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Afraid of losing their jobs, workers take over the business

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By [Anna-Catherine Brigida](#)



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Workers at Los Chanchitos restaurant in Buenos Aires took over the business when they thought they were all going to be out of work.

Credit: Anna-Catherine Brigida/PRI

~~After almost 20 years working at Buenos Aires restaurant Los Chanchitos~~

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said. Given Argentina’s economic instability, he feared for his livelihood and that of his co-workers.

So, Pereyra called a meeting of the 25 waiters, cooks and busboys. After hours of deliberation, they decided to run the business themselves as a worker cooperative. On April 25, 2013, they staged a coup against the restaurant owner before their jobs disappeared.

“Now we work without an owner, and our destiny is ours,” Pereyra said one morning at the traditional Argentine restaurant.

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José Pereyra, one of the employees who took over the Argentine restaurant, Los Chanchitos, is pictured here.

Credit: Anna-Catherine Brigida

Los Chanchitos is one of more than [300 Argentine businesses](#) that have been occupied and converted into co-ops since the mid-1990s, when a crashing economy bankrupted

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“In Argentina, [the recovered business movement] was a response to the meltdown and economic void. It responded to [workers’] economic needs, and nothing else did,” said Brendan Martin, president of co-op incubator [The Working World](#) who has studied the movement in Argentina.

Worldwide, an estimated [250 million people](#) are employed by cooperatives. The movement dates back to the Industrial Revolution, with a series of ebbs and flows since then. Now, worker co-ops appear to be on another upswing, as younger generations, including in the [United States](#) and [Latin America](#), reject traditional capitalist models.

Three years into operating as a cooperative, the staff at Los Chanchitos said a day of work is not much different from before. Employees arrive on time for their scheduled shifts, waiters attentively take orders and food is served promptly. But with no owner, decisions are made democratically with consideration for each worker's concerns.

Argentine co-ops praise their model as a sustainable alternative that values workers’ rights. Pereyra still puts in 50 hours a week, sometimes more, but his spirits have lifted knowing he doesn't answer to a boss who sees him as replaceable. His labor is for himself — and his co-workers.

“If things are going bad economically, we all suffer together. We don’t fire anyone, and we aren’t going to abandon anyone,” Pereyra said. He explained that the restaurant divides pay on a sliding scale based on each month’s revenue.

In Argentina, recovered businesses are mainly factories, hotels and restaurants whose owners abandoned them after economic troubles. But when they did so, workers didn't see any other viable employment.

Co-ops made in the US, too

Workers in the United States might relate to this. The country’s factories and small businesses have also struggled in recent years. The US has lost [5 million](#) manufacturing jobs since 2000, which President Donald Trump has blamed on free trade agreements (a claim Politifact rated only [half-true](#)). During the recession, more [US businesses](#) closed than opened although the trend has since reversed

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of Democracy at Work Institute.

“If businesses go away, they’re not going to be replaced. They’ll be consolidated or shut,” Hoover said. “It’s in no one’s best interest for all these small businesses to close.”

In the US, the cooperative model has emerged from struggling [Rust Belt towns](#) to [immigrant communities](#) in New York City.

Many American business conversions like this have been cordial, according to Hoover, with owners agreeing to pass the reins on to workers. But as employees become more desperate, some have begun to stage takeovers. That's what happened at a [window factory](#) in Chicago in late 2008.

“If we see more crisis situations like that, my hope is that we will have had enough conversions that weren’t in crisis situations that people know how to do it,” Hoover said.

Not so fast, workers

Argentina’s worker takeovers were indeed controversial, according to Martin of The Working World. Owners did not hand over their companies easily, and the business class feared the movement challenged traditional investor economics, he added.

We couldn't immediately locate Los Chanchitos' prior owner for comment. But we did contact the owner of another company, a trailer-and-crate manufacturer in Buenos Aires province whose workers staged a takeover in January 2015. He wasn't too happy about the coup at the [Petinari](#) factory.

“The case of the company Petinari was not that it was abandoned by its owners or went bankrupt or had business problems more severe than normal for an Argentine business,” said Ricardo Gregori, who has since won the legal rights back to the factory as its managing director.

At the time of the takeover, the company was paying back some debts — not uncommon for business owners given Argentina’s economic instability, according to Gregori. In early 2015, he said the management notified the staff that Petinari could only cover 60 percent of some

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The workers did not express their concerns before the takeover, nor were they willing to negotiate with the owners, Gregori said.

There are other ways to make your workplace more democratic and collaborative, according to a [report](#) by Stanford University economics professor John Pencavel. He argues that traditional capitalist firms can also incorporate a revenue-sharing system or a democratic decision-making process.

And while some co-ops are very successful, they aren't immune to failure. As cooperative businesses grow, some lose the core values they began with, referred to as "degeneration."

"It is clearly easier for capital-owned firms to get started and to recover when they experience difficulties," said Pencavel, referring to businesses run through a traditional capitalist business model, with an owner or investors. That's because they delegate three main tasks: supplying startup money, operating the business on a daily basis and managing employees.

"In a worker co-op, all three of these functions are usually undertaken by the same people — the workers," he added. And that makes them lose out on specialization and become less resistant to economic shocks.

Conservatives now in power have other ideas

In Argentina, co-ops have thrived partly thanks to [favorable legislation](#) from 2003 to 2015 under the consecutive administrations of former Presidents Néstor Kirchner and Cristina Fernández de Kirchner. They passed a law allowing workers to take over businesses if they form a cooperative and prove the business will be profitable.

But a year since conservative President Mauricio Macri took office, cooperatives face uncertainty. Macri has worked on reversing his predecessors' populist leftist policies, saying he wants to lure investors back.

Pereyra is still a believer: He's become an advocate for the movement, often speaking publicly at universities or advising other businesses in the same situation.

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