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# Co-management at work In Venezuela

A field study of the co-management process in the state owned aluminum plant  
Alcasa

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# Abstract

This essay gives insight to a process of state initiated democratization of the workplace in a third world country. The essay examines the ongoing process of democratization in a state owned aluminum plant in Puerto Ordaz, Venezuela. A process of co-management is taking place in the Aluminum plant of Alcasa. The initiator of the co-management is the former revolutionary and now president of the company who has been directly appointed by President Hugo Chávez. In recent years there have been spontaneous experiments with worker management and co-management in Venezuela. The process of co-management in Alcasa is by some seen as an inspiring and revolutionary success story. This essay tries to describe the co-management in Alcasa and examine the impact it is making on the workers of the factory. The organizational structure of the co-management in Alcasa is examined with the Tony Honoré ownership theory thus clarifying what the co-management means to the workers in the form of control and ownership. The thesis also looks at the potential problems that can emerge in a democratization process that is initiated from the top down.

*Key words:* Venezuela, co-management, worker management, ownership, democracy

# Table of Content

- 1 Introduction..... 3**
- 2 Aims and questions ..... 4**
- 3 Theory ..... 5**
  - 3.1 Worker Management..... 5
    - 3.1.1 The Soviet system ..... 5
    - 3.1.2 The Yugoslav self management ..... 7
    - 3.1.3 The Cooperative company ..... 8
    - 3.1.4 The Private company..... 8
  - 3.2 Ownership ..... 9
    - 3.2.1 Function Socialism and the fragmentation of ownership..... 9
    - 3.2.2 Tony Honoré Ownership scheme ..... 10
- 4 Method and material ..... 12**
  - 4.1 Pre understanding ..... 12
  - 4.2 Ontology ..... 12
  - 4.3 Participating Observation ..... 13
  - 4.4 Time ..... 13
  - 4.5 Reliability ..... 14
  - 4.6 Material ..... 15
- 5 Background to co-management..... 17**
- 6 Arriving in Venezuela..... 18**
  - 6.1 Visiting the factory ..... 18
  - 6.2 The Alcasa Plant..... 19
  - 6.3 Interview with a Social promotor..... 19
- 7 Carlos Lanz and the co-management theory ..... 21**
- 8 The applied co-management in Alcasa ..... 25**
  - 8.1 Election of managers ..... 25
  - 8.2 Election of Spokesmen..... 25
  - 8.3 Work group ..... 26
  - 8.4 Social Promoters ..... 27
  - 8.5 Cooperative policy ..... 27

8.6	Revocable mandate .....	28
8.7	Incomplete process .....	28
<b>9</b>	<b>Union Elections .....</b>	<b>29</b>
9.1	Election night .....	29
<b>10</b>	<b>The workers on co-management .....</b>	<b>31</b>
<b>11</b>	<b>Co-management, changing ownership in Alcasa .....</b>	<b>35</b>
<b>12</b>	<b>Discussion .....</b>	<b>37</b>
<b>13</b>	<b>Conclusions.....</b>	<b>39</b>
<b>14</b>	<b>Sources .....</b>	<b>40</b>

# 1 Introduction

The so called Bolivarian Revolution in Venezuela is now on its seventh year. Its aim towards a socialist society is now well known. Its leader President Hugo Chávez Frías and his policies have been a subject of great interest in the world media. The Venezuelan experiment has attracted a huge amount of admiration and attention from left wing and anti globalization movements across the globe. In a world undergoing a wave of liberalization, Venezuela is taking the opposite path, advocating that the liberalization politics are the biggest threat to the poor people of Latin-America. A new socialism is the answer (Morsbach:BBC.COM).

One of the more radical developments of the Bolivarian revolution is that of the democratization of the workplace. This has to do with the explosive increase in cooperative businesses all across the country (the Economist Sep 3, 2005). This is largely thanks to government credits that are given especially to cooperatives. The government support of cooperatives is both pragmatic and ideological since the cooperatives have been a tool to combat unemployment. 48% of the work force is forced to work in the informal sector so the employment issue is a huge problem for the government (US Dpt of state 2006). According to the Venezuelan government the Cooperatives have a special role in the new social economy of Venezuela (Merentes, Apporea.org). But the cooperatives are not the only example of democracy in the workplace. Different types of Cogestión or co-management have spontaneously sprung up in different parts of the country. The government has also indicated that co-management is to be implemented in the state owned companies (Harnecker:2006). This development has gone the most further in the state owned Alcasa Aluminum plant in eastern Venezuela. The development in Alcasa is in many ways out of the ordinary. The company is not a micro or small business but a huge plant with about 3000 workers. The workers in Alcasa have conducted democratic elections of work managers and a development is in motion to replace the hierarchal organizational structure of the company with total worker-management. At this time the co-management in Alcasa is still in development which gives me a unique opportunity to study this ongoing process of democratization.

In my study I received a great deal of help from Marivit Lopez a co-management coordinator within the Alcasa aluminum factory. She assisted me with appointments, interviews and a overall guide of the Venezuelan Society. Without her this essay would not have been possible. I would also like to thank Anna Padilla my film partner which helped me document my field study in a way that was extremely valuable. She gave me the freedom of not worrying about recording my interviews and the filmed material gave me extensive information that I might not have picked up without her. I would also like to thank all the Alcasa workers that allowed me to interview them. They gave me an insightful image of the workers point of view of the co-management process in Alcasa.

## 2 Aims and questions

In this essay I will investigate a process that is very rare. I will investigate a process of democratization of the means of production. The aim is to widen our understanding of the possibility to democratize the workplace and to learn from such a process. The essay will intend to shed light on the dilemmas that can occur in trying to combine state ownership and worker control. This study aims to present an image of a process of democratization in a third world country undergoing a democratic revolutionary development. The essay will also try to capture the thoughts and actions of the workers of Alcasa towards the co-management process and also get an idée of how far the process of co-management has reached. I will also seek to find out what specific changes have occurred in Alcasa in terms of ownership and what the intended changes are. I will seek to find out how the ownership relationship between the workers, the company board and the state are changing with respect to the process of co-management. In one sentence the aim of this study is to answer the following questions:

*What is the co-management in Alcasa like and what are the workers thoughts and actions towards it?*

# 3 Theory

To get an idée of what worker-management is or can be I will present some important historic examples. The examples are useful in putting the Alcasa co-management into a wider context of worker management. There is a vast quantity of literature on worker management experiments and other forms of democratic workplace organization. Besides the communist countries and the cooperative form of business there have been attempts and experiments with worker management in France, Spain, Germany, Algeria, Chile just to name a few. The field is also full of semi worker participation schemes as for example the labor-management committees of the united States and Britain during the second world war (Ellison Chalmers, Herman Wolf). However taking in mind the short space at my disposal I will only mention more established and long-term worker-management experiments. I will also engage in a brief description of the Private and cooperative firm so the readers can more easily see the specific nature of the studied co-management organization.

## 3.1 Worker Management

Experiments with worker management or worker co-management have been conducted in many parts of the world in different times. The more long going worker management experiments are those of the socialist countries. Here comes a description of two socialist worker management schemes. In the Socialist countries worker democracy had its natural ideological base. However there were big differences in the implementation of worker management between these states. According to the American scholar Darrell Slider this had to do with the level of centralization of economic decision making in the respective countries and the prioritization of rapid economic growth. Some countries chose to neglect worker democracy in favor of a more hierarchal structures claiming that efficiency was best achieved with this type of organization (Slider:405).

### 3.1.1 The Soviet system

In the emergence of the Soviet Union there was very little participation given to workers. Eventually voices started complaining of the insufficient influence held by the workers, but neither Lenin nor Stalin answered the calls for more worker input. In the Stalin period managers were given almost total authority and responsibilities in the workplace with the principle of one man rule (*Edinonachaile*). Worker participation came back on the agenda during Nikita Chrusjtjov who sought to combat the problem of bureaucracy with more

popular initiative (Slider:405). There were several participatory institutions at the Soviet factories. One of these was the so called production conference. Here representatives from the trade union, managers and the communist party meet to discuss several issues concerning their company. These meetings were mostly of a technical character thus attracting participation from experts and engineers but not from many workers. (Slider:406). Another body set up for worker participation was the Trade union committees. These committees were said to be the workers representatives inside the company. Consequently the leaders of the committees were seldom workers themselves (Slider:7). The trade union committees concurred with managers about several decisions in the factory like dismissals, assigning overtime, job classification, determining the wage system in use, the establishment of working conditions and the work organization itself. The committees also had a say in production plans, bonuses and promotions as well as hiring and firing. In some companies the trade union committees were only consulted whereas in others they had the power to approve or disapprove decisions. The variations are explained by the unclear legislation concerning the role of the trade union committees (Slider:7).

The most participatory body in the soviet workplace was the worker meetings. In contrast to the other bodies these were attended by many ground workers and the meetings were forums for regular worker participation. The meetings were organized by the union committees and gave the workers the possibility to decide on certain issues concerning work life. The worker meetings decisions were not always implemented by managers and some workers were discontent with the efficiency of the worker meetings. The worker meetings had a key role in the changes made to the collective agreement which was drafted up by the union committee and the administration.

Election of managers was not systemized in the Soviet Union instead it occurred in a sporadic manner in some factories. The election on managers was conducted in different ways but the communist party and manager representatives always had a big influence in the elections and had often the power of approving or disapproving the elected managers. In the 1980s a system of brigades was formed to give workers direct decision making power over issues that formerly belonged to the manager's authority. The brigades consisted of workers at the ground level and they decided over things like work assignments, bonuses, educational programs and disciplinary measures. If the brigade consisted of more than 10 workers, a brigade council was chosen. In some factories a council of brigade leaders was formed which had regular meetings with the general director of the company. The brigade system proved to be a good organization for worker participation. In one plant 30% of the workers had been involved as brigade leaders or in the brigade councils at one time. The brigade system was never fully implemented in the soviet system because other goals like labor discipline, increased efficiency and political education were prioritized. The party apparatus also helped to restrict the autonomy of the brigades, in some cases inserting a party official to monitor the brigade activities. The soviet system did not constitute a functioning worker-management organization. The attempt of increasing participation was met with resistance from party officials, managers and the trade unions. Economic growth goals and the party need for control did not allow a functioning worker democracy. However worker management was to be realized in another socialist state.



### 3.1.2 The Yugoslav self management

The probably most complete experience of worker management is the Yugoslav self managing economy during the rule of Josip Broz Tito. The Yugoslav state was formed and made socialist after world war two when the partisan leader Josip Broz Tito freed the country from the axis forces.

At first the economy was styled after the soviet model with state ownership of all the companies along side with hierarchal management leading up to the state ministries. The economy was also put under the rule of five year plans (Lebowitz 2004). However after a break with the Soviet Union, the Yugoslavs began to form an own socialist model which emphasized horizontal structures and worker self-management alongside with market guided production and exchange (Estrin 1991:187). The Yugoslavs introduced a novel form of company ownership called Social ownership. This meant in general terms that ownership was divided between the workers and the state. The workers enjoyed almost all ownership rights over the company they worked in except the right to sell the company and appoint the company president (Estrin 1991:189). The form of self-management varied somewhat in different times but the main body for worker management was always the worker council (Estrin 1991:188). The companies were run by a worker council that was elected by all the workers for a two year term. The worker council held meetings every month to determine everything from marketing, prices, working conditions, products, organization, wages within the company and new employments. It was also here where the decision was made of how much money was going to be used for investment and wages. The worker council also elected a management board that was responsible for the day to day decision making in the company. There was also a director of the company that was appointed by the ruling communist party for a four year term. The worker council did however have the right to approve the nomination. There were also other participatory bodies inside the company that the workers could join, like chop councils and special committees. Important decisions that affected the entire work force were often put under the collective votes of the workers. Besides the communist party nomination of the company director the state also imposed large taxes on the companies. The state used the recourses to fund new enterprises. This policy led to a rapid growth in the Yugoslavian economy with new jobs being created and new companies being formed. The state involvement did however meet objections from the worker councils and protests were made criticizing the state control of the investment and of the high taxes. The complaints resulted in a policy change that cut taxes and left the investment decisions to the self managed companies and self managed banks (Estrin 1991:189). The self management system in Yugoslavia did initially create many jobs as new companies were set up by the state investment initiative. However when the self managing companies became in charge of the investment there was little new employment. The self-managing companies often chose to invest their money in new technology instead of hiring more people. A kind of collective selfishness drove the companies not to hire new personnel in order to not share profits. The Yugoslav self-managing system did however show that a worker self-managed economy can function effectively and even be put under international and domestic competition (Estrin 1991:189).

### 3.1.3 The Cooperative company

Cooperatives are common private collective companies that function in a democratic manner. There are 800 million people engaged in cooperatives worldwide. The cooperative embodies ownership, interests and control in the hands of the user and can have different shapes and forms (ICA homepage). The cooperative form of business is member owned. All the members have equal say in the company. Sometimes the members are consumers and sometimes the members are the workers themselves. The International Co-operative Alliance defines the cooperative the following way: *“co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise”* (ICA Homepage).

The organization is formed after these guidelines.

- Open membership – membership is voluntary and open for whoever that is in need of joining the cooperative.
- One member one voice- The cooperative is ruled democratically.
- Low interest – the money invested by the members should yield low interest or no interest at all. The goal is not to produce profits on capital.
- Profits are shared equally and fair among the members.
- Education – The cooperative is to educate their members and actively spread the cooperative idée.
- Co-operation – The cooperative should co-operate with other cooperatives, local, regional and international
- Community – The cooperatives work for a sustainable development in the community through policies approved by their members.

The cooperative is ruled by their members in a democratic way. Countries have somewhat different organizational forms of how a cooperative is constructed but in terms of ownership one can say that the cooperative is the sole form of business where the workers have the most complete set of ownership rights over the means of production. The workers control the policies of the company either through direct votation or through the revocable mandate power that they possess over their elected leadership. Every cooperative member has one vote guaranteeing a democratic rule of the organization. In a sense the workers are their own bosses.

### 3.1.4 The Private company

Most of the companies in the world are privately owned. The private company form has become the norm in our society as to how businesses are to be structured. A central feature of the private company is the private ownership of the means of production. “Private ownership

of the means of productions means that individuals own the buildings, equipment, tools, technology, the land and resources that are used in the production of products and services” (Albert 2004:61)(My translation).

In the private company the owner is the boss. The owner may be a stockholder a private person or several private individuals depending on the specific form of the private company which also may vary in different countries. In these companies the workers usually don't have any direct determinations or ownership rights in the company. It is however common that the workers may influence company policy through the trade union (if there is one). However managers and the board of directors usually have a great deal of power in determining the company's policies despite that they do not formally own the company. One may say that private companies are governed by management which is given its powers by the owners of the company.

## 3.2 Ownership

In the Communist Manifest by Carl Marx and Fredrick Engels it is made clear that ownership is of central importance in the path to socialism :” *In this sense, the theory of the Communists may be summed up in the single sentence: Abolition of private property*” (Communist Manifest 18 2004:14.). Ownership is probably the biggest issue of confrontation between Socialists and Liberals, the first trying to abolish it the second trying to protect it. Having said this one needs a clear understanding of the concept of ownership if one is to distinguish what the differences are between socialism and capitalism or other opposite ownership schemes as the private company and the self-managed company. The law theorist Felix Cohen defines ownership as the right to exclude everyone else from something (Cohen 1994:12). This definition is however not so helpful in trying to understand the differences between different types of ownership and ownership that is shared, like in the case of the Alcasa co-management.

### 3.2.1 Function Socialism and the fragmentation of ownership

The Swedish scholar Gunnar Adler Karlsson published a book called Function Socialism (Karlsson 1979) in the late 70s. The book basically outlined the Swedish Social Democratic strategy that consisted in not taking over the formal ownership of important companies but rather restraining the function of ownership with different types of regulations. Karlsson was inspired by Roman law that already 2000 years ago divided ownership into several components. The theory of Function Socialism helped clarify the social democratic strategy towards ownership. According to Karlsson, there was no need to expropriate the formal ownership (like Marx proposed) in order to eliminate the negative impact of private ownership in society. Instead one could regulate the functions of private ownership thus stripping away the real power that lies in ownership of the means of production. Karlsson describes a metaphor of a king that still sits in his throne but at the same time being stripped of his former power by democratic legislation leaving him utterly powerless. Karlsson saw great benefits with this method of socialization, one of them being that it would not require any compensation which would be the case if a company would be expropriated. Karlssons

Function Socialism analyze of ownership is very useful in trying to understand who hold what kind of power in a certain system or company.

The political theorist Mats Wingborg is somewhat critical of the conclusions made by Karlsson. He criticizes that Karlsson does not see that changing the functions of ownership is the same thing as changing ownership itself (Wingborg 2001:17). The Function socialism idée was embraced by more moderate members of the Swedish Social democratic party among them the prime minister Ingvar Carlsson that began labeling himself as a function-socialist and at the same time explaining that socializing ownership was not a key issue but only to regulate the ownership functions (Wingborg 2001:18).

### 3.2.2 Tony Honoré Ownership scheme

A scholar that does realize that changing the different components of ownership is the same as changing ownership is the British law historian Tony Honoré. The main differences between Karlsson and Honoré are that they have different categories for the different ownership rights. I find Honorés different ownership rights to be more useful than Karlssons classification in the sense that they are more universal and can be applied to different objects more easily. Honorés use of the term ownership rights are better suited when discussing ownership since the different parts of ownership are ownership itself and not functions like Karlsson classifies them. To understand what the co-management in Alcasa means to the workers of Alcasa one needs a theory that can explain the complex structure of ownership. Is the co-management process in Alcasa heading towards worker control that gives workers the ownership of the means of production?

When examining an organization it is sometimes difficult to clarify who holds what kind of influence and ownership. In layman terms, ownership is often viewed as being a single concept (Wingborg, 2001 :20). According to the scholar Tony Honoré ownership consists of not one right, but several different rights. Some of the ownership rights are:

- Right to physical possess an object against non owners
- Right to use
- Determination right
- Right of incomes from the possession
- Right to sell the possession
- Right to avoid expropriation
- Right to hand down the possession to whomever
- Right to continue the ownership without time limitation.

(Honoré, 1994:68-76)

I will try to clarify with an example. The ownership of a company is often attributed to the person who owns the shares of that company. But in reality the person who owns the shares in a company does not necessarily have complete ownership of that company. If one is to have complete control of an object one must hold all ownership rights. If the company for example is profit taxed the ownership-right of income is violated. If the state issues work environmental laws the determination right of the owner is violated because he or she does no

longer have the full right to decide what goes on inside her company. In other words one can say that ownership consists of several ownership rights and that more than often these rights are not held by one single actor. In many cases shareholders are not even involved in decisions made in their companies when often this ownership right is designated the board of directors of the company and its managers.

The ownership analysis can be made to any given object. In my essay I have chosen to use the Tony Honoré theory of ownership to analyze and comprehend the ownership in Alcasa and to determine how co-management is changing that ownership. With the Honoré ownership theory I will be able to determine if workers are gaining ownership over the Alcasa Company and if so what kind of ownership they are gaining. This theory will help me clarify what is really happening in Alcasa and verify the ownership relationship between the workers, the state and the company management.

## 4 Method and material

### 4.1 Pre understanding

Venezuela is not a country that I had previously visited and I knew very little of the political history and of the social culture in the country. The knowledge I had of the country was taken from books, articles and the movie *The revolution will not be televised*. These information channels gave me a picture of a country that was living in times of great political polarization and of vast political change. In the media coverage of the country there were very different opinions to read. Some described the situation as being revolutionary while some preferred the term repressive. The only Latin American country that I had experience from was Chile. But when I arrived to Venezuela I found the social culture very different from the one I came to know in Chile. However I believe that having visited another South American country did make the impact of Venezuela less dramatic. My experience of living in Chile served mostly as a confidence booster knowing that I could communicate in Spanish and understand tricky dialects. Even though I was born in Chile and speak Spanish I knew that I was going to be perceived as a gringo in Venezuela. The main give away is my misuse of words due to lack of practice. Besides this factor I was always introduced to people as Gonzalo from Sweden. However I did not at all experience this as a problem.

### 4.2 Ontology

I have a somewhat positivistic view of what one can say about what is truth. I believe that there is an objective truth out there. But from a post-positivistic standpoint I also believe that it is hard to capture the whole truth (Lundquist 1993:67). In the quest for the truth in a field study it is important to try to understand information that is not merely fact related. Ironic remarks being made by an informant may or may not be truth but it can give valuable information in understanding a certain situation (Fangen 2005:266). Even if people's statements are not true they can be important bits of information in the quest for the bigger picture. This essay will not be able to grasp the entire story of what is going on in the Alcasa factory. This essay will however uncover a part of the story through the subjective information I will collect from interacting and interviewing the people who work there. This essay has a somewhat ideographic style to it in the sense that it will study a case for the sake

of itself; opposite to the homothetic approach that seeks to find a general set of laws in the specific case that coincide with known theories (Lundquist 1993:71).

### 4.3 Participating Observation

I will be conducting a participating observation. The participating observation lets one gather data while observing people in certain situations and see them react to situations that you yourself are witnessing (Fangen 2005:29). This method allows me to interact and interview persons about how they perceive situations that I also am observing. This method will help reveal how different persons interpret situations in their own way. This method can be used in both everyday life situations and in special situations (Fangen 2005:29). “The method involves being on the field among participators in situations that seem natural for them” (Fangen 2005:29)(my translation). The chosen method allows me to gather data first hand. It also allows me to get close to people and have them reveal things that would be hard to get to if I acted solely as an observer. The personal information that I may receive can help me to understand the field in a more profound manner (Fangen 2005:32). The method also helps the researcher get a more complete appreciation of the persons that one interacts with. According to the scholar Katrine Fangen the participating observation can give a more pluralistic view of a specific situation than for example a strict interview study. In an interview environment the researcher only has the subjective words of the person being interviewed about a certain situation while the participating observation method makes it possible for the researcher to witness the same situation making the information source less selective (Fangen 2005:33). The research method makes it possible to use different kinds of information sources like documents, formal and informal interviews and most importantly observations.

### 4.4 Time

My fieldwork is a short one but this does not necessarily mean that it is not valuable. Even short field works can bring valuable information and there have been many good field studies that have been made in a very short time. In the method book *Participating observation* the scholar Katrine Fangen writes about a famous Norwegian field study of a fishing boat that lasted only a weekend (Fangen 2005:116). The limitations to this study are apparent. The time scope is very narrow with only two months on the field. This is a problem in the sense that I will be studying a process of co-management which is likely to change once I leave the factory. I will also have the problem of not being able to speak to as many people so that I could be sure of hearing all the different views and perceptions on the process of co-management. Even though time is a limitation it still allows me to make useful and interesting observations of the process of co-management in the Alcasa factory. As so happens I arrived

at the factory when the union elections were in full campaign. This helped me observe and detect the various tensions between the different political groupings in the workforce and their attitudes towards co-management. If I had not arrived at this time I probably would not have had the chance to penetrate the ideological spread of the workers in the factory.

## 4.5 Reliability

In conducting a participating observation it is important to mind the balance that one must apply between the role one has as an observer and the role one gets as a participator. (Fangen 2005:29). My aim in this essay is to apply a level of intersubjectivity. This means that I am to explicitly account for my method material and theory in a way so that other scholars would make the same conclusions that I make using the same material and theory (Lundquist:52). This leads me to the second problem of reliability. Venezuela is a politically polarized country where the battle for power is staged in the arena of the country's media. This has led to a media that spreads politicized content as news. The problem is that I will have to be extra careful in valuing the reliability of the information I receive. I have to be thorough and explicit in my accounting of information received from one part or the other. Information will have to be valued against the profile of the person and the situation in which the information is being received. To access the Factory of Alcasa I will need the clearance of the company board. The company board consists of people who sympathize with the government since the state owned company had its CEO appointed by the president of the republic himself. To come in contact with the workers of Alcasa I will be relying on help which was appointed to me by the company board. Not surprisingly I was often presented to people who were in favor of the Bolivarian Revolution and the co-management process but this did not mean that critic against the process of co-management did not surface. I also conducted interviews with people that were not presented to me by people close to the company board. I also had the chance to interview people alone. The Alcasa workers struck me as being sincere, honest and straightforward about their experience with the co-management process. I did feel that some people that were politically involved did not seem to want to talk about the failures that were apparent with the process of co-management. I do nonetheless feel that I got a sufficient spread of opinions to balance the more enthusiastic statements. Since I often meet with people that were in favor of the government and the presidency of the company, the study may have a more positive view of the co-management than would be the case if I had more encounters with the more anti government and critics of the presidency of the company. However I do feel that the study brings to light important objections of the workers towards the co-management process.

The information that I receive through my interviews may or may not be true. Since the country and the company are extremely divided politically it would not be surprising that some people exaggerate or diminish certain aspects of what they are telling me. But since I am not a mind reader or am I conducting a psychological study I will not be able to systematically declare what information is true and what information is false. The best I can do is to point out contradictions that I see in certain statements and let the judging be done by the reader. Practically all interviews were taped either with video or tape recorder. It is important to be aware of the impact that recording equipment can have on the subject being



interviewed. The problem of reliability has to do with the potential fears from the workers to heavily criticize the co management process. This becomes especially relevant since the co-management project in Alcasa is passionately headed by the company's president Carlos Lanz. It is not impossible that interviewed workers found it uncomfortable to speak negative of the presidents own project especially in front of a camera. In Venezuela there have been incidents of people getting laid off from public jobs for being anti government (time.com 11/26/2006). The fear of getting laid off from a state owned company may exist among the ones being interviewed. The use of video and sound recording equipment may enhance the fears of the interviewed persons since recordings easily can be shown to a third part. This fear became reality when a union leader refused to talk to us because he suspected us of being spies of the president of Alcasa. Some of the persons being interviewed may have altered their answers for obvious or non obvious reasons. However the workers of Alcasa were extremely willing to talk to us and seemed to show no fear when being interviewed. To protect my informants I have chosen to give false Identities to some of the persons appearing in this thesis. Even though no one has asked me to do so it is a precaution that I find necessary since this study will be made accessible to people that are in positions of authority to those being interviewed.

## 4.6 Material

The empirical data that is used in this study consists primarily of observations, video taped interviews and sound taped interviews. The study also combines the use of literature from the Alcasa Company and articles about the company from third party sources. All interviews were semi structured thus giving me the opportunity to focus on the issue of worker democracy and give the interviewed time and space to reveal related matters that I might not be aware of. It happened more than once that I interviewed persons that were extremely chatty and talked of everything but the issue at hand. In the beginning I did not interrupt them hoping that I might discover something unexpected and valuable. Often the chattering was not more then just chattering which made it necessary for me to try and refocus the conversation into more relevant and concrete issues. Besides the taped interviews I also kept notes of more informal conversations and comments that were of importance for my understanding of the co management process.

In my study I came to know one of the so called Social promoters in Alcasa very well. It is through this person that most of the contacts in Alcasa were made possible. This person is her self deeply involved in the co-management process and gave me a great deal of understanding of the political mind of the Venezuelan left. Besides meetings in the work area I accompanied her on lectures she gave in the Universities and we had lunches were she explained her views of the Venezuelan revolution, a revolution in which co-management is part of. This person was extremely helpful and seemed to have a great deal of trust towards me and my partner Anna Padilla.

Information was gathered in observations that were made in my numerous visits to the factory. At first I meet with people who could explain to me the process of co-management.

These were often social promoters and people that worked with the management of the company. In the beginning I had to be escorted by a PR official in order to gain access to the plant. But when I became familiar with some of the people in charge I began to have more free access. Eventually I got to meet with the ground workers and could move around unsupervised in the Plant. I especially got to know one ground worker that gave me the most insightful information about the co-management in Alcasa. I often met with this worker and had the chance to interview him on several occasions. He spent lots of time guiding us through the factory, introducing us to workers and answering endless questions. My partner and I got a lot of time alone with this worker which I think helped him to open up and speak more freely. The best knowledge of how the co-management process works in practice was attained by interviewing ground workers in Alcasa, and attending co-management reunion where the actual process was witnessed. I also got a great deal of understanding of the co-management process in my interview with the president of Alcasa Carlos Lanz, which is considered to be the driving force behind the process. Besides the normal visits to the factory I attended a union election in the plant. This gave me the chance to observe the union democratic system and obtain information of the role of the union in the factory and in the process of co-management. The union election that was held during my visit to the factory also helped reveal the political attitudes of the workers. In addition to this I attended educational meetings with cooperatives which gave me insight of how the co-management process in Alcasa is working to help cooperatives form and function. The different meetings and interviews that I conducted generated different kinds of information. To understand the political context of the co-management in Alcasa I also attended political rallies of a socialist organization headed by Carlos Lanz in which co-management was put into context with the leftist movement in Venezuela. Knowledge of the political situation in Venezuela is vital to comprehend the highly political project of co-management. I gained lots of information from watching television and asking people I met about what they thought about Venezuela, co-management and the politics of the government.

I have chosen to insert some of my interviews in this study. This way the reader will be able to get a more honest and direct point of view of the co-management process. This way the person who reads this will be able to enjoy unfiltered statements that otherwise would be rewritten by me thus risking alteration and losing some of the benefits of a field study.

## 5 Background to co-management

I first became aware of the co-management project in Alcasa from reading an article from the BBC news homepage. It read that worker management was being implemented with the blessing of the government in the state owned plant Alcasa. The article interested me because the Alcasa Company was not a micro business or a cooperative it was a huge industrial plant which is rather rare in the field of worker controlled businesses in democratic countries. Not only that but the government was backing the worker management project and had placed a sociologist and worker management author as the company president. I saw this as a unique chance to study a worker management experiment in progress.

Venezuela is a capitalist economy but if one believes Hugo Chavez this fact may change. The type of development strategy that is being followed in Venezuela is called Desarrollo Endogeno. This can be translated into development from within. The idea is to create economic development by creating small and larger domestic companies and companies that can produce refined products (Tape Chavez EPS). This development strategy also includes the support for cooperatives that are seen as revolutionary and useful to combat unemployment. A new ministry has been created, the Ministry of Popular Economy (MINEP) to help the cooperatives with credits and education on how to run and create a cooperative (Holmqvist 2006:53). However most part of the economy and even the state owned enterprises, are still functioning as ordinary capitalist companies. This meaning that they are still managed with hierarchal organizational structures with little or no worker participation. In recent years there has been a series of takeovers of so called “neglected” companies in Venezuela. The companies have been shut down for various reasons but the workers reopen the companies by occupying them. The takeover has in some cases been followed by government purchase of the company, letting the workers manage the company in a cooperative way with the government as a silent owner. There are a few of these companies but most of them are not running at full capacity and others are smaller businesses. These forms of worker democracy have inspired other workers to take over businesses left in neglect. There is now a saying in Venezuela: “a closed company is a seized company”. One of the larger companies that were seized by workers is the vault company of Inveval. The workers now run it but it is running at less than half potential. Workers keep occupying companies that are being shut down, later asking the government to nationalize it so that they can keep their jobs (Steven Mather - Venezuelanalysis.com). The Co-management in Alcasa is an entirely different story but nevertheless inspired by the worker management that spontaneously has risen up in Venezuela. The Alcasa Company is state owned and the process of co-management was initiated when President Chavez appointed the sociologist and former guerilla leader Carlos Lanz as the company president. The new president of the company is a critical Marxist and author of several books about co-management. The co-management in Alcasa has resulted in worker elections of work managers and the formation of so called Mesas de trabajo which are set to be the new managing force of the company. Mesa de trabajo can be translated into work group and are groups of workers coming together to run the plant at an operational level. The workers have also been drafting a participatory budget, thus stepping into the company’s financial area.

## 6 Arriving in Venezuela

Arriving in Simon Bolivar airport outside Caracas I was chocked by the humidity in the air. The pilot said on landing that the road to the Capital Caracas was down due to structural problems. The structural problem was that a landslide had made an important bridge unstable. Now the people going to and from the airport had to travel along a smaller road that would take everything from three to five hours of driving compared to the usual 40 minute drive. The disabled road became a political issue during my entire visit to Venezuela. The opposition used it as a proof that Chavez was giving away Venezuela's money to other nations not worrying of the problems at home. I was fortunately not affected by this problem since I was taking another plane to the city of Puerto Ordaz. I took the next plane to my destination and arrived at eleven o'clock at night. The City of Puerto Ordaz is located in eastern Venezuela by the rivers Caroní and Orinoco. The city is really part of the larger Ciudad Guayana that consists of Puerto Ordaz and the older city of San Felix. The city of San Felix is much poorer than Puerto Ordaz something that is seen in the standard of the houses and the overall planning of the city. This area is home to many important industries like steelworks, Aluminum plants and a very important hydroelectric plant. The company in question for my study is the Aluminum plant Alcasa.

### 6.1 Visiting the factory

As I arrived at the Alcasa Plant I saw that almost the entire front of the main entrance was full of political messages and slogans. It was a union election campaign. The election would determine who would run the union and there were about 5 fractions competing with each other. The slogans were all more or less manifesting a will to promote change in Alcasa. Some slogans read, "we are Alcasa, we guarantee change!" The factory looked well managed although the main building was from the 1960s. I was scheduled to meet a senior head of the Public relations department. When I was asked about my study, I said that I was interested in studying the worker management. The Alcasa senior PR person replied: "The workers do not manage the company how would that work" (Ant 1). I decided not to engage in further discussions but I took notice to the remark. I got a very friendly reception and got assigned a Mr. Guzman. He worked in the PR office and agreed to show me around and answer questions about the company. As we were leaving the office the PR chief apologized for the union election as if she was embarrassed of it. Mr. Guzman replied that it was good for my study to witness a political process such as a union election. I agreed and said that it is interesting to come to know how a worker election functions in Venezuela. The senior PR person then nodded in an understanding manner.

## 6.2 The Alcasa Plant

Guzman was eager to tell me about the factory's history and its production. The factory is located in the industrial area of Matanzas outside Puerto Ordaz. This area is home to many state and privately own companies. The Alcasa plant is owned by the *Cooperación Venezolana de Guayana (CVG)* which is the umbrella organization for all the state businesses in this important region. The Alcasa plant has less than 3000 workers and it has huge facilities since it was one of the first larger aluminum plants in the country. The workers work under a three shift schedule working eight hours a shift. The factory facilities are very noisy since there are a lot of machines doing all sorts of things. There is also a heavy smell of metal inside some of the facilities. You have to wear a helmet and a mask to protect yourself from the air pollution inside the factory. Some workers did not seem to have proper masks and were using cloths as protection.

As we approached a building with a large sign where it said *Center for Social political education Negro Primero*, I asked about the facility and got my first lesson of Co-management.

Interviewer – "What is Negro Primero?"

Guzman – "It is a socio-political centre for permanent education for the workers, in which the notions and concepts of co-management, cooperativism and social production are taught."

Interviewer – "Who attends these meetings?"

Guzman – "All the workers in the different work areas. They are educated by workers that have been trained as promoters in the area of co-management."

## 6.3 Interview with a Social promotor

Inside the facility hanged pictures of President Chavez and Simon Bolivar, the South American Liberator. There were also a number of revolutionary slogans hanging on the walls about co-management and worker control. The building was full of leaflets, books and material about co-management. These materials are used to promote the co-management in Alcasa and educate the workers about what co-management is. Most of the material was written by the president of the company Carlos Lanz. Guzman leads me into an office to introduce me to Maria, one of these trained promoters or Social promoters as they are called here. To my surprise Maria is much younger than I expected. She looks no older than 30 and is very busy with people wanting to talk to her. She was very energetic and was keen to explain what the co-management process is about.

Maria - To understand the co-management, Desarrollo Endogeno and the proposals, one has to understand the political situation..... we are a state company and respond to government policies but we are also active

within the government pushing for a revolution that will lead to a socialist model, moving away from the capitalist model. There are many people that are very comfortable, or that live well in this existing system, they don't have the interests in giving this a go. Many of these people are infiltrated, let's say among the allies of Chavez.....Chavez has said that the policy is co-management but these people have not given us much support.

Maria - In Alcasa there are union functionaries, worker movements.....they say that they are with this process but they don't do much in reality. What are we suggesting? Alcasa is dedicated in making structural change towards a new system. A system with co-management that tries not to copy other experiences that have existed like in Europe. In the case of Germany.....there have been German workers visiting here that have told us that the workers have been given participation through the Union but the participation was only aimed at increasing the production. They said you have to produce more or the plant will move to Hungary or other places where the wages are lower. (sound tape 2A).

## 7 Carlos Lanz and the co-management theory

To get a closer understanding of the type of co-management that is being pursued in Alcasa it is necessary to examine the theory behind the Alcasa co-management. Later we will look at the different parts that are attributed to the co-management process and some of the practical implementations of co-management in Alcasa so far.

Carlos Lanz - "The Co-management is a transitional state; It will prepare us for the post society that has to do with socialism" (tape J 02.01).

What sort of system is the co-management meant to exist in? Talking to Carlos Lanz it is evident that his co-management is aiming at something different from the current Capitalist system. In 2004 President Chavez appointed his former political advisor Carlos Lanz to head the state owned aluminum factory Alcasa. Carlos Lanz is not a typical business leader. He is a sociologist who has written many books on the subject of socialism and co-management. He has also a past as a left wing guerrilla leader. He was jailed for 8 years because of the kidnapping of a wealthy business leader in the 1980s. Carlos Lanz is said to be the initiator and strongest promoter of the co-management in Alcasa. I finally managed to get a meeting with him so I and my partner Anna were invited to his home for a filmed interview. The house was located in an upper-class neighborhood in Puerto Ordaz. The house had a large garden with a variety of flowers and plants. We were told that the house is used by the presidents of Alcasa. When the president arrives he is wearing his usual outfit, a peaked cap a checked shirt with a common beige wind jacket and light green military pants. This could be an attempt on his behalf to narrow down the image of an academic professor. Despite the clothes Carlos Lanz gives the impression of a highly educated man. We sat down in his garden to talk about the co-management in Alcasa. I asked him how the co-management had started in Alcasa.

Carlos Lanz - "The co-management in Alcasa is a product of the initiative from the national government who proposes a different economic model, another type of production to make a total social change for the socialism of the 20<sup>th</sup> century.....In Alcasa this was started with a process of motivation and discussion with the workers.....The workers had been complaining for some time about the work management and wanted change. Therefore we basically proposed a first initiative to hold democratic elections to appoint work managers by the workers with a secret ballot.....So the political legitimacy was our first order of business, to stimulate, to have the workers actively elect their work managers. We accomplished this in six months."

Interviewer - "What kind of resistance has there been?"

Carlos - "Resistance against change in general because there are groups of special interest. People with lack of knowledge and partisan views, bureaucratic views. They are scared of change of course.....there is opposition to the process of change, some natural that is dependent on the current national political situation. In other cases dependent on the organizational culture that for 40 years has crystallized a practice of bureaucracy".

Interviewer - In Theory what is co-management?

Carlos- "consequently, the co-management that we propose is a revolutionary co-management which is different from the social democratic co-management and other reformist tendencies in the world.....We don't simply accept the distribution of shares to the workers or worker representation in the board in nominal terms or

other characteristics. This has more to do with worker control. The workers are to assume the control of the plant in an integral manner. From the budget and administration, the technical and productive problems to the labour organization at the ground level. A complete takeover of the plant, complete and integral, though this is a process and you have to work it, not by decree. It is a complex process, more political, ideological and cultural in its nature and less technical and administrative.”

Interviewer – “What has been the reaction from the workers?”

Carlos – “The workers are divided.....Lets say that there is a majority that has followed the new changes, but they have done so with hope of getting some material benefit out of it. These are economic tendencies and when the company can not satisfy their wage demands we find ourselves in a conflict. Other groups support it because it gives a rebirth to participation. Many workers have for a long time been excluded and not been taken into account. Sometimes maltreated and silenced by the bureaucracy. So this is a process which has reviled a conscience and participation among workers in a more organized manner.”

Carlos – “There have been elections in the different work areas for work group. They have elected Spokesmen.....This can be the beginning of a structure that can become a worker council. There are some that are opposed for partisan reasons. They oppose whatever change the government proposes. They are a minority.”

Carlos Lanz explains that many workers have looked positively at the co-management experiment but that the company is living a permanent crisis with economic deficit problems, environmental and health problems, and organizational and technical issues. He says that it has not been easy since the company needs to be rescued from the workers point of view. Lanz argues that the Bolivarian revolution should not only attend to political democracy but also to social and economic democracy. Lanz views the current stage of the Bolivarian revolution as a process of changing production relations. This means several things like the imposing of market regulations and price control but also the democratization of property and the fight against the social division of labor, this meaning the separation between knowledge based work and manual labor. Lanz argues that the revolutionary movement in Venezuela should learn from past experiences of worker participation like the Yugoslav self management experience, the co-management experiences of Europe and the cooperative form of business organization.

Lanz considers the cooperative as a key institution in the making of the new society in Venezuela. This because of its collective management and democratic planning, giving the workers direct power over their company. Lanz sees the cooperative as being a democratic work organization however he criticizes the market aspect of the cooperative nature. He is critical of the private ownership feature of cooperatives and the social division of labor that is present in certain cooperatives. However Lanz sees the cooperative as a school of fostering another type of production that promotes egalitarian values in production and consumption. He also states that the cooperative has shown that another way of producing is possible. In this sense he argues that the cooperative may serve as an embryo for the transformation towards the new society in Venezuela.

In his books Lanz writes about two different types of co-management. The first more common co-management is mainly about worker participation in the board of directors. This experience comes from the social democratic traditions of Europe. Lanz sees this as collaboration between classes and that it does not intend to question the production relations and control of the companies. “The Capital avoids strikes and confrontation in agreeing to share some parts of its power but without changing the rules of the game” (Lanz Rodríguez 2005:4). Lanz proclaims that this co-management is not what the Alcasa co-management is about. The co-management in Alcasa has a different element to it namely worker control. He



therefore labels the Alcasa co-management as *revolutionary co-management*. The difference consists in the following objectives:

The revolutionary co-management holds a critical standpoint against the social division of labor. An important aspect is the promoting of knowledge democracy by combating the monopolistic ownership of knowledge in the form of technocracy or educated elites. The revolutionary co-management aims to reevaluate manual labor and promote critical thinking among workers. Some practical objectives include that company documents are to be accessible to the workers. The knowledge democracy idée is to give the workers the tools to plan and execute policies in the production. Workers should also control the different job post within the company. The Alcasa co-management is seen by Carlos Lanz as a transitional stage combining the objectives of a current struggle and the objectives of structural change. One of the more current objectives of the co-management process in Alcasa is that of combating corruption and ill management. With the co-management, new managerial structures are forming thus sidestepping the old hierarchical structures with new more accountable non hierarchal management structures. Lanz sees co-management as functioning in the state companies and in recovered companies that have been occupied by workers. The transitional co-management stage will prepare the workers for self management which is the goal with the whole process. But what type of self-management is being pursued. In the literature that Carlos Lanz has published self management means worker ownership of the means of production without state involvement. However Lanz is somewhat contradictory when I asked him about this in the taped interview.

Carlos Lanz – Co-management should lead to self management.

Interviewer – Self management, is this the same thing as the company not being state owned.

Carlos Lanz – The workers should run the company together with society; The Company should not be the workers individual property. (Tape Int börjar)

According to Carlos Lanz there are 6 criteria's for the democratization of the workplace. They are the following:

Direct elections of all posts

We are opposed indirect elections (or second hand elections) of managers.

Open books

This is about the managers or delegates duty to present the economic balance.

Functional delegation

No delegate will be allowed to make decisions that have not been discussed and approved by the base organization.

Rotation of posts

This will avoid the forming of groups, It will avoid specialization and expert elites that are formed as a result of the social division of labor. So that no one can invoke accumulated knowledge and experience to hold certain positions indefinitely.

Free play with ideas

Investigations, the free confrontation of different ideas constitutes a real exchange of knowledge. Recognizing disagreement as normal, for this we have to renew the culture of debate, communication free from coercion.

### Knowledge Democracy

This is about the free access to knowledge, To have fundamental knowledge over a problem in a debate. This is how a decision becomes qualified.

(Dossier para la critica de la division social del trabajo by Carlos Lanz Rodríguez page 7)

# 8 The applied co-management in Alcasa

## 8.1 Election of managers

One of the first major changes to the organization of the factory was the holding of worker elections to choose work managers. This step was taken because of the co-management but it also served as a mean to bring new people into leadership positions in this way combating old corruption structures. The workers could elect by area the person that they thought was the most qualified for the job for a four year term. In some areas the workers elected persons that had never had a leadership position before. The new organization increased the number of managers from one to three elected work managers. But not all workers accepted the new leadership. According to two elected work managers that I spoke to, there were some workers that refused to follow the new manager's directives and they ignored the complaints for their habit of coming late for work. This led the managers to make the decision to penalize the workers. Two workers were given one month of suspension. The work managers said that when the workers came back they had a totally different attitude and they are now among the best workers in the department (Tape MDT). The decision making process has changed because of the election of work managers. Before there was only the need for one signature to make a decision, now they need three. This has led to greater control which was the intention of the new procedure but it has also led to a bureaucratization since no action can be taken and no spare part can be purchased if the three signatures are not present.

## 8.2 Election of Spokesmen

In addition to the elections of work managers there were also elections for the so called Voceros or Spokesmen. These Spokesmen are chosen in the smallest work units that can range from 3 to 13 workers. The Spokesmen discuss work related issues concerning everything from inventory request to production and work environmental issues. The Spokesmen are not suppose to take independent action since they are bound by their group decisions and are not to act without their group's approval. After discussing with their fellow workers the Spokesmen participate in the so called work group. The work group is a coordinating committee that consists of Spokesmen from a certain section of the plant plus the

elected work managers. The Voceros takes the information of his fellow workers and presents it at the work group. The work group makes a decision which is forwarded to the board of directors that gives an approval or disapproval. The decision is then implemented by the work managers (sound tape 2A).

### 8.3 Work group

The Work group is a key component of the co-management in Alcasa. Therefore I was very interested in attending a work group in action so I could see with my own eyes the practical application of the co-management policy. This turned out to be very difficult. I asked around if there was any work group that I could attend but there were very few work groups active. One of my informants close to the president said that this was due to the union election and that there would be more activity after the elections. But even after the union elections the activity did not increase. This led to a minor crisis among the social promoters. They had to reorganize and make sure that the work groups were up and running as soon as possible. The urgency became greater due to the upcoming board meeting in which the decision to legalize the work group would be taken. This matter of crisis did however give me the chance to attend a work group. The service department was going to have a work group meeting and I was invited to attend.

The meeting consisted of 21 people, three of the participators were women and two were elected work managers. One person was a social promoter and the rest were Spokesmen. The meeting was led by a social promoter that informed the work group about the new policy from the president that stated that the workers would now be given the right to create an assembly that could take decisions without the president's approval. Most of the meeting was dedicated to issues about production and organizational problems. All participants were more or less active in the discussions and there seemed to be an open and well informed dialogue among the participants. Although people seemed to be paying attention, five people arrived late to the meeting. The meeting lasted almost two hours. The meeting gave me the impression that people were bringing up issues that they were concerned about and the engagement seemed real and strong by those participating. Throughout my visit to Alcasa there was a problem with the participation in the work groups. According to a Social promoter this had to do with old behavioral patterns of the workers.

M- "in many cases the work group has worked but in other cases the managers are the ones that still do all the work. Behavioral patterns are repeated because there has not been a paradigm change; there has not been a change in seeing things differently. People still expect things to be done by osmosis or that someone will come and wave a magic wand and fix everything.....That is why we keep promoting participation and this is why we have created this office that is more orientated towards the ideological part and less the technical part." (sound tape 2A)

## 8.4 Social Promoters

In Alcasa a handful of people have a special work task. These are called Social promoters. These men and women are in charge of promoting and helping the process of co-management. I came to know one of these promoters very well. She is a Chavista supporter and is deeply involved in the Co-management process in Alcasa. She and a couple of other people close to Carlos Lanz see themselves as revolutionaries and are actively promoting co-management and revolutionary ideas. The social promoters are the ideological vanguard of the co-management policy. They educate the workers and educate the cooperatives that are part of the Co-management process.

## 8.5 Cooperative policy

Alcasa uses a lot of subcontractors. Before Carlos Lanz the subcontractors were mainly private companies. When Carlos Lanz took over Alcasa he issued a new policy towards these subcontractors. According to the social promoter Maria the workers in the private subcontractor firms were encouraged to start their own cooperatives. If they did so Alcasa promised to give the subcontract to the new cooperative. The result was a boom in newly formed cooperatives that also are entitled to seek credits from government funds.

Maria - "There have been Cases where cooperatives, or subcontractors that pay their workers low wages. They talk to the work managers who tell them to stop working in that company and try to gather the workers who are capable of doing the job to come together and form a cooperative thus ending the exploitation." (sound tape 2A).

However Maria says that some cooperatives function well while others are badly organized. She says this is because of the capitalist work culture that still lives on among the workers. In some cooperatives the elected executive committee acts like they are the bosses and presume that their job is to be leaders and not workers. According to Maria this has led to many cooperatives functioning like private companies with an elected elite that controls the business (sound tape 2A). In my time in Alcasa Maria held a lecture to a newly formed cooperative, on what a cooperative is. The group consisted of cleaners that worked with sanitation in Alcasa. They had previously been engaged in another cooperative but a conflict erupted when some of the elected members of the executive committee did not stick to the cooperative regulations. All the Alcasa workers that I spoke with wanted the cooperative workers to be integrated into Alcasa. The reason for this was that they did not want the workforce to lose strength and that the worker control would be better if all workers were Alcasa workers. Some said that they would do a better job and take care of the company's equipment if they were real workers. They would also get benefits as Alcasa workers, which they do not enjoy as cooperative workers (JDD 21).

Interviewer – Does Alcasa promote the forming of cooperatives?

Worker - The co-management politics is about that but we the workers have other wishes, We want them absorbed by Alcasa. This is what we want. There can be cooperative but at a level of about 40%. 60-70% should be Alcasa workers in order to keep a strong work force. (tape JDD 21)

## 8.6 Revocable mandate

In the year 2003 the Chavez opposition held a nation wide campaign to gather signatures in order to use the right of revocable mandate that is guaranteed by the Bolivarian Constitution. This right of revocable mandate forced the holding of a referendum to determine if reelection should take place. According to a Social promoter this constitutional right applies to the cooperatives, EPS and government companies. Every elected personnel have thus a revocable mandate. This function lets the workers have tighter control of their elected personnel and it makes it much easier to get rid of leaders and representatives that they are not satisfied with. The work managers are elected for a four year term but after two years there will be held a referendum giving the workers a chance to oust unpopular work managers.

## 8.7 Incomplete process

The co-management process in Alcasa is still incomplete and the activity of the work group was very poor during my visit to the plant. I was told that there had been much more activity before the union election but no one could answer why the activity had dropped. A comment made by a Vocero perhaps illustrates the reason behind the lack of interest for the work groups.

G – “You see, politicians have meetings lots of meetings to do a certain task but at the end only one person decides. Why have meetings if only one decides? In our case the president and his staff makes the decisions you see.....If the co-management would work how it is promoted with everyone making decisions, it would work. Because this is what happened in the Soviet Union. They launched Co-management but only a few decided and it failed” (tape JDD int 1(4)).

The process of co-management in Alcasa has not yet been legalized. There are two organizational structures in the company, namely the old hierarchy and the new work group organization. What is missing is regulation of the new co-management organization. This has led to confusion of who has the decision-making power in the company. At this time the workgroups have not been granted the determination right to make important decisions without the board of director’s approval. The decision to legalize the new organization took place after my departure from Alcasa and my interviews are from this transitional period of practical co-management.

Maria – “We are in a process that has lasted for less than a year and it has been very abrupt. In some areas there has been advances but in other areas there has not been advances. One of these areas is the legal aspect.....we are talking about a new body that today is not present in the organizational manuals of the company. ....we have to give a formal character to the work group. It has to appear and be in writing that it is a body and what functions it has. That has not been done, we have only experienced the practice side of co-management”. (sound tape 2A).

## 9 Union Elections

Fortunately I arrived at the factory in a highly political time. The union election was to be held in just a couple of days. For me this was a unique opportunity to test the political temperature of the workers. Observing the campaign I realized that there were several different groups fighting for the power to lead the union. The different groups campaigned by putting up signs all over the factory. In addition to this, the main entrance to the factory had been designated as the rally area. Here the campaigning workers had the opportunity to hold rallies and shout slogans. When I arrived to the factory this area was full of people jumping up and down while shouting slogans to each other. Even though some of the group's had made caricature dolls of their opponent's leader the atmosphere was surprisingly friendly. The campaign did not have much political content at all. In fact the gathered look more like they were celebrating and not demonstrating. Among these groups were two that stood out since they had a large amount of supporters. They were the 52s and 21s. According to one of my informants the 21s were headed by Chavista supporters but my informant that is a Social promoter and close to Carlos Lanz had no particular confidence in their commitment to the co-management in Alcasa. The other group was named the 52s and they were headed by a leader that had roots in the old opposition controlled union and was thought to be against co-management and government policies. This group looked as they had invested a lot in the campaign having professional pamphlets and expensive looking propaganda material. This lead to the suspicion from my informant that the group was sponsored by the CIA. The comment illustrates the mistrust Chavistas hold towards people from the old ruling parties.

### 9.1 Election night

In the day of the election I interviewed the different groups that were running. I asked how they viewed co-management. The leader and poster boy of the 52s Mr. Henry Arias said that he wanted a co-management that is more like the one in the neighboring company Sidor. This company formerly belonged to the state but it was privatized by the former government. In the privatization process the workers were given shares in the company which is what Mr. Arias would want to see in Alcasa. On the night of the election there was a lot of activism in the factory as the different groups prepared themselves for the vote count. Close to the office where the votes were being counted, the different groups gathered to follow the count. The votes were counted one by one at a stage that was set up especially for the election night. There was a huge turnout for the final election results that was announced late that same night. The election night gave me an impression that the elections were executed in a proper and democratic way. No one that I spoke with had any objections of how the election was being managed. The very large interest shown by the workers during the campaign and the

large turnout at the Election Day indicates that the workers find the elections important. The 52s won the election by a close margin beating the former winners 21s.

One of my informants that is close to Carlos Lanz expressed deep pessimism towards the union election turnout. However this person let me understand that he didn't have any confidence towards neither of the two groups that were competing for power in the union. The person said that if the anti Chavistas 52s won the election, they would go against Chavez and if the 21s won they would go against Carlos Lanz. The relationship between the union and the company management seemed to be very complex and I had a hard time figuring out what the true feelings towards the Presidency of Alcasa were. I got the impression that the union leaders and their followers were critical of Carlos Lanz and that this had something to do with the workers demands for their wage benefits. This idea is expressed clearly by an interview with a worker but it is also present in every union propaganda pamphlet in the election campaign. If one reads the propaganda material it seems like worker benefits are a key issue for the union candidates and the workers. The criticism towards the company management practically never revealed itself directly but it was present in the way workers talked about the president Carlos Lanz. When I interviewed the different union group leaders on the day of the election there was one union leader that did not want to talk to us. Our informant said that he did not want to talk to us because he suspected us of being spies of Carlos Lanz. Since this union leader was head of the Chavez friendly faction. One can imagine the level of suspicion the less Chavez friendly faction that won the election will hold towards the company's president. A couple of days before the election night some of the Social promoters and co-management friendly workers acted to form a group of their own to run in the union elections. The group was called Moral 26 and had the co-management as their most important issue. This group won less than 6% of the votes and was probably seen as the president's own political group since many of the people running were Social promoters and people close to the president.



## 10 The workers on co-management

As I mentioned before I had a hard time gaining exclusive access to the workers of Alcasa in the beginning. Eventually I managed to meet up with the workers by my self. My guide and interview object was a worker that I will call G. He had worked in Alcasa for 26 years and had witnessed the changes in the company. We took a walk in the factory where he presented me to all the workers we met. All the workers were eager to tell me about their specific work assignments. When I asked about co-management they did not have so much to say. I got some mixed answers from the workforce. Here are some workers of Alcasa and their own statements about co-management.

### Worker C

Interviewer – “Do you have a process of co-management here?”

C – “Yes a process of co-management inside the company.....It is an effort from the government with the workers. A joint effort for the redevelopment of Alcasa.”

Interviewer – “What does the co-management actually mean?”

C – “The co-management represents what did not happen in former days. With co-management we have the opportunity to participate with our vision of what we want to change. In the work group together with the Spokesmen we work directly to redevelop Alcasa and be aware of the problems in Alcasa, be aware of the resources that we count on and work to find other resources if needed to modernize line one. We have problems with the cranes, There is a project to optimize the cranes and optimize the Cells.”

Interviewer – “In what way has the co-management been helpful in this matter?”

C – “Look, the process of co-management is under way, What is lacking is information about the process of co-management. There are some workers that do not participate in co-management but the Spokesmen do not usually inform us. They do not inform in a precise way what is happening with the co-management. The work is done, they meet but they do not inform the workers. There is apathy in part of the Spokesmen and the people that are involved in the process of co-management. They do not inform in time and at what level the co-management is at.”

Interviewer – “Are you saying it should be more organized?”

C – “Yes it should be more organized and give more participation from the Spokesmen to the workers. They should explain in the meeting at what stage the co-management is at.”

Interviewer – “ But do you think that the process of co-management should go further?”

C – “Yes further in order for it to make an impression on each department in Line 1. And it should also apply to the rest of the company.....Many workers do not feel that the co-management is a part of them because they do not participate. And they are not informed about the process of co-management. They know that there is co-management; they know that a process of co-management is under way. But there are many that do not know what co-management means. And for my part there are some unanswered questions as to what co-management is. In some part this has to do with the fact that I do not inform myself and do not read about it but the main cause is lack of information.”

Interviewer – “How did it work before, what are the main differences of now compared to before?”

C – “I think that the process of co-management is a long term process. We have a plant that is 36 years old and the transformation process has to be a slow one because the workers have a different way of thinking..... The process of co-management is going slowly because we have to change the mentality of many workers.....This is a process of co-management that many do not accept, so the way to try to change peoples’ way of thinking is to integrate the workers directly with the process of co-management. Many are skeptical and say that nothing will change and in fact things haven’t changed at all that much.....The process of co-management will be slow because of the culture that we have from 36 years ago.”

Interviewer – “Do you think that the co-management is positive or negative?”

C – “Time will tell, If this is a process of co-management that will include the workers and revitalize the company and rescue it from the economic difficulties, I would see it as positive, but time will tell. This is why it is too early to say if it is positive or negative, there is a lack of information and the workers have to integrate with the work group so that the workers know what is going on. ....The workers should integrate and give their opinion on if the co-management is good or bad.”

Interviewer – “What do you think of the idea that the workers should elect the work managers?”

C – “I think that democracy should be participative. The process of co-management is a democratic process. The election of the work managers by the workers was positive. They can nominate persons and the worker decides, taking in mind the character of the person, their knowledge, the capacity they have shown in work..... I think it is positive because it is participation from the workers when they decide who will be work manager in the process of co-management. I think that decision was positive, that the workers decide the election, like it was done.” (Tape JDD 15)

## Worker K2

Interviewer – “Have you experienced a process of co-management were you work?”

K2 – “Yes”

Interviewer – “How has that worked”

K2 – “This process of co-management in Alcasa, the first stage when the workers elected the work managers for the first time in the history of the company. The workers have been able to keep up the running of the factory. This is the result of the workers not the bosses. Here the workers have had an important role in lifting up the company with their sacrifice and without spare parts. Alcasa is serving as an example for other companies. The company had red figures but with the help of the workers the company has been doing better.”

Interviewer – “Do you think that the co-management should go further and deeper.”

K2 – “Yes the co-management should go further so that the workers control the financial part of the company and the production. One should not work for work. The worker should have insight in the entire company so he will know how the company is doing so that the company keeps running and can pay out the benefits for the workers.”

Interviewer – “Do you think that the presidency also should be elected by the workers?”

K2 – “I think that if we are in co-management the workers should elect its representatives.....if we are in co-management the workers should elect everyone from the president down.”

Interviewer – “Do you think that the co-management should be implemented in other state companies?”

K2 – “The thing is that we have not consolidated the process of co-management here. The second phase is still missing. The first step was the election of the work managers and the impulsion of the production. We still have not concluded the process of co-management. “

Interviewer – “There still is a road ahead?”

K2 - “Yes we are “in diapers” but the co-management that Carlos Lanz is proposing is good, because the worker will have means to lift the company and take decisions that he could not take before.”  
(Tape JDD 16)

Even though the majority of the workers I meet were positive towards the election of work managers there were some workers that were skeptical of the elections.

### Worker MG

Interviewer – “do you think that it is a good idea to elect work managers?”

MG – “That is part of the co-management project, but one needs to take into account a selection so that one never loses the professionalism of the work posts. Because no person, despite of the majority they have, can attend a post without having the proper skills and knowledge of the process and also some administrative understanding. Because without administrative know-how there will be a failure. There should be a selection.”  
(tape JDD 18)

### Worker G

Ground worker G is a spokesman and has experience from the work groups. He explains to me about a project that he and some co-workers are presenting in the work group. He shows me a carbon unit that is used in the process of the making of aluminum. He says that it is not designed well thus making the process less efficient. He and his co-workers have presented a project to alter the design of the carbon unit to optimize production. This is an example of the type of co-management that is at work at this stage of co-management in Alcasa (tape JDD 13).

Interviewer – “How many workers do you think support the co-management?”

G – “Here the majority supports co-management because they have been in courses where they have been informed about it. There is a lot to do though because we are just in the initial state. We still have to give courses to more than 1000 workers.....We have to give them courses in Negro Primero so that everybody will understand what co-management is and what we want to accomplish with co-management. “(tape JDD 25)

Interviewer – Has the productivity been affected by co-management?

G – “Well I would say that we have seen a change because we now use other methods. Through co-management there has been motivation and we have seen a little more interest in the production, But the productivity is still the same.” (Tape JDD int 1(1).

Interviewer - Is it important that the work managers are elected by the workers?

G – I will tell you something, If you are home and see someone of your family you get happy. But if there is a stranger in the house you ask yourself what is he doing here. You see, If they bring a manager from outside that is not from here, people will say that he doesn't know his way around.....That's why it is important to elect the people, even the people in the presidency, and the president of Alcasa has to be from Alcasa so that he has the passion that we have and not someone that does not even know what aluminum is.....If you ask Carlos Lanz what is aluminum he can not answer, he doesn't know anything about Aluminum, he is a

sociologist, he doesn't know anything about Aluminum, he himself has said so.....If the president doesn't know anything about aluminum imagine how we are doing. But if we have a president that has worked 10 years in the company ...he will feel passionate about Alcasa.....and will know how a ton of aluminum is produced" (Tape JDD 1(2)).

Interviewer - What do you think of the future of co-management in Alcasa?

G – "If co-management works as it is suppose to work with worker control, with worker participation, with the workers having the right knowledge about how to do a god job, the co-management can be a god thing. But if we are going to witness the same politics of talking and talking but I decide in the end, we will continue as before"

Interviewer – "Are the workers doing an own budget proposal?"

G – "In the sense that they are making decisions on what is being said in the different departments, this is being taking into account in the budget proposal" (tape JDD int 1(4)).

Worker G explains that the co-management is just in its initial phase and that it is too early to say if it is going to work or not.

G – "We are waiting, we still can't say for certain if it will work or not. We have to wait to the end of the year.....Hopefully your county will send you here again and there will be another version that shows that the co-management is working. It is too early to say now.....No Venezuelan can say that the co-management works. We will see if it works during this year. Now we have a new co-management budget with the new work managers. Here we will be able to say if the Alcasa family changed, that there will be more employment." (tape JDD int 1(4))

I asked G what he thought should be the appropriate action if the company has a budget deficit. Here G seemed reluctant to answer my question. He constantly argued that the company is strong and that there is no budget deficit. He argues that the wages are low and it is therefore impossible to have a budget deficit. Venezuela has riches like raw materials and electricity he argued. If the company has a deficit it is bad administration that is at fault. He claims that the company can't be losing money and when I point out that the government is aiding the company saving it from closing down he says that it is not aid but investment. He later states that the company only informs about their costs and not their income, insinuating that they are being fooled about the economic health of the company by the presidency.

By the end of the interview G gave me some documents that he thought might interest me. They were documents from the presidency of Alcasa and were about the state of the company. In one of these papers I saw that there was in fact a cost and income declaration on the documents. I then asked him about the numbers and if he did not believe the presidencies' declaration of cost and revenues. Unfortunately I did not get a straight answer. (Tape JDD int 2). Even though G was very critic about the co-management in Alcasa as many other workers were, he did seem to want to wait and see. In the interview he declared that more worker democracy was necessary to make it work.

G –"The application of the co-management is a practical one not a bureaucratic one and it has given its fruits. But imagine, there is still the election of the president by the workers left, the election of the directors by the workers.....When this happens the co-management will be running at a 50%, We are now at 30%..... I want you to take this to your country. It is functioning perfectly but at a 30%. After 5 months of co-management the result have been favorable to the company and the workers but there is much left to do" (Tape JDD int 2)

# 11 Co-management, changing ownership in Alcasa

To understand co-management it is vital to have a theory of ownership that allows you to comprehend the complex structure of a worker managed company. To understand the impact of co-management one needs a theory that can detect and explain how the ownership is shared by its different actors. In the case of the Alcasa company it is state owned. This does not however mean that the state holds complete ownership of the company. In fact it is rather rare that one individual or institution has complete ownership over a certain object. According to the English law theorist Tony Honoré, ownership can be divided into several sub categories, as explained before in the theory chapter.

If one analyzes ownership in Alcasa one comes to the conclusion that the state enjoys most of the ownership rights together with the presidency of Alcasa that enjoys the powerful right of determination (or managing) in the company. With co-management some of the ownership rights have been transferred to the workers. The right to elect work managers is a determination right that the workers now enjoy. This ownership right was formally possessed by the presidency of Alcasa. The legalization of the work groups will take the determination right from the old work managers and give them to the work groups. The policy of letting the workers form an assembly that will be able to make decisions without the approval of the presidency is a powerful determination right that is stripped away from the president of the company and given to the collective assembly of the Alcasa workers. However these determination rights were not present during my visit to Alcasa. The worker groups were still lacking the ownership right of making their own decisions without management approval and the worker assembly's power had not yet been granted. In this stage of the co-management the workers had influence but not real determination rights in the work groups. This ownership right was yet to be transferred.

This theory of ownership lets us understand what co-management is doing to the ownership in Alcasa. As I have explained, the ownership is being redirected from the presidency to the workers and from the managers to the workers. However the state ownership rights have not yet been affected by the co-management. Carlos Lanz has said that he will be the last appointed president of the company. If the presidency is put under worker elections it will be a breach of the state ownership since the workers will take over the determination right of appointing Alcasas president from the state. The co-management policy does not aim to disturb the states ownership in a serious manner. In Carlos Lanz writings and speeches he often talks about self management as a goal with co-management. When I asked him if this means that the state should give up its ownership he replied that he sees the self management as a joint venture between the workers and society.

The workers will not enjoy full property rights in Carlos Lanz co-management or self-management, thus the means of production will not end up entirely in the hands of the workers. The socialist model that Carlos Lanz is promoting is not about giving the workers

the complete ownership of the means of production but simply giving the workers determination ownership rights that he and his board of directors now hold. The rest of the ownership rights will be owned by society, be that the state, municipal community or some other societal organization. This means that the Alcasa experiment is less democratic for the workers than the cooperative organization. In a cooperative company the workers hold practically all major ownership rights. They decide democratically what is to be done in the company and hold the ownership rights to reap the full profit made from their own work. The Alcasa workers will share these rights with society which gives them less worker control than the cooperative. The Alcasa experiment may develop into an interesting example on how democracy at work can be balanced with societal control. If society and the Alcasa workers could manage to democratically run the company together, the model could turn out to be even more democratic than the cooperatives in a wider societal perspective. One can argue that it is more democratic that society has an input into important businesses that affect people's lives if this societal input is of a true democratic nature and non bureaucratic. Even though the Alcasa worker-management gives less power to the workers than a cooperative it gives much more power to the workers than a private company. In a private company the main ownership rights are in the hands of the owners and their managers and the state (depending on the amount of regulations that are in place). The private company is not subject to any democratic control from the workers. Consequently a state owned company is similar in ownership design to the private company. In a state company the owner (namely the state) is in full control of the company, often not giving the worker any power. The Alcasa company has started from this ownership scheme and is heading towards the co-management ownership scheme that will transfer ownership rights to the workers of the company from the management and eventually some ownership rights from the state. If one is to compare the Alcasa co-management with the socialist states worker management one can say that it is not yet similar to any of them. Venezuela is a Capitalist country and the co-management is far from fully developed. However by judging from the co-management theory of Carlos Lanz the Yugoslav form of self management seems very similar in the aspect of a worker managed company with worker elected managers and co-ownership with the state.

## 12 Discussion

The worker management in Alcasa is interesting in many aspects. One of the unique aspects of the co-management is its premises. Venezuela is a country officially heading for socialism. The new society under construction seems promote a strong element of worker control. The government is actively funding and politically supporting projects that implement a democratic approach of business management. This gives the worker management experiment good ground to grow in. The plant is owned by the government which minimizes conflict that could occur, were the company privately owned. The company is headed by a worker management expert that is actively pushing for a worker controlled company with the workers controlling the entire organization from the presidency down.

Alcasa has for 16 years now had a budget deficit (Harnecker 2005). According to one of my informants the budget deficit is a factor that actually makes it possible to conduct a worker management experiment in Alcasa. Since Alcasa is making a loss, it is not such a big gamble to experiment with co-management policy. This could well be the case since the government has resisted attempts of co-management in the most important and lucrative state owned plant namely the oil company PDVSA . During the opposition's oil strike in 2002. The opposition Union CTV (Confederación de trabajadores de Venezuela) went on strike together with the business organization Fedecámaras in an effort to resist the governments attempt to put its own people on the PDVSA board. The board was controlled by the old parties at this time and the government wanted more control. The strike resulted in economic chaos when oil production came to a halt. There was a shortage of gas and the oil rich country was forced to import oil from abroad. But the pro Chavez workers managed to restart the oil production without their bosses which finally helped end the crisis. A spontaneous worker control emerged in PDVSA were the workers started running the company by taking decisions by vote in their own work groups. When the strike ended the worker-management did not continue. The government reestablished the old hierarchies perhaps in fear of losing control of the company (Tape WSF tält). In fact no other fully functioning state owned company has developed an advanced co-management like that in Alcasa. There is an ongoing debate about how much co-management and worker control the government should allow in the state owned companies. I attended a panel discussion in the World Social Forum in Caracas where moderate voices argued that the oil Company is too strategically important to be handed over to co-management. Whereas some like the economist and Venezuela friend Michael Lebowitz argued that this argument is fault since one can use the same argument in denying the workers better wages with respect to the strategic importance of a company.

The Alcasa co-management is not a grass root movement. It is very clear that the co-management in Alcasa was launched and is driven by the president Carlos Lanz. If the workers do not take interest in the co-management it is hard to see that it will work. If one judges by the union election campaign, almost everybody voted for parties that had the demands for benefits as their number one issue. Only 6% voted in favor of the party that promoted co-management (Sintralcasa ER). The leader of the 52s, the party that won the union election said openly that he wishes for a co-management of handing out Alcasa shares

to the workers and not the present co-management. This leads me to believe that there is much persuading needed to convince the Alcasa workers that co-management is good for them. However all the workers I talked to thought that it was a good idea to elect their own work managers. This seemed to be the most popular effect of the co-management so far. This action can clearly be seen as empowerment of the workers. Many also think that it would be better if the workers could elect all positions in the company. Right now the co-management in Alcasa is a case of top down democratization that is being received by the workers with little interest. Understandable, workers are more interested in receiving their benefits than to engage in worker management that is not that powerful to begin with. Some workers even judge the co-management success in terms of it helping them to get more benefits. There could be a conflict of interest with the workers wanting more benefits and the presidency wanting the workers to take responsibility by engaging in co-management. If the workers start taking full responsibility they would have to deal with the fact that the company is running with a loss. As shown by the statements of some workers this is something that can not be accepted, probably because if it were true, the responsible policy of the workers would be not to ask for more benefits at this time. In the case of Alcasa more control and responsibility can mean less pay and more sacrifices. Besides this problem, judging by the statements made by some workers there seems to be a problem of information in the co-management procedures. If elected representatives are not informing workers on what is going on this can lead to apathy among the workers. Maybe the co-management process is in need of more information and education of what co-management is. One worker did point out that there were 1000 workers that had not yet received education on co-management. As discussed earlier there is a lack of real power to the participatory institutions at this point. This was an issue that workers complained on, arguing that participatory meetings are being held but the decision making is being done somewhere else. Perhaps this is an obstacle hindering the workers from viewing the co-management as truly empowering.

Since Venezuela is presumably heading towards a new type of society, developments like the co-management in Alcasa can be a hint of what is yet to come in the future. If any type of state sponsored co-management or self-management is to gain ground in Venezuela it will depend heavily on the political development of the country. To implement a self-managing economy like that in Yugoslavia would mean a great shift of ownership from the bureaucrats and management to the workers and from the state to the workers. The question is if the government in Venezuela is prepared to let go of such power.



## 13 Conclusions

The co-management in Alcasa is transferring ownership rights to the workers. In making an ownership analysis of the co-management it is clear that ownership rights are being taken from management and being handed over to the collective labor force. The study does however show that there is a long way to go and that this is a process that is far from complete. The thesis also shows that the co-management does not seem to disrupt the state ownership in any essential way. The co-management in Alcasa seems to be heading towards a state-worker or society-worker ownership scheme. The co-management process has encountered a perhaps unexpected obstacle namely the workers themselves. The workers seem more interested in normal worker interests like benefits than taking control of the company, if one is to judge by the attendance in workgroups and the union election. On the other hand the workers seem to be very positive of electing their own work managers and many seem to want to extend this power so that they may elect every position in the company. One has to take in mind that the co-management in Alcasa is still in process and that is to early to predict its failure or success. One thing that is certain though is that the co-management in Alcasa has its destiny linked with the ongoing Bolivarian Revolution and its future outcome.

This essay may be useful for studies on co-management. It may also be used in studies about worker democracy and organizational studies. This thesis may also serve as a foundation on further studies of the Alcasa co-management process. Subjects of interest that are not included in this work are gender perspectives and economic efficiency studies of co-management and labor movement issues. These subjects may be further investigated by others.

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(SOUND TAPE 2A)  
(TAPE CHAVEZ EPS)  
(TAPE J 02.01)  
( TAPE MDT).  
(TAPE JDD 21)  
(TAPE JDD INT 1(4)).  
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(TAPE JDD 18)  
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(TAPE JDD 25)  
( TAPE JDD INT 1(1))  
(TAPE JDD 1(2)).  
(TAPE JDD INT 1(4))  
(TAPE JDD INT 2)  
(TAPE INT BÖRJAR)  
(TAPE WSF TÄLT)  
(TAPE VENALUM)  
(TAPE ALCASA VAL)