

Occupy Wall Street: An Opening to Worker-Occupation of Factories and Enterprises in the U.S.

by Peter Ranis

The Social Economy Context

The Occupy Wall Street (OWS) movement has clearly expressed the hopes and great potentialities of the working class both in the U.S. and globally. The 99 percent are speaking up and saying that they will no longer do the bidding of the 1 percent. In essence it is the revolt of the masses, the underclass in their many guises. People in NYC's Zuccotti Park are doing incredible things autonomously and with purpose. They are developing an island of political and economic autonomy that draws attention to what people can do on their own and for themselves. From many walks of life they are standing up and speaking with measured purpose and being heard. This is a valuable lesson for the American working class and their right to stand up and defend their jobs in factories and enterprises from being "disappeared."

The crash and recession of 2008 only heightened the concerns that we have about the capacity and willingness of liberal capital to provide for justice and equity for the overwhelming majority of Americans. The lack of societal concern by the large hierarchical capitalist firms and financial institutions has never been so clearly manifested. OWS represents a momentous breakthrough that demonstrates that we can indeed come together at this crucial time as workers, social movements, intellectuals, and labor unions, and use this critical opening to move forward to confront capital-labor relations throughout America.

The U.N. has declared 2012 the International Year of Cooperatives. This only adds to the imperative for exploring the many ways that worker-managed factories and enterprises can be seen as an alternative to traditional capitalist firms and companies. Cooperatives as worker-managed enterprises, for a number of institutional and societal reasons, represent alternative productive vehicles attempting to override the impact of deindustrialization, globalization, and the neoliberal ideological offensive. The social economy and solidarity relationships, represented by worker-managed enterprises, need to be examined as focal points for working-class and middle-class capacities to sustain the possibilities of a productive worker-centered culture. This has become ever more urgent given the shrinkage of labor union density, especially the decline of private-sector organized workers. Worker-managed factories and enterprises are called for particularly at this moment with the declining industrial base of the American working class. Perhaps upward of 25% of the American industrial heartland lies idle with the potential for unemployed workers to create cooperatives and other self-managed enterprises to fill that vacuum. But they need not be limited to laborers. The large bulk of the American working class find themselves in the services, in commerce, and among contingent workers, subcontracted workers, and immigrant workers. All of these groups deserve the benefits and entitlements that capital-labor reorganization would provide them.

Workers need to embrace the knowledge that worker-managed workplaces are a realistic and grounded alternative. Certainly in countries such as Argentina, Spain, Venezuela, Brazil, and Canada, worker self-managed companies have asserted themselves as new forms of worker solidarity, autonomy, and participatory initiatives within the capitalist economy. The experiences of the 21st century's first decade demonstrate that class consciousness and political awakening are enhanced, not diminished, by workers banding together into economic units that depend upon working-class and middle-class economic initiatives providing new forms of penetrating and mediating the challenges of the capitalist marketplace.

The Worker-Management Alternative

There is much reason to be positive about the feasibility, continuity, and longevity of the major innovations among cooperatives and recuperated enterprises. These constitute participatory worker involvement in managing enterprises, worker direct democracy through periodic assemblies, job rotations and reskilling, and educational and cultural outreach to community groups, social movements, and labor unions.¹

Research, particularly in Argentina, points to a heightened involvement among the cooperative and recuperated enterprise workers in public policy and its implications for the working class writ large.² I have observed that workers in Argentine cooperatives have a far better sense than other workers, even those unionized, in relating their working lives with other roles they play as community citizens and political activists, thus broadening their societal place.

There is clear evidence from the Spanish and Argentine cases that workers can organize and run the means of production while retaining equity and justice for the employees involved. Income distribution is not skewed to the top, management salaries and short-term profit taking by owners as well as managers are avoided, and capital is thus constantly reinvested in the firm itself. Cooperatives also serve as schools for participatory democracy as workers self-manage their work life, the largest investment of time in their daily lives.³

The world's leading industrial cooperative, the Spanish Mondragon multinational cooperative, serves as an emblematic case of what can be achieved. Judith D. Schwartz writes:

One hallmark of the Mondragon model is its use of capital. Rather than flowing into the pockets of executives and outside investors, a company's profits are distributed in a precise, democratic way; set aside as seed money for new cooperatives; distributed to regional nonprofits; or pooled into shared institutions like the university and research center. In other words each individual cooperative gains long-term benefits from the financial assets of the whole.⁴

Cooperatives are also better organized and sustained by values foreign to typical venture capital firms and thus are much more likely to withstand economic crisis such as the U.S. economy experienced in 2008. Robb, Smith, and Webb argue persuasively:

As the world learned in September 2008, as the value of investor owned publicly traded shares dropped by 20-40%, the unlimited return may be negative as a result of the unregulated pursuit of narrow self interest. Cooperative financial institutions did not create any of the "toxic paper" nor did the value of cooperative shares decline. The absence of cooperatives from this massive malfeasance and turmoil are additional benefits of deploying capital as cooperative capital. Those benefits accrue to both individuals using cooperatives to meet their needs and to the public generally. They are public policy benefits.

They go on to say:

The founders of the Mondragon cooperative wanted to create workplaces that were participatory and to stop the drain of people from the region. Since launching its first cooperative in 1956 the Mondragon group has grown to a workforce of 92,700 in 2008. The Caja [bank] has successfully participated in the growth of the Mondragon cooperative while achieving a solid success as a financial institution. In 1988 it administered 1.3 billion Euros

and by 2008 that had grown to 13.9 billion Euros.⁵

The proliferation of OWS from New York City to Oakland and beyond testifies to the yearning for more democratic and participatory means of existence. Moreover, public opinion has cast a favorable eye on these movements as they are touching deep-seated needs among all sectors of society.⁶ The OWS represents a progressive challenge to finance and corporate capital by focusing on their multiple defects rather embracing a reflexive anti-capitalist jargon. By the same token, where cooperatives have flourished, they represent a radical challenge to public policy by not beginning with a generalized, diffuse left-critique of capitalism without a clear and defined entry point. Recuperated enterprises by workers combine a left outlook that has a majoritarian basis because its demands and needs are so reasonable yet comprehensive. They typify the real frustrations of the unemployed and the potentially unemployed and should receive the sympathy and support of most citizenry in any capitalist country. The Wisconsin mobilizations, the Arab Spring, and the Spanish general strikes, as well as the proliferation of OWS, constitute a left-populist insurgency that bodes well for a push against corporate capital and its minions.

The Deindustrialization Crisis in the U.S.

The U.S. crisis of unemployment and underemployment, 16% by 2011,⁷ is probably more severe than at any time, including the Great Depression, because of the special and novel structural nature of unemployment caused by a global-oriented capitalist sector, the spread of technology throughout the world, and the increasing competition from skilled, low-wage workers abroad. Since the onset of the recession of 2008, 15% of the U.S. industrial sector jobs have been lost. Growing free trade deficits arising from the NAFTA alone have caused the loss of almost 700,000 U.S. jobs, most of them in manufacturing.⁸

What is required is a fundamental reorientation of the responsibility of public policy-making in defending the American working class. This has been essentially an absent ingredient. James Galbraith has written of the American predator state in which the wealthy class has taken over the government and legitimized certain approaches to the U.S. economy, among them monetarism, supply-side tax cuts, balanced budgets, and free trade. The underlying philosophy of the predator state is the inviolability of private property as exempt from heavy taxation.⁹ Robert Skidelsky has contended that Keynesian economic thought revolving around fiscal economic interventions has been categorically pushed aside since the Reagan presidency to the detriment of the U.S. industrial policy. He argues that the Bretton-Woods Keynesian era of 1951-1973 was superior to the Washington Consensus periods in terms of GDP growth rates, absence of recessions, lower unemployment, and more income equality. In contradiction to neoclassical economists in the U.S., he demonstrates that, despite the better growth rates, lower unemployment and greater income equality of the former, there was no difference in inflation rates between these two periods.¹⁰

The contemporary role of government has been ambivalent in restoring public and private employment as has its reaction to outsourcing and offshoring. A Democratic administration, confronting a demonically cynical, neo-conservative House of Representatives, has not embraced fundamental initiatives that would reconstruct a declining industrial economy. My view is that we need a serious change in the direction of the state. As has been shown by OWS and its Wisconsin predecessor, it has become increasingly evident that concerted activism can highlight the challenge by heralding the potential power of the solidarity economy. We need to examine the areas in which progressive community, political, and legal activists, with the cooperation of public agencies and city councils, can come together as advocates for working-class and middle-class empowerment.

In the U.S. context, the deep economic recession beginning in 2008 with double-digit unemployment both nationally and in various hitherto industrial states offers a rare combination of structural and ideological openings for reintroducing New Deal-style executive and legislative interventions. It is significant that the rise of worker cooperatives in Argentina followed on the heels of the financial default and economic crisis of 2001 fueled by rampant deindustrialization, high unemployment, and a dramatic growth of poverty and indigence.

The Argentine Example

In Argentina, workers have asserted their right to take over factories on the basis of national and provincial constitutional law that allows for the takeover of private enterprises with reasonable compensation in the interest of the "common good" and "public use." These actions occur when there is clear evidence that the effects of economic recession are fraudulently used by owners to decapitalize and disinvest in their firms. Some owners have reaped millions of dollars in government credits for non-production-related financial speculation while breaking labor contracts with workers and depriving them of their earned wages. Still others simply walked away from their enterprises by declaring bankruptcy and then, unburdened by financial duress, began new ones with unorganized cheaper labor. Expropriation by Argentine provincial or municipal legislatures on a case-by-case basis gives the cooperative workers protection from the creditors' demands upon the previous owners who incurred any possible debts. Without expropriation creditors can demand the auctioning off of the buildings and their contents, throwing the workers into the streets. 60% of the worker cooperatives have been given legal protection by provincial expropriations.¹¹ In some cases bankruptcy court rulings allow the workers to commence production as compensation for lost wages and benefits or allow for rental or lease agreements -- always under the legal usage of the right to set up worker cooperatives. In a few exceptional cases, workers themselves purchase the bankrupt enterprise over time.¹²

It should not be lost on the OWS movement that the watchword for Argentine workers recuperating their factories was "*Occupy, Resist, and Produce!*" In many cases workers occupied the factories that were about to be abandoned by their owners and sought support from neighbors, community networks, social movements, public-spirited lawyers, and progressive left political parties with a history of militancy. Once established, workers banding together can almost always make a go of the recuperated factory or enterprise by a significant shift in working-class cultural values and orientations. Workers working collectively, rather than competing individually to please managers and bosses, a climate of fostering a team mentality becomes possible. In a recuperated worker cooperative, knowledge of the enterprise's resources necessary for production, deeper knowledge of the product itself, and an understanding of the challenges to market the product become more widely dispersed among the workforce. The workers are involved in the hiring of new cooperative members, participate in the discipline of those working, and have the increasing potential to participate in questions of reinvestment or redistribution of the profits. Information is no longer held by capitalist owners and managers as a wedge of power applied against the workers but generously shared with those workers with a vocation and appetite for enhanced understanding of the production process.

The rate of continuity of Argentine cooperatives as of 2008 was 93% with only a 7% mortality rate.¹³ They have managed to carve out areas of economic survival that attests to worker initiative, collective engagement, and reconfiguring the workplace. As the workers proceed in the occupation and recuperation of their workplaces, they are touching on fundamental questions concerning the direction of the neoliberal economy. As the legal advisor to the 480-member *Zanón/Fasinpat* ceramic workers cooperative told me, "If there were 100 Zanóns this would be a different country. Zanón is struggling not

to be just another factory but to be the leading edge of social change in Argentina."¹⁴ By their capacity to form alliances with progressive legal, community, political, and labor forces available to them, they symbolize an alternative path to economic development that is predicated on worker solidarity and democracy in the workplace. The collective ownership of the workplace acts as a cultural catalyst for worker sacrifice, ingenuity, and creativity. Workers often originally formed cooperatives to avoid unemployment and poverty.¹⁵ Nevertheless through struggle and sacrifice they become socialized to a novel working class culture they are willing to defend. I argue that this model can be duplicated in the United States.

The University of Buenos Aires amassed a comprehensive study on the current state of Argentine recuperated enterprises.¹⁶ The number of enterprises recuperated as cooperatives increased from 161 in 2004 to 205 in 2010, and the numbers of workers so employed and officially documented increased from 7,000 to 9,400.¹⁷ Once the recuperated enterprises become cooperatives, legitimized by provincial and municipal expropriation laws, they demonstrate impressive solidarity among themselves by way of inter-cooperative associations, community and neighborhood groups, and a scattering of political parties and social movements such as the *piqueteros* (representing the poor and unemployed who take direct action to express their grievances).¹⁸ Though the Argentine national state has not been the initiator of the recuperated enterprise movement, it has not obstructed its development. Though the support has not been overwhelming, ministries in the federal government as well as those of various provinces and municipalities have intervened with subsidies, worker training, and legal counseling as well as social welfare programs. There has also been support from the public at large by way of donations, client help, food contributions, and political party *pro bono* advice.¹⁹

The overwhelming majority of the newly formed worker cooperatives meet either weekly or monthly to appraise administrative and production policies. In addition the cooperatives revise and reorganize working conditions by job rotations and other strategies to humanize daily work habits. More than half of the cooperatives allow only 33% difference between the highest and lowest paid member and over half keep the difference to just 25% or less. The differentiations are understandably based on the functions performed by the worker, the hours worked, the specialized category stipulated by prior union contracts, and worker seniority.²⁰

Many cooperatives open up their facilities to the community, creating specialized kindergartens, elementary and secondary schools, as well as student internship and training programs and even documentation centers and worker-oriented libraries.²¹ Significantly, Argentine recuperated enterprises and cooperatives are important participants in social movements and are particularly active in cultural and educational outreach to their surrounding communities and neighborhoods. For example the *Zanón/Fasinpat* cooperative ceramic factory of Neuquén Province has created a community health clinic which it subsidizes; in the city of Buenos Aires, *Maderera Córdoba* has created a cooperative woodworking secondary school and *IMPA (Industria Metalúrgica y Plástica de Argentina)* an adult education curriculum; the *Chilavert* printing cooperative opens its space to publishing workshops, literary readings, and art exhibits; and the *Hotel Bauen* cooperative facilitates space for community groups to present artistic, cultural, and political events.²²

Eminent Domain and the Solidarity Economy

In the U.S. we have the same mechanism as exists in Argentina to achieve worker-owned and worker-managed factories and enterprises: eminent domain. Eminent domain is constitutionally sanctioned and

has been applied for community, infrastructure, and development purposes. Plant closings have severe negative economic repercussions and societal externalities on workers and communities. These events then legitimize the right to regulate them by way of eminent domain on behalf of the public interest.

The collective social rights of workers who have built up the value of the firm through years of hard work and applying their know-how and skills have to be legally asserted. The companies cannot be free of societal obligations. By outsourcing jobs they have broken a contract for which there must be reparations and consequences. The use of eminent domain can spark a public debate about the obligations of corporations and confront the passive acceptance of the steady decline of jobs with livable wages.

Although there are thousands of credit, consumer, housing, utility, insurance, and agricultural cooperatives in the U.S. servicing millions of Americans,²³ there are only about 300 small worker cooperatives in which workers are truly involved in the day-to-day organization and participation in production and services. The use of eminent domain can provide the impetus to put worker-owned and worker-managed enterprises into the critical discussion of recovering jobs in America. In a landmark decision for the struggling American working class, the U.S. Supreme Court in *Kelo v. New London* (2005) ruled in favor of the city of New London by reason of eminent domain to take over private property for reasons of "public purpose." The court ruled on behalf of New London's economic development plan based on the "takings clause" of the U.S. Constitution's Fifth Amendment which states, ". . . nor shall private property be taken for public use, without just compensation." Justice John Paul Stevens wrote for the majority that expropriation of private holdings as part of urban development is justified for the public purpose of increasing jobs, tax revenues, and reversing urban decay. In a previous relevant case, *Berman v. Parker* (1954), a unanimous court observed: "The concept of public welfare is broad and inclusive." It becomes clear in *Berman* that the meaning of public use had been expanded to include "public interest" and "public welfare" by way of eliminating blight in a poverty-stricken neighborhood in Washington, D.C.

In the U.S. eminent domain has been used for many decades for building highways, airports, hospitals, municipal offices, schools, libraries, public parks, and sport complexes in the name of urban development and the public benefit. It is more appropriate to apply this same rationale to protect against the loss of industrial and service jobs on behalf of labor and the American working class.²⁴ What greater public purpose could there be than preserving work for the public! We need to use eminent domain for development purposes much as we use taxation and regulatory and zoning legislation.

Once expropriated, the factories and enterprises would then be turned over to the workers themselves who have the technical skills and know-how to run these industries. In Argentina, for example, workers have shown they can maintain and manage enterprises and industries, be they metal plants, tire factories, food processors, chemical plants, meatpacking plants, textile factories, auto parts installations, electronic component suppliers, ceramic factories, lumber factories, glass factories, supermarkets, printers and publishers, health clinics, hospitals, schools, and hotels as successful and viable establishments.

What distinguishes worker-run firms from traditional capitalist firms is that, in the former, workers achieve a greater knowledge of work procedures and the rationale for the entire production process. In addition workers enhance their knowledge of the enterprise budget through open assemblies that make the decisions concerning capital reinvestment versus profit distribution.

The formation of worker cooperatives via eminent domain provides a platform where worker productivity and wages move together, where shareholder dependency doesn't exist, where equity firms have no role. Cooperatives, for example, do not rely on equity capital which requires high rates of profit often resulting

from nonproductive sources of revenue. Within the newly-formed cooperative structure, the previously very visible disjunction between full-time, part-time, and temporary workers is abolished. There is a basic modicum of worker security and worker alienation is substantially reduced. Without owners and privileged managers and their super-sized salaries, workers share the enhanced profits equitably. Where speedups and pay cuts are required everyone shares in the downturn; hours may be cut, salaries reduced, until profits are reestablished, but the decisions are made by a majority in worker assemblies and the workforce remains in place.

David Gutknecht has highlighted a salient difference between cooperatives and traditional capitalist firms: "Cooperatives keep capital in the community where it was generated, while stock companies export capital elsewhere. Since they give surplus revenue back to their members, cooperatives keep wealth in their communities. Stock companies do the reverse. By distributing profits to shareholders, they take capital out of the community."²⁵

Workers' Self-Empowerment in the U.S.

Legally, eminent domain can legitimize the worker-owned and worker-managed factories as they strive to maintain their jobs and salvage the enterprises for themselves and their communities, while organizing for the larger goal of defending industrial and enterprise development and viable employment within the U.S. We have seen examples of worker comprehension of their rights as the creators of capital and their rights to keep their industry and jobs when equity firms have sought to vacate the premises and break contracts with both workers and communities. We have the partial examples of the Republic Windows and Doors workers in Chicago in 2008-2009, the Stella D'Oro bakery workers in the Bronx, New York in 2008-2009, and the Taunton, MA Haskon Aerospace workers in 2010-2011 taking the crucial initial steps of sit-down strikes and factory occupations to oppose equity firms leaving the workers and communities behind (in these cases, equity firms Gillman, Brynwood, and Esterline took out equipment to cheaper sites in other states or other countries). The latter two plants, however, closed in the end, throwing 136 and 100 workers respectively into unemployment, and in the Chicago case, a new firm has taken ownership (Serious Materials) which has rehired only 10% of the former 260 workers.

Factory occupations, sit-ins, petitioning public authorities to save jobs, nevertheless, are the necessary backdrops to advocacy for the application of eminent domain procedures. The formation of worker cooperatives by the U.S. working and middle classes has a major potential if supported by labor unions and organizations of central and municipal labor councils combined with community and legal organizers and activists. Desperate times call for desperate measures, and factory and enterprise occupations need to be put on the immediate horizon. Workers must initiate eminent domain proceedings in every single case of a runaway ownership, making it *de rigueur* activity everywhere in the U.S., so that it becomes a reflexive, multiplier activity accepted as a legitimate response to arbitrary and irresponsible behavior by private owners.

The American public has shown in surveys that it supports tax increases to bridge budget deficits rather than decreasing pay and benefits to the working class or reducing health care, educational expenditure, or public transportation.²⁶ There is little question that public opinion would support workers defending their jobs and homes against equity firms whose commitment is not to any particular community or country but to itself and its investors. Chains of worker cooperatives could become regional interlacing industrial zones committed to each other's existence and survival with an outreach to ever wider communities in terms educational, cultural, and job opportunities.

Civil society's need must take precedent over private property sanctity. The writings of William

Blackstone in 18th century England gave credence to state obligations over the John Locke's (17th century) view of the preeminence of the absolute of private property. Judicial decisions, stimulated by opinions by Justice Louis Brandeis, have broadened the eventual redefinition of eminent domain from public use to public purpose, public needs, and public benefit. As Brandeis wrote "the rights of properties and individuals have to be remolded from time to time at the behest of the needs of society." Such interpretations and applications of eminent domain were very common in the progressive era, the New Deal Years, and even the Eisenhower years. We have the Supreme Court decisions in *Berman* (1954), *Midkiff* (1984), and *Kelo* (2005), plus the various state cases such as the *Poletown v. City of Detroit* case in Michigan (1981) and various private transportation and utility eminent domain proceedings in Minneapolis (1974), New York City (1976), Wisconsin (1978), and Connecticut (1982) -- all strengthening the usage of the takings clause of the constitution for a greater public purpose be it for ending community blight, inequitable usage of land, economic development, and providing for a public need. It is only since the advent of Reaganomics that we have had John Locke's ideas imposed again via the Institute of Justice (1991), a right-wing think tank, and the Castle Coalition (2002), a right-wing advocacy group who have fastened on "eminent domain abuse" as a term of opprobrium which muddies the water of its positive usages and outcomes.

It is more and more obvious we cannot rely solely on the labor movement for grand initiatives, given that only 12% of our workforce is now unionized (8% of private-sector workers). It has to be the laborers, employees and middle-class workers representing 85% of Americans upon whom we base these aspirations.

As Occupy Wall Street has made clear, at present the American working class is subject to the overwhelming ideology of property rights, banking and business subsidies, flawed and give-back collective bargaining agreements, and at-will firings that inhibit their capacity for effectiveness as well as destroy their sustenance. Further we are under the aegis of neoclassical economists (Bernanke, Summers, et al.) who focus on the health of an economy as predicated on GNP growth whether it provides for jobs or not.

Beyond Factory Occupations

In December 2008, the United Electrical (UE) workers occupied the Chicago Republic Windows and Doors factory in protest against the company throwing its workers into the street without the two-month notice required by the 1988 WARN labor law. In Great Britain workers occupied three Visteon plants which supply parts for Ford Motor Company. In Ireland the Waterford Crystal plant was worker-occupied after it was bought out by a U.S. equity firm KPS. And in France, workers took bosses and managers hostages (so-called "bossnappings") for a day or over night in the French Caterpillar plant, a SM plant, a SONY plant, and a Michelin plant. All these protests resulted in either reducing the numbers of workers scheduled to be laid off, saved all jobs for a certain period, gained dramatically enhanced severance pay or promises of a new entity that would transfer and restore their jobs.^{[27](#)}

The commonality in all these worker actions was the occupation of the factory or offices *before* attempting to negotiate with the owners and managers. That gave the workers the legal, political, and ethical bargaining power to confront capital on its own playing field, namely by contending that the company is breaking a contract and a commitment to a community. And because of the dramatic nature of the workers' militancy, in all these cases of worker occupations of plants and managers' offices, the U.S., British, and French public officialdom got involved in the support of the workers: in Illinois state legislators, Chicago ward councilors, Senator Richard Durbin, Vice-President Joe Biden, and President Barack Obama supported the sit-down action; in Ireland, various Northern Ireland governmental ministers

gave their support to the Visteon workers; and French President Nicolas Sarkozy made commitments that there would be no immediate layoffs. This influenced and solidified legal opinion, public support, and gave the workers the additional moral authority to push their demands.

These are key first steps, but it is critical to take the second step and form a worker-managed enterprise and call for city or state legal action using eminent domain. Leaving the factory before securing political support and legal initiatives, as in the case of the courageous and defiant Stella D'Oro bakery workers on strike in the Bronx, New York in 2008-09, is not the best alternative. The 136 workers had shown themselves to be a coherent and solid group of workers, striking for 11 months to resist draconian job givebacks. Not a single worker crossed the picket line, while they engaged an important community, political, and labor support group and used its union Local 50 of the Bakery Confectionery, Tobacco Workers, and Grain Millers (BCTGM) to attain a positive National Labor Relations Board (NLRB) ruling that mandated back pay and benefits. Almost immediately after the NLRB ruling in July 2009, Brynwood Partners, the equity firm that now owned Stella D'Oro, announced plans to close the factory and eventually sold it to the manufacturer, Lance, Inc. which moved the company to Ohio in the fall of 2009.

As important as the Stella D'Oro solidarity outreach was, it was not enough to save the jobs of the 136 workers. Without a decisive plant occupation, community groups and labor unions alone are not enough to carry the day. Concerted worker activism is the required first step followed by the use of eminent domain proceedings instituted by the municipalities involved. In New York City, however, neither the city council nor the mayor provided the necessary critical support. Had OWS been in place at that time, there is no doubt that this movement could have provided the necessary mobilization on behalf of these Bronx workers.

The UE Chicago workers took that first principled and reasonable step of peacefully occupying and maintaining the Republic plant ready for production. This stood as a powerful message and opportunity for the American working class to make that cultural leap. In February 2009 a bankruptcy court judge ruled that a California building materials company (Serious Materials) could purchase the plant's assets and employ the 260 workers involved in the occupation of the factory. However, this alternative was fraught with the uncertainty of market calculations by the private buyer. By mid 2010, Serious Materials had rehired only 30 workers. It would have again been appropriate if a progressive community and political coalition in Chicago had called for the intervention from the city council to implement eminent domain proceedings.^{[28](#)}

In Taunton, MA, workers, again of the United Electrical Workers (UE), were in a serious labor conflict with Esterline Technologies, which planned to move 100 jobs to non-union plants in California and Mexico. The Taunton plant, Haskon, Inc, made door seals and silicon gaskets for aircraft. Despite being a profitable enterprise with profits of \$120 million in 2010, Esterline announced it would auction off the equipment in December 2010 to pay for the workers' severance package. The UE was able to get the support of Congressman Barney Frank, state legislators, and the City Council to request a delay the auctioning of the Haskon equipment until mid-February 2011. For the first time in recent modern labor history, the union then attempted to initiate eminent domain proceedings, with the support of the Taunton City Council and the Mayor, to seize the Esterline machinery and buy the property and factory on behalf of the workers. According to the Massachusetts Constitution law of home rule, eminent domain can be applied to taking of property, both personal and intangible (machinery and equipment).

This purposeful and creative methodology sadly failed for several reasons. Firstly, the Taunton City Council in late December 2010 passed a home rule petition sent to the Massachusetts legislature to apply the use of eminent domain to purchase the company machinery and equipment. A home rule petition

became a necessary procedure because Esterline did not own the building, only the machinery and equipment. Secondly, the Esterline Company demanded \$300,000 to pay the cost of the equipment and machinery from the Haskon workers to avoid an auction that would probably be worth a third of that. Thirdly, the auction occurred on January 19th, two days before the Massachusetts legislature reconvened to even consider an eminent domain intervention and the severance package was approved by the aerospace workers at Haskon.

Still, this labor confrontation in Taunton, MA showed the possibility of applying eminent domain to runaway plants. The UE and the workers were able to get the support of local unions, Jobs with Justice chapters, Massachusetts Nurses Association, Jewish Labor Committee, Greater Southeastern Massachusetts Labor Council, and community residents of Taunton. They were able to use this groundswell to get the City Council and Mayor to vote in favor of eminent domain and to get voices of support from state legislators as well as their congressional representative, Barney Frank. As in the Stella D'Oro case in Bronx, New York, an important factor was the certainty of a severance package as opposed to the challenges of the struggle, both political and financial, to see eminent domain proceedings to their conclusion. This requires a good deal of courage on the part of the workers involved as well as the willingness to depart from the norms of previous plant closing scenarios. Unless eminent domain becomes a manageable choice -- a default alternative -- severance payouts will continue to poorly compensate workers while closing their industries and commerce throughout America.

The Occupy Wall Street Context

Cooperatives and recuperated enterprises are in the last analysis defensive strategies, but they allow the workers to act "as a class in itself and for itself" as Marx advocated. These structures combine human values of self-interest and survival with real democratic participatory life. Theoretical liberal democratic representative government has proven over time to be inadequate to the needs of workers. As the Occupy Wall Street movement shows, people are yearning for actual on-the-ground democratic participatory life, not just wishing to defend economic interests. In taking over the factories and enterprises, workers can concretize the OWS movement, becoming protagonists who represent themselves and, in so doing, represent the overwhelming majority of people in any given community. When workers occupy a factory or enterprise, it is really about what they attempt to keep, not what they attempt to take. By dint of their work they have produced a product, raised capital and invested it, and supplied the surrounding community with their consumption, their taxes, and their everyday involvement in the life of their town or city. It is crucial to expand the narrow definition of private property. Whose property is it anyway? The erstwhile owners and managers who accumulated the original capital and initiated the investment proposal, or the workers who have made them usable and useful and magnified their value through years and often decades of commitment and hard work?

Workers cannot be separated from the capital they have produced. A necessary collective contract has developed over time that puts the workers in the forefront of who is responsible in the final analysis. This relationship or, really, social contract has superseded the simplistic notion of private property as belonging to the owner.

The implementation of eminent domain on behalf of the working class provides a sense of the workers as not only the legitimate owners of the enterprise but views workers as independently demanding equity and basic social justice. Deindustrialization in Argentina since the military regimes of 1976-83, followed by liberal and neo-liberal civil administrations in the 1980s and 1990s, led to the economic crisis of

2001. After the financial default and the explosion of unemployment and poverty in 2001-2002, cooperatives became a clear and necessary working-class choice in Argentina and the government helped workers recuperate enterprises, as discussed above. These conditions approximate those in the U.S. since the deep recession that began in 2008 and continues today to impact the U.S. working class that is undergoing a dramatic deterioration.²⁹

We need to expand what is politically the right of the working class to occupy factories and offices when they are threatened with unwarranted closure based solely on the desire for more rapid accumulation of profit. There are examples, particularly in Argentina, that demonstrate that these methods are both legitimate and effective. Perhaps more important, however, is the spirit of rebellion shown us by Egyptian workers and students. We have seen that rebellion is correlated with certain demographic and economic characteristics shared by Egypt and the United States. Where unemployment is high, income inequality is large, and social media penetration is significant, the potential for rebellion is also high. This Middle Eastern profile fits the U.S. far more closely than our Western European counterparts. The OWS movement has highlighted this American reality as never before.

Workers must respond to employer decisions to close the plant, remove the machinery, and break the social contract. Worker occupations are the necessary and required response to them, just as OWS is to the financialization and corporatization of the American economy. They can be legally defended by way of eminent domain. Support from municipal councils and state legislatures are important ingredients, but worker mobilization is the indispensable first step. The economic crisis calls for such measures. Alliances must be established between public entities and authorities and the 99 percent (!) of the Americans who constitute the middle and working classes. A coalitional offensive needs to be mounted against the self-serving U.S. employer class that no longer upholds equity and fairness to its workers and employees.

Worker-managed factories and enterprises represent an attempt to bypass and even subvert the traditional capitalist firm as they experiment with workplace organization that avoids both the state socialist model of top-down controls and the capitalist hierarchical firms. They plant the seed in market economies that points to a third way of organizing work.

Eminent domain, however, should not be considered a revolutionary departure from traditional public policy that includes the powers to tax and spend, to regulate place of work environmentally, to zone for economic purposes, to apply rent control, and to protect workers and communities from health and safety hazards. The former depends on, and in turn complements, the latter.

With a novel approach to using eminent domain on behalf of workers for the clear benefit of economic development, social justice, and worker autonomy, we can reverse the trend of condemning an increasing number of communities to unemployment, a shrinking tax base, poverty with the concomitant rise of Medicaid and public assistance expenditures, and the continuing erosion of America's skilled labor force. How can communities continue to stand idly by while crucial employers, who have fed off the public trough and their loyal workers, often for decades, decide to get up and leave when the eminent domain procedure is available? Eminent domain is the viable mechanism that will place worker autonomy and worker rights at the center of the political debate in the defense against the continuing decline of decent jobs in America.

Notes

- [1](#) Peter Ranis, "[Argentina's Worker-Occupied Factories and Enterprises.](#)" *Socialism and Democracy*, 19, No. 3 (November 2005): 93-115 and "[Factories without Bosses: Argentina's Experience with Worker-Run Enterprises.](#)" *Labor Studies in Working Class History of the Americas*, 3, No. 1 (Spring 2006): 11-23.
- [2](#) Peter Ranis, "[Argentine Worker Cooperatives in Civil Society: A Challenge to Capital-Labor Relations.](#)" *Working USA: The Journal of Labor and Society*, 13, No. 1 (March 2010): 77-105.
- [3](#) Carl Davidson, [New Paths to Socialism](#) (Pittsburgh, PA: Changemaker Publications, 2011): 17-37; David Schweickart, [After Capitalism](#) (Lanham, MD: Rowman & Littlefield, 2011); Andrés Ruggeri, *Las Empresas Recuperadas en la Argentina* (Buenos Aires: Programa Facultad Abierta, Facultad de Filosofía y Letras de La Universidad de Buenos Aires, 2010); Marcelo Vieta, "[The New Cooperativism.](#)" *Affinities: A Journal of Radical Theory, Culture and Action*, 4, No. 1 (2010): 1-8.
- [4](#) Judith D. Schwartz, "[In Cleveland, Worker Co-Ops Look to a Spanish Model.](#)" *Time* (December 22, 2009).
- [5](#) Alan J. Robb, James H. Smith & Tom J. Webb, "[Co-operative Capital: What It Is and Why Our World Needs It.](#)" paper for EURICSE Conference on Financial Cooperative Approaches to Local Development Through Sustainable Innovation, Trento, Italy, June 10-11, 2010: 8-9.
- [6](#) *New York Times*, October 26, 2011.
- [7](#) *New York Times*, May 2, 2011.
- [8](#) Robert E. Scott, "[Heading South: U.S.-Mexico Trade and Job Displacement after NAFTA.](#)" *Economic Policy Institute*, May 3, 2011. Overall it has been estimated that since 2000, the U.S. has lost six million jobs and 50,000 enterprises have been shuttered.
- [9](#) James K. Galbraith, [The Predator State: How Conservatives Abandoned the Free Market and Why Liberals Should Too](#)(New York: Free Press, 2008).
- [10](#) Robert Skidelsky, [Keynes: The Return of the Master: Why, Sixty Years after His Death, John Maynard Keynes Is the Most Important Economic Thinker for America](#)(New York: Public Affairs Press, 2009). Income inequality in the U.S. has never been more skewed than in the present period. The U.S. Congressional Budget Office has shown that, from 1979 to 2007, average after-tax income grew 275 percent for the 1 percent of the population with the highest income. By contrast, the poorest fifth of the population's income rose by only 18 percent, while the three-fifths of the population in the middle-income sectors rose by 40 percent. The share of income for the top 1 percent climbed from 8 percent in 1979 to 17 percent in 2007. Those in the lowest fifth received 5 percent, down from 7 percent in 1979, and those in the middle three-fifth's share of income declined by 3 percent since 1979. See the *New York Times*, October 26, 2011.
- [11](#) Hector Palomino, et al., *La Nueva Dinámica de la Relaciones Laborales en la Argentina* (Buenos Aires: Jorge Baudino Ediciones, 2010): 36.
- [12](#) Ranis (2005): 100-105.
- [13](#) Palomino (2010): 29.
- [14](#) Ranis (2010): 89.

[15](#) Julián Rebon, [*Desobedeciendo el Desempleo*](#) (Buenos Aires: Ediciones Picaso/La Rosa Blindada, 2004).

[16](#) Ruggeri (2010).

[17](#) Ibid., 7, 37.

[18](#) Ibid., 18-19.

[19](#) Ibid., 69-70.

[20](#) Ibid., 44-46, 52, 54.

[21](#) Ibid., 77-79.

[22](#) Ranis (2010).

[23](#) For example, there are approximately 7,400 cooperative credit unions servicing 93,000,000 people in the U.S. Worldwide, one billion people are associated with cooperatives.

[24](#) Peter Ranis, "[Eminent Domain: Unused Tool for American Labor](#)," *Working USA: The Journal of Labor and Society*, 10, No. 2 (June 2007): 193-208.

[25](#) David Gutknecht, "Thinking Outside the Coop," *Cooperative Grocer*, #136 (May-June, 2008): 5. Robb, Smith and Webb argue similarly, "Cooperatives, rather than being forced to invest their savings in obscure financial instruments that offend their values and finance investor capital endeavors in distant places, will be able to see their savings used to meet needs closer to home" (16).

[26](#) *New York Times*, March 1, 2011.

[27](#) Peter Ranis, "Worker-Run U.S. Factories and Enterprises: The Example of Argentine Cooperatives," In Emily Kawano, ed. [Solidarity Economy: Building Alternatives for People and Planet](#) (Amherst, MA., Center for Popular Economics, 2009), 115-123.

[28](#) Kari Lydersen, [Revolt on Goose Island: The Chicago Factory Takeover and what it Says About the Economic Crisis](#) (New York: Melville House, 2009) and Ranis, 2009.

[29](#) Steven Greenhouse, [The Big Squeeze: Tough Times for the American Worker](#) (New York: Alfred A. Knopf, 2008).

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