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Crisis, Class, and Cooperatives: Some Comments on the United Steelworkers–Mondragón Alliance

Ian J. Seda-Irizarry

The alliance between the United Steelworkers and the Mondragón Cooperative Complex—to develop industrial jobs oriented toward a green economy—represents an important proposal for solving the problem of unemployment in the United States while addressing the issue of environmental degradation. Still, this alliance in the context of the United States poses interesting questions regarding issues that go beyond joblessness. This article seeks to present some of the issues that relate the complexity of subjectivities to how the crisis is articulated via the nation-state lens of economic representation. The main aim is to open up the discussion about the possibilities of nonexploitative class structures existing alongside subjectivities that are not informed by or do not reflect anticapitalist and anti-imperialist affiliations, and how this might relate to the concrete situation of the United States in times of crisis.

Key Words: Crisis, Unemployment, Cooperatives, Nationalism, Class

The latest crisis of capitalism has yet again called into question the rhetoric of the efficiency of free, unfettered markets, which, along with the institution of private property and in comparison to other socioeconomic arrangements, were said to be able to achieve the greatest prosperity for all. As in the aftermath of the 1930s, we are once again being exposed to statements, opinions, and analysis that go along the lines of a “we learned the lesson, we won’t repeat the same mistakes” discourse, to then be reassured that new, more instrumental, and powerful “regulations” are on their way to put a leash on the financial sector, the entity that has been the favored scapegoat of the current mess.

Most of the popular and academic discussions have treated the economic realm through the dualities of the real versus the financial or of regulated versus neoliberal capitalism.¹ Such dualities have shaped the articulation of both the crisis and its

1. For a related and interesting discussion of the “realist dualism,” where the social ontology is split into “its real and less real (or monetary) moments” within economic analysis, refer to Rebello (2009).
possible solutions. For example, by focusing on regulating finance, popular discourse seems to imply that the so-called real sector, if it exists as separate from the financial, has no problems or contradictions of its own. This way of thinking is reflected in the often repeated statement, both in the academy and in popular circles, that “the financial crisis has caused a systemic crisis.” Again, regulate the financial sector and everything will be all right!2

In this paper I briefly discuss a set of proposed solutions, for the particular case of the United States, that are not part of the dominant discourse and which focus on alternative arrangements for the production and distribution of goods and services. I then take a look at how these alternatives might inform the alliance between the United Steelworkers (USW) and the Mondragón Cooperative Complex (MCC). Finally, I discuss some of the problems entailed by an uncritical celebration of this alliance.

There Are Solutions and There Are Solutions

During the last months of George W. Bush’s presidency and the current term of Barack Obama, what we have seen is the adoption of a vast array of macroeconomic policies that are supposedly designed to “jump-start” the U.S. economy in terms of reestablishing lending to foment both growth (measured in gross domestic product) and the creation of jobs for the millions of unemployed. The buying of corporate stock, controls, regulations, monetary and fiscal policies, government spending, and bailouts, have been part of the repertoire of actions that the government has implemented to achieve its purported aims related to growth and unemployment. Instead, what we have seen are huge redistributions of money and wealth in what can be said to be the most recent manifestation of the class project that social thinkers like David Harvey (2005) have described. The centralization and concentration of capital seems to know no boundaries at this moment when the recession has led big corporations to lay off millions of workers while receiving low-interest loans, subsidies, and tax exemptions from the state (Petras 2010).

The Adam Smith that has been “refuted” with this latest crisis (in terms of the discredited doctrine of laissez-faire) has also been validated in terms of his analysis of how the merchants and manufacturers were “the principal architects of policy” in the England of his day, and how the policies they advanced were directed at serving their own interests irrespective of how “grievous” the effects to others could be (Chomsky 2010).

The work of Thomas Ferguson (1995) is an updated extension of Adam Smith’s analysis. Ferguson develops an “investment theory of politics” which looks at the relation between who funds the candidates who win elections and what types of policies are implemented by that government. In the case of the Obama administration, the major contributors were firms within the financial and banking industry,

2. The debates on what is to be done just prove to be oscillations between the ideologies of private and state capitalism, oscillations that have characterized the agenda of economic policy that works within such dualisms and which negate any conceivable outside to the dichotomy (Resnick and Wolff 2006, 330).
entities that now seem to have been strengthened with the recent public bailouts. This relation between the state and capital was summarized long ago with Karl Marx’s statement that “as long as capital is weak, it relies on crutches” (1973, 651). Still, some economists like Joseph Stiglitz (2010) cross their arms in disbelief as to how it is possible that the state transfers substantial amounts of money to banks and other financial institutions and not, for example, to those whose home mortgages have been foreclosed. It is clear, then, that the artificial divide where economics and politics are conceptualized as autonomous and independent spheres does affect even those with the most noble of hearts.

An Alternative View

Another set of ideas, which is not contained in the prevalent discourse of economics, informs a solution that not only focuses on the more microeconomic level of the enterprise, but also looks at the workplace as a site of social transformation. Specifically, this position focuses on how those who engage in surplus labor, which takes the form of surplus value under capitalism—productive workers in a Marxian sense, might also become its appropriators. In other words, a nonexploitative class structure would imply an alternative socioeconomic arrangement in which those who produce the surplus also take part in decisions regarding alternative uses of the surplus value produced and received.\footnote{For a comprehensive exposition of a “class as surplus” analysis in Marx’s mature writings, refer to Resnick and Wolff’s seminal work (1987).}

To take a case relevant for understanding the present capitalist downturn and how a different organization of production might bring about different economic outcomes, a variant of the above approach says that if workers were their own boards of directors in terms of appropriating the surplus, and also making decisions regarding its distribution, then those same workers would probably not be experiencing the wage stagnation that has characterized much of the industrialized world since the 1970s (Resnick and Wolff 2010).\footnote{It must be emphasized that not all nonsupervisory work produces surplus value for capital. Still, the statistics on wage stagnation since the 1970s are normally presented in terms of nonsupervisory work for industrial workers.} As has been shown by economists working within the Marxian tradition, this issue of wage stagnation, along with the “capitalists raking in the resulting explosion of surplus value,” is connected to the role that credit and debt have had in the particular form that the current downturn has taken (Resnick and Wolff 2010, 181).

A concrete example for organizing production in an alternative way involves the possibility of a nonexploitative class structure that can be reconciled with a form of work organization whose entry point to understanding the relations of production is not the organization of surplus as described above. Instead, the entry point of this alternative firm consists of property relations where the collective of workers owns...
the firm. In other words, a nonexploitative class structure could have, as one of its conditions of existence, collective ownership in the means of production. This collective ownership has normally been translated, at least in the case that I am pursuing here, into a “one worker, one vote” democratic system. Cooperatives, which are usually understood in terms of collective property relations that seek to facilitate direct and participatory democracy, can then be seen as concrete examples of what a nonexploitative class structure might look like.

The organization of the production and appropriation of surplus in a nonexploitative way (an economic process)—and how this organization might be connected to a particular understanding of democracy (a political process)—serves as a powerful example in terms of where a society might want to move. In the concrete case of the United States, the asymmetry between a minority that makes decisions (that minority being elected by major shareholders who also constitute a minority in terms of the total shareholders of a company) and a majority that is affected by those decisions, is an important dimension of the calls for either reforming or dismantling the workings of the corporate structure.

Cooperatives as a Response to Unemployment

Apart from providing a glance at what a postcapitalist society might look like in terms of the organization of the production and distribution of goods and services, the installment of cooperatives has become an alternative solution to the problems of unemployment that accompany capitalism and its crises. In other words, coopera-

5. As Resnick and Wolff (2006, 280) emphasize, it is important to keep the concepts of power, property, and class as surplus theoretically distinct. I combine an example of a property arrangement with a power structure and an understanding of class as surplus, not as a “composite” notion of class, but as different determinants that might make a possible nonexploitative class structure more concrete—in this case, a cooperative arrangement.

6. In various writings, Marx evaluated the cooperative model in a positive way in terms of its contribution to the postcapitalist imaginary, while also recognizing how cooperatives themselves are affected by capitalism. See Ruccio (2011) for examples.

7. For a discussion of the possible objects of democratic decisionmaking processes related to Marxist outlooks, refer to Wolff (2000).

8. An important dimension not discussed in this work is related to the issue of “labor’s right to the full product.” For a discussion of Thorstein Veblen’s interpretation and analysis of Marx’s work regarding the expropriation of surplus labor by capital as “theft” and “robbery,” refer to O’Hara (2000, 50). For a more general discussion of the “ethics debate” surrounding surplus appropriation and the possible relationships between surplus appropriation and alternative definitions of communism, refer to Madra (2006).

9. Many agree that the most famous cooperative form of collective organization was developed in 1844 by workers in Rochdale, England, who were suffering “from the social dislocations of the industrial revolution,” which included “periodic unemployment, low pay, unhealthy cities, and dangerous workplaces” (Fairbairn 1994, 2).
tives have arisen, not necessarily as an all-out confrontation with capitalism in the prevalent understanding of taking power, but as ways to ensure the immediate survival of their members by providing them with sources of income.\footnote{Probably the most renowned recent case, in terms of magnitude, is that of the takeover of factories by workers in Argentina, which started during the severe downturn of that country in 2001. Within the United States, there is the occupation of the Republic Windows and Doors factory in December 2008 by workers in Chicago. Still, it must be noted that experiments with cooperatives have taken place not only as a reaction to an economic downturn, but as a more general and directed strategy toward social transformation, as in Venezuela with the election of Hugo Chávez.}

I lay emphasis on the issue of unemployment because, in this historical conjuncture, solutions based on a combination of a nonexploitative class structure with collective ownership to tackle unemployment might exist alongside cultural processes that could be seen as contradictory to what is generally understood to be a socialist or communist ethos. In this sense, Marx’s comment that “dwarfish forms” of cooperatives “will never transform capitalist societies” (cited in Gibson-Graham 2006, 108–9) acquires a different meaning. As I will argue, approaching cooperatives from the strictly economic sense of the organization of production in the United States might actually hamper anticapitalist and anti-imperialist struggles around the world.\footnote{To be more explicit, the United States continues to be a relevant analytical category in the sense of being conceived as the center of world capitalism.}

The United Steelworkers–Mondragón Alliance and Representations of the Crisis

In October of 2009, an alliance between USW and Mondragón International was announced. Such a development was seen by many as an exciting potential solution to the current socioeconomic crisis in the United States. The USW is the largest industrial trade union in North America while the Mondragón Cooperative Complex (MCC) is the world’s largest industrial workers cooperative.\footnote{The USW represents over 800,000 workers in the United States, Canada, and the Caribbean, while Mondragón International employs close to 100,000 workers in 260 cooperative enterprises.} Despite the infant form of the proposed alliance, the main focus of the agreement is to establish the Mondragón cooperative model in the manufacturing sector within the United States and Canada. This plan was presented as being compatible with the Obama administration’s plan of restructuring industry toward a green economy. This proposal would create more jobs while at the same time addressing the issue of environmental degradation.

A statement made by USW president Leo W. Gerard indicates how the present crisis is viewed by the USW: “We have seen Wall Street hollow out companies by draining their cash assets and hollowing out communities by shedding jobs and shuttering plants.” Other USW representatives have similarly commented publicly that the present crisis is related to the loss of jobs caused by the processes of outsourcing and capital flight associated with capitalist competition.
It seems appropriate to state that the entry point to understanding the alliance, from the USW’s perspective, is to create and guarantee jobs for their employees, a characteristic that they see present in the Mondragón experience and their motto of “one worker, one vote.” For instance, Whyte and Whyte (1991, 155) draw attention to the lower unemployment rates of workers who are part of the MCC as compared with workers in traditional private firms in the Basque region, irrespective of the business cycle.\(^\text{13}\)

An alliance between the MCC and USW seems to plant the seeds for an alternative that might, for example, evade wage stagnation and its relationship to the present economic downturn in the United States.\(^\text{14}\) This does not mean that these potentially nonexploitative class structures, which have collective ownership as one of their conditions of existence, will not have contradictions or suffer from economic crises.\(^\text{15}\)

In light of these general observations, the following section highlights some issues that have been debated within the Marxian tradition concerning nationalism and cooperatives. The purpose in this section is to dwell on the potential of cooperatives for posing a challenge to the current capitalist regime in the United States and elsewhere.

**The Market, Class, and the Nation-State**

Critiques of cooperative models usually focus on hypothetical scenarios where competing cooperatives relate to each other via the market. More specifically, they point to how market imperatives like competition, accumulation, and profit maximization shape the workings of a cooperative.\(^\text{16}\) These approaches normally show that cooperatives might end up behaving like a standard private capitalist

\(^\text{13}\). The institutional framework that was developed to support the industrial cooperatives is part of the reason the MCC has been able to absorb the inherent fluctuations of capitalism better than most firms. The “second-level cooperatives” that make up this institutional scaffolding include the areas of banking, schooling, social security, and sectors of nonindustrial production. All these sectors, combined with the green economy aspect of the proposal, seem to be part of what the USW wants to implement to create and maintain jobs in both the United States and Canada.

\(^\text{14}\). It must be noted that an implicit conclusion derived from this logic, and one that has occupied Marxists and non-Marxists alike, seems to be that there can be no crisis if wages are growing. This issue is beyond the scope of this paper.

\(^\text{15}\). Albert (2000) offers an important critique that might apply to cooperatives, focusing on the ways in which property relations might obscure production relations, given the capitalist division of labor within the firm.

\(^\text{16}\). An important theoretical issue, which other contributors to this symposium discuss, is what might appropriation of surplus labor mean within class analysis if there is a recognition that the market has a role in redistributing the surplus labor produced in each firm among all the firms. In other words, can workers appropriate the same surplus labor that they engage in within the productive enterprise when more than one firm or sector is taken into account? See Ruccio (2011) and Roberts (2011).
enterprise, and that the success of one cooperative could imply the dissolution of other, competing ones.\textsuperscript{17}

An important part of these market-focused critiques emphasizes the socioeconomic relations of members within a cooperative. For example, in the specific case of the MCC, “concessions” had to be made to deal with the instabilities of capitalist markets. The MCC currently has a contracted workforce that accounts for roughly 20 percent of their total labor. These workers are not owners of the cooperative and therefore do not take part in decisionmaking processes or get the normal benefits that come with being part of the MCC. This 20 percent has basically served as a buffer in times of crises. In other words, when jobs have to be eliminated because of the pressures of the market, these contracted jobs are the first to go. This example shows that working-class dynamics might not necessarily be transparent in the internal workings of cooperatives. In the specific case of MCC, pressures of the market have created divisions that could be interpreted as a form of group individualism (Gibson-Graham 2006, 109).

There is an infinite array of elements that come into play in the constitution of group individualism.\textsuperscript{18} What I want to stress is how the market is not only an economic institution that serves to allocate goods and services, and that also has political dimensions, but also how the competition it fosters affects cultural processes which in turn affect how competition is articulated.\textsuperscript{19} Specifically, the representation of the macroeconomic performance of nation-states in a moment of crisis (e.g., growth and unemployment rates of the United States) can create and reinforce various cultural meanings that might contradict the general understanding of an anticapitalist ethos. In the case of the United States, this can be readily seen in terms of events and issues related to the unemployment dimension of the crisis.

For example, when different firms like General Motors were making appeals to the U.S government for bailout funds, elements of a \textit{market-induced} nationalism appeared in the reactions of workers who were interviewed. These reactions can be summarized with a common statement: “we will out-compete them if given another chance.”

In a case relevant to the proposed USW–Mondragón alliance, a USW representative seemed to point his finger at China, and not capitalism itself, as the main culprit for the sufferings of the American working class. He explained that they “view it as our jobs being taken away by China and others.”\textsuperscript{20} This type of position reflects how processes, such as outsourcing and capital flight, not only effectively pit the workers of the world against each other in both the ideological and material senses, but also

\textsuperscript{17} There is a vast literature concerning the role of market imperatives in the workings of cooperatives. Luxemburg (1900) and Kasmir (1996) are but two examples that can be related to cooperatives in general and to the specific case of Mondragón.

\textsuperscript{18} It seems to me that Lenin’s notion of the “labor aristocracy” might be interpreted as related to group individualism.

\textsuperscript{19} For a related examination of the proposition that markets are economic, political, and cultural institutions, see Bowles (1991).

\textsuperscript{20} This was the answer to a question I posed to USW spokesperson Rob Withell. I asked him how the people he represents view and discuss among themselves the current economic crisis (University of Massachusetts, 5 March 2009).
shape the class lens along nation-state lines. This has important potential con-
sequences in the possible organizing of anticapitalist alternatives focused solely on
the organization of production. It therefore seems fair to state that the possibilities
that arise out of the proposed USW–Mondragón alliance include, among various
possible outcomes, the correspondence of nonexploitative class structures with
subjectivities that would normally not be associated with socialist and communist
ideals.21

It is also important to remember that the issue of job creation brings to the fore the
structural relationship that the U.S. working class might have within the global
global geopolitical arena. For example, during the postwar “golden age” of capitalism, U.S.
Steel and other steel companies had large operations in countries like Brazil and
Venezuela. These operations were related to the extraction of iron as an important
input for the production of steel. U.S. Steel also had direct effects on the political
dynamics of the countries in which it operated since “the capture of foreign mines
was an imperative of national security” (Galeano 1997, 153). Specifically, one of the
most important customers of U.S. Steel was the military-industrial complex of the
United States. The workers of U.S. Steel, which at the time were represented by USW,
benefited directly by having access to jobs.

This last example shows the potential problems with Marx’s statement that
“cooperative labour ought to be developed to national dimensions, and, conse-
quently, to be fostered by national means” (1992, 80). It is insufficient to celebrate
forms of work organization that reflect nonexploitative class structures if the
contradictory relationships that arise from the need to create jobs that are complexly
related to the overall structure of global capitalism are not taken into account.22

Even though there is a vast Marxist and non-Marxist literature related to the general
topics I have laid out in this section, it is still important to note that Marx himself
recognizes similar issues in Capital. Specifically, in his chapter on “the general law of
primitive accumulation,” section 5 discusses differences within the workforce in
terms of town location, religion, and nationality (for example, the case of Irish
immigrants in England) and how these contribute to shaping the working class. As
Harvey comments, the “mobilizations of latent workforces so often utilize differ-
ces of ethnicity and religion, which by extension can encompass all manner of

21. The issue of the morals and ethics of communism is a complex one. See Madra (2006) and
Gibson-Graham (2006, 53–78, 101–26) for general debates within Marxism and their relevance
for the Mondragón experience.
22. It has to be remembered that the USW–Mondragón alliance includes the creation of
industrial jobs that would be compatible with the green economy agenda. This is important
because the methodologies used to make an argument in favor of this transformation of the
economy denote how economics as a discipline, in its pursuit of an “optimal” solution for
creating jobs, might pass over any type of critique of the workings of U.S. imperialism and its
relationship to capitalism. For example, an argument has been recently developed in which it is
“demonstrated” that government spending in a green economy creates more jobs than spending
in the military adventures in Afghanistan and Iraq (Pollin and Garret-Peltier 2010). In other
words, green Keynesianism is a superior alternative to military Keynesianism because
government spending in the former has a higher multiplier effect than in the latter. This, of
course, might be a plausible conclusion, but the question for these economists is how faithful
they would be to their methodology if the result were the opposite.
racial, gender, cultural, religious and other differences in the divide and rule politics deployed by the capitalist class” (2010, 279). It is this recognition of the divide-and-rule approach by capital that makes consideration of the market and its relation to cultural processes important when analyzing the possibility of developing nonexploitative class structures as part of efforts to replace the capitalist system.

Conclusion

Working-class politics, when given an international dimension, exist in a contradictory relation with the immediate needs of people in terms of having access to income-generating activities at times where capitalism is in a period of crisis. This should highlight the ultimate purpose of this essay, which is to emphasize that, at present, when the socialism or barbarism moment seems to knock on the door with all its socioeconomic, subsistence, energy supply, and environmental dimensions, opportunities are open to all types of positions within the ideological spectrum.

The complex economic, cultural, and political processes that make up the social landscape where the USW–Mondragón alliance takes shape should point us toward a critical appreciation of what at first glance seems to be a huge step forward in terms of organizing production in a nonexploitative way. In this sense we must not only celebrate the possibility of an alliance of the magnitude of the one discussed in this essay, but also recognize that such “breaks” with capitalism can also be combined with ideals that do not necessarily align themselves with a revolutionary project. That is why, as other participants in this symposium point out, a successful anticapitalist cooperative project in the United States must be integrated with other struggles and institutions that engage with the economic realm of the organization of production and also go beyond it.

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