
How Mexican Workers Won Ownership of a Tire Plant with Three-Year Strike

A Big Victory for Labor in Mexico

by Jane Slaughter

“If the owners don’t want it, let’s run it ourselves.” Most worker-owned co-ops are small, such as a taxi collective in Madison or a bakery in San Francisco.

But in Mexico a giant-sized worker cooperative has been building tires since 2005. The factory competes on the world market, employs 1,050 co-owners, and pays the best wages and pensions of any Mexican tire plant.

Taking over their plant was not the workers’ idea. Continental Tire proposed to sell it to them—after the union backed management into a corner so tight the owners wanted nothing more to do with it.

To get to that point workers had to wage a three-year strike and what we in the US call a “comprehensive campaign.” Workers say it was not just one tactic that won the day, but a combination of relentless pressures.

Continental Tire, based in Germany, is the fourth-largest tire manufacturer in the world. It bought a factory in El Salto, outside

Guadalajara in western Mexico, in 1998, intending to produce mainly for the US market.

When it was first built by the Mexican company Euzkadi in 1970, this was the most advanced tire-making plant in Latin America. It was still the most modern in Mexico by the early 2000s.

Most unions in Mexico are unions in name only—government-affiliated labor bodies whose functions are to collect dues and control workers.

But the Continental plant had a different history. Workers had had an independent, “red” union since 1935, SNRTE (National Revolutionary Union of Euzkadi Workers).

Workers elected Chuy Torres and the Red Slate, which ran on a platform of resisting Continental’s demands, in 2001. Management had begun aggressively cutting costs the moment it bought the company, closing a sister factory in another state. It brought in a manager with experience in union-busting, José Neto Carvalho, who’d extracted huge concessions in Portugal.

Now Carvalho sent letters to all the workers’ homes, demanding seven-day production and a 12-hour day, a pay cut, speedup, job cuts, no more seniority for job bidding, and an end to the company-paid vans that brought workers to the plant.

Salvador (Chava) Hernandez, now retired, remembered, “We saw one thing and the company said the opposite. We were making 14,000 tires a day. The company said they weren’t selling, they were going bankrupt. The supervisors threatened us for months.”

But members refused to alter their contract. They didn’t believe management claims that their plant was unproductive, and they were well aware of the difference between their own salaries and those of Continental workers in Germany and the US: a Mexican Continental worker made about \$25 a day.

Closing shock

The evening of December 16, 2001, boiler room workers came to the plant and found a notice on the front gate: Closed.

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They called union leaders immediately. Guards were mounted to keep management from taking out the machinery. Two days later an assembly was called, with almost all the 940 workers in atten-

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dance.

Management urged workers to take their legally owed severance pay and go home. In fact, managers had recruited a group of workers to try to convince others, promising a bounty of 10,000 pesos (\$1,100) for each worker they persuaded. This group was promised they would be rehired first when the plant opened again.

When this scheme became known, it confirmed union leaders' suspicion that Continental's real plan was to get rid of the union, not the factory. It was the only independent union in the industry.

Workers voted to fight the closing, which they deemed illegal because management had acted suddenly, without following legal notification procedures and without proving the company was unprofitable. Torres later said that he really saw no way they could get Continental executives to change their minds, but he was determined to "give them a fight like they'd never imagined."

The union officially began its strike—against a shuttered factory—a month later. Four thousand workers, families, and supporters marched nearly six miles from the El Salto city hall to hang red and black banners on the plant doors. Under Mexican law, these banners represent a strike, and nothing is allowed to be taken out of a plant during a strike. (This is one of several areas where Mexican labor law is superior to that in the US.)

A day earlier, Continental had brought a hundred trailers to the property, intending to remove the 70,000 tires inside. It posted armed guards on the roof, videotaping. Within a half-hour 200 workers and family members came to the plant to block the way.

The slogan they painted on a banner outside was, "Not a Single Screw Is Leaving." The workers' demand was simple: that Continental honor its contract and keep the plant running.

To the capital

A week later, workers began a march to the national capital in Mexico City, taking a semi-circular route that led them nearly 500 miles (they used vans and buses most of the way) through seven states to locations where other workers were in struggle.

They held big public meetings with workers from GM, Nissan, General Tire, and Volkswagen, but the most emotional took place with campesinos

in San Salvador Atenco, who were fighting (successfully) the government's attempt to build an airport on their ancestral land. The campesino leader presented Torres with a machete as a token of friendship.

Along the way, the union secured a meeting with President Vicente Fox, a businessman whose election in 2000 had encouraged corporations to crack down on their employees. The workers demanded that the government nationalize the tire plant, as it had recently done with a sugar mill. Fox offered to help workers get a good financial settlement out of the closing, but Torres replied that what they wanted was their jobs.

When the workers arrived in Mexico City, they had 10,000 supporters behind them in the historic Zócalo, the main square. The tide was turning in favor of the workers.

Families

Workers who stuck with the struggle endured many hardships. Some went to the US to work. Other families relied on wives' low wages. Local factory owners maintained a blacklist; even strikers' family members could not get jobs. A wives' group was fundamental to the struggle and spent much time locating different agencies and organizations that would donate food.

Conchita Velez de Hernandez was head of the women's group. Her family was the backbone of those who stood guard at the factory gate. When the police threatened their husbands, she says, the wives went

to the secretary of public security to protest. And they invaded the factory owners' meeting to demand an end to the blacklist.

One of the more dramatic moments of the strike came in April 2002, during Holy Week, when management made 1 of 2 attempts to provoke violence by taking the tires and machinery out of the plant. The campesinos of Atenco, who were protecting their own boundaries, counseled sandbags. The campesinos journeyed to El Salto to help workers, wives, and supporters fill the bags with dirt and pile them in front of the plant.

During the whole length of the conflict, not a single screw was removed.

Victory

Germany is the second-biggest investor in Mexico, after the United States. Torres believes that, although the Mexican government was never an ally of their struggle, high-level politicians on both sides came to deem it better to get it over with.

In August 2004, less than three months after President Fox and Chancellor Schroeder met in Guadalajara, Continental's CEO Manfred Wenemer made a serious offer. The company would sell the workers a half interest in the plant in exchange for the back pay the company owed them.

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Workers would still receive their severance pay, which totaled 230 million pesos for 587 workers, about \$34,000 apiece. The plant would reopen in partnership with a Mexican company, a tire distributor, which would buy the other half from Continental. All the workers who'd held out would have their jobs back.

Torres seems as amazed by their victory as anyone. "The most important legacy of this struggle is to demonstrate to workers how a small union could beat a transnational of the capacity of Continental," he said.

On February 18, 2005, the plant, now named Corporación de Occidente, or Western Corp., was formally handed over to its new owners.

"They were betting that we would fail," Torres said. But the workers didn't fail.

Can worker-owners make a big factory run?

A tire is not just a piece of rubber with a hole in it. I learned this when I visited the workers' cooperative that makes Cooper tires in El Salto, Mexico. A tire is a sophisticated product that comes about through a chain of chemical processes, lots of machine pounding, and still the intervention of human hands.

A fervent inspection worker pointed out that every single tire is tested under road-like conditions: "If not, it could kill people," he noted. And, he added practically, "keeping the tires safe saves our jobs."

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These workers went without jobs for three years during the strike that ultimately led to the founding of their co-op. They've been building tires as worker-owners since 2005, selling them in the US and Mexico and now paying themselves the highest wage in the tire industry.

How does a worker cooperative with 1,050 members function? It's hard enough for worker ownership to succeed at any size, because any company that competes in a market is subject to the same cost-cutting rat race as a capitalist firm. Workers are impelled to hammer themselves and cut their own pay or be driven out of business. And most workers here have just a middle-school education.

Yet the TRADOC co-op—translation: Democratic Workers of the West—is thriving. Enthusiastic worker-owners have modernized their plant, increasing productivity and quality through their skilled work. Those factors together with their admittedly low prices have made it possible for them to compete on the world market.

Reluctant owners

The strikers of Continental Tire, 2002–2005, were reluctant owners. When they fought the closing of their plant by the German multinational, all along they just asked for the owners to reopen it. At the end, Continental gave up and offered to sell half the company to the workers and half to its former distributor, Llanti Systems.

"We said to Llanti Systems: 'You buy the plant. Just hire us as workers and pay us our back pay,'" remembers Jesus Torres, who was then president of the striking union. "For us that would have been the biggest triumph, to reopen the plant and maintain our work.

"But they said, 'No, no, we're not crazy, we know what you guys are capable of. We're interested in you as owners, not as employees.'

"So we said, 'There's no other way out? Well, we have to try it.'"

Of the 940 workers on the payroll when Continental closed the plant in December 2001, 587 remained. The rest, driven by hardship, had accepted their severance pay.

The first one to enter the plant as an owner, in February 2005, was Salvador "Chava" Hernandez, who'd been a stalwart maintaining the union's guards at the struck factory's gate. He had goose bumps.

"It was our plant," he told me. "We had been three years with nothing."

These workers went without jobs for three years...

There was no light inside, so workers cleaned away cobwebs in the dark, bumping into machines and avoiding snakes and owls. "It was a cadaver when we went in," Torres said.

Within five months, they had the machines running again and had built their first tire. "We all ran to get our picture taken with the first tire," Hernandez said. "It was a truck tire. And

Carlos...because of his prod one of the highest wages in

many, many people worked on that tire, each doing a little adjustment."

One problem the new co-op had at the beginning was too many workers on the payroll—but they weren't about to lay anyone off. They also had a new brand name, Pneustone, which the public didn't know.

And the aid that Continental pledged never came. The company had said it would sell the co-op raw materials, buy the plant's production, and give technical advice for a year. None of these promises were kept. Continental said it could get the tires cheaper elsewhere.

For the first four years, the new company was in the red. The first tires were sold very cheap, at a loss, to Walmart.

Co-op leaders knew the key to survival was to obtain raw materials at a good price, something only a large company could guarantee, and that it would be much better if that company distributed tires in the US. So they sought a new, international partner.

In 2008 Cooper Tire, based in Findlay, Ohio, injected new capital; it now owns 58% of the Corporación de Occidente (COOCSA), or Western Corp., with the TRADOC cooperative owning 42%. Cooper has four members on the Administrative Council and TRADOC three; decisions can be made only if 75% agree, or 100% for important decisions such as investments or asset sales. In other words, all management decisions are made by agreement between the two entities.

Western Corp. buys raw materials from Cooper, and Cooper buys 95% of the factory's output, most of it for sale in the U.S.

Ironically—since they had fought their own closing so hard—the TRADOC workers were the beneficiaries of a Cooper closing in Georgia, when they bought that plant's machinery.

Building a tire

Making a tire is like making a cake, Torres says. There are recipes—it's really a chemical process. Different types of rubber come in from Malaysia, Guatemala, and Singapore, used for different parts of the tire: its walls, its floor. One of



TRADOC's three mixers, where petroleum is added to molten rubber, is the largest in the world, two stories high.

Steel—as in "steel-belted tires"—and nylon are threaded in at a later stage. At every step, the consistency of the rubber mixture is tested by technicians, and at the end a number of quality checks result in a discard rate of 1.8–2%.

The number of different computerized machines that knead or shape the rubber is staggering; the El Salto plant is more than half a mile long. And near the end, workers and machines work in tandem to pull the parts together. I watched a top-seniority tire builder named Carlos, who because of his productivity makes one of the highest wages in the

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plant, move eye-blurringly fast to place and tug the strips of rubber, one tire at a time. This happens 15,000 times a day, 4.2 million times in 2012.

"The fact that a tire is so hard to build makes it even more impressive that we're doing this," says Torres modestly. Worldwide, tire-building is continually modernizing and requires steady investment.

New younger members, the "black belts," are looking at how to improve the process. For example, they'd like to cut down on the use of solvents and thereby avoid skin problems. They will figure out a new product and how much it would cost for the whole plant, and make a presentation.

Structure of the co-op

One of the simplest gains under the new system was to do away with foremen. “It was easy,” Torres said. “Each worker knows his job, knows the quota. They don’t have to be watched.” Quotas are set low enough that many workers finish a couple hours early and relax till quitting time. Nor is there a janitorial department; workers clean their own areas.

TRADOC holds a general assembly only twice a year, but that assembly holds veto power over important decisions such as selling assets, making investments, and buying machinery. For example, partnering with Cooper was approved by the assembly after an intense debate, but with an overwhelming majority. Meetings feature much debate, with successful proposals coming from the floor, not only from the leadership.

In the day-to-day running of the plant, the Administrative Council makes decisions. A plant manager who is not part of the co-op oversees all activities, but of course can’t make unilateral decisions. “And so far, this structure has worked almost perfectly,” Torres says.

TRADOC has its own internal Surveillance

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Council to review co-op finances; its members can also take part in company decisions that could affect the cooperative.

TRADOC is in charge of hiring—actually, recruiting new co-op members. A member can be fired only with TRADOC’s agreement, which has happened only in extreme cases.

The joint venture hasn’t hesitated to rehire technicians, engineers, and specialists who worked for years under the old management.

One is Gonzalo, a chemist who heads the laboratory; he was summarily fired when the plant closed.

He came back to train production workers in his skills. At the outset, he worked without pay. The TRADOC members promoted from the shop floor to take on technical jobs learned fast, he says, and he likes his job better now because he can work cooperatively with people who have their eyes on the future. “Before, you had to make reports, give out punishments,” he told me. “Now that they have responsibilities they know how to work.”

There’s no question that the cooperative is all about “working smarter.” For a person who preached the evils of the “team concept” and labor-management cooperation programs throughout the 1980s and 1990s, it was jarring to see some familiar slogans resurrected under a different ownership structure.

The hallmarks of the team concept are workers monitoring each other and competing to come up with labor-saving suggestions. When one worker

said, “Now we pressure each other to do it right the first time,” I had to remind myself where I was. But isn’t this what team members ought to do, when we’re all on the same side? Isn’t the number of sides—one or two—the nub of the matter?

The team concept claims to produce worker dignity and satisfaction by soliciting workers’ ideas to increase someone else’s profits. When the profits are yours and your fellow workers,’ the dignity and satisfaction can be real. A bulletin board notice congratulated member Joel Gutierrez for his idea that saved 12–25 tires per day from the scrap heap. It’s the type of notice that could be found in any plant, but here with different implications.

“Though some slogans may be similar,” Torres said, “in TRADOC, collective interest prevails.” And the collective can choose how to balance its different goals—note the high salaries and early quitting times. Rosendo Castillo of the co-op council says members want to invest in machinery that will save them from heavy labor—even though this presumably means fewer jobs in the short term.

Though it’s risky to extrapolate too much from one plant tour, I found an atmosphere where no one seemed stressed, a feeling of quiet competence (though Carlos was moving mighty fast). I asked one lab tech whether he felt pressure from his co-workers to ignore bad test results in order to keep production moving. “Ignore them never,” he said solemnly. “Responsibility is a way of life.”

Pay, benefits, conditions

The co-op began with equal salaries for all. This led to problems, Torres explained. “Some said, ‘Why should I work harder if at the end of the day, I make the same money as the rest of you?’” When leaders proposed a salary scale, the assembly was nearly unanimous in favor.

Now there are seven pay levels, 2 to 8, with most workers at the 5–7 rates and very few at 2 or 3, which are mostly for new hires. Under the precept “equal work, equal pay,” the monthly salary is determined by physical effort and responsibility. Seniority determines who can transfer to an open job.

In the industrial corridor where the plant is located, usual factory pay is \$192–\$384 a month. In TRADOC workers in the 5–7 range make \$240–\$375 a week. Members of the administrative council get the same as the highest-paid worker.

The plant operates under the same schedule as before the strike: three eight-hour shifts per day (including lunch), six days per week. Workers rotate through morning, evening, and midnight shifts every three weeks, and their days off rotate as well, a different day each week. This means they are only off two days in a row a third of the time (Sunday is always free). There is some overtime, though the goal is to reduce it.

The absence of hard hats and ear plugs in the plant is noticeable. Castillo said, “The leaders have tried to tell them, but the workers say, ‘I can take care of myself, I’m the owner.’”

Not surprisingly, everyone in El Salto would like to work at the tire factory. Workers have kept the openings for their family members, including 25 daughters, the first women to work in production. I spoke to a young mother with two children, whose father got her in. She plans to stay, she said.

The future

When the workers took over, says Torres, “we knew how to make tires, but we didn’t know how to sell them.” That’s why they needed a capitalist partner, and still do. But they know their arrangement with Cooper may not last forever.

Cooper is an anti-worker company, after all. In 2012 it locked out its US workforce, seeking deep concessions, successfully. When TRADOC sent a letter of solidarity to the union (which was never answered), management was furious.

“We have a history we’re not going to deny,” Torres told the Cooper managers. “Our class is the working class. We are the co-op. We have the plant. You sell the tires.”

But looking down the road, TRADOC wants to be prepared to take over sales—which is where the most profits lie. The next general assembly will hear a plan to open a tire store in the nearby big city of Guadalajara.

The company has yet to pay dividends to the shareholder-workers, but it may be possible for the first time this year. If there are profits, though, leaders will be advising that some be kept back for investment.

In elections for the co-op council held every three years, there’s always a right-wing and a left-wing slate. The right argues that members should pay attention only to their own plant and ignore workers’ struggles elsewhere. They also want higher pay for the “management” positions they’re seeking. Thus far the left has won handily.

So the co-op has a solidarity fund, a couple of dollars a week from each worker’s pay. They publish a bimonthly paper of labor news, the *Workers’ Gazette*, and help support locked out electrical workers and miners, fired Honda workers, campesinos imprisoned for defending their land.

“This isn’t new,” explains Torres. “Our union was always very solidaristic. We sent money to the Spanish Civil War” in the 1930s.

What can we learn from this ongoing story? It made a big difference that the leaders of this struggle were socialists, disinclined to sell out or give in, and mindful of the need to look for international allies. Without that leadership, this plant closing would have ended as so many others have.

But once the co-op started—it’s a pleasure to relate that workers really do run a factory better than the bosses. Not only do they control the plant floor with no need for overseers, they come up with ideas to improve production in both senses: more and better tires, less scrap—but also fewer backbreaking jobs.

With about the same workforce, the plant is producing 50% more tires than before it was closed. Workers have introduced new machinery to boost productivity, but so do most enterprises. Corporations also use speed-up, pay cuts, and a total disregard for the environment. Those things won’t happen at this co-op.

TRADOC leaders are now in contact with Goodyear tire workers in France who also want to take over their plant as a cooperative. They are eager to share their ideas and experiences with any workers who are considering a cooperative as an option in an industrial conflict. Email Jesus Torres at j.torres@coocsa.com.

Jane Slaughter writes for *Labor Notes*, where this article originally appeared; www.labornotes.org.