

# Trade unions and cooperatives: The experience of CICOPA–Mercosur<sup>1</sup>

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Overall, it should be borne in mind that the state of development of the cooperative and trade union movement in the Mercosur region is unequal and diverse. There are instances of high union organizing rates, such as in the countries of the Río de la Plata, but there are also cases like that of Paraguay, where workers' participation in trade unions is low. For its part, cooperativism involves a wide range of actors, who are generally grouped into user cooperatives and worker cooperatives. In the first type, the members generally organize in order to contract out the work needed to perform their cooperative organization's functions. In the second type, labour is the main purpose, as their workers are also their owners. This is CICOPA's field and therefore also the focus of the present article.

It should, however, be emphasized that user cooperatives may also have experience of the trade union movement. In some cases there are strong links, such as those with the food and consumer cooperatives in Argentina and Uruguay. In many cases these originated as extensions of the services provided by the trade unions themselves.

Finally, as the International Year of Cooperatives declared by the United Nations in 2012 has just come to an end, it should be noted that towards the end of 2011, the Mercosur Presidents explicitly came out in support of the ILO Promotion of Cooperatives Recommendation, 2002 (No. 193). The region's four Labour Ministers also issued a joint declaration of support on the occasion of the Intergovernmental Conference on this Recommendation held by the Mercosur Specialized Organization for Cooperatives (RECM).

**Despite the demonstrable resilience, viability and potential of cooperatives, labour cooperatives are generally still marginal economic actors. What are the obstacles to their creation and reinforcement? And how can trade unions assist this process?**

In our view, the broad cooperative movement faces various difficulties, depending on the origins and the type of the cooperative concerned. Here, we will be focusing on the industrial and service cooperatives that stem from salvage operations on firms that go bankrupt or go under, as well as on the cooperatives that are formed by their members' decision to found an enterprise. In the region, these are probably two of the most common patterns for the emergence of cooperatives.

We will illustrate these difficulties using two examples from Argentina:

The first is the graphical workers' cooperative Ferro Graf Ltda, located in the city of La Plata. This enterprise was founded by a few workers who had become unemployed during the military dictatorship period (1978), and was supported by the local print union Sindicato Gráfico Platense, which lent them the equipment and plant. Between 1978 and 1979, they operated as a de facto

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<sup>1</sup> This article is based on the experience of the Mercosur sections of the International Organization of Industrial, Artisanal and Service Producers' Cooperatives (CICOPA–Mercosur). In particular, it focuses on the Argentinian experience, while describing some general processes that are also found in Brazil and Uruguay. Labour cooperatives in Paraguay are still in the early stages, so the approach taken to them here is more general than for the other three countries.

corporation, from 1979 to 1985 as a limited liability company and from 1986 onwards as a worker cooperative. The firm has now existed for 35 years. In this case, the cooperative members have always taken part in trade union life, as members of the union and participants in its social services. From Ferrograf and other cooperatives, the worker cooperative federation FECOOTRA (Federación de Cooperativas de Trabajo de la República Argentina) was born in 1988, and in turn FECOOTRA and other federations formed a confederation of worker cooperatives, the Confederación Nacional de Cooperativas de Trabajo de la República Argentina (CNCT) in 2008.

Another model, the salvaged enterprise, is illustrated by the history of the graphical workers' cooperative Cooperativa Obrera Gráfica Talleres Argentinos Ltda (COGTAL), created in 1956 by recuperating Editorial Alea, a state-run enterprise, during the government of General Perón. The firm was put into liquidation following the coup of 1955, but its workers resisted this and, with the union's support, they managed to form the cooperative, which has continued to operate ever since. The cooperative's first chairperson was Raimundo Ongaro, a legendary graphical workers' union leader in Argentina and still General Secretary of the Federación Gráfica Bonaerense (a trade union). The COGTAL workers have always taken part in trade union life, as members of the union and participants in its social services.

These experiences with firms salvaged by their workers in the form of a cooperative, or with new cooperative initiatives promoted by people grouped around a shared project, are common to the four Mercosur countries. In Uruguay, around 50 per cent of the cooperatives are salvaged enterprises or stem from a group of workers who were previously employed by the same firm. In Brazil, for example, the enterprise salvaging phenomenon was the model for the emergence of some major cooperatives such as the Cooperativa Central de Produção Industrial de Trabalhadores em Metalurgia (UNIFORJA), and later formed the basis for the founding of second-tier organizations such as the Central de Cooperativas e Empreendimentos Solidários (UNISOL Brasil). An emblematic case in Paraguay is the ceramics cooperative Cerro Guy, which was salvaged by its workers.

In general, similar difficulties across the region explain the low economic and sectoral impact of workers' cooperatives:

- ⤴ In a good many cases, the cooperatives salvage enterprises in crisis which are experiencing difficulties in the marketplace and have to be made competitive again. In quite a few cases, there are serious problems of obsolescence and unsuitable technology.
- ⤴ The salvaging process often involves losing part of the knowledge built up by colleagues who leave to take up other jobs or who do not wish to join the cooperative. These are generally the people who have greater knowledge of the production side but are not very knowledgeable about management.
- ⤴ These processes generally entail cultural change, in order to transform the experience of waged labour into associative entrepreneurship. A break has to be made with the culture generated by a dependent relationship. People have to acquire more autonomy and become business executives, in the sense of entrepreneurs, without having been previously prepared for this.
- ⤴ A shortage of the capital needed to get the enterprise back on its feet means there will have to be a long period of self-exploitation in order to capitalize it. To the lack of workers' own capital must be added the lack of available financial capital, at least until recently. This has been due both to the banking system's distrust of cooperatives and to the cooperatives' not having financial instruments of their own. In Argentina these days, this capitalization process has been eased a little, thanks to the funding programmes run by the national government via the Ministry of Labour, the Ministry of Social Development and the National Institute for the Social Economy (Instituto Nacional de la Economía Social –

INAES), as well as the Small and Medium-Size Industry Secretariat (SEPYME). In Brazil and Uruguay too, new public support mechanisms have been developed, for instance through the Brazilian Ministry of Labour and Employment (MTE), the National Secretariat for the Solidarity Economy (Secretaria Nacional de Economía Solidária –SENAES) or foundations such as that of the Bank of Brazil (FBB). In Uruguay, for example, programmes have been created through the National Cooperativism Institute (Instituto Nacional de Cooperativismo – INACOOOP), the Ministry of Industry, Energy and Mines (MIEM) and a Development Fund that makes available to initiatives of this kind a substantial fixed percentage of the profits from the operation of the Bank of the Republic.

- ⤴ Another noticeable problem is managerial capacity and the need to bring in staff who have this knowledge or to train up their own cooperative management executives.
- ⤴ The cooperatives have little research, development and innovation capacity (R&DI) of their own.
- ⤴ Better models are needed for alliances that would enable the cooperatives to achieve the scale and synergies required for competitive density.

The graphical cooperatives of Argentina, together with the unions in this sector, have proposed the following ways of tackling each of these difficulties:

- ⤴ make an analysis of the enterprises in order to strengthen their competitiveness, see which market they are servicing and assess whether they really have the potential to become sustainable;
- ⤴ join the Red Gráfica Cooperativa (Graphic Cooperative Network), centred on 31 enterprises that serve different markets, but with a view to building joint service platforms and joint investment projects to strengthen the whole network as an economic group.
- ⤴ develop a graphic training school covering both the technical and the cooperative aspects and operated jointly by the union, FECOOTRA and the Graphic Cooperative Network. The school would operate within the union and the work experience take place in the cooperatives.
- ⤴ continue with the setting up of a finance unit at the FECOOTRA level, with the involvement of the Graphic Cooperative Network, together with its own loan fund for working capital and investment, which will lend at lower interest rates than the banks;
- ⤴ develop a group of legal, accounting and engineering advisers who can provide support for various aspects of the enterprises' development;
- ⤴ seek alliances with universities and research institutes, so as to move forward on the development of new products and other innovations enabling the enterprises to position themselves better; and
- ⤴ work with the Economic Solidarity Research and Management Centre (Centro de Investigación y Gestión de la Economía Solidaria – CIGES), a strategy analysis institute that is helping them to build a global vision of the development of the graphical trade in paper-based communications, but also incorporating ICT both into its processes and as an opportunity for new products.

All in all, breaking out of marginality entails joining together and creating cooperative economic groups – i.e. business networks. Starting just from our own vulnerable enterprises, it is very difficult to achieve decent levels of labour development and dignity. If we remain isolated, all that awaits us is self-exploitation. To get away from that, we have to unite and compete against the private firms under better conditions. That is why we set up the Graphic Cooperative Network in the legal form of a federation, as there is no law conferring legal status on cooperative economic groups, such as there is in other countries, mainly in Europe. I think that we in the trade unions, the worker cooperative federations as spheres of politico-institutional representation, and the cooperative economic groups, have to work together to ensure that we preserve and create the greatest possible

number of jobs.

One factor amongst others may be added. It has been flagged up by the Institute of Economics at Uruguay's University of the Republic as explaining the relatively minor impact of the associate worker cooperative model on various economic sectors. This is "cooperative density". The idea is to use mutual leverage in order to become a more usual type of enterprise, with a corresponding impact in terms of standards, supervision and support. Quantitative growth from a specific critical mass would promote positive qualitative changes in the surrounding environment and so feed back into the generation of new workers' cooperatives.

**The workers' cooperatives were created in response to plant closures and/or relocations at various points in time. What was the trade unions' role in facilitating the creation of cooperatives of this type? What obstacles (institutional, legal, financial and cultural) had to be overcome?**

Throughout the Mercosur region, very few trade unions – or only a minority – explicitly support the formation of worker cooperatives. In particular, the role of the unions in the metalworking sector should be highlighted, such as the Unión Obrera Metalúrgica in Argentina, especially its branches in Quilmes (Buenos Aires province) and Villa Constitución (Santa Fé province); the Unión Nacional de Trabajadores Metalúrgicos y Ramas Afines (UNTMRA) in Uruguay; or the Sindicato dos Metalúrgicos do ABC, in São Paulo, Brazil, whose efforts have brought about great results in terms of building cooperativism, self-management and the solidarity economy into the central platform of the Central Única de Trabajadores (CUT).

In all of these cases, the experience gained during the processes of bankruptcy and unemployment resulting from the application of neoliberal recipes in the region was very important in promoting mutual recognition between worker cooperatives and trade unions.

In Argentina, other union organizations involved are the Federación Gráfica Bonaerense, which covers the federal capital and Greater Buenos Aires, the Federación Argentina de Trabajadores de la Industria Gráfica, which groups unions in the interior of the country, the Confederación de Trabajadores de Argentina (CTA, with its two tendencies), and to a lesser extent unions such as those in the food industry, rubber, ceramics, textiles and so on. It should be noted that the first Congress of Worker Cooperatives in Argentina was held in 1954, within the Confederación General del Trabajo (CGT) and was addressed by the country's President at that time, General Perón. Nonetheless, the majority of trade unions are strongly prejudiced against worker cooperatives, because this legal form has been used as a cover for labour precarization and many bogus cooperatives have been set up that have defrauded the cooperative movement and labour alike, especially during the labour flexibilization processes of the 1990s. Although this prejudice remains, more and more unions have come to understand that worker cooperatives are a valid alternative means of preserving employment sources during a crisis, and thus saving jobs. Examples of this are the graphical and metalworking sectors, where the workers within the cooperatives can be trade union members and benefit from union services such as social work, social tourism and more.

In Uruguay, very many experiences with worker cooperatives that have salvaged bankrupt firms have used their shopfloor trade union committees as the ideological underpinning for subsequent self-management projects. This has happened in some flagship firms that are now worker cooperatives, such as the tyre producer Fábrica Uruguaya de Neumáticos (FUNSACOOOP) or the former PAYLANA, now COOTRAPAY. Indeed, some major salvaging projects are currently being supported by trade union action, such as at the emblematic Empresa Metzen y Sena (Olmos) or even the main flag-bearing airline, PLUNA. After all, the unions played a historic role in the

formation of the worker cooperative sector. There are cases of this dating back to the 1950s and '60s, and some have become companies of reference, such as the Cooperativa de Transporte de Paysandú (COPAY). Other initiatives have also received support from unions in the sector concerned, when these are original initiatives by workers in that industry. One example is the pasta cooperative CTEPA, in Canelones. This is a model based not on salvaging a firm that has gone under, but rather on bringing together unemployed workers in this industry. As such, it has been able to count on the cooperation of the Federación de Cooperativas de Producción del Uruguay (FCPU), as well as the support of the milling and allied workers' federation FOEMYA (Federación de Obreros y Empleados de Molinos y Afines).

The Brazilian experience is perhaps the most diverse. Based on a much wider range of initiatives, activities coordinated between the cooperative movement and the trade unions have led to perhaps one of the most important alliances in strategic terms. The starting point was the experience of the São Paulo metalworkers' Sindicato dos Metalúrgicos do ABC in supporting various salvaged enterprises in the region. The involvement of the chemical workers' Sindicato dos Químicos do ABC should also be emphasized here, as should that of the metalworkers' unions in Salto and Sorocaba. The cooperatives' activities developed at such a pace that it was soon thought necessary to create a specific body to represent them. Thus was born the Central de Cooperativas y Empreendimentos Solidários (UNISOL Brasil). And right from the start, it was linked to the trade union movement. Thanks to this alliance, the CUT's trade union agenda has included developing the concept of cooperativism and the solidarity economy to a degree unparalleled throughout the region. Brazil undoubtedly has the most formalized and permanent linkage between trade unions and cooperatives.

Certainly, the unions' role has varied. In some sectors such as the graphical and metalworking industries, major support has been provided. In others, the unions have been indifferent to the cooperative formation process. And in others still, the unions have actually been against that process. Nonetheless, if workers decide to set up a cooperative, a union has never put obstacles in their way. Ultimately, the union will not voice an opinion and will just leave the workers to get on with it.

If the maintenance of employment is under threat, what the union will try to do is to protect the full value of the wages or compensation owed to the workers. Argentinian bankruptcy law stipulates that when a firm goes into liquidation, a crisis committee may be set up which must include employer representatives, the union and the workers. If the firm does collapse, the workers remain entitled to 100 per cent of the sums owed to them and they may exercise the right to buy all or part of the enterprise in order to maintain the source of employment. The first step is to set off the sums owed to the workers against the value of the firm's equipment and premises and to see if even just the equipment can be purchased in order to continue in operation. Something similar is provided for in the legislation on worker cooperatives in Uruguay, where any worker proposals for rescuing a failed firm have priority.

In Argentina, the law provides for this possibility provided that the workers are organized in a labour cooperative and that, once this enterprise is up and running, they pay off what is owed to their colleagues who do not wish to continue working in the salvaged enterprise. At this point, the INAES intervenes. It issues the cooperative with an operating licence after assessing the viability of its business plan. At the moment when the dependent relationship is severed, the Ministry of Labour supports the workers via five different programmes, such as the unemployment fund, safety and health assistance, capitalization support and so on. Once the firm has become a cooperative, it can receive capitalization subsidies from the Ministry of Social Development, or subsidies or long-term low-interest loans from the INAES. And when it has developed further as an enterprise, it may draw on subsidized loans from the Bank of the Argentine Nation or the Fuerza Solidaria fund of the

Banco de la Provincia de Buenos Aires, Bicentenary seed funding from the Ministry of Industry, or subsidies or loans from the Small and Medium-Size Industry Secretariat (SEPYME), or credits at subsidized rates from the Banco Credicoop via the INAES. Normally, the cooperatives open current accounts with the cooperative bank Banco Credicoop or the state-run banks Nación or Provincia. This is because the private banks are not too keen on cooperatives, due to their initially weak funding and also because their democratic governance means that the bank may find itself dealing with a range of different interlocutors. However, some private banks do try to woo the most successful cooperatives. Currently, via the INAES, the cooperatives in Argentina are building up their own fund, with contributions both from the cooperatives themselves and from national government, which make loans for working capital and small-scale investments at lower interest rates and with softer collateral requirements.

The financial difficulty faced at the outset is a lack of working capital, and hence a lack of credits for investment, innovation and development.

Another difficulty, in Argentina at least and in a way also in Brazil, is that by becoming a cooperative the workers become self-employed and therefore lose their employee retirement provision. The pension received by a retired self-employed person is only about half of that drawn by a dependent employee. Medical cover will also be discontinued if the person is not a member of the union-run social service. This situation also exists in Paraguay, and it is one of the great barriers to the development of the cooperative model. In Uruguay, the particularities of worker cooperatives are recognized, and they have the possibility of paying contributions just like any other employers – one advantage being that part of these contributions is tax-deductible. And just like the other workers, those in Uruguay's labour cooperatives pay contributions to the Sistema Nacional Integrado de Salud (Integrated National Health System) and are thus entitled to its coverage.

In Argentina, legislation on worker cooperatives is in the pipeline, and will establish: (i) that there is an associative, and not a dependent, relationship between cooperative workers and their cooperative; (ii) that the rights of cooperative workers are the same as those of dependent workers; (iii) that a retirement pension category exists for cooperative workers, and that it shall be such as to ensure a decent retirement; (iv) that cooperative workers can be members of trade union social schemes in order to secure health coverage; and (v) that workers' cooperatives are to be covered by occupational risk insurance.

In Brazil, another hurdle was the very high minimum membership requirement for the establishment of worker cooperatives. The minimum used to be 20 people. However, the new Law passed in 2012 has lifted this restriction. Worker cooperatives may now be created with a minimum of six members. Unfortunately, Paraguay still has similar minimum membership requirements. At any rate, the National Cooperative Institute (INCOOP) has sought to loosen this requirement, showing understanding for the reality of small self-managed worker collectives.

Undoubtedly the most complex problem, in the specific case of cooperatives that result from salvaging failed enterprises, is the cultural change that workers face when taking charge of their own firm. The aberrations caused by a failure to understand this new situation within the organizational process are among the main causes of cooperative demise. Recognizing one's sole responsibility for the new entity, abandoning a world view based on a dependent worker–employer relationship, involving all the cooperative members in tackling the overall challenges posed by this undertaking, avoiding individualistic attitudes that run counter to the collective project – these are some of the key challenges faced by these organizations. And further down the line, there also has to be an understanding that it is possible to build a different type of economy, an economy that is in people's own hands, a democratic economy, linking internal efforts with those in other similar collectives in the same territories and sectors.

That is an enormous task, and we cannot take it on unless we are **united** and **organized**: united with our union, united among workers and united with other cooperative enterprises to form cooperative economic groups, organizing the world of work and the economy as a whole in new ways. To achieve these macro objectives and firmly establish cooperative values and principles in our countries' economies, we must construct broader market alliances with the rest of the cooperative credit, housing, public service, insurance and consumer movements, with the mutual health funds, with the associative PME's, with the universities and with research institutes.

We must have a strong presence in the economic sectors to which we belong, with our own weight and scale. We must be an option, and the sixth and seventh principles of cooperativism are key to this: the sixth: inter-cooperation; the seventh: commitment to the community, which also means environmental commitment.

There are examples showing that the unions have a fundamental part to play in building this worker entrepreneurial power embodied by the cooperatives. There are unions that have important pension fund resources (for example in Canada and the United States) which could devote a small part of these funds to buying enterprises whose workers wish to continue as cooperatives. They can assist with health services, tourism and credit, through the power of the trade union lobby. All that needs to be understood is that it is all part of the same strategy of building power, the power of those who work, of those who make the economy with their hands and minds: the power of the workers. Trade unions plus workers' cooperatives add up to an organization that is on both the defensive and the offensive. In defending the purchasing power of wages and decent conditions for workers who are in a dependent relationship, a cooperative is the strongest expression of labour power in the workplace – workers starting to run the firm, liberating themselves from the boss.

Trade unions and cooperatives are part of the same power-building drive, the power of those who produce rather than speculate, the power of those who seek a world for everyone, respecting human beings and the planet. Together, we are the alternative to the neoliberal capitalism that has destroyed human beings and the planet. Together, we are the new economy and we must combine to make it grow, so that social property becomes an option and the solidarity economy can live on an equal footing with the public economy and the private, for-profit economy.

For the CICOPA-Mercosur, this broad arch of alliances, which strengthens our enterprises, requires us to be allied to governments that are close to the people and which propel our kind of economy forward. Gone are the days when cooperativism was neutral. It cannot be neutral when the fate of humanity is at stake. We are workers and we are on the side of those who want to build a world for everyone...

**The emerging “social economy” enterprises providing necessary social services are creating a new model of social inclusion for workers and clients alike. The unions often regard this phenomenon as a step backwards from public-sector provision of such services and a threat to the quality of employment, but due to fiscal pressure and growing needs, these initiatives have multiplied in recent years. How should the social economy be assessed from a trade union point of view? Can the social economy be a viable partner in the provision of social services and decent work?**

In the Mercosur region, and especially in CICOPA–Mercosur's view, the social and solidarity economy is a sector of the general economy in which enterprises develop that are characterized by democratic ownership and management and the priority given to people over capital, whatever may be the modalities. Cooperatives or other organizational forms that develop social services, or more especially ensure the social and labour inclusion of workers who are in a situation of vulnerability,

are just part of this universe. An understanding of this situation is important precisely in order to avoid denaturing these concerns, and to view them within the framework of a wider process aimed at the transformation not only of their members' situation but also of the whole community and society of which they are part.

It is also necessary to understand that, despite the advances of recent years in the Mercosur, there are still many different situations that cause general labour precarity, particularly in view of the three decades spent dismantling welfare policies during the neoliberal phase.

In particular, the development of social cooperatives (which, as will be explained below, are not actually known by that name in Argentina) was consolidated during the most intense phase of the economic crisis at the end of the 1990s and in the first few years of the new century, particularly as regards groups that were highly vulnerable and needed to be brought back into the world of work. Here too, the unions played an active role. Among other things, they were often the channel for initial contacts and for support to these groups, a role that the corresponding federations also tended to take on as these enterprises began to mature.

In Argentina, from 2003 when President Néstor Kirchner took office, there were various social programmes that covered people working for cooperatives, with the aim of creating new jobs. Initially, these programmes were run by the Ministry of Public Works. Sixteen-person cooperatives were organized with the task of building four houses in four months. This lasted for two years, up to 2005, after which other programmes have been run by the Ministry of Social Development to promote inclusion. These are also known as "work inclusion programmes" and the cooperative form was used to develop them. Under these programmes, which can last for between six months and a year, the participants are given technical training and then, during the work phase, cooperative training. Once people have completed the programme, they decide if they want to continue along cooperative lines and try to launch a small enterprise or if they feel qualified to enter the labour market. Under the Ministry of Social Development, work has been carried out on water and sewerage installations or networks, the cleaning of parks and streets, ditches, gutters and other minor urban infrastructure jobs. Integrated community centres have also been built in deprived areas to provide education, sport and health services. Currently, these programmes are called "Training through Work" and are used to build or repair premises for community organizations such as clubs, promotional associations, school cooperatives, community canteens and others. In the initial phases, the programmes launched about 3,700 cooperatives. Today, out of 6,000 registered worker cooperatives, some 4,500 belong to this type of social programme, while 1,500 are industrial or service cooperatives.

Evaluating these programmes from a labour law point of view is a complicated task, because some colleagues were excluded, did not receive fixed incomes, and did odd jobs for a living. And to go from earning nothing to an initial 1,200 Argentinian pesos (ARS) for four hours' work was a big help. Add to that the training received, and the result was that colleagues who took part in the programmes had, by the end of those months, improved their prospects of finding a job on the labour market or of continuing within the cooperatives (which was the path that many of them took).

As a result of all this, 25 worker cooperative federations emerged that we shall term "social". Together with the old industrial cooperative federations, they formed the CNCT. The CNCT is currently chaired by the FECOOTRAUNFV (Federación de Cooperativas de Trabajo Unidas de Florencio Varela), which consists of 22 cooperatives, with 1,000 workers in all; it has stemmed from these programmes and developed as a cooperative economic group. These workers entered the market by constructing both public and private buildings. Within just a few years, their lives were transformed.

At first, the Government developed these programmes together with the municipalities, but for three years now it has also been developing them with cooperative federations such as FECCOOTRA and with the CNCT. Both FECCOOTRA and the CNCT have set up dedicated work teams to develop the programmes and are implementing them jointly with the State via the Ministry of Social Development and the INAES. Some trade unions have taken part in these processes – for example, the building workers' Unión Obrera de la Construcción (UOCRA), which has technical training schools and has taught thousands of classes for the new cooperatives, training them up in the art of construction. There is also an experiment in Lonas de Zamora, where the Press Trade Union, together with its social service arm and the Federation of Health Bodies (FAESS) is providing primary health cover for more than 1,000 cooperative members in that area. In the La Plata area too, in the Province of Buenos Aires, the teachers' union Suteba and the Central de Trabajadores Argentinos have set up cooperatives of this type and founded a federation that takes part in the CNCT. In Argentina, cooperatives of this type are commonly known as "Cooperativas 3026", as that was the number of the INAES resolution that legalized them. They are simplified cooperatives and if they do not carry on, they are shut down at the end of the programme.

FECCOOTRA and CNCT take a very positive view of the roll-out of these programmes, which combine training, inclusion and a cooperative perspective. The workers in these cooperatives have occupational accident insurance, and a single social contribution serves to provide both social and pension coverage. Although at lower cost, these workers now have coverage that they did not previously enjoy.

In Uruguay, meanwhile, almost half the existing worker cooperatives follow the "social cooperative" variant. Under the country's legislation, the social cooperative is a specific type, its main purpose being the social and labour inclusion of people who are in situations of social vulnerability. There are around 200 of these enterprises, which are generally under contract to the State. Initially, they were regarded as temporary structures, which once they had matured would turn into associate labour cooperatives. However, that transition has met with a number of difficulties so far, due particularly to the guarantees and facilities that are permitted to the social cooperatives. There are cases like that of the Corporación Urbana de integración en forma consorciada (a type of cooperative corporation), formed by about ten social and associate labour cooperatives to ensure a more diversified and complete provision of services.

In Brazil, although this phenomenon is relatively less developed, the social cooperatives have more strongly incorporated the whole string of initiatives involving special services and labour inclusion for people who have vulnerabilities other than that of economic income. In particular, experiments have been conducted involving groups with mental or social difficulties of various kinds, and these are perhaps closer to some social cooperatives in Europe.

The greatest challenges in these kinds of enterprise basically concern the cooperative technical and entrepreneurial maturity of their members. There is a need to break out of total dependency on contracts with the State and to assert their capacities in the market. On the other hand, the public sector should see this instrument for what it really is, namely a bridge leading to the inclusion of vast numbers of workers who have remained shut out and who must be reinserted into the world of work. In particular, the challenge is to give support without curbing the autonomy of these cooperatives, and it is very important in this regard to show understanding for the special economic relations that the State needs to build with the social economy in general.

**The labour cooperatives formed by self-employed workers in the informal economy, who cannot organize in the traditional way, have given the workers a voice. The trade unions have often provided support to the workers by creating service cooperatives (savings and credit,**

**food, consumer), so as to improve both their negotiating power and their means of subsistence. Have these initiatives been successful and sustainable? What are the reasons for their success? In what way does it change the relationship between the unions and informal-sector workers? How have the working conditions of self-employed workers improved?**

At the regional level, there are many very important service initiatives that stem from the unions and generally correspond to the values of mutual assistance and solidarity, although via various different forms of the social and solidarity economy.

In Argentina the unions have, in addition, created mutual funds that provide workers with health and tourism services, medicines, insurance, and so on. One example of their presence, persistence and strength is the existence of the Federation of Trade Union Mutual Funds (Federación de Mutuales Sindicales). These mutual funds are a success and, as mentioned, they conduct many activities within different unions, such as those of the truckers, the metalworkers, the textile workers and others. These organizations defend the purchasing power of wages, providing union members with services at lower prices than on the private market. One area that has developed greatly is social tourism. Trade union hotels and campsites, many of them run through mutual funds, give the members better holiday opportunities.

And in Uruguay, many trade unions have developed their own service provision organizations. They generally opt for the user cooperative format, especially in the case of consumer items and food. Despite the pressure from the oligarchical concentration of mammoth transnational groups in large-scale retailing, the consumer cooperatives in Uruguay include some highly significant firms such as those run by workers in the education sector (Cooperativa Magisterial), bank employees (Cooperativa Bancaria), the staff of the Election Tribunal (Cooperativa Electoral), or by blue-collar and white-collar local government workers (Cooperativa Municipal). All of these, and scores of others that could be mentioned, stem from initiatives by the union branches concerned. Even greater is the number of food cooperatives that originated with the unions. These gave rise to two important federations, according to the sub-modality used (prior collective savings or mutual assistance in the construction process itself): the Federación de Cooperativas de Vivienda (FECOVI) and the Federación Uruguaya de Cooperativas de Vivienda por Ayuda Mutua (FUCVAM). Each federation groups around 500 cooperatives.

The consumer cooperatives in Argentina also had labour origins. El Hogar Obrero (The Workers' Hearth) started out building housing, then eventually became the largest consumer cooperative in the country. The Cooperativa Obrera, headquartered in Bahía Blanca, has 1,200,000 members and 100 branches. It was started by bakery workers.

Apart from worker cooperatives, all cooperatives run their activities by entering into contracts with dependently employed workers. This applies to the food, consumer, credit, banking, public service, insurance and farming cooperatives, which all have dependently employed workers and take part in sectoral collective bargaining on the employer side, while their workers are represented by the appropriate sectoral unions. For example, the electricity cooperatives bargain with the power workers' Sindicato de Electricidad, the cooperative banks with the bank workers' Sindicato Bancario, the consumer cooperatives with the commercial workers' Sindicato de Comercio and so on.

A debate is getting under way, based on the Mondragón experience, as to whether the workers in these cooperatives should in future be managerial members, sharing the management of the cooperative with the members who consume its services, whereas at present only the consumer members have a management role. So far, the trade unions in Argentina have opposed the idea, fearing that it might lead the workers to loosen their links with their union and cease paying their

dues.

But the debate is showing signs of deepening, as in these cooperatives the strategic information on the development of the business is in the hands not of the members but of the dependently employed workers. This often leads to conflicts of interest. They ought all to be members, whether as consumers or as managers, and share in the proceeds of the enterprise, which belongs to them all.

**What are successful models of coexistence between the unions and the workers' cooperatives and what can we learn from them? On the same point, it is sometimes asserted that workers' cooperatives offer better working conditions and more meaningful work, but where is the proof of this? Under what circumstances are decent working conditions achieved in cooperatives of this kind?**

When the union and the cooperative or the cooperative federation work together, both parties will be better able to fulfil their social and political roles.

It is true that there are cooperatives that offer better working conditions and greater labour advances than those provided for by union agreements. But they are a minority. The great majority of cooperatives try to abide by the relevant sectoral union agreement and the market rates.

If colleagues in a cooperative obtain labour advances that are inferior to those in the marketplace, and do not manage to increase their capital, they will tend to move over into private enterprises. It can happen in both Argentina and Uruguay that those lower down the job hierarchy earn more than the collective agreement rate, whereas the higher job categories earn a little less than the going market rate. This often creates problems in cases where cooperative convictions are not very strongly held.

But when the firm is doing well, other aberrations can arise, such as a lack of significant capitalization because priority is going to monetary income rather than to the future of the enterprise. This tendency is all the more marked in cases where members do not feel particularly relevant to their cooperative and the average age of the workers is high, thus encouraging short-term decisions rather than a longer entrepreneurial view.

Ensuring respect for rights is part of the joint work to be undertaken by the unions and the cooperative federations, as part of the cultural shift that the workers should make when they become the owners of their firms. Not losing sight of workers' identity, the ideological relevance of the movement, and convictions about rights are very important to the success of a cooperative enterprise.

Our concept is that it is the trade unions which represent dependent workers and the cooperative federations which represent the cooperative enterprises, and they can work together because we are all workers, some of whom are in dependent relationships while others own the means of production – but all are workers. And we believe that workers' rights should be the same for all. We should all have the same rights and benefits. It is just that labour cooperative members pay these rights and benefits out of the proceeds of our enterprises and it is our responsibility to pay them. Whereas for those who are in a dependent relationship, this is the employer's responsibility, but it is still paid out of the proceeds generated by the workers through their toil.

In the region as a whole, the degree of linkage between the trade union and labour cooperative movements has not ceased to grow. In that spirit, in Argentina the CGT and the CNCT have participated jointly in various social economy activities, leading to such joint projects as the

Metalworking Cooperatives Network of the Argentine Republic, under the aegis of the CNCT and the Unión Obrera Metalúrgica (UOM.) In Uruguay, a permanent space has been created for links between the FCPU and the PIT–CNT labour confederation, and some programme papers have been approved that aim to strengthen labour self-management. There is a specific agreement between the FCPU and the PIT–CNT on occupational health and safety, and this includes training and technical assistance to members of workers' cooperatives. In Brazil meanwhile, the roots of UNISOL can be directly traced to the CUT, and there is a mutual exchange of representatives between the two institutions.

Even though various situations exist in relation to specific cases, as a movement the worker cooperatives in the region have a firm wish for a closer relationship with the trade union movement. This is reflected in CICOPA–Mercosur's agreements and its strategic plan for the region, in which it has prioritized contacts and links with the Coordinating Body of Trade Union Centres in the Southern Cone (CCSCS), as well as with the ILO's offices for the Americas (both ACTRAV and the Cooperatives unit).