Economic Democracy:
Essays and Research on Workers’ Empowerment

Warner P. Woodworth, Editor
Table of Contents

Preface ..............................................................................................................................1

Chapter 1: Empowering Workers Through Economic Democracy .........................4
-Warner Woodworth

Chapter 2: Collective Bargaining, Mutuality and Worker Participation ..................16
-Milton Derber

Chapter 3: The Separation Between Workplace and Commune: Its Implications for
Self-Management Socialism .............................................................................................27
-Hugo Pirela

Chapter 4: Sociotechnical Systems Ideas as Public Policy in Norway: Empowering
Participation Through Worker-Managed Change ..........................................................52
-Max Elden

Chapter 5: The Challenge of Economic Democracy: The Case of Sweden .............71
-Sandra Albrecht & Steven Deutsch

Chapter 6: Self-Management as a Development Alternative: Reflections on the
Peruvian Experience ........................................................................................................92
-Martin J. Scurrah & Mario Padron

Chapter 7: Workers’ Self-Management in Poland .....................................................108
-Roman Szul

Chapter 8: Experiments in Sichuan: Reform of Economic and Social Relations in
China’s Enterprises ..........................................................................................................124
-Chen Chang-Rong

Chapter 9: The Moral Postulates of Kibbutz Culture ..............................................134
-Melford E. Spiro
Preface

This book, *Economic Democracy: Essays and Research on Workers’ Empowerment*, draws on the work of various colleagues around the globe with whom I have worked, met at conferences, and in some cases collaborated with on research projects. I am grateful to each for permission to use their papers and to edit, change the format, or otherwise tweak the material so that this volume has a coherence to it beyond a random collection of country perspectives.

The thrust of *Economic Democracy* is to explicate the wide-ranging strategies, tools, and theories that have been advocated for changing the world. An underlying assumption of all chapters is that creating political freedom and democracy is not sufficient for national development and well-being. My premise is that the process of political change must go hand-in-hand with democratization of the economy. My argument is that dual development of both civil society and the workplace hold the promise of a better quality of life than either sector can produce alone.

Empowering workers so that when they enter the factory gates they do not have to leave their rights to safety, security, free speech and having a voice in decisions is the overarching objective of economic democratization. The roles of unions, management, and other parties are important in truly transforming the workplace from a system of oppression and exploitation to a community of equals who are engaged in achieving a better society. Finding meaning at work, feeling valued for one’s productivity, building sustainable economic organizations become important objectives in the world of work.

This book is organized by drawing on the research and analysis of different experts from around the globe. Several authors speak from historical experience as their country has struggled to change over recent decades. Various writers draw upon such academic disciplines and paradigms as business, management, economics, sociology, and/or labor relations. Some build their chapters from Marxist socialism, while others take a more capitalistic stance. For the reader, the result becomes a rainbow of various colors and views.

In Chapter 1, Warner Woodworth introduces the notion of economic democracy and its various manifestations from the level of the individual to that of the whole system. He integrates both the U.S. approach which is still quite new, with the European model that has been developing for decades. Next, Milton Derber in Chapter 2 compares the similarities and differences that exist between two core approaches to economic democracy, one of which is adversarial of nature, and known as collective bargaining; the other which is based on mutual cooperation, examples of which may be producers cooperatives or autonomous work groups.

Chapter 3 focuses on self-managed socialism. Written by Hugo Pirela while at Cornell’s Institute for Labor-Managed Economics, the author discusses the social asymmetry between the workplace and the larger community. Written in the 1980s, this analysis identifies core concepts of Karl Marx and applies them to the potential relevance of Yugoslavia as it sought a third way between Soviet communism and the capitalism of the West. Although Yugoslavia ultimately broke up into feuding smaller states, Pirela’s perspective articulates the theoretical basis for building worker collectives.
Next are several sections on economic democracy experiments in Scandinavian countries as workers, managers and politicians have sought to build progressive, productive systems in recent decades. Chapter 4 describes the research of Max Eldon, a U.S. academic who has spent much of his career at the Work Research Institute in Norway. His paper traces the innovative research of Einar Thorsrud and others who pioneered the development of socio-technical systems in corporations that became linked with Norwegian national government applications in order to democratize working life through public policy creation. Eldon’s argument is that this strategy is applicable in other countries and that it lends much promise for “democratization and national development.”

Similarly, Albrecht and Deutsch report on Sweden’s steps toward economic democracy in Chapter 5. They argue that the country’s humanization of work and its sophisticated social and political structures laid the foundation for a national shift in favor of democratizing the entire economy, a decidedly different trend from the 1970s and 1980s, that has led to Sweden being the most admired nation in the world, with the greatest quality of life, and the least unequal society perhaps ever created.

The book then turns to two examples of growing economic democracy in the Third World. In Chapter 6, Martin Scurrah and Mario Padron focus on the establishment of workers’ empowerment and economic democracy in Peru. They argue that some 7,000 worker-run enterprises in their country offer an alternative model for Third World development, in contrast to the contemporary globalization drive that favors gigantic multinational corporations seeking control of world markets.

Next, in Chapter 7 the rise of solidarity in Poland is analyzed by Roman Szul. He traces the oppressive control system imposed on the country by the USSR, and reports how the drive for workers’ self-management and economic democracy led to the crisis at the Gdansk shipyards, the mobilization of Eastern Europe’s first free and independent trade union, Solidarnosc, and how this movement began to pry Warsaw loose from Moscow.

Then in Chapter 8, Professor Chen Chang-Rong reports on the gradual shift within the Peoples Republic of China from a highly centralized and bureaucratic form of communism toward an economic democracy experiment in Sichuan, Southwestern China. In this case decisions are made at the enterprise level, not Beijing, including production plans and their implementation, sale of products, retention of some of its profits, all of which is carried out with extensive worker input. Sichuan offers a potentially useful validation of the idea that reform from within is both possible and desirable, but that democratizing China’s economy must be done with Chinese characteristics.

Finally, this volume concludes with Chapter 9 by the scholar, Melford E. Spiro, who tracks the example of the kibbutz as a model for national development. This research centers on a decidedly socialist method for creating new, democratic communities that value the group, not the individual. The kibbutz approach is to tap the human desire for equality, socio-economic justice, and higher productivity. Whether all the facets of kibbutz life co-exist as a coherent whole or not, factors such as economic success, profits, and social desirability have resulted in rather remarkable outcomes. Namely, that while only 3 percent of the Israeli population lives and works on Kibbutzim, they produce over 7 percent of the nation’s gross domestic product.
The pioneers who launched collective communes as the path to development have certainly succeeded in building modern Israel from its impoverished peasant roots only a century ago.

Thus, the nine chapters in Economic Democracy suggest a rich, interwoven pattern of various hues and shading, but each with its own vibrant message. Together they make for a strong tapestry which gives ideas for further innovations to the contemporary observer. Written at different periods during the past several decades, they show the rich and varied values, assumptions and institutions that have attempted national movements toward genuine economic democracy.

Thanks is expressed to all who helped produce this volume, including the authors and my associates, students, staff at Brigham Young University. In particular I appreciate the heroic struggles of oppressed workers, visionary managers, and political leaders who have built the global movement toward economic democracy. This book is dedicated to them.

– Warner Woodworth
Chapter 1

EMPOWERING WORKERS THROUGH ECONOMIC DEMOCRACY

Warner Woodworth

This chapter introduces the range of tools and methods that have been implemented around the globe over the past decades to develop stronger economies, empower workers, and fuel greater productivity. Such strategies have been used to develop economies in transition such as the Third World, as well as redesign the new societies emerging from the former USSR and its satellites. Many of those lessons bode well for economic renewal in the United States, and suggest implications for Third World strategies as we enter the new millennium. While many individuals worry about the negative effects of globalization and Big Business spreading its tentacles around the world, there are also signs of resistance and self-determination. While the World Bank, the World Trade Organization, and the World Economic Forum meet annually to plan for expanded trade that benefits rich nations, alternative groups gather in even larger numbers to strategize about more humane options such as the World Social Forum.

Today as we attempt to reverse the financial losses of recent years, numerous U.S. firms have launched quality circle programs, just-in-time production, etc., as executives become enamored with the ideas and techniques of Japanese practices. *Kaizen*, or continuous improvement, for example, has led to an average of 220 suggestions a month at the joint partnership between General Motors and Toyota in California, called NUMMI. But instead of looking eastward to the Orient for answers, we may see that the trends most significant to American industry today are to be found in Europe. It is from there that we derive our roots—the Judeo-Christian ethic, our major theories of political democracy, economic development, and indeed, most of the underpinnings of our contemporary culture.

I propose to review the thrust of organizational changes in the European workplace and perhaps extrapolate from them shifts America might expect in the coming decade. As we reflect on changes in European political and economic spheres, are there any signs that similar seeds have been planted in American soil? What parallels are emerging in the United States? Finally, we will explore several frameworks for a restructuring of organizational power that are beginning to emerge and discuss their implications for truly changing the world.

After 150 years, Europe is again giving birth to a new industrial age. The first was a technological revolution, an era of mechanization and mass production, of assembly-line organizational logic and the triumph of the machine. The second revolution going on now is a transformation of power, a shifting of economic and political control in society, from the few to the masses, from the owners to the producers of labor, from the have to the have-nots. The results are yielding significant outcomes as the social structure is altered, as political expectations change, as a new psychology of entitlement emerges, and the nature of work itself is redefined.

Today in many advanced countries of Europe, a job no longer means simply arriving on time, operating a machine, and producing one’s quota of quality products. Work has been infused with the notion of individual rights, the quality of working life, and the democratizing of
corporate bureaucracy from the shop floor to the boardroom. Whether the national rhetoric is
capitalistic or socialistic, the underlying thrust is a push for participation and power. For
millions of workers across Europe, new institutional forms have been created in order to
guarantee the redistribution of power. The range of these mechanisms makes up a phenomenon

Instead of merely reporting to work and receiving orders for the day, the new worker’s
role is one of decision-maker and policy setter. The experiments of the 1970s and 1980s have
been institutionalized in the 1990s. Indeed, the past decade, especially in Eastern Europe, can be
characterized as the most sweeping economic reform of the 21st Century. While the arguments
from the political left and right vary on how to distribute the fruits of labor throughout society,
the debate about whether to share the benefits of production more widely is all but over.

Immediately after World War II, France began the drive toward economic democracy by
establishing mandatory works councils in 1945. Germany went further in 1947, allocating to
workers one-third of the board of directors’ seats in the coal and steel industries. Since then, an
explosion giving rise to full-fledged economic democracy has culminated in over thirty changes
in corporate-union relations among some ten countries. Table 1 is a sampling of these
developments which empower workers and labor with new organizational and economic clout in
different nations:

| The Netherlands establishes works councils | (1971) |
| Sweden passes one-third co-determination law | (1972) |
| Austria legislates labor constitution | (1973) |
| Britain creates Bullock Commission | (1974) |
| Denmark establishes co-determination system | (1974) |
| Sweden considers Meidner profit-sharing plan | (1975) |
| Norway creates work environment act | (1976) |
| Germany passes 50-50 co-determination law | (1978) |

The sum total of these legislative and social innovations means profound industrial
change. Consider the following pushes for European economic democracy: A more focused
description of major types of change will suggest the flavor of these alternatives in the reform of
industrial relations.

Collective Bargaining

The fundamental basis for union-management relations in Europe is still the labor
contract, although it is built on a foundation of cooperation, in contrast to the adversary system
of the United States. Trade union membership is high, often exceeding half of the work force,
and in some Scandinavian countries, up to 80 percent are unionized. This includes not only blue-
collar employees, but white-collar and managerial personnel in many countries. In contrast to
the dominant bread-and-butter concerns of bargaining in America, the agenda of European labor unions over the years has been broadened to include not just physical safety and health, but mental well-being also. Other top priorities consist of joint decision making, and the social rights of workers. Sweden, for example, established a Democracy at Work Law in 1977 which essentially tore the lid off issues once considered managerial prerogatives. On the other hand, Italian unions have achieved economic democracy gains through collective bargaining rather than political means. In many cases, the unions have used arbitration along with legislation to widen the focus from wages and working conditions to employment policies, capital investments, production schedules, and new plant construction.

**EUROPEAN ECONOMIC DEMOCRACY**

British labor advocates, Coates and Topham (1970) declare: “For us, the question is whether the workers are to control their own destinies, or be subjected to ever more intensive and minute control themselves, as the power of the oligarchs becomes ever more arbitrary and ever more irresponsible” (p. 240). Likewise the French trade union, CGT pushes for its agenda: “We demand steps be taken to fight against the extreme divisions of labor, loss of skills, and the subservience of man to machines.”

*Workplace Democracy*

The participation of workers at the shopfloor level of the firm has become a major focal point for economic democracy. Early experiments in British coal mines and Swedish automobile assembly plants have led to widespread attempts to alter the relationship between the individual and the machine. Specific tactics and terms may vary: Norwegian work restructuring, job enrichment, British socio-technical systems, Swedish autonomous work teams, and labor-management cooperation. The important goal is to restore meaning and growth to the work experience. Most European nations have as a high priority the improving of the quality of working life, illustrated in Germany’s expenditure of over $100 million to carry out research under the Humanization of Work Act. The underlying principle seems to be that if workers participate in the design and execution of shopfloor activities, there will ensue a more productive process and higher-quality results, as well as a closer correspondence between bureaucratic organizational life and genuine societal democracy. In numerous cases, organized labor even wants to shift the very nature of products being produced. Consider, for instance, what the Lucas Aerospace Combine Shop Stewards Committee has advocated to combat mass layoffs through the creation of alternative, peace invoking economics: “What we are insisting from Lucas is a move away from weapons production for the arms trade—toward socially useful production: goods accessible to all, products which conserve resources and improve the environment.”

*Works Councils*

National legislation exists which mandates the formation of a works council at the enterprise level in numerous European countries—France, the Netherlands, Sweden, Belgium, and so on. Usually the councils are established as union-management consultative bodies to monitor factory working conditions and strengthen operations. These councils may range from groups of “all talk/no action” to very powerful committees which basically run the business. Usually between 10 and 20 people in number, membership is either decided by one’s formal
position in the company or union hierarchy, or by the election of representatives. In Belgium, the works councils are mainly an advisory group of top management, while in Italy and the Netherlands they are union-dominated and have heavy control over company decisions. In the latter case, the councils have access to corporate information about future business plans and financial data. Executives must involve the council in such decisions as plant relocations, mergers, product development, and layoffs. The councils have veto power over safety issues, changes in pensions and profit-sharing, and disciplinary policies. Operating a works council consumes a good deal of the time and energy of management and labor, but many argue the effort pays off as the council becomes a vehicle through which decisions get reached and plans are implemented.

Co-Determination

In attempting to mitigate against a rebirth of Nazism after World War II, the West German government attempted to democratize the economy by giving workers board of directors representation in key industries. Since then, the percentage of workers’ board seats has grown from 33 percent to parity (50 percent) in Germany. Similar legislation is now on the books in the Scandinavian countries, France, the Netherlands, and Austria. The Bullock Commission Report of Great Britain advocated a similar structure of U.K. industries, but the political support for such a move has not yet been achieved. The European Union has been implementing a two-tier board system for all European companies in which the top level has equal representation for workers and executives, with a second-level board consisting wholly of upper management, accountable as a group to the top board. Some nations mandate co-determination only in certain industries, and only in large companies. On the other hand, Sweden requires labor representation on the board of all firms employing 25 or more people. In most cases of co-determination, trade union power seems to consist mostly of information; i.e., access to profit-and-loss statements and employee relations data, rather than workers using their power to redirect or block corporate activities.

Income Redistribution

Perhaps the potentially most profound and far-reaching European changes have to do with worker participation in the corporate financial picture. The essence of sharing in the profits of a firm, however, is not simply a question of depositing an extra bonus in one’s bank, but broad-ranging societal control. The ultimate goal is for the masses to obtain decision-making power through widespread stock ownership—a fundamental form of democratizing the economy. Labor leaders and economists have debated trade union control of the means of production throughout Europe. In Sweden, for example, proposals have been considered that anticipate turning 20 percent of the country’s corporate profits over to a central fund administered by the national union. Such a move would give labor virtual control of Sweden’s economy within the next few years by creating a political economy of a Third Way, an alternative to the traditional dichotomy of having to choose between capitalism or socialism.

U.S. WORKERS’ EMPOWERMENT

While the shifts toward worker participation have perhaps been more dramatic in Europe, the American case also suggests the seeds of change. From human relations training and

7
organizational development techniques which emphasized trust and working together, but left the central issue of organizational power untouched, the push today in countless firms is on the quality of working life, worker empowerment, and participative management. The underlying thrust seems to be that *it is not enough to do things differently; what is needed is to do different things.*

Hundreds of firms, like Procter & Gamble and Westinghouse, have designed and built new plants based on a logic of “small is beautiful.” These new wave factories tend to be single-storied facilities with plenty of sunlight, access to the out-of-doors, and brightly colored work spaces. Rather than ten thousand workers packed into crowded pigeonholes, the new firms usually have 500 employees at the maximum, a size that is more consistent with human-scale organizations. Such enterprises do not suffer from hierarchical overkill, but are simpler to understand and they generate feelings of belonging to the company family. Smallness enhances the possibility that when difficulties emerge, the organization is not so large and complex that problems are unchangeable.

A number of other aspects of today’s new American plants reveal the cumulative effect of change: no time clocks; no uniforms; teams of workers doing their own scheduling, hiring, and firing; quality control and light maintenance, often without even immediate supervisors. Job design and/or job enrichment are also increasingly important. As Studs Terkel (1997) found when interviewing Americans across the country, people are seeking new changes in the nature of the work they accomplish: “I think most of us are looking for a calling, not a job. Most of us, like the assembly-line worker, have jobs that are too small for our spirit. Jobs are not big enough for people” (p. xxiv).

Meanwhile, dramatic alterations are also appearing in the old manufacturing industries of the Northeast United States. To combat community deterioration caused by strikes, low productivity, and runaway plants, dozens of cities have created area labor-management committees. Among the most widely heralded successes are those of Muskegon, Michigan and Jamestown, New York, where union officials, industrial owners and managers, and elected representatives of the public have created regional councils engaged in cooperative problem-solving (Meek, 1985).

In many cases such efforts have led to reduced work stoppages, improved health and safety records, the retention of once-threatened jobs, and revitalization of the regional economy. These new forums for anticipatory joint planning, rather than post facto reactions to a crisis, have resulted in job guarantees, improved percentages of corporate bids on new work, redesign of plant layouts, and community-wide commitment to a better quality of life.

The 1980s-1990s American era of labor concessions was not merely a period of union givebacks, but a tradeoff. In numerous cases workers agreed to not demand wage increases and even to accept reductions in benefits or other settlements which minimize costs to the firm. However, labor has sought and gained power in exchange for such agreements, illustrated by the following sampling of new contracts: Ford and General Motors agreed with the United Auto Workers not to close down assembly plants and to reduce outside competitive buying of parts; American Telephone and Telegraph agreed to consult electrical workers’ “technological change committees” before any innovations were implemented; the United Rubber Workers won the
right to inspect Uniroyal’s books in exchange for concessions; workers at Northwest Airlines, United, and a number smaller firms gained seats on the board of directors so they could monitor corporate performance and have access to critical financial data.

**Worker Ownership**

Perhaps one of the most fundamental signs of the new industrial revolution in America is the shift toward workers’ self-management and employee ownership. Sharing in the fruits of one’s labors has been an evolutionary idea for some years, illustrated by the proliferation of profit-sharing schemes, Scanlon plans, and newer programs like Improshare. However, more recently, employee stock ownership has mushroomed. As a strategy for economic democracy, in some cases, the workers simply obtain stock through special company arrangements, illustrated by Hallmark Card or Sears, Roebuck, and Company (which is 30 percent employee-owned). In other instances, employees gained major blocks of stock through some sort of financing package, such as the Chrysler autoworkers obtaining 15 percent of the company’s stock, 12 million shares, as part of a large revitalization plan. In hundreds of cases during the last decade, small business entrepreneurs have also turned their firms over to their employees upon retirement. In other instances, workers and communities have fought imminent plant closings through the tactic of a worker buyout, and thousands of jobs have been salvaged (Whyte and others, 1983).

All told, today there are over 11,000 worker-owned firms across the country, employing at least nine million worker-owners whose stock is valued at over 400 billion dollars (NCEO, 1999). In Poland when the heroic trade union, Solidarity, demanded as one of its core economic reforms a program of workers’ self-management and ownership, leaders of the regime criticized the union proposal as bourgeois capitalism.

In contrast, in the United States when one speaks of worker ownership, the idea is often rejected as socialism. Curiously, however, congressional legislation reveals the notion of employee ownership to have widespread bipartisan support in Congress, and even in the White House. So today worker ownership is growing, from 17 plywood corporations in the Northwest to an insurance company in Washington where workers elect their own managers. From Okonite, a New Jersey wire and cable firm to the Springfield Remanufacturing Company in Missouri; from Parsons, a Pasadena-based engineering business with 12,000 worker-owners to Science Applications International in San Diego with 41,000 employees; from large-scale agricultural co-ops to new wave collectives in light industry, crafts, and other economic alternatives. The idea was embraced by one of the largest employee-owned firms in the country, a steel mill in Weirton, West Virginia which was bought by 10,000 steelworkers and became the eighth largest steel company in America. Ultimately, American steel workers at other sites bought out over 20 more such companies. Likewise, some 121,000 employees now own the majority of shares in Publix supermarkets, headquartered in Florida.

While the transporting of the new economic revolution across the Atlantic is far from complete, the winds seem to be blowing in this direction. Although we should not overstate the differences between Europe and America, the “Europeanization” of U.S. industry tends to look like the future. A key difference is that much of the shift in power to American workers is coming about through voluntary agreements between unions and companies, not because of political alliances or state-mandated legislation typified by much of Europe. In other words,
while the thrust of the change is similar, the means differ and seem to be based on a distinctly American approach in which the federal government largely stays out of the picture.

Another factor which distinguishes change between the two continents is that in the United States there is generally not a coherent policy among employers’ associations or international labor organizations regarding workers’ participation. Rather, the process is occurring in piecemeal fashion. There have been several exceptions, such as the creation of plant-level labor-management committees throughout the steel industry, and the General Motors-UAW formal commitment to participative structures which ensure a higher quality of working life. But the norm generally seems to be that the union local and/or plant management propose changes which lead to more of a bottom-up empowerment.

In attempting to analyze quality of working life as an approach to organizational change, it may be useful to look at the global picture from different angles. One view that might be taken arises from consideration of the level of worker participation (shown in Table 2).

<table>
<thead>
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<th>Table 2: Levels of Organizational Participation</th>
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<tr>
<td>Ownership—Stock control</td>
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<td>Governance—Co-determination of policy</td>
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<td>Management—Administration</td>
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<td>Terms and Working Conditions—Labor Agreements</td>
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To explain this chart, let us begin with the lowest level of participation, Terms and Working Conditions. In America, the labor contract has been the historical vehicle for worker participation. Collective bargaining was the process for setting the pay, benefits, duties, and it otherwise defined the relationship between management and labor. Essentially, it boiled down to an assumption that “management’s job is to manage and workers do the work.”

A step up in participation has developed over the past few years in cases where the union has been invited to become a partner with management in the administration of the firm. Under the rubric of Participative Management, Ford Motor Company has created Employee Involvement Committees in over a hundred of its plants in which workers and supervisors jointly assess problems and brainstorm possible solutions. Quality of working life specialists at General Motors have likewise labored for a number of years to bring UAW and management representatives together for team-building programs in which trust and a new level of open dialogue are established for joint management of the factory. For example, the mission statement mutually agreed to by the management at GM’s Oldsmobile division declares that:

We encourage and support the shared responsibility of all people at Oldsmobile toward a common goal: producing a quality product at a competitive price, in an atmosphere of cooperation and shared recognition, in which everyone has the opportunity to participate in the decision-making process (Union Steering Committee, 1991).
Elsewhere, Dana Corporation increased productivity 126 percent by involving most of its 24,000 workers in participative management programs. Cummins Engine, General Foods, and others began to restructure decision making so that work teams became self-managing. Prominent European parallels consist of the Swedish new plant designs, socio-technical redesign of work experiments in Britain, and so on.

Other efforts have raised the degree of organizational participation even higher, to a third level—the inclusion of workers in a firm’s Governance. Examples from Europe consist of works councils at the plant level in France, the Netherlands, and Belgium, and co-determination of the corporation in the cases of Germany, Austria, and Scandinavia. U.S. examples of co-determination include the election of United Auto Workers President Douglas Fraser to the board of Chrysler Corporation, and union seats on the boards of Northwest, United Airlines, Weirton Steel, and others. In other firms, such as Donnelly Mirrors, all employees are represented by an elected committee which sets all policy for personnel issues in the corporation.

Perhaps the most powerful level of participation is that of Legally Owning a Business. European instances include worker buyouts in Sweden, Britain’s Scott Bader Commonwealth, and the 200 industrial cooperatives of Mondragon, Spain, which employ 60,000 workers in an intricate network which includes a worker bank, R & D center, engineering school, and housing complex.

Worker ownership in America may arise from a profit-sharing program which gives employees a stake in the business, as illustrated by firms like Kodak which is partially owned by employees. Or the ownership may include over 50 percent of the stock held by the workers as is the case with Publix Supermarkets, Parsons and Okonite.

To look at economic democracy from another angle, three basic forms of participation may exist (see Table 3).

<table>
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<th>Table 3: Forms of Participation</th>
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<tr>
<td>Individual—Direct</td>
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<td>Group—Direct</td>
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<tr>
<td>Organizational—Representative</td>
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</table>

One form is the involvement of the Individual. In this case, the employee approaches management with ideas and/or criticisms. These may be verbal or written, solicited or unsolicited, and are often obtained through such programs as an open-door policy or suggestion box. A second form is that of Group activity—quality circles, Scanlon committees, semi-autonomous or autonomous work teams, and so on. The third form is Organizational, which, in contrast to the two direct approaches, is representational. Illustrations of this include the innovative structure of participation at W.L. Gore, the hi-tech fabric maker. Another case may be the Management Councils created at Westinghouse Corporation in which representatives from supervisory ranks in various departments are elected to open up channels of communication, make recommendations regarding management needs, and so on.
Another angle from which a different perspective of organizational change appears is to look at a scale of participative power. Table 4 attempts to suggest a hierarchy of decision making and is illustrated with examples from cases discussed above. While the range of worker input varies considerably, one might argue that the higher on the ladder worker participation in decisions goes, the more potential exists for genuine workers’ control and economic democracy.

<table>
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<th>Table 4: Range of Economic Democracy</th>
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<tr>
<td>Word Station Decisions</td>
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<td>Collective bargaining decisions</td>
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<tr>
<td>regarding job bidding, place of</td>
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<tr>
<td>work, speed, etc.</td>
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<tr>
<td>Day-to-day Team Management</td>
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<tr>
<td>Labor-management committees,</td>
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<td>quality circles: GM, Ford, Kelloggs.</td>
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<td></td>
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<tr>
<td>Technology and Planning</td>
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<tr>
<td>Socio-technical design, layout of</td>
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<td>new plant start-ups: Volvo, Saab,</td>
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<td>Procter &amp; Gamble, General Foods.</td>
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<td>Business Products</td>
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<td>Worker involvement in the creation of</td>
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<td>new product lines, socially</td>
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<td>beneficial products: Scott Bader,</td>
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<td>Ben and Jerry’s, Saturn.</td>
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<tr>
<td>Control of financial budget and</td>
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<td>corporate investments: Mondragon, U.S.</td>
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<td>plywood co-ops.</td>
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Decision-making under conditions of economic democracy tends to move from the lower inputs of the work station, up a step to team structures that operate in the workplace day-to-day, like those at Ford Motor Company. Another step up is the involvement of labor in matters such as long-term planning strategies and the introduction of new technology, illustrated by European companies like Volvo and U.S. firms such as Procter and Gamble.

At the next higher step of joint decision-making is worker participation in the design and creation of new business products. Examples may include Ben and Jerry’s ice cream which has launched flavors like “Rain Forest Crunch.” It utilizes Brazil nuts purchased from indigenous village cooperatives in the Amazon jungle, and workers determined that profits from this flavor should go to help environmental groups fight deforestation in the Amazon. Likewise, Scott Bader Commonwealth in the U.K. elected workers to the firm’s board of directors. In turn, they developed a “Peace Strategy” that shifted the firm’s chemical business away from military/defense contracts, and toward products for peaceful uses. Likewise the Saturn Action Council made up of top management and UAW Local 1853 created a new structure to design and build a whole new line of U.S. automobiles (Woodworth & Meek, 1995, pp. 39-48).

Finally, Table 4 culminates at the highest range of worker participation, the step in which workers become involved in the distribution of profits and investments. At this level workers may determine policy decisions such as channeling some of their profits to the surrounding community, illustrated at Mondragon by the policy of giving 20 percent of pre-tax income for
schools and housing. Mondragon workers also invest 20-40 percent back into the firm for new, state-of-the-art high tech equipment that will continue to ensure Mondragon’s role as a leading-edge cooperative enterprise.

A central thesis of this report is that the impetus for organizational change in the United States has its roots in European culture, not Japan. Shifting worker expectations, “new breed” values about one’s job, and the current economic crisis all serve to enlarge the context for an increasingly democratic organizational life. The range of behavioral science theories, managerial practices, and labor proposals are designed to give workers more of a voice, heightened autonomy, and an enlarged share of responsibility in company operations.

During the 1990s, there were a number of innovations in labor/management partnerships that were launched. The United Steel Workers of America (USWA) and National Steel Corporation forged a unique agreement that included a policy of no layoffs and the company opening all its books and financial records to the union. National ran a Wall Street Journal article entitled, “We’re Partners With Labor Because We Can’t Imagine a Future Without Them.” The collaboration saved over a hundred million dollars in cost cutting and productivity increases, and it became a model for other steel plants (Bryne, 1993, p. 10). Similar examples include Scott Paper and the United Paperworkers International, the Communication Workers of America and AT&T, Alcoa and the aluminum workers union, and the American Federation of Grain Millers union and Kellogg Company.

New policies generated from Congress and the White House also supported cooperative moves toward economic democracy during the 1990s. As soon as he became president, Bill Clinton overturned Ronald Reagan’s ban on rehiring fired air traffic controllers, allowing some PATCO strikers to finally return to their jobs. Labor Secretary, Robert Reich, pushed forcefully for increased worker training and empowerment. He created the new Office of the American Workplace that brought together 600 business and union leaders to plan strategies for building high performance organizations through labor-management partnerships (Brown & Reich, 1993).

There seem to be two basic premises for changes toward worker participation, whether at the factory floor, or in the boardroom. One is the pragmatic rationale which argues that such participation will ensure corporate profits, improve productivity, and better utilize the firm’s human resources. The other view stems from an ideological premise that until the rights of the individual penetrate the company gates, the fundamental ideals of economic democracy in society will not be achieved.

While the thrust of this effort seems to portend a future of dramatic alterations in the social and economic infrastructure of modern society, this movement in America is not without its problems and failures. One of the best-known cases of a worker takeover, the Vermont Asbestos Group, was largely a financial success, but the worker-owners eventually lost a controlling interest in the stock and the firm reverted to a more traditional system. Similarly, the worker participation experiments that the Harvard Project on Technology, Work, and Character launched with Harmon International Industries and the UAW in Bolivar, Tennessee ended up being dismantled, or extensively altered, from an earlier, progressive form to more of a status quo organization.
Doubts and resistance to genuine democratization of industry are articulated in many management and trade union circles. Executive attitudes often reflect the view a CEO once expressed to the author, that the current crisis over productivity and hard economic times is forcing business to seek employee input and listen to shopfloor-level ideas. His expectation, though, is couched in the hope that when the economy bounces back, channels from below will be blocked, and the fortress-type practices of the past will again become the modus operandi.

Organized labor also has its concerns about joint union-management problem-solving. Said an official of the International Association of Machinists and Aereospace Workers, “We have a feeling that if we get into bed with management, there’s going to be two people screwing the workers instead of one.” And certain aspects of economic democracy have been referred to as “rainbow chasing” by Thomas Donahue, former executive assistant to the president of the AFL-CIO, who once told the author, “We do not seek to be a partner in management—to be, most likely, the junior partner in success and the senior partner in failure.”

Regardless of the controversies surrounding these new mechanisms for change and worker participation, the likelihood is that these developments may become the norm within a decade or two. Cosmetic changes of the organization’s facade only will die quickly. But the substantive shifts of power beginning to occur suggest a future groundswell as we enter the Twenty-First Century. These changes are exploding from the guts and the heart of middle America. Top management and union officials who do not begin to articulate a coherent new vision of a truly democratized society may be overthrown by the hard hats now clamoring at the company gates.

Who knows, maybe economic democracy will also begin to expand in The Third World and other nations in transition such as the former Soviet Union.
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Efforts to advance economic democracy through workers’ participation in management have taken two main approaches. One, exemplified by collective bargaining, is adversary in nature; the other, as expressed in autonomous work groups, producers’ cooperation and (within limits) co-determination, is mutualistic or consensual. The adversary concept, as used here, is not the polar contrast to the mutualistic. It does not denote a struggle in which one of the parties is to be vanquished and eliminated. Nor does it preclude cooperation among the adversaries. Some writers have referred to it as “antagonistic collaboration.” It might, more appropriately, be labeled “competitive collaboration.” It is analogous to the political systems of most modern democratic societies inasmuch as it recognizes opposing interests over particular issues but assumes agreement on the underlying legislative and judicial procedures through which conflicts over interests or rights may be peaceably resolved. Although the mutualistic approach is based on the achievement of consensus, it also recognizes individual or group differences. However, it assumes that when issues arise the parties involved will subordinate their differences in a search for a common solution that will maximize the benefits for the total unit.

Let us examine the differences between the two approaches in somewhat more detail.

1. The collective bargaining approach is premised on the principle of collective organization, that employees and managers will participate in management decision-making through formal organizations, typically a trade union or a management unit. Individuals and informal groups who attempt to deviate from the position of representative organizations are discouraged and, in extreme cases, outlawed. The mutualistic approach, in contrast, emphasizes the role of the individual within the enterprise, acting as a member of a team or family. To the extent that functional roles produce “sides” or opposing interests, it seeks to downplay or soften the groupings and to emphasize individual interests in the whole.

2. The collective bargaining approach assumes that the collective organizations of employees and managers are independent of each other to the extent that each feels free to advocate and press for opposing interests in the bargaining process. The management-dominated union and union-intimidated management can hardly engage in genuine collective bargaining. Collective bargaining, historically, has attached considerable importance to the role of “outsiders,” particularly on the union side, because the outside link is expected to add appreciable information, expertise, and bargaining power to the local organization. The mutualistic approach de-emphasizes separate and competing groups. It reflects, further, a preference for minimizing the role of “outsiders” in enterprise decision-making. Thus, outside union representatives appointed to boards of directors are often expected to divest themselves of union positions and to act as individuals rather than representatives.

3. The collective bargaining approach attaches great importance to the distribution and exercise of power between unions and management. It is generally assumed that collective bargaining works best when there is an approximate balance of power. If power is
disproportionate, it is assumed that the stronger party will restrain its exercise of power to some degree, that is the union will not press for gains beyond the capacity of the enterprise to survive as an economic unit and the employer will not seek to destroy the union as the workers’ representative. The mutualistic approach tends to by-pass the power concept. It assumes that differences in the decision-making process will be resolved by discussion, persuasion, and rational judgment rather than pressure. Since the participants share common interests, there is no reason for one group to seek to overpower the others.

4. The collective bargaining approach accepts overt conflict in the form of strikes and lockouts as a regrettable but often unavoidable last step in the resolution of differences over interests. While alternatives to the work stoppages may be used for certain kinds of issues (e.g., private or public arbitration, labor courts, or a legislative body), the ultimate resort to self-help remains a major component of the system. The mutualistic approach rejects overt conflict. It assumes that all decisions can be made in a peaceful and harmonious way. If conflict breaks out, it is a sign of disorder, of the malfunctioning of the system.

5. Finally, the collective bargaining approach assumes the continuation of a functional division between “management” and “employees.” Although the scope of bargaining has grown over the years, union leaders (with some exceptions) have been reluctant to share responsibility for decision-making in areas that do not directly affect pay, fringe benefits, hours of work, manning, contracting out, and other terms and conditions of employment. Nor have they evidenced a will to assume the roles and functions of management. In turn, management has emphasized its “right to manage” and has strongly resisted union demands for a greater voice in determining managerial decisions. The mutualistic approach, on the contrary, has encouraged employee participation in decision-making areas that have traditionally been exclusively management, notably productive efficiency, absenteeism and waste, and investment or plant location policies. It has not only added employees to decision-making units but, in some cases, has given employee representatives managerial roles and altered the duties of management positions. Supervisors are no longer “bosses” but group leaders or coordinators or even only advisors.

Variations in Patterns

These two basic approaches to worker participation in management are often found functioning separately from each other in “pure” terms. In the United States and Britain, and in other systems flowing from them, the adversary models generally prevails in plants and industries where employees are unionized. In the self-management system of the former Yugoslavia, in the kibbutzim of Israel, and in producers co-operatives of a number of countries, the mutualistic model has been adopted. But there are also examples of systems, particularly in the former category, where the two approaches co-exist in the same industry or enterprise. And there are certain behavioral approaches where the adversary and mutualistic concepts are blended. For example, in Germany collective bargaining occurs mainly outside of the enterprise – at the industry-wide or regional level while a more or less mutualistic approach applies at the enterprise level. The unions in recent years have become much more active at the plant level but the works councils are chosen by all the employees (non-union as well as union), council members must be employees, and they are prohibited by law from calling a strike. A form of bargaining does occur on a variety of employment conditions and rules, but, absent the right to
strike, it is likely to be more discusional than adversarial in character. The supervisory boards include outside representatives for worker as well as shareholders but they, reportedly, do not often interact in a collective bargaining manner.

In Japan the bargaining and mutualistic functions appear to be similarly distributed. The basic wage and hour decisions are essentially determined through a militant adversary approach at the national level (the annual Spring “shunto”) although the agreements are reached on an individual enterprise basis. Other employment and management decisions are made within the enterprises through a largely consensual process. As in Germany, there are some indications that the bargaining approach is assuming more importance in the enterprise, but in comparison with Anglo-American experience, the shift is minor.

In Sweden and Norway the bargaining/mutualism pattern has a somewhat different configuration. Although there is a great deal of consultation and collaboration between management and employee representatives, including employee representation on the company board of directors and a joint plant committee, the dominant rule-making or decision-making process beyond the job level is based on bargaining. The union organization, as distinct from the individual employees, is the focal employee representative and differences between management and labor are resolved through taking “sides.” The recent Swedish law on employee participation in plant decision-making explicitly recognizes management and union interests, but reverses the traditional policy of giving priority to management’s position by letting the union interpretation stand until a labor court has issued an award. At the job level, however, the widespread institution of semi-autonomous work groups has promoted the mutualistic rather than the adversary approach. Decisions about the performance of work are determined in a consensual manner. It is still too early to assess the Swedish “blend”. As the union assumes increasing responsibility for co-determination of managerial policies beyond employment conditions, can the leaders effectively preserve their interest group role or will more adversarial-minded employee representatives arise from below to challenge them? Given the long and impressive record of union-management cooperation in Sweden and the lengthy involvement of Swedish labor leaders in national social and economic planning and implementation, the prospects for success are high. If the mixed pattern does not work effectively, however, it is not likely to do so in other Western democratic societies where cultural conditions are much more heterogeneous and attitudes are much less favourable to collaboration.

Although collective bargaining predominates as an adversary system in the United States and Canada, there have been a minority of situations in which the consensual approach has been linked to the bargaining approach. One well-known example is the Scanlon Plan which sets up committees separate from the collective bargaining contract to receive, discuss and evaluate employee suggestions on how to improve productivity and to reduce waste. Cost savings are distributed to all employees on the basis of an agreed-upon formula. Despite the fact that the Scanlon committees are the result of union-management negotiations, they typically function on a consensual basis rather than as an adversary proceeding. Other examples will be discussed below.

In the Israeli kibbutzim and some producers’ co-operatives it is not uncommon for “hired workers” to be employed side by side with the “owner-workers.” The wages and conditions of the “hired workers” may be determined through national collective bargaining while those of the
“owner-workers” are determined through local consensual procedures. Although ideologically disturbing, and the subject of lengthy debate within the kibbutz movement, this blend has proved to be operational for a number of decades. Israel also provides examples of union-owned enterprises (e.g., Koor, the large industrial company owned and run by the Histadrut) in which bargaining over employment terms takes place between a union-appointed management board and a union representing the employees of the company.

The Walton-McKersie Analysis

These mixed patterns suggest the desirability of a brief examination of Richard Walton and William McKersie’s classic book, *A Behavioral Theory of Labor Negotiations* (1965). In this work the collective bargaining process is analysed in terms of four processes, two of which contain a number of the characteristics that I have included in the bargaining and mutualistic approaches. One sub-process, which they call distributive bargaining, is essentially adversarial in nature. They describe it in game-theory terms as a fixed-sum game in which the gains of one side represent a loss to the other. Distributive bargaining occurs principally over pay issues although it can apply to all the other issues in collective agreements. A second sub-process, integrative bargaining, is problem- rather than issue-oriented; it is described as a variable-sum game in which both parties can achieve gains. Hence it is mutualistic in spirit rather than adversary. According to Walton and McKersie, this type of negotiation applies mainly to non-money subjects, particularly matters of job security.

In practice, Walton and McKersie observe, the bargaining agenda is often comprised of mixed items. The mixed item has both distributive and integrative potential and its outcome will depend upon “the orientation of the negotiators and their tactical approach to the agenda item” (p. 128). Since the two “pure” sub-processes generally conflict, the negotiators find themselves in repeated dilemmas in bargaining over a mixed agenda. The consequence is that each party seeks to obtain a “decent share” while preventing the other party from gaining “the lion’s share of the game” (p. 183).

The significant feature of their analysis when applied to the subject of worker participation in management is that is assumes a continuing division of interests between management and the employees, the existence of “sides”, a concern over power. Even the integrative sub-process is defined in terms of the gains to be achieved by each side rather than commonality of interest. The underlying relationship patterns which Walton and McKersie introduced in their other two sub-processes (the attitudinal structuring model and the intraorganisational bargaining model) lend further support to this interpretation. Cooperation between management and unions within a collective bargaining framework is seen to be different than mutualism.

The American Experience

I turn now to a more detailed analysis of the American system of collective bargaining. Collective bargaining in the United States has functioned for the most part as an adversarial system both in regard to the establishment of the principal rules (embodied in highly detailed contracts) and the grievance procedure for the interpretation and implementation of the contractual provisions. Although many managements and unions have conducted their mutual
affairs within a climate of trust and friendliness, they have been careful to assert and maintain
their separate identities. The parties have moved on a relatively limited scale in a mutualistic
direction through the establishment of joint labor-management cooperation committees or
programs, designed usually for special purposes. Perhaps the earliest of these dealt with
apprenticeship training in the building trades. More recently joint programs have been
developed to deal with health and safety, including problems of alcoholism and drug abuse, with
community charitable drives, energy saving, equal employment opportunity for minorities and
women, the administration of retirement and other benefit funds, and recreational activities. In
industries that have had difficulty in competing successfully with foreign companies (pottery and
dresses, as examples) or with alternative domestic industries (e.g., glass or railroads) unions and
employers have co-operated in lobbying for protective laws or regulations or in developing
advertising and promotional campaigns.

The record of cooperation in the areas of productive efficiency, cost reduction, and the
elimination of waste has been slight. A study by the National Commission on Productivity and
Work Quality in 1975 concluded that although “There is nothing in the American system of
industrial relations that precludes the use of joint labor-management committees to increase
productivity,” they “have made comparatively little progress” over half a century (p. 43). Prior
to the Second World War the principal examples were found in railroads, textiles, clothing and
the Tennessee Valley Authority (a governmental agency for electric power, flood control and
related functions). During the War, several thousand joint labor-management productivity plant
committees were established with Government backing and guidance and many yielded fairly
good results, but virtually all of these committees disappeared after the War ended.

Since the War several notable examples of cooperation have occurred in such diverse
industries as meatpacking, steel, and longshore. The first (the Armour Automation Committee),
involving the shutdown and relocation of a dozen obsolete plants, provided workers with
relocation seniority rights, moving expenses, and retraining opportunities. A second was the
Human Relations Committee set up by the United Steelworkers of America and the major steel
companies after a costly 116-day strike in 1959 to conduct studies and build up mutual
understanding of complex problems involving wage incentives, seniority, medical care, and job
classifications. A third example was the so-called mechanization and modernization agreement
for the West Coast longshore industry in which restrictive or outdated work rules were given up
by the union in return for substantial income and employment guarantees. Other cases include
the Scanlon Plans, referred to earlier, but these have been confined to a few hundred enterprises,
mostly employing under 500 employees. A recent survey in an Illinois city of 150,000
population revealed five unionized enterprises with joint productivity committees, three with
waste reduction programs and seven with plans to reduce absenteeism or turnover.

In recent decades the federal government launched a national campaign to increase
productivity though labor-management cooperation committees, linking to productivity the idea
of improvement in the quality of working life as an incentive for union cooperation. However,
American unions have traditionally regarded the increase of productivity as a function and
responsibility of management; as a rule they have become actively involved in productivity
increase programs only to protect threatened job interests, particularly where an enterprise or
industry if facing extinction. Productivity bargaining has been limited, and typically has
involved a trade-off between restrictive union work rules and economic benefits for the
employees. A number of promising programs were developed, including a community-wide effort in the then depressed city of Jamestown, New York; an industry-wide plant-level program in basic steel; national joint committees in the retail food and trucking industries, and a variety of enterprise projects in coal mining, auto manufacture, and fabricated metal companies.

It is interesting to note that most of the American experimentation with job enlargement and enrichment and with semi-autonomous work groups has taken place on the initiative of management in non-unionised establishments or with non-union employee groups in otherwise unionised enterprises. The development on a small scale of self-management establishments has also occurred outside of the collective bargaining orbit.

Why has the American collective bargaining system produced so few programs of a mutualistic or quasi mutualistic nature? The National Commission on Productivity and Work Quality (1975) study concluded that the answer lies in two main facts: (1) the adversary system has worked “reasonably well, and in most situations the parties, through mutual accommodation, are able to achieve satisfactory relations”; (2) “differences of interest between management and union officials and sometimes between the latter and their rank and file” (p. 44).

It is important to note that the adversary approach is theoretically capable of dealing with virtually all of the issues and problems that are dealt with by the mutualistic approach. Although the unions have tended to confine their efforts to the control or regulation of job-related matters, they have gradually widened their conception of what is job-related, including subcontracting and the consequences of plant relocation decisions. Professional and quasi-professional unions, like teachers and social workers, have contended that collective bargaining encompasses the entire scope of their professional lives.

Perhaps the chief restraint on the scope of collective bargaining arises from role differences. Basically they centre on either (1) the reluctance of proprietary or professional management groups to share their decision functions with workers or unions, or (2) the unwillingness of union leaders to risk their leadership role by participating in a management structure which might produce decisions to which the rank and file might object.

Other factors inhibiting mutuality have been the skepticism of the Carter and Reagan administrations regarding the workability of the joint committee approach in the productivity area and, more importantly, the widening gap between organised labor and big business as a result of the bitter struggle during the past few years, over the unions’ proposed revisions of the basic labor law. The defeat of the labor law reform campaign, the minimal success of labor in achieving other legislative goals, and the frustrations of the unions in their Southern organizing campaigns have produced a climate that is not conducive to union-management cooperation. Recessions and the persistence of high levels of unemployment in recent decades have also discouraged union participation in productivity programs that might reduce job opportunities for their members and, in any event, might have dislocating effects.

Experience With Collective Bargaining in Other Countries

In Britain, Canada and Australia, the adversary approach has generally predominated as in the United States and cooperative or mutualistic programs have been the exception. Both in
Britain and Canada the wartime joint production consultative and advisory committees programs were continued after World War II, in contrast to America, but despite some interesting success stories, the general impetus gradually faded away and joint consultation was supplanted by the adversary climate of shop stewardism and collective bargaining. Joint committees of any kind have been rare in Australia’s private sector although an industrial democracy movement, mainly implemented in public agencies, was initiated by the Government of South Australia and a small number of private firms were persuaded to experiment with consultative committees, job or work redesign, and semi-autonomous work groups.

As noted above, the experience of several west and central European countries, particularly Germany, the Netherlands, Norway and Sweden has differed significantly from the Anglo-American experience. Very strong collective bargaining systems, operating on adversary principles, have expanded the scope of union participation in the determination of employment conditions, including subjects that traditionally have been regarded as exclusively in the managerial domain, such as plant shutdowns and relocation. The expansion has been mainly the result of increased union involvement in the affairs of establishments in contrast to prior concentration on industry and area bargaining. It has been encouraged in some cases by legislative enactment. Programs of a mutualistic or consensual character, such as worker directors and works councils, have grown, mainly through the adoption of legislation and, somewhat ironically, often despite strong employer resistance.

How does one explain the difference between the two sets of industrial relations systems? In part they seem to be a function of relative union and management power in the society as a whole. Co-determination came into effect in the coal and steel industries of West Germany as a substitute for nationalization in an effort to prevent certain German employers from reviving their former Nazi ties or developing similar relationships in the future. The continuing opposition of many German employers to the Co-determination Act is indicative that the mutualistic approach does not come only from voluntarism but may be imposed by the exercise of political power. In Sweden much of the expansion in worker participation in management at plant level has likewise come about through the exercise of political rather than bargaining power. Future employee share ownership ideas, which are ultimately mutualistic in philosophy, will also be determined in the political arena.

On the other hand, the extensive Scandinavian programs in semi-autonomous work groups and work redesign have been the product of voluntaristic labor-management cooperation. A shared perception of underlying problems (e.g., excess absenteeism, labor turnover, and worker dissatisfaction with their jobs) combined with a joint willingness to experiment with the redesign of the workplace and the decision-making process on work performance appear to have generated these mutualistic programs.

Why the shared perceptions and willingness to experiment with respect to these problems have emerged on such a large scale in Scandinavia and on such a limited scale in North America is an intriguing question that appears to take us into an intricate network of historical, social, and political phenomena.

In the United States and Canada, unionism is a minority, although powerful, institution whose spread evokes strong resistance from numerous employers. Many white collar employees
retain negative attitudes towards collective bargaining and they represent a growing proportion of the labor force. Employers have become increasingly sophisticated in the development of human resource programs designed to win employee allegiance and to improve employee morale. The labor force is fragmented along ethnic, racial, educational, and sexual lines, and class consciousness or cohesion is weak. As a result of these and other factors, the unions are on the defensive, and neither they nor the great body of employers are disposed toward a collaborative or mutualistic approach. In the political arena, power is sufficiently distributed so that legislative changes desired by either side are difficult to enact.

In Scandinavia, on the other hand, unionization and collective bargaining are virtually all-encompassing. Unions and managements have collaborated on a harmonious basis since the late 1930s, and labor’s political influence is very great. A relatively small homogeneous population and a common body of social and economic values have also contributed to a climate of mutualism.

The conclusion to be drawn from this very brief analysis is that, because of its inherently adversary nature collective bargaining in private enterprise systems can lead to or function concurrently with mutualistic programs at various enterprise levels only if supported by a sufficient supply of political as well as economic power and, particularly, if motivated by a shared set of beliefs and values among the management and union parties. Where the values are not shared and significant power is held by a group hostile to the idea of mutuality, the adversary system will prevail.

In any event, the collective bargaining approach is inherently self-limiting in terms of worker participation in management because the resistance of managers will usually increase as traditional managerial functions are invaded and because as union leaders assume more responsibilities, intra-party dilemmas and conflicts are created that endanger the organizational position of union leaders and even the survival of the organization. This does not preclude a widening of the scope of collective bargaining, especially where job interests are involved. Europe provides many examples and North America a smaller but growing number of union actions to codetermine the shutdown or relocation of a plant or major division. Usually the involvement in the American cases comes after the main decision has been made and the parties deal jointly with the consequences of the move for the employees. But there is a mounting union concern with an earlier involvement in the decision process, especially in smaller communities with limited alternative job opportunities.

The Public Enterprise

Before concluding this discussion, a brief note on the public sector seems fitting. The question of collective bargaining and worker participation in public management would appear on the surface to be different from that in the private sector. For one thing, private ownership interests are not involved and profitability is not ordinarily a test of performance. Market forces affect the supply and cost of labor but not the price of most governmental services. Political factors play a major role in determining who fills the management role and how decisions are made. Given these conditions, one might expect a much higher level of mutualism in the public sector than in the private sector and a lower level of adversary relations. Yet the experience of most of the countries previously referred to does not support this expectation. It is true that for
decades the Whitley Council system gave British public agencies a mutualistic aura not shared by the private sector. However, during the turbulent economic period following Britain’s nationalization of industry (coal, transport, steel, etc.) there has been a great deal of militant collective bargaining, and other parts of the public sector (education, firefighting, police) have reflected a similar pattern. In Scandinavia and Japan the adversary approach has, if anything, been more prevalent than the mutualistic in the public sector. And in North America the single, most dramatic development of the 1990s has been the rise of militant public sector unionism and collective bargaining.

What can we infer from this experience? It reaffirms the proposition that public ownership, per se, as distinct from employee ownership, has little bearing on the issue of worker participation in management. To protect their job interests, workers turn to unions and comparable associations in public employment as they do in private employment. Similarly, public management shares many of the attitudes of private management in carrying out managerial responsibilities and in interacting with employees. Where mutualistic approaches have been adopted in the public service, they can usually be traced to the ideology of an individual or group, much as in the case of the private sector. The effectiveness of such approaches appears not to differ in any noticeable way.

Prospects for the Future

In recent decades, worker participation in management has expanded in varying degrees, in different forms, and at different levels. In Western Europe both collective bargaining and mutualism have expanded dramatically and workers’ participation in management seems destined to advance. In Britain and North America, the adversary system of collective bargaining has predominated. Mutualistic schemes have been in the small minority. The attitudinal climate has not been conducive to consensus thinking in industrial relations. Currently, if anything, the conditions for mutualism in the Angle-American world are less favorable than they were two decades ago. But there are pressures for change emanating from the changing character of the labor force, new psychological concepts among professional management, and persistently serious national economic problems of unemployment, productivity, inflation and foreign trade. These could conceivably change attitudes and standards. I do not expect any quantum jumps in the foreseeable future because collective bargaining seems to be a self-limiting process in respect to decision-making.

A central question remains: how much involvement in the management process can union leaders achieve and maintain in a collective bargaining system without radically transforming the character of the system. In the United States, the scope of union influence on management decisions at establishment level has grown only slightly. The principal areas of increased union involvement have been the so-called fringe benefits or supplemental wage payments (such as private retirement and health and welfare plans), contracting out of work, and occupational health and safety. In general, unions have not attempted to influence management decisions on production engineering, plant location, what products to produce, investment policy, sales, prices and other non-personnel matters. In some of the Western European countries, particularly Sweden and Germany, union participation in management decision-making has been more broadly conceived. Management is expected to supply employee representatives with
information on virtually every aspect of the enterprise and to consult, if not actually bargain, with union officials on a wide array of production and investment decisions.

That the American concept of worker participation in management is more limited than its potential seems to be indicated by European experience. That broader European concepts may fall short of realisation without a shift from collective bargaining to a more mutualistic system based on a radical transformation of industrial government also seems indicated. How far the concepts of worker directors and employee stock ownership are carried appears to depend on the distribution of political power and the enactment of facilitating legislation. How far the concepts of autonomous work groups and self-management are carried appears to depend on local management and union initiatives.
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Chapter 3

THE SEPARATION BETWEEN WORKPLACE AND COMMUNE:
ITS IMPLICATIONS FOR SELF-MANAGEMENT SOCIALISM

Hugo Pirela

In the following text I intend to advance some results of a considerably larger project I am pursuing, which deals with the complex relationship: community – workplace in modern society, and its implications for the structure of power in self-managing socialism.

Because the above constitutes an ongoing research, the findings I will present here are of a provisional nature. Moreover, for the sake of brevity and conciseness, I will only disclose these findings, along with the theoretical context that gives them relevance, and the evidence that supports them, in a partial and summarized way.

Nature of the Study

First of all, the research is intended as a study on socialism; in particular on the configuration and legitimation of power under socialism; and specifically on how the two are affected, both in the objective and normative sense, by the sociological separation between commune and workplace, proper of contemporary human societies.

In my judgment this social asymmetry between the spheres of community and workplace posits a basic conflict of power legitimation, whose solution lies at the heart of any conception of a fully democratic society. It should have in its own right, therefore, a place as a core doctrinal issue of contemporary socialist thought.

The specific focus here on self-managing socialism is due to my conviction that this social system among all has come to identify politically, in the fullest way yet, this deep legitimacy friction; has the clearest historical opportunity to solve it in favor of democracy and self-rule, and has gone the farthest in the practical route towards such a solution, in the case of Yugoslavia.

Secondly, the study is intended to be historical in nature. In an immediate sense, this historical perspective simply implies that the recognition of self-management as both in theory and in practice a relatively bounded, well-defined ‘socio-economic system,’ should not obliterate its evaluation as a ‘step’ – however revolutionary – in a farther-reaching socialist evolution, i.e., its examination in the dynamic perspective of the general movement toward superior social forms.

For one thing, this approach may complement the type of analysis that, by concentrating on static definitions and cross-sectional examination of the system, or on purely comparative-static derivations about it, may fail to see the development of progressive trends and dynamic contradictions inside the concrete experiences, and to evaluate them sufficiently in the specific historical context in which such developments take place.
Secondly, the recognition that, as Professor Vanek (1975) once put it, “Self management and economic self-determination are without doubt, steps in a secular evolutionary process” (p. 171) gives us instantaneous awareness of the fact that such a process is necessarily inserted in the more general ontological evolution of society, and therefore, must build upon forms, relations and determinations objectively evolved and fixed previously in the course of such historical process.

These pre-conditions, of course, do not belong to the internal normative profile of any system; they face it – so to say – from outside, as a given base, constraint, etc. They constitute the external historical objectivity that the system finds already evolved and mature, and upon which it builds its internal systemic normativity.

The two aspects are therefore two dimensions of any socio-economic system; obviously different, though interconnected. However, once the dynamic approach is adopted we realize that the two cannot rank equally. While the inherited social forms face the systemic normativity as an objective necessity, preconditions for its existence, the inverse does not apply. The historical categories (social forms, relations, productive forces, etc.), are never fixed; in fact they resist the steadiness of any given normativity; they constantly evolve, progress, dissolve into new social forms and relations; dissolving, in the process, all previously established systems and normative codes, which thus become void of social substance, no longer historically valid, no matter how hard they struggle to stay around.

The historical perspective, therefore may help us to recognize the existence of these two aspects; to keep in mind the critical difference between them, and thus avoid what I consider a serious analytical flaw in many arguments concerning self-management, in which either the connection between the two dimensions is insufficiently taken into account – in which case the argument concentrates itself on one single side, often then normative discussion, without an adequate historical perspective – or the very existence of the two dimensions is completely missed – in which case the argument jumps randomly between the two, unaware of the underlying implications – both getting mixed up to the point that sometimes, it is hard to determine when the examination of the system is meant to be based on grounds of normative principles alone, and when the perspective of historical necessity is brought into the discussion.

In short, we propose here an approach that seeks to improve upon the lack of such perspective, which more often than not leads some standard analysis of self-management to put the emphasis on the system as a bounded, self-justified normative body, and not as a necessarily transitional stage in the dynamic development of socialism toward superior forms of social organization and cooperation, inserted, in the general mechanism of social evolution.

In the broader sense, this approach calls not for an historiographical account of the content of the social evolution, i.e., a mere description of facts; but for an attempt to lay bare – as in Marxism historical analysis – the general mechanism of such evolution (Hobshawn, 1980, p. 11), and how it relates to the concrete social forms under investigation.

So even though the historiographical evidence is essential in this context, it is not history, but rather a theory of history, what we seek to deal with in our research. Again this theory is relevant to us, especially as it may purport the complex relationship between natural and work
community, society and labor process, through the evolution of the social forms; and thus expose the intimate profile of this relationship which is inherent to contemporary industrial society and, in turn, as we move, lies at the base of the friction of legitimacy and power under socialism.

Finally the arguments and evidences discussed in the present study are of an analytical and anthropological nature.

Here again, this approach is intended to lead the investigation around the kind of arguments about society made out of simple extrapolations from cartesian logic, so usual in standard economics, and to bring into consideration the kind of meaningful aspects of social relations that anthropologists and sociologists may contribute to economic knowledge, but are usually left out, just because they, as Carol Smith (1976) noted: “Are not easily put into economic models, or engineered out of systems” (p. 4).

INTRODUCTION

The Historical Justification of Socialist Planning

From a purely economic point of view the general validity of socialism was always notionally based on the claim of functional superiority of the planning principle over the operation of the market forces.

As it is well known since the elaborations of Lange and Taylor (1938), in response to earlier allegations about the ‘logical impossibility’ of socialism, the difference between ‘plan’ and ‘market’ is not so much a matter of logics, since both could be legitimately seen as addressing basically the same ‘limiting’ problem of maximization subject to constraints, whose solution, if determinable, will always involve the same three sets of data: utility or preference functions, production functions and prices, conforming the standardized allocational exercise. The internal logic of this exercise would not change, whether prices are established as choice indicators after the general output bill is decided upon (as presumably in the socialist plan), or whether they are established by free exchange of independently produced outputs (as presumably in the market).

The contention against the market mechanism represented by the planning principle was more of a functional nature. It sprang from an essentially practical uncertainty: whether there was any reality to the alleged capability of free exchange to actually produce market equilibrium, as purported by the economic theoreticians, or to achieve in practice, at such equilibrium, socially meaningful efficiently in the allocation of resources, as claimed in the bourgeoise mixtification of pure competition.

Marx was the first to lay out the theoretical foundations of this uncertainty, generally accepted today, by showing the anarchic nature of the forces in market. Selucky (1975) conveniently summarized this point in the Marxist critique of the market mechanism: “It operates spontaneously, has no internal aim and regulates production and exchange only ex post” (p. 49). By virtue of this spontaneous, self-steering nature, Marx showed, free value exchange necessarily evolves into capitalist production relations, and these into monopoly; so that free competition could, at most, produce a tortuous, irrational, inhuman form of social cooperation, under capitalism, and, if left to its own natural evolutionary tendencies, it would destroy itself,
creating in the process, inequalities, economic imbalances, profound social disharmony, and periodical crises, which only would be modified and deepened, by state intervention, so long as the underlying production relations were to remain in place.

Such were the objective theoretical bases for the rise of the planning principles; and, surely enough, the latter got to speak, in various shades and degrees, most all over the world (including, of course, the capitalist world); certainly not always as a result of a conscious discussion and appreciation of the above long term historical logic of the market mechanism, but always under the powerful impact of its factual corroboraton.

It made little difference that it took orthodox economics until after the most demolishing of the above crises to date, shattered the world economy, to begin grasping – and even then only implicitly – their basic mechanism: i.e., with the appearance of the first Keynesian growth models in the late 1930s; a mechanism whose essentials were already detailed many decades before in Marx’s Capital, Volume I (1950). The historical evidence was actually there, transforming Marx’s prediction into painful facts: massive periodical destructive of the productive base of society and millions of people thrown into misery, as a result of the market operating at its best, i.e.: in the center of the capitalist world; first as the classical ‘subconsumption’ crises, as in 1930, and later in the form of the – already in the making by then – ‘valorization’ crises Post-Keynes, ‘stagflationary cycles’ – which take off in the midst of booming consumption and prices. The latter type represents an even deeper illness of the system, as competition gives rise to monopolistic domination of the economy, and the state steps up its economic intervention without changing the basic economic relations in society.

Since its objective was only to accomplish what competition was meant to, but objectively could not accomplish, and, otherwise, would destroy in practice (i.e.: efficient economic equilibrium, social stability and justice); the rational, ‘ex-ante’ application of planning seemed, by far, the most rational alternative vis-à-vis the market: that ghostly, self-steering genius, anarchically enforcing the social collaboration and division of labor, regulating the economic allocation in an ‘ex post’ way, and which only seemed to perform in something like the way elegantly predicted by the neo-classical theoreticians, in the very center of the system under conditions of unequal accumulation, permanent disequilibrium and stagnation in the periphery; and even then, only at the price of periodical disastrous crises and great social distress.

The oft-cited presence of economies of scale, public goods, etc., were never really valid pieces of apology for the failure of this runaway social creature (the market), since they made possible its birth in the first place. Industrial capitalism, long run product of commodity exchange, and, in turn, founding father of the modern national ‘market’ itself, could never have risen in the absence of such economies of scale and of the state as the great builder, war contractor, borrower, etc., to begin with (Wallerstein, 1974). These already grave results of a purely economic examination, are, however, only the starting point for a deeper-reaching sociological objection to market, which is more central to our own elaboration, and which stresses the degraded character of human relations under free market conditions. In particular the fact that under such conditions, social cooperation cannot occur as a dignified, conscious, and dialogical collective endeavor that leads toward what Paulo Freire (1973) calls “the collective
construction of social truths,” but it must take place as the anarchic, blind outcome of the forces of intercourse which face the individual as an external, inimical, alien power.

This more humanistic critique comes as a reflection of the fact that under market conditions the power of the independent producer constitutes only a chimerical freedom, since it can only be exerted under the tyrannic sway of a powerful and unkind force, inadvertently unleashed precisely as a result of the individuals’ becoming private producers, and that being the creation of men, governs men with the full force of a natural law, value-exchange. Engels (1951) wrote, referring to the original conditions of commodity exchange:

When the producers no longer directly consumed their product, but let it go out of their hands in the course of exchange, they lost control over it. They no longer knew what became of it, and the possibility arose that the product might some day be turned against the producers, used as a means of exploiting and oppressing them…. Quickly, after individual exchange is established and products are converted into commodities, the product manifests its rule over the producer (p. 242).

These are the conditions for the inhuman type of cooperation brought about by the market; one by which, “Every advance is likewise a relative regression, in which the well-being and development of one group are attained by the misery and repression of the other” (p. 205).

Market Mechanism: The Ontological Heritage of Socialism

While its logical basis could be identified readily enough, the planning principle, however, neither historically, nor ex-definitio, brings with itself a clear-cut institutional model to replace the market forces; to abolish the material conditions of value exchange.

On the other hand, value exchange, as an historical institution, was already fully mature and objectively anchored in the reality of social relations coming out of centuries of evolution under mercantilism and capitalism; and hence, bound to self-perpetuation by virtue of its own ontological weight as achieved fact and condition of human material coexistence.

Admittedly, commodity production and value-exchange are men’s creation, historically contingent forms of social relations, and therefore not as Marx put it (1950) “eternally fixed by nature for every state of society,” as they seem to be assumed in bourgeois economics (p. 93). However, they do constitute ontological necessities so long as their material pre-conditions remain in place; and in all cases short of coming to terms with them, any purely formal normativity – including planning – is essentially powerless in front of these material conditions.

So, being initially based on an institutional critique of the market mechanism, in the course of social praxis, and under closer examination planning reveals itself as a pure logicity without proven institutional substance, and therefore not different from an exercise on pure allocational logics: a mere scientific normativity seeking, by trial and error to replace, regulate, inhibit, etc., the functioning of social relations and economic mechanism already hammered in the objective social reality by a secular evolution, and stubbornly antagonizing such normativity.
In this sense, the economic argumentation for socialism, by becoming just a variation within the category of general equilibrium models – as in the early discussion of market socialism – came to share the latter’s usual infertility to explain the deep nature of mercantile relations; and, by the same token to enunciate any viable way out of them.

As it is contemporarily recognized, the general equilibrium exercise, whatever its version, constitutes, even in its restricted (economic) sense, a limited tool to explain the concrete behavior of the complex modern industrial market, insofar as the latter involves enormously complex frictions of incentive-perception and information flows with are intrinsically resistant to mathematical manipulation.

In a more general sense, the realm of pure allocational logic is absolutely handicapped to properly account for immensely more pervasive and far reaching complexities surrounding the real social existence under conditions of commodity exchange.

Note only under socialism, and in the industrialized west, but also in the third world, where even the western powers after the Second World War, suddenly began to praise the advantages and need for planning, the scientific approach has fallen far short of handling properly the complexities of the underlying real economic determinations surrounding the goals of development, economic stability, social optimization, etc.

Once the abstract terrain of models is abandoned, urgent considerations concerning real social existence begin to crop up, beside the goal of economic efficiency. Issues like social equity, environmental protection, communal quality of life, etc., for all their multiplicity are, nonetheless, essential ingredients of what might be called provisionally the social optimum; which, certainly, could be approximated to, within the technical realm of science, through logic, probabilistic calculations, empirical observation and testing, etc. But these cannot ultimately be decided upon, other than within the political realm itself, according to Friedman and Alonso (1970):

The recognition of the multiplicity of these goals has brought with it a growing awareness that there can be no hope of resolving the dilemmas and trade-offs among them through technical planning alone. Difficult value choices must be made and further choices will involve a rather uneven incidence of costs and benefits – hence growing recognition of the need to proceed through fusion of technical planning with politics. The very vagueness of objectives of public policy calls for operational clarification through mutual question and answer between the technical and the political realm (emphasis added, p. 118).

Self-Management at the Crossroads of Socialist Debate

We could advance two analytical conclusions from the arguments so far, concerning this political and institutional aspect of socialism, which is not clearly derived from the planning exercise alone:

1) The resolution of the multiple trade-offs present in the objective reality of contemporary socio-economic formations, necessarily overspills the realm of scientific planning and in
the last analysis depends on the resolution of basic questions in the political sphere; i.e.,
to be established by political doctrine, enforced by political constitution, legislation, etc.

2) The basic questions involved, while touching on the political sphere, however, spring from and revolve upon the economic being of society, its material conditions, present in the production process, as historically begotten, evolved, etc.; which on the other hand, may not be capable of transformation by virtue of administrative and legislative measures alone.

In our judgment, both the theoretical elaboration of self-management socialism, and the practical development of the system (particularly in Yugoslavia) objectively discourse around the core of this dilemmatic proposition, and seek a way out of it. It is so particularly because it endeavors to overcome the failure of central-command type of socialism, which to the extent that has abolished ‘nominally’ (legislatively) class division, has fallen short of achieving, however, a conscious, dignified social cooperation as a matter of course in human coexistence.

This immanent resistance of ontological forms to be modified by a purely doctrinal speech, transformed into political constitution, is perhaps more evident in no other instance than precisely in the case of the legal abolition by socialism of private property and presumably its corollary: private exploitation of labor. In the domain of the nominal, legal forms the condition for the split of society into opposed classes (proprietors and non-proprietors) consists only of the assumed identity between the formal right of property and the effective right of appropriate (control).

Yet such identity could only be achieved historically, because a previous, deeper split was operated, by which the right to control itself was first torn apart from its natural unity with direct possession (spontaneous appropriation) of the means of labor, this being the original condition of ownership (Marx, 1980): “The relationship of the worker to the objective conditions of his labor is one of ownership: this is the natural unity of labor with its material prerequisites” (p. 67). Such a deeper split, obviously did not occur first in the domain of the legal forms. It occurred in the concrete sphere of the labor process, and was later ‘ratified’ by the legal invention of private property.

Therefore the implication for socialism is clear as expressed in the Yugoslav doctrinal evolution and in the formalizations in the west on the institutions of self-management by Vanek and others, that class division may not be abolished as a matter of legal liquidation of private property, if the separation between direct involvement in the process of labor and control over the operated means is not abolished at the time, no matter what is the legal name of the new form of property. However, from here on, the same previous arguments concerning the relation between legal forms and extra-legal conditions are also applicable to the debate on self-management.

The case may be made, for instance, that the liquidation by socialism of class relation in this deeper sense of restoring the unity between control and involvement, either in the autonomous commune as in the Chinese approach, or in the autonomous work collective as in Yugoslavia, has not been powerful enough to prevent the disintegrating effects of more basic
inherited contradictions embodied in the antagonistic character of the social labor process under commodity production, and in the secular separation between community and work-place.

In the case of Yugoslavia which is more central to our discussion, the achievement of such integrative unity in the work place is of course a great social advance over other forms of socialism; but from it, it does not necessarily follow, nor may we derive ex-definitio, that similar integrative tendencies will also take place in the economic sphere as a whole, upward in the community and in society at large.

The basic arguments against these extrapolations are as follows:

1) Unless we adhere to the much problematical framework of spontaneous general economic equilibration based on assumptions such as the atomistic character of society, horizontal aggregativity of utility functions, etc., as providing the automatic bridge between particular and social satisfaction, we would be hard put to explain why the interest of the whole social body would be secure by the mere juxtaposition of the individual interest of the work-collectives or by their aggregative behavior as subjective, atomistic agents, acting autonomously and for their own advantage within the market and in absence of direct social mediation. Yugoslavia witnessed the magnitude of the disintegrative tendencies potentially given rise to by this approach, during the period of the 1963 constitution, or of liberalistic self-management.

2) To Vanek (1970) there is no question that in participatory systems the possibility of identification of interest between work-collectives and natural communities, may be expected to increase; but that, of course, is only necessary when and if (holistic and solidary ideological development excluded) both spheres physically coincide for a given population; which is, in turn, not a necessary occurrence at the very basic level of society, especially in view of the relatively different metabolic laws of the two spheres concerning a specific socio-economic space configuration in the region.

The experiment of self-management in Yugoslavia, has made the fact evident that such identification is far from automatic. Actually the whole set of legislation, coming out of the process of amendments between 1968 and 1971 and culminating in the constitution of 1974 with the institution of Self-Management Agreements and Social Compacts represents the political recognition both of the existence of the basic asymmetry of interest between work collectives and territorial entities, and of the essential friction of legitimacy between the two in the administrative and political process, as well as the spontaneous contraposition between each work community’s interest under conditions of commodity exchange.

We move therefore that:

a) The question of the separation between involvement and control is neither the only nor the fundamental factor standing in the way to full social cohesion and cooperation under socialism, i.e., once private property is abolished constitutionally.

b) Restoring the unity of both is far from a merely legal matter, for it is objectively conditioned and overshadowed by more profound antagonisms embodied in the
fragmentation of the labor process and in the separation of the latter within the social life of the community.

The Obstacles to Social Cooperation: Beyond Class Antagonism

Summarizing the argument so far: while the scientific planning approach alone falls short of solving the complicated real frictions of information and incentives involved in achieving both economic efficiency and the social optimum, the political attempts beyond pure planning, to harness the relevant social forces and determination via genuine participation, must as well face wide asymmetries deeply penetrating the structure of industrial society, which turns in many respects social life into a schizoidic existence, and keep those frictions standing stubbornly as formidable obstacles in the way of full, conscious social cooperation.

Generally speaking, these schizoid-like determinations appear in the form of: 1) the separation between community and work place, 2) the fragmentation and antagonistic character of the social labor process and 3) the separation between involvement and control. These we examine in full detail in the larger study, but only few introductory remarks on the general argument can be made here: The assessment of these essential splits in the base of society, by no means precludes the recognition of the fundamental antagonism of class division, nor do we mean in the following discussion to diminish the value of class analysis to understand the historical motion of society. We move, however, that from a certain point, all historical classist modes of production, along with their particular class configurations, have continuously flourished, and progressively built upon the basic social separations enumerated above, widening them each time around, until under capitalism their disintegrating effect gets exacerbated.

In this sense, we are concerned with a social process reaching deeper than the evolution of class antagonism itself – and in some sense necessarily antedating such antagonism – as it involves a basic alteration in the original relation (natural relation) of property over the means of labor i.e., the spontaneous, naturally given unity of men to land and all other natural means of subsistence. Indeed I take that the basic outcome of this alteration remained fixed underneath all the various forms of property relations adopted later on in the surface as class relations; in other words it lies at the base of the class antagonism in all modes of production.

Closely considered, our three essential splits in the basic structure of society represent nothing more than changes in the deep ontological essence of property relations from what they were when they emerged naturally out of human coexistence and appropriation of the natural means of labor. As Marx put it (Tokei, 1979), “The relation to the objective conditions of production as naturally existing, as the objective being of the individual by means of the community” (p. 51). With this point several important implications are already in place, some of which we could introduce into the analysis as working hypotheses:

The three essential antagonisms described, namely the separation between the spheres of life and work, the fracturing of the work sphere into antagonic work units, and the dissolution of the natural unity between involvement and control, within the work unit are:
1) To variable extents, common conditions embracing all classist modes of production; the class relation in each case both expressing and furthering such deeper social ruptures in a particular way, i.e., being fed by, and feeding them back;

2) The foundations – as it may follow from the above – for the very existence of class society itself, which would have perhaps not risen, had those antagonisms not been already in place through social evolution.

3) Not necessarily conditioned by, or tied to class division. In other words, insofar as class division could not have appeared but in the presence of deeper antagonistic determinations, the inverse does not follow; i.e., the abolition of class relations does not automatically rid society of the basic contradictions in which it is materially engulfed by millennia of evolution and which keep on seeking to tear it asunder.

As it follows from the above, we view the order in which the three basic contradictions were presented, as the precise order of their importance and depth of their position in the social structure of modern industrial society, the separation between involvement and control being only the ‘last,’ surface expression in the development of such antagonisms. We also view the three as conforming a causal chain in which, each factor evolves out of the maturation of the previous one.

To examine in detail the nature and development of the second and first basic separations we proceed through several approximations in order to a) establish the general trends in the evolution of labor through the diverse modes of production; b) show how the endless process of fragmentation that dominates this evolution could only begin when the labor sphere itself was detached from the sphere of communal life in general, opening the possibilities for the individual, and the individual sphere of labor to reach an unprecedented development and power vis-à-vis the community itself, and finally c) show how the resulting antagonistic character of the labor process is in fact the extralegal (ontological) condition handicapping the absolute unity between the functions of involvement and control in the industrial society.

**Secular Character of the Form Commodity**

As a first approximation, the fragmentation and privatization of the social process of labor appear in general, as the historic domination of commodity exchange over production.

The form commodity itself has not always been around, much less has its dominion over the process of production; but it certainly antedates capitalism, and envelopes it as one of the general pre-conditions for the latter’s rise. This already has profound implications for the theory of socialism, especially, post-central-command, self-governing socialism; for if mercantile relations are a necessary prerequisite for the existence of capitalism, the suppression of the latter does not imply the suppression of the former.

The debate on the permanence of mercantile relations (or the conditions for mercantile relations) under socialism precisely as a major obstacle in the way of social cooperation, once the capitalist mode of production is abolished, has of course been going on for a while both in the east and the west. Of course, any supposition that the elimination of capitalist relations would bring automatically the uprooting of mercantile exchange is necessarily unwarranted. Capitalism
did not bring about the form commodity; it found the latter already dominating the material sphere as a matter of course, and built upon it. Capitalism itself is only a particular expression – though a highly developed one – of commodity relations, which were around long before its rise; such relations therefore for all we know do not have a cause for not staying around long after the liquidation of capitalism.

More importantly, if, as we argue in our work, it is the privatization of the labor process, not in the legal but in the ontological sense that we have discussed, what lies at the root of commodity relations, then the liquidation of the capitalist mode of production is barely the beginning of the process of elevating social cooperation from being a blind outcome of the forces of intercourse facing the individual and society from outside with the power of natural necessity as in the mercantile societies, to being a true conscious and solidary collective endeavor which socialism is supposed to bring about.

The evaluation of the survival of commodity relations under socialism is the more important, the more it is realized that the next step on the above process must clearly be the liquidation of those relations themselves: a step that will certainly not withstand, in principle, the technical nor the ‘social’ division of labor implied by all human cooperation (Tokei, 1979):

This division of labor is a necessary condition for the production of commodities, but it does not follow conversely, that the production of commodities is a necessary condition for the division of labor. In the primitive Indian community there is social division of labor, without production of commodities” (p. 51).

In our research, then, we assess where does the present analysis stand with respect to such a debate before undertaking the detailed exposition on the labor process sketched above. Secondly we derive an analytically manageable definition of the labor process itself, which the very fact of the fragmentation makes of course not transparent. This is a whole task in itself; but absolutely necessary for our analysis to make sense. Lastly, we revisit the basic notions surrounding the relations of property, real appropriation and control as stemming from the labor process itself, in order to lay bare the ontological profile of such relations, hiding underneath their legal formulations.

**MERCANTILE RELATIONS UNDER SOCIALISM: THE DEBATE**

Discussions on the survival of commodity relations in socialist countries, usually tend to focus on the circulation sphere, at the expense of detailed investigations of the conditions in which the process of labor takes place under current socialism. The form commodity however, can only be partially understood as a category of circulation; i.e., by looking only at the particular form of economic intercourse that it entails. On the contrary, the nature of mercantile exchange, as any other form of intercourse, is already fully specified in the form of the underlying – and, in fact, inseparable – social organization of production. Thus, the form commodity is primarily a category of labor, a form of the labor process.

To be sure, circulation itself is a necessary component of commodity relations. Indeed the first commodity, could never have appeared, if the original unity between manufacture and agriculture within the self-sufficient primitive community had not been destroyed, and the
ensuing social division of labor had not created the possibility of labor to be spent not for consumption, but for barter; and goods to be consumed not by the direct producer but transferred to someone else. Further, a particular form of this transference (value exchange) was shown by the classics to be the form of circulation characteristic of all forms of commodity production (even of the rudimentary ‘petty’ commodity production), vis-a-vis still earlier forms of communal labor and distribution. But in the Marxian perspective, generalized value exchange was only the surface outcome of the dominion of certain kinds of social relations over production; i.e., the expression at the level of circulation of things, of a process involving relations between men in the sphere of labor.

In this sense, a Marxist assessment of commodity relations in post-capitalist societies must both, repeal the kind of reifying overemphasis on the circulation sphere that filtered certain early debates on socialism, and widen the analysis of deeper determinations embodied in the labor process, analysis much abridged usually in subsequent discussions.

The Social Substance of Commodity Exchange

The conditions of commodity exchange are clearly underspecified in the mere ‘busing’ of goods between individuals, or in any pure logic attributable to it, abstract from labor. In its form as exchange, circulation may resemble an independent lawfulness, with existence of its own; a pure proportionality problem whose specification depends in the limit, on no objective historical condition of labor whatever, but – as in the neoclassical value problem – on the fixed, subjective notion of utility, and transtemporal assumptions of scarcity, differential natural endowments, individual insatiability, etc., and whose solution is determinable as a mere allocational exercise. On the other hand, from Marx’s critique of the fetishism of commodity, it follows that the assessment of such apparently self-containing, transhistorical logic of circulation, however sufficiently it appears to explain exchange, cannot substitute for a detailed specification of the underlying production sphere in screening the presence of commodity relations; and that once such specification is in place, the logic of circulation immediately reveals its subsidiary character. Perhaps in no other place does Marx (1950) express this point with more force than in the critique he called “vulgar economy.”

The value form of the product of labor is not only the most abstract, but is also the most universal form, taken by the product in bourgeois production, and stamps that production as a particular species of social production, and thereby gives it its special historical character. If then we treat this mode of production as one eternally fixed by nature for every state of society, we necessarily overlook that which is the differentia specifica of the value-form, and consequently of the commodity-form, and of its further developments, money-form, capital-form, etc.... Once for all I may state, that by classical political economy I understand that economy which since the time of W. Petty, has investigated the real relations of production in bourgeois society, in contradistinction to vulgar economy, which deals with appearances only, ruminates without ceasing on the materials long since provided by scientific economy, and there seeks plausible explanations of the most obstructive phenomena, for bourgeois daily use, but for the rest, confines itself to systematizing in a pedantic way, and proclaiming for everlasting truths,
the trite ideas held by the self-complacent bourgeois with regard to their own
world, to them the best of all possible worlds (p. 93).

Still, early characterizations of socialism could not avoid this fetish substitution of
circulation categories for real social relations, although in a transposed way; as they undertook to
prove that value exchange could be done away with, without leaving the realm of formal logic;
so that the dictatorship of the forms of circulation, would be vanquished by power of their own
circulation logic, as in the first formulations of market-socialism.

Indeed, since the same logic of exchange as purported by a purely formal allocational
exercise, will yield optimality, given any coherent set of assumptions concerning social welfare,
production functions, etc., not necessarily defined by the autonomous market forces, there was a
clear justification for the socialist planning argument that optimal allocation could be achieved
without having commodity circulation. By the same token then the implication was powerful
that the essentials of mercantile society might be overcome ‘administratively,’ i.e., by virtue of
replacing value-exchange with a different circulation rationality – established in the plan, etc. –
still as a matter of an exercise on the formal logics of efficient allocations. This extrapolation
was not justified.

The Survival of Commodity Relations Under Socialism: How Long? How Deep?

Admittedly, the fact that circulation between firms of a socialist industrial sector – or, for
that matter, between units of a giant corporation – constitutes already a degraded or merely
apparent mercantile exchange is, in an immediate sense, a matter of transformation in the
circulation logic. Namely, only when, and if the internal exchange rates resulting from quantities
of output and employment centrally imposed upon the individual units are at variance with the
clearing prices that would result from spontaneous valorization or free competition between
units, we will know that the logic of mercantile circulation has been dissolved in favor of a
different ‘optimal’ allocational rationale, whatever it may be, within the conglomerate.

But such new rationale alone can hardly be enforced if changes affecting the institutional
setting of the production sphere, are not already in place, by whose power alone value-exchange
can be obliterated (or mitigated) and replaced by price administration, physical allocation, etc.,
within the firm, the conglomerate, the sector, or the economy. Concretely, the laws of
commodity exchange are held back from full operation in this type of setting, primarily because
the outputs of the different units are not allowed to face each other as independently constituted
values, products of independent labors, in the act of exchange; and this is entirely a function, not
of the rational power of a new circulation logic, but of the degree to which monopoly and
centralization has effectively penetrated the organization of the labor sphere.

This point is already of far reaching significance for socialism, especially because it is a
two-way argument; namely, for all that commodity relations can only be effectively (and are
being indeed) transformed, not in the circulation, but in and by the transformation of the
production spheres and will not be idyllically abolished by decreeing a socially superior
distributive rationale as a matter of allocational planning, this process of transformation will
necessarily have to take the form of the encroachment of the social-reproductive apparatus upon
the individual units of labor, i.e., the elimination of the latter as separate social spheres, within the social process of production; and this can hardly be achieved by decree either.

Incessantly antagonizing this encroachment are the complex frictions involving information flows, individual incentive requirements, etc. that appear ‘naturally’ linked to each stage in the development of industry and its technical mastery on the natural forces, making the individual sphere of labor (firm, unit) the insuperable cell of the reproductive apparatus.

The long struggle in the Soviet Union, and other eastern countries with value-exchange (first to cast it out, later to accommodate it within socialist circulation), reflects, perhaps, more than anything else, this pervasiveness of the individual unit of labor: to the extent that it exists as a socially differentiable, naturally self-centered microbody and insuperable constituting cell of the reproductive apparatus, it opposes continuously the latter’s independent existence as a social whole, with its own immanent rationality.

In the research, we pursue this argument and its implications in full, while attempting a general examination of the conditions for commodity relations under socialism. Here only the conceptual object and nature of this examination may be established. In this sense the analysis presented so far suggests that is primarily in this dialectic relationship between the social and the individual spheres of the labor process, as it shows itself in the concrete evolution of industries and branches vis-à-vis the individual productive unit, and not in the logic of circulation, where the conditions for the presence or absence of commodity relations should be looked for.

The Need for a Socialist Reconsideration of the Labor Process

Summarizing the argument on this section: the political economy of socialism has established that there is nothing notionally inconceivable with circulation based on exchange in the absence of autonomous market and commodity production. Marxian analysis goes further to show that no circulation between separate producers constitutes commodity circulation (regardless of its ‘exchange logic’) unless the decisive requisite that those producers should become independent of each other is fulfilled. We have argued, accordingly, that the practical validity of the socialist planning argument cannot be realized as a matter of mere allocational planning, but to the extent that the privatization of the individual sphere of labor is liquidated.

In the evolutionary course of the private sphere of labor from the first simple commodity production up to the highest stages of monopoly capitalism, the back of pure value exchange is broken as the necessary logic of circulation; but only when and if such private sphere is abolished ontologically (and not only legally), society may be able to adopt (or cast out) value exchange, or any other circulation logic, as a matter of pure rational choice; i.e., not in response to material and social determinations embodied in the process of labor, that subjugate it to the form commodity. Is the private property relations in the sphere of labor what explains the subjugation of such sphere by the forms of commodity production and circulation; yet not in their legal constitutional formulations as expressions of a socio-political will, but as they express a stage in the evolution of the objective antimony between the individual and the social spheres of the real labor process. This stage, as we argued earlier, corresponds to objective conditions ontologically evolved in the labor sphere, that could only be overcome by further objective
transformation of such sphere and that could only backfire under pure legal repression of suppression.

But then, what are those conditions that make up for private property relations? In other words, abstracting from pure legal formulations, what ontological conditions can we isolate in the social process of labor, by looking at which we will know it is being carried on ‘by the accounts of private individuals’ or groups of individuals. This takes us to examine the objective nature of human labor. What is it? How has it evolved? What is the significance of its present form of organization in industrial society?

THE SOCIAL LABOR PROCESS IN HISTORICAL PERSPECTIVE: IMPLICATIONS FOR SOCIALISM

_Yugoslav Workers’ Self-Management and the Social Notion of Labor_

At first the Yugoslav doctrine of self-management did not make this inquiry on the nature and evolution of human labor. It took for granted the dominant presence of the work unit as already found under the conditions of capitalist commodity production: the individualized firm as a universal form of organization of labor, and built upon it its systemic normativity; first by transforming the work unit into a true work-collective, and second, by elevating it to the position of ultimate depository of economic decision power in society.

The principle of free association of labor is the base upon, as Supeck (1975) puts it, the integration of society which proceeds “from bottom up” under the Yugoslav system of workers’ self-management (p. 7). Even the institutions designed to generalize the rights of self-determination to the whole of society, beyond the basic working collectives, are, themselves, based and built upon the primacy of such principle of free association of labor, from which all the decisive power in society stems.

Accordingly, the work collectives in general enjoy a relative supremacy over every other sphere of life within Yugoslav society; they are the true origin and end of the political power. Indeed, the whole system is intended to “give the working people in general, complete control over all aspects of social reproduction, social capital, income and surplus labor, in short, over the conditions, means and fruits of their labor as the material base for their political power” (Kardelj, 1978, p. 16).

However, as we shall discuss below, to the extent to which the work collectives have the primacy over the cellular territorial communities, as the base and foundation of the political power in the system, is the status of man as worker within social relation of production, rather than that of man in general, within social relations “in general,” what becomes the true dominant source of individual power and freedom.

To the extent to which the “working community” in the present stage of development of the human productive forces, has existence as a distinct human community, separated from the natural, (territorial) community – and hence, their interests are not necessarily mutually consistent – the sphere and relations of production do not comprise the whole of human existence and social relationship. For this reason, as long as the sphere of the productive process relevant to man’s material survival, continues to be alienated from the sphere of natural human
life, i.e. the natural community, the confrontation between the latter and the working community, as to which one is the legitimate base for the “integration of human society,” and the ultimate source of political power, is at the center of the development of self-management socialism, both in its theoretical and practical dimensions.

The Atomistic Notion of the Labor Process: A Critique

Our common sense idea of labor is very much fixed in the image of the individual laborer (or group of laborers) in the direct work environment; and when we think of labor as a process we tend first to imagine it as occurring in this idealized sphere: the Proudhonian ‘producer and the workshop.’ The notion of the labor process as, above all, an individual matter is here conveyed in two ways, i.e., not only in the immediate sense that labor occurs as a relation of an individual subject with his/her particular means of subsistence, but also in the sense that it occurs within basic social aggregations (workshops, etc.) each of which although perhaps encompassing a plurality of individuals interacting with each other, faces the rest of society as an integrated singularity of interest, a separate individuality or unit of work.

How much this notion has pervaded also the gamut of social theory and doctrine reveals the extent to which such ready – made image of the ‘producer in the workshop’ has come to be assumed as the definitional framework for human labor in general, rather than an accidental manifestation of its historical evolution; its necessary, immanent expression, rather than a particular form, securely evolved through diverse modes of production and therefore contingent upon the continuous transformation of labor itself in human society.

This of course is commonsensically justified by the universal fact of the social division of labor, and the ensuing secular detachment of the work unit vis-à-vis social production; but unless these conditions are taken as fixed transhistorical premises themselves, the above extrapolation is not acceptable as the basis for a legitimate examination of the labor process in general. The real lack of scientificity lies precisely in such ahistorical assumptions. Thus, for instance, because the entire neoclassical analysis of the production process builds upon the given reality of the individualized enterprise as it emerged as a form of organization of labor out of the whole pre-capitalist evolution, the general validity of such analysis has to rest on the single assumption that the labor process must forever express itself in this particular way.

This fact alone explains why neoclassical production analysis must absolutize the existence of the ‘firm,’ as a separate social body and must present itself first and foremost as a theory of the ‘firm.’ Of course, an abstract, transtemporal concept of firm or work unit may be a permanent requirement of any formal exercise on the technical organization of tasks, or economic allocation of resources in the labor process. To the extent that this exercise falls entirely in the realm of pure logics, the ahistorical character of its premises may be justified. But the relevant notion in our present critique is not that of the work unit as a pure logical formalization, but as a real human entity, that engages the spectrum of concrete social relations in each society as a historically evolved self-centered social body, i.e., aggregation of human individuals that presents society with a particular ‘claim’ as legitimate sources of interests and trading partner.
Concerning the firm, neoclassical analysis is not really true to either approach, but rather mixes up both. Effectively it starts from the work unit as it appears historically under capitalism: the private firm and its historical claim toward society: private profit, but then tries to absolutize them as a transtemporal (logical) requirement of all economic efficiency. The application of neoclassical analysis to the case of monopoly yield also irrational results even for its own special equilibrium standards.

But there is nothing in the mathematics of efficient allocation per se that would yield a case against the advantages and economies of scale whenever they exist; here again is only the postulate of the capitalist firm and that of its private profit claim toward society, what turns these economies of scale and the whole analysis sour; for it alone explains why monopolistic competition appears and hence: holding back technical progress to protect the value of invest capital, chronic unemployment, etc.

It is precisely the presence of the profit motive that makes the capitalist firm not a pure mathematical formulation, but a very real historical product, submerged in concrete social relations. Consequently by adopting this particular motivational mechanism as a crucial explanatory piece, neoclassical production analysis sails its ‘marriage’ with this particular historical form of organization of labor. On the other hand however, the applicability of such theory in absolute terms depends on postulating the capitalist firm as a transhistorical form of the labor process as much as the subjective value (utility) theory depends on postulating non-satiability as an eternal characteristic of all consumers in all societies.

**Social and Individualized Spheres of Labor**

As noted earlier, the presence of the detached sphere of labor (be it the household, the workshop, the capitalist firm or whatever else) gravitates upon any general definition of the labor process no more than the human individual and his/her distinct capacity to work does; and this gravitation goes beyond the limits of the neoclassical school. Analyzing labor and labor power in his excellent book of 1974, Braverman stated, “Labor like all life processes and bodily functions is an inalienable property of the human individual” (p. 54). According to our research though, no examination of human labor may support this assertion, unless the notion of labor is restricted to the very special meaning of purely physical, ‘bodily function,’ in which case we are not differentiating human from the objective labor of animals.

In all its manifestations and levels of aggregation – even as the most personal activity of the individual brain – human labor is social in nature, and therefore by definition does not belong exclusively to the separate sphere of the individual. This fact may not be legitimately neglected in any contextual analysis; and, on the contrary – except perhaps for the above restrictive notion in Braverman – the examination of human labor in different analytical contexts, not only confirms its social character, but may help us to specify it in detail. Analytically we must be allowed to view the labor process at different levels of aggregation, i.e., either as it occurs within the *individualized sphere* in its diverse historical forms (household units, individual crafts, workshops, etc.) – true particular processes of production, or else detached units (phases) of more general processes of production – or as it occurs in the form of objective cooperation in the *social sphere*, between the different units, crafts, branches, etc., also as they appear and disaggregate historically.
But trying to understand individual labor, without recognizing first its insertion into the social process of production makes as little sense as trying to explain the existence at all of the individual crafts, without first establishing the fact of the social division of labor; fact which already presupposes the existence of the social sphere, and therefore postulates the ontological priority of social cooperation, that faces individual labor both as a necessary and an antithetical pre-condition.

We cannot pursue here – as we do in the larger study – this examination of the labor process in all its contexts, but such examination leads us to the following conclusions concerning its essential characteristics:

1) It is above all a finalistic (teleological) process by which men consciously appropriate and for their own purpose transform nature as the ‘inorganic object of their subjectivity.’

2) In true human labor, the finalistic character is never chimerical. It constitutes at the same time a real (effective) control of the teleology of the work involved, based on the appropriation of its materiality: its objective conditions, purpose, outcome, etc.

Any productive aim, as a pure finality, conscious project, does not become labor unless it gets united in practice with the actual appropriation of the real elements that will make such an aim to materialize. This unity, however, is not given ex-definitio at the level of the human individual, according to Braverman (1974):

In humans, as distinguished from animals, the unity between the motive force of labor and the labor itself is not inviolable. The unity of conception and execution may be dissolved. The conception must still precede and govern execution, but the idea as conceived by one, may be executed by another. The driving force of labor remains human consciousness, but the unity between the two may be broken in the individual and reasserted in the group, the workshop, the community, the society as a whole (pp. 50-51).

Despite his generally insightful analysis, Braverman’s order of exposition here, unjustifiably suggests the notion of such unity as pre-existing by definition at the level of the individual in which, only later, it would be broken, and then ‘reasserted in the group,’ as if individual consciousness, mindful labor, and individuality in general were possible at all outside the context of the human group, and not having it even as their necessary, existential pre-condition.

Our investigation convinces us, on the contrary, that the unity between the intentionality and the materiality of human labor, between its conception and its execution occurred originally, and by definition in the group, and only later on, through a complex evolution, was ‘reasserted’ at the level of the individual.

COMMUNITY AND LABOR PROCESS: THE LONG RUN VIEW

_The Original Primacy of the Community_
As schematically advanced already, and examined in detail in the study, we pose the thesis that both the conscious and the real appropriation of the teleology of labor belonged in the first place, and in its own right, to the community of human individuals, as Marx argues:

The spontaneously evolved tribal community or, if you will, the herd – the common ties of blood, language, customer, etc. – is the first pre-condition of the appropriation of the objective conditions of life... Only insofar as the individual is a member – in the literal and figurative sense – of such community, does he regard himself as an owner or possessor. In reality *appropriation by means of the process of labor takes place under these preconditions*, which are not the product of labor, but appear as its natural or divine preconditions” (Hobshawn’s translation of Marx, 1980, p. 69).

Social evolution, however, leads to the detachment of the individual sphere of labor within the community, process in which the former not only gains relative independence from, but also power against the latter. That constitutes what we have called provisionally the privatization of the labor process. When petty-commodity production began to develop within the primitive agricultural community – which was both a working and a natural community at the same time – labor began to move, settle, relate to natural endowment, organize itself, etc., along patterns completely independent from the metabolism of the original community, based on territorial tie, kinship, language, tradition, etc., and to develop its own logic of organization: the social division of labor.

With the advance of this division of labor and of commodity production over agriculture, the “individual productive unit,” as the footloose, crystallized expression of the spontaneous flow of labor in its own dynamic relationship with the natural resources, grew more important over time as the very incarnation of the production sphere, the center-ring upon which the whole process of creation of material value rests. The natural way in which material resources are spread and available to man throughout the world, and the historical way in which human resources are distributed are constraints that, in the face of the limited possibilities of transport, have made appear the ‘unit of work’ (work-shop in late feudalism, firm, enterprise in capitalism) as the superior social tool of concentrating and organizing resources in the most efficient way to produce commodities.

This empowerment, however, occurs primarily in the material sphere of society and only secondarily, and with a time lag, in the sphere of legal formulations. Indeed it did not begin with, nor did it depend on the rise of legal private property, but on objective developments in the sphere of the production forces, bringing the individual up to the center stage of production vis-à-vis community. Tokei’s (1979) quotation from Marx argues:

The community itself appears as the first great force of production; special kinds of conditions of production, e.g., animal husbandry, agriculture, lead to the evolution of a special mode of production, both objective and subjective, the latter appearing as qualities of the individuals (pp. 51-52).

Private property as a legal form, therefore, was only a relatively late – though necessary – formal consequence of a long material process by which the individual and the individual sphere
previously gained factual control on the objective conditions and outcome of labor to such an extent, as to be able to enforce such appropriation vis-à-vis society. Elsewhere Marx’s words suggest the following:

Circumstances arise in which individual property does not require communal labor for its valorization . . . entering substantially new conditions of labor and developing the energies of the individual further, the more such factors operate . . . the more do conditions arise which allow the individual to become a private proprietor of land – of a particular plot – whose special cultivation belongs to him and his family (in Hobshawn, 1980, p. 72).

Legal private property can only serve to consecrate this objective development of the ‘energies of the individual’ by virtue of which the individual would valorize his/her possession independently of communal labor.

In our research we undertake to study how this rise of the individual sphere of labor occurred, and how it ultimately led to enthronize the ‘producer and the workshop’ as the center ring of the production process. Viewed from another angle, we examine the process of transformation of property relations in the deep, extralegal sense explain above, of the objective relation of the individual and the means of labor in the context of society, i.e., as they relate men not only to nature, but also to each other in the process of production. The essential lines of this process have been systemized, although in a somewhat different context, by Tokei (1979) in describing the metamorphosis of this three-way relationship from its Asiatic or ‘tribal’ manifestation to its Germanic or feudal form.

Elaborating on Marxian investigation of pre-capitalist formations, Tokei shows how while in the Asiatic form, the individual can only relate, as a proprietor, to the means of labor (in this case land) thorough the community, i.e., as a natural member of society. This situation is diametrically reversed in the Germanic form where, on the contrary, the social membership of the individual is only granted once his/her private ownership of a piece of land is asserted, and only as a consequence of this previous condition, with an ‘intermediate’ stage present in the ‘antique’ form represented by the Greco-Roman state, in whose context private property over land rises for the first time, and, for a while, thrives alongside the ancient institutions of the common property, the Aeger Publicus.

The Present Evolutionary Trends in the Labor Process (Beyond the Industrial Setting)

The historical investigation above shows us the very process by which the sphere of production becomes relatively autonomous from the sphere of the original “natural community.” It is the same process by which it becomes fragmented into multiple atomistic, subjective, self-contained “units;” and this is the same process by virtue of which production itself acquires an ever increasing independence as a different “domain.” In this process, natural resources, labor and, later on, its accumulated expression, capital, relate to each other, move and organize themselves spatially and historically, responding to a complex of social and natural relations of production that, even though occurring within territorial socio-historic formations, maintains its relative autonomy from the latter’s influence, its own laws of development, its own partial logic and rationality.

46
Another extremely important conclusion extracted from this historical analysis, which concerns the development of socialism is that to the extent to which society’s capacity to dispose of the social product is a function of the integration of the productive process, the process of fragmentation yields, as a result, not only the inability of the natural community to dispose of the material wealth by its own, but also its heavy dependence on the behavior of the individual productive units within the productive apparatus, even to provide such output.

On the other hand, the scientific and technological development, being, largely the process of ever advancing homogenization and integration of the productive process, is the defined historical limit of this secular fragmentation in the sphere of production. Paradoxically, the technological development that historically has always stimulated such fragmentation, by reducing constantly the productive process to its minimum set of activities in every sphere of human production, is precisely the condition for the process of reintegration of such productive activities; which, under the current technological and scientific revolution takes the form of the principle of automation.

This principle, as Richta (1969) has shown, along with other homogenizing trends, facilitates the above mentioned integration not only in the means of production itself, but also in the field of raw materials and in power resources, with an invariable result throughout. The increase leads to the exclusion of physical labor from the process of production, coupled with the increasing capability of man and society, as a unity, to control such process directly, and to dispose of its product entirely.

The upsurge of technology is excluding man with his limited physical and mental powers from production proper, introducing an intrinsic technical unity as the basis of automatic working, the technological revolution carries on from the point where the breakdown of labor into simple elements ended (in this sense it takes complex mechanization to its logical conclusion); but it employs, on the other hand, a synthesis which is a natural technical process that man has achieved and appropriated – and therefore control (p. 26).

The critical importance of this ability of society as a unit to dispose of the value created, directly, for overcoming the “crude” phases of socialism – predicted by Marx – is becoming clearer. Of course, we are not here talking about the idea that … “Society one day will dispose in an ‘integral’ manner ‘all’ the means of production socialized, and ‘all’ the products … up to the last nail” as Ernest Mandel (1974) once put it rather mockingly (pp. 180-81). Instead, there will emerge a level of economic integration in which the productive apparatus is capable of yielding the bulk of the needed social output, and of making it available to everyone in society … “with a relatively minor dependence on the behavior of the individual unit of production” (Pirela, 1980, p. 15).

Richta (1969) further writes:

To the extent to which man allows the products of his past labors to operate as natural forces, with a consequent withdrawal of human labor power from participation in the immediate production process, there enters into production a far more powerful force of human society – science as a productive force in its
own right, operating on a basis of all-inclusive social cooperation. The production process then ceases to be labor in the immediate sense; it finds its support in ‘man’s understanding of nature.’ [Hence] human activity is then relegated to the pre-production stages, to technological preparation, research, science and the welfare of man (pp. 27-28).

So, it is clear that as the productive apparatus reduces its dependence on the individual atomistic unit of production, so it does society as a holistic united entity. Furthermore, as the role of the individual unit diminishes, so does the labor as main substance of the value produced in society, and thence, the role of commodity exchange.


Reacting against Soviet statism, the Yugoslavs asked themselves, “Who controls?” past labor which took them to the power of the work collectives, and the principle of free association of labor. Certainly the relevant question of socialism always has been “Who controls the past labor?” but the issue involved in scientific socialism was never the working collectives, not even only the working class, but the whole society. The working class was not to perpetuate itself in power, but to bring about the classless society of the future, and, with it, its own elimination.

But the formula by which the work collectives are the ones “who control” past labor does not guarantee in any meaningful way, as already shown, the identification of interests of the productive apparatus, with the interests of society as a whole, nor with the interests of workers as a class. There is nothing in such a formula itself that could substitute for political education and ideological advance to make the working collectives adopt as theirs, the holistic vision of the general social and working class’s interests. Here, again, it is difficult to see how this holistic approach could come about if the democratic process outside the work place, in the natural communities does not gain weight relative to, and at the expense of the autonomy of the work collectives, either by voluntary giving up of such autonomy by the workers themselves, by virtue of their ideological advance, or by the strengthening of the democratic institutions intervening in the productive process, led by forces coming from outside the work collectives.

Hence, the tremendous importance and progressive character of institutions such as Self-management Agreements and Social Compacts, to achieve the goal of “all-inclusive social cooperation” within the socialist evolution. Such actions represent the best effort to leave behind the empirist view of “working class” power as a purely aggregative notion by introducing the principle of mutual obligations outside the work collectives; not only with respect to other work collectives, but also towards the citizens and the natural and socio-political communities. However, institutions such as the Self-Management Agreements and Social Compacts do not substitute for the basic primacy of the work collectives in the Yugoslav system. Instead, they were built upon such principles as their basic premise, the predominance that makes such agreements viable.

Certainly, to the extent to which the stages of development of the productive forces entails the establishment of social priorities, the principle of social predominance cannot be done away with in such agreements. In this sense, the antagonistic character of the productive
process, namely: the friction between needs and resource endowment, technological constraints, inherited economic and spatial inequalities in the amounts of past labor accumulated, etc., make the social agreements appear, necessarily, as “compromise solutions” aimed to preserve cooperation and unity vis-à-vis the competitive, disintegrating tendencies of the market, rather than the expression of a society that can already afford organic consensus.

Thus, the notion of social agreement here, necessarily requires a “social articulation of interests with predominance,” the latter being typically controlled by the work collectives. Conversely, if such agreements were to eventually evolve to become more comprehensive forms of social predominance, they would be more and more at variance with the primacy of the work collectives. Showing a highly sensible analytical mind, Kardelj (1978) implicitly recognized the fact that the hegemony of the work collectives under the Yugoslav system represents the survival of profound contradictions at the level of the process of production and reproduction. So he writes:

These contradictions cannot be simply abolished, they must be transcended through history, through the further development of the productive forces, through a further emancipation of man from material need, and of course through further development of the system (my emphasis), which will become increasingly capable of dealing with problems of this kind. This will be achieved through self-management practice, by workers themselves, subject to continuous influence of socialist progressive, ideological and political forces (p. 27).

The strength of this thesis is its historical nature; indeed such contradiction within the Yugoslav system may only be overcome by virtue of the development of the productive forces.

Its main weakness is that, it fails to reach the necessary consequences of such historical perspective. First of all, the problems derived from antagonism and inequalities in the relations of production, are not merely “problems of this kind,” they are the very “crux of the matter” of human and self-management socialist development. Secondly, given the objectively atomistic character of the work collectives, the evolution and improvement of the system would more likely be achieved by “the influence of socialist progressive, ideological and political forces,” namely, by political education and ideological development, rather than “by the workers themselves” with only market forces at work.
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