

## 17    **Production and labour of a state-owned enterprise**

A case study of an Argentinean shipyard, Astillero Río Santiago

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### **Introduction**

With a regulatory protectionist framework promoting the construction of ships in the country, the development of the shipbuilding industry in Argentina was characterised by strong state intervention. The state played an important part in supply, being the owner of large shipyards, and also in demand for ships for the Argentinean navy and for the country's main transport and production companies, constituting an important public, productive, and commercial framework.

The characteristics of the Argentine shipbuilding industry, its recent history, and the role of the state were presented in Chapter 16 by Cintia Russo. In the present chapter, I adopt a case perspective to observe how some macro-social processes (changes in capitalism and in the organisation of production, and the economic role of the state) are expressed at a micro-social level, in this case, at company level. The aim of this chapter, therefore, is to characterise several dimensions of Argentina's largest and most significant state-owned shipyard, Astillero Río Santiago (ARS), and to highlight the most significant developments in production, employment, working conditions, and industrial relations at the shipyard over the past five decades.

The chapter is divided into five sections. First, I trace the history of the enterprise, as well as its relationship with the National Industrial Policy and the role of the state. Secondly, I describe the characteristics of production and organisation of labour present in the shipyard. Thirdly, the characteristics of workers in ARS are analysed, along with their working conditions and the features of the internal labour market. Fourthly, and in relation with the previous topic, I describe the specific work culture built around the shipyard, highlighting the material and symbolic (values, visions, symbols) aspects which supported it. Fifthly, I will analyse the recent history and current characteristics of labour relations in the company. I will also focus

on two key points in the history of labour disputes in the shipyard: the strategies of workers during the 1976-1982 military dictatorship in Argentina and the struggles of resistance faced in the 1990s privatisation onslaught. Finally, I reflect upon developments in the company, remarking on the current organisational and productive challenges, and the place that social actors (especially unions) have within the enterprise.

### **A brief history: the construction of a state-owned company**

Astillero Río Santiago (ARS), located in Ensenada (Buenos Aires province, Argentina) on the Río de La Plata,<sup>1</sup> was created on 15 June 1953 by Astilleros y Fabricas Navales del Estado (AFNE), a company comprising Astillero Río Santiago (ARS) and Fábrica Navales de Explosivos Azul (FANAZUL). ARS depended on the Argentinean navy which managed it.<sup>2</sup>

The shipyard was conceived as a part of a strategic industrialisation plan set in motion by President Juan Domingo Perón during his second term of office to strengthen heavy industry and to promote the creation of a nationwide industrial framework.<sup>3</sup> The shipyard was designed to meet the needs of the domestic merchant marine and the Argentinean navy. It specialised in manufacturing and repairing ships (naval and mercantile). ARS was, and still is, the biggest shipyard in Argentina, and one of the two state-owned companies today. To 1993, ARS was state-owned; since then, it has depended on the Buenos Aires provincial government. In this, the state played four significant roles: producer and consumer of ships, market regulator, and financier.

After its formation, ARS expanded in terms of production and employment, as well as installation capacity. Within a framework of an import-substitution industrialisation model, the company developed a wide range of services connected to the navy incorporating new technologies, and development of know-how and specific skills. ARS built almost all components of ships aided by its comprehensive technical and administrative infrastructure and highly qualified workforce. Over the years, the company achieved an important place among the factories in the region and was considered, towards the middle of the 1970s, the biggest shipyard in South America.

1 Currently the shipyard occupies an area of 42 hectares.

2 ARS was created by Executive Decree No. 10,627, dated 15 June 1953.

3 It should be noted that the Argentinean shipbuilding industry had relevance only at the local level, and has never reached a significant share of worldwide shipbuilding.

Until the mid-1970s, ARS, in addition to constructing ships, also manufactured diesel engines,<sup>4</sup> railway infrastructure, lock gates for docks, pressure vessels for the oil and petrochemical industries, turbines and generators for hydroelectric-power plants, and nuclear components. Most of this diverse production was terminated in the 1980s as a result of a fall in domestic demand and strong competition from foreign manufacturers, which came with the opening up of national economy to external markets during that decade.

In short, until the mid-1980s, ARS was a diversified producer with high-value, extensive auxiliary productive capacity, heavy dependence on the state, and high levels of employment. Due to its military origin, the internal organisation of the company was characterised by a bureaucratic, pyramidal, and hierarchical structure. It had a state-oriented organisational discourse, stressing the consolidation of economic and commercial sovereignty through building ships locally. In this sense, the administration of the shipyard promoted a strong nationalist feeling among its workers. Being a public company, it had a role of strengthening and expanding national industrial development.<sup>5</sup> Indeed, the state developed a corporate policy of paternalism that structured workers' lives inside and outside the factory, including housing, education, and recreation.

A high exchange rate, the sudden opening of the market to international competition, and the closing and/or privatisation of the largest state-owned companies<sup>6</sup> were the new features which ARS had to deal with in the 1990s. In 1991, ARS was declared subject to privatisation, under the Economic Emergency and State Reform Acts.<sup>7</sup>

The decreasing demand for ships and changes introduced in the regulatory framework induced nearly complete paralysis in ARS. Moreover, aiming at "healing" the company before it was to be privatised, the national government implemented a rationalisation plan to reduce employee numbers. Between 1990 and 1993, through voluntary retirements, ARS cut 60 per cent

4 ARS built marine slow- and medium-speed diesel engines through diverse licences signed with companies such as Burmeister and Wain (Copenhagen), Sulzer (Winterthur), Fiat (Turin), and Ateliers des Charmilles (Geneva).

5 Among the objectives of the Statute of AFNE (1953) one stands out: "to participate, for the purposes of national defence, in the industrial mobilisation of the nation".

6 State-owned companies (especially the oil company YPF and the transport company ELMA) were ARS's main clients.

7 Act 23.696 from 1989 declared a state of emergency in the public environment, the take-over of all entities, companies, and state-owned partnerships and the privatisation of public companies. Act 24.045 of State Reform from 1991, among other things, details the entities to be privatised.

of its staff (from 2,460 employees to 1,036). These years witnessed severe conflicts within the company, in which workers argued for the reactivation and retention of ARS as a state-owned company.

Due to the implementation of neo-liberal policies by the Argentinean government, ARS experienced a lower level and degree of diversification of production, loss of auxiliary production and domestic market competition, reductions in qualified personnel, less productive capacity, and a deterioration and/or loss of certain organisational policies. However, from 1997, production and employment started to grow because of new orders from the provincial government and new foreign orders for ships.

The nature and volume of production had changed radically in the previous four decades. Until the beginning of the 1980s, ARS's production comprised warships for the navy and merchant ships whose main clients were national state enterprises. To date, sixty-four ships have been built by ARS, forty-eight of which are owned by the state or the Argentinean navy. Since the end of the 1990s, production of ships has shrunk and the focus was on the foreign market. Actual production is concentrated on foreign shipbuilding orders (from Venezuela and Germany) and metal-mechanical constructions for government works.<sup>8</sup>

In the past three decades Argentina's productive orientation, based on natural resource extraction and processing of raw materials, discouraged the development of heavy industry. In this context, the role of shipbuilding and the ship repair sector in the national economy is not very significant. According to statistics and official data from 2009, the shipbuilding sector represents just 0.1 per cent of industrial gross production value (GPV)<sup>9</sup> and 0.5 per cent of industrial employment. In 2009, the Physical Production Volume Index reattained 1997 values, while the productivity-per-worker index presented a value at 57 per cent lower than in 1997.<sup>10</sup>

Summing up, we can see five stages in the production history of the shipyard:

- 1 1953-mid 1980s: consolidation and expansion of volume and lines of production, based on the demand of the navy and state-owned enterprises, in a context of a semi-closed economy.

8 Shipbuilding production between 1997 and 2012 (five bulk ships and an oil tanker) was focused on foreign shipowners. Currently, ARS's major contract is with the Venezuelan oil company PDVSA for several oil tankers.

9 GPV was calculated based on industrial survey data from Instituto Nacional de Estadísticas y Censos (INDEC) Wholesale Price Index and 2004 National Economic Census.

10 Center for Production Studies (CEP), based on INDEC.

- 2 Mid- to end 1980s: national economic crisis and reduction in orders from state companies.
- 3 1989-1992: new macro-economic and institutional context (government of Carlos Menem) marked by the deregulation of strategic economic sectors and the shrinking of the state; cessation of productive activity, reduction of employment, and a privatisation policy that caused significant and prolonged labour protests at the shipyard.
- 4 1993-1997: transfer of the shipyard to the provincial government and gradual reactivation of production with small works.
- 5 1998-2012: reactivation of shipbuilding for export with employment growth.

### **Production capacity and organisation of work**

ARS's three lines of production are shipbuilding, ship repair, and metal-mechanical constructions. However, shipbuilding is the most important in terms of sales and number of jobs. Moreover, ARS is currently the only shipyard in the country that builds large ships.

On the three slipways (220 m, 180 m, and 160 m long) several types of vessels can be built: warships and merchant ships (bulk carriers, general cargo ships, and tankers) of up to 80,000 dwt, as well as offshore constructions and platforms. The last significant ships built at ARS were five 27,000-dwt bulk carriers for the German company Wilhelm Finance Inc., and two 47,000-dwt product carriers for PDVSA from Venezuela.

In relation to metal-mechanical construction areas, there are more than 250 machine tools of every type and dimension installed in the workshop for machining operations and additional tasks. ARS supplied engineering, fabrication, and erection of large mechanical structures, among which are some outstanding infrastructure works, such as parts of hydroelectric power stations, and large infrastructure road works, ARS being the only company in the country to build metal roadway bridges. This line of production had an important role during the reactivation of production in the mid-1990s.

Production in the shipyard is organised according to the specific task and is structured around individual crafts. The organisation of labour allows the simultaneous performance of different trades at different stages of the process, as well as joint work by technicians, supervisors, and operators. In this planning and organisation of production, trade groups still have an important margin of autonomy. Indeed, the productive process and

labour organisation have not experienced significant changes in the past four decades.<sup>11</sup>

Related to the level of technology used, ARS did introduce some new equipment; however, management did not develop a long-term strategy of technology modernisation to radically change production processes, or relations of production in structural terms. In the past few decades, ARS has made insufficient investments in technological development and equipment, and largely kept the original infrastructure of the 1950s. Improvements were introduced only in equipment for steel cutting and welding processes. Consequently, ARS's equipment and infrastructure (between other variables) have not allowed its workforce to reach international standards of productivity.

The absence of certain labour-saving machinery, of modern management techniques, and of other equipment results in many operations being done in a "craft" way. Production time rises because of climatic effects or, for example, preparation work at height. In the same manner ARS has not developed a long-term policy of research and innovation. All these variables go against a radical improvement of production quality, competitiveness, and productivity.

## Workers and working conditions

The expansion of production in the shipyard was also reflected in employment growth, which reached its peak in the mid-1970s at around 4,500 employees and around 1,800 workers who were employed by different sub-contracting companies. As Figure 17.1 shows, the level of employment is related to the stages of growth and crisis of the shipyard in recent decades.

In general terms, the workforce of ARS is highly qualified, comprises a wide range of professions and specialities, and has on average been with the company for a considerable time. Most workers have worked in the shipyard continually, and it is the first and only job in their entire working life. Also, many of the current workers began their careers as students in the company's Technical School (ETARS), later being hired as permanent staff.

The current staff comprises 3,500 workers of whom 3,200 are under the Collective Labour Convention and 300 are managerial staff. The distribution of workers by production area has altered in recent years, respecting the traditional distribution between direct and indirect workers. In 1977,

11 The changes introduced in production implied some new equipment and minor modifications in vessel design.

**Figure 17.1 Employment in Astillero Río Santiago, 1971-2012**

Source: Personal Department of Astillero Río Santiago (1971-2012)

workers involved directly in production represented 64 per cent of the workforce; in the past five years, this percentage has reduced to 44 per cent.

According to data from the Personnel Department of ARS, in 2010, 28 per cent of the total workforce under the Convention have less than thirty-two years in the company's employ and 69 per cent of the workforce have less than fifteen years' employment. This data about age composition of the workforce reflect a growing renewal of the workforce caused by the recruitment of young workers. In 2007, for example, 51 per cent of the workers under the Convention were 46 or older, while workers under 32 years old represented 22 per cent.

The recruitment of the workforce in the shipyard is carried out through two formal mechanisms: registration in the company and the "job bank" of the union. These mechanisms are mainly used for the recruitment of staff for production areas, the union path being the more used. Recruitment searches for professionals and management are mainly made on an informal basis, drawing on the recommendations of existing staff.

According to the rules incorporated in the existing collective labour agreement,<sup>12</sup> the relatives of employees have priority for jobs in the company;

12 The collective agreement 91/75 was signed in 1975 between ARS and Asociación Trabajadores del Estado (ATE), a union for state workers. The labour agreement remains in force.

accordingly, many fathers and sons work for ARS. Informally, those workers who reside in Ensenada are also favoured.

In accordance with data from a survey conducted in 2010,<sup>13</sup> 64.8 per cent of workers have or have had family members working in the enterprise and, within this group, 48 per cent are the father or son of another ARS worker. Around 89 per cent reside in the cities of Ensenada, La Plata, or Berisso, within 20 km of the company, and 25 per cent are graduates of the company's Technical School. In short, the typical profile of the ARS workforce corresponds to a middle-aged male (men represent 91 per cent of the labour force) with labour experience related to the area of production, who was born in the region, and has relatives among other workers.

The labour conditions formally set by the collective labour agreement correspond to the prevailing regime of labour relations in public companies in Argentina until the mid-1980s. It was characterised by strong state intervention and a labour protection policy. The current labour conditions are clearly protective of the workforce, guaranteeing hiring on a permanent basis, stability in post, professional training, and the possibility of promotion, among others. The working day is fixed for all sectors and categories at 8 hours per day, without considering the possibility of rotating shifts or working hours to demand increased productivity.

With reference to the remuneration system, the collective agreement includes wage rules that determine increments through a system of automatic adjustment which is established on the basis of a minimum wage. Compared with the average industrial wage in Argentina, today, ARS has high levels of remuneration. Up to this stage, it can be concluded that the maintenance of such labour conditions in the company has been, largely, an achievement of the trade union policy developed in the past fifteen years.

Contrary to the trend observed at international levels, ARS has not developed wholesale strategies of outsourcing or sub-contracting labour in the past two decades, with an exception during the period 1997-2000, in which the staff hired on short-term contracts represented almost 25 per cent of those employed. That increased levels of sub-contracting have not occurred is explained by the strong and sustained policy of the union, which

13 The survey was conducted by the author of the paper in the framework of the Research Project "Trajectory of a State-Owned Enterprise: Shipyard Rio Santiago" from Universidad Nacional de Quilmes. The sample included 265 workers; it was non-random and opportunistic, and is not statistically representative of the workforce.



**Table 17.1 Index of productivity, Structures Workshop, ARS, 2004-2010**

Year	Tons of steel produced per year (1)	Number of workers equivalent (2)	Index of productivity (1)/(2)
2004	3596	635	5.66
2005	3955	607	6.52
2006	3239	599	5.41
2007	1966	562	3.50
2008	2496	501	4.98
2009	2166	464	4.67
2010	2877	639	4.50

Source: Structures Workshop, Production Department, ARS

puts pressure on the provincial government and the company to create jobs with stable and regulated conditions.<sup>14</sup>

After the transfer of the shipyard to the provincial government in 1993, the balance of power between company management and the union changed in favour the latter. Claims and trade union actions have achieved agreement avoiding outsourcing activities and hiring of temporary labour.<sup>15</sup> Currently, there are no observable changes in working conditions that may be associated with flexible and precarious employment criteria (such as rotating shifts, variable of wages, or rotation between different jobs).

In the framework of a protectionist internal labour market, two challenges presented themselves to management that questioned the level of productivity: absenteeism and increased labour costs. Currently, in ARS, there is a 15 per cent absenteeism rate and between 18 and 20 per cent of unproductive hours lost (caused by lack of materials, equipment repair, climatic factors, preparation of work, lack of power supply, etc.). These failures result in high man-hour costs (an average of USD \$80 per hour in 2012), which makes it almost impossible to compete with prices at an international level.

In conjunction with other variables (such as the technological level of equipment and machinery, problems of internal organisation, limited availability of financial resources, etc.) these elements largely account for the fall in productivity observed in recent years. Considering only data from the Structures Workshop, which represents around 30 per cent of the labour force of the shipyard, a significant drop in productivity can be observed.

14 See Frassa, "Los límites a la precarización del empleo".

15 In 1998, there was a strong labour conflict because of the expiration of the contract of 200 temporary workers, which culminated in the resolution to retain seventy of them.

## **Culture of work: “Astillero Río Santiago: National Will, Building for the Sea”<sup>16</sup>**

Added to the “objective” features of the employment relationship in the company, the presence of kinship relations, the local origins of the workforce, the maintenance of traditions of knowledge transfer and training, and the sustainability of craft-type working have given the company peculiar traits that are reflected in a certain culture of work. These elements ensure the transmission, from generation to generation, of values and symbolic representations that make up the organisational culture, and that form a collective labour culture identified with the company.

The organisational culture of the ARS was shaped in close relation with the management of the navy, which permeated the company with specific traits based on the principles of hierarchy, order, efficiency, and professional expertise. From its origin, ARS was conceived as a company at the service of the national state, which promoted among its workers a strong nationalist feeling based on the company’s public character, and on its role in strengthening the development of local industry. This discourse, together with the material benefits and work stability the shipyard traditionally provided, developed in the workers a strong social and work identity closely related to the company.

The national and state-owned character of the shipyard was a fundamental pillar of the organisational culture that is expressed in the value acquired by the “public question”. This value constituted the ideological premise on which was based the action of labour resistance to the policy of privatisation in the 1990s. It was not only the source of employment that was being defended, but also the values and concepts (of sovereignty and national industrial development) that the company stood for. The opposition strategy was against the attempt to privatise ARS as well as against the neo-liberal economic model.

According to one of the workers interviewed:

For us the shipyard is a bastion of sovereignty, is strategic [...] For us to defend the shipyard in part is to defend national sovereignty. That’s the reason why the ARS workers defended the company for so many years [...] it is a part of them (Angel, interviewed in 2009).

16 Commercial slogan adopted by the company up to the 1980s.

In this sense, the privatisation attempt was understood by workers not only as a transformation of the ownership and property of the company, but also as an attempt to establish a cultural change. In this conflict, the confrontation between two different political and ideological positions was crystallised in a question that posed two different models of country and enterprise.

The development of this organisational culture, together with material benefits and job security that traditionally characterised the shipyard, led to a strong labour identity forged by the workers intimately associated with the company. This identity was and is built on two fundamental pillars: on the one hand, the know-how and accumulated experience of work (which has a special importance in the case of craft workers), and, on the other hand, the sense of belonging to the company. Workers' identification with the company responds both to its symbolic dimension (represented as a nationalist ideological project) and its material dimension (as source of income, job security and training provider).

These features have remained unchanged to the present day. According to the aforementioned survey, conducted in ARS in 2010 on representations and meanings around the enterprise and work in it, the shipyard features most valued by workers were, in the following order: "job security" (44.7 per cent), "that it is a state-owned company" (19 per cent), and the "good wage level" (17 per cent).

In respect of the implications of working in a state-owned enterprise, 82 per cent of respondents said that it is "very important". In the kind of companies surveyed, the most important features for the workers were the "guarantee of continuity and stability of job" (29.2 per cent), the "guarantee of respect for trade union rights" (24.8 per cent) and "promotion of national economic development" (13.2 per cent).

Finally, in relation to the degree of identification of workers with the company, I found that 90 per cent declared themselves to be proud to work at the shipyard. An equal percentage of workers hoped that their job at ARS would last for the rest of their lives, explaining this choice for "economic reasons" (41 per cent), "labour and professional satisfaction" (32 per cent), "emotional/affective reasons" (15 per cent), and "political reasons" (12 per cent).

## Industrial relations and labour protest

The features of the industrial relations system in the company correspond to the characteristics of the “classic” model prevailing in Argentina until the 1990s. This model is characterised by a high degree of state intervention that assumed a labour protection policy and promoted the institutional power of the trade union recognised as having “official status”. Public enterprises, in comparison with the private sector, guaranteed benefits and preferential conditions to workers (job stability, social benefits, exemption from certain payments, etc.), at the same time as they set periodic wage agreements in which the level of remuneration was fixed according to the cost of living index.<sup>17</sup>

Despite this labour-protective framework, the struggle of the union has a long tradition at ARS going back to 1955, with the first conflicts arising from the Perón *coup d'état* to and the political prohibition on Peronism. In the decades of 1960s and 1970s, labour protests centred on refusal to approve the installation of a dictatorial government. By then the ARS delegates, linked mostly to the Peronist resistance and the class unionism movement, opposed, on the one hand, the bureaucracy and the practice of corporate negotiation of the Confederación General del Trabajo (CGT) and, on the other, the authoritarian practices of business management.

During the dictatorship initiated in 1976, trade union activities were virtually eliminated. However, military forces continued repressing and kidnapping workers from the shipyard, with forty missing workers.<sup>18</sup>

Given the limits of this chapter, I will focus here on exposing two “key points” in the history of labour disputes in the company. The first refers to the strategy of workers against the establishment of the 1976-1983 military dictatorship in Argentina; the second describes the struggles of resistance against the privatisation of the shipyard at the beginning of the 1990s. This does not mean that other moments of protest in the fifty-year history of the shipyard are not equally important, but I believe that these two conflicts are the most relevant to the present.

17 For this, see Senén González, “Teoría y práctica de las relaciones industriales”, and Gaudio, *Sindicatos y empresas públicas*.

18 The number of unofficially recognised victims. For more details, see Corzo, *Un sentimiento llamado Astillero*.

## **Repression of trade union organisations during military dictatorship**

During the military dictatorship in Argentina (1976-83), strong repressive policies that had the organised labour movement as their main target were put into practice. From March 1976, with the establishment of the dictatorship, abduction, disappearance, torture, and murder of workers came to be officially sanctioned, with the objectives, among others, of eliminating the power of workers' organisations. Some of these repressive practices, however, were developed by security forces and illegal groups linked to right-wing ideologies during the previous democratic government of Estela Martínez de Perón (1974-76).

The shipyard was characterised by an important tradition of worker organisation and mobilisation, as well as the presence of different union groups, which represented the political ideologies that existed in the national scene (orthodox Peronism, Peronism of the left, socialism, and communism). The ARS workers belonged to the trade union *Asociación Trabajadores del Estado* (ATE) which organised state workers, and which, until 1992, belonged to the CGT, a confederation linked to Peronist ideology.

Traditionally, elected union authorities at local level belonged to the official "Blue and White" list that represented the Peronist trade union orthodoxy. However, the election of union delegates by sector of production (instead of from a unique list) enabled the participation of new union leaders who could confront with the bureaucracy of the union. This allowed expansion of trade union democracy into the shipyard. At the beginning of 1970s most of these new delegates belonged to political ideologies of the Left.

During these days, the main reasons for trade union conflicts at the factory were wage levels, participation in wage negotiations, and discussion of collective labour agreements. Health, safety, and working conditions were additional demands of the workers presented in conflicts. Many of the demonstrations undertaken during 1974-75 demanded increased wages, and collective labour agreements were jointly co-ordinated with other industrial workers in the region (petrochemical, steel, and metallurgical workers). These actions were also discussed in the local press, putting in context the labour dispute presented in Ensenada, Berisso, and La Plata that reflected the action existing at national level.

In February 1975 an assembly of 2,500 workers, protesting against the administration of the shipyard, requested a wage increase based on the

increase in the cost of living. This wage conflict had a positive resolution for the workers. In July 1975, a demonstration at the headquarters of the CGT (La Plata Section) was held in defence of the collective labour agreements suspended by the national government that year. Workers in the major factories in the region joined the demonstration, which culminated in a massive mobilisation of 10,000 workers.

However, during the military regime, and according to the repressive policy put in practice by the employer with the support of military force, labour strategies were transformed. To avoid direct repression, workers developed “underground” practices of resistance at the level of their job: working slowly and reluctantly, partial interruptions of tasks, sabotage, and so forth.<sup>19</sup> The first explicit demonstration of ARS workers after the dictatorship period took place in 1983, when the democratic political process in Argentina began.

The role played by the state, navy, and armed forces generally was clearly repressive. The most significant practices implemented were: militarisation of the factory, arrest of workers, disappearance and murder of workers, and repression of meetings and strikes. The explosion of a bomb in the frigate *Trinity* on 22 August 1975 deepened the repressive climate in the factory. Interventions and other forms of repression of workers increased after the attack. Although the attack was attributed to an armed political organisation without explicit links to ARS workers, the navy saw the militancy of the workers of the ARS as a real threat to its plans.

The repressive policy applied to the company during the dictatorship had tragic results in the disappearance of forty-two workers and the murders of eleven militant workers. This policy interrupted the participation and representation of employees in the workplace, eliminated potential new union leaders, and increased the distance between the trade union leadership and workers, since the trade union bureaucracy was often a silent witness to the repressive process. The new forced internal discipline resulted in the demobilisation of the workers and the modification of power relations between capital and labour, with a clear advantage to the former. Unsurprisingly, with the alternative of death or disappearance – usually the same outcome – the repressive policies succeeded in increasing labour productivity and the rationalisation of production.

19 See Barragán, “Disciplinamiento industrial, represión y conflictividad obrera en una empresa estatal”, and “Acción obrera durante la última dictadura militar, la represión en una empresa estatal”.

## Labour protest and strategies of resistance to privatisation in the 1990s

The high exchange rate, the sudden opening of the internal market to international capital, and the closing and/or privatisation of the largest state-owned companies were the new features of the context in which the ARS had to survive.<sup>20</sup> In this sector, new policies of liberalisation were introduced, which established the deregulation of maritime transport, elimination of cargo-reserve requirements for national ships, elimination of tax benefits, dissolution of the Fund for the Merchant Navy (the main source of financing), and implementation of strategic privatisation practices in state-owned shipyards.<sup>21</sup> Thus, in 1991, ARS was declared subject to privatisation, under the Economic Emergency and State Reform Acts.

This, the decreasing demand for ships, and the changes introduced in the regulatory framework produced an almost complete paralysis at ARS. Moreover, the government implemented a rationalisation plan to cut down on the numbers of employees. From 1990 to 1993, ARS cut 60 per cent of its workforce.

During those years, there were severe conflicts within the company, in which workers, together with their union leaders, argued for ARS to be productively active again and returned completely and permanently to state-ownership.<sup>22</sup> As a result of the particular articulation of strategies, ARS was able to avoid privatisation in the end and was transferred in 1993 to the government of the province of Buenos Aires. The company's "rescue" by the provincial government did not save it, though, from the policies of readjustment. In 1995, the installation of a free trade zone on a lot owned by the shipyard was approved, leaving only 23 of its 229 hectares to the shipyard.<sup>23</sup> This measure resulted in the loss of several facilities and pieces of equipment, that is, a reduction in its installed capacity. Moreover, the provincial budget adjustment caused the company's equipment to become obsolete due to lack of replacement, a personnel freeze, and lack of financial resources to embark on new projects.

20 See, Murillo, "La adaptación del sindicalismo argentino a las reformas de mercado en la primera presidencia de Menem".

21 See Frassa and Russo, "Trayectoria reciente y perspectivas futuras de la industria naval pesada argentina".

22 Pérez Pradal, *Contra el naufragio*.

23 In 2006 part of that territory was recovered and, with it, some areas essential for production such as workshops and working yards.

It is noteworthy that the company continued to keep its traditional organisational structure on the production side, but this was not accompanied by a business strategy of modernisation and restructuring, which were the options adopted by the most important shipbuilding countries as a result of the strong recession and deregulation suffered by the sector since the 1980s.<sup>24</sup>

### The dynamic articulation of social actors' strategies

Up to the transfer of ARS to the provincial government in 1993 the workers' strategies were to avoid privatisation and to maintain productive capacity at ARS. Between 1989 and 1993 the ARS workers, belonging to ATE from CTA,<sup>25</sup> initiated more and more politicised open labour disputes in response to attempts at privatisation and company readjustment. These conflicts took different forms: factory seizures, the withdrawal of collaboration, demonstrations at government offices, road blockades, and seizures of public buildings. The main claims were payment of outstanding salaries, opposition to privatisation, and national industry defence.

To make its resistance stronger, the union gained the support of the local community to the claim and made alliances with other workers in the area. Conflict visibility was another key element. Since the company became public, the "pluralisation" and "publicity" of labour disputes were fundamental for the strategy's success. The democratic and pluralist characteristics of the ARS structure (a Board of Union Delegates and a General Assembly) contributed to the resistance.<sup>26</sup> This structure fostered democratic decisions, permitted the workers to take control of the union leadership, and allowed the quick organisation of collective action. Moreover, the concentration of workers at the same place and the bond created outside the factory with neighbours from the towns of Berisso and Ensenada encouraged united action.

The opposition strategy undertaken jointly by union leaders, workers, and middle management conditioned, mostly, the strategies developed by government officials. In the state sector, however, three actors with

24 For this, see, for example, Todd, *Industrial Dislocation*, and Str  th, *The Politics of De-Industrialisation*.

25 Since 1992, ATE joined with Central de Trabajadores Argentinos (CTA), a new central union that was created as opposition to neo-liberal policies implemented by the Menem government.

26 See Montes, *Astillero R  o Santiago, su historia y su lucha relatada por sus trabajadores*.



interests and different forms of conduct towards the company must be distinguished. First, the national government, in order to reduce the public deficit, tried to terminate the relationship with every productive asset and implemented a strong and fast adjustment policy. Due to the difficulty in finding a buyer for the shipyard in the short term,<sup>27</sup> and the high level of resistance to privatisation on the part of the ARS workers, the executives decided to make a politically feasible deal with the provincial government, and transferred the company to it. This alternative allowed the national government to disregard the social conflict engendered by the privatisation process in the area<sup>28</sup> and to continue moving forward with its privatisation policies in other big companies, which were far more profitable and could therefore attract more private capital.<sup>29</sup>

Second, the navy, responsible for managing the company since the beginning, launched an ambivalent strategy. While its management depended on the policies set by the executive, it did have a certain room to manoeuvre inside the organisation. Even if it followed central government policies, when faced with workers' resistance, it changed its attitude to let workers keep a certain amount of power over the company. The navy shared with workers the nationalist ideology which had inspired the company's creation; and the goal was to keep the productive operation of the ARS as a bastion of the local naval industry. Although the navy sought to protect its own interests and resources which were threatened by the national government's privatisation policies, in the end it lost its involvement in the company after the province took over the ARS.<sup>30</sup>

Third, the provincial government's decision to take over the company mainly responded to political and economic interests: political, because ARS control allowed it to stifle the regional struggles which were becoming

27 The deep recession in the international shipbuilding sector did not help in finding a potential buyer for the company.

28 The privatisation of the YPF distillery and the restructuring of other factories in the area had a strong impact on Berisso and Ensenada, two industrial towns which began to suffer high unemployment.

29 Being smaller than the other state-owned companies participating in the privatisation process (the oil company YPF, the national telecommunications company ENTEL, the energy provider SEGBA, the airline Aerolíneas Argentinas, etc.), ARS was not a priority, and this fact helped delay the privatisation attempt.

30 According to the testimonies, collected in interviews, of the manager auditor between 1990 and 1993 and union leaders of ARS, who were privileged witnesses in negotiations about the shipyard's future, the navy developed an ambivalent and defensive business strategy. For details about actors' strategies in facing the attempts at privatising ARS, see Frassa, "Estrategias de resistencia laboral frente a la política privatizadora neoliberal".

increasingly more visible, and to add a new source of power for partisan use; economic, because, on top of the funds transferred by the national government, the installation of a free trade zone in that area allowed the government to obtain important commercial profits in a previously non-productive space.

All in all, each government actor launched a rational strategy which best suited its interests, even if they did not always achieve their “maximum” objective. Such strategies, rational in the context,<sup>31</sup> reached a satisfactory if not optimal solution.

The ARS workers, also, developed a defensive strategy to confront the government’s privatisation policies, taking an active role to keep the company productive and, later, to reactivate it. This strategy was supported by the organisation of production by trade groups, the specific organisational culture, and the strong sense of identity associated with the shipyard. With its production almost totally paralysed and lacking a business strategy for restructuring, the high level of expertise of the workers and the organisation by trade groups allowed ARS to keep its operation going using informal labour rules and accumulated productive capacities.<sup>32</sup> Retaining the workers’ know-how was vital to be able to reactivate the shipyard later.

## Conclusions

Based on the portrayal up to here, I will try, first, to point out the biggest challenges that the company faces in the different dimensions analysed in this chapter and, second, to reflect upon the role played by social actors (especially workers) on the trajectory of the company.

In terms of production challenges, there is a significant underutilisation of the workforce as well as the technical and productive capacity accumulated in the company throughout its history. The lack of a long-term national policy for the shipbuilding industry, the prevalence of political criteria above technical-productive ones in business management, the loss of organisational routines, the reduction of value-added production,

<sup>31</sup> According to Simon, *El comportamiento administrativo*, the satisfaction criteria of the decision-taker is influenced by the characteristic features of the context, which is why actor strategies must always be understood within the system of action they correspond to.

<sup>32</sup> I am making particular reference to the maintenance of machinery at times of production stoppages and its ability to embark on new projects in a restricted economic context.

and the disappearance of the areas of design and development of projects, among other variables, resulted in a deterioration in the shipyard's competitiveness.

Among the main productive challenges that lie ahead for the shipyard as a consequence of approaching international standards of production, the following could be pointed out: it should modernise its equipment and infrastructure; reverse the current ratio between direct and indirect workers; diversify production and promote construction of new ships for the navy; increase the number of construction orders through marketing; attain funding to carry out an investment plan; make productive and technical agreements with national agencies and state-owned enterprises (such as the recently nationalised YPF, Dirección de Vialidad, and La Plata Port, among others) for the building of ships and mechanical works; and reorganise administrative processes to match the purchase and supply of materials to production needs.

Likewise, the productive-economic logic, on one hand, and the political logic, on the other, present in the specific functioning of any state-owned enterprise, are currently in clear tension at ARS. This condition has led the shipyard to a situation of confusion in direction, lack of global guidelines, and organisational and productive imbalances, often with consequences for industrial relations.

On the other hand, analysis of the work culture demonstrates the current validity of the values, goals, and historical assumptions of the company (especially the promotion of economic sovereignty and commitment to the development of national industry).

These symbolic supports, combined with the material benefits that provided employment in ARS, built up a strong labour identity in their workers. This identity was reinforced by a sense of "professional pride" present in craft workers and by the validation of the working-class protests that occurred in the shipyard in the past four decades, which are part of the collective memory of the workers.

In relation to the characteristics of industrial relations existing in the shipyard and the labour disputes analysed here, it could be concluded that, as shown in the recent history of ARS, the path followed by management cannot be explained solely by external logic such as changed and changing market conditions or the macro-economic policies implemented, which would have imposed universal and homogeneous changes on them. On the contrary, if we want to explain the companies' business tracks and assess their differences, we must consider the actions taken by the social actors (workers, unions, employers, governments,

etc.) within each productive organisation versus the restrictions and opportunities available.

In conclusion, this case study shows how relevant the strategies of the social actors are<sup>33</sup> to the business tracks taken by the companies. The actors are the ones who, with a greater or lesser degree of restriction on their actions, perceive, understand, and deal with changes in the environment. Accepting that no logic of action imposes itself completely on the organisation is the first step in accounting for the true complexity of the social relationships developed within. This statement shows the tension existing in every social analysis: how much constraint there is on social action, or how much unpredictability and originality of behaviour there is which is not explained by the social system or the macro-economic determinants.

In this analysis, without trying to minimise the structural impacts of applied policies, as several authors have pointed out,<sup>34</sup> it is highlighted that the results of public policies can never be totally predictable because the articulation between the imposition of a macro-economic policy and the actors' behaviour is always unexpected. Track diversity, as I have analysed, is explained by structural conditions (characteristic features of the company, national and international conditions in the field) as well as by the actions of the intervening actors, suggesting that the macro-economic contextual constraints must be considered relatively if the transformation of companies over time is to be properly explored.

Reassessing the actions of social actors within the enterprise, I believe, is the most adequate approach to explaining the way in which recent global changes (corporate restructuring, production outsourcing, precarious employment conditions, labour market flexibility) affect the world of labour.

33 This element is usually underestimated or forgotten in analyses done from an economic point of view.

34 See Wainer and Schorr, "Trayectorias empresarias diferenciales durante la desindustrialización en la Argentina".