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Industrial Democracy and Revolution
2014, Winter

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Industrial Democracy and Revolution

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sions to provide founding capital to workers willing to commit to building [workers' self-directed enterprises]." (2012, 170) Workers should work together with local communities and with specialists to find ways to retool and reorganize their workplaces, in order to make them easier to manage democratically and to run in an ecological manner. Workplaces that produce pollutants or armaments should do research into alternate, useful, products, such as was carried out by workers at Britain's Lucas Aerospace in the 1970s.

So long as self-directed enterprises still exist in a mainly capitalist economy, then they have to compete on the market, like it or not…. or die. But when many workplaces are taken over they should link up, send representatives to each other, and organize city-wide, regional, national and international coordination. They should aim to replace the market with planning from below. This is not the whole of a program for a socialist-anarchist working class revolution. Not by a long shot. But it is the core of a program for economic democracy as part of that broader program. As society got rid of its divisions into lords and serfs and masters and slaves, so we will get rid of capitalists and workers, bosses and employees, rulers and ruled. Working people must cease to labor for masters.

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cause pollution or are otherwise anti-ecological. Those which dominate the national economy without control. Those which will not cooperate in creating a prosperous, fully employed, ecologically balanced, and radically democratic society. Which means, eventually, all of them.

The former capitalist enterprises should be socialized by being handed over to democratic workers' control, in cooperation with local working class communities. This means one worker, one share, one vote, with managers, when needed, to be chosen by the workers in a manner they decide, with pay scales to be decided by the workers themselves. Even short of this, unions should demand measures of directly democratic workers' control for the shop floor (or office).

Who is to do this expropriation? Reformists and liberals will call on this, existing, state. Revolutionaries should not have problems with such demands on the state. The state makes a claim to represent all the people (and it does, in fact, have a lot of the community's money). Why not call its bluff? But we warn the people that it will never (or very rarely) carry out such expropriations. We aim to expose the state's pretentions.

Instead the workers should do it themselves, occupying factories and running them without the bosses. They should build an association of workplace councils and neighborhood assemblies to replace the capitalist bureaucratic state, to back up such expropriations from below.

We should call for a Public Works Program, for jobs for everyone able to work, and for rebuilding the economy in an ecological way. Both new government projects and previous government enterprises (such as schools and the post office) should be managed by their employees, again with cooperation with the local people (especially parents).

I also agree with Davidson's advocacy of "public funding for startups of worker-controlled cooperative businesses." (2011, 70) Similarly Wolff declares, "a jobs program today should include provi-

> There is a lot of evidence that working people can manage workplaces, enterprises, and industries. What kind of self-managed economy would work best? How could it be achieved: by reform or revolution? How could self-management be integrated into the revolutionary program?

There has been an increased advocacy lately of worker self-managed enterprises (also called producer cooperatives, workplace democracy, democratic ownership, "autogestion," etc.). As I shall show, this has been advocated as part of both reformist and revolutionary programs. Faced with the evils of capitalism, radicals are looking for alternatives which do not require the state ownership and bureaucratic planning of the failed "communist" (state capitalist) economies. Carl Davidson (2011, v) writes, The matters of worker ownership and control are central to the formulation of the deep structural reform policies and proposals, both strategic and tactical, that will be needed as bridges to a socialis[t] future.

In terms of liberal democratic theory, it is hard to explain why most people spend most of their adult waking hours in authoritarian workplaces, carrying out the orders of an unelected minority. The political scientist Robert Dahl argued, "If democracy is justified in governing the state, then it is also justified in governing economic enterprises…. We have a right to govern ourselves democratically within our economic enterprises" (1985, 124–125). Instead of using this language of bourgeois-democracy, Richard Wolff (2012, 12) builds on Marx's critique of political economy. He believes that enterprises should have neither stock-owning boards of directors nor government-imposed state managers (which he – correctly – calls state capitalism). Instead, the surplus-producing workers themselves would make the basic decisions about production and distribution. They would become, collectively and democratically, their own board of directors…. Capitalist enterprises would thereby be transformed into workers' self-directed enterprises…. Such reor-

ganized production sites would partner with similarly democratic organizations of residential communities…

In 1918, G.D.H. Cole and W. Mellor, guild socialists, wrote,

> *Socialists… must put their appeal to the workers not in the question, 'Is it not unpleasant to be poor?…' but in this form: 'Poverty is but the sign of man's enslavement; to cure it you must cease to labor for others'…. The ideal at which Labor must aim…can be summed up in two words – direct management. The task of actively conducting the business must be handed over to the workers engaged in it. To them it must belong to order production, distribution, and exchange. They must win … the right to elect their own officers; … they must become the accredited agents of the community in the economic sphere.* (quoted in Fromm, 1955, 249–250)

The idea of worker-controlled industry, then, is hardly new. It goes back to the very origins of the socialist and workers' movements in the 19th century. Anarchists have always been for bottom-up workplace democracy as opposed to government-run industry. The founder of anarchism as a movement, Michael Bakunin, declared,

> *The cooperative workers associations have demonstrated that the workers themselves, choosing administrators from their own ranks, receiving the same pay, can effectively control and operate industry.* (1980, 424)

Karl Marx agreed. In his 1864 "Inaugural Address of the International Working Men's Association," Marx hailed the passage of a 10-hour day law as a great victory for the workers. This has often been cited. But less well known is that he praised as

> *a still greater victory…. the cooperative factories raised by the unassisted efforts of a few bold 'hands'…. By deed,*

"countries where socialists are in power and are persisting on the socialist path," meaning, he writes, Cuba, Vietnam "and, to a degree, China." (vi) Since these three countries are all one-party dictatorships, and the "socialists in power" are the dictators, it is awfully puzzling what Davidson means by "economic democracy" and why he advocates it.

Workers' Self-Management and the Revolutionary Program

As a revolutionary anarchist I believe that at some point a revolution of some sort will be necessary to achieve economic democracy. But we must not simply wait for "a severe crisis" (which is developing, but its date is out of our hands). We have to work out a revolutionary program now, or more precisely, a transitional program: a program for beginning to build socialism under the right conditions. This is a program which cannot yet be implemented (without majority support) but around which people can presently organize and mobilize. There are many sub- jects covered by such a program, but I am focusing on the call for economic democracy. I am raising workers' self-management not only as a morally good thing but as the solution to the growing crisis – the way to "put the country on its feet again."

The transitional program for economic democracy would demand: Expropriate the Capitalist Businesses! Expropriate means to take away the capital, the wealth, of the capitalists, in whole or in part, without paying them anything. It means to socialize the corporations.

Which capitalist firms should be expropriated? Those that have shut down. Those which are still open but are laying off workers. Those which are moving overseas or to low wage areas inside the U.S. Those which manufacture armaments. Those which resist unionization or decent pay and working conditions. Those which

social democratic parties, the rise of European fascism, the counter-revolution in Chile in 1973 (when a left-wing government got too threatening for the capitalist class), and so on. If a popular party which advocated economic democracy got anywhere near taking over the government, it would surely be crushed by legal means or illegal ones: courts denying lines on the ballot, the rising of well-paid fascists, the threat of a military coup, and the cancellation of elections.

It is also possible to advocate both approaches, as does Wolff (2012) or Hahnel (2005). (For my criticism of Hahnel's two-pronged strategy see price, 2005.) Those who advocate either strategy are sincere in wanting a wholly new society. But they wish to get there by step-by-step, gradual, mostly peaceful and legal methods, without ever expecting a direct conflict with the capitalists and their state. Which is what defines these strategies as reformist – and as unrealistic.

Unlike Schweickart and many others, Davidson raises a third, revolutionary, strategy:

A political party of popular and economic democracy could take power through revolutionary insurrection at a time of severe crisis brought on by war, fascism, or ecological and economic disaster. Economic democracy would be organized as the way to resolve the crisis and put the country on its feet again. (52)

It is unclear what he means by a "political party" which he sees as "tak[ing] power." I am all for an organization of workers and others committed to economic democracy which would argue and fight for this idea. I do not want this organization to "take power" by itself but to be part of the working class and all the oppressed taking power on their own behalf, through workplace councils and neighborhood assemblies. That is how "economic democracy would be organized."

Davidson is co-chair of the Committees of Correspondence for Democracy and Socialism (which split from the Communist Party during the Perestroika era). He begins his book by referring to

> *instead of by argument, they have shown that production on a large scale…may be carried on without the existence of a class of masters employing a class of hands…*
> (Marx, 1992; 79)

Over the next decades, the idea of worker management of industry pretty much disappeared from the Marxist program. Instead, both the Western social democratic parties and the Leninist parties emphasized government ownership and centralized planning. When that did not work out, they pivoted back to market competition, by top-down enterprises, to move their economies. It was anarchists and those politically close to anarchism (syndicalists, guild socialists, cooperativists, council communists, and other libertarian socialists) who kept the idea alive.

Self-Directed Enterprises

Nor is this just a matter of ideas. There is a long history of worker-run businesses, from the early socialist movement until today. There is hardly a type of enterprise which has not been run as a producer cooperative (not to speak of the enormous number of consumer cooperatives, housing cooperatives, credit unions [co-op banks], land trusts, and marketing cooperatives). There is a large literature on this topic, covering such enterprises as the Plywood Co-ops of the Pacific Northwest or the influential Mondragon Cooperative Corporation of the Basque country in Spain. In 85 companies internationally, Mondragon includes 130,000 members, each with one share, one vote. Highly successful, it has a credit union, and a technical college, joined in a federation (discussed in Davidson, 2011; Sale, 1980; and Benello, 1992).

There has been the experience of the Israeli democratic collective farms (kibbutzim). Yugoslavia had self-managed industries, on a national scale, from 1950 to the 1970s (Pateman, 1970). All these

institutions worked (or still work), at least as well as traditional capitalism or state capitalism – or better.

The people at Mondragon have a common phrase they use to disenchant overly romantic visitors: "This is not heaven and we are not angels." (Davidson, 2011, 41) The co-ops have their limitations and weaknesses (such as bureaucratism and inequal- ity). This should not be surprising. Aside from the inevitable fallibilities of human beings, these institutions all developed within capitalist markets and national states, not under libertarian communism! Naturally they have problems. Often, the best producer (and consumer) co-ops "fail by success," that is, they work so well that they are integrated into the capitalist economy. There is also the enormous amount of evidence from industrial/ organizational psychology and sociology. Consistently research has found that increasing workers' control of production increases productivity, creativity, morale, lack of turnover, attendance rates, and other useful work behaviors – even under capitalism (Blumberg, 1973).

Finally, there is the evidence of revolutionary upheavals. Time and again, in revolutions and rebellions, workers have seized workplaces, occupied them, created workplace assemblies and elected workplace committees, and even began to operate plants without capitalist bosses. Such were the factory committees set up in Russia after the 1917 revolution, which were destroyed by the Bolsheviks (Brinton, 2004). Another example was the selfgoverning farms and factories set up in Algeria after the Algerian Revolution (Porter, 2011). A more recent example was the popular rebellion in Argentina in December 2001 in which workers took over and ran approximately 300 factories (Sitrin, 2006). Laid-off workers have recently taken over and run a building supplies factory in Greece (Flanders, 2013).

Perhaps the greatest example of workers' self-management on a large scale occurred during the Spanish revolution of 1936 to 1939. Workers took over and ran factories and industries of all sorts, while peasants democratically collectivized their lands. The work-

Reform or Revolution?

Davidson (2011) discusses possible strategies for getting to a self-managed socialism, mainly in response to a theorist of "market socialism," Schweichert (2002). One is the alternate institution strategy. "Economic democracy, including its firms,… could be… a growing force that ultimately would supplant capitalism." (Davidson, 2011, 51) This is not only the claim that worker-run enterprises should be built because they provide jobs, services and are a useful model (a claim I agree with). Rather it is the strategic claim that cooperative worker-run businesses could be so successful that they can spread until they dominate the economy and wipe out capitalism!

This is a popular idea among many (perhaps most?) U.S. anarchists, among others. It is a delusion. It ignores the reality that the capitalist class controls the marketplace as well as the government at all levels. The ruling class will let people form a relatively small number of cooperatives, mostly at the margins of the economy. They will not let cooperatives "supplant" the U.S. corporate steel industry, auto industry, oil industry, and the giant banks. In the unlikely event that the co-ops could accumulate enough capital to threaten to "supplant" these semi-monopolies, the capitalists would cancel bank and government credit, forbid the use of transportation and communication by the co-ops, and pass laws against the cooperators. The courts and police would enforce these laws.

Another suggested strategy is electoralism, or what used to be called the "parliamentary road to socialism." "A political party… could win a majority of the electorate and… decree economic democracy by passing laws and executive orders" (p. 51). Many Marxists today advocate such a new party. To respond to this is to raise again the argument that the state is not a neutral instrument but an institution of the ruling capitalist class and its system (a belief traditionally held by revolutionary anarchists as well as left Marxists). It would require a review of the historical failures of

goslavia's explosive civil and national wars which broke out after the collapse of Tito's Communist dictatorship.

Other theorists of a self-managing economy have sought a different type of system, one with neither a market nor centralized planning. Such was the concept of the 1920s guild socialists (Cole, 1980; Ostergaard, 1997; Pateman, 1970). Some look to a federated system with as much decentralization as possible (Benello, 1992; Morehouse, 1997). This builds on the ideas of local self-governing enterprises intertwined with local self-governing communities and consumer cooperatives. Complete local self-reliance is neither possible nor desirable, but there could be an emphasis on as much local autonomy as possible – for municipalities, communes, cities and regions. The more localized the community, the easier it will be for people to democratically plan its overall economy.

The creators of "Parecon" ("participatory economics") reject this type of decentralization. Instead they want the U.S. to be nationally organized into workplace councils and consumer (or neighborhood) councils (Albert, 2003; Hahnel, 2005). The consumers' councils would state (on the Internet) what they want/ need. The workplace councils would respond with what they could produce, and what they would need in order to do so. Proposals and counterproposals would go back and forth over the Internet (with some overall guidance by "facilitation" boards). An overall, country-wide, plan would be worked out, more-or-less acceptable to everyone. This would be a noncentralized economic plan. See also the variant model of "Inclusive Democracy" as proposed by Takis Fotopoulos (1997).

Other models could be proposed or worked out in practice in different regions and countries. It would have to be decided practically how to balance decentralized planning and cooperation with federated planning on a national, continental and global scale, also whether there would be a use for any degree of market mechanisms within the overall planning.

ers and peasants worked out methods of coordination. Despite opposition and sabotage from liberals and Stalinists, and betrayal by their own leaders, anarchist workers demonstrated industrial democracy in practice. (Dolgoff 1974; price 2012)

The limitation of studying such examples is that they were all eventually crushed, or, in Argentina,some were essentially converted into producer cooperatives and integrated into the capitalist economy (we have yet to see what will happen in Greece).

So self-governing enterprises can be justified by democratic and socialist theory, and by historical and current experience. While I cannot say that there is absolute proof, there is strong evidence that working people can manage production democratically, without a class of bosses. (There are vast literatures on all these points, which I cannot begin to summarize in this little essay. Aside from works I cite elsewhere, see Bayat, 1991; Hunnius, Garson, & Case, 1973; Lindenfeld & Rothschild-Whitt, 1992.)

What Kind of Economy as the Goal?

Even if we accept the basic concept of workplace democracy, there are two theoretical questions which must be answered. The first is, what is our goal? What kind of society-wide economy are we aiming for?

Some would integrate workplace democracy with centralized planning and nationalized industry. Walda Katz-Fishman declares, "Local and workplace initiatives and centralized planning backed up by workers' state power are interconnected and interdependent." (in Benello, 1992, 179) Marx may be interpreted as advocating something like this (although he never details his model of a post-capitalist economy). The problem is how to balance centralization with autonomy. How can workers' local self-management be real if the workers are merely deciding how to carry out their part of an overall plan which was created elsewhere by others? This is a

problem even with the most democratic "workers' state" (whatever that is taken to mean!). Not that some sort of flexible, democratic federalism is impossible, but the idea is not simple.

Another approach, widely considered among advocates of worker-run enterprises, is that of democratic enterprises competing with each other in the market (although the enterprises may be owned by the community). This is the explicit program of Dahl (1985) and Schweickart (2002). Davidson refers to "a longterm post-revolutionary period with firms carrying on business autonomously within a market economy." (2011; p. 85) As I quote Wolff above, "Capitalist enterprises would thereby be transformed into workers' self-directed enterprises." Wolff (2012) gives the impression of supporting a market system, mainly because he expects worker self-directed enterprises to develop under capitalist markets. However, he claims to be agnostic on the nature of the best final system for integrating democratic enterprises. They "can coexist with planning or markets or combinations of both." (p. 143)

Some kind of a market collectivism existed for decades in Yugoslavia. As a program it goes back, at least, to P.J. Proudhon, the first person to call himself an "anarchist." It is consistent with the ideas of the "individualist anarchists" (but not with the misnamed "anarcho-capitalists," who do not advocate democratic management of business enterprises). It is also proposed by some modern social democrats, so-called "democratic socialists." (Roosevelt & Belkin, 1994)

"Market socialism" was originally advocated by supporters of central planning. They claimed that centrally planned economies could simulate markets, in prices and commodity arrangements. Nationally owned centralized economies could try to act as if they were markets in certain ways (Lange & Taylor, 1964) – actually an admission that this was state capitalism. What is being discussed here is somewhat different. It might be called "decentralized market socialism." Worker-managed enterprises, consumer coops, very

small businesses and shops, family farms, etc., would compete in the marketplace.

This is not "socialism" as meant by the historical mainstream of the socialist movement. It has been called "social capitalism" (Morehouse, 1997), with as much justification. Historically, most socialists did not include the market (with money, commodity exchange, and the law of value) as part of their goal. At most that was seen as a remnant of capitalism in a post-revolutionary society. As scarcity was overcome, the market (commodity exchange) would die out and be replaced by conscious planning. Yet neither is this model "capitalism." There would be no specialized classes of capitalists or workers (although we can speculate that such classes would re-emerge under these conditions). It would be most like a society of simple commodity production, still under the pressures of the market and the law of value. Like small shop-keepers, the workers would be capitalists to themselves, "exploiting" themselves for the sake of the enterprise.

Economic democracy would be even more limited than in my first model of a mixture of self-management and central planning. There could be no democratic control over the overall economy, which would go up and down according to laws of the market. The workers of any one enterprise would chose how to respond to the economic "weather," but could not control the movements of the economy itself. There would have to be some sort of state or central authority to regulate the market (to the limited extent that it could be regulated).

There would be business cycles, including periodic recessions. Some self-managed businesses would do better than others; some regions would do better than others; there would be inequalities within enterprises as well as between them; there would be overproduction, unemployment, areas of relative poverty, and various amounts of resentment. All of which developed in Yugoslavia's self-managed market economy. The regional inequalities underlay Yu-