with obstacles. The most important thing is for workers from the more established factories to share their experiences to help out those who are in the initial phases of running a factory.

According to Murúa, “We set up meetings [between older and newer enterprises] in our group to share ideas about how to organize a cooperative and the best way to organize depending on the situation of the individual factory—to try to help establish what will work for *them*.” Thus not all factories that become part of the MNER have the same organizational formats as Chilavert and IMPA. Some factories are organized more vertically and some do not pay all workers equal salaries.

Additionally, workers in the MNER provide not only advice, but also monetary help to new reclaimed factories. The MNER requires that when its factories are running well and have available resources, they help finance other workers in other factories. “It’s their responsibility and if they don’t do it, we can’t do anything” (Murúa).

Political consciousness within the MNER

Leaders within the MNER have a largely class-based political consciousness and commitment and the goal of the organization goes beyond just to helping workers to recover their jobs. Murúa says the main goal is to lead a fight “not so much economic as it is symbolic of what it means to retrieve the factories.”

Yet the leaders of the MNER show a much stronger political orientation than most workers I interviewed at the three factories. The MNER recognizes that its political and class-based agenda might not get through to all the workers in its factories and that

most people who work in reclaimed enterprises do so primarily for reasons of economic survival. According to Jorge Luján of Chilavert, “We’re here to do the work, to survive. It’s not as big of a political cause as some make it out to be. We wouldn’t have done it if we had been in good and stable jobs the other way.”

MNFRT

The MNFRT (National Movement of Factories Reclaimed by their Workers), of which Brukman is part, is a parallel organization to Murúa’s MNER. MNFRT president Luis Caro counts 80 worker-run factories as part of the organization but says that the number is not exact because more factories are incorporated every few weeks.

Some of the 80 factories in the MNFRT are also members of the MNER. Murúa and Caro know one another and both express support toward the other’s organization. The primary difference between the two organizations is that, while the MNER emphasizes that workers should organize production in the way that best suits their particular factory, the MNFRT emphasizes that workers need to organize production in a stricter cooperative form. Caro stresses that this is of the utmost importance if reclaimed factories are to be officially recognized by the government. Officially, cooperatives are the only form in which the government will allow workers to run an expropriated factory they do not own. Many workers say they chose to operate as a cooperative primarily because this is what the state allows.

There is an expropriation law in Argentina which allows workers (among other creditors or parties) to purchase factories or other businesses that have effectively gone bankrupt. However the direct purchase price is prohibitively high—especially for workers who haven’t been paid the salaries they were owed. As a result, the state

generally either officially expropriates such properties or holds them until the owners pay off a set percentage of their debts. Thus workers must get permission from the state to operate such factories.

Conclusion

Workers' roles have changed in many significant ways as workers have gone from being employees to being business associates or partners. Most notably, their tasks have become less specialized under the newer system of organization. While most workers retain their primary roles as production workers, they also have taken on the administrative duties of their previous employers and have assumed responsibilities for tasks shared with coworkers. Even at IMPA, where roles and tasks are the most stable, workers admit to helping out in other areas when necessary.

Both formal and informal relations have shifted at these factories. The rigid division that used to exist between workers and management has become largely blurred, if not fully erased. Sometimes, like at Chilavert, the same workers act as both managers and producers, and in other cases, like at IMPA, even those who primarily work in production are encouraged to interact more openly with and make suggestions to management. Instead of employing supervisors to make sure workers do their jobs, workers themselves are now responsible for ensuring prompt completion of assignments.

Informal relations have changed within the factories with the removal of physical or spatial divisions between workers. Like the power to make organizational decisions, workers view the power to occupy areas of the factory that used to be "off limits" as a valuable new privilege. The removal of spatial barriers has also allowed people to interact with more regularity and to recognize common interests. Workers increasingly help out workers in other areas of the factory when necessary. In addition to having a broader knowledge and skills base, this has affected ties between workers, and many report feeling closer to their coworkers. They say their legal struggles and their

cooperative systems have allowed them to become closer friends and allies. Analogies of how a factory is run to how a family operates are common. As Cándido Gonzalez of Chilavert says, “We’re like a marriage now. We discuss things, we have to make compromises, but we have the same goals for the factory. Before it was more like a relation between a father and a son—we were just being told what to do, but we didn’t have a say in what was going on.”

Spatial reorganization of these factories has also had an effect on relations between factory workers and neighborhood residents. Workers highlighted the cultural centers they have established on factory premises, for instance. By strengthening their ties to the neighborhood in this way, workers also increase their protection in case of future eviction attempts by police forces, previous owners, or creditors.

Payment or compensation systems have become more egalitarian. Not only has the pay discrepancy between workers and managers decreased, but, at the three factories I studied, compensation was the same for everyone—regardless of their particular title, job, or task assignment. While not all workers agree that everyone should be paid equally because some may contribute more than others, the majority of workers at these factories voted for equal payment, and that decision is being respected. Because all workers are paid equally, workers say they don’t see room in their system for anything they would call a “promotion.”

While there may not be direct monetary rewards for seniority and individual productivity, it is likely that workers benefit in other ways. Experienced workers may be deferred to during debates and votes on how the factory should be managed. Yet this is not always the case, as was shown by Plácido Peñarrieta’s comment that the workers at

Chilavert do not regularly defer to Fermín Gonzalez even though he has worked there 52 years. Additional research is necessary to more completely address this issue.

Workers view their current compensation system as directly correlated with their productivity and motivation. “The main problem was that there was never any money when the bosses were here. Now we all have the same motivation to work because if we don’t produce we don’t get paid” (Gerardo Pizzirusso of Brukman).

While compensation within these factories may not be any higher than in traditionally-run enterprises in the same industries, it has provided workers with at least some of the back-pay owed to them. They have also been able to maintain sources of employment in the face of a tumultuous economy. However, while workers are now paid more money each week than before taking over these factories, they have no guarantee of stable payment. The money they get each week fluctuates as compensation is tied directly to sales. Furthermore, because these factories do not have large reserve amounts of money for purchasing raw materials, they often must rely on clients who pay large advance amounts or who actually provide the workers with the necessary materials.

The new factory organization has also shaped investments and hiring. Workers seek ways to maximize output without introducing new inputs. Instead of investing in technology improvements, “most concerns are focused on under-utilization of installed capacity” at the factories (Palomino 2003, p. 23). Similar to investments in technology, hiring new workers poses financial difficulties to those who already work at these factories. Because of their commitment to equal payment, incorporating new workers can lead to decreases in the compensation of established workers unless the factory’s total income increases proportionally. Partly because of this, workers at these factories

are hesitant to hire unless there are compelling reasons to do so, such as when demands are more than the workers can handle.

In hiring, networks and social ties play an important role. It was because of a strong pre-existing social tie (a familial one) that the workers at Chilavert decided to hire Walter Basualdo several months ago. They knew they could use an additional worker for a few months but had not hired anyone because they felt it was critical to know and trust whoever they would hire. Manuel Basualdo brought his son Walter to the factory on several occasions to meet the other workers. After he had been coming in to the factory for several months, the rest of the workers decided to hire him because they were confident he would be able to assimilate to working in a cooperative. As Manuel said, “We didn’t want to bring in other people because we didn’t know what the result would be.”

The most direct contradiction to my initial hypothesis was that workers’ schedules are now *less* flexible than they were under previous ownership. They may not enforce punishment, but all workers stressed the importance of adhering to the same schedule to maximize production. Such a finding is counterintuitive to the belief that workers who manage themselves would be less demanding than workers under traditional management.

In the media and in Argentine politics, reclaimed factories are often grouped together. All are seen as following the same path and functioning in the same way. While there may be similarities between factories, there are also slight nuances and distinctions which must not be overlooked. In comparing only these three factories in the federal capital of Buenos Aires (leaving out factories in the surrounding towns in the province of Buenos Aires and factories in other provinces), we can see that not all

reclaimed factories have followed the same path. They are each exceptional cases in certain ways.

For instance, IMPA is exceptional as it already *was* officially a cooperative when the workers decided to reclaim it from its former management. Its workers struck and protested *outside* of the factory before reentering and organizing production. Also important is the fact that its workers protested in 1998, *before* the peak of the country's economic crisis and the larger wave of reclaimed factories which was to follow.

Chilavert is much smaller than most other reclaimed factories and its workers rely less heavily on official meetings for decision-making than do workers at other factories.

Brukman's primarily female workforce¹³ and its turbulent legal status make it unique among reclaimed factories.

In order to review internal differences and commonalities among the factories studied, I provide the following chart which compares the three factories for the variables investigated in this study:

¹³ In this study Brukman was unique because it has a female workforce. However, contradictory to what one might expect, there were no observed organizational differences between Brukman and the other factories that appeared to be related to gender composition.

Table 2. Organizational variables at IMPA, Chilavert, and Brukman factories.

	IMPA	Chilavert	Brukman
Year of reclamation	1998	2002	2001
Industry	Metal and Plastic	Printing	Garment
Employees	170	9	58
Internal Decision-Making Processes	Management (elected by the workers) makes day to day decisions about factory organization	Mostly informal discussions, some more formal meetings for important issues	All decisions are made by popular vote at weekly meetings which all workers attend
Compensation	Everyone paid the same base salary monthly; option for additional pay through overtime work	Everyone paid the same salary each week; no overtime option	Everyone paid the same salary rate weekly; no overtime option
Schedules	Same as under previous management	Stressed as high priority by workers Enforced less strictly	More rigid than under previous management
Task Assignment	Tasks are assigned; there is differentiation but there is some movement when areas need help	Less stringent assignment than previously; general areas are maintained but not rigidly	Generally the same as before—but less rigid; rotating weekly tasks and committees; workers learn new tasks and help coworkers
Internal Separations	Tasks differentiated by floor; workers eat with and best know those who work near them	All tasks performed on same floor; common movement between areas; struggle and new organization responsibilities have bound workers more closely	Most tasks performed on same floor; workers learn and perform new tasks; increased solidarity and friendship among workers

Notwithstanding their differences, the table points out the important similarities that occur within reclaimed factories across industries, with different employment levels, and with distinctive histories of reclamation. In all three factories workers now play

greater roles in decision making than they had under previous management. The processes and systems that allow these workers to partake in decision-making also indicate a more horizontal form of organization.

At IMPA workers may not make day to day decisions themselves, but they do vote on important issues, including who works in the factory's management. Management's open door policy allows greater interaction between management and workers. Workers are not only allowed, but even encouraged to suggest to the management methods of improving production. Additionally, the workers' union and oversight committees also show an increased workers' role in the organization of the factory. At Chilavert all workers discuss and decide how the factory is organized, and at Brukman weekly meetings ensure that all workers take part in the decision making process and that the administration of the factory remains transparent. By establishing different and rotating committees, the workers at Brukman keep power from becoming centralized in a single administrative body.

Some of the differences or variations in how each factory is managed may be the result of factory size. Because there are only nine people at Chilavert, they can more easily have informal discussions about matters of administration and production. Such informal discussion and decision-making could certainly be more difficult, if not impossible, among Brukman's 58 workers or IMPA's 170 employees. Similarly, because Brukman has only one third the number of workers IMPA has, they can afford to meet weekly where each worker has her opportunity to raise any issue for group discussion. With 170 workers, a weekly meeting might not be nearly as efficient a way of organizing production and addressing concerns of individual workers. Rather, a full-time and

specialized administration may better be able to handle such issues while leaving the other workers to devote their energies to the actual production.

A second possible reason the three factories use different decision-making systems may have to do with the variety of work within each factory. Though individual tasks might be different, workers at Brukman all work in the production of men's suits. Because each part of their work is related to that of their coworkers, workers have an interest in how *all* parts of production are organized. At IMPA, workers also depend on the work of some of their coworkers, but not as much as the workers at Brukman do. Those who work in the metallurgy area may depend on their fellow metal-workers, but their work is separate from those who work in the plastics area so they may not have anything to contribute to or benefit from decisions about how production is organized in the plastics area of the factory.

To sum up my findings in Table 3, I present my original hypothesis and compare it with what was observed or reported through my interviews with the workers. The findings which differ from the hypothesis are italicized and in bold print.

Table 3. Differences in Old and New Systems of Factory Organization.

	Old System	New System
General organization of factory/Decision-making	<ul style="list-style-type: none"> • Strict separation between workers and management • Management makes factory decisions 	<ul style="list-style-type: none"> • Increased interaction between workers and management • Workers participate in factory decision-making
Hiring and Internal Promotion	<ul style="list-style-type: none"> • Hiring based on weak social ties • Promotion based on output or seniority • Promotions based more on output than on seniority 	<ul style="list-style-type: none"> • Hiring based on strong social ties (emphasis on “trust”) • Promotion based on seniority <i>rather than</i> output • “Promotion” as such does not occur because of the emphasis on cooperation and equality of all workers
Compensation	<ul style="list-style-type: none"> • Managers paid more than workers in production • Pay for workers based on physical output • Payment often based on money available 	<ul style="list-style-type: none"> • Smaller ratio between payment for management and workers • Pay increases based on seniority • Equal payment for workers and management; one exception for overtime work • Pay increases distributed equally among all workers • No pay increases based on seniority
Schedule	<ul style="list-style-type: none"> • Same schedule for all employees • Strict enforcement and penalization for tardiness and absence • One factory had different shifts for workers 	<ul style="list-style-type: none"> • Fewer hours per week • Increased flexibility • Less penalization or more relaxed enforcement regarding absences and tardiness • Decreased flexibility for workers
Task Assignment	<ul style="list-style-type: none"> • Rigid delineation of task assignment • Physical separation based on task assignment 	<ul style="list-style-type: none"> • Increased sharing of tasks among workers • Less stringent enforcement of physical separation of workers based on task assignment

Limitations of this study

This study was limited in significant ways, and it is important not to draw conclusions that go beyond its scope. First, two and a half weeks is a short period of time.

What I observed at the factories may very well be different from what I would have observed had I done this study three weeks earlier or three weeks later. A longer observation period could address other issues about the newer systems of factory organization. For instance, as mentioned above, while task assignments differed with gender, there were no wage gaps for different jobs. Similarly, no discrimination was observed in how immigrant workers at these factories were treated by their coworkers. A longer-term study might capture more subtle differences based on gender or migrant status in compensation or decision-making among other variables.

My sample of three factories is also limited considering there are well over 100 reclaimed factories in Argentina. With more time and resources for travel outside of the capital city, I could have observed how workers run factories in other areas of the country. Only about ten percent of Argentina's reclaimed factories are in the city of Buenos Aires. About half of the factories are in other cities in the Greater Buenos Aires province and the remaining forty percent are in other provinces (Slutzky 2003). Thus the ethnographic data collected at IMPA, Chilavert, and Brukman does not speak for the majority of reclaimed factories in Argentina.

Much of the data is based on observation and personal interviews with workers and is thus limited to what workers *say* about how their factory is run. Workers emphasized cooperation and unity, but said very little about having and handling internal conflicts. What actions are taken against workers who do not perform their tasks? Are workers ever fired? Workers are vigilant to ensure coworkers do not steal materials, but what happens when a worker is caught attempting to steal? Workers may be hesitant to discuss new forms of internal dispute and also to address possibilities of differential

positions based on factors like gender and migrant status. Such issues would be better addressed by participant-observation research.

Though not of primary concern for the purposes of this study, deviant practices in the factories also changed. Ernesto Gonzalez of Chilavert explained that workers were less likely to steal materials from the factory. One way deviant practices could be studied would be to follow Michel Anteby's (2003) study of poaching or using factory equipment to produce goods for personal consumption. Does poaching occur in reclaimed factories? If so, do workers view it as a deviant behavior or is it acceptable? Participant-observation research, for instance, might shed greater light on deviant behaviors in the day-to-day operation and organization of worker-run factories.

At each reclaimed factory, workers have had to and continue to choose among different ways of cooperatively organizing production. Such tasks present challenges to the workers because, not only have they not organized production *cooperatively* before, but also because most of them have no experience in organizing production. Previous factory employees who did have administrative experience generally did not remain at the factories after they were taken over by the workers.

In deciding how production should be organized, workers have maintained two concrete goals. They recognize that, under their former employers, nearly all of the decision-making power was held only in the hands of the administration and owners. After workers' suspicions about employers' embezzlement were confirmed and the firms went bankrupt, workers have increasingly questioned and distrusted the previous system of organization. Since taking over factory operations, workers have stressed that only a

more transparent system of management can protect against such problems and ensure that the factories stay open and that jobs stay intact.

Workers in reclaimed factories have adopted systems of organization that have allowed them to maintain sources of employment in the face of Argentina's economic crisis. Their decision-making bodies, emphases on equality of all workers, and lack of investment in technology may make these factories less efficient or profitable overall. But for the workers, efficiency and profit-maximization are not the main goals. *Having a job* is the more important objective. Celia Martinez, a worker at Brukman explained that maintaining jobs was crucial because, "Without our jobs, we don't have our lives, our dignity, or anything." In addition to the remunerative benefits of these worker-run enterprises, workers also see their employment as a way to either maintain or regain their dignity.

Whether and for how long these reclaimed factories will remain self-managed cooperatives is uncertain. A unique combination of high national unemployment, little government welfare for its citizens, a lack of other sources of employment for factory workers, a legal system that has permitted worker cooperatives in bankrupt and expropriated enterprises, and visible organizations like the MNER and MNFRT has created the environment from which reclaimed factories have emerged. A change in any one of these factors could seriously affect the prevalence and viability of such enterprises. At the same time, however, workers in reclaimed factories are becoming increasingly confident in their abilities to organize production. Although a few years ago she never thought she would be working in a system without a boss, "I don't know what would

have to happen to me for me to be willing to work for a boss again. We're moving forward, not backward [to having a boss]." (Esalta "Flor" from Brukman).

Methodology

Background

In October 2003, my thesis advisor, Viviana Zelizer, put me in contact with Javier Auyero, a professor of sociology at SUNY-Stonybrook who specializes in contentious collective action and political protest in Argentina. I met with Auyero while he was in Princeton in November 2003 and he provided me with a wealth of information. Additionally, Auyero suggested that I contact Hector Palomino, a sociologist at the University of Buenos Aires, who had recently conducted a study of Argentina's reclaimed factories. Palomino and I corresponded by email and he answered my questions about individual factories and how to get permission from them to observe production and to interview workers. It was Palomino who recommended I compare Brukman with IMPA and Chilavert to get a more complete picture of internal operations in reclaimed factories. Upon arriving in Buenos Aires, I met with him and some other members of his research team. They provided me with the telephone numbers and addresses of these factories. I called each factory to introduce myself and ask permission to conduct interviews before going there.

From January 15, 2004 through January 30, 2004 I conducted personal interviews with workers at the Brukman, Chilavert, and IMPA factories in Buenos Aires.¹⁴ Each workday, I went to two of the three factories for time periods from two to six hours. Usually I interviewed at one factory in the morning and another in the afternoon. I typically conducted two or three interviews during each factory visit. A total of 27

¹⁴ Before going to Buenos Aires, I applied for and received consent from Princeton University's Institutional Review Panel for Human Subjects to carry out this project. Below I include my application which was accepted by that panel.

interviews with workers at these factories were conducted (12 interviews at Brukman, 9 at Chilavert, and 6 at IMPA). All interviews were conducted at the factories. In addition to interviewing workers, I also interviewed Eduardo Murúa (the president of the National Movement of Reclaimed Enterprises or MNER) while at IMPA, and Luis Caro (the head of the National Movement of Factories Reclaimed by Workers or MNFRT) while at the Brukman factory. The interviews varied in length from 20 minutes to an hour and a half. Before beginning each interview, I introduced myself and briefly explained my research. I obtained permission from all participants prior to the interviews. Interviews were open-ended, though I did follow a set of general guiding questions included below.

While in Buenos Aires, I also had the opportunity to interview Torcuato Di Tella, the current national Secretary of Culture and sociology professor emeritus at the University of Buenos Aires.¹⁵ Di Tella's work in sociology has concentrated on the history of worker movements in Argentina. In addition, he is the son of the founder of SIAM Di Tella, one of the largest manufacturers in Argentina's history. Before becoming nationalized in the 1970s, SIAM Di Tella operated 22 factories and employed 15,000 workers. Though he does not study them like Palomino does, Torcuato Di Tella provided an irreplaceable perspective and excellent resources on the history of factory workers in Argentina.

The interviews were not recorded but I did take notes and transcribe some comments while interviewing. All interviews took place in Spanish and I have translated into English the statements quoted in the sections above. I received permission to use their real names from everyone I interviewed and therefore I have not changed any

¹⁵ In 2001 I had worked in Buenos Aires as a Pilates instructor at the Tamara Di Tella Pilates studio. During that time I became friends with Tamara and her husband, Torcuato.

personal names. Besides the interviews, I observed interactions of workers and also kept notes on the physical layout of the factories.

Workers at each factory mentioned that it was not uncommon for them to be interviewed by journalists and academics, both Argentine and foreign. This could have either (or both) positively or negatively affected the data I gathered in these factory interviews. On one hand, workers more accustomed to being interviewed may be less nervous or unsure, and more willing to discuss matters freely and openly. On the other hand, however, workers could have more practice in constructing routine answers that promote a kind of predetermined image of how they wish to portray the factory.

During these interviews I was acutely conscious of my role as an outsider, being both a foreigner and an interviewer. As an American, I am accustomed to different habits and manners about conducting interviews. Fortunately I had spent time in Argentina a few years ago, but upon reflection, I realize I carried out these interviews differently than I would have in the U.S. I noticed that I was slightly less assertive during the interviews than I might have been, and if the conversation got off track, I was slower to steer it back to factory operations than I probably would have been if interviewing in the U.S.

**Application for Research Permission from
Princeton University Office of Project and Research Administration
Institutional Review Panel**

1. State the title of the proposed research.
If applicable, please *list the agencies* (University and/or other) that have been asked to fund this research.

Organizational Structure and Operation of Worker-Run Factories in Buenos Aires, Argentina.

Funding: Senior Thesis Fund (Office of the Dean of the College)

2. State approximate dates for starting and ending this research project after it has been approved by the Panel.

January 12-30, 2004

3. State the name of the Investigator(s), departmental address(es), e-mail address(es), fax number(s), and campus phone number(s). All applicants other than professors must also list the name, departmental address, e-mail address of a faculty advisor. Use the abbreviations listed on the cover page to identify all names listed.

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4. Check if data will be collected from or about any of the following protected populations:
 minors prisoners pregnant women fetuses institutionalized mentally disabled (individuals residing as patients in an institution who are mentally ill or retarded; emotionally disturbed; psychotic; or senile).
For additional requirements regarding these categories of protected subjects, consult the Secretary of the Panel.

Data will not be collected from any of the above populations

5. State the purpose of the intended research, specifying the problems addressed, what is to be learned, and identify the specific objectives of the research.

The 2001 economic crisis in Argentina led to bankruptcy and abandonment of a growing number of factories as owners were no longer able to pay their workers. In a number of cases, previous wage-receiving employees or factory workers “took over” and continued to operate the businesses. This research will examine how the internal organization of the workplace has changed since factory workers took over the operation of factories in Argentina. Looking at the Brukman clothing factory in Buenos Aires in particular, I will compare how the new worker-run operation differs from the previous organization under traditional ownership. I seek to answer whether and how organizational changes have occurred. In each system, how are workers paid? How are tasks assigned to workers? How are workers hired? Who makes decisions as to how the factory is run?

6. Describe in detail the procedures which will be used to achieve the objectives of the research project; *include copies of the consent form, letters, survey forms, questionnaires or other applicable documentation.*

To carry out this research, I plan to visit the Brukman factory in Buenos Aires. Over the course of three weeks, I will observe (with consent) factory operations and interview workers about the factory’s operations. An attached sheet shows the questions I plan to ask within open-ended oral interviews.

7. Describe in detail the method of subject selection. Special attention should be paid to subject selection/ affiliation when Princeton students will not be used for the subject pool. Also include information about any compensation schedule and rates to subjects.

Subject selection will be limited to current Brukman employees who freely consent to take part in the interviews. I do not plan to financially or otherwise compensate subjects in return for their participation.

8. Will the standard "informed consent" form be used or modified, and if not, why not?

The standard form for informed consent must be modified. The population from which subjects will be selected is largely and almost exclusively Spanish-speaking. Therefore, I will have to get their consent in Spanish.

9. Does the proposed research involve deception, e.g., through provision of misinformation, withholding information, etc.? Explain why it is necessary to involve deception(s) in the research.

No.

10. Provide a full account of the debriefing procedures to be followed, if appropriate.

I will explain to all participants that I am researching the organization of worker-run factories. I will ask them if they have any questions about the research, and if so, I will answer these questions to the best of my ability. I will remind them that their answers can remain anonymous if they choose. Should they have further questions or concerns later, I will provide them with my contact information (both phone and email) and respond to such comments.

11. Does participation by human subjects or informants place any group or class of individuals in physical, legal, social and/or psychological jeopardy? If so, how can the potential risk be assessed?

Participation by human subjects in this project does not put any group or class of individuals in physical, legal, social or psychological jeopardy. The only way I could imagine they would be put in any jeopardy would be if they could be fired or punished for talking to me. However, as a number of journalists and researchers have interviewed this population without putting them at risk, I think this study would not jeopardize the population.

12. Does the research place individual subjects at risk? If so, please describe fully the ways in which the risk will be controlled.

I am not aware of any potential physical, legal, social or psychological risks associated with participation in this research.

13. In your view, how are any possible risks that may be involved in the research justified by the potential benefits resulting from the investigation.

Not applicable.

14. How will the confidentiality of the subjects' responses be guaranteed? What provisions are made for the storage of confidential material? Who has access to such material?

I will ask subjects if they wish to remain anonymous and protect their anonymity should they request it. I will not publish names of any informant without their explicit consent to do so. No outside agencies will have access to subjects' responses at any time during this research project.

15. In the event that outside agencies are involved (in data gathering, processing, and storage), how will the rights of the subjects be guaranteed by that agency?

Not applicable.

16. Describe the process being undertaken to secure IRB and/or other appropriate institutional approval necessary to conduct research with subjects at another institution or organization. Attach copies of the approval.

I have been put in contact with researchers who have interviewed workers at the Brukman factory. Though I have not yet been in touch with any workers or representatives from the factory, I have been told that the factory workers are accustomed to being asked questions and observed by journalists and other researchers and that they are very willing to discuss their factory activities. I am not aware of any formal review process at the Brukman factory that is necessary to complete in order to interview workers. Naturally, I will do my best to contact representatives from the factory before going to the factory and I will request consent before I conduct any of the research mentioned here.

17. Training and Certification. All University personnel who interact with human subjects or with identifiable subject data as part of this research project must complete the University's training program and be so certified prior to initiating contact with subjects or identifiable subject data. Furthermore, all third party contractors or subcontractors or collaborating institutions whose personnel will interact with human subjects or with identifiable subject data as part of this research project must certify to the IRP that their personnel have undergone appropriate internal training as well. Please respond to the following questions:

- a. Have all investigators identified above completed the University's training program (please check appropriate box): Yes No. If No, please complete the training program immediately after reviewing ORPA's homepage information about this procedure.
- b. Are there any current or anticipated future employees or students working on this project who will interact with human subjects or with identifiable subject data? Yes No. If Yes, please state that you understand that such personnel must complete the University's training program before they may interact with subjects or identifiable subject data.
- c. Are there or will there be any third party contractors or subcontractors or collaborating institutions working on this project whose personnel will interact with human subjects or with identifiable subject data? Yes No. If Yes, please append the appropriate training certification information from that entity.

Please note that the IRP **will not approve** this study unless all proper training is completed or certifications are received.

18. Include the signature of the Investigator(s) and the date. Also include the advisor's signature, if applicable

Guiding questions asked in open-ended interviews with factory workers

- Tell me about your own work history—When did you start working here? What tasks does your job require? How many hours do you work here each week? Do you work with others or alone?
- Did you work here under the previous ownership? If so, did you hold the same job that you do now? How has your job changed since the workers took over the factory?
- What happens when important decisions have to be made? Have you participated in such discussions?
- What happens if something goes wrong at the factory?
- How do you get paid? How often? For what?
- What determines the pay you get? The number of hours you work? The tasks you perform? Some combination of these?
- What about other workers' pay in your same unit? If there are other workers in your unit, do they get paid similarly to you?
- How does this compare with how you were paid before? How was this system of pay selected? Was there much discussion?
- Who supervises your work? Who elected/chose them to be supervisors? Did you elect them?
- How many people work here now? How many worked here before (under the previous ownership/management)?
- How is the value of a task measured? By the time it takes? By the skill or specialization it requires? By the urgency of the task?
- On the whole, are there major differences between how the factory is run now and how it was before? Are there ways in which it is better now? Are there ways in which it is worse?
- Is there anything I should know about the factory but did not ask? If so, what?

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