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Marx, Conflict, and Cooperatives

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Karl Marx and Friedrich Engels argue in *The Communist Manifesto* that “[t]he history of all hitherto existing society is the history of class struggles. Freeman and slave, patrician and plebeian, lord and serf, guildmaster and journeyman, in a word, oppressor and oppressed, stood in constant opposition to one another, carried on an uninterrupted, now hidden, now open fight...” The history of humanity is therefore a history of institutionalized conflict. And in capitalism this conflict is fundamentally between capitalists and the working class; reflected in daily life by the struggles between workers and bosses within the capitalist business structure and, as subsets of this more fundamental relationship, between domestic and foreign workers brought about by outsourcing and between workers and machines due to automation as a consequence of technological development. As Marxian economist Richard Wolff writes in his book *Democracy at Work: A Cure for Capitalism*, in their quest toward “maximizing profits and achieving higher rates of growth or larger market shares[,] . . . [capitalists] fire workers and replace them with machines, or they impose a technology

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that exposes workers to health and environmental risk but increases profits, or they relocate production out of the country to exploit cheap labor.” And, as such, perhaps the universal element to all anti-capitalist schemes is their intent to abolish these conflicts. This is certainly true of the worker cooperative movement and here I would like to briefly outline its solutions for these conflicts through feminist economic geographer team Gibson-Graham’s fantastic book *Take Back the Economy: An Ethical Guide for Transforming Our Communities* and Marxist theory generally (with a sprinkling of left-libertarianism). There is a great deal of writing on this topic, but the essentials bear repeating.

There is always conflict within capitalist enterprises between workers and bosses. This is because the vested interests of both parties are in opposition. Workers aim at maximizing their interests through higher wages and benefits like health-care and maternity leave. Bosses ‘organize’ businesses to maximize competitive efficiency—as a secondary consequence of trying to maximizing profits and in a manner fundamentally limited by the knowledge problems of hierarchy—through lowering wages, outsourcing labor, etc.¹ The defining feature of this conflict is the exploitation of the worker through the extraction of surplus value. As Wolff writes, this...

is the excess of the value added by workers’ labor—and taken by the employer—over the value paid in wages to them. To pay a worker \$10 per hour, an employer must receive more than \$10 worth of extra output per hour to sell. Surplus is capitalists’ revenue net of direct input and labor costs to produce output.

¹ See Kevin Carson’s “Economic Calculation in the Corporate Commonwealth.”

This extra value is, because of private ownership of the means of production, *stolen* from the worker. And for Wolff, forwarding the standpoint of “surplus analysis,” this is the central aspect of capitalism—over and above the existence of markets and the exchange of commodities. He writes that “[f]rom the standpoint of surplus analysis what defines an economic system—for example, capitalism—is not primarily how productive resources are owned nor how resources and products are distributed. Rather, the key definitional dimension is the organization of production.” And this problem elaborates itself in the mistreatment of workers on a daily basis. As Gibson-Graham put it in one very demonstrative case: “[W]orkers hypothesized that . . . profits had been sent overseas or lost in financial market speculation. Owners and managers couldn’t be trusted with workers’ jobs and livelihoods.” Furthermore, many bosses require a body of people to stay in their place. It’s important that the majority of workers do not rise above a low skill level so they can do the basic labor. Wolff argues therefore that worker-owned enterprises must replace...

the current capitalist organization of production inside offices, factories, stores, and other workplaces in modern societies. In short, exploitation—the production of a surplus appropriated and distributed by those other than its producers—would stop. Much as earlier forms of class structure (lords exploiting serfs in feudalism and masters exploiting slaves in slavery) have been abolished, the capitalist class structure (employers exploiting wage laborers would have to be abolished, as well.”

And by doing so this conflict is resolved by combining the aforementioned vested interests of workers and owners.

Worker-owners both want to improve their individual lives through benefits and high wages while wanting to make the business as efficient as possible. This also creates the support necessary to increase the skill and education of workers, as can be seen—to use an example from Gibson-Graham—in the Argentinian cooperative factory FaSinPat, where part of the surplus produced goes towards maintaining a primary school and high school for workers.

There is also the conflict between domestic and foreign workers. This is, as mentioned before, a subset of the conflict between workers and bosses because it is brought about through the search for maximized profits. Gibson-Graham explain that “[s]ome capitalist businesses have responded to workers’ demands for higher wages by moving to areas of cheaper wages and unregulated working hours.” This kind of outsourcing sometimes leads to xenophobic and chauvinistic attitudes amongst workers in the Global North who see foreign workers as the enemies instead of capitalists. And this misunderstanding serves to cover up the truth that it is not the fault of foreign workers—who are simply trying to survive and achieve basic comforts—but the fault of imperialism; what Vladimir Lenin refers to as “[t]he [h]ighest [s]tage of [c]apitalism.” As Marx and Engels write in *The Communist Manifesto*, “The need of a constantly expanding market for its products chases the bourgeoisie over the entire surface of the globe. It must nestle everywhere, settle everywhere, establish connexions everywhere.” and as such, traditional national industries are supplanted...

by new industries, whose introduction becomes a life and death question for all civilised nations, by industries that no longer work up indigenous raw material, but raw material drawn from the remotest zones; industries whose products are consumed, not only at home, but in every quarter

capitalism is the firm, not the fact that the firm has a boss.”⁶ And one need only look at the now defunct r/muhcoops. And these critiques are not illegitimate; worker cooperatives operating in a state capitalist system are not going to save the world. Humanity is going to need to make a major shift toward a cooperative, decentralized, and flexible mode of production to ensure its continued existence on this planet. However, worker cooperatives can be a part of this, and it is worth noting that Marx himself, at least at certain points in his life, did speak favorably of worker cooperatives. In “Instructions for the Delegates of the Provisional General Council,” he acknowledges “the co-operative movement as one of the transforming forces of the present society based upon class antagonism. Its great merit is to practically show, that the present pauperising, and despotic system of the *subordination of labour* to capital can be superseded by the republican and beneficent system of the association of *free and equal producers*.” And in “The Civil War in France,” he says, in reference to the Paris Commune of 1871, that “[i]f co-operative production is not to remain a sham and a snare; if it is to supersede the capitalist system; if united co-operative societies are to regulate national production upon common plan, thus taking it under their own control, and putting an end to the constant anarchy and periodical convulsions which are the fatality of capitalist production – what else . . . would it be but communism, ‘possible’ communism?”⁷

⁶ I cannot find the original source for this quote but I have come across it on numerous occasions.

⁷ A more thorough consideration on the relationship between Marxism and cooperatives can be found in David Prychitko’s book *Marxism and Workers’ Self-Management: The Essential Tension*.

reality of cooperatives: with worker cooperatives, for the millionth time, there is a vested interest amongst owners to maintain employment—because they are also the workers. So Gibson-Graham account that with such organizations as the Mondragon Cooperative Corporation, “[w]hen new state-of-the-art labor-saving machinery is introduced, displaced workers are deployed to other jobs or to another cooperative in the regional network. Some are encouraged to go back to technical college to be trained in new production techniques. While doing so, they are supported by a maintenance wage.” Thus, in worker cooperatives the conflict between workers and machines is turned into a collaboration and synthesis.

Many socialists—particularly Marxists—are extremely critical of the cooperative movement, with left-communist thinker Amadeo Bordiga saying famously that “[t]he hell of

coercive state intervention prior to and extraneous to the market.” And, in *Organization Theory*, he outlines how—through particular legal frameworks, subsidies (particularly to transportation and communication infrastructure), intellectual property laws, and tariffs—the U.S. state established the hegemony of the corporate-capitalist business as the default economic structure; a phenomenon that would help lead to today’s state capitalism. Without this historical and ongoing intervention, Anna Morgenstern makes the points that “due to the rising cost of protecting property [without police and military protection], there comes a threshold level, where accumulating more capital becomes economically inefficient, simply in terms of guarding the property” and “without a state-protected banking/financial system, accumulating endless high profits is well nigh impossible.” And “[w]ithout concentration of capital, wage slavery is impossible.” And, as Gary Elkin explains, without the monopolistic banking/financial system and “if access to mutual credit were to increase the bargaining power of workers to the extent that [Benjamin Tucker] claimed it would, they would then be able to (1) demand and get workplace democracy, and (2) pool their credit [to] buy and own companies collectively. This would eliminate the top-down structure of the firm and the ability of owners to pay themselves unfairly large salaries.” Much, much, much more can be written here, but this will suffice for an endnote.

of the globe. In place of the old wants, satisfied by the production of the country, we find new wants, requiring for their satisfaction the products of distant lands and climes.

These ideas form the basis of the broader Marxist theory of imperialism, wherein class exploitation exists within nations but also between nations for, as Lenin writes, “Society’s productive forces and the magnitudes of capital have outgrown the narrow limits of the individual national states. Hence the striving on the part of the Great Powers to enslave other nations and to seize colonies as sources of raw material and spheres of investment of capital.” And though it must be obvious that cooperatives are not a cure-all for the far-reaching and ongoing processes of imperialism and colonialism, once again by combining the vested interests of workers and owners, one reduces the incentive to shift production overseas at the cost of domestic jobs. And further, cooperatives allow for the opportunity for collaboration instead of competition between domestic and foreign workers. For example, the Mondragon Cooperative Corporation in Spain has moved some elements of production offshore. But, as Gibson-Graham explain, “this strategy is not one that pits one workforce against another but one that secures ongoing employment for worker-owners in one place and non-cooperative employment in another. The MCC is committed to increasing workers’ participation in the ownership and management of companies in its network.” Additionally, worker/producer cooperatives can also partner with consumer-owned and multi-stakeholder cooperatives to form international supply chains that are human-centric and fair trade.²

Finally, there is the conflict between workers and machines—a one-sided conflict in terms of consciousness

² My opinion is that, in the long run, international supply chains should only be used for essentials and otherwise reduced in length and frequency as much as possible. Localism is the future.

admittedly, but a conflict nonetheless; and this fight has led to such movements as the Luddites. This is once again a subset of the conflict between workers and bosses. Gibson-Graham point out that “[m]achines offer the capitalist entrepreneur the opportunity to replace labor, drive the wage bill down, and increase surplus value production.” And Marx, long before the advent of contemporary automation, writes insightfully that...

[i]f, then, the capitalistic employment of machinery, on the one hand, supplies new and powerful motives to an excessive lengthening of the working day, and radically changes, as well the methods of labour, as also the character of the social working organism, in such a manner as to break down all opposition to this tendency, on the other hand, it produces, partly by opening out to the capitalist new strata of the working class, previously inaccessible to him, partly by setting free the labourers it supplants, a surplus working population, which is compelled to submit to the dictation of capital.

And not only does increased mechanization lead to both increasing exploitation as more and more surplus value is available for extraction and the creation of an even larger surplus population, but it also undermines the basis of value in a society that is living labor.³ Under socialism/communism then, the machinery is in the hands of the workers and so any increase in automation lends itself toward decreasing the length of the workday but not an increase in ‘surplus population.’ I have also pointed out, in an early article of mine, that from a historical materialist perspective and in response to calls for UBI as a panacea...

³ For a contemporary rethinking of the labor theory of value, see Kevin Carson’s *Studies in Mutualist Political Economy*.

[e]ven if it does not cause mass unemployment—but even more so if it does—automation will lead to the emergence of new and the exacerbation of old social divisions. Those who have greater access to these technologies will be able to further shape the world economically, politically, socially, and legally for those who do not. It can be expected that many will be barred from such ownership through intellectual property and other such state-capitalist measures. It will not matter if there is a universal basic income, because even with the purchasing power provided, people must spend money on physical commodities and within a society both defined by forces in the hands of an ever-smaller number of capitalists.

The first issue of increased exploitation and surplus population is, in theory, counteracted by worker cooperatives; workers could automate large sections of processes of the businesses they collectively owned and democratically governed and, instead of firing workers-owners, simply increase everyone’s freetime. In practice, for now, cooperatives are forced to compete with capitalist businesses in artificially delocalized markets and, as such, are often excluded from the possibility of majorly increased leisure time.⁴ However, not only is this a problem potentially resolved by limiting and, eventually, eliminating the state (easier said than done), but, as a consequence, it would lead to an increasingly large movement to reclaim the social-reality-defining power of the means of production for the working class in order to overcome capitalism.⁵ And even returning to the current

⁴ See Kevin Carson’s “The Distorting Effects of Transportation Subsidies” and “Pandemics: The State As Cure or Cause?”.

⁵ As Kevin Carson argues, “The current structure of capital ownership and organization of production in our so-called ‘market’ economy, reflects