

**Argentina's Transition from Classic Neo-Liberal Policies to a Horizontal Autonomy
From Riches to Rags: The Movement of Unemployed Workers**

By

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AN ABSTRACT OF THE THESIS OF

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The purpose of this collection is to piece together a series of events in Argentina's history that resulted in the present day workers' movements. Upon completion of an internship in Rosario, Argentina, an interest was sparked in learning more about the movements of unemployed workers through social autonomy. The economic crises that left hundreds of thousands unemployed were the beginnings to a revolution of 'horizontal' productivity, as hierarchical structures were eradicated.

Through a chronological review of the political parties that ruled over the last century, several events are noteworthy in their impact of the current social, political, and economic organization of Argentina. The classical structure of neo-liberalism imposed during the 1980s and 1990s, had left a bitter taste in the mouths of the some 21 million impoverished individuals. With a set of economic policies imposed by monetary establishments like the International Monetary Fund (IMF) and the World Bank, neoliberalism offered affluence for the rich and paucity for the poor. In Argentina's case, countless suffered as privatization, deregulation and globalization led to the suppression of the nation's economy and the demise of the middle class.

The result of such an economic catastrophe has encouraged workers to take matters into their own hands through a social movement known as Movimiento de Trabajadores Desocupados (MTD). Once abandoned factories are now fully occupied by former employees; however, this time without a hierarchical, management structure in place. Unions have formed to support participatory and democratic autonomy. The transition from a vertical to a horizontal structure

of organization serves as the current trend in reclaimed factories. It is crucial to observe whether or not these structural changes are sound enough to withstand the political powers in play, as well as determine if they are beneficial to the nation's political economy.

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I understand that my thesis will become part of the collection of Oregon State University. My signature below authorizes release of my thesis to any reader upon request. I also affirm that the work represented in this thesis is my own work.

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Section I- Introduction:

Occupy, resist, and produce: a reoccurring chant that rings throughout the urban grounds of Argentina. Since the economic crisis of 2001, nearly 60% of the nation's population has fallen into the midst of poverty. Once a nation of riches, the people are now seen in rags. The threats of unemployment continue to scare much of the middle and lower classes, as one factory after another continues to shut its doors. Although conditions have alleviated over the last few years, the distrust and worries of the population are still strongly apparent.

The history of Argentina has been a roller-coaster of political movements and military coup d'états. Many of the events leading up to the present day order of Argentina have led to a divide between the populace and the government. Protests and picketing through social workers' movements have become a norm, as those threatened by unemployment demand answers and aid. As the pressure and divide continues to grow between the *haves* and *have-nots*, a social movement has begun to form. The unemployed workers that have faced the thresholds of destitution are now taking a stand through the formation of a social workers' movement.

Argentina's Movimiento de Trabajadores Desocupados (MTD-Movement of Unemployed Workers) has rapidly gained momentum and caused political leaders to reevaluate the power of the people. Lower and middle classes have suffered the greatest, yet through collaboration and persistence they have managed to reclaim abandoned factories and disrupt global trade. With the support of local communities, many of the reclaimed factories have become functional and profitable, while global trade has been obstructed by social protests and road blockades.

Argentina's MTD has become a credible and formable force in the political and social composition of nation's current horizontal autonomy. Although the MTD is provisional it has

notably shaped the socio-economic developments for workers in Argentina. When examining Argentina's transition from the classic, neo-liberal policies of the 1980s and 1990s to the horizontal autonomy that has begun to form, it is necessary to reason whether the people of Argentina have benefited from the Movement of Unemployed Workers (MTD).

As a precursor to the movement, Argentina's history must be further examined, in order to better understand the current political and socioeconomic state. To further comprehend the conditions of Argentina's social movements, comparative analyses of similar workers' movements will be conducted. Due in part to the parallel structure, the Zapatista's leftist movement in Mexico will serve as a primary example for this comparison. It should be noted however, that there is limited research regarding this topic, as Argentina's MTD is still in its contemporary state. Only a handful of documentaries, narratives and associated peer-reviewed articles have been produced. Thus, by connecting the path of past political parties and analyzing the historical revolution of successes and challenges from each era, a clearer picture begins to form of Argentina's current socio-economic state.

Section II- Historical Processes:

Four Political Eras: Peronism, Dirty War, Neoliberalism and Cronyism

Era 1- Peronism

The origins of the MTD have their roots in the Peronist Era. Juan Domingo Perón, prior to his presidency had served as the head of the Argentina Labor Department. During this time he promoted the foundation of unions and established a minimum wage, eight-hour work days and paid vacations. Contrary to previous political parties, workers were provided an opportunity to voice their concerns in labor courts.

Over the years, Perón was promoted to Minister of War and then Vice-President. He later ran for President when the military regime faced political pressure, during the global rise of democracy. After winning the election, he moved forward with his political agenda to establish a nation economically independent from foreign influence. Perón's political ideology, also known as Peronism (Justicialism), encouraged nationalism and just social democracy through self-sufficiency and subsidized reform.

Perón initiated a five-year program of industrial policy that was designed to cater to industries that focused on import-substitution industrialization (ISI). To protect Argentina's domestic industries he restricted many imports, subsidized the production of farm and industrial machinery, nationalized railroads and ports, and transitioned most of the commercial sector into public ownership. For example, Argentina began constructing airplanes and ships, as well as buying railways and trolley systems that had been previously controlled by the British. An industrial bank was also formed to provide credit to these favored industries. However, since the banking sector remained under state ownership, the government's loan policies often reflected the state's interests (Kennett, 2004).

Restrictions were placed on the monetary outflow of foreign-owned firms. Despite this decline of foreign investments, Argentina's economy was booming. Perón's promise of universal health care, housing, and education encouraged greater political support by his constituents. His stand for social justice and aid reflected his popularity within the blue-collared working and middle classes that hoped for future industrial growth. Essentially his dream was to bring the industries and workers together through ISI, in order to create infinite employment opportunities (James, 1994). For this reason, Peronism is considered a precursor to Argentina's political and social development of the current MTD. Perón's legacy serves as inspiration for the landless and marginalized citizens to reclaim their voices and demand the benefits and employment they were once promised.

Perón's attitude towards foreign investment was as he believed "...an instrument of exploitation and national capitalism [was] one of welfare. The former [represented] misery, while the second [was] prosperity" (Plan de Gobierno, 1949) Nonetheless, Argentina continued to satisfy the foreign demands through the nation's electrical exports, while increasing the wages in this sector by nearly 35 percent between the years of 1947-1952 (Plan de Gobierno, 1949). This rate of increased wages was significantly greater than the increase in labor productivity and thus, resulted in greater labor costs than the industry could sustain.

Over time, Perón's goals set forth in the five-year plan were achieved; however, the off-balanced wage policies remained burdensome to the economy. As a result, international competitiveness declined and arrears in the nation's balance of payments transpired. The government attempted to maintain control of the foreign trade through ISI. Nonetheless, this only resulted in escalating the foreign debt, as it nation's international competitiveness became less appealing at higher prevailing market prices (Kennett, 2004).

Perón was reelected in 1951, but after a drastic economic recession he was ousted by a new junta of military officers in 1955. As a quick fix to the bleeding economy, specialists were consulted to determine the cause and effects of what had occurred, in addition to naming any possible solutions to help stabilize the economy. As an end result, Argentina's market was diagnosed with a deficiency in production and increased consumption. This gap between consumption and production resulted in greater foreign dependency. As a possible treatment, it was prescribed to reduce the exchange rate, stimulate the food and raw materials industries, as well as promote fiscal reform and the independence of the central bank. It was also advised to welcome foreign investment by using capital inflows, as well as support from the IMF and World Bank to help finance the necessary imports (Brennan, 2009).

Over the next two decades, a revolving door of military and civilian regimes presided over the nation's economy. The prescribed industrial policies were loosely maintained while Perón continued to live in exile; however, Argentina's GDP per capita still grew at an average rate of 2.1 percent from 1950-1973. Perón returned to power in 1973, yet passed away the following summer. His widow, Isabel Perón, assumed power immediately following his death, but was soon overthrown by a military coup led by Jorge Rafael Videla (Kennett, 2004).

Era 2: The Dirty War

Following an era of Peronist reforms, the upper class feared for a Marxist revolution. In order to maintain their socio-economic foothold, the new dictatorship set forth to salvage what the working class had gained during Perón's presidency. Just when the poor had begun to trust the government and believed in a bright future, a wave of repression and a climate dominated by state violence set in. Between 1976 and 1983, the dictatorship set out with considerable force to

suppress suspected dissidents. During this seven-year campaign known as the “Dirty War”, as many as 30,000 people “disappeared” (Argentina Dirty War 1976-1983, 2000).

It was rumored that the captives were tortured and eventually killed at secret government detention centers. Other stories led to believe that they were dropped alive in planes flying over the Atlantic Ocean. In 1977, demonstrations began in Buenos Aires at the Plaza de Mayo demanding the whereabouts of the disappeared. The group of mothers and grandmothers later became known as Las Madres de la Plaza de Mayo. Needless to say, the heartache is still felt from those who lost loved ones during the rule of this regime (Vargas Llosa, 1988).

Authoritarian regimes are portrayed through the corruption and barbaric insolvency of the populace. “The Dirty War” Argentina faced cost the lives of thousands, only to benefit a handful of individuals. This serves as a prime example to prove that dictatorships rarely improve upon the socioeconomic status of a nation. In Argentina’s case, the authoritarian rule caused corruption and a societal divide, which ultimately forced the poor to fend for themselves.

The structural transformations established by Videla’s government had successfully eliminated the former economic model of import-substitution industrialization (ISI). As a replacement, Videla attempted to introduce neoliberal economic policies designed to curb inflation and increase the role of markets. Meanwhile, his regime halted support for public projects and welfare spending and instead promoted the privatization of state enterprises.

As the foreign debt increased fourfold, disparities between the upper and lower classes became much more manifest than they were during the days of Perón. Nonetheless, it was argued that the introduction of neoliberal policies were necessary to contain the popular discontent regarding the state of the economy.

From 1981-1989, the fixed investment rates as a percentage of GDP had declined by almost half- from a high of 26.3 percent in 1977 to a low of 14.2 percent in 1983. Furthermore, the GDP was drastically low, unemployment rates were significantly high and credit rates were held near 3%, while interest rates climbed to 16%. Between 1973 and 1981, oil prices skyrocketed, which increased payments in petro dollars. The price shocks that the oil market suffered in the 1970s instilled the need for floating dollars and forced major oil importers such as Germany, Japan and Argentina to adopt the use of export-based dollars (Blake, 1998).

In the early 1980s, the world began to point its fingers at the Argentine dictatorship as the culprit to the disappearances and the economic pitfall. In an attempt to cease the allegations and criticism, the junta launched a national campaign to regain *Las Islas Malvinas* (The Falkland Islands). Historically, the entitlement to the Falkland Islands has sparked great conflict between Great Britain and Argentina (The Battle over the Falklands, 1998).

Videla's government had initially believed reclaiming the territory would be effortless and that the support and control of the people would be reinstated if the mission was a success. However, the Argentine government had underestimated the forces of the British Military in response to this attempt. Within two and half months more than 9,800 Argentine soldiers were captured and held as prisoners of war by the British Military (The Battle over the Falklands, 1998).

As Argentina had initiated a war against its own people in the Dirty War, a former foreign ally brought about the demise of the nation's military regime. This unforeseen defeat concluded the existence of the military dictatorship and allowed basic civil liberties to be restored. Raul Alfonsin, the leader of the moderate Radical Civil Union, assumed leadership in December of 1983.

The precedent for corrupt rule placed the Alfonsin's party in the hot seat. In order to amend the political distrust, the government focused on ways to uphold the societal demands for justice. The new leader promised to defend human rights, fight poverty, and promote quality healthcare and an education. This process was tedious, as the government also had to ensure that the military did not feel threatened by its presence and consequently launch another military coup. In addition to maintaining a watchful eye on the military, the governing Radical Party needed to maintain a civil and working relationship with the opposing Peronist political party (Raul Alfonsin, 2009).

Although Alfonsin was able to establish a trusting relationship between the social-democratic government and the people, he did not cure the ill state of the economy. Initially, the former dictatorship helped inflation rates to decline, investment to improve and the mean of annual GDP to increase considerably. However, after seven years of neo-liberal policies, Alfonsin's political party faced a foreign debt totaling more than \$45 billion dollars.

Alfonsin worked tirelessly to alleviate the economic distress by requesting financial assistance from the International Monetary Fund. He also implemented the Austral Plan, which offered a new currency, price controls and currency devaluations (Heymann, 1987). The initial benefits were decreased inflation and increased confidence levels of the international investors. Over time the economic progression reduced the foreign debt Argentina still owed. With positive reinforcements it appeared as if the constituents were satisfied with the direction of the political and economic sectors. Nonetheless, the improvements did not last long.

In the years to follow, the productivity declined by more than 34 percent. Argentina's regression signaled that the nation's efficiency, as determined by capital and labor, was declining at a rapid rate. Tragically, Alfonsin's government was unable to maintain a tight grasp on the

reins of the failing economy. After three failed attempts of a military coup, hyperinflation, food riots, a collapsed currency and an unaffordable debt, Alfonsín handed over his presidential seat to Carlos Saúl Menem.

Era 3: Neoliberalism

Menem's era gave birth to the modern state of Argentine politics and economics under a *neopopulist* regime. His strategy was to forego the populist strain within Peronism, in order to adopt and conform to the global economic agenda. His government enforced policies of free market liberalization and privatization, which ultimately divided the government from the market and encouraged international competition. Menem focused on the export industry by suppressing many tariffs and embargos on imports and eliminated export taxes. While limiting trade union power, political participation and expression of former populist alliances, he granted the private sector control of the financial industry and promoted industrial development, nationalization, government regulation of foreign investment (Treanor, 2002).

Menem's eagerness to privatize the economy was in actuality a reversal of the Peronist party's own philosophy in property management and government regulation. He befriended international investors, and issued "supplementary wages" to government officials in order to ensure more consistent financial backings. Ultimately, the IMF, World Bank and American government supported Argentina's transition to privatization, as it permitted capital fluidity through globalization (Azpaizu, Nochteff, & Basualdo, 1998).

Menem's strategy of globalization was driven by a set of neoliberal policies primarily controlled by Washington-based international financial institutions, hence the phrase "Washington Consensus". These policies focused on fiscal discipline, tax reform, interest rate and trade liberalization, deregulation, a competitive exchange rate and liberalization of inflows

of foreign direct investment. Also, issued was a reallocation of public expenditures towards industries of high fiscal return, such as primary health care and education. It was believed that manufacturers would benefit from the competitive structure and that the populace would benefit from subsidized healthcare and education, a unified exchange rate and secured property rights (Kauffman, 2010).

Foreign and domestic investors alike partnered with the International Monetary Fund and the World Bank to collectively plan a neoliberal structural-adjustment program in Argentina. The neoliberal technocrats, along with the hopefuls of economic prosperity worked to tirelessly to structure the program. The building blocks included privatization, the deregulation of economic activities, the flexibility of the labor market and the liberalization of commodity and financial markets. Collectively, the package of neoliberal reforms in this "institutional cleansing" was known as the Convertibility Plan (Gordon, 2009).

In the early 1990s, Argentina's inflation reached hyperinflationary proportions. As a proposed solution, the government introduced a currency board to maintain a fixed exchange rate of 1:1 between the peso and the US dollar. This required the Central Bank to represent the exchange rate target: 1) to buy or sell all pesos and dollars supplied and demanded by the public at fixed exchange rates and 2) to mandate the country's money supply (all the bills and coins in circulation).

The criteria of the Convertibility Plan allowed for the following: a percentage of the reserves to be issued as public-debt bonds in stable foreign-currency denominations; Argentina's monetary system to fluctuate in response to net inflow of reserves; and the government to issue as much currency as there were purchases at the fixed rate. The objective was to prevent nominal

devaluations or revaluations of the peso so that the nation's monetary supply would be based entirely on the demand for pesos by foreign investors in Argentina (Gordon, 2009).

At the time of when the currency board was implemented, the nation experienced an era of unexpected economic prosperity and growth. It remains uncertain whether the economic upturn was associated with the fixed exchange rate, as privatization and deregulation were also considered contributing factors in the overall stability. During this time, the inflow of both direct and portfolio investment from abroad and GDP rate increased by 6-8% per year. By 1999, the Convertibility Plan was successful in reducing inflation to rates below most developed countries. Nonetheless, the government's true incentive was a swindle, as the economic triumph was used to promote another neoliberal program that benefited few and stranded the rest of the nation in the midst of destitution (Murillo, 2000).

International investment and loans from the IMF and World Bank increased to help patch the wounded economy. Menem's government was advised to remove all state assets that were considered to be long-term financial burdens, and encourage privatization as the solution to the deficit generated by state-owned enterprises. It was also believed that the sale of state-owned enterprises would produce temporary revenue to alleviate the public debt. Finally, budget constraints were imposed on many businesses to prevent wage increases. In due course, the objectives of Menem's economic policies were to push for complete privatization and the eradication of publicly owned enterprises (Kennett, 2004).

The unstable transition to privatization included the elimination of initial public offerings (IPOs). A percentage of businesses were handed over to domestic contacts; however, most auctioned off to foreign investors. This process typically consisted of potential buyers competing for the government's approval and the top investors were solicited quotes. The sales

of Argentine enterprises increased the nation's foreign capital, while granting foreign investors market power in nearly all sectors of Argentina's economy. Eventually private monopolies, primarily controlled by foreign shareholders, replaced state monopolies and consumers became vulnerable to all related risks of a monopolized market, such as price discrimination and anti-competitive practices due to no available substitutes (Salvochea 2008).

It was believed that the removal of state assets through privatization set the foundation for the "Argentine Miracle" of rapid economic growth that carried on through the 1990s; however, this notion lost credibility as time went on. Although the service industry grew in response to innovative technology introduced through foreign investment, consumer costs increased to an average of \$3000 due to an inflation rate that peaked at 5000% in 1989 (Cavallo & Mondino, 1995). The country also experienced negative GDP growth, lack of confidence in national government and low levels of capital investment. With regards to labor in the newly privatized market, domestic unemployment rates rose and wages were stagnated (Kennett, 2004).

According to guidelines of the currency board, monetary contraction was mandated. This policy caused reoccurrences of increased unemployment and decreased investment. As jobs became scarce, the middle class was pushed closer to the line of the lower class. In an attempt to salvage the currency board, it was proposed to peg the peso to a basket of both dollars and Euros; however, the confidence of investors had dwindled and their fear escalated. In a fight-or-flight response, the foreign investors bee-lined to the borders and out of Argentina.

After nearly ten years of affluence, the nation's economy collapsed upon itself. The primary pitfall was associated with the fixed exchange rate. Since the Argentine peso was pegged to the US dollar, when the dollar appreciated over time the peso did as well. In turn, the Argentinean labor market was faced with wages that did not fall in line with falling demand and

prices and so the labor rates were considered very expensive by global standards. To make matters worse, Argentina's neighbor, Brazil, experienced currency depreciation and so the reduced labor costs became more attractive to the global market. The impacts of these simultaneous hits forced short-term capital to leave Argentina and the long-term foreign direct investment to deteriorate (Azpaizu, Nochteff, & Basualdo, 1998).

This was Menem's cue to enable an exit strategy, by removing himself from office and offloading the debts on the Argentinean people. In response to the economic shock, factories and banks were closed and the peso was unpegged from the US dollar. Also, in what seemed to take place overnight, the entire savings of the middle class was simply stripped away as the value of the Argentine currency plummeted. The government soon realized that the most profitable solution to alleviating the chaos was purchase its own foreign debt. What ultimately occurred over time was that the impoverished and unemployed populace was tricked into repaying loans that had initially been handed out in secret payments to high-level officials during the Menem administration (Clark, 2005).

In an analysis of the cause and effects, it was determined Argentina would have benefited from a flexible exchange rate, if the domestic labor markets been fully flexible. To alleviate the loss of foreign capital, politicians attempted to persuade local financial institutions of investing in sponsorship opportunities. This sparked panic of another possible economic crash, and so depositors began emptying their life's savings from the banks. In order to prevent complete bankruptcy, the government capped the amount individuals could withdraw and froze their banking accounts. This only caused further havoc, as floods of people rioted in response to the restricted access. Ultimately, this was the demise of the Convertibility Plan (Azpaizu, Nochteff, & Basualdo, 1998).

Era 4: Cronyism

In December 2001, Argentina filed bankruptcy and was close to defaulting on \$132 billion in loans. A couple years later, the incoming president, Nestor Kirchner, marketed Argentina as the country with the greatest single unpaid loan in all time. Unlike ever before, Argentina was granted permission to renegotiate the terms of as much as 90 billion dollars of its external debt (Edwards, 2002).

This exoneration was more than what the IMF had bargained for, as the Argentine government pleaded for limited taxation in hopes of rekindling domestic demand and national confidence. In this victory over the IMF, Kirchner was able to ignore the demands of foreign capital, gain national support and improve upon the nation's reputation with other countries in dispute with the IMF. Although Kirchner's time in office initiated a foundation for growth through controlled inflation and declining unemployment, the economy was still in desperate need of a facelift (Eiras, 1989).

It was later discovered that during the Menem era, swindling became the norm between the Argentine government and foreign investors. In July 2000, the Argentine Federal Court declared that a large percentage of Argentina's foreign debt was tied to fraudulent and illegitimate loans issued during the dictatorship rule. It was held that many of these loans were components of destructive fiscal policy that solely profited international privatized companies. It was also reasoned that the loans were issued to conceal unorthodox financial operations between international banks and individual foreign investors (Azpaizu, Nochteff, & Basualdo, 1998).

The court accused international creditors, in addition to the IMF, on how they intentionally prevented the loans to Argentina from being used in the state's best interest. This campaign against illegitimate and odious debts allowed for further investigations in similar cases; however,

Argentina's legal battle faced opposition from foreign creditors (Olmos, 2001). Furthermore, it has been argued that the additional loans issued by the IMF, World Bank and foreign private banks, were intended to refinance debts that had already been confirmed illegitimate (Petras, 2002)

Argentina's history was a rollercoaster of several sharp turns in the direction of economic policy, as well as faltering fortunes. The nation continues to witness the rippling effects from the most recent economic catastrophe in early stages of the 21st century. It is almost impossible to imagine the economic prosperity Argentina had been once realized, as the economy overturned again-and-again.

Present day Argentina still faces several key obstacles before political and economic stability can be secured. For instance, the foreign debt had become the primary roadblock to the socioeconomic development of Argentina. State sovereignty was displaced by financial conglomerates and the structural adjustment plans for consolidating market power solely benefited the international investors. The economic renovation, with regards to foreign and general public debts, as well as the relations between the nation and the provinces has been a crucial component to address. Another primary concern was the unfair collaboration of creditors from the IMF, World Bank and private financial institutions, as it became impossible for debtor nations to form individual or bilateral arrangements with these different groups (Eiras, 1989).

Argentina has been deemed a failed nation with regards to its economy. The cyclical recessions had led to a plethora of problems over the years, and the charted usurious interest rates made the repayment of the foreign debt highly doubtful and ultimately an unattainable reality. The income per capita had declined by 50% in only four years, which left nearly 44% of the urban population poverty-stricken. Furthermore, the nation's formidable debt remained at around a constant \$185 billion, which calculated to nearly \$5000 per capita. This amount was close to twice

the actual income per capita, and thus, more than 18 million Argentines were left living in poverty and 9 million as paupers (Eiras, 1989).

Suffering from severe unemployment rates, decaying living conditions and mounting violence and social unrest a nationwide mobilization of highly organized unemployed groups has emerged. In August 2001, over a hundred thousand people managed to shut down over three hundred highways in Argentina through critical mass. This placed the nation's financial sector at a standstill, as one of the main modes of transportation came to a halt.

Following this act, supporters of the movement were successful in the pursuit for temporary jobs, food allowances, and other state subsidies. By September 2001, the critical mass carried on into Buenos Aires through highway blockades and strikes at government facilities and major private industries. These mass demonstrations called attention to citizens of various social classes, including local merchants, municipal employees, human rights activists, as well as the *Madres de Plaza de Mayo*. Initially, the acts were peaceful and passive; however, these tactics were ignored (Sintrin).

Section III- Movimiento de Trabajadores Desocupados (MTD):

Argentina's recent economic collapse was the crashing point of the national pride, as its wealth escaped through the borders in the blink of an eye. Nonetheless, the unemployed workers have yet to forfeit, as they still believe employment to be a basic right. This refusal to submission produced a powerful political force in the mid-1980s that is now known as the Movimiento de Trabajadores Desocupados (MTD) (Sitrin, 2006).

Within the MTD "piqueteros" (picketers) have joined hands to begin reinventing the work there once was. They collaborate in production and negotiate trades, in order satisfy the

needs of the community. Instead of replicating the institutional framework previously set forth, the workers are moving forward by constructing their own foundation. The projected goal for the *piqueteros* is to create a common space to work and live. They have recovered from a dictatorship and so they aim to recover from a democracy.

The mass organizations of peasants and rural workers defending their own economic interests ultimately challenged the norms of conventional liberal orthodoxies. Argentina's MTD affirmed the demise of class politics and the dawn of civic movements encouraging democracy and equality. The vigor continues mainly at a local level, based on mutual trust and concrete demands. As the MTD continues to grow, it has shaped alliances among university students, trade unions and human rights groups (Sitrin, 2006).

In order to promote a more unified reform, region-specific assemblies have been elected to determine the universal policies and organization of road blockades within each area. In other words, specific roadways are assigned to specific neighborhoods within the region. At times, the road blockades can prolong for days at a time, yet protestors will stand their ground until their voices are heard. Once the government or police force becomes involved in a mass demonstration, all negotiations are made on site and within the collective assembly (Salvochea, 2008).

This movement has spread like wildfire throughout the nation, as a result of the mobilization of tens of thousands of unemployed workers and trade union activists (nearly 60 percent are women). Direct action in road blockades remains the driving force of a society exhausted by the structural adjustment programs, budget cut and corruption. The employment demands are at times temporarily fulfilled by appointment of the local assembly for those individuals who actively participate in road blockades.

In order to comprehend the context behind Argentina's MTD, one must reflect on the neoliberal policies that were instilled. For instance the government encouraged the privatization of public enterprises, which resulted in spiked unemployment rates. Through a profit analysis, industries that were deemed unprofitable such as, mineral and energy centers were shut down. This resulted in distraught citizens suffering from the wraths of deprivation. Furthermore, the wages and working conditions of public workers fell below the standard and many went months without receiving compensation. Aside from attacks on labor unions, social services were curtailed, which affected pensioners who could not afford private schooling or health care (Sitrin, 2006).

On August 24, 2002 over 3,000 workers from the reclaimed factories set to the streets demanding control over all the productive units which are bankrupt, or on the verge of facing bankruptcy. Aside from that demand for employment opportunities, there has been a constant strain on the system to provide food and basic commodities. Another demand by the MTD has been the release of protestors who have been captured and detained throughout the various demonstrations. Furthermore, road improvements, public health offerings and a reliable water supply are also common demands, but most importantly is the stability of long-term employment to secure a more constant income.

By the late 1990s, road blockades were organized throughout Buenos Aires in protest of the unaffordable electric rates targeting the unemployed. The impacts of privatized industries resulted in the closure of more work sites and greater widespread unemployment. Furthermore, the government failed to uphold its promise for alternative employment, due to budget cuts made for International Monetary Fund (IMF) fiscal requirements.

As the economic tension progressed, an inflow of foreign funds generated a crash in the nation's financial sector. This truncated the transition time from a recession that began in 1997 to a full-blown depression by 2001. The unemployment rates ranged anywhere from 30 percent to 80 percent within various regions of the country. For instance, the nation's capital suffered from exponentially higher rates and the suburbs reached rates between 30-50 percent.

The economic hardship was coupled with political unrest. In order to appease the political divide, Radicals and Peronists offered up aid and employment to loyal continuants. Rather than improving the civic relations, the tension continued to grow between the government and the people. For instance, the presidential succession of Raul Alfonsin, Carlos Menem, and Fernando de la Rúa exonerated the officials responsible for the deaths and disappearances during the dictatorship rule, offered up the nation's fortunes to both domestic and foreign capitalists and reversed existing social legislation.

The faltering socioeconomic and political conditions encouraged critical mass demonstrations. Among the favorable objective conditions were the following:

1. The increased numbers of unemployed industrial laborers;
2. The significant numbers of unemployed industrial laborers with union experience;
3. The increased numbers of militant women, as a result of the economic crisis and lack of education;
4. The proximity of unemployed workers to major highways, which allowed for more roadblocks.

Nonetheless, the strategic implementation of these conditions was the key to success. In Argentina's case, the success of its unemployed workers movement was due in part to working collaboratively within the barrios and autonomously from the state.

The successes of the MTD were achieved through its support for self-organization and direct action, as well as its opposition to tiered, political structures. The movement continues to be classified as a grassroots movement with an exceedingly decentralized core. For instance,

individual regions develop their own set of standards and procedures specific to the needs of that area. Most follow a rippling effect, with regards to the implementation of critical mass. In other words, the MTD of a single region may be further divided into specific neighborhoods and groups within those specific neighborhoods.

Section IV-Global Context:

Throughout the latest economic crisis, nearly 200 companies were reclaimed by more than 15,000 workers and transformed into co-operatives. The phenomenon of reclaiming factories is nothing new, as such tactics were also used throughout the Argentine Dirty War. For instance, during Héctor Cámpora's first months in office in 1973, nearly 600 social conflicts and factory occupations took place. The abundance of these reclaimed factories has led to the formation of a recovered factory movement within the MTD; politically categorized to include the Movimiento Nacional de Empresas Recuperadas (or National Movement of Recuperated Businesses, or MNER) on the left and the National Movement of Recuperated Factories (MNFR) on the right (Sanchez, 2006).

Previous attempts of such social movements have become stagnant, as groups like the General Confederation of Workers (CGT), were unwilling to challenge the regressive policies. The government was rarely intimidated by the workers on strike, as they believed them to be hardly a threat. In Argentina, the precedent of such actions had been deemed unsuccessful in nature, as former demonstrations had failed to unite on all levels. Nonetheless, the new-age movement has defied previously held doubts. The MTD has made significant progress in reestablishing workers' rights, as the supporters continue to corner both politicians and the elite in demand of equality.

At times, the protesters faced opposition not only from the government, but also from the former employers. The factories that once shut their doors to bankruptcy are now flourishing. The business owners who had previously abandoned these enterprises during the economic crash are now battling to reclaim the “reclaimed” factories through lawsuits and hired law enforcement. The workers must now keep guard every hour of the day, in order to prevent police forces from entering the premises of reclaimed factories. Tactics include human barricades and launching glass marbles with sling-shots at any uninvited guests. This ongoing battle has created further tension between the workers and the state, which in turn has prevented the complete renewal of Argentina’s national economy (America, 1969).

In the southern province of Neuquén, factory workers have broken through the padlocks of bankrupt industries to continue production. Overtime, most factory owners were also fired, so that the workers could control most factories. This allowed for self-management, in which the workers themselves to determine customer service, production methods, scheduling and the division of labor. The self-management model is often used in worker cooperatives, workers' councils and participatory economics. Important management decisions are taken democratically by an assembly of all workers, rather than by professional managers.

In La Matanza, unemployment overwhelms the population and so the people rely on conservation and collaboration. As it becomes more difficult to provide for one’s family, community members have joined hands by supporting each other and sharing the little they have. In many cases, the community members learn to reuse old products, in order to create a multi-faceted tool. Some government programs have been offered to assist those facing destitution; however, they are never consistent and thus considered unreliable outlets.

In September 2001, thousands of MTD supporters gathered in both La Matanza and La Plata to discuss new ways to coordinate activities and forge a national program. A list of specific demands was determined by the assembly of delegates:

1. The removal of structural adjustment policies, the deficit policies, as well as the judicial process against arrested protestors;
2. The extraction of the austerity budget;
3. The extension and defense of the public employment schemes and food allocations to each unemployed worker over sixteen years of age;
4. The payment of one hundred pesos (peso=\$1.00) per hectare to small and medium size farmers to seed their fields;
5. The prevention of firings;

In order to advertise these requests, two nationwide road blocks took place and five strategic objectives were acknowledged:

1. Non-payment of the illegitimate and fraudulent foreign debt;
2. Public control of the pension funds;
3. Renationalization of the banks and strategic enterprises;
4. Forgiveness of the debts of small farmers and sustainable prices for their products;
5. Ousting of the hunger-provoking regimes and any reshuffle of politicians.

In Solano another MTD is progressing. This area promoted autonomy similar to that established by the Zapatistas in Mexico. The supporters of this MTD believe capitalism strains society by enforcing a hierarchical and vertical socioeconomic structure. As a way of preventing this tiered political configuration, the MTD has infused the concepts of “horizontalism” (Petras, 2002).

The basis of horizontalism is the formation and preservation of social organizations under just allocation of management power. Horizontalism functions as a result of self-management, involving continuous participation and exchange between individuals to achieve the larger desired outcomes of the collective whole. In an attempt to decentralize power, horizontalism

allows everyone to become active and direct participants of their own society. The decentralization of power is achieved through social autonomy and voluntary commitments (Sitrin, 2006).

Certain areas have made significant improvements and satisfied many of the demands. For instance in General Mosconi, the movement has been successful in providing food, jobs, healthcare, and more sustainable practices. This town has made such drastic changes, that the MTD has taken control of the region and the former legislature has been annulled. Aside from the more immediate demands, it has ordered all previous debt to be absolved. Other regions have reached a point where their ability to mobilize has overcome the power and authority of the local government. Overall, the MTD sustains popular support and offers hope for the unemployed to take back control of their lives and integrity.

The communities of Chiapas, Mexico, house indigenous peoples who have autonomously organized themselves into an assembly known as *Zapatistas*. They have discovered a way to subsist independently from the state, by developing consensus-based guidelines for any legislative work that must be addressed. “The group was in opposition of neoliberalism and imperialism, that is, the neoliberal economic regime and the growing concentration of wealth in the hands of the local and foreign elites” (Sitrin, 2006).

The Zapatistas have welcomed others to experience their movement, in hopes of influencing them to take a similar stance. The unorthodox views of autonomy and horizontalism, as well as the idea of rejecting hierarchical political parties were instilled by the Zapatistas and adopted through other social movements. In Argentina, following the latest economic collapse, many have turned to the Zapatistas for advice and the exchange of ideas (Petras, 2002).

The urban class movements noted above dismissed the belief that economic and political liberalism would terminate mass ideological struggles. On the contrary, such movements have made it possible for assemblies to defy the abuse from corrupt rulers. As a result, an innovative form of direct democracy has come to light. This basis for direct action targeted capitalism by restricting the production and distribution of commodities, which in turn threatened the survival of the neoliberal regime (Sitrin, 2006).

Social workers movements that have integrated forms of self-management and horizontal autonomy were also formed in nations such as Peru and Chile; however, these movements were ultimately suppressed through military coups and capitalist controls.

In Peru, a nationalist military regime led by General Velasco Alvarez seized numerous mines and factories, while forming industrial cooperatives and communities. The industrial cooperatives were initially successful in productivity and satisfying socio-economic needs; however, the management in place controlled all policymaking. The industrial communities focused on co-participation between military officials and laborers, yet the military officials continued the centralized control of the previous capitalist ownership.

The Peruvian laborers soon realized that the industrial cooperatives and industrial communities were more harmful than beneficial to fulfilling their own needs. The privatization of the industrial sector and nationalization of the political economy ultimately formed a hierarchical structure of capitalism, which diminished the workers' control within the public sector. In response to this disproportion, protests broke out against the employers of these industries; however, the factories and mines were eventually re-privatized and the progressive labor legislation was rescinded.

Between the years of 1970-1973, Chile experienced a social workers' movement. Through this movement more than 125 factories were successfully controlled by factory workers and without state interference. In a comparative study, the factories obtained by the workers produced more efficiently than the state-run factories under centralized management. Industrial groups collaborated in production and protected one another from capitalist pressure, risk of foreclosure and workers' rights (Sanchez, 2006).

The socio-economic gains of the Chilean workers' movement outraged the upper class citizens. In response to unexpected success, the elite turned violent and sought to regain control over the nation's production. Sabotage through trucking strikes allowed for capitalists to control the flow of goods within the nation. After securing military support, a coup was launched to overthrow the current government and shatter the social movement.

The successes of past worker-managed factories were based on horizontal structures influenced by popular assemblies, while the failures were overcome by military forces and elitist power. The local victories improved working conditions, but ultimately increased violence from the upper classes. The failure in Chile to move from local power to state power resulted in a bourgeoisie repression via military coups, whereas Peru's was due in part to the lack of leadership and guidance.

Section V-Conclusion:

Argentina's Movimiento de Trabajadores Desocupados (MTD-Movement of Unemployed Workers) has become a credible and formable force in the political and social composition of nation's current horizontal autonomy. One of the greatest difficulties supporters of the MTD face is isolation from state's economy. Collaboration is thus required to construct

an alternative socio-economic system through direct democracy. Argentina has transitioned from the classic, neo-liberal policies of the 1980s and 1990s to the horizontal autonomy devoid of hierarchical leadership.

Argentina's growing number of reclaimed factories has clearly illustrated that the interventions and takeovers are survival tactics. During the recent economic downturns, laborers faced the risk of receiving reduced or even no compensation for their work. Time-and-time again, factories are shut down due to bankruptcy; however now, the workers are not afraid to take control and to continue production. The experience is also creating new forms of social organization through popular assemblies.

The guiding principles of direct democracy, horizontality and autonomy continue to drive Argentina's MTD. The distrust of representative democracy stems from trade union leaders that were bought off or corrupted. This deception has occurred in many other movements such as those of Peru and Chile. Most supporters realize the need for solidarity and collaboration with other social movements and popular sectors. The unity between the factory occupation workers' movement and the unemployed workers' movement has improved during times of economic recession and military oppression (Sanchez, 2006).

Some leaders of the MTD understand the limits of the movement in a capitalist market, while project the need for active participation in the political struggle at the national level. Aside from resolving the immediate problems such as the void in local power, it is important to understand that this local power can be linked to the construction of political, national and social forces.

With regards to Argentina's MTD, it is up for debate whether or not the workers' approach should be cooperative or worker self-managed; the alliances should include leaders

from traditional political parties, only leftist parties, or none at all; and if the focus should be local, regional or national (Sanchez, 2006).

Historically noted, horizontal alliances organized into assemblies with common goal of transforming state power have been the most successful in social workers' movements. Although cooperatives can often improve standards of living, they also are able to conform adapt to the capitalist structure. With such poverty and destitution throughout the Argentine population, the overall demand for basic commodities has skyrocketed. The autonomy of Argentina's MTD is positive and comparable to other social movements that share common goals and tactics of direct action. At a certain point the movements gain such momentum that supporters must defend from forms of resistance similar to the ones that took place in Chile and Peru (Sanchez, 2006).

The success of Argentina's MTD was made possible through the connections within existing networks of neighborhood assemblies and trade unions. Collaboration and cooperation during times recession and high unemployment were also key to its success. By constructing a political movement capable of challenging state power, Argentina's Movimiento de Trabajadores Desocupados (MTD-Movement of Unemployed Workers) has become a credible and formable force in the political and social composition of nation's current horizontal autonomy (Sanchez, 2006).

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