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# Co-operatives, conflicts and revolution

Anarcho

August 18, 2010

A few years back, I published a few articles in **Freedom** on raising the demand for co-operatives in response to the economic crisis. These were ‘Bailouts or co-operatives?’ and ‘Co-operatives and conflicts!’ (although they appeared in **Freedom** slightly edited). The last was in reply to another article on this subject, which was replied to on-line. Somewhat belatedly, I now respond to the response.

The author, Joseph Kay, stresses “the importance of a comprehensive discussion of a libertarian communist response to the crisis is reaffirmed” and his reply had “the hope of clarifying some of his misunderstandings or misrepresentations of my position and contributing constructively to this necessary debate.”

First, he proclaims that his arguments are not contradictory, as I suggested. He argues that there “is no contradiction here, for two important reasons.” First, he “made clear in my article my objection to a strategy of co-operatives is twofold” as “anarchist demands for co-operatives are impotent, since we’re in no position at present to force them.” However, my point was

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that his position was contradictory because he argued that anarchists were in “no position to demand” anything yet that did not stop him raising “Communist demands” in the very same article.

It appears that Kay wants to have it both ways.

*That* was the contradiction I pointed to, suggesting that we are “no position to demand anything” and then raising “Communist demands.” The nature of the demands is somewhat irrelevant to the point being made. Ignoring this, it is suggested that:

“Demands as to how capital is managed (by the state, by co-operative workers associations) are meaningless without a workers movement strong enough to impose them. *But in any event* they would not represent a communist demand *even if we were.*”

Which suggests a shocking lack of understanding what capital actually is. Capital is a social relationship within production, when capitalists hire workers to labour for them in return for keeping their product. Co-operative workplaces are **not** “capital.” To re-quote Marx:

“Let us suppose the workers are themselves in possession of their respective means of production and exchange their commodities with one another. These commodities would not be products of capital.” [**Capital**, vol. 3, p. 276]

Now, it is asserted that co-operatives are “capital.” Are they? Well, not if “capital” is defined as property used to employ wage-labour. Perhaps Kay has another definition of “capital” and, if so, it would be nice to see it defined. If it means “selling products for money” then “capital” is no longer a unique mode of production. As Marx suggested, “the production and circulation of commodities do not at all imply the existence of the capitalist mode of production. On the contrary, as I have already shown, they may be found even in ‘pre-bourgeois modes of production.’” Specifically, when “the means of production and subsistence, while they remain the property of the imme-

sis rooted in an economic system based on the exploitation of labour. I cannot help thinking if these workers had fought capitalism by seizing their workplaces that the last few years may have developed differently. Who knows? One thing is sure, we know what happened when they did not.

To conclude, what have we learned? That we are “no position to demand anything” and but that we can raise “Communist demands.” The workers seizing their workplaces and forming co-operatives is both a “dead end” and “not ... a bad thing.” That market forces would make co-operatives both act like their old bosses as well as differently. That it is “ahistorical” to point out, with that well-known philosophical idealist Marx, that capitalism is a relatively recent development and not simply commodity production (which has existed for thousands of years). That it is not “realistic” to call for factory occupations as a means of expropriating capital in an economic downturn but also that they “are indeed something I support” when they are limited to demands capital could grant without bringing the system into question. That the key difference is that the demand “they be turned into co-operatives is misguided” and that the realistic approach is for libertarian communists to raise (the trade union friendly) demands of “improved redundancy packages ... or no redundancies at all”!

So what is the conclusion? That workers should occupy their workplaces but most definitely not seek to expropriate them. That would not be realistic. Well, we had two years of Kay’s realism. The crisis has spluttered on. We are paying for it. Would anarchists calling for workers to seize their workplaces made much difference? Comparing the Argentine revolt in response to its neo-liberal crisis and Britain’s, I think it may have. Suffice to say, to dismiss it out-of-hand based on a confused, flawed and ahistoric definition of capital shows the power of ideology and how it can get in the way of developing revolutionary theory and practice.

diate producer, are not capital. They only become capital under circumstances in which they serve at the same time as means of exploitation of, and domination over, the worker.” When the producer owns his “conditions of labour” and “employs that labour to enrich himself instead of the capitalist” then it is an economic system “diametrically opposed” to capitalism. [**Capital**, vol. 1, pp. 949–50, p. 938, p. 931]

Key continues:

“Secondly even in the absence of a powerful workers movement, proposals of *what workers should do* are not as important as demands over how capital should be managed, because while the incumbent managers of capital can only be swayed by force – that is by class struggle; strikes, occupations and other forms of direct action – our fellow workers can in principle be persuaded by force of argument, that is to say by propaganda activities promoting libertarian communist tactics.”

Exactly my point, and why I raised the suggestion that workers facing bailouts and closures should raise the demand for turning their workplaces into co-operatives! As for occupations and other forms of direct action, I suggested that in my first article:

“Of course, it is unlikely that any government will agree to such a socialisation of companies. Unless pressurised from below, they will pick bailouts or (part/full) nationalisation in order to keep capitalism going. If ignored then people should simply socialise their workplaces themselves by occupying and running them directly. Nor should this be limited to simply those firms seeking bailouts. All workplaces in danger of being closed should be occupied – which will hopefully inspire all workers to do the same.”

Kay admits that “even if you think co-ops are a good idea, we’d first need to get into a position to force them. Iain agrees.” So “it’s still worth debating what demands we’d make with such class power as and when it exists, as to do otherwise

would be to assume failure from the outset. Therefore it's worth revisiting my criticisms of a strategy promoting co-operatives."

After quoting me, Kay suggests I am "presuming to know more about my workplace than I do, one could answer this question by reading my original piece!" I do know that feeling, given that I have to re-quote myself here! He suggests that "if my work became a co-op we could manage it differently" while, at the same time, arguing that "into a co-op, those same market forces causing my boss to make cuts would still be there, but we would have nobody to say no to when under pressure to increase the rate of exploitation to survive in a hostile market." So, workers would both do what the boss would do *and* not do what the boss would do. What is it to be?

It appears that Kay wants to have it both ways.

Now, Kay asks "[w]hat then are we going to take over and self-manage?" As I made clear, the workplaces we are employed in. As I noted, this was in relation to firms going bankrupt (or being offered bailouts, a slightly different situation). I suggested that workers should seize their workplaces and turn them into co-operatives in preference to them joining the dole-queues. I would expect, as a libertarian, the workers in these firms would decide what to do with them, not I (the workers "self-manage", after all). I would expect that many workplaces would not just do exactly what they did before. However, the key point is that it is a staggering lack of imagination to think they workers seizing their workplaces and forming co-operatives would simply do exactly what they did before.

I admit to taking it for granted that self-management would mean that workers would question what they did and how they did it.

Kay argues that "a co-op would be faced with the same problem as the boss, but would only have the option of managing it differently. The same is true more generally for Woolworths or Zavvi workers: co-operative insolvency is still insolvency." So

their transformation by associated labour is a step in building a movement that can achieve this.

He argues that a "strategy of promoting co-ops and conflict in the 21<sup>st</sup> century would have as much to do with communism – the real movement asserting our needs against the present state of things – as nationalisation and conflict had in the 20<sup>th</sup>." So urging workers to seize the workplaces being closed because profits are more important than needs has nothing "to do with communism"? Really? What is? Well, fighting for "improved redundancy packages" is more "realistic"! Although, of course, actual examples of workers doing what I demand are "not ... a bad thing"! While also, of course, also an example of "trying to manage capital." He is also keen to stress that he is not against factory occupations, although he seems to be when I suggest that workers do it. Perhaps it is the bit about starting to produce their own goods he objects to? That would be wrong. Far better to be unemployed or wage-slaves ("improved redundancy packages ... or no redundancies at all") than give a positive example that we do not need the bosses or their system... You know, like the Zanon factory which he thinks is "not ... a bad thing"!

Still, I do feel that Kay really is not arguing against what I actually wrote. He is arguing against his own assumptions. When he does address what I actually wrote, he does see merit in my suggestions – which makes you wonder why he objects so much to them. Perhaps it has to do with his flawed understanding of capitalism? Perhaps.

He ends with:

"We have to learn to stop trying to manage capital and instead try to fight it."

I quite agree. My proposals were made in an attempt to bolster that fight. Two years have passed since I wrote my first article. I return to it now simply because I was unaware of Kay's response. During that time the economic crisis has rolled on, with the working class being made to pay the price in a cri-

the surplus-value our class produces. So it is our money, just as much as the surplus-value exploited by capitalists from our labour is. Unless, of course, we workers do not have the right to the full product of our labour? (I will note here that I'm sure this will provoke some claim I do not desire communism). Third, "that the crisis is all the fault of some banker 'muppets' and not rooted in the very contradictions of capitalist accumulation." Really, an off-hand remark in a short article on another subject is taken as evidence about my understanding of an economic crisis! I am impressed...

Finally, we have this wonderful contradiction. After arguing that demanding that expropriating capital is not "realistic", Kay ends by arguing that "a libertarian communist response to the crisis is one which increases the power, confidence and self-organisation of the class to demand the concrete things we want from capital, and not one which puts forward 'realistic' ways in which capital could be better managed"! So demands that workers seize their workplaces and form co-operatives are both unrealistic and realistic!

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And need I repeat that I'm all in favour of building the power, confidence and self-organisation of our class. That is why I suggested that workers facing unemployment seize their workplaces and that should be used as a basis to expropriate all the means of production. I fail to understand why such a strategy creates less power, confidence and self-organisation than one which limits itself to demanding better redundancy packages. Equally, expropriating "capital" can hardly be equated to it being "better managed" – still that is apparently not "realistic." Our "Communist demands" must reflect "concrete things we want from capital" rather than raising the possibility of going beyond capital and not only having to "demand" things from it. Ultimately, what we "want" cannot be got "from capital" – it can only be taken and urging the seizing of workplaces and

rather than seize their workplaces, presumably workers facing insolvency should just, well, join the dole queues? I'm not sure how that is particularly revolutionary. I'm not sure how that will increase the confidence and power of our class.

Kay's opposition to my suggestion has been tried. All 807 Woolworths stores were closed in the UK by 6 January 2009 resulting in 27,000 job losses. Since then, there has been no generalised revolt against the neo-liberal crisis. I wonder how things would have developed if these 27,000 people had seized their workplaces?

Kay suggests that occupations "may help prevent the administrators selling off assets to pay off creditors instead of workers, and help secure improved redundancy terms, but they can't make a failing firm viable." Except, of course, that assumes that these co-operatives are not inspiration to others to seize their workplaces, start to join together and transcend a system which prefers insolvency to meeting human needs? After all, while Woolworth as a capitalist company, with debts, CEOs and stockholders to pay may not be viable, a co-operative may not be. It seems strange that Kay assumes that a co-operative would seek to repay all the debts incurred by its former owners.

Kay then shows his utter confusion by arguing that a co-operative would see "a big increase in unpaid overtime by the workers providing the surplus labour to kickstart the firm's profitability"! In a co-operative there is no "surplus labour" as the workers keep the product of their labour. In terms of "profitability", this is *labour* income we are talking about. Profitability considered separately from "wages" (labour income) is only applicable to a capitalist firm hiring wage-labour.

Ignoring that, Kay suggests that "even that unappealing prospect is dependent on creditors and suppliers extending credit and workable terms of trade to the illegally occupied firm, which seems about as likely as Barclays providing mortgages to squatters." And why would squatters want a mortgage? But, yes, finding credit and contracts may be

difficult but that really makes being unemployed a better option? And the aim would be, as I originally suggested, was to “inspire all workers to do the same.” While capitalist firms may not wish to extend credit and products, other co-operatives in “the illegally occupied” workplaces will.

Kay suggests that arguing that co-operatives would act in the same way as bosses would “is not an apology for capitalism” but rather “to understand how it works.” Given that Kay seems unaware that without wage-labour, capital would not exist this seems ironic. And talking of ironically, he adds that “ironically, to claim that self-managed firms are ‘socialist’ is much closer to an apology for capitalism than anything I have written”! Wow. That means that Karl Marx was an apologist for capitalism when he noted that in co-operatives “the opposition between capital and labour is abolished,” they are “a new mode of production” which “develops and is formed naturally out of the old.” [**Capital**, vol. 3, p. 571] And if self-managed workplaces are not a key aspect of (libertarian) socialism, then how is work going to be managed?

Key suggests that “Bosses are not free, they must act broadly in accordance with the market. They’re almost certainly not lying when they say they regret making redundancies and the like, I’m sure they *would* rather be taking on more workers and making more profit. Of course they choose to lay off a worker on £15k rather than take a £15k pay cut themselves, so yes *‘being a boss shapes any decisions made’* – as I made clear in my article.” And so we have the wish to have it both ways. Bosses are forced to act like they do (and so must co-operatives) while the admission that they do have leeward in making specific decisions.

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Suffice to say, I did point out that the market does produce forces which can make market participants (capitalist firms, co-operatives, artisans, peasants, workers, etc.) make decisions they would sooner avoid. That is why I’m a communist-

can be a time consuming process and one which would detract from the aim of influencing the class struggle.

Kay states “in conclusion I feel Iain has failed to defend his assertion,” although he has made it pretty clear that he does not understand my assertion. He asserts that I “claimed – undoubtedly in continuity with some in the ‘anarchist tradition’ – that running your own business is a useful strategy in the class struggle.” Compare this to what I *actually* suggested:

“Of course, it is unlikely that any government will agree to such a socialisation of companies. Unless pressurised from below, they will pick bailouts or (part/full) nationalisation in order to keep capitalism going. If ignored then people should simply socialise their workplaces themselves by occupying and running them directly. Nor should this be limited to simply those firms seeking bailouts. All workplaces in danger of being closed should be occupied – which will hopefully inspire all workers to do the same.”

In my second article I repeated this:

“All in all, I feel that my suggestion for co-operatives as a practical alternative for libertarians remains valid. Provided, of course, that they are seen as one form of many kinds of direct action and solidarity. Our focus should be, then, co-operatives and conflicts with both supporting each other in an attempt to first build the revolutionary workers’ movement we are sorely lacking and, ultimately, to abolish capitalism!”

Yes, apparently this equates to “running your own business”! And he accuses *me* of misrepresentation!

He continues with the inventions, arguing I have “demonstrated several assumptions quite in line with bourgeois ideology.” First, “that the market represents a freedom worth fighting for.” Now where did I state that? I notice that no quotes are provided, unsurprisingly as I said no such thing. He seems to confuse pointing out that markets do not equal capitalism with support for market socialism! Second, that “state finances are ‘our money.’” Yet as he admits, these finances come from

However, let us assume Kay's position. State funds, like capitalist profits, are not "ours". As such, we cannot object when the state or capitalist uses their surplus-value as they see fit. Thus, when state finance is used to bailout capitalists we have no reason to object – it is not, apparently, our money. Similarly, when a capitalist manager decides to raise his salary from the profits exploited from his workers, we cannot object – it is not our money. I'm not sure that gets us very far.

I know that Marx considered such acceptance of capitalist property rights as very "scientific" (unlike, say, Proudhon who rejected such appropriations as theft of the workers' labour). I'm not convinced. Sure, the worker has sold his labour to the capitalist but that does not mean that the surplus-value they appropriate should be considered theirs. Far from it. And, after all, that was one of the reasons socialism developed – to oppose the exploitation of labour, not accept that such funds are not ours.

It is also somewhat strange to be accused to being a "populist." After all, the aim of my article was to present an argument to influence popular demands and was written not to reflect the debates of political activists but for the general public. As such, I explained the rationale behind my arguments (with appropriate quotes) to show why co-operatives are acceptable to those seeking the end of capitalism (as part of a wider strategy, of course). If I had been writing an article *just* for revolutionaries, I would have phrased it somewhat differently. Suffice to say, if by "populist" it means trying to get your message across of your fellow workers free from jargon then I would say my article was that. I'm not really *that* interested in preaching to the converted and discussing the finer points of what makes capital capital, how surplus-labour becomes surplus-value, the confused nature of terms like "self-managed exploitation" and such like. Practically, that would have made my original article much longer and get away from the point I was trying to make. As this article (and forums like libcom) shows, this

anarchist, not a mutualist. As I made clear in my second article:

"I stress that my suggestion was an attempt to bring a revolution closer by encouraging direct action by workers – in other words, I am not aiming for 'workers' control under capitalism' but rather workers' control (among other tactics) as a step towards ending capitalism."

Kay argues that "if the resources are there to make less redundancies, *in what way is it more realistic* to demand the boss surrenders his capital to the workers rather than say forgoing some or all of his salary to save jobs? What boss would rather surrender their capital than take a temporary pay cut?" None, I would imagine. That is why I suggested seizing the workplace would be a revolutionary act. As for it being "realistic", well, as they suggested in France, 1968: "Be realistic, demand the impossible."

Given this, Kay argues that "if expropriation – which is what co-ops represent – is on the cards, I'm sure the mere safeguarding of jobs would have been on the table long before that." In short, if workers do threaten to seize their workplaces and turn them into co-operatives, then the bosses would seek to safeguard jobs in order to maintain their class position. Yet, apparently, co-operatives are only a different way to "manage capital" so why would the capitalist class care?

Kay then states that it is "not that I think it would be a bad thing if laid off workers occupied their workplace and tried to run it as a co-op (a la Zanon)"! So why is he arguing against my suggestions? We have gone from co-operatives are just another form of "capital" to "not ... a bad thing"! I even pointed to examples like Zanon as an example of what I meant ("As can be seen from the Argentine revolt against neo-liberalism, the idea of occupation and co-operatives has mass appeal and can work"). In short, Kay has just conceded the whole point of my argument.

So why the opposition? Because it is “*not really on the cards*” given the current state of the class struggle and the severity of the coming recession.” There is no better way to ensure it remains off the cards than by opposing raising it as a demand in the class struggle! And it does take the biscuit to oppose a means of transforming the recession into a revolution by arguing the “severity” of the recession makes militant resistance difficult! It reminds me of those Leninists who excuse the Bolshevik’s destruction of socialism in Russia by pointing to the economic chaos there which socialism was meant to solve!

So this demand is unrealistic, in fact it is “*far less practical and realistic*” than demanding improved redundancy packages ... or no redundancies at all! Oh, right, workers should force their bosses to keep their workplaces open rather the expropriate them? And how will this capitalist make their workplaces profitable? If co-operatives will be forced to maximize “surplus-labour”, what will bosses do? Oh, right, appropriate and maximize *actual* surplus-labour! So it is more “realistic” to demand the right to be exploited. And I as asked in my second article, “Is he really suggesting that rather than expropriate the boss, we just accept our P45s?” Apparently, yes, he is – along with “an improved redundancy package”, if possible!

Now, do not get me wrong. Struggles for better redundancy packages and no redundancies should be supported. Of course! But can we not suggest something a bit more radical? Something which questions the right of bosses to fire people in the first place? Something which questions closing workplaces which could meet human needs because they do not make enough profit? Suffice to say, it is not impossible to struggle for such reforms while also raising the demand for occupations!

I must also note that these “Communist demands” would be acceptable to many trade unions. They do not signify any real break with reformism. So we find ultra-revolutionary rhetoric combined with reformist tactics.

talist class.” Sorry, but no. Just as the bosses’ profits are the product of our unpaid labour, so are the states funds. I think it unbecoming for a libertarian communist to suggest that the boss and state have a right to the surplus-value we produce. Call me old fashioned, but I think surplus-value is the result of exploitation of the working classes and that it is ours as we produced it.

And, really, to suggest that the state should not spend the money produced by our exploitation bailing out capital is not “a naked conflation of the population and the state.” Quite the reverse, as it is reminding people that all wealth is produced by labour and that we (the population) should own and control it, not the state (or capitalists).

Kay suggests that “it repeats the line of no less an exemplar of bourgeois ideology than the Prime Minister, that the bankers are to blame for the crisis.” Where did I say that? My original article was in response to bailouts to the car industry in America, although I did mention the finance sector in passing I also mentioned bailouts to industry. So my fire was directed to all the capitalist class. Needless to say, I did not discuss the causes of the crisis in my articles as this was somewhat beyond their scope. However, I would suggest that “any materialist, communist analysis of the crisis” needs to address the role of “greedy or reckless bankers,” or more correctly the role of finance capital in extending credit and so contributing to an economic crisis with its roots in exploitation at the point of production. Suffice to say, I did not suggest “the vacuousness of the notion bankers ‘got us into this crisis.’” I actually wrote:

“Or that we should be indifferent when public (our!) money is used to bailout the muppets who got us into this crisis to begin with?”

And, as I’ve indicated, my original article was driven by calls to bailout the American car industry (although that was edited out, I think, from what was in **Freedom**). Suffice to say, I did not limit my article to just what was happening in Britain.



demned for things precisely the *opposite* of what you actually said.” Except, of course, I was asking a question, not stating that this was Kay’s opinion. I then addressed the illogical nature of opposing what I suggested (co-operatives formed by workplace occupations) and raising various “Communist demands” he raised.

Kay then states that “[w]orkplace occupations are indeed something I support, my argument is that demanding they be turned into co-operatives is misguided.” Now that takes the biscuit! So workplaces should be occupied, but they must not start producing goods? Really? Kay then argues that “[c]learly ‘revolutionary situations’ are not *created* by the expropriation or workplaces so much as *characterised* by them.” What? So when workers, say, occupied their workplaces in Italy, in 1920, they were not creating a revolutionary situation? Really?

After a plug for the **Solidarity Federation**’s industrial strategy (which I don’t disagree with), he argues that we “would certainly include workplace occupations as an example of collective, direct action. But I would see it as a mistake to encourage workers to try take over businesses on the verge of going bust going into the worst recession since WWII.” So, it would be a mistake for workers to seize the means of production just as capitalism places the need for profits before human needs? Does economic bad times really place libertarian communism off the agenda? I doubt that Kay actually thinks this, although apparently he thinks such calls are not “realistic.” I would suggest that by raising this demand we make such an expropriation a little bit more realistic.

Finally, he argues that I have “two assumptions unbecoming of a libertarian communist.” He suggests that “the identification of state funds with ‘our!’ money (exclamation no less!) requires an embarrassing conflation of the population with the state” as state “funds raised by taxation are no more ‘ours’ than my boss’ Bentley is ‘mine’, because tax revenue represents the state’s portion of the surplus value expropriated by the capi-

However, Kay suggests that these points are irrelevant, because it is “***not something libertarian communists should be proposing as a strategy*** given as if we’re in a position to expropriate capital, co-operatives are a dead end for such militancy.” As I said in my second article, the demand for co-operatives was premised as part of a goal to expropriate capital, of achieving a social revolution! So, according to Kay, urging people to expropriate capital is a “dead end” for the goal of expropriating capital...

Kay suggests that “argued all this in my original article”, to which I should note that I was “not sure whether Joseph Kay ... actually read my article on co-operatives before writing his piece. I would guess not, as it has the feel of a standard libertarian communist response against co-operatives within capitalism.” I also suggested that he was covering things somewhat irrelevant to the issue I was addressing. This still seems to be the case, particularly as he has partially agreed with me! He suggests that I “still hasn’t explained why co-ops are a more realistic response to the crisis than struggles resisting cuts or demanding decent redundancy packages – the kind of struggles that are actually happening already.” As I said in my second article:

“And that is a key point. I never suggested that supporting co-operatives was the only tactic we could make in the current crisis. Far from it! ... So it is a case of co-operatives and conflict!”

And is calling for the expropriation of capital “realistic”? Not if we accept what is acceptable to capitalism as our limits. Do not striking workers always get told (particularly in a crisis) that their demands and strikes are not “realistic”? And are not social revolutions always unrealistic until they happen?

Kay suggests that I am “[q]uote-mining Marx does not change the fact that there is money in motion, returning with a surplus (M – C – M’) – the assets of a co-op do not cease being capital when votes are taken on how they are

used within a society of generalised commodity production and wage labour.” Again, I will simply note that this utterly fails to understand capitalism. He confuses surplus-labour with surplus-value, the former existing in all societies while the later is dependent on wage-labour. As Marx suggested, workers in co-operatives “have created ... new values, i.e., the working day added to the means of production. This would comprise their wages plus surplus-value, the surplus labour over and above their necessary requirements, though the result of this would belong to themselves.” [**Capital**, vol. 3, p. 276] As workers keep the product of their labour in a co-operative, they also keep the products their “surplus-labour” creates. There is no capitalist who appropriates their product, turning the surplus-labour into surplus-value which they then own.

While Kay may not like what Marx wrote, it does get to the core of what capital is. And it is not selling commodities, as Marx stressed time and time again.

Kay argues that “there remains an imperative to accumulate with all the drive to minimise the labour time taken to do a task this requires, even in a co-op.” Very true, but it does not make it capitalist. After all, slave owners (and both Marx and Engels noted) produced commodities for the market but it did not make their mode of production *capital*. And as I said, this issue is completely irrelevant to the issue I was raising:

“I had hoped that my article ... had made clear that suggesting co-operatives was a short-term solution for those workers facing closing workplaces or whose bosses are seeking bailouts. I did not address the issue of (so-called) ‘self-managed exploitation’ simply because that is a different question, relating to the issue of co-operatives within capitalism and the future libertarian society. As my original article addressed neither issue.”

Kay then argues that market forces ensuring co-operatives invest in machinery “is why it is accurate to talk about self-managed exploitation.” And as I noted, this is just confused ter-

peated the tired old-clichés which I hoped quoting Marx (etc.) would give cause for thought.

He also thinks I have made some “rather uncomradely accusations and misrepresentations.”

Specifically, he objects to my suggesting that he was “seriously suggesting that workers, faced with the closure of their workplaces, should simply collect their P45s and head straight to the unemployment office?” He objects that this is “a ridiculous insinuation, and one (unsurprisingly) made without any quotation from my article.” Except, of course, Kay strenuously argued that workers should **not** form co-operatives when their workplaces are closed. I argued they should, Kay opposed this. What other conclusion are we to draw?

Now it is a case of “nowhere do I oppose workers occupying their workplaces or propose workers ‘*simply collecting their P45s.*’” Oh, right, so why was Kay so against the suggestion that (and I quote my original article) “All workplaces in danger of being closed should be occupied – which will hopefully inspire all workers to do the same.” What other conclusion can we draw? Somewhat ironically, he quotes from his own article as evidence against me, without noting that I also quoted that precise same sentence to show the illogical nature of arguing against co-operatives while raising demands like “no to job losses, wage cuts, public service cuts and evictions.”

So not only did I have the “benefit of actually reading my article before responding” I actually quoted that sentence from it!

Kay does confirm a question I did have, namely whether he had seen my article or not. He states that “our original articles were written ‘blind’, simultaneously.” As I concluded, his article was a standard boiler-plate “communist” response to something I was not actually discussing – namely building co-operatives to reform capitalism away. He states he would “appreciate him withdrawing this charge, because it makes it hard to have an honest discussion when you stand baselessly con-

Somewhat ironically, Kay states that the “rallying cry ‘*it is time to give economic liberty a go!*’ is precisely in this tradition – the tradition of 19<sup>th</sup> century small business socialism that was discredited both practically and intellectually long ago.” Oh, right, communism will not be based on economic liberty? What *will* it be based on? One-man management? I doubt that Kay supports that, so I will assume he also supports economic liberty rather than economic hierarchy. And I should note that I find dismissal of the demand for “economic liberty” surprising. To quote communist-anarchist Kropotkin:

“But ours is neither the Communism of Fourier and the Phalansteriens, nor of the German State-Socialists. It is Anarchist Communism, – Communism without government – the Communism of the Free. It is the synthesis of the two ideals pursued by humanity throughout the ages – Economic and Political Liberty.” [**Conquest of Bread**, p. 49]

The call for “economic liberty”, then, is hardly alien to libertarian communism – unless you equate, like the apologists of capitalism, such liberty with capitalism...

I guess that the use of irony would be lost on someone who calls Marx’s distorted diatribe “**The Poverty of Philosophy**” a “demolition” of Proudhon! Do I really have to point out that proclaiming the end of capitalism as “economic liberty” was an ironic jab at those apologists for capitalism who proclaim it that? Apparently I do... Just as I have to point out that Marx’s book on Proudhon is riddled with selective quoting, tampered quotes and a host of other intellectually dishonest practices which would make anyone familiar with the material shudder to see it invoked.

Sadly, Kay thinks that he has “addressed the more substantive matters at issue.” I can only say, that he has just confirmed that he really does not understand capitalism. He has simply re-

minology. There is no “exploitation” involved, unless you also argue that the capitalist exploits himself when market forces make him invest in machinery rather than a new luxury car or villa.

He is right to suggest that I disagree, adding “it’s worth exploring this point further, because it cuts to the heart of just what the capitalist social relation is, and how to oppose it.” Given that Kay thinks that “the capitalist social relation” is a product of commodity production rather than wage-labour, this should be interesting. And how do we oppose “the capitalist social relation”? Well, at the very least by expropriating the capitalist and introducing associated (co-operative) labour in place of wage-labour?

Kay then discusses how markets ensure that “the firm – as a concentration of capital – has a logic of its own.” And so we have “capital” postulated as something independent of the social relations in production! Capital is simply machinery, in this view point, as the “capitalist social relation” exists outside the firm. So capitalism is no longer a mode of production but rather a product of market relations. Which is wrong for reasons sketched above.

Kay also confuses “surplus” with surplus-value and I should note, a communist society would also seek to re-invest “surplus” into “expanding output and new technology” (true, not in order “to maintain or improve its market position relative to its rivals” but that surplus will still be utilized). After all, as Marx argued:

“Capital did not invent surplus labour. Wherever a part of society possesses the monopoly of the means of production, the worker, free or unfree, must add to the labour-time necessary for his own maintenance an extra quantity of labour time in order to produce the means of subsistence for the owner of the means of production” [**Capital**, vol.1, p. 344]

Kay argues that capital “needs to be nourished by surplus living labour or it will wither and perish.” The same can be

said of any productive system. The issue is how capital appropriates and uses surplus-labour, not that surplus-labour exists and will be used. As Marx suggested, this requires a proletariat – if workers possess their own means of production then it is **not** capital!

Kay argues that pointing out that a co-operative is not capital because it lacks capitalists “is an unnecessary personification of social relations.” Well, what can I say? If workers keep the product of their labour and so their surplus-labour remains in their own hands, then this is a completely different social relationship than one in which a boss hires then and appropriates their surplus-labour. Sure, it does not matter if the boss is replaced by, say, the state bureaucracy but it *does* matter if workers possess their own means of production.

Yes, identifying capital with capitalists can cause problems. So arguing, as Marx once did, that “if one eliminates the capitalists, the means of production cease to be *capital*” [**Theories of Surplus Value**, Part 3, p. 296] raises an ideological blindness to what happens when the means of production are nationalised and handed over to the state (as can be seen under, say, the Bolsheviks). Marx, perhaps needless to say, sometimes was blind to this, sometimes not. However, the “personification” argument only applies when socialists talked about replacing the capitalist with the state. Yes, indeed, the actual capitalists have gone but wage-labour still exists but this time the state bureaucracy is the employer. It is different when the workers themselves possess the means of production.

Of course, commodity production will ensure that co-operatives will adjust to the dynamics of the market. I’ve said that in my second article, but that *cannot* be termed “self-managed exploitation” or “self-managed” capitalism without hiding what makes capitalism a unique mode of production. Somewhat ironically, Kay joins with the apologists of capitalism in seeing capitalism wherever there are markets and commodity production (“This is the reality of running a

and federalism (economic liberty) it is unlikely (libertarian) communism would function.

Kay argues that “Proudhon, Kropotkin et al at least had the excuse of not having the wealth of hindsight now afforded us in the early 21<sup>st</sup> century.” Surely he must know that Kropotkin was against “freedom of the market” (bourgeois or not)? As for the “wealth of hindsight” we are afforded, well, I think that some have lost any insights into what defines capitalism and instead conflates commodity production *as such* with capitalism. Some also seem to conflate pointing out the difference with supporting markets.

So, just to re-iterate, arguing that capitalism does not equal markets (it equals markets plus wage-labour) is not the same as arguing that market socialism (mutualism) is all we can aim or hope for. Nor, for that matter, suggesting self-exploitation is a meaningless concept means denying that markets can and do force people to act in certain ways to survive in it. It simply means that terms like self-exploitation are confused and hide far more than they describe. It leads, most obviously, to denying what makes capitalism a unique mode of production.

Kay ignores my “army of authorities”, suggesting that “[o]f all the logical fallacies one could expect from an anarchist, appeals to authority are perhaps the most ironic.” Except, of course, I am using these people precisely to show why attempts like Kay’s of conflating markets with capitalism are flawed. He wonders “what bearing do the 19<sup>th</sup> century political strategies of dead celebrities have on the crisis today?” Well, perhaps we can learn from the suggestions made in the past when facing a similar crisis today? Sure, this was “not explained” but I took it for granted that would recognize the obvious! Rather than being “expected to be wowed by their authority”, I had hoped that those who confuse markets with capitalism and dismiss co-operatives as part of the strategy for ending capitalism would question their flawed assumptions.

Sadly I was proven wrong.

Acknowledging this, as I indicated in my second article, does not mean what these kinds of expressions (“self-managed exploitation”) are trying to describe does not exist. Far from it! Yes, market forces can and do force co-operatives to allocate more to investment than their members would prefer. Market competition can force co-operatives to work longer and harder than they would like to survive economically. However, such things are not “exploitation” as there is no appropriation of the producers (unpaid) surplus-labour. The producers get paid for the full-product of their labour, unlike under capitalism.

And, yes, co-operatives within capitalism can and do adjust to market realities and so cannot reform capitalism away. I have never suggested that they could. I suggested that expropriating workplaces and turning them into co-operatives can help build a revolutionary working class movement which could abolish capitalism.

Kay suggests that demanding co-operatives is an example of the “anarchist tradition of myopically focusing on the hierarchical aspect of the capital relation to the detriment of the horizontal.” Except, of course, the “horizontal” aspect he points to is not unique of capitalism (unless any commodity producing economy is capitalism, regardless of its social relations in production). He suggests that we end up “championing the bourgeois freedom of the market against the despotism of production, which is its necessary counter-point.” Ah, what can I say? Anarchists have championed the freedom of the *workers*. Some have argued that involved markets (Proudhon, obviously). Others have not, that it requires communism (Kropotkin, obviously). How production units work together in a free society is, of course, a moot point and will be decided, and evolve, according to the objective circumstances faced by a free people and what they wish to achieve. I hope it will be libertarian communist or, at least, progress quickly to communism. Suffice to say, without workplace autonomy

business, and it exists independently of how that business is run (as a one-man private tyranny, a Plc or a co-op”). Thus the co-operative, the artisan, the peasant, the slave-owner are all capitalists as they all produce commodities!

This reminds me of something David Graeber wrote:

“Almost immediately on jettisoning the modes of production model, once die-hard Marxists began seeing the market, or even ‘capitalism,’ everywhere. Soon one had anthropologists like Jonathan Friedman arguing that ancient slavery is really just a form of capitalism. One could, of course, take the exact same evidence to make the argument precisely the other way around, and argue that modern capitalism is really just a form of slavery, but it never seems to occur to contemporary authors to do this. When even Marxists are naturalizing capitalism, you know there’s something seriously wrong.”

And:

“The idea that capitalism is as old as civilization is of course a position long since popular amongst capitalists... The problem of course is that defined so broadly, it is hard to imagine eliminating capitalism at all.”

While I’m not surprised when supporters of capitalism make it a universal feature of human history, but I feel anti-capitalists should do better. And by ignoring wage-labour in favour of commodity production, Kay does precisely that.

He accuses me of focusing on workplace hierarchy:

“Within the prevailing capitalist mode of production, the abolition of the *capitalist* – that is, and individual personification of capital at the level of the firm – does not abolish the exploitation of labour by *capital*, that is by dead labour, which requires a surplus to sustain and expand it relative to its rivals, lest those rivals expand and swallow it up or force it out of business.”

Well, it is hard to know where to start with this confused jumble of nonsense. Capital becomes “dead labour” and so a social relationship in production between *classes* becomes a rela-

tionship with *things*. What is unique about this mode of production becomes universalized into *all* forms of commodity production, regardless of the *actual* mode of production. Firms *do* need to make a surplus in the market, but that surplus remains in the hands of those who produced it in a co-operative. That market forces make them invest part of it into new technology and machinery does not equate to exploitation of labour.

As I suggested, Kay's analysis means that capitalists exploit themselves when they invest their profits into new machinery rather than in a new car.

In most theories of exploitation, surplus labour becomes "unpaid labour" – labour which is appropriated from the producers by the owners of the means of production. Such appropriation has taken many forms, depending on the mode of production (slavery, feudalism, capitalism).

Under capitalism, it is used to produce surplus-value and is embodied in the products created during this time of (unpaid) surplus-labour. It is appropriated by the capitalist. Hence exploitation, with the capitalist appropriating the (unpaid) labour of workers.

Under mutualism, in a co-operative, the producers themselves own the means of production and so all the products of their labour. They sell the full-product of their labour, *including* that produced by "surplus-labour" (i.e., labour above and beyond their material needs). This total income is then allocated by the workers between maintaining their means of production, as income for the workers, investment and so on. There is no "unpaid labour" and so no exploitation. In short, "self-exploitation" and such like are confused and meaningless terms.

If quoting Engels is not **too** out of place, the "object of production – to produce commodities – **does not import** to the instrument the character of capital" as the "production of commodities is one of the preconditions for the existence of capital ... as long as the producer sells only **what he himself**

produces, he is not a capitalist; he becomes so only from the moment he makes use of his instrument **to exploit the wage labour of others.**" [**Collected Works**, Vol. 47, pp. 179–80]

Kay argues that "by appealing to pre-capitalist artisan production to explain why co-ops under capitalism supposedly do not involve the exploitation of labour, it is Iain that is confused, and ahistorical to boot." Wow, but I am in fine company – I am merely repeating that when known idealist Marx and his analysis in **Capital!** Talking of which, to quote said book:

"In encyclopaedias of classical antiquity one can read such nonsense as this: In the ancient world capital was fully developed, 'except for the absence of the free worker [i.e., proletarian] and of a system of credit.'" [**Capital**, vol. 1, p. 271]

So apparently in communist articles we can now read such nonsense as this: In a socialist society capital was fully developed except for the absence of the proletariat!

He suggests that I commit "precisely the mistake I warned against of focusing on capital's vertical rule ... to the detriment of understanding the horizontal rule imposed by the market." Except, of course, I explicitly argued that market forces are not what makes capitalism capital, as that "confused" and "ahistorical" analyst Karl Marx pointed out. To repeat myself:

"[Kay] is confusing the fact market forces would still exist and rule workers' lives (and this is a serious objection) with capital/wage labour and so exploitation (in an anarchist or Marxist sense of expropriation of surplus by non-producers)."

He, in short, confuses "the imperative to accumulate" with wage-labour, with what makes capitalism capitalism. As for "extract[ing] a surplus from living labour", as noted that happens in all societies. A co-operative will still produce a surplus over costs, correct, and some of this will be invested in new machinery, but this is "inherent to any firm in" the *market*, not "capitalism." To confuse the market with capitalism is what you would expect from an apologist for capitalism, not a libertarian.