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# Cooperatives as Transitional Economics

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## Abstract

In contemporary discourse, cooperatives are often considered as vehicles for post-capitalist social transformation. However, theorists affiliated with the first, second, and third Internationals groupings of socialist parties suggested that cooperative potential was circumscribed by market coercion, leaving co-ops with limited pedagogical value and subordinating them to political movements. Their experience suggests it is important to avoid conflating cooperatives' demonstration of post-capitalist labor norms with the strategic problems of creating a post-capitalist society.

**JEL classification:** B14, J54

## Keywords

cooperatives, post-capitalism, socialism, transition

Many left-wing advocates suggest that cooperatives are not only part of a post-capitalist future but a central tool to create it. The activists of the early socialist movement grappled with similar questions, and these insights can be grouped around three premises. First, the entire left cooperative tradition, from the founder of the movement Robert Owen to his critics Marx, Luxemburg, and Lenin, agreed that cooperatives remain bounded by a global market that coerced firms to cut costs and conform to the law of value. This made the prospects of a gradual socialist transformation of capitalism impossible. Second, co-ops demonstrated embryonic post-capitalist economic organization, but this pedagogic value could be overshadowed by the negative experiences of operating in a market economy. Third, cooperative support by Marx, Lenin, and the groupings of socialist parties known as Internationals came second to the question of how workers' movements could conquer state power. For the Bolsheviks, support for cooperatives inside Russia was a pragmatic measure designed to kickstart the Soviet economy. Thus moving cooperation from a single part of a program for social transformation to a foundational element takes the essentially

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pragmatic Marxist arguments for cooperation out of context. The power of cooperatives as a transitional economic form, through which they demonstrate the collective labor practices of a post-capitalist society, is subordinate to the strategic problems of creating that society.

A cooperative is a blanket term referring to an organization in which some aspect of production, distribution, or ownership is conducted collectively, either by business owners or workers inside the firm. The most democratically-run co-ops usually engage in profit-sharing among members, provide health and unemployment insurance, and limit wage differentials inside the firm. This article focuses on cooperation's potential for creating a radically reformed or even post-capitalist economic order. What this article will call left cooperation sees democratic enterprises linking up with trade unions and community groups to eliminate the profit motive driving both shareholders and business unions. By building institutions that meet local needs through direct democracy, cooperatives can subvert hierarchical market relationships and prefigure broader shifts to a non-market economy.<sup>1</sup>

The great virtue of left cooperation is that it returns to Karl Marx's vision of a social movement transforming social relations, not just government or work regulations. Rescuing this emancipatory legacy is a welcome opening in an age of austerity, when "there is no alternative" has circumscribed the range of political discourse. Yet questions remain over the specifics of the debates that Marx and his successors in the cooperative movement engaged in: market coercion, the role of pedagogy, and political strategy.

## I. Cooperatives as Economic Alternatives

The process of cooperative-led economic transformation can be state- and institution-focused, as activists demand small-scale reforms to wages and more generous state budgets in order to build co-op infrastructure (Alperovitz and Albert 2014). Or it can eschew making specific claims: Sitrin (2013) suggests movements like Occupy and the Bolivian anti-privatization struggles do not "formulate demands and then make claims on the institutions that are supposed to implement them," as this has a conservatizing effect. Instead, worker-owned and run co-ops can initiate democratic planning in local communities based on "horizontal solidarity, sharing, democracy and love."

The 2008 economic crisis can spur cooperative production. Acknowledging that co-ops help workers shoulder the costs of economic crisis, advocates nonetheless see progressive potential in using abandoned productive capacity ("Myth Part 1," 2014). For example, in 2008, workers at Chicago's Republic Windows and Doors occupied their factory against a closure and now run it themselves (Taylor 2014). The breakup of large workplaces, rising unemployment, and technological advances also create new opportunities for small-scale cooperatives (Curl 2010: 14).

There is also a keen awareness of the problems accompanying co-ops' long-term operation: they start with fewer resources and trained staff than private firms, cannot raise capital through

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<sup>1</sup>For the scope of the global cooperative sector, including how it employs four million people and earns over \$1.9 trillion USD annually, see Lafleur and Merrien (2012). Richards (2012: 12-15) details how most of this capitalization is held in mutuals, insurance firms owned by members; for example, Canadian mutuals held \$260 billion CAD in 2010, while Canadian non-financial co-ops held only \$10.9 billion. For the development of European cooperation and its roots in market justice see Whyman (2012); Jossa (2012); Sitrin (2013). For democratic cooperative practice see: Marszalek (2012b); Stannard (2014). For cooperatives as vehicles for transitional change see Ben-Rafael (2001); Carrlson (2008); Cornforth and Thomas (1990); Curl (2010); Davidson, C. (2011); Gast as quoted in Alperovitz (2014); Ness (2012); Wolff (2014a). The lively debate on cooperation in the "pink wave" economies of South America is unfortunately outside the scope of this discussion.

share issues and, if they are successful, run the risk of bureaucratization (Cornforth and Thomas 1990: 456; Baldacchino 1990: 464). Ben-Ner (1984) suggests that when co-ops hire wage-workers to cut costs, they transform into regular private firms over time (248). Co-ops have a counter-cyclical nature, flourishing in crises and adapting to market norms in better economic times (Ben-Ner 1988: 310; Pérotin 2006: 303). Gunn (2000) acknowledges that high start-up costs make plans for “most forms of democratic [cooperative] management . . . unrealistic without fundamental change in property relations and the appropriation of social surplus” (456). However, supporting institutions, or “cooperative support organizations (CSOs),” can help alleviate these imbalances (Cornforth and Thomas 1990: 453). Some CSO formulations include land trusts, community farms, and credit unions (Nangwaya 2013); alternative schools, banks, and research institutions (Baldacchino 1990: 471); public ownership of municipal utilities (Alperovitz and Albert 2014); and CSOs that provide finance, training, management and administration to overcome barriers to market entry (Cornforth and Thomas 2014: 454). Gunn (2000) describes how cooperative firms could grow by forming horizontal relationships with community groups, enforced by a sympathetic state and institutional structure (457). Beyond ensuring cooperative viability, transferring ownership of the means of production, piece by piece, to the working class through cooperatives can create “a new democratic social economy,” what Wolff (2014b) calls “building the conditions for the expansion of the socialist sector,” and what Alperovitz (2014) calls “the political economy of institutional power relationships in transition.”

The idea of cooperatives “growing over” the capitalist economy has a history. The nineteenth century European “cooperative commonwealth” ideal embraced self-sufficient networks that organized businesses collectively and distributed profits to workers and members. Robert Owen, a wealthy English industrialist, lowered daily working hours at his cotton mills from 17 to 10 and provided education and housing for workers. Based on this experience, Owen argued for the establishment of small cooperative communities that practiced egalitarian education, gender and labor norms (Robert Owen Group). As the inspiration for the English cooperative movement, his attempt to blunt social conflict provided a guide for cooperative principles, as he opposed class conflict and distrusted workers’ own efforts to emancipate themselves. Owen (1816) called generalized cooperation “a reform in the training and in the management of the poor, the ignorant, the untaught, and untrained” which would preserve social order. If treated well, workers would be “vital machines” from whom “you [capitalists] may also derive . . . high and substantial gratification” (Owen quoted in Webb 1904: 14).

However, Owen realized that co-ops could not function as independent units in a market economy. Like other market socialists of the time, notably Proudhon, Owen believed in a system of cooperative labor exchanging products at cost, although unlike the former Owen also saw that the class of independent petty proprietors making those products had been dispersed by the Industrial Revolution. Although he was firmly against social revolution, he believed that since capitalism had already collectivized production in factories, the final steps were to collectivize land ownership and exchange as well (Webb 1904: 27); in other words, to plan trade and production.

## 2. Karl Marx

It was this record that Marx sought to incorporate into his critique of prior socialisms. Advocates have pieced together his notes to paint a picture of Marx as a cooperative advocate.<sup>2</sup>

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<sup>2</sup>See for example de Peuter and Dyer-Witherford (2010: 33); Jossa (2005, 2012); Lebowitz (2014); Ranis (2012).

It is absolutely true that co-ops were an important aspect of his critique of capital, as they demonstrated the redundancy of capitalists to production. Yet it was also Marx's project to show how political strategies flowed from this critique, without being too prescriptive as to the nature of those strategies. At their most concrete, Marx's strategic directives on co-ops were individual planks for platforms of the International Workingmen's Association (IWA) in 1864 and 1866. This left later generations of Marxists to integrate cooperation more fully into revolutionary strategy.

For Marx, cooperatives encapsulated the contradictory relationship between production and ownership. Addressing co-ops as one of the 12 planks in his instructions to IWA delegates in 1866, Marx said co-ops demonstrated that "the *subordination of labour* to capital can be... [overcome by] the association of free and equal producers." However, individual efforts at association will fail without "*changes of the general conditions of society*, never to be realised save by the transfer of... state power, from capitalists and landlords to the producers themselves" (italics in original).

In *Capital*, vol. III, Marx (1959) explored this contradictory role for cooperatives: they "represent within the old form the first sprouts of the new, although they naturally... must reproduce, everywhere in their actual organisation all the shortcomings of the prevailing system." Those shortcomings arise because "the antithesis between capital and labour is overcome within them, if at first only by way of making the associated labourers into their own capitalist" (305). The "at first" qualifier suggests that without political intervention, co-ops will be re-incorporated into the market as new forms of capital.

In 1881, Marx returned to the question of transition politics in Russia, when he was asked whether the country's rural peasant communes, or *mir*, would be destroyed by capitalist industry.<sup>3</sup> Based on his years of study of pre- and non-capitalist formations, Marx denied this was inevitable. In Western Europe, large-scale capitalist property developed from the concentration of small-scale capitalist property. However, since the Russian peasants had no title to their land they could not concentrate its ownership. Instead, the national size and social weight of Russian communes allowed them to maintain their collectivity, and potentially appropriate the benefits of mechanized agriculture without the violence and enclosures suffered by Western European peasant communes. Marx thought the *mir* could become the nucleus of a Russian revolution, transferring their collective production to society at large. He repeated this hope in the 1882 introduction to the *Communist Manifesto*, where he suggested communal property could pass directly to communization without being enclosed and privatized by capital.

This means that capitalism does not progress through inevitable, rigid stages of development (Anderson 2010: 228) and communal property is conceivable as a basis for socialism. However, the ruling class could also muster its power to destroy cooperative social forms. As Marx (1881) explained to Zasulich, "Unless it is broken by a powerful reaction, this combination of destructive [state and propertied] influences must naturally lead to the death of the rural commune." The significance of Marx's method lies in a caution about historical inevitability: "either the element of private property which it implies gains the upper hand over the collective element, or the reverse takes place. Everything depends upon the historical context in which it is situated." The

<sup>3</sup>The *mir* were not cooperatives. Rather, they were villages that held land in common, in which all land-use decisions were made by heads of families, who also collected taxes. Peasants were not allowed to leave their *mir* voluntarily, due to their responsibility for paying taxes, and farming proceeded along medieval lines (Nove 1992: 11). They are significant for this discussion because they were managed collectively by villagers, rather than by a single proprietor, and farming was done by family members, rarely by hired wage labor (Chayanov 1991: 5). This allowed Marx to theorize them as non-capitalist forms capable of surviving through and past capitalism.

*mir's* collective property had a tendency to be appropriated privately, pushed by either internal pressures like the accumulation of small property by commune members or external pressures like state taxation. Egalitarian economic organization does not, in and of itself, lead to social transformation. Throughout his life, Marx remained remarkably consistent in his assessment of cooperatives: they demonstrated the possibility of a non-capitalist order but realizing it depended on political movements.

### 3. Appropriating Marx

For Jossa (2005, 2012, 2014), the *Communist Manifesto* and Marx's writings on the Paris Commune demonstrate that cooperation is "a means of organising the domestic production system in line with an all-inclusive plan" (2005: 6). The 1864 Address and *Capital*, vol. III demonstrate that collective labor is possible without private ownership of the means of production. Thus Marx saw a cooperative economy "not only as feasible, but as bound to assert itself in history," replacing forced with voluntary labor (Jossa 2014: 285). Ranis (2012) suggests the gap between the potential of collective production and its limits in private ownership "clearly is the breach into which working class cooperatives can enter today" as new forms of social property. He quotes Marx's 1864 address, which states that "[t]he value of these great [cooperative] social experiments cannot be overrated" because it shows that a capitalist class monopolizing ownership is unnecessary. Marx even suggested that cooperatives were "the practical upshot" of the universal freedoms proclaimed in the 1848 revolutions.

However, in the following paragraph, Marx claimed cooperatives "will never be able to arrest the growth in geometrical progression of monopoly, to free the masses, nor even to perceptibly lighten the burden of their miseries." In fact, they provide cover for those with an interest in maintaining capitalism, creating space for cooperative advocacy by philanthropists. Marx (1864) supported the development of cooperatives on a national scale, but saw that capitalists will defend their "economic monopolies" politically: "[t]o conquer political power has, therefore, become the great duty of the working classes." This is the same argument he made at the 1866 IWA meeting, in *Capital*, vol. III and in his discussions of Russia.

Thus there is an elision at the heart of the argument that "Marx sees cooperatives as the economic corollary of the 'really democratic institution' of the Commune" because "the chief antagonism of capitalism [is] the class struggle between capital and labour, rather than between social planning and market anarchy" (Easton quoted in Jossa 2005: 7, fn. 2). It is absolutely true that a socialism of planning is another form of socialism from above, what Draper (1966) called an elitist technical rule over, rather than by, the working class. However, to claim that cooperatives are the basis and significance of the Paris Commune is to both truncate its achievements and to reverse the historical order of events. The seizure of power came first. There is no contradiction between Marx claiming cooperatives as the basis for "national production upon a common plan" and ultimately "possible Communism," and describing how it got there: the Commune "was essentially a working-class government, the product of the struggle of the producing against the appropriating class, the *political form* at last discovered under which to work out the economic emancipation of labor" (1902: 78, emphasis added). As Engels (1902) wrote, "From the very outset the Commune had to recognize that the working class, having once attained supremacy in the State, could not work with the old machinery of government; that this working class... had... to abolish all the old machinery of oppression that had hitherto been utilized against itself" (17). Cooperation was one outcome of a multifaceted political process involving the seizure of state and private property, not its slow collectivization. This position was shared even by those who did not subscribe to Marx's revolutionary agenda.

#### 4. Beatrice Webb

The Fabian<sup>4</sup> Beatrice Webb contrasted cooperation with “Socialism of foreign manufacture which cries for a Utopia of anarchy to be brought about by a murderous revolution” (1904: 16). Cooperation was a form of evolutionary socialism that did not require workers to conquer state power. But like Owen, Webb did not think the commonwealth would arrive without government intervention. And like Marx, she saw structural barriers to social cooperation (22, 193). Cooperatives filled a tiny niche in the national economy and could not expand to take over the rest. A cooperative could remove profits from production and sale, eliminating the drive to lower production quality and costs within the firm, but external, non-cooperative competitors would continue to operate as before. Co-ops that lowered prices on goods allowed capitalists to lower wages commensurately. Cooperatives could not raise funds through taxation like municipal governments. The problem was their competitive market environment: “[s]o long as the Co-operative State is surrounded by a competitive system of industry... it cannot remain for long the sole exception to a reduced labour cost” (198). This made it “impossible to assert dogmatically that democratic control [within firms and sectors] would be an effective alternative to individual profit-making” (209). An alliance with trade unions could pressure private firms to match co-op wages and prices, but this required collective bargaining across industries and ultimately, despite Webb’s anti-revolutionary sentiment, democratic planning of production (217).

#### 5. Pre-war Critiques of Market Coercion

Rosa Luxemburg is well known for her battle against the German Social Democratic Party’s (SPD) reformism, and she too highlighted the limits that market compulsion places on cooperation. As a result of competition, ruthless “exploitation... becomes a condition for the survival of each enterprise.” Workers in producers’ co-ops are “obliged to play the role of capitalist entrepreneur toward themselves,” either adapting to market priorities or going bankrupt (1908: 46). They can shield themselves by partnering with a consumer co-op to guarantee a customer base, thereby “removing themselves artificially from the influence of the laws of free competition.” However, individual consumers only purchase small household items. Major industries like oil production and shipbuilding do not sell to consumer co-ops and thus the latter “cannot be seriously considered as the instrument of a general social transformation.” Luxemburg grants them agency only as attacks on “small and medium sized commercial capital,” or, less charitably, “the twigs of the capitalist tree” (47). Even if cooperatives could put all capitalist firms out of business, there would still need to be customers to buy the goods. This would require full employment, which in turn requires an end to capitalist crisis and full social planning of production (Luxemburg 1899).

This is similar to the argument made by Jules Guesde, the French Socialist Party leader. Guesde (1910) was firmly against sectarian dismissal of co-ops by the left, which would cede influence in working class organizations to the capitalist class. But he saw their structural limitations; if workers received a greater share of the value of their labor power by eliminating management, or consumer co-ops lowered commodity prices on a wide scale without replacing the market itself, lower wages and inflation would destroy cost savings. At a cooperators’ conference, he laid out the principle that “whatever you do upon co-operative ground, you cannot help being governed by all the laws which determine and regulate production and exchange in the society of profit of to-day.” Engels made a similar argument in 1872’s *The Housing Question* (1988), where he warned that successful struggles for rent control would simply shift the savings from landlords to capitalists, who would lower wages as a result (345).

<sup>4</sup>The Fabians were anti-Marxist socialists who advocated progressive intellectual leadership through local and national authorities; see Leopold and McDonald (2012: 1845); Draper (1966).

What ties these analyses together is the contextualization of cooperative potential within a broader capitalist political economy. Even Owen and Webb, who supported the prevailing order, predicted that socialized property within the market would face insurmountable barriers from private, for-profit competitors. Marx saw how co-ops demonstrated the potential for socialized production, but he emphasized repeatedly that that potential would remain unrealized without political rule by the proletariat. Lenin and Luxemburg made the same point: “the laws of free competition” guaranteed that the capitalists would win any competition with non-capitalist firms. Later critics of cooperation suggested they failed to overcome the law of value and ended up re-integrating workers into capitalism.<sup>5</sup> Why?

## 6. External Market Compulsion

The skepticism of the Internationals towards cooperatives’ long-term existence was based on a value-form critique. Marx described the cost pressure driving capitalist production as socially necessary abstract labor time (SNALT): the average amount of time it takes to produce a commodity, given the particular social, economic, and cultural conditions of the workers involved. Capitalists are engaged in a constant battle to lower the cost of SNALT by raising productivity through longer working days and lower wages, or using new technologies to increase the intensity of value production, or simply leaving to produce somewhere cheaper. By lowering the amount of value embodied in a commodity, rising profits can be generated from its sale, which encourages other producers to introduce similar changes. Thus competition is never-ending, with capitalists who fail to lower their value-per-commodity bankrupted or absorbed by more efficient firms (Fine 1979: 276).

The prices that cooperatives depend upon to fund their higher wages and alternative distribution networks are set above SNALT, making them hard to maintain. This is because abstract, not concrete values exchange in a market (McNally 1993: 151). The constantly-shifting ratios of supply and demand signal imperfectly through the market the number, quality, and price of commodities which must be produced (156). The “excessive raising of prices, overproduction and many other features of industrial anarchy” derive from the fluctuations of SNALT (57). Ever-larger private corporations are forced to try and corner markets in an unceasing struggle to lower costs. Without social planning, sections of the market cannot be separated off and controlled to create consistently fair trade. If a cooperative business successfully outcompeted for-profit ones, eventually capital would flow to the same sectors as the cooperative to chase and neutralize those higher profits (34). The negation of private management, democratic work organization, and smaller ratios between management and worker compensation (Ben-Ner 1988: 296)—all features that make cooperatives attractive to members and prefigurative of an alternative economic order—do not eliminate market compulsion, which continues to pressure the co-op firm’s internal organization in anti-democratic ways.

Although co-ops often form and thrive in crises, ironically they face problems when they become successful. Ben-Ner (1984: 255, 1988: 300) suggested that even if co-ops pay higher wages, this induces the co-op to replace retiring members with hired staff to retain benefits for the former. Webb (1904) warned that successful co-ops who profited from exporting their manufacturing abroad could limit new member intake to raise revenue for existing members, and begin non-member transactions at home too (231). While a detailed discussion of Spain’s largest cooperative, Mondragón, is beyond the scope of this paper, the fact that Webb predicted

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<sup>5</sup>For anti-market socialists that contextualize cooperatives as a historically obsolete pre-capitalist form of production, see “LIP” (1973) and ICC (2005); for theoretical arguments against market socialism, see McNally (1993).

its partnerships with non-cooperative factories in the Global South, and its hiring of non-members for retail operations in Europe (“Fagor,” 2014), suggests the explanatory power of a value-form analysis. Where Pérotin (2006) finds no strong empirical reasons for cooperative failure in France (307), a value-form analysis suggests co-ops are formed during periods of de-valorization, when there are openings for under-capitalized firms to operate in semi-craft industries. However, firms must raise their productivity to earn higher profits and do so by replacing workers with machines. Larger firms capture more of the overall shrinking surplus for themselves; in response, co-op workers attempt to manage this contradiction internally, through self-exploitation (LIP 1973). Their advantages over private firms rest on member identification with the organization and the potential for members to share in its profitability (Ben-Ner 1988: 299). However, co-ops are no more insulated from the operation of the law of value than any other firm. Saad-Filho (2002) explains that “in capitalist economies the *essential* separation is between the wage workers and the means of production, monopolised by the class of capitalists” (56, italics in original). That monopolization is inscribed in the law of value which, as Winn (2013) argues, governs the sale of labor power in capitalism: “in the Labour Managed Firm, despite not receiving a conventional ‘wage,’ and despite owning the means of production, the worker is ‘their own capitalist,’ and remains dominated by the abstract ‘logic’ of value.” de Peuter and Dyer-Witherford (2010) capture this dual sense of cooperation when they suggest that, although co-ops represent a form of voluntary labor which can alleviate the alienation central to labor under capitalism, they “operate inside the wider capitalist economy and therefore escape neither the discipline of the market nor the hegemony of the commodity form” (44). It is this analysis that led the Internationals to prioritize class struggle through political and economic confrontations with capital.

## 7. Cooperatives as Pedagogy

The point of cooperation is not simply to change how economies are organized, but to change the individuals building those economies. Owen felt that co-ops would reduce participants’ focus on competition and individualism. He believed both that the state and capital would share this generosity and simply hand over the means of production, and that workers would have to pay capitalists for the use of these means (Anikin 1979: 375). Marx had no such qualms, criticizing French socialist Ferdinand Lasalle for believing that government subsidies could create social cooperation at the behest of technocratic or philanthropic elites (Draper 1966). For Marx (1875), generalized cooperative labor required the conquering of political power by workers themselves, and therefore co-ops mattered to the degree they manifested independent working class organization, as this would build workers’ confidence for self-rule.

Luxemburg (1899) examined the relationship between social change and consciousness further, suggesting reforms mattered to the extent that they built the organized political expression of class conscious workers. It was the job of socialists to “force small reforms from the existing order by leading a sharp class struggle... in order to increase our economic and political strength, to take power.” Failure to understand this strategic relationship has led to caricatures of her position as either “revolution or nothing.” For example, Jossa (2005) writes: “Marx and Engels did not think of transformation as the instantaneous nationalisation of all means of production and the simultaneous launch of an all-comprehensive centralised plan” and that “co-operatives cannot be blamed for failing to do away with the market instantly” (11). But this is not what Luxemburg meant; rather, all methods had to be judged according to the goal, “a complete transformation of the ruling capitalist economic order, which can be attained only through seizing state power and never on the path of social reform within the confines of existing society” (1899).

This indictment of gradually appropriating capitalist property does not invalidate cooperation as a reform, which, as Luxemburg (1908) suggested, has pedagogical value: “From the viewpoint



of a movement for socialism, the trade union struggle and our parliamentary practice... make socialistic... the consciousness, of the proletariat and help to organise it as a class." Some contemporary advocates also see cooperation's transformative potential to raise class consciousness<sup>6</sup> or even as an element of a Gramscian war of position by the working class (Baldacchino 1990: 465). Lebowitz (2014) cautions that cooperatives do not guarantee production for human needs, as their goal is income-maximization. However, co-ops grant workers the power to decide the firm's priorities and teach how to work collectively. As one advocate asks, "if workers should not take up experiments in running their own workplace how are they ever to be expected to... take over running the whole of society and creat[e]... their own state to protect it?" Workers learn how to organize production inside and between firms, and to conduct planning ("Myth Part 2," 2014). Co-ops transform workers "from undereducated, underinformed, and often deskilled drones, controlled and directed by others" into multitaskers (Wolff 2014b). This instills a collectivist and democratic ethos, allowing workers to take responsibility for the health of the enterprise and their community, providing a buffer from market forces, eliminating waste, and increasing efficiency ("Shot-gun Marriage," 2012; Nangwaya 2013). Co-ops can therefore be tools to overcome ideological and cultural barriers to collective workplace democracy (Cornforth and Thomas 1990: 459; Baldacchino 1990: 475).

More fundamentally, even when co-ops fail as economic units, they can provide a basis for resistance to the state and build class consciousness, reducing alienation and giving workers the confidence to plan production (Marszalek 2012b; Ranis 2012). The gradual growth of small-scale experiments in community ownership will prove their worth to workers through the power of a good example (Alperovitz 2014). Marszalek (2012a) calls the experiences of the Luddites and Communards "pragmatic utopianism" as their fight for "economic self-determination" formed "an almost insignificant economic factor in the larger, hostile economy" (4). But the process of collective learning about the democratic process makes cooperatives a valuable tool for moving beyond capitalism. Lebowitz (2014) concurs that socialism "is not simply a matter of changing property ownership... [but] changing productive relations, social relations in general, and attitudes and ideas."

## 8. Problems of Socialization

Creating cooperatives is supposed to build the educational and psychological scaffolding that will bring about social transformation. Yet social enterprises that cannot escape external market coercion, and draw workers into the tasks of building enterprises, are nonetheless tasked with embodying a post-capitalist society. To change this, socialists "must reconceptualize the *socialization of enterprises* so that it means above all to change their internal organization." Only a focus on enterprise democratization will show workers concretely how a post-capitalist society could work, while allowing them to "wield real economic power" by "control[ing] the economic base" (Wolff 2014b, italics in original). The more co-ops expand to other productive and consumer services, the more their model "inevitably poses itself as an alternative to capitalist production and the capitalist state's provision of services." It forms a "living example" that we do not need the ruling class to organize society for us ("Myth Part 2," 2014).

It is absolutely true that socialist production requires changing micro as well as macro social relations, not just shifting property rights from one ruling group to another. Yet the pedagogical value of cooperation, in conditions of crisis and downturn, can just as easily exhaust and corrupt participants as motivate them. When co-ops fail as transformative instruments, that has pedagogical value too. For Webb, most workers were simply too exhausted by their living

<sup>6</sup>For example Dunayevskaya (1951); Lebowitz (2014); Wolff (2014a, 2012, "Non-Exploitive," 2011).

conditions to devote themselves to voluntary association, while the rich were too concerned with extravagant consumption. This was inscribed in the capitalist marketplace itself; as Albert (Alperovitz and Albert 2014) states, the market creates “a tremendous incentive to essentially, maximize, not just profits for owners, but surplus among that workforce.” This creates “the same kinds of behavior, say colluding, not cleaning up the environment, speed ups, exploiting workers who are weaker etc.” Competition from private firms will also force cooperatives to reverse egalitarian management decisions. Albert cites an example of the Argentinian cooperative workers reintroducing hierarchy into their egalitarian workplaces, due to the necessity of specializing in managerial tasks. Workers became divided and alienated from the daily task of running the company: “[market] pressure slowly but surely re-introduced the old division of labor.” More prosaically, the Terra Cremada collective (2013) argues that even radical community cooperatives, whose “projects are intended to put food on the tables of those who run them, sooner or later they will be concerned with their profitability and, thus, they will explode in their hands.”

The cooperators of the Internationals pointed out that worker co-ops often lacked capital, and their reliance on private or state loans left them at risk of bankruptcy. Organizations lacked technical expertise and were subject to the production crises endemic to capitalism (Lauridan quoted in Riddell 2012: 829). Guesde (1910) argued that the consequences were conservatizing: “co-operatives, as they are operated to-day, have nothing in common with socialism” because members must cope with the daily demands of running a business. This leaves “no room... for the socialist idea... [or] the socialist education of the masses” whose “only... means of emancipation” is “the capturing of the political power, and by the help of it, of the capitalist property.” When co-ops failed, the demoralization taught members to distrust transformative politics altogether.

Contemporary advocates have also noted the effects of the internalization of market priorities. In her exhaustive study of the Mondragón Network, Kasmir (1996) notes that co-ops maintain a non-unionized workforce that makes it easier to impose flexible and precarious work norms (184). Similar practices have taken place for member-owners through employee stock ownership plans (ESOPs), in which workers are encouraged to buy their failing companies to save their jobs and return the firm to profitability, sometimes trading their pensions for company shares (Ben-Ner 1984; Bell 2006). As the council-communist journal *Négation* (LIP 1973) argues, the choice to control a factory is often forced; workers are freed from any ownership over the means of production and reproduction, and end up embodying capital: collective, self-managed, and democratic but not autonomous. For example, its account of the 1973 LIP watch factory take-over in France shows the contradictory psychological effects of self-management, from the self-confidence from no longer answering to a boss, to the slide into demoralization as the plant found itself unable to get financing for new materials or machinery, and a “solidarity market” of sympathetic leftists quickly dried up. The firm’s 1979 bankruptcy was marked by a violent police factory takeover and overseen by company unions, a tragic *coda* for a struggle within the market: “[t]hese limits didn’t result from the failure to generalize self-management but, on the contrary, originated with the ‘logical absurdity’ of the struggle: workers’ self-management of a bankrupt enterprise.”

There is also a positive critique embedded in Guesde’s (1910) comment that “it is impossible to attach any socialist value to co-operation in itself. It does not even prepare the elements of the new society.” Class-conscious workers are themselves prepared “both as material and as organization, by capitalist concentration which preceded co-operation by far and in proportions which it will never equal.” The capitalist division of labor itself creates contradictions that lead to class consciousness; co-ops do not have to substitute themselves for this pedagogy, far less recreate its material underpinning. However, the question remains: to what degree can co-ops act politically as agents of social transformation?

## 9. Cooperatives as Political Strategy

Wolff (2014a) suggests: “If a social transition from capitalistically organized enterprises to Workers Self-Directed Enterprises (WSDEs) occurs, that would likely mean transformations in the surrounding natural, cultural and political conditions.” Challenging property rights still matters: “It is not a matter of enterprise democratization as a substitute for socialized property and planned distribution.” Nonetheless, for advocates, the barriers of external coercion are secondary to internal problems. Both Lebowitz and Wolff argue that twentieth century socialist states failed because they socialized property and planning while leaving hierarchical micro-relations intact. In contrast, co-ops’ big advantage is their autonomy from both capital and the state. Wolff says that in WSDEs, “workers displace and replace the capitalists with themselves. This has to be the next step in the process of [social] transformation” (quoted in Ness 2012). Cooperatives can be an alternative to a political party that consistently ignores or betrays the interests of the marginalized (Nangwaya 2013). If radicals seek state power only to be drawn, willingly or reluctantly, into managing capitalism on behalf of the ruling class—a fair assessment, given the record of social democratic parties in office implementing neoliberal politics (Albo 1996: 47)—then those structures cannot be challenged inside the system. Cooperation becomes a third alternative to both the unfettered free market of globalization and the bureaucratic tyranny of state socialism.

This is why left-cooperation has a broad consensus on not creating a strategic political agenda. Sitrin quotes a Spanish anti-eviction activist who writes of social change, “we don’t know perfectly the ways to do it, and it’s ok if no one knows, nor has the magic formula. Most important is that we are there, searching to find the moment in which we can break through.” This emphasis on results, rather than theory, echoes Webb’s (1904) critique, which called cooperation “the Socialism which discovers itself in works and not in words” (16). Marszalek (2012a) notes that co-ops are about practical tasks, not theorizing: “we hesitate to characterize the task we have undertaken with labels, especially political ones, and instead concentrate our energies on problem-solving both economic and personnel issues.” In an academic article, Baldacchino (1990) rubbishes the notion of critique: “Whether worker cooperatives are salvaging capitalism, [or] engaging in socialist transformation. . . may be important items for debate among academics. But. . . [t]he major task for those interested in industrial democracy remains primarily to make it work” (476). Alperovitz is clear that “the focus is on transitional forms, not on ultimate theoretical final states.” As Albert (Alperovitz and Albert 2014) states, “We don’t go out in the streets trying to do things that can’t be done. . . [creating] ideal relations now, as if they can be had overnight, [don’t] make a lot of sense.”

This search for alternatives is matched by an uneasiness about grand plans for social change: cooperatives cannot lift “the weight of capitalist society. . . from workers’ shoulders,” and thus there should be no surprise that this embryonic form of workers’ control “do[es] not reflect in purity the future that socialists seek.” The “requirements of socialist revolution” need more time (“Myth Part 1,” 2014). The implication is clear: those seeking to integrate cooperation into a broader revolutionary strategy are dreamers, or worse. In fact, the search for “purity” leads critics of cooperation to “a socialism cut off from particular historical and cultural roots, and which would abolish any form of private ownership” (Ben-Rafael 2001: 194). This inability to ground socialist politics led radicals to uncritically support the Russian and Chinese revolutions, with the inevitable result that “any socialist revolution installed from, through and by the State degenerates into a new exploitative class system.”

At the root of this discussion is a divided assessment of the capitalist state, between those who see the state as a series of mediated relationships open to transformation through degrees of appropriation, and the classical tradition as outlined (but not invented) by Lenin (1943): “The state arises where, when and insofar as class antagonism objectively cannot be reconciled. And, conversely, the existence of the state proves that the class antagonisms are irreconcilable.” The

former position underlies transformative cooperation,<sup>7</sup> while the Internationals consistently took the latter approach.

The relational state position has been read back into Marx's support for cooperatives. For example, Jossa argues that "'in [Marx's] view of the state he sees cooperative production not as a matter of simple negation of the existing capitalist system, but rather as a dialectical transcendence that negates as it preserves'" (Easton quoted in Jossa 2005: 7). Thus cooperation "represent[s] the independent actions of a class that is taking measures that undermines... the monopoly of the means of production... [by] capitalists" ("Myth Part 2," 2014). Implying that collectivizing ownership within capitalism can lead to a socialist transition, Jossa (2012) suggests that "the moment revolution is equated with a change in the mode of production, a system of producer co-operatives that reverses the capital-labour relation will result in a revolution even if it should fail to overthrow the State" (408). Will the capitalist state allow the expropriation of private property? According to Jossa, the need for today's political parties to earn mass endorsements means that "there are no reasons to deny that the 'general means of coercion' needed to contrast the economically privileged classes could well be a single Act of Parliament prohibiting wage labour altogether" (2005: 7).

The above formulation comes close to a stageist formulation of social transformation: focus on building economic alternatives, and the political struggle can come later, or not at all. Yet it is difficult to read stageism into the *Communist Manifesto* (11), if one follows the logic Marx and Engels deduced from the Paris Commune about the necessity of seizing state power, namely that "the working class cannot simply lay hold of the ready-made state machinery, and wield it for its own purposes" (Marx 1902: 70). This is why Marx spends so much time detailing the failures of the bourgeois republicans to carry out a revolutionary defence of Paris, a theme he identified much earlier in the failures of cross-class alliances to oppose proto-fascist Louis Bonaparte (1978: 99). Jossa claims that Marx's revolutionism arose from his early philosophical nihilism, but Marx's repeated calls for workers' political seizure of state power grew directly from his analysis of how class society developed. The state's existence as a means to contain "irreconcilable" interests is why Marx supported cooperation as one part of a much broader struggle for political transformation. He was not the only one.

Addressing a Russian proposal to bring the best agricultural land under municipal ownership and hand it to the peasants, Lenin (1907) argued this would be an assault on capitalist property rights, which meant deepening class conflicts. He asked rhetorically, "What need is there for a social revolution if it is possible through the local self-governing bodies, gradually, step by step, to extend 'collective ownership,' and 'socialise' production?" He agreed with contemporary left cooperators that municipal socialism had a strong educational element; however, it switched the focus of the workers' movement to "piecemeal" or "sewer" socialism, which allowed city budgets to ameliorate "minor local questions" while leaving large spending projects under the control of the bourgeoisie.<sup>8</sup>

Luxemburg argued that the workers' movement could not achieve economic power "within the framework of today's social order before it can successfully carry out a political revolution." She based this conclusion on how the SPD prioritized reform legislation, trade unions,

<sup>7</sup>See Callari and Ruccio (2010), Resnick and Wolff (1988, 2013) on the need for noncapitalist spaces freed from hierarchies of capital and the state. Cornwell (2012) and Gibson-Graham (2006) draw on autonomism and post-Marxism respectively to show how alternative social institutions can open up new spaces of cooperation within capitalism.

<sup>8</sup>For the rise and fall of sewer socialism, see Booth (1985) and Leopold and McDonald (2012). For a critique of how the bourgeoisie used sewer socialism to displace social conflict, see Edelman (1977) and Engels (1893).

and cooperatives. The latter two, in particular, shared the goal of “progressively more extensive control over the conditions of production” by reducing the scope of for-profit, private firms. For the SPD, these “are the means of the progressive realisation of socialism” (Schmidt quoted in Luxemburg 1908: 19), while for Luxemburg, both were limited by market compulsion: cooperatives due to their marginalization, and trade unions by their lack of influence over the overall supply of labor or global commodity prices (21). These limits were in fact true for all reforms “considered as instruments of the direct socialisation of capitalist economy, [which] lose not only their usual effectiveness but also cease being means of preparing the working class for the struggle for power” (Luxemburg 1908: 32).

This struggle was vital to the early socialist tradition. Guesde (1910) thought co-ops’ “only value” was to fund parties building “militant socialism.” The Bolsheviks saw two benefits to cooperatives in capitalist economies: lower-priced commodities reduced workers’ personal expenses and direct financial support to the workers’ movement during strikes. In 1910, Lenin called co-ops “one of the possible (in certain conditions) auxiliary weapons in the proletarian class struggle.” Following Marx, Lenin freely admitted that cooperation prefigured socialist production and distribution. However, any attempt to reconcile capital and labor through “‘co-operative’ socialism” was a “dream of transforming class enemies into class collaborators and class war into class peace.” The problem was not co-ops’ embryonic embodiment of socialist productive relations, but that they could not demonstrate these relations fully. Even a workers’ government could not create socialism, much less co-ops; for Lenin (1923), “the system of civilized co-operators is the system of socialism” only when workers have achieved “social ownership of the means of production” and “the class victory of the proletariat over the bourgeoisie.” The political struggle created the space to “confine ourselves to internal economic relations.”

The theorists of the Internationals thought that, like all reforms pursued in isolation, cooperation separated the goal of collective, democratic ownership from the political organization needed to overcome the defender of capitalist property relations, the state. Thus there is no inconsistency between Lenin’s 1923 formulation, and his caution 13 years earlier that co-ops’ subordinate role “does not mean that the co-operative societies *cannot* help the workers at present, but that the future mode of production and distribution, which is being *prepared* now by the co-operative societies, can begin to function *only after* the expropriation of the capitalists” (Lenin 1910, italics in original). Lenin and the Bolsheviks assigned a very different weight to cooperation once the capitalists had been expropriated.

## 10. Cooperatives outside Russia

Immediately post-revolution, the Bolsheviks found themselves in a civil war and in desperate need of international allies. In 1919, they formed the Communist International (Comintern) and held the first of four congresses of representatives of international communist parties to decide political strategy. Questions of socialist reconstruction were secondary and co-ops received no mention in the first congress and scattered mention in the second. However, the third and fourth congresses demonstrated co-ops’ increasing value.

The third congress created a separate department to promote cooperative work with two roles: as before, to assist workers in “the conquest of political power” and to help rebuild socialist economies (Executive Committee 1921b: 150). Communists were encouraged to join the cooperative movement and spread radical networks of cooperators internationally. By the fourth congress, delegates argued for engaging in cooperative work not because of the movement’s “organisational firmness and discipline” but its sheer size (Riddell 2012: 813). Some suggested that working in co-ops before the Russian Revolution would have prevented their capture by the social democratic Mensheviks, necessitating building a separate distribution network during the war (814). Despite the Comintern’s lack of attention to cooperatives—discussion took place at a

small side-conference—they allowed delegates to link Russia to the international revolution that was supposed to guarantee its survival.

Yet much like Guesde a decade before, delegates to the third congress made their support for co-ops dependent upon a revolutionary seizure of state power. Since “so long as the power of government is in the hands of the bourgeois class, the proletariat has no power to organize production,” therefore only by seizing power could workers pursue “economic development in [their] interests” (Executive Committee 1921b: 156). Fourth congress delegates combined cooperation advocacy without “illusions” in believing “they are capable of bringing about a socialist order on their own by growing into it over an extended period without a seizure of power by the proletariat.” The French communist and co-op leader Henriot said co-ops were not even “capable... of significantly improving the position of the working class.” Since capitalist “competition makes it impossible for the co-operative movement to develop fully,” co-ops were one tool to cope with the costs of surviving under capitalism (quoted in Riddell 2012: 823). These limits stemmed from a system in which SNALT is outside of the control of any one firm or state. As Soviet economist Preobrazhensky (1965) argued, co-ops “are small islands not of social but of collective-group ownership of the instruments of production.” They can rationalize distribution to bring profits to their members but remain “subordinated to all the laws of capitalist exchange.” To be truly social, the state that enforces capitalist property rights must be overthrown. Otherwise, co-ops “adapt themselves to the law of value” or disappear (218).

International activists saw co-ops as a means, not an end. Henriot called the co-op movement “an enormous force for social revolution,” but he disavowed their potential to unite workers and capital “bit by bit... [believing] they could transform the world, banish the economic antagonisms between producers and consumers and, in short, create a communist society.” This vision was “no more than a dream.” Delegates concurred that “[i]t would be a fundamental error for us to believe that the co-operative movement can prepare elements of the new society. The material and human elements will be prepared not by the co-operatives but by capitalism itself” as capital itself centralizes and concentrates (825). As Guesde had pointed out years before, it was not the job of cooperatives to socialize workers into running production, any more than Marxists had to bring class struggle into existence.

## II. Cooperatives inside Russia

In Russia, the working class had been nearly wiped out by the civil war, and the Bolsheviks had to bring regular food supplies to the starving cities. But establishing private markets for food risked re-establishing capitalism in the countryside, undermining the workers’ government. As part of the New Economic Plan, the Bolsheviks used cooperatives as a half-way solution. Cooperatives already comprised a third of the Russian economy, and Lenin (1923) called for co-ops to provide and distribute goods to the peasants. By re-starting growth, cooperatives would in turn stimulate state industries and improve industrial techniques, preparing workers psychologically for large-scale, collectively-run industry (Bukharin 1926). In that context, cooperation could function as an outgrowth of a planned economy, “extending its tentacles into the interstices of exchange between petty production and the state economy” and introducing collective production where none existed, ending both small-scale peasant production and, eventually, the co-ops themselves (Preobrazhensky 1965: 220).

Although the plan was beset with technical failures and politicking by party factions (Nove 1992: 98), nothing else could organize the 120 million-strong Russian peasantry for collective postwar economic reconstruction. And it was not guaranteed; Preobrazhensky warned that if the Bolsheviks lost power, industry passed into private hands and the law of value re-asserted itself, cooperatives would “regardless of their social structure... either break up at once, or... go over

to the side of capitalism” (1965: 220). Even in the best-case scenario of a workers’ government suppressing the law of value, cooperative support was pragmatic and contextual.

While it is technically true that Lenin’s 1923 discussion of cooperatives makes “the claim that socialism is to be equated with cooperation” (Jossa 2014: 286) in a transitional state, this is just half the story. The other half is that Lenin thought establishing workers’ government came first. As he states in the same article:

Undoubtedly we were right [about cooperatives] from the point of view of the fundamental task of the present day, for socialism cannot be established without a class struggle for the political power and a state.

But see how things have changed now that the political power is in the hands of the working-class, now that the political power of the exploiters is overthrown and all the means of production... are owned by the working-class.

Lenin’s support for co-ops depended on establishing a workers’ government first. Thus it is problematic to quote Lenin encouraging cooperatives, as Jossa does (2014: 293) without mentioning that the text is from December 25, 1917, two months *after* the Bolshevik Revolution, which answered the political question of what to do about the state. As Lenin says in the same text, “Now that a socialist government is in power our task is to organise competition.” Co-ops were pedagogical and organizational tools where no others existed. Left cooperative activists in Russia and the capitalist world drew a firm line between cooperation as a support for transformative politics, and as a form of transformative politics itself. Co-ops could not gradually replace capitalist firms; workers’ movements still had to strategize how to take power.

## 12. Conclusion: For a Transitional Politics

This paper has shown that the early theorists of cooperation, including Owen and Webb, believed that co-ops would fail without state-led economic planning. Marx emphasized that co-ops represented a model for a worker-run society and, where industrial capital had yet to destroy peasant-based economies, cooperative forms could provide a template for a post-capitalist economy. Yet at the same time, Marx repeatedly emphasized the necessity for a broad political struggle and for workers’ transformation of the state. Luxemburg pointed out how market coercion limited the impact of co-ops to peripheral, small-scale economic sectors. The Bolsheviks prioritized co-ops as a support for political movements; after the revolution, co-ops could initiate collective labor in Russia’s fragmented peasant agricultural production. In short, these were not principled, abstract positions; they came from an understanding that cooperation was one step—alongside independent trade unions, solidarity movements, and social reforms—towards creating the technical and political conditions for workers’ democracy and fully socialized production, all of which depended upon party political organization for its success. With varying emphases, every thinker in the Marxian tradition concurred on one point: co-ops could demonstrate post-capitalist economic organization, but as a primary strategy, they built illusions in the possibility of evolutionary, market socialism.

Contemporary left cooperation and the Internationals partially converge over the issue of CSOs. The second International had its own, tripartite version: trade unions to represent class conscious workers, a political party to represent political demands, and cooperatives to ameliorate workers’ living conditions. Lenin’s (1923) preconditions for co-op success were “the class struggle, the capture of political power by the working-class, the overthrow of the rule of the exploiting class.” Post-revolution, the Communist Party, the soviets—the organs of direct workers’ democracy—and sectoral industrial unions comprised another tripartite model in Soviet

Russia (Riddell 2012: 47; Executive Committee 1921a: 98). It is a legitimate thought experiment to consider whether a thriving, Bolshevik-friendly cooperative movement in Europe could have counter-acted some of the economic and political isolation in Russia that led to the rise of Stalinism.

Today, Wolff's three pre-conditions—social movement unionism, public finance, and getting the unemployed to agitate for social enterprise—can be tactical choices for a neoliberal era, as social movement unionism remains key to rebuilding the workers' movement (Stannard 2014; Moody 2014). However, Moody argues that conservative trade unionism lacks "any kind of reform program that projects far into the future." This is a very different formulation from some advocates' optimism that networked CSOs can progressively undermine the market, such that "[c]apitalism is dead. It just doesn't know it yet" ("Non-exploitive," 2011). There are two problems with this evolutionary approach. First, there is ample historical and contemporary evidence for the imbrication of capital and state in guaranteeing the conditions of continued accumulation, even to the point of humiliating left-wing parties offering mild alternatives to austerity; witness the European Central Bank's determined agenda of creating a debt crisis in Greece and then destroying its public sector (Left Platform). It is counter-intuitive to expect buffer institutions to shield co-ops from the market when the entire thrust of neoliberal policy is to remove those buffers. Second, when CSOs fail to materialize, workers must revitalize their communities without the resources of the private and public sector. This allows profit-seeking firms to continue the very dynamics of short-term profiteering that devastated these communities in the first place.

Acknowledging the structural barriers, Gunn (2000) suggests soberly that even CSOs are insufficient to make co-ops transformative:

capitalist markets pressure democratically-managed firms to conform to capitalist behavior. If the world (or a society in it somehow escaping the global spread of capitalism) were made up of democratically-managed firms, making possible expanded means for community involvement in them; if we had a state system that set thresholds of business behavior commensurate with the values of democracy and participation; and if institutions exist that supported and reproduced those values... yes, life would be different. (455)

This is a careful, lucid statement of the problem, and it is worth considering how the Internationals tried to solve it by reversing the emphasis. They saw co-ops as sources of financial assistance to socialist parties, rather than strategizing how credit unions and alternative institutions could support co-ops. Gunn asks: "given... the pressures that undermine democratically managed firms' boldest efforts, what are those committed to economic democracy to do?" One answer is to find other ways to build class consciousness. Baldacchino (1990) argues that co-op debate "ought to be addressed more towards the *processes* (rather than the ideological *outcomes*)" of how workers improve their situations (476, italics in original). However, ideology—in the simple sense of ordering ideas—informs a strategic process. We can agree with Gordon (2002) that while "Marxists disdained 'sewer socialism' as a kind of incremental reform that could never defeat capital... The more important goal was transforming the individuals involved in the direction of confidence, ability to... think strategically, and proficiency at working collectively" (107). However, these assertions do not necessarily contradict one another. The laudable sentiment that cooperative theorists [must] "get serious about the larger systemic planning issues involved" (Alperovitz and Hanna 2013) can be deepened: the issues are not primarily planning, but strategic and political, as the Internationals recognized. Other forms of activist pedagogy, aimed at confronting and overturning the power of capital, could build collective confidence more effectively than cooperatives, without the monumental task of erecting another counter-culture or managing capitalist social relations within a firm. The question of how to build independent organizations for social transformation is largely absent



from cooperative discourse,<sup>9</sup> yet there is nothing innately abstract about party- and movement-building. As Luxemburg understood, reforms can be won on the basis of activist and party groups demonstrating the limitations of the reforms themselves. In fact, focusing on incremental growth of the “socialist sector” may be even more utopian than a transformative politics, because the regulatory framework needed to support social economies would require state-led enterprises long before any social upheaval.

Webb (1904) suggested that “[i]t is, therefore as moral reformers that Co-operators pre-eminently deserve the place in the vanguard of human progress” (240). Yet a transformative politics can also reform and reshape individual psychologies by confronting sources of power. As Post (1996) suggests, this both creates tangible benefits for layers of the working class and opens its movements to anti-capitalist ideas. Every political struggle involves the micro-transformation of social relations; even the soviets began life as community-based workers’ councils, thrown up to deal with the practical demands of insurrectionary politics. The more confrontational struggles like strikes were, the more they rapidly imparted a pedagogy of their own, “bring[ing]. . . previously inert layers of people into activism” to organize community support (Harman 1979). This dual process of learning—through confrontation, and through being forced to run social infrastructure during moments of intense conflict—shows the workers’ movement “that economics and politics are not truly separable; economic emancipation requires the conquest of political power. Organizing around even small political demands changes participants’ capacities and self-perceptions drastically and quickly” (Kelly 2014: 15). That insight informed the Internationals’ view of cooperatives: they demonstrated a partial example of a socialized economy but also showed how building social enterprise would quickly reach the limits of the market. Their legacy is not armchair abstention or top-down social engineering, but a thorough application of political economic critique, leading to a transitional politics.

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<sup>9</sup>For a partial exception, see Nangwaya (2013) who theorizes co-ops linked to democratic, anti-capitalist community councils as “independent, counterhegemonic organizational spaces.”

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