

# **Discussing the practice and theory of self-management from the global South**

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## Discussing the practice and theory of self-management from the global South

*It is impossible to exaggerate the importance of these great social experiments which have shown with facts, not with simple arguments, that large-scale production, at the level of the demands of modern science, can do without the class of the patrons...*<sup>1</sup>

The search for self-management<sup>2</sup> is a desire as old as the origin of the system that made it necessary. When capitalism developed as the predominant economic system globally it wiped out previous ways of life and their management of the economy. Thus, the emergence of the idea of self-management, in its different forms, is intrinsically related to the capital-labour relationship that is the basis of capitalism. Since the fall of the Berlin Wall the condition of the working classes has returned to a situation similar to that existing before the October Revolution in Russia in 1917. If before, the need to build autonomous, democratic and solidarity-based economic spaces was born from the conditions of exploitation to which the workers were subjected by “progress”, today we are faced with the physical need to find an alternative to exploitation. We are facing a civilizational crisis that is without precedence. Climate change, environmental destruction, social distress and proliferating armed conflicts set the urgent agenda of finding alternatives to capitalism. The combination of economic, social, cultural and ecological crises defines a universe of possibilities that is shrinking with the passing of time.

Today, more than 300 years after the appearance of the first cooperatives created in England and France, self-management is once again emerging as an economic and social reality in the face of the advance of predatory capitalism. The practice of self-management understood as “the management of workers on a productive unit, without capitalists and managers, who develop their own organization of work under non-hierarchical forms”<sup>3 4</sup> represents a central tool to fight against

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1 Karl Marx and Friedrich Engels, 1864.

2 This concept includes the experience of workers’ committees, workers’ cooperatives and companies recovered by their workers. In this work we will use the concept of self-management only for the cases where the workers are in control not only of the work space but also the production and the management of the company.

3 Martinez, 2014.

the established powers in our societies. The idea of self-management questions the core of the capitalist system and its institutions: the private ownership of the means of production. Self-management does so not only by questioning the social subject that possesses these means, but also by changing the position of the subjects with respect to these means. In other words, it brings to light what is behind the social metabolism of capitalism. At the same time, there is a new interest in workers' control and self-management, driven by a search for new theoretical and practical tools. After the fall of the “real-existing socialism” those opposed to the vision of state planned socialism – with little or no intervention of the workers in the management or direction of the economic course of society<sup>5</sup> – found fertile ground to extend, broaden and deepen their ideas. Hand in hand with a clearly deteriorating global economic situation, the experiences that have emerged in the heat of this civilization debacle have been multiplying and recovering the idea of labour autonomy. Environmental and social movements, trade unions and territorial movements carry the banner of self-management as a claim and turn it into practice.<sup>6</sup> Regardless of language or border barriers, the idea of a society of “freely associated producers”<sup>7</sup> has been interpreted and appropriated by different political traditions and at different latitudes. Self-management practices have been appearing as a result of general or local crises in various countries, and have been taking up practices known in the historical heritage of the different workers' movements; making use of inputs from diverse origins and from various political schools. Many cases exist of companies owned by its workers that have influenced the creation of new self-managed companies thousands of miles away.<sup>8</sup> This capillary form of dispersion of the desire for self-management has become a useful tool for workers, and also dangerous for those who benefit from the current system.<sup>9</sup> The objective of this work is to be a compendium, as well as a critical analysis, of the debates that exist between the self-managed companies that have been developing over the years in Latin America and practices that are developed in other parts of the planet. Although other regions will be taken into account, the

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4 It's important to note that here we are not talking about the capitalist concept of “entrepreneurship”. Self-management or *autogestión* is a collective concepts and does not include the new forms of individual self-exploitation and individualistic view of production relations.

5 As Ralf Hoffrogge (2011) points out with the fall of the council movement in Germany in the 1920s it became clear that “political parties once again became the main agents of socialist policy and the unions limited themselves to dealing with purely economic issues”.

6 One of the most known case is the Movimiento sin Tierra of Brazil.

7 Karl Marx, 2010.

8 Like ITAS in Croatia, New Era Windows in the USA or Rimaflow in Italy.

9 The case of BAUEN and *La Nación* newspaper, both from Argentina, is interesting. *La Nación* is the main mean of communication by which the dominant classes of the country and of Latin America express themselves. In more than one editorial, they attacked the recovered hotel, defending private property as the main value of society. <https://www.lanacion.com.ar/editoriales/el-derecho-de-propiedad-y-el-caso-del-hotel-bauen-nid2309340>

focus will be on Latin America, because in recent decades it has been the place of an antagonistic, but structurally related process: the rise of neoliberal policies during the 1990s that destroyed pre-existing social relations, followed by the emergence of progressive governments that encouraged the creation of self-managed and communal spaces, and finally the return of neoliberal governments in these last years.

Unlike other stages of history – such as the Russian Revolution, the Spanish Civil War, Salvador Allende's government in Chile, or the Yugoslav experience – where the rise in struggles was cut off by state intervention or by the open repression of opposing sectors to the popular struggles or the disintegration of the country, the self-managed movement in Latin America went through a political and economic transition during the past 30 years. This allowed for a study over prolonged period of time in which self-managed experiences have been developing their practices, analysing the challenges they faced and their proposed solutions within different contexts and with different results.

The first part of the work will locate self-management in the current global situation. An overview of the current debates about self-management will be given, taking into account the last publications on the subject, analysing declarations of the cooperative organizations and concrete experiences. This will give us an idea of how global problems are embraced by self-managed experiences and resolved through their daily work. The work also seeks to rescue the importance of the concept of crisis for the idea of self-management, as it is an idea common to the diverse realities of these companies.

In the second part, the focus will be placed on the main challenges the self-managed movement is currently facing. From our point of view, in most countries of the world, a strong tension between the movement of companies managed by their workers and the rest of the economic sectors exists. This might be due to a difficult interpretation of the place that self-management should occupy in contemporary economies. One of the objectives of the work is to inquire about the relationship between these self-managed companies and other sectors of society; as for example the peoples' economy (*economía popular* in Spanish) or trade unions. Besides, an analysis of the relationship between self-management and the capitalist market will be developed, with a special emphasis on the question how the sector confronts capitalists market practices. Cases where workers have taken over factories have shown that the supposed unfeasibility of these factories were only excuses to allow the owners to abandon the factories or simply fire the

workers.<sup>10</sup> Finally, the relationship between the state and self-managed enterprises will be analysed, which is a subject usually given little attention, but tending to arise whenever there is a critical situation. In this context, it will be necessary to question traditional approaches, seeking to reach a relational conception of the state and its public policies. The paper hopes to contribute lines of interpretation, discussion and action from the analysis of the variables under scrutiny here. Thereby playing a part in the creation of a more complete knowledge on the world of self-management that could constitute the basis of deeper research, militant experiences and political development of organizations, groups or subjects that seek to achieve a world without exploited nor exploiters.

## **A new economic context**

We are living in a stage where capitalism is hegemonic, without rivals who can dispute the leading power of this system on a global scale. But, at the same time, we do not live under just any capitalism, but specifically under the regime of flexible accumulation,<sup>11</sup> more commonly called neoliberalism. The implementation of the regime of flexible accumulation from the 1970s onward was the result of several consequent and confluent crises of capitalism in its Fordist-Taylorist stage. It is important to note that one of the main reasons for this change in the form of capitalist management was the need, in the interests of restoring the profit levels of the “golden age of capitalism”, to break away from the limits imposed by the welfare state. These were anchored in a strong recognition of the rights of the working sectors, of the role of trade unions, a Keynesian interpretation of the capital-labour relationship and the idea that the basic subject of society was the waged industrial worker. These relations, which were strongly managed by the state, began to break down with the oil crisis in 1973, the fall of the dollar and gold parity, and the development of technologies that made possible much faster communication between the different productive sectors. At the beginning of the 1990s, with the fall of the socialist states in Europe and Asia, this regime of accumulation finally extended to the whole planet.<sup>12</sup> In recent times the regime of flexible accumulation on a global scale has deepened but also mutated. The original search for increased rates of profit and productivity has not been restored, but has begun to decline. After the financial

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10 The examples of successful recovered companies in the last 30 years extend from the USA (New Era Windows Cooperative) to Argentina (almost 400 cases of recovered companies by the workers); finding experiences in Europe like Vio.Me in Greece, Rimaflow in Italy or SCOPTI in France.

11 Michel Aglietta, 1980.

12 With the exception of China and some countries like Vietnam or Cuba.

crisis in 2008 we observe an acceleration of this trend, with the lowest rates of productivity in developed countries in the last 60 years.<sup>13</sup> The dominant sectors once again need to increase their profits through increased exploitation by developing a new stage of extractive policy, with special impact on the global economic periphery. The presence of progressive governments in many Latin American countries at the beginning of this century and their support for the creation of alternative economies has not been able to reverse the global trend in the region. We are witnessing a new stage of neoliberal capitalism marked by a deeply regressive correlation of forces for the working class and its organizations, added to the massive transfer of resources from the poorest parts of society to the richest 1%, where 26 people possess the same amount of wealth as the world's poorest 3.8 billion people.<sup>14</sup> This global trend of increasing inequality has deepened since the 2008 crisis: "It is 10 years since the financial crisis that shook our world and caused enormous suffering. In that time, the fortunes of the richest have risen dramatically. The number of billionaires has almost doubled, with a new billionaire created every two days between 2017 and 2018. They have now more wealth than ever before while almost half of humanity have barely escaped extreme poverty, living on less than \$5.50 a day."<sup>15</sup> However, this is not a coincidence but a consequence of a capitalist system with low levels of productivity that needs to increase the levels of exploitation in order to make profits. Hand in hand with the increase in the concentration of wealth, and the consequent increase in poverty, we observe an increase in informal work relations on a global scale, a hidden economy on the fringes where the vast majority of workers are part of global value chains scattered across different countries, but where most of their productive links do not respect minimum labour rights (with places where trade unions are almost non-existent). As Harvey says: "The global workforce available to capital has tripled since 1980, to about three billion workers. (...) The volume of these increases has forced down the remuneration of labour around the world, but, in addition, the political weakness of that labour, now spread across the planet, has given capitalists of all kinds (from small producers to large corporations) a golden opportunity to impose atrocious exploitation."<sup>16</sup> Thus, increasingly, we are witnessing a process of proletarianization without recognition of labour rights or the need for intervention by public institutions. Neoliberalism, which had among its main novelties the de-territorialisation of productions – that is to say, breaking the legal limits of the states – generated a complex and contradictory duality: on the one hand, a

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13 *Financial Times*, 2019.

14 Oxfam, 2019.

15 Ibid.

16 David Harvey, 2009.

centrally thought out and planned production (as well as the accumulation of profits derived from these productions) from the transnational corporations. And on the other hand, territories that were affected by the consequences of these industrial productions, where the expropriation of resources and the exploitation of the labour force began to take place, but without having the capacity to control the process of accumulation that resides in the centre of capitalism towards which profits are mobilized. This deepened the appropriation of the wealth generated in “peripheral” countries in a much more coordinated and almost real-time way, driven by new information and communication technologies. The deepening of these types of economies are the basis for the appropriation of capital in the world centres. Capitalist centre and economic periphery are connected, articulated in an unequal and combined way, where the basis of marginality in the periphery is the necessary basis for accumulation in the capitalist centre. Thus we are observing the current regime of accumulation an increase of absolute surplus value through more working hours, multiple jobs and low technification of capital combined with an increasing alienation of the worker (the general intellect described by Marx).

This new form of capital accumulation affected the reality of the wage-earning sectors, not only in material terms but also at the level of the identity of the industrial worker, his family and social relations.<sup>17</sup> Institutions, culture and work were diluted or directly destroyed under the weight of privatization, factory closures and increased social marginalization. With increasing unemployed and the marginalization of millions of people, work as a social category was transformed. This, among other things, generated increasing uncertainty about the future among an important part of society, accompanied by a growing stigmatization and criminalization of poverty, of the unemployed, of political activists and migrants; configuring spaces and marginalized identities in the capitalist centre and the economic periphery of the world. These new actors were and are the basis from which a new idea of power was formed, not focused on the State, the party or the company: people’s power. The popular identity moved from being located inside the factory or the union, to being more focused on ethnicity, territory and identity.<sup>18</sup> Social movements emerged that will later build a political and economic vision based on the occupation of factories and lands, configuring a specific way of understanding self-management and autonomy as tools of survival and resistance. In this context, in countries such as Argentina, Bolivia, Mexico, Brazil, Chile, Ecuador, Uruguay and Venezuela (but also in Greece, Italy, Spain, France, the USA and Cuba,

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17 Raul Zibechi, 2011.

18 Maristella Svampa, 2000.



although to a lesser extent) hundreds of thousands of self-management experiences have been developed in the last 30 years. In many of these countries the emergence of Companies Recovered by their Workers (from now on ERT, *Empresas Recuperadas por sus Trabajadores*), that is to say – companies abandoned by their owners, which are then occupied and put into production under workers' control – has raised a new interest in the subject of self-management awakened a new interest in the problem, generating a great deal of research, publications and debate on the subject. It has also led to the development of secretaries or public institutions linked to the social, cooperative and self-managing economy in most South American countries (from ministries to special funds that finance these experiences, such as FONDES in Uruguay). In short, the increasing proletarianization of a growing part of society, the destruction of the state's capacity to control the way production is carried out, the loss of labour rights and an increase in marginality have led to the multiplication of experiences of worker's self-management. These new practices are partly linked to historical forms of resistance but with new particularities and references.

## **The place of self-managed companies within society**

The crisis inherent in the capitalist system is intimately linked to the idea of self-management, a relationship that was amplified with the emergence of neoliberalism, just as it was amplified with the emergence of industrial capitalism at the beginning of the 19th century in Europe. The acceleration of crisis cycles and the increase in economic informality, central features of capitalism in the 21st century, give material support to the idea that self-management has a key role to play in building experiments in new social forms. As Gago puts it: “The crisis reveals itself as a privileged locus of analysis, because it exhibits the social dispute for obedience, for the rules that enable and hinder accumulation, but also because it is a time of collective experimentation with other ways of living, cooperating, exchanging and protecting oneself.”<sup>19</sup> Thus the idea of systemic, national and particular crises intertwine to give birth to connected but particular moments of economic experiences that are not completely capitalist, but also not openly breaking with the current system. Immersed in a major systemic crisis, but at the same time being an expression of a specific market failure, self-managing companies try to arrange their activities in the specific context they are facing. At the same time, they continue to be an expression, of a crisis that exceeds their particular condition. Their very existence is proof of a situation that exceeds the norm.

This also opens the door to a new concept of the idea of informality, linking it to experimental practices. Again following Gago: “The informal understood as an instituting source or as a principle of creating reality. I define informality not in a negative way because of its relationship with the regulations that define what is legal/illegal, but in a positive way because of its innovative nature and, therefore, because of its dimension of practice that seeks new forms. The informal in this sense does not refer to what has no form, but to the dynamics that invent and promote new forms (productive, commercial, relational, etc.), putting the axis in the processual moment of production of new social dynamics.”<sup>20</sup> In most cases and countries, crisis situations gave rise to the emergence of new forms of struggle linked to self-management (as in the case of Mexico or the USA), but not to their massification. The rupture of institutional and economic normality is necessary for the emergence of these self-management experiences, but it is not enough. In addition to the crisis factor, a certain history of struggle is necessary, linked to the idea of self-organization, institution-

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<sup>19</sup> Veronica Gago, 2014.

<sup>20</sup> Ibid.

building and management by the community itself. Following the case of Argentina, where the greatest expansion of the movement for the recovery of companies can be found, one of the peculiar characteristics is identification of the workers with political and trade union organizations, as well as with a whole ideology of struggle and organization from below that had the occupation of factories as a fairly widespread method of struggle.

The possibility of the appearance of these manifestations is also affected and conditioned by the global division between the capitalist centre and the periphery. Thus in societies, as in Latin America or Southern Europe, where the structural abnormality (opposite of an apparent normality) of capitalism is less convincing or harmonious, it is more evident that the eruptions of forms of resistance and survival are more widespread. A greater relationship to practices of solidarity and self-management, can be found since in those societies the working sectors are in daily contact with the idea of having to solve problems without the help of the state and confronting “the invisible hand of the market”.

It should be noted that often what triggers the taking of a productive space, in addition to a context of mobilization, is usually the passage from one institutional model to another. This can be the passage from a state management model to a free market one, or the emptying of a company. Thus in Latin America, as a result of the implementation of adjustment policies in the 1990s, the search for workers’ control extended from Argentina to Venezuela.<sup>21</sup> In Europe, the latest company recoveries arise as a result of the 2007-8 crisis (such as SCOPTI in France or Rimaflow in Italy). There is also a relationship between the appearance of some ERT and/or other forms of self-managed companies during the process of privatization of public companies and market deregulation (as in ITAS in Croatia or Vio.me in Greece). Self-management finds a common origin with other organizational forms developed by the working class to face the reality of poverty and imposed marginality. Trade unions, cooperatives, workers’ controlled, self-management and popular economy experiences originate in the interstices of capitalist modernity. At the same time, self-management has to prove its insurgent and disruptive capacity, questioning the social relations on which capitalism is founded.<sup>22</sup> As Victor Wallis puts it: “And it is in the recovery of those capabilities, systematically curtailed by capitalism, that the potentially explosive aspect of workers’ control lies. Workers’ control not only aspires to a new way of organizing production, but also to a large-scale release of human creative energy. And in that sense workers’ control is essentially revolutionary.” But in the history of the experiences of workers’ self-management groups the times

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21 See Immanuel Ness and Dario Azzellini, 2017. Andres Ruggeri, 2018.

22 Andres Ruggeri, 2018.

of transformation are of very different pace and they may also end up being assimilated into the system. Thus, the existence of many self-managing companies does not automatically imply that the world has changed. As with trade unions or traditional cooperatives, their disruptive power has been first neutralized and then assimilated into the capitalist economy. Facing the capitalist market or the state on a daily basis undoubtedly generates a tension within the self-management experiences. In order to maintain the disruptive momentum of the self-management experiences, a common mistake has been that of applying a political-ideological programme to an economic unit taken over by its workers.<sup>23</sup> Therefore, self-management experiences are often under pressure to adapt their real experiences to the programs and strict requirements of political groups. However, self-governing productive units are trying to survive every day in a market that is not managed democratically, often facing a state that generates policies harming their activities. In this cases, the objective of changing the world clashes head-on with that of producing the material wealth necessary to ensure the reproduction of the lives of its workers and its community. This does not imply that the presence of political organizations is not useful, in an ideological-programmatic sense, but rather that it poses the challenge to establish long-term political objectives based on economic units that seek to survive in adverse situations. It is difficult for self-managing productive units to maintain their disruptive power in isolation and at the same time survive. The need for partnership, networks and unity with other sectors becomes urgent. The common origin with other forms of resistance implies that popular or informal economy, trade unionism and self-management are necessarily linked when thinking about economic alternatives and new alliances. Obviously, the specificity of each sector, its identity and its current practical way of establishing political, social and economic roles are relevant. There are more and more groups within the informal economy that are beginning to see the need to question the extended reproduction of life; seeking to ensure that the cycles of production and reproduction are geared to the needs of people who create material and immaterial wealth, but are structurally expelled, marginalized and discriminated.

### **Self-management and popular economy**

Although from the beginning of proletarianization the place of socialization of the workers was not exclusively in the factory but in society as a whole, what we observe in the current neoliberal economy is a destruction of the territory of the “factory” as a privileged axis of the labour

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23 Both in Latin America and Europe it is very common, from the dynamics of social movements, to understand experiences of self-management as “islands of socialism”.

relationship and with it an important place of socialization. The new condition of the worker is marked by precariousness and informality as the main component of the class. As Franco Berardi puts it: “Precariousness is the condition in which work is subordinated to a form of flexible exploitation, without stable rules, subject to the daily fluctuations of the market and forced to suffer the blackmail of a salary that can disappear every day. The precarious worker is not dependent in a formal sense, but his life is not free, because the wage relationship is discontinuous and occasional, which generates constant anxiety and political weakness.”<sup>24</sup> In recent decades these popular sectors and their organizations have consolidated themselves in the public-political arena as the main actors in resistance to capitalist destruction. Their organizational capacity has displaced the historical political and union forces in many countries around the world (such as in Argentina, Brazil or Bolivia, but also in recent years in France or the USA), and their organizations are present in poor neighbourhoods. Through their daily work, they put pressure on the state and manage to extract demands and rights from the state at its different levels.

This widespread presence has generated great debates about how to understand this social and economic sector that is emerging in the peripheries of society. The main feature for its specificity and grouping would be given by the identity, leaving the way in which capital is produced and reproduced in those economic practices to a second level. As Juan Graboïs describes it: “The Popular Economy has a characteristic that distinguishes it: the means of work are within the People, in the neighbourhood, in the street, among the neighbours. They are not the property of any capitalist.”<sup>25</sup> Thus, productive units where there is exploitation of other people’s work, as well as other forms of exploitation and consequently extraction of surplus value, are integral to the popular economy as well as to any self-managed enterprise. Following Ana Laura Natalucci: “(...) precarious employment, unstable underemployment and open unemployment. For the organizations, these last three belong to that world of the popular economy, like the one that has a boss not always visible but that the workers manage themselves.”<sup>26</sup> This lax definition enables the possibility that the means of production are in the hands of the popular sectors and at the same time they are exploiting other workers. Thus the question arises if the popular economy can be considered synonymous of the self-managed economy?

On the one hand, the popular economy includes relations of exploitation and dependence, which contradict the idea of a democratic and autonomous work environment, integral to self-

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24 Berardi, 2014.

25 Graboïs, 2014.

26 Natalucci, 2016.

managed experiences. Far from combating these practices, they are consolidated under a gaze that exalts popular idiosyncrasy, hiding their regressive features. But, on the other hand, this is mainly due to the fact that they are not ideal models, but real and concrete practices.

Perhaps a more important characteristic between the two experiences, in order to understand their differences, is that self-managed companies tend to have a much stronger link with their worker identity, with a tradition linked to the factory. In many cases they come from the recovery of spaces previously owned by capital (factories or companies), which – through the struggle to avoid unemployment – the workers occupy and recover by re-establishing production under workers' control. New precarious workers often do not have such a link.

In short, the most pronounced differences between the popular economy and the one of self-management lie in their historical and organizational traditions. Yet they share a common, marginalized position in the market, where they have to face the power of organized capitalist structures on a daily basis. These links between different practices allow us to locate the role they play and could play in strengthening other types of economy.

The points of contact between the two traditions have allowed these two movements, especially in Latin America, to establish a deeper cooperation in economic and social terms.<sup>27</sup> The self-managing companies usually contribute their experiences of an economic organization where property is not private. They demonstrate that neither the rules of capital in the productive spaces nor the management of an employer are necessary to assure the production of goods and services. For their part, the experiences from the realms of popular economy usually contribute their organizational capacity, and the inclusion of debates that have been quite foreign to the self-management movement (for example the discussion of feminism or ecology),<sup>28</sup> managing to reach sectors of the population that historically have not been close to the idea of self-management or the approach of alternatives. This has developed concrete common practices that allowed for increased levels of visibility and impact at the social level, but also gave both sectors greater capacity to consolidate an idea of what the economy of the future would be like.<sup>29</sup> Popular economy and self-management thus form an extremely useful alliance when thinking about productive chains that target the needs of people and the environment (a vision also shared by the feminist economy), and

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27 The document *Mutualist Manifesto* launched by the self-managed company Rimaflow located in Milan, Italy, is interesting in this respect.

28 This year the Union of Workers in the Popular Economy was founded in Argentina, the first trade union organization in this sector with gender parity in its leadership structures. Several organizations of self-managed companies in the country participated in its foundation.

29 For more on the subject see "Document of the Federal Forum of Cooperative, Self-managed and Popular Economy". (Ferro Stadium, July 2019)

not the demands of capital. In this context, the task that self-management experiences have taken on is that of strengthening autonomous spaces, promoting the empowerment of marginalized sectors. They do this not only through awareness-building, but also and more importantly by giving practical examples that their production and management experiences create. One of the main contributions of the self-management economy to the experiences of the popular economy is to accompany the development and promotion of self-management organizations that produce quality goods, where management is in the hands of those involved and where ownership is collective without implying low quality. There are many examples of these links between popular and self-management experiences, such as the case of the Cooperativa Panificadora de Apoyo Social in Uruguay, where the Federación de Cooperativas de Producción de Uruguay accompanied the constitution of a cooperative in a prison which aims to manufacture bread and other products, and to market them. This was done taking into account the previous knowledge and skills of the persons deprived of their liberty who wished to be part of the project. Additionally, a selling point in the department of Montevideo was set up to sale the baked products directly.<sup>30</sup> Another example is the Unión de Trabajadores de la Tierra in Argentina,<sup>31</sup> which has managed to unify the variables of self-management, popular consumption and ecology. This organization is present in more than 15 provinces in the country, organizing small farmers in a cooperative way, many of them migrants. They sell agro-ecological products through popular stores and *verdurazos* (public happening where vegetables are given away for free or for minimum prices on squares and open spaces to call attention to the disastrous situation of small farmers in Argentina). It is also worth mentioning here the Justa Trama project in Brazil, which is made up of workers organized in solidarity economy companies.<sup>32</sup> Farmers, weavers, dressmakers, artisans and seed collectors and processors have started organizing in fair and solidarity trade chains, building new production relationships without exploitation. The Cooperativa Central Justa Trama, the centre of the production chain, creates products from the raw material to the final good. It begins with the planting of agro-ecological cotton and ends with the sale of garments produced with this input. Most of the people involved in this project are unemployed, members of vulnerable groups. With Justa Trama they have not only built spaces of popular consumption and production, but have also a self-managed, feminist and ecological organization. In summary, the challenge for the popular economy at this stage seems to be how to achieve the passage from the conditions of marginality and individual production to the

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30 La Red21, 2006.

31 For more information see: <https://uniondetrabajadoresdelatierra.com.ar/>

32 For more information see: <https://www.justatrama.com.br/>

construction of a collective and democratic production. The lessons learned from self-managed companies and their place in contemporary society give us an idea of a functional organizational model, while at the same time showing necessary steps to be taken in order to strengthen the power of the workers' economy vis-à-vis other actors such as capital companies and the state. This might enable productive units of the popular economy to be sustainable of time and to consolidate a horizon of expanded rights and social transformation.

### **Trade unionism and self-management**

Cooperativism and other self-management experiences have a life in common with trade unionism. At the beginning of the 19th century, workers' groups developed cooperative experiences as another tool, together with the first trade unions, in order to defend their rights. In 1831, the first General Congress of Cooperatives was organized in England. In the same country, but in 1833, the Union of Workers of England was founded, whose objectives included "implementing a new cooperative social order"<sup>33</sup>. However, after the defeat suffered by the English workers' movement as a whole (the most advanced of the time) – and the chartist movement<sup>34</sup> in particular – in the middle of the 19th century, the revolutionary edges that united self-management with syndicalism began to erode until finally breaking apart with the institutionalization of trade unions recognized by the state and the formation of cooperatives that were established as employers' associations. The Rochdale Pioneers, a cooperative founded in 1844 in England, is considered to be the first cooperative to establish the associative values that mark the sector to date, but it is also the result and the condensation of the before mentioned defeat that separated the cooperatives from the working class tradition. In fact, today, many trade unions reject the cooperative or self-management format as a form of self-exploitation that promotes privatization and outsourcing. They also do so for reasons linked to the subjectivity generated by the owner-worker relationship. As Javier Antivero puts it: "This distrust is also based on a question of identity, of not understanding the process of resignification and rupture that drove the self-managed worker to carry out a measure of direct action that is confronting the prevailing order in labour relations."<sup>35</sup> In the case of Latin America, the majority of the strongest trade unions were a fundamental part of the political and social forces

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33 Andres Ruggeri, 2018; Paul Singer, 2006; Mario Arango Jaramillo, 2005.

34 Labour movement based in England developed between 1830 and 1840, proclaiming "the six-point charter", which included the right to male suffrage and has developed a kind of grassroots leadership similar to that of today's popular movements.

35 Javier Antivero, 2017.



that supported privatization and the application of neoliberal reforms in the continent.<sup>36</sup> As Martí explains: “This is the case of the Unión Papelera Platense in Argentina, where the union is asking for bankruptcy and opposing the cooperative. In 2001, the country was economically and morally bankrupt. Within one year there were three Presidents of the Republic. There was no trade and no work projects. In June 2001, coincidentally on the Day of the Paper worker, the bankruptcy was decreed, requested by the union itself, because they owed the contributions to the social security. We had no chance of intervening in the union that supposedly represented us. Since we were committed to our work and we always bet on that, we started to recover the machines that were obsolete and abandoned.”<sup>37</sup> Judging from this and other examples, we observe a tendency of the traditional trade union movement to undermine the autonomy of workers in defining their own economic and social projects. Yet, this is not necessarily because they are against the creation of new models of work organization, but rather because they wish to maintain the *status quo* and thereby the subordination of the economic units to the interests of the trade union.

Nevertheless, in many places in the world the relationship between trade unions and cooperatives has not been totally destroyed. In Latin America, during the 20th century, trade unions, founded as a result of incipient industrialization and migration, generated solidarity experiences such as the first mutual aid societies, consumer cooperatives or production cooperatives. Especially well known is the case of Argentina, where unions such as the Federación Gráfica Bonaerense and the Unión Obrera Metalúrgica have developed and promoted the creation of companies in the hands of their workers. Hugo Cabrera, a member of the ERT Gráfica Campichuelo located in Buenos Aires, explains: “The history of the cooperative starts with the wave of privatizations in the 1990s. At that time, the printing of the official state bulletin was privatized and all the workers laid off. Us, together with the union delegates and the internal union committee, had heard about the experience of the Cogtal cooperative; an ERT that had been existing for more than 60 years. At that time, as a result of negotiations between the Ministry of Justice, the internal commission and the union, we managed to get a part of the old building be used by the cooperative. They also provided us with the old printing machines, and the Ministry commissioned some work, such as the printing of the forms to register cars. This was our first work.”<sup>38</sup> In the case of the Unión Obrera Metalúrgica, through several of its branches, it has developed a large number of self-management experiences, such as

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36 Andres Ruggeri, 2017.

37 Juan Pablo Martí, 2006.

38 Hugo Cabrera interview, 2019.

the ERT Cooperativa Galaxia<sup>39</sup> in Buenos Aires or Cooperar 7 de Mayo in Villa Constitución, Argentina.<sup>40</sup> Argentina, however, is not the only place where these alliances exist. Important examples exist in Spain, such as the Spanish National Confederation of Labour (CNT), which played a key role in the pursuit of self-management during the Spanish Civil War, or the current General Confederation of Labour, a division of the CNT, which continues to actively support this form of workers' management.<sup>41</sup> In the USA, there is the example of the South Central Federation of Labour which has accompanied and continues to accompany the experiences of self-management present in the region. In fact, it played a major role in the development of the Cooperative Enterprise Development Program in the city of Madison, Wisconsin, which invested 3 million dollars to support and strengthen new cooperative enterprises owned by low-income and migrant workers.<sup>42</sup> Although they are few, there actually exist cases where trade unions have established cooperatives to fight against the privatization of public services or public enterprises. One of the most recent and important ones comes from Mexico. The Cooperativa Luz y Fuerza del Centro (Light and Power Cooperative of the Centro) is made up of more than 14,600 associates, who in turn are part of the Sindicato Mexicano de Electricistas (SME). All of the workers had previously been state employees. In 2009, President Felipe Calderón decreed the privatization of the state-owned energy company Luz y Fuerza del Centro that supplied Mexico City with electricity. He sent the police and army to occupy the company's headquarters and workplaces. The SME, characterized by its anti-neoliberal and combative positions, received a devastating setback: its 44,000 workers were suddenly unemployed. A hard struggle began that included demonstrations, occupations of the former workplace and hunger strikes. More than half of the workers accepted the compensation they were offered. The resistance of the remaining workers lasted for nearly seven years, until – towards the end of Enrique Peña Nieto's term as president – an agreement was reached. The SME was conceded the possibility of founding a cooperative that supplies electricity. Instead of a compensation, this is what the resisting workers obtained.

Thus, in this case trade union reacted by promoting self-management, but at the same time it did so as a way of fighting against the privatization of public services that belong to the people as a whole. In this sense, what we can learn from the experience of SME is that when the trade unions integrate self-management into their political horizon and use it to defend the interests of society as

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39 For more information see: <https://cooperativagalaxia.com.ar/>

40 For more information see: <http://www.cooperar7demayo.com.ar/>

41 Confederación General Del Trabajo, 2019.

42 Union Cooperatives Trifold, June 2017.

a whole, and not just for the well-being of the union, they reach outcomes beneficial to the working class as a whole. In the years of resistance, the company of Mexico's cooperatives was fundamental for the SME. As the president of SME, Humberto Montes de Oca describes: "We were completely unaware of cooperativism. It was at the origin (of the union) and then in the 1940s, as a consumer cooperative, but beyond that we had no experience in cooperativism. But other cooperatives had been very supportive of us. They were accompanying the process and when the idea of setting up a cooperative came up, they approached us and we looked for their help. We said, let's see what happens if we do this. And they helped us."<sup>43</sup> Thus, it is not only the idea of the common good, but the practice of solidarity that is playing an essential role. The cooperatives came together to help the unemployed but fighting workers to find a way out of their critical situation. Like in the case of Campichuelo, the presence of cooperatives or trade unions that are linked in solidarity is one of the keys to understanding this re-unification between the world of trade unions and that of self-management.

Currently, the cooperative Luz y Fuerza del Centro is the most important self-management experience known in Latin America, representing an example of how to go through the self-management experience in order to defend their jobs and ways of life that have been put in danger by the neoliberal policies. At present, they are beginning to provide their services to the population, starting the work of recovering a basic service at a good price and quality.<sup>44</sup> The last example of solidarity of trade unions that led to an experience of self-management that shall be mentioned here is the cooperative of ambulance technicians from Canada. Coopérative des techniciens ambulanciers du Québec (CTAQ)<sup>45</sup> was founded on December 15, 1988, as a result of ten years of demands and trade union organization on the part of ambulance technicians. The cooperative was founded thanks to the support of the trade union after the city authorities had decided to privatize the emergency medical service. At present, it provides a comprehensive service to the citizens of the city, with the endorsement of the city government. These are just a few examples of the many experiences linking self-management with trade union organizations around the world.

Cases around the world show that experiences of ERT emerge with or without trade union support, but that it happens more often and in a less conflictual way when trade union representatives support and accompany these practices. Also, countries or regions where trade unionism explicitly supports the idea of self-management, the processes of taking over a company

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43 Humberto Montes de Oca interview, 2019.

44 La Coperacha, 2018.

45 For more information see: <https://www.ctaq.com/en/home/>

or the creation of cooperatives have been much more widespread and prolonged over time.<sup>46</sup> Recovering the historical memory of the unity between workers and beyond is an exercise that the majority of the peoples in struggle have carried out in order to give historical meaning to their resistance. The idea of recovering that red thread of struggle, as Walter Benjamin said, is one of the keys to working in unity among diverse social forces, and it is especially important when it comes to the alliance between trade unions and cooperatives.

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46 If we look at the countries in the region with the most experience in recovered companies, they are also the countries with the largest and most organized working class, such as Argentina, Brazil or Mexico.

## **The relationship between self-management and the capitalist market**

In the last 30 years, global self-managed companies had to face the dilemma of the capitalist market.<sup>47</sup> The creation of this type of company within the framework of a capitalist society undoubtedly raises problems linked to the place they occupy in the market. From the question of whether companies in the hands of their workers can or should be as efficient as capital companies, to the problem of competition between self-managed companies (which some authors have identified as one of the key points for understanding the failure of the Yugoslavian self-management experience),<sup>48</sup> a debate that has been present for more than a century. Great thinkers debated these questions in a context where the existence of non-capitalist states began to develop. With this in mind, Rosa Luxemburg reflected on whether, whenever associative companies compete in the market, they become self-exploitative or turn into something similar to a capital company.<sup>49</sup> The current context marks another agenda of debates and questions concerning self-management, without rejecting the approaches made in the past. Currently, it seems more relevant to debate the possibility that self-managed companies have or gaining space in a market that follows the rules of capital. This leads to another question concerning the situations to which self-managed companies are exposed in their daily work.

In most cases what can be observed is a tension between the “inside” and the “outside” of the companies. While they must be competitive in order to offer quality products in the market, they are democratic and participatory towards the inside. This implies adopting certain practices of the capitalist market, such as competitiveness or increasing productivity at specific times with a consequent increase in working hours. This dilemma is expressed by Hugo Cabrera of Campichuelo cooperative: “Competing with the rules of the market implies having the accounts of the cooperative in order, the administrative books in order, having accounts in different banks; which allows us to participate in many public tenders. Of course it also means delivering a quality product to the customers and also having a follow-up of that product to ensure its quality and try to respond to the moments of high demand with an increase in the intensity of the work. For example, when the elections come, thirty days before we already have the orders and we decide to work 24 hours a day to be able to arrive on time (quality and time). For us, it is important that the client feels confident

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47 With the exception of Cuba where the development of production or non-rural cooperatives takes place in the market of a planned economy. For a more in-depth analysis see Camila Piñeiro Harnecker, 2013. The case of Rojava in Syrian Kurdistan can also be listed. For more information, see Albani, 2015.

48 Lebowitz, 2006.

49 Debate between Bernstein and Rosa Luxemburg on the place of cooperatives, see Luxemburg, 1900.

that he is working with a cooperative that will meet the requirements. All our customers know that we are a cooperative, we do not deny what we are, but on the outside we function as capitalist small or medium-sized enterprise. At the same time, we work with political organizations, with alternative media or the union. They receive a special treatment, but with the rest of the customers, we manage ourselves like any other company in the market.”<sup>50</sup> This form of resolving this tension, or at least assimilating it, responds to an implicit ideological agreement. This agreement is based on the idea that it is not enough to distribute the wealth generated in self-managing companies. In order to fight for an alternative market it is necessary to dispute the spaces where the valorisation of capital occurs: the capitalist market. The idea is to retain a portion of the market previously occupied by capital companies for the self-management spaces to supply products and services to sectors of society that are not usually in contact with these self-managed economic units. Like this, self-managed companies intend to gain spaces in the market and attract resources that otherwise would fall into the hands of private companies.

Concerning the question of competition between self-managed companies, the experiences in Latin America have not shown such a behaviour, but rather a tendency to try to collaborate with each other to being able to compete with capitalist market players. In many cases there has been a strong incidence in the productive collaboration among cooperatives or other self-managed experiences. Once again, the case of Campichuelo illustrates this: “In order to be able to comply with market requirements we usually work with other cooperatives, especially the printing ones where we can make productive linkages (binding and printing) and the different machinery of each company can be better used.”<sup>51</sup> There have also been self-managed companies that have chosen other ways to face the problem of a market that does not respond to democratic and alternative dynamics. In this sense, alternative marketing or sales spaces have been generated in parallel to the official or traditional markets. This has happened in different latitudes from Europe to Latin America, with quite relevant examples such as FouriMercato (“outside the market”) in Italy. In 2014, the recovered factory Rimaflow (on the outskirts of Milan), together with the producer organizations SOS Rosarno and Netzanet, belonging to the Genuine Clandestine Space (which defines itself as a “community in struggle for food sovereignty”), promoted the formation of a production and consumption network which they called FuoriMercato.<sup>52</sup> The idea was to develop an alternative market experience, crossing work, commercialization and the fight against the

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50 Hugo Cabrera interview, 2019.

51 Ibid.

52 For more information see: <https://www.fuorimercato.com/>

criminalization of migrants. The project attempts to address modes of production, reproduction and circulation of a different economy, with the aim of providing work opportunities under good conditions for both locals and illegal immigrants who otherwise tend to fall into the clutches of the mafia. Without disputing the capitalist market, an attempt is made to create an alternative to it by creating a closed circuit where the wealth generated by the workers is kept within these alternative markets. As one of its members points out: “FouriMercato does not pretend to be an alternative market, but rather an alternative to the market; that is, the place where the production, reproduction and circulation of a different economy are connected. It is part of the community economy (egalitarian, self-managed) as a radical alternative to capitalism.”<sup>53</sup>

The importance of this type of approach to the question of the market is that it allows not to “lose” the surplus value generated by self-management experiences. If the production of a certain product generates surplus value, which is collectively appropriated by the group of workers, then those resources are used to buy new products, which – if bought on the capitalist market – would end up generating a kind of surplus drainage into the private economy. Yet, in the case of alternative markets, it allows that surplus value to be maintained within an economy without exploitation. At the same time, as its members point out, it allows them to show examples of alternative market organization: “FuoriMercato already today represents concrete, embryonic experiences of self-organization in which mutualism and social conflict, political battles and communitarianism are combined.”<sup>54</sup> This type of experience promotes a way of facing the market, trying to establish barriers to the intrusion of capitalist practices, such as competition or the offer of products that do not come from self-management experiences. The main challenge of this type of practice, however, is the question on how to take the leap and break the division with the rest of the market, or put in other words, how not to be isolated from a world that is managed with other practices and under other precepts. It has long been debated as to whether it is possible to transform the reality of a society through the development of institutions such as those described above. In most cases, sooner or later, these production and consumption networks end up being disorganized or transformed, since it is very difficult to sustain them over time without improving products, increasing workers’ income and expanding production. This issue is at the core of the current debate in self-management companies, as Hugo Cabrera points out: “Most of us who are militant or politically active would prefer to have a parallel market where the wealth generated by the workers remains within the sector, but currently this is very difficult. Not even the cooperative system as a whole in Argentina

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53 ¿Fuera del mercado?, 2016.

54 Ibid.

can ensure a high level of exchange within the sector. Also, if we only did business with the ERT we would end up in an economy of the poor. We always try to help ourselves, but knowing that the objective is to gain a segment or a portion of the market.”<sup>55</sup> Similar comments have been made by the members of CECOSOL in Venezuela, the largest and most important cooperative, solidarity and popular experience prior to Chavez’s arrival in power. This cooperative association includes nearly 80 community organizations and 700 associated workers. Thousand associated producers and community production units are integrated to serve themselves and more than 200,000 consumer families, with more than 180 million USD in annual sales. It is the largest community organization for the distribution of goods and services in Venezuela.<sup>56</sup> This experience has attempted to resolve the needs of its people in a self-managed and cooperative manner while at the same time disputing economic spaces in society in order to transform them into community projects. In this sense, the Red Feria CECOSOL is a perfect example of how to compete for popular consumption with quality products at good prices, without losing the cooperative and self-management forms. Today, the organization’s main activity are the Family Consumption Fairs, which began in 1984 and have promoted the formation of cooperatives among rural producers in the province of Lara and neighbouring provinces. The fairs, managed by associations and cooperatives of producers and consumers, and by their 350 workers, have managed to maintain a participatory management while growing as a company until they constituted the main food distribution company in the city of Barquisimeto. The surpluses generated have made it possible to create a mutual support fund to finance the member organizations, thus enabling the growth of producer cooperatives and worker cooperatives for food production, and the generation of jobs in rural areas.<sup>57</sup>

A similar path has been developed by federations and cooperatives in Argentina. Some cooperatives have begun to market products together, trying to provide products produced by self-managed companies for mass consumption, especially accessible to the poorer parts of society. The experience of the consumer cooperative Consol in Buenos Aires and the popular stores is illustrative in that sense. Pushed by the economic crisis that the country has been experiencing since 2016, Consol shared its experience in the provision of cooperative products for the middle-income classes and its contact with cooperative producers in a large part of the country and its logistical network, with organizations from poor neighbourhoods (such as the Movimiento Popular La Dignidad, the

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55 Hugo Cabrera interview, 2019.

56 For more information see:

[http://www.gestionparticipativa.coop/portal/index.php?option=com\\_content&view=article&id=215&Itemid=435](http://www.gestionparticipativa.coop/portal/index.php?option=com_content&view=article&id=215&Itemid=435)

57 For more information see: [http://www.oibescoop.org/organismos\\_integr/red-cecosol/](http://www.oibescoop.org/organismos_integr/red-cecosol/)



Confederación de Trabajadores de la Economía Popular or the Frente Popular Darío Santillan). These popular organizations, on the other hand, contributed their organizational capacity and insertion in the city's neighbourhoods, thus reaching a wider range of the population.<sup>58</sup> In this way, they managed to offer products without exploitation to a population that otherwise would have fallen into consumption in large and more expensive supermarket chains. This was achieved not only by changing the way these products are sold, but mainly by changing the way the production and distribution of these products was organized. The case of Textiles Pigüé, from Argentina, is another good example in this respect: "While the complaints about clandestine workshops in the [textile] sector multiplied, Textiles Pigüé and other cooperatives and ERT from the sector showed in practice that it is possible to produce with quality and profitability without exploiting the work or threatening the dignity and life of the workers, while maintaining accessible prices for popular consumption. The priority of the cooperative has always been, in that sense, to generate work and social inclusion, not the maximization of profit at any cost."<sup>59</sup> One of the key elements to achieve this combination of self-managed production and popular prices was the development of its own sportive brand Fibra.<sup>60</sup> This has allowed the ERT to introduce their products in a mass consumption market. Thus, while popular or mass consumption is being disputed, the conditions of production and sale of products are also improving. It is disputing on their own ground, where the economy in the hands of the workers seems to show its full potential. In fact, there are many historical examples, such as during the Spanish Civil War or under the Allendes' government in Chile, where workers, even in extremely adverse conditions, have managed to improve the levels of production, efficiency and investment in technology compared to production under capitalist control.<sup>61</sup>

It is important to emphasize that the tactics for disputing the market are part of a broader struggle to redefine economic concepts that were historically elaborated to describe a capitalist market. Profitability, efficiency, profit etc. are all concepts developed by the classical school to refer only to production and consumption based on exploitation, accumulation of capital and competition. As Karl Polanyi has shown, the idea of a market independent from social relations is the exception rather than the rule in human history.<sup>62</sup> During these last 30 years, with previous and historical links, self-managed workers all over the world have been developing their own forms of reflection, thinking and theorizing about their daily practices. This has led to new forms of management in

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58 "Inauguraron un almacén de la agricultura familiar en el Bauen", 2019.

59 "El mercado jamás indicará la suerte de ningún trabajador de la cooperativa textiles Pigüé", 2016.

60 For more information see: <https://www.fibraindumentaria.com.ar/>

61 Dario Azzellini, 2016; Wallis, 2017.

62 Karl Polanyi, 2006.

some ERT, a process that often went hand in hand with the entry of new members, as in the case of Campichuelo: “These young people are entering and proposing new debates. They are very well included in the governance structures of the cooperative. We created groups of debate where the problems of the different units within the cooperative are solved. This is the starting point for changes in our organizational structure. Before, the board of directors and the ones being in charge of the workshop had a two-year mandate with a possibility of renewal, but after that mandate they had to return to the workshop. What seemed to be a very democratic situation generated cumbersome situations because it required the constant training of new colleagues every four years. The change the new generation brought about was that instead of voting delegates, we started to vote for projects. This led to the purchase of new machinery, changed the format of work, the incorporation of new commercial concepts (such as recycling more). This process was not without conflicts and took a lot of work and many discussions. For example, at one point the younger ones brought up the idea of making daily reports. The other workers understood that this was thought as a form of control and thus considered it anti-cooperative. However, the idea was not to control what each colleague was doing, but rather to keep statistics on the errors, where they occurred in order to be able to anticipate their solution. Today, after 27 years of this, nobody thinks that making a daily report implies a control or an anti-democratic measure; all the colleagues make these reports and the quality of the work has improved a lot.”<sup>63</sup>

## **The Factor C**

One of the distinctive characteristics of informal economies, including self-management, is that it is based on the concept of the factor C, developed by Chilean thinker Luis Razeto.<sup>64</sup> This factor describes the solidarity or the collective interest that exists in self-managed companies (some have called it the Community factor). Historically, liberal economic authors have differentiated other productive factors (capital, labour, technology, management and financing) necessary to run a business, while little attention has been given to this key component. We could discuss whether there is not a component of solidarity and collective interest in all production (for example among workers who organize to help each other) whether it is capitalist or self-managing. Yet, in non-capitalist experiences the factor C is the key to understanding the reason for their existence. There could be a situation where companies in the hands of their workers carry out practices that are

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<sup>63</sup> Hugo Cabrera interview, 2019.

<sup>64</sup> Luis Razeto, 1997.

opposed to the interests of the working class as a whole or against the environment. However, thanks to the relevance of the factor C within these productive units, they are prone to transform these practices, both organizationally and economically (materially), and if necessary, to orient them towards more supportive or popular practices. But the extent and pace in which this happens depends on the political-ideological construction at a collective and subjective level. If there is no class consciousness it is impossible to elaborate the necessary critique to carry out these changes. As Ruggeri points out: “There are few experiences of self-managed and popular economy enterprises that have the economic capacity to expand into the market in the current context (...), but they manage to articulate within the sector in order to not only being a simple aggregation of cooperatives or isolated enterprises. This is not just a political task or one of trade union, but an economic one. It is necessary to study and try to build strong links within the enormous diversity of enterprises, small or large, of this wide and heterogeneous sector. We have to help each other, transmit knowledge and working and management methods that gave results, without imposing them as absolute models. Doing this we should not be afraid of ‘giving elements to the competition’, because it is not a question of competing, but of supporting each other, recovering an idea of old theorists; to think and generate our own and non-traditional financing tools.”<sup>65</sup>

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65 Andres Ruggeri, 2016.

## **The relationship between self-management and the state**

After the disappearance of the Soviet Union, the neoliberal state has imposed itself in the overwhelming majority of countries, especially in the global South. The “free-market logic” and capitalist culture have been consolidated, transforming societies usually with the state being a central driver of this change. Therefore, we will focus mainly on the relationship between the state and self-management by judging from the behaviour of neoliberal capitalist states.<sup>66</sup>

### **Different views concerning the state**

With the increase in cases of self-management in recent years and the growing interest in this issue world-wide, debates over the state and its position towards self-management have flourished – with opinions being divided. On the one hand, there is an open rejection to the idea of thinking the state from the self-management practice (following the anarchist tradition)<sup>67</sup>, on the other hand, we observe completely pro-state positions (following the bureaucratic-social-democratic tradition of the interpretation of the state). It is also common to find instrumentalist visions among self-managed companies when it comes to positioning themselves vis-à-vis the state, which diminishes their capacity to question the state. Yet, in most cases the state is seen as organizing a specific set of “neutral” public policies, without taking into account its social and historical dimensions. The particular actions of the representatives of the state are understood as individual positions without questioning the structural reason for them. When thinking about government positions, there is something like a “good” state and a “bad” state, depending on who holds the place of government. At best, the state appears as a big agent that helps and promotes development (in general), as opposed to a market that is the enemy of self-management practices. Therefore, the relationship between the state and self-management is usually given little importance. It only gains importance in times of an unexpected break out of a crisis.

If the state and its public policies are considered independently from the role it is supposed to play in capitalist society, it is difficult to leave the path of a purely reactive position. Despite the constant attacks, the state is still a fundamental actor, constitutive of any society. It guarantees the

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66 There are many authors who have written about the discussions of self-management and the state in revolutionary or workers’ state moments. See Ruggeri 2018, Wallis 2011, Dario Azzellini 2017.

67 During the crisis of the 1990s in Latin America, as in the 1980s or 1990s in Western Europe, there were many anarchist and autonomist experiences that proposed a total rejection of the relationship between self-management and the state. One of the central debates was whether or not to accept resources from public institutions.

fundamental relationship that mobilizes capitalism: accumulation through the extraction of surplus value.<sup>68</sup> But the state has also always been a place of disputes, of clashing interests and the last resort of the most humble in society. Therefore, the question is whether the self-management movement should have a strategy on how to deal with the state or if a utilitarian interpretation is enough? In fact, is there room for self-management in a capitalist state when dealing with the state?

### **The state as a social relationship**

Like any other social conformation, the modern state is the result of the political and social struggles that have taken place in a particular historically determined moment. The modern state emerged alongside the capitalist mode of production and should not be thought separately. When we speak of the modern state, we must inevitably refer to the state within the capitalist mode of production, and even more so after the fall of the Berlin Wall.<sup>69</sup> The class that owns the means of production has consolidated this institution according to its own rules and has configured it to maintain the social and political order achieved through decades of violent oppression and exploitation. Therefore, the state functions as a fundamental tool in the process of ideologically and materially maintaining capitalist accumulation. And its functionality is manifested in terms of expected behaviours under specific forms of relationships: essentially for the holders of goods to sell them and for those who do not have them to sell their labour force. Even so, it should be noted that the state has a specificity that is separate from the mode of production that it promotes and as such, the state does not “belong” to one class or another. It may be the result of the capitalist system, but that does not mean that it is “owned” by the capitalists. The result of the antagonistic tensions in society is defining the form that the state takes.

The expropriation laws or other rulings in favour of self-management companies were not given because of benevolent public officials, legislators or politicians of the moment, but because of the capacity of pressure, organization and articulation of the political and social groups that support self-management and cooperatives.<sup>70</sup> The decisions in favour of the workers are the result of the correlation of powers present at the time, meaning the ability of different actors to influence the

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68 James Petras, 2002.

69 This does not mean that it is impossible to build another public institution that defends the common good that is not capitalist, but rather that the historical form of the state emerges from the hand of the system that gives it meaning.

70 Most of the cases of recovered companies around the world have gone through processes of large mobilizations, takeovers and camps. In many countries their very existence depends on the ability to weave alliances and maintain their capacity for mobilization, as in the case of the BAUEN in Argentina and the recent attempts at eviction by the justice system in that country.

way social relations are organized, especially vis-à-vis the state. Usually, the different power relations that exist within a state do not co-exist in a peaceful way, but rather in a field of constant and variable dispute, that even end up in direct confrontations. This is the material manifestation of the systems' contradictions (collective production of wealth and individual appropriation) that permeate our entire society. Non-state actors, public institutions, capital companies, self-managed companies etc., are transforming their positions as they are confronted with the dynamics of the state.

In Latin America during the last 20 years, popular struggles re-arranged the correlation of power and managed to push through parts of their demands and intervene in the state. During these moments of change the subordinate classes find spaces of power within the state, but without leaving their subordinate structural position. Thus, this stage (with some exceptions) was not the birth of a state power based on a new class or social sector, but a tactical defeat of the dominant classes; the result of a new combination of the correlation of power. The moment of retreat of the dominant classes, and the following rapid recomposition of their hegemonic role is mainly due to the fact that they were never deprived of material basis their power is built upon. In most Latin American countries, the state has therefore returned to its “normal” course.<sup>71</sup>

### **Self-management as key**

The experience of progressive governments in Latin America has shown that, despite the recovery of the state apparatus by popular sectors, those were not able to build a political project that proposed to society democratic economic practices as tools to solve the problems of our times. This was partly because the principal economic actors were still the historic bourgeois sectors, recognized by the states as the only actors in the economic sphere.

Nevertheless, some countries advanced further on the path of the construction of an alternative society, such as Venezuela or Bolivia. They sought to reverse the situation of economic dependence through the self-organization of workers and by promoting the dynamics of communal or cooperative spaces – in collaboration with the state – in order to transform their economies. In the case of Venezuela, after the attempted coup d'état and the employers' lock-out of 2002-3, the government of president Hugo Chavez advanced in a plan to identify idle or abandoned companies, and placed them within a government plan of nationalization and workers' control. The inaction of

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<sup>71</sup> According to Poulantzas, 2012, there are disputes within the “power block” and it is not the same when the financial sector dominates or when the industrial sector dominates etc.

the state bureaucracy and the slow reaction of the workers' organizations did not allow this to advance with all its strength. Of the 800 companies included in this register, by 2006 only 40 had been nationalized and placed under workers' control.<sup>72</sup> Thus, these attempts have not been without problems, but they demonstrate that achieving an alliance with the state is one of the fundamental challenges of self-management experiences in our time. Yet, the experience of Venezuela – where the idea of self-management was thought on a large scale and as the result of governmental and state development – also shows us that political will is not enough to carry out structural transformation. When there is no history linking the industrial working class with these self-managing ideas, it becomes much more difficult for the working classes to incorporate policies aimed at alternative economic construction.

In the case of Argentina, where self-management experiences were initially developed without the support of the state or government accompaniment, they have encountered problems not only due to bureaucracy, but also as a result of the continuous mutation of public policies. As Hugo Cabrera from Campichuelo points out: “Most of the self-managed companies in Argentina need the help of the state to innovate in technology, since one of their characteristics is that they come from processes where the entrepreneurs abandoned or destroyed the facilities. With the change of government in 2015, the application of neoliberal policies and the opening of the market for cheap imports, textiles, leather, books etc. which were previously produced by cooperatives were now brought from Asia. Now, with the new government elected in October 2019, the self-managed sector needs state policies to help its companies to function again. I am not only talking about financial support but more importantly about macroeconomic policies.”<sup>73</sup> Faced with extreme neoliberal policies, the self-managed organizations of Argentina described what role an economy that cares about the needs of people not capital should play: “We need, as a sector, the strengthening and development of the cooperative, self-managed and popular economy both in its internal aspects, improving the issues of management, economic efficiency and labour democracy, as well as in its relations with public policy, its capacity to develop in the traditional market and the development of alternative exchange systems. When talking about a strategic and alternative perspective, we must think about state policies that strengthen the sector. These could include clear criteria for the functioning of self-managed processes, technological development in accordance with the characteristics of self-management, a strong support for the articulation with popular and trade union organizations, capacity-building for economic organization of the sectors of precarious and

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<sup>72</sup> Dario Azzellini, 2017.

<sup>73</sup> Hugo Cabrera interview, 2019.

informal work, and the transfer of experience and criteria of productive organization for the popular economy, among other issues.”<sup>74</sup> The key to understanding these claims does not lie so much in the public policies they demand, but rather in the fact that for the first time the self-managed economy is considered to be part of a broader social and economic force. As such, the Argentine organizations make concrete demands for public policies for the sector: “Public purchases for the sector; a new legal framework that recognizes the cooperative worker, a law of workers’ cooperatives and a law that facilitates the constitution of cooperatives; the creation of a credit and financing fund for workers’ cooperatives, ERT and the popular economy; the creation of an organization for the promotion of self-managed, cooperative work and the popular economy as a tool for the formulation and coordination of comprehensive public policies; fostering the integration and sectoral coordination of productive networks, the creation of warehouses and popular markets; promoting the implementation and development of care policies that make effective the active participation of women and gender parity in the sector.”<sup>75</sup> This call to public institutions is a call for a humanization of the relations of production, and in fact implies a transformation of the state. Self-management organizations have shown that it is impossible to wait for the state to “discover” self-management. It rather is the responsibility of the actors involved in the everyday business of that sector to exert pressure and generate the conditions for this change to happen. An example from Uruguay illustrates what it could look like when the state successfully supports self-managed experiences.

During the government of the Frente Amplio led by José Mujica, in Uruguay, the FONDES project was carried out. It was originally established as a public credit institution for the financing of self-managed enterprises with special attention to ERT. The funds came from the profits obtained by the Banco de la República (the national bank). It was an institution managed by representatives of the state and the cooperative movement. This is the most advanced experience in the management of resources from financial capital for the promotion of self-management. In 2018 this fund lent 1.8 million USD to 11 companies managed by their workers which represents a fairly high number for the economy of that country.<sup>76</sup>

In conclusion, to consolidate a self-managed project from “below” and not only “from above”, it seems necessary to activate the workers and social base that has been in contact with the idea of

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<sup>74</sup> “Contributions to a program of cooperative, self-managed and popular economy”, 2019

<sup>75</sup> Ibid.

<sup>76</sup> *El Observador*, 2019



factory takeovers and workers' organization of production. In order to maintain its anti-bureaucratic and transformative power, the movement of self-managed experiences needs to maintain spaces of influence outside of and independent from the state,<sup>77</sup> but not rejecting the importance and the role of the state; when the state is acting in favour of the self-managed economy, the transformation of social structures is quicker, although not without challenges. As Argentina's experience shows, it is not enough for workers to search for or take ownership of the idea of self-management to ensure structural transformation. At the same time, the construction of an independent political and social force is a fundamental tool through which the oppressed sectors manage to influence the correlation of powers in the state and in society.

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<sup>77</sup> As Andres Ruggeri's analysis of the experience in the Soviet Union shows well.

## **Epilogue – Self-management as a tool of social transformation**

Throughout the paper we have revisited debates and questions that are crucial when thinking about self-management today. The global economic situation marks the limits within which new practices can be developed. Yet, day by day the predatory speed of capital accelerates. Today's experiences of workers' control have to deal with extremely adverse conditions and their very existence already gives rise to a glimmer of hope.

A stronger cooperation between new and old political and social organizations, such as the trade unions or social movements is necessary to leave the position of marginality and become a social and political actor whose narrative and practical experiences dominate the political discourse of the future. There are signs. There are open doors and the links that have been generated show that a new alliance from below is being built.

Self-managed companies face problems as simple as paying for utilities, replacing inputs and paying salaries every day. Despite not having any studies in administration or management, workers have stood up against depredating market forces to defend their rights. They did so by disputing within the market or by creating alternative supply chains. Despite the constant attacks, self-managed experiences face, they provide goods and services for millions of people around the world every day.

Although much has been said about the disappearance of the state, it remains a key actor in defining the form that capitalism takes in many societies. Popular and self-managed organizations have to take on the task of transforming the economic and social structure of the state if they want to transform society as a whole. This has been understood by thousands of organizations around the world that work on the creation of the necessary alliances in order to become an influential political actor.

Politics is considered to be the debate about human organization, the distribution of power and power as a way of responding to certain interests. Therefore, all theoretical or scientific work responds to concrete political interests. The political interest of this paper is to defend the autonomy of the marginalized, precarious sectors of society. Political work also should be focused on the needs of these sectors, propose analyses that lead to finding possible solutions and to reflect on concrete realities. The head thinks where the feet tread, said Paolo Freire. Thus, today we are compelled to urgently think and tread in order to transform social reality.

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