

Cooperatives and Socialism

A View from Cuba

Edited by
Camila Piñeiro Harnecker



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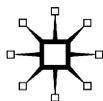
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Introduction

Camila Piñero Harnecker

This book was the result of an urgent need to make a modest contribution to the successful “birth” of Cuba’s new cooperative movement. When the *Draft Economic and Social Policy Guidelines* of the Sixth Congress of the Communist Party of Cuba were issued in November 2010 and they mentioned cooperatives as one of the main forms that non-state employment is expected to take, the Dr. Martin Luther King Jr. Memorial Center in Havana asked me to undertake this task. The Spanish version of this book was launched in March 2011 and a second edition is already in print. In the current context, we consider it opportune and necessary to help educate people about a form of self-managed socioeconomic organization whose principles, basic characteristics, and potential are unknown in Cuba, and which all signs seem to indicate will play an important role in our new societal model.

Although we target Cuban readers, this book may be of interest to anyone who is curious about the changes that are currently taking place here as well as to those thinking about transforming their economies away from the undemocratic, atomistic, greed-based capitalist relations that predominate today and that to a great extent have caused the current global crises. The fact that the United Nations has declared 2012 as the “Year of Cooperatives,” seeking to promote such alternative socioeconomic organizations, might also raise interest in these topics. To delve into the role that cooperatives could play in a society that seeks to overcome the irrationality and injustice of capitalism is to envision an alternative between “efficient” self-destruction and unsustainable utopias, between free-market and authoritarian central planning.

When the cooperative production model is proposed in Cuba as *a* – not the only – form of organizing business administration, it is common to find three concerns in particular: some believe it is too “utopian” and

therefore inefficient; others, basing their opinions on previous forms of cooperatives in Cuba, suspect it will be insufficiently autonomous¹ or “too similar to the state enterprise system”; and yet others, accustomed to direct and excessive state control of business activity, reject it as too autonomous, and therefore as the “seeds of capitalism.” This book is an attempt to address all of these concerns, although they obviously require much more space to do so adequately.

The first concern is addressed to a certain extent with the information provided in Part I about the existence and economic activity of cooperatives in the world today. We see that cooperatives are not an unattainable fantasy that disregards the objective and subjective conditions of sustainable economic activity. In fact, experiences with cooperatives in the Basque Country, Uruguay, Brazil, Argentina, and Venezuela discussed in Part III show that they can be more efficient than capitalist companies, even when taking into account the hegemonic conceptualization of efficiency that ignores externalities, or the effects on third parties of all business activity.

The efficiency of cooperatives is even greater when considering all of the positive effects inherent to their management model, which may be summed up as the *full human development*² of their members and, potentially, of the surrounding communities. The democratic abilities and attitudes developed by cooperative members through participating in management can be used in other social spaces and organizations. Moreover, authentic cooperatives avoid some of the worst negative effects (layoffs, pollution, the loss of values) generated by companies that are oriented toward maximizing profit instead of toward satisfying the needs of their workers.

It is not possible here to analyze the arguments of business administration theorists who hold that cooperatives are inefficient. This criticism generally is based on the fact that democratic decision making takes time, ignoring the equally true fact that it is the principal source of the advantages of cooperatives over other, nondemocratic businesses. Cooperatives are also criticized for not resorting to layoffs, and for their supposed tendency to low levels of investment as a result of maximizing worker income and an aversion to risk. These types of behaviors, however, are not validated by the practices of the cooperatives analyzed in this book. These cooperatives also demonstrate the advantages of democratically managed businesses in terms of the *positive* motivation of their workers; the negative incentive of fear of firing is no doubt effective in arousing certain types of behavior, but is not even close to enough. The tendency for capitalist businesses to incorporate democratic

management methods suggests that they have indeed understood that participatory decision making is necessary to achieve the levels of motivation among workers upon which their success depends.

We hope that anyone who – taking the Cuban experience as a reference – questions the possibility that truly autonomous and democratic cooperatives can exist will have that concern cleared up by Part I, which, by explaining what a cooperative is, suggests the fundamental differences between a cooperative and a state enterprise. In a real cooperative, worker participation in management does not depend on an executive board decision for more worker involvement in decision making; instead, it is a constituent principle cemented in workers' rights, established by the cooperative's internal regulations, and exercised via decision-making bodies and procedures designed and approved by the workers themselves. While the degree of autonomy of Cuba's new cooperatives will depend, of course, on an expected general law on cooperatives and related regulations and how these are implemented, the *Guidelines* seem to indicate that they will be given the same self-management powers that characterize them universally, and without which their democratic administration is not possible. We expect the new cooperatives law to resolve the shortcomings of the existing legal framework for agricultural cooperatives, which are analyzed in Part IV of this book.

The third concern, the idea that cooperatives cannot be a form of socialist business organization because they are too autonomous and therefore irreconcilable with the interests of society, is the one most addressed in this book. Beginning with the first chapter, our aim is to show that real cooperatives operate with a logic diametrically opposed to that of capitalist businesses. Instead of maximizing the individual profits of shareholders, cooperatives are motivated by satisfying their members' needs for human development, which are inevitably linked to the needs of their surrounding communities and of the nation, and even of the "greater human family." Throughout the book, it is suggested that while it may not be possible to involve cooperatives in the national plan or in provincial and municipal development strategies through mechanisms of coercion or imposition, it is possible to reach agreements and coordinate with them so that they orient their activities toward the satisfaction of social needs identified in the planning processes, especially if they are democratic and respond to the interests of the communities that surround them and where their members live.

To defend the relevance of cooperatives for a socialist project, though, we must begin by specifying what we are talking about when we refer to this form of socioeconomic organization. In Part I of this book,

Jesús Cruz³ and I attempt to give the simplest possible definition of a cooperative. To do so, it is important to note that cooperatives worldwide carry out the most diverse economic activities, and a considerable number of people are either cooperative members or benefit directly from their activity. That should not surprise us, considering that self-management and cooperation have existed as long as human beings have. Cooperatives continue to be the most common choice of organization for groups of people who are intent on solving a problem through their own efforts.

The difference between a production or workers cooperative (from now on referred to as “cooperative,” because our emphasis is on this type⁴) and other forms of business organization may be seen by analyzing the cooperative principles⁵ that have contributed to the success of these organizations since the emergence of the first modern cooperatives, which saw themselves forced to achieve effective management to survive amid the more unbridled monopoly capitalism of the late eighteenth and early nineteenth centuries. To the extent that cooperatives have truly implemented these principles in everyday practice, they have been able to use the advantages inherent to this form of socioeconomic organization: those derived essentially from democratic management and that facilitate the articulation of individual and collective interests (common to the group of the cooperative’s members), and even – although less axiomatic – the social interests of the communities with which they most interact.

The practice of these principles is also what helps cooperatives reduce the inevitably corrupting effects of the capitalist environment in which the majority of them have developed. This is an environment that puts individual solutions above collective ones; that hinders the achievement of an atmosphere of equality, generating and reproducing differences in ability and status among the members; that violates the time required for democratic decision making; that punishes genuine acts of solidarity; and that promotes the exploitation of human beings and nature. While this unquestionably restricts the goal of human liberation – of overcoming the obstacles that prevent us from achieving our potential as human beings – which is always latent in genuine cooperatives, this is not an absolute obstacle to them becoming spaces where these principles are exercised and where the values that this practice generates are developed. The experiences of the successful cooperatives presented here demonstrate the economic and ethical/political potential of these organizational principles, above all when they are articulated with other cooperatives, surrounding communities, and social

organizations, and when they promote laws that lessen existing prejudice toward them in the regulatory frameworks and practices of private and state institutions.

As Julio Gambina and Gabriella Roffinelli suggest, cooperatives should be seen as one of many forms of self-managed social organization⁶ that allow us to transcend the capitalist logic of maximizing narrow individual interests. Because it takes no account of human nature and its social and environmental determinants, capitalist “rationality” is actually irrational and suicidal. It is a logic that, as long as it permeates everyday life, not only takes us further away from socialist or communist dreams of complete justice, but also leads toward an irreversible break of the dynamic equilibrium of nature on our planet.

The rationality that motivates cooperatives, like all other forms of genuine self-management, is the need of a group of people to satisfy *common* needs and interests. It is based on their recognition that they share collective interests that correspond to some degree to their own individual interests, and that their collective action allows them to satisfy these needs more effectively. This, together with the conviction that all of the cooperative’s members are human beings with equal rights – and the ability to develop similar or similarly valuable capacities – to participate in decision making, results in democratic management that decides not only who is in charge and how surplus should be used, but also how to organize the production process: what is produced, how, and for whom.

This autonomous management by the collective that forms a cooperative – the ability of this group of people to make decisions independently – is the principal reason that historical experiences of socialist construction have rejected the relevance of cooperatives in socialism, and have relegated them to agriculture or to marginal spaces in the economy. Some see autonomy as breaking with or ignoring the social interests and strategic objectives expressed in the “plan,” and raise the following questions: would it be possible to “couple” an autonomous enterprise with a planned economy? Is it feasible for a cooperative to respond not only to the interests of the group of people that constitute it but also to social interests? When looked at in terms of absolute autonomy and authoritarian (nondemocratic) planning, in terms of the group interests of a collective unit that are considered in advance as being alien to social interests, then the answer is obviously negative. The authors of this book are convinced that the answer is positive. Here, we argue why we think so, although we cannot respond to every single question about how to achieve this.

We should warn that we are not trying to solve a problem that goes back to the very origins of socialist theory. It is a question that is perhaps more conceptual than practical because there are cases of collective and even private enterprises that meet social needs more effectively, and establish decentralized horizontal relationships that are more socially responsible than some state enterprises. What we are looking at here is the form of organizing the work process *in a production unit*, not in an entire economic system. How a socialist society should guide the management of its enterprises or how the fruits of collective work should be distributed in society, therefore, are not issues that we are attempting to address in this initial approach to the question. Some ideas on these matters, however, are presented throughout the book. The “fruits” of cooperative work that most interest us here are the human beings themselves who are “produced” according to the specific way in which the productive process is organized in their enterprise: the subjects who work as partners in a cooperative, who are motivated to give their best to the success of *their* enterprises, and potentially to the neighboring communities.

What distinguishes an associated worker from a wage worker in a capitalist or state enterprise? According to what we see in the experiences of the cooperatives analyzed in this book, a worker who is part of a genuine producer cooperative, or another self-managed form of production, is truly the owner of his or her enterprise and feels that to be so. This worker, along with the rest of the collective, participates consciously and actively in making all strategic and administrative decisions, as well as in their implementation and control. What characterizes a cooperative is not the legal ownership of the means of production (facilities, land, machinery) by the collective or group of people who make up the cooperative, but the fact that the decisions about their utilization are made collectively by all members, either directly or through elected representatives, under the conditions and with the powers that the members decide. It is a concrete form of self-management and the exercise of popular sovereignty, although limited to the cooperative’s collective.

For that reason, for Gambina and Roffinelli, the relevance of worker self-management in different forms, especially cooperatives, for socialist construction depends on the extent to which these serve as a “process of learning about administration that goes beyond the regime of capital.” The value of cooperatives, therefore, lies in the nature of their everyday practice, in the social relations of production established among their members: those of associated workers and not wage workers. In these

organizations, workers are not forced to renounce, in exchange for a wage, their ability to think, to be creative, or to make decisions, and they exercise these powers through democratic methods, with equal rights and duties. A cooperative does not have bosses or subordinates; instead, it has an organizational structure and a technical division of labor that have been collectively designed and approved.

Cooperatives, therefore, can be powerful weapons of struggle for socialist construction, though they are not the only ones, not sufficient on their own, and not without risks and challenges. They are instruments – perfectible and adaptable – that we should not permit to be disallowed, either by statist dogma or by the perception that only private enterprise works. As Gambina and Roffinelli say, “Between socialism and cooperativism a dialectical relationship exists, favored or not by given social and historical conditions.” The extent to which cooperatives are useful depends on the environment in which they emerge and develop, and the relationship they establish within that context.

In fact, as seen in the second part of this book, socialist thinkers who have assessed the usefulness of cooperatives for projects of socialist construction have always done so based on the concrete experiences of cooperatives in their times. Humberto Miranda tells us that while Marx and Engels criticized the cooperatives of the mid-nineteenth century for renouncing political struggle and being limiting to meeting the narrow interests of their members, they did recognize their value – above all, that of the production cooperatives – for showing in practice that it is possible to establish the associated labor relations that Marx and Engels believed should characterize a socialist society.

Lenin recognized the validity of cooperatives not only during his final days, but also from the start of his revolutionary activity. As reflected in the chapter by Iñaki Gil de San Vicente, Lenin saw in cooperatives “one of the definitive solutions for advancing toward socialism” because he appreciated the value of associated labor and of democratic practice in the workplace for producing and reproducing human beings with socialist values. Miranda also points out that, as Lenin saw it, “Socialism is the regime of cultured cooperativists.” Therefore, one of the fundamental and most pressing tasks of the Soviet state was to promote the conditions for members of cooperatives to become *cultured* cooperativists who were conscious of the advantages of participating in the management of their enterprises and at the same time were concerned not only about their immediate, narrow interests, but also the social aspects of their individuality.