

RESEÑA/REVIEW

Cooperatives Confront Capitalism: Challenging the Neoliberal Economy

Las cooperativas se enfrentan al capitalismo: desafiando a la economía neoliberal

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For many, the recent opening to entrepreneurial initiatives in Cuba means a detour towards capitalism for a country that has defended its version of socialism for almost 60 years. The mistakenness of such statement when referred to the development of workers cooperatives in Cuba, as well as the impact of such cooperatives on the socio-political and economic systems of Argentina and the United States are the core of this book.

With a precise and clear combination of classical and contemporary theory, actual data and case studies, its author Peter Ranis offers critical arguments that prove that cooperatives indeed create defensive structures against state socialism, as much as against neoliberal capitalism, thus becoming a way to democratic socialism or to a post-capitalist system. In his own words, “*cooperatives represent democracy as a form of people’s power rather than simply a capitalist state form of representative democracy or a state socialist form of democratic centralism*” (p. 44).

Ranis is Professor Emeritus in the Ph.D. Program in Political Science at the Graduate Centre of the City University of New York¹. His great interest and years of devotion to political economy and labour studies in Argentina, Cuba, Latin America and the United States, have enable him to delve into the cooperative movements in these areas. What is more, reflecting upon the situation around these movements, he presents a deep socio-economic and political (even demographic at times) analysis of the United States, Argentina and Cuba.

The general methodology of the book is deductive, since it goes from very general conceptions from theorists and political economists of various epochs and approaches (e.g. Marx, Bernstein, Luxemburg, Gramsci, Block, Piketty), to particular cases of development of workers cooperatives in very distinctive - mainly in terms of socio-political issues - nations. In each case, a theoretical and historical analysis is deployed, as to cover the origin, evolution and perspectives of workers cooperatives in these three countries.

The book is divided into 10 chapters, starting from a general conception of worker cooperatives in Chapter 1. Then, more specific topics are covered, such as the role of the state, challenges and breakthroughs of this movement and advantages of worker cooperatives for the working class. Interestingly, even when dealing with updated data and practical cases, Ranis builds upon a theoretical framework supporting each analysis, what highlights the value of this book both for academics and political economists.

Chapter 1 is the result of a thorough, critical bibliographic review, from classic to contemporary authors, to answer the question “Why worker cooperative?” This theoretical framework arises from Marx’s idea that *“it is the capitalist and his manager who takes advantage of worker cooperation. But it need not be because, unquestionably, the capitalist is dispensable in this scenario”* (p.2). Or as Murúa, leader of the *Movimiento Nacional de Empresas Recuperadas*² of Argentina, argues: *“Workers can produce without capitalists; but capital cannot be produced without workers. Cooperation can supersede competition at being productive”* (p. 56). Leaving capitalists out of the scenario, cooperatives offer a major departure from hierarchy at work and working class exploitation.

All through the book, reference is made to Marx's works, with special emphasis on *Capital*, where a whole chapter is devoted to cooperation. However, many more perspectives are clearly and coherently linked. Just to mention some, for Marx, workers needed to ally together to promote their collective interests and control capital (p.9); for Bray, men working together would provide an alternative *"to change that social whole which keeps them poor"* (p. 12); for Luxemburg *"Producer cooperatives, to be truly effective, had to be extended beyond local and national borders"*, aim already understood by Owen, Thompson, Bray, Marx and Engels (p. 14).

Together with theoretical analysis, many historical, factual examinations provide the reader with tools to understand the author's overview on the subject. For support or comparison purposes he relies on data from regions and periods as varied as Jamaica after the abolition of slavery, Spain during the Civil War, or France during the Paris Commune. And this strategy is not only used in the first more general and theoretical chapter, but also in the others, making them more comprehensive and trustworthy. The detailed historical tracking of the evolution of cooperative movement even from a global perspective in these three countries is another important achievement of this work.

Particularly interesting is the redefinition of working class provided by Ranis. More than a definition, it is a call for unity and solidarity, as he reinforces that the *"middle-class workers"*, as he coins them, are not just labourers, or the traditional proletariat, but also professional, commercial, service and government employees (p. 39). Educational or cultural issues may make them different, but deriving their living from wages and salaries, or having no control over money capital make them a single class.

By providing the characteristics of worker cooperatives, Ranis claims on their advantages and the way they challenge neoliberal economy (p. 41-43). To summarize them, first, cooperatives gather workers of all ideologies to confront unemployment and eco-deterioration. Workers are involved in management, and in a way, wages become decommodified as they are distributed as shared rewards for collective efforts. Workers learn by doing, both about their jobs and the consequences of their actions. Cooperatives create working class autonomy and a sense of class consciousness. Since they focus on survival

through collective engagement, they are likely to eliminate a two-tier wage structure and overturn discrimination. In addition, cooperatives often create working-class community solidarity. And last, but definitely not least, once cooperatives are established, their workers are available for wider struggles against repressive capitalist (as in US or Argentina) and state socialist (as in Cuba) policies.

Hindrances and drawbacks are clearly defined as well. For the United States, but with universal value, Ranis defines that: *“The major challenge to the proliferation of cooperatives today is the retreat of the role of state in its responsibilities for establishing societal justice and economic fairness”* (p. 17). The working class needs new institutions and measures representing it. The state should become independent from the capitalist class and turn out to be the mediator of what is good for capital and labour, employer and employee.

In the chapters from two to ten, the author examines cooperatives and socioeconomic phenomena associated to them in the United States (Chapters 2, 3, 7, 8 and 10), Argentina (Chapters 4, 5 and 6) and Cuba (Chapter 9). Although the chapters devoted to the United States are maybe more focused on aspects such as the role of the state, eminent domain or worker autonomy in regard to cooperative, than on worker cooperatives per se, it is not clear why Ranis does not organize these chapters consecutively, as he does with those about Argentina.

Argentina’s income distribution continues to be among the most unequal in the world (p. 50). In this context, worker occupied factories and enterprise cooperatives became a clear alternative to unemployment and poverty. In fact, the creation of cooperatives in this country is one of the most influential social movements worldwide. Ranis assesses this process from inner and outer perspectives and provides a very precise historical and statistical screening. The whole process of formation of cooperatives, in many cases from recuperated enterprises, with its challenges and breakthroughs is described. Two aspects are highlighted: On the one hand, the support of the community of civil rights, neighbours, students..., what Marx described as *“community-based citizenship”*, is important (p. 49). On the other hand, *“cooperatives are not beyond the governmental administrative and juridical reach of the state”* (p. 62).

The role of the various presidencies in Argentina in regard to this movement, the legal background for the appearance of cooperatives (including a comprehensive explanation of the coming forth and backwards of the expropriation laws), the various organizations involved in this process, the international support (mainly from Venezuela), among other topics, provide the reader with a clear picture not only of cooperatives, but also of Argentina in general.

The situation of cooperatives or worker-managed enterprises in the United States differs from that in Argentina, mainly given the shrinkage of labour union density, especially the decline of private-sector organized workers in the United States. However, certain phenomena in this country create the conditions for a further development of cooperatives. Within the post-occupy digital economy, for example, it is very viable to develop cooperatives because human resources are the key, rather than high amounts of money³.

In the case of the United States, mainly the occupy movements as response to runaway companies have led to the creation of cooperatives. However, as the author claims, within this crisis of the American working class and facing the fact that *“the right of expropriation is ensconced in the US Constitution”* (p. 94), eminent domain interventions are needed as the way to meet socio-economic challenges and enable working classes to be autonomous and reclaim their dignity and their rights to social and economic justice.

The eminent domain legislation and application would generate an investment climate that could (and must) complement the creation of new worker cooperatives in the United States. As Ranis asserts:

Eminent domain remains the untapped viable legal mechanism that will place worker rights at the centre of the political debate in the defence against the continuing decline of decent jobs in North America, and reactivate what Marx considered a major advance within capitalism itself: the free association of worker producers. (p.117)

To prove how worker self-managed cooperatives are important social movements that accepts the market but attenuates its impact on worker autonomy, once again Ranis appeals to accurate and detailed information on the United States and case studies of several

countries. Special emphasis is made on Mandragón, a Spanish “*cooperative turned corporate entity*” (p. 144), which in spite of its forthcoming and drawbacks, “*is still considered an exemplar of a participatory organization in which the workers have fared well*” (p. 146).

To someone unfamiliar with Cuban reality, devoting just one chapter to worker cooperatives in Cuba might seem insufficient, but as Ranis clearly states, this is a very new phenomena in this country. For many years in Cuba there were state-dominated agricultural cooperatives and a growing number of cooperatives in service and commerce. Nevertheless it was not until 2011 that the government established new guidelines with the new understanding “*that greater worker management and control of the workplace will lead to increasing democratization and efficiency that promotes national development under both capitalist and socialist model*” (p. 41). Thus, it is in Cuba where there is “*the most explicit governmental support for cooperatives ever produced anywhere in the world*” (p.119), being the first socialist state to fully embrace the formation of worker cooperatives.

Cuban cooperatives comply with the seven principles of the International Cooperative Alliance⁴. But the “*Cuban government’s fully fledged commitment to making worker cooperatives a crucial part of the continuing Cuban socialist revolution*” (p. 119) is not the only thing that makes them unique. Maybe associated to this commitment, those cooperatives formed by spinoffs from state enterprise have a renewable lease arrangement rather than an out-and-out ownership.

As for the challenges, Ranis argues that a serious drawback for the Cuban model is a deeply rooted bureaucracy that makes the approval and settlement process slow and laborious. Another issue for concern is “*whether a working-class consciousness has sufficiently penetrated the political culture*” (p. 127) in Cuba.

Summing up, in Argentina expropriation processes have been required; in the United States the application of eminent domain is necessary; in Cuba, the government support is granted; but still, as for the other countries, workers have to organize themselves into collectively and democratically run enterprises separate from state interventions.

Without biases, maybe just particularly optimistic, Ranis proves that cooperatives represent a creative response to unemployment and poverty, so pursuing human development. Worker cooperative formation is an ongoing process that challenges and will continue to challenge neoliberal capitalism and state socialism; definitely a step towards post-capitalism or democratic socialism.

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¹ Source: <http://pranis.ws.gc.cuny.edu/>

² National Movement of Recuperated Enterprises (Reviewer’s translation).

³ More to this point, authors like Paul Mason consider that the digital revolution per se poses an existential threat to capitalism as a system (Mason, P. (2015). *PostCapitalism: A Guide to our Future*. UK: Penguin Random House.)

⁴ See: <https://www.slvrec.com/content/7-cooperative-principles>