

A Theory of the Collaborative Enterprise¹
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Abstract: Worker cooperatives overcome exploitative capitalist wage relationships by giving workers, as enterprise members, the right to claim new value created by their work effort. However, in so doing they exclude stakeholders from decisions that directly affect their interests. Worker cooperatives thus create an apparent conundrum between the workers' right to claim new value they create and the stakeholders' right to have a say over decisions that affect them. I draw on Marxian class analysis to provide a framework that foregrounds the production, appropriation, and distribution of new value to provide a novel institutional structure that resolves this conundrum. I use the framework first to illustrate how various types of enterprise structures – stakeholder, worker-owned, worker self-managed, non-profit, and cooperative – handle the appropriation and distribution of new value. I then combine features of stakeholder and worker cooperative enterprises to define a new enterprise structure – the collaborative enterprise – embedded in a governance structure like that of Mondragon that includes multiple enterprises. I end by proposing a revision to the ICA principles for worker coops that seek to highlight and move cooperative advocates and practitioners toward i) the elimination of exploitation at the enterprise level and ii) the development of supportive governance structures for multi-cooperative networks.

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1. Introduction

How do enterprises create value, who claims this value and how is the value distributed?

These are some of the questions Marx asked that led him to develop a value theory and class analysis that provides many insights into how capitalist enterprises reproduce themselves.² These insights are important for understanding class struggle within enterprises and the effect that class struggle has on how work is organized, how, why, and what kinds of technology are developed, what pay and benefits workers receive and which norms govern hours worked including issues like sick leave, maternity and paternity leave, vacation, and holidays.³ Beyond these workplace issues, Marx analyzed the effect of competition and monopoly on inequality, business cycles, economic crises, colonialism and ecology.⁴ Political economists since Marx have developed deep and insightful analyses that are helpful to understand both the wealth and technological dynamism as well as the violence and dehumanization that the past few centuries have wrought.⁵

² Marx's value theory posits that commodity values are based upon the average abstract labor hours required to produce each good or service. Material inputs and machinery are valued based on their current exchange-value – the hours of average abstract labor-time they represent in equivalent exchange with other commodities (since they need to be purchased). The material passes its full value into the commodity and the machinery and equipment passes value according to its average rate of depreciation, physical and moral, that they experience in production. Both types of means of production therefore only transfer the value they possess and do not create any new value. Labor-time is thus the source of new value and the ability to act as residual claimant, appropriating the value that exceeds what the worker receives in wages, is the means by which capitalist employers increase the value of the money they advance. In what follows I will focus attention on the new value created in production since the value of the means of production is not relevant to the argument. For an accessible introduction to Marxian economics see Ruccio (2022).

³ Class analysis refers to the analysis of different class relationships (slave, feudal, capitalist, communal and independent) that exist as a result of different institutional and legal relationships between workers and those who claim surplus value.

⁴ For an insightful analysis of Marx's writing on ecology see Kōhei 2017.

⁵ Marxian economic analyses are published in a number of peer-reviewed journals including *Capital and Class*, *The Review of Radical Political Economics*, *Historical Materialism*, and *Rethinking Marxism*.

Of course, like every analysis, Marxian theory has its lacuna. Many Marxian theorists have overlooked the important role of unpaid household labor for example, or the intimate relationship between racism, slavery, and capitalism.⁶ Others have argued the class oppression is primary or more important than oppression based on sexuality, gender race, age/ability or ethnicity.⁷ But the claim that Marxian theory is logically flawed has been shown to be invalid and many misconceptions concerning Marx's analysis and its implication are based on similar misreadings.⁸

Value theory and class analysis help us to understand the behavior and incentives of capitalist enterprises, but it can also be used to analyze social enterprises including the different types of cooperatives– consumer, producer, and worker – to shed light on how each reproduces its conditions of existence, and how they differ from each other and from capitalist firms.⁹ How is value created, who appropriates it, how is it distributed in these various alternative business models? Do these alternative enterprises succeed in eliminating or modifying class struggle, enfranchising workers and remediating the injustices Marx highlighted? I will argue that only the worker cooperative structure overcomes the exploitation of workers that is inherent in capitalist class relationship, but worker cooperatives face a conundrum because of two contending justice claims – the

⁶ For insightful critiques of Marxian theory from a feminist perspective see Weeks 2011 and Federici 2017, 2021. For analyses that address the intersection of racism, slavery and capitalism see Robinson (2021 [1983]) and Marable (2019 [1983]).

⁷ For a critique of economism in Marxian analysis see Laclau and Mouffe, 2006.

⁸ For a technical discussion of the relationship between value and exchange-value see Wolff, Callari and Roberts (1989), Roberts (1997; 2004), and Kristjanson-Gural (2003; 2005; 2017).

⁹ For an analysis of how competition affects value production and distribution in cooperative enterprises see Kristjanson-Gural (2011).

workers' claim to appropriate the value they collectively produce, and the stakeholders claim to have a say over decisions that affect them. To resolve this conundrum, I will offer a new enterprise structure that I call the *collaborative*.

A *collaborative* is an incorporated network of individual collaborative enterprises and organizations with its own private democratic governance system – a democratic counterpart to the autocratic private government of the capitalist enterprise.¹⁰ Each collaborative unit maintains a two-board structure – one comprised of workers and a second divided between workers and stakeholders including representatives of the other collaborative enterprises and organizations within the corporation. I will explain how value theory and class analysis lead to the conclusion that resolving the contending justice claims within the enterprise implies a rethinking of the independent worker cooperative structure in this way. I will conclude with recommendations for the development of principles of collaboration in order that proponents of adopting a collaborative approach can effectively advocate for and actively build such alternative structures.

2. How Enterprises create and distribute new value

Enterprises create value when they hire workers to produce goods or services (what Marx referred to as commodities) for which there exist individuals both willing and able to pay. Workers sell their ability to work via a labor contract that specifies their work hours, pay and benefits, and job responsibilities. Employers put the employees to work creating

¹⁰ See Elizabeth Anderson (2017) and Ellerman (2015).

marketable goods and services. By performing labor in the production of commodities, workers create value, which, due to the nature of the labor contract, the employer claims. Part of the new value is returned to the worker in wages and benefits while the remainder, what Marx called *surplus value*, is distributed by the employer to various individuals and enterprises and agencies in return for providing what the employer believes will secure the conditions needed to maintain the viability of the enterprise.¹¹

The employer thus reproduces the viability of the enterprise by strategically distributing the value workers create to a number of providers of services that the enterprise needs to survive. For example, real estate enterprises may receive rent for providing and maintaining commercial space, lenders may receive interest and shareholders dividends in exchange for providing loan or equity capital, retail enterprises buy finished products at a retail discount thus speeding up the turnover time of capital. Managers receive salaries and bonuses in exchange for providing managerial expertise including supervision, coordination, strategy, accounting, legal practice, hiring, firing, monitoring and disciplining the workforce. State agencies may receive taxes in exchange for the State providing property and contract law, police and military enforcement of such law, and transportation and communication infrastructure in addition to grants, subsidies, tariffs and other forms of business development support including educating and training people. Advertising and public relations firms provide cultural content that reinforces ideas and viewpoints that

¹¹ Marx, (1977 [1867]). See Chapter 4 for definitions of capital and surplus-value especially pp. 251-2. The following analysis of competition draws from the work of Resnick and Wolff (2006; 2012). Note that in their interpretation, profit refers to retained earnings and dividends, rather than total revenue net of costs of production as in Shaikh (2016, pp. 212ff). Variation in profit can therefore vary independently of costs of production.

favorably reflect the enterprise's product, activities and class relationships and that normalize and justify the exploitative and extractive economic system. Lobbying, campaign contributions and the sponsoring of think tanks and news organizations reinforce these conceptual frames and influence the state to promote policies, laws and programs that support the reproduction of the class system.

Perceived this way, value creation, appropriation and distribution offer a lens to analyze how capitalist enterprises maintain their viability and the implications of their efforts on workers, other enterprises, the State, and our understanding of our economy and our roles within it. Importantly for present purposes, it also offers a sightline to see how different enterprise structures modify the creation, appropriation and distribution of value and the effect on class justice for workers and the right of stakeholders to have say over decisions that affect them.¹²

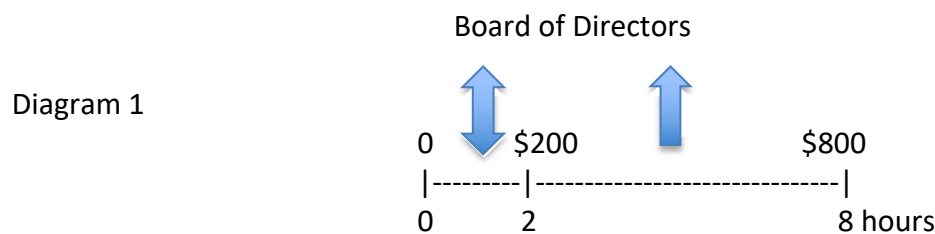
The following diagram illustrates class conflict in the production, appropriation, and distribution of value in a productive capitalist enterprise with a single product producing its only form of revenue.¹³ The working day represents average hours worked per day by the typical worker in an enterprise or an economy. Each hour worked results in the

¹² The focus of the following analysis is on paid employment, but unpaid labor remains an equally important and too often overlooked dimension of provisioning that must be incorporated in order to address to intersections of class justice with other aspects of social justice including gender, race, and age/ability. For a feminist analysis of the interrelationship of household and market labor see Quick (2004). For a class analysis of household labor see Resnick and Wolff, 2006, Chapter 8.

¹³ A productive (or first degree) enterprise produces goods and services for clients and customers. Support (or second degree) enterprises and organizations provide services to assist productive enterprises. Brennan (2017) provides an introduction to the class analysis of the enterprise. For an examination of the multiple class and non-class revenues of the enterprise see Resnick and Wolff 2006, Chapters 10-11.

creation of an hour of new value which is expressed in a given amount of currency. For simplicity, suppose each hour exchanges for \$100 U.S.¹⁴ Under these conditions, the average US worker would create 8 hours or \$800 of value per day. The daily wage for the average worker is the money amount that represents the average hours necessary to produce the wage goods that the worker must consume each to maintain their customary standard of living, what Marx called the value of labor-power.¹⁵

Suppose the average worker requires \$200 per day to maintain her customary standard of living. She thus receives \$25/hour even though she produces \$100 of value per hour. According to this view, over the course of the eight-hour day, she produces the value of her own labor-power (\$200) in only two hours. In the remaining 6 hours she produces \$600 of surplus value. Due to the nature of the labor contract, the employer legally claims or appropriates the new value created, \$800, and returns to the worker the value of their labor-power, \$200 (represented by the double headed arrow below). The employer retains the surplus value of \$600 (the single headed arrow). Employers extract this amount of value on average from each of the workers they employ.¹⁶



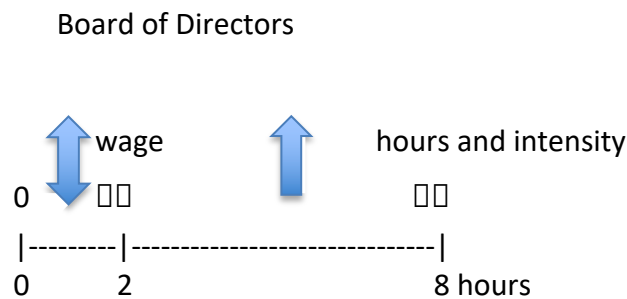
¹⁴ For a discussion of the role of money in Marx's theory of value see Kristjanson-Gural (2008).

¹⁵ Marx (1977 [1867], pp. 274-8. Marx does not incorporate an analysis of unpaid household labor needed reproduce labor-power and this labor is a vital component of reproducing capitalism. Value thus refers to monetized abstract labor-time and does not imply an assessment of what type of labor is valuable.

¹⁶ For a discussion of the moral legitimacy of this legal wage relationship, see Ellerman and Gonza Chapter 5.

This legal relationship creates a class conflict between the worker and employer over the customary length of the workday, the number of workdays in the week and year, the pace of work, and the customary average wage which determines the average standard of living of workers. Because work is organized to give control to employers, workers most often experience the work as unrewarding, and resist increases in the pace and duration of work, while employers are under competitive pressure to increase both work's intensity and duration.¹⁷ Employers also strive to reduce wages and benefits to access more surplus value; workers resist cuts in pay and benefits to maintain or improve customary standards of living (diagram 2).

Diagram 2:



Exploitation here is used as a technical term to refer to this type of relationship – one where one group performs surplus labor and another group appropriates the new value created by that surplus labor – setting up a class struggle. Although specific workers may experience a greater or lesser degree of exploitation and better or worse conditions of work, the labor contract in capitalism enshrines and protects this exploitative class

¹⁷ Dow, Chapter 4 pp. 8-11 summarizes recent studies that show the increased productivity of workers in worker cooperatives. See also Perotin 2012, Shaikh 2016, Chapter 4, Part 3, and Fakhfakh 2023. For an analysis of the effect of participation in decisions affecting their work see Uzuriaga, Freundlich and Gago (2018).

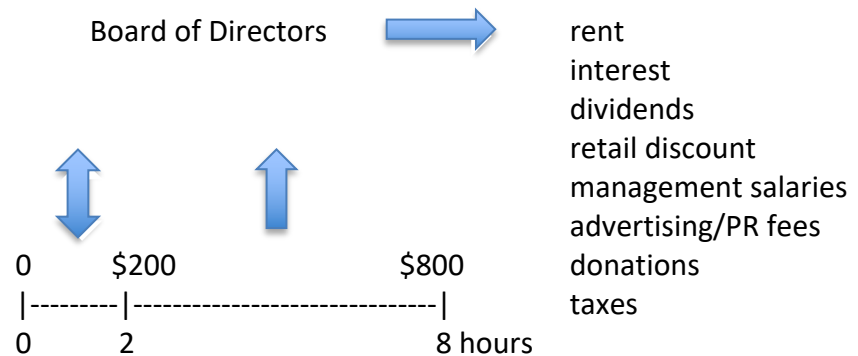
relationship.¹⁸ Workers and employers struggle over the duration and intensity of work, the health and safety of the work process, and its remuneration which determines workers' standards of living. The degree of organization of the labor force, the phase of the business cycle, and many political and cultural factors affect the relative success of workers in this class struggle.

Value theory and class analysis thus provide the answer to the first two of Marx's questions: how is value created in capitalism and who claims this value? To answer the third question – how is this value distributed – I refer back to those individuals and enterprises that contribute conditions of existence for the employer – the real estate enterprises, financiers, retail capitalists, managers, advertisers, lobbyists and the State, each of whom receive a different type of payment – rent, interest or dividends, retail discount, salaries, fees, donations or taxes – in exchange for providing what the enterprise needs to maintain its viability. These recipients of surplus value often also employ workers but in this case the workers are not creating new value but are being paid out of the surplus distribution that their employer receives. These workers experience many of the same pressures on duration and pace of work and pay and benefits, but in this case, they are not exploited in the technical sense since they are not producing value from which they are excluded from appropriating. For the purposes of this analysis, I will use the term *exclusion* to refer to signify *workers excluded from taking part in the receipt and distribution of surplus*

¹⁸ Marx (1977 [1867]), pp. 279-80. See also Ellerman, (2021), and Ellerman and Gonza, Chapter 5. Any industrial firm that hires (or rents) workers, whether for-profit or non-profit, including non-worker cooperatives, is exploitative by Marx's definition, although Ellerman rejects the means by which Marx defines exploitation and relies on a labor theory of property rather than a labor theory of value. See Ellerman 2015, pp. 12-14.

value or non-class revenue while providing conditions of existence for the receipt of that value - e.g. advertising professionals employed by an agency to provide ad copy for goods and services producing capitalist firms.¹⁹ These workers do not produce surplus-value, but they attract surplus-value to enterprises that provide conditions of existence for industrial capitalist firms, and they play an important role as second-degree cooperatives in integrated cooperative enterprises including Mondragon as I discuss below.

Diagram #3:



The introduction of this group of enterprises and workers, those providing conditions of existence of exploitation, has an important effect on our understanding of class struggle.

While it is true that each enterprise that produces commodities and thus creates value gains an advantage by increasing the surplus value they appropriate from their workers, it

¹⁹ Marxian theory currently lacks a term for the economic domination of those workers that undertake the labor needed to provide their enterprise with a distribution of surplus value in various forms. Resnick and Wolff (2012, pp 176-77, distinguish productive laborers who produce surplus-value, from unproductive laborers who provide various conditions of existence needed to extract surplus-value. Wolff (2012) refers to these producers as “enablers.” Wolff and Resnick do not examine *exclusion* since it is not considered a class process involving the production, appropriation or distribution of surplus-value, although they carefully incorporate the contradictions produced in competition in their discussion of subsumed class processes (Resnick and Wolff, 2006). Harvey (2010) points to the need to incorporate these enabling producers when he writes: “It is. . . no longer adequate to think merely about the wage laborer, because the working class is stratified according to both the status and the differential financial reward attached to the different functions required to constitute the despotism of a cooperative apparatus dedicated solely to the production of surplus-value” [Harvey, 2010, p. 176].

is not true that this determines their competitive strategy in a lawlike manner. Not only does the enterprise have access to additional forms of revenue aside from the appropriation of surplus value (by providing conditions of existence for other enterprises and thus receiving rents, interest, dividends, salaries, discounts, payments, fees, donations, or government subsidies); the enterprise has no singular strategy for reproducing its viability. Different enterprises will employ different survival strategies under different circumstances at different times. Individual capitalist enterprises themselves are not therefore subject to a singular law of accumulation; they exist with contradictory choices in a situation of fundamental uncertainty about which choices will secure their survival.²⁰ This conclusion does not imply that growth of the system is unnecessary: as a whole, a capitalist social formation will require new outlets for investment and economic growth, as I will explain below. This important observation about the contingent nature of the enterprises' strategic choices concerning their survival will help to define the range of options available to enterprises that choose to adopt alternative institutional structures. I argue further that it will also suggest a resolution to the contending justice claims between workers and stakeholders.

3. A Class Analysis of Social Enterprises

The idea that capitalist enterprises must grow or die likely comes from the way Marx defined capital – as money advanced for the purpose of earning more money, or self-

²⁰ For a discussion of the importance of fundamental uncertainty on investment decisions in Keynes' General Theory, see Crotty (2019) pp. 239-64. For a critique of the imperative to accumulate see Norton (2001). For an analysis of competition incorporating multiple distributions of surplus see Resnick and Wolff (2006), Chapters 10-11.

expanding value. He used the simple formulation M-C-M' to denote the circulation of capital where M represents a sum of money value and C represents an equivalent value of commodities, the two dashes represent exchange, and M' is the larger magnitude of value that motivates the capitalist to make the initial advance.²¹ The circuit of capital differs from pre-capitalist exchange which Marx argued was characterized not by expansion of value but by obtaining items for use through exchanging one commodity for money in order to purchase a different commodity in a circuit he depicted as C-M-C.²²

Whereas accumulation, purchasing more means of production and labor-power, is not an imperative for an individual enterprise at any given time, it is in the very intent of advancing capital that owners of capital receive more value than they advance. This observation helps identify the source of dynamic growth in capitalism. The growth imperative also reveals the source of our current ecological threat in the nature of capital itself. But it also raises the possibility that money can be advanced for other purposes and indeed, contemporary capitalist economies are populated with numerous enterprises that, while they must remain viable, do not focus solely on the motive of gain.²³ Examining the class relationships in these social enterprises and households helps to see the extent to which these alternative enterprises attempt to overcome the exploitative and ecologically damaging nature of capital.

²¹ Marx (1977 [1867]) pp. 247-52.

²² Marx (1977 [1867]), pp. 250; see also the conditions for the purchase and sale of labor-power, pp. 270-4.

²³ For a compelling argument concerning the importance of integrating Marx's analysis of ecology into his critique of capitalism, see Saito (2017). Saito (2022) eloquently analyzes the implication for degrowth.

Several social enterprise forms are mission driven, rejecting or modifying the maximization of investor returns as their prime motivation. These firms include *non-profits*, *benefit corporations*, and *stakeholder capitalist enterprises*. In each case, workers are hired to produce value or provide conditions for value production in other firms and are paid less than the value they create or attract into the firm resulting in exploitation or exclusion.²⁴ On the other hand, they are subject to different strategies for maintaining their viability. In the case of non-profit enterprises, they are relieved of two distributions of surplus – taxes, and dividends – and they are eligible for non-class revenue in the form of tax-exempt gifts and donations. Subject to maintaining their viability, they can dispose of the surplus value created or attracted in ways that the board of trustees, and ultimately the funders, deem suitable to address their mission. Workers are not typically represented on the board however, and do not have sufficient wealth to act as funders, so the incentive to extend work hours, increase the pace of work, and limit wages and benefits still exists: the goals of the funders, enacted by the non-worker board of directors, do not incorporate the will of the workers themselves.²⁵ While the term “non-profit” connotes non-exploitation, the reality of most workers in non-profit enterprises, universities, hospitals and all manner of socially beneficial non-profit agencies and organizations, is that the workers do not take part in decisions regarding the surplus value they produce or attract or any non-class revenue they make possible. They face continual pressure to increase the pace and

²⁴ See footnote #14 above.

²⁵ Ellerman and Gonza, Chapter 5, emphasize this point in their discussion of non-worker cooperatives when they say “the democratic rights to elect the government have to be exercised by those and only *those who are to be governed*.” [Emphasis in original.] Workers in non-profit enterprises are governed by a board that they do not elect and are therefore politically disenfranchised. If the non-profit produces a commodity for sale and creates surplus-value, these workers are also exploited in the Marxian sense.

intensity of work, extend work hours and work for remuneration in pay and benefits that are limited by the funders' willingness to donate.

Benefit corporations attempt to mitigate the harmful effect of profit-seeking firms by adopting a triple bottom line and agreeing to benefit people and the ecosystem in addition to benefiting their shareholders as part of their mission (Marquis, 2022). While these intentions are laudable, their decisions are at the discretion of a board of directors usually elected only by the shareholders, frequently leaving open the possibility that the distribution of surplus value to advertising, branding and public relations can promote their supposedly benign mission while the actual pay and working conditions and the repair or maintenance of the ecosystem are given short shrift.

Stakeholder capitalist firms do include stakeholders on the board of directors but give them typically only minority representation (Freeman, 2010). Workers may be included on the board so that they can represent their interests as well, although the existence of numerous stakeholders dilutes the influence of workers so that they cannot effectively advocate for policies that improve their working conditions and standards of living. Since both benefit corporations and stakeholder enterprises give authority to the board to appropriate the value workers create or attract, they retain an exploitative class structure. Workers are at best given minority representation and at worst are fully disenfranchised.²⁶

²⁶ See Ferreras (2017; 2022) who argues for enfranchising workers in bicameral firms as a means of transitioning from traditional capital-directed enterprises toward a worker cooperative structure.

If these three relatively progressive forms of enterprise structure fail to overcome the class injustice inherent in capitalist enterprises, how then do cooperatives fare? Cooperatives, labor-managed firms, and worker-owned enterprises are often understood to be interchangeable, but a class analysis reveals important differences. *Labor-management* is a strategy adopted by some capitalist enterprises, both for-profit and nonprofit, to reduce the distribution of value to managers as salaries while at the same time increasing worker effort due to greater worker control over their work process.²⁷ Labor-management results in more available surplus to secure the other conditions of existence of the enterprise. Because workers are most often not represented on the board, they continue to be exploited and/or disenfranchised, but they may receive higher pay and do enjoy greater authority over their working conditions as a result of taking on some (particularly operational) managerial functions. A second strategy – *worker ownership* – can also be implemented to increase worker effort by providing a material incentive to workers to go the extra mile for the firm. In this case, workers receive dividends rather than or in addition to external shareholders. This strategy may increase workers' living standards by increasing the value of their equity and/or dividend payments on stocks they receive. However, the composition of the board is not necessarily or even typically affected, and the board appropriates workers' new value and determines how it is distributed. Workers are owners but continue to be exploited.

²⁷ Dow, Chapter 4, uses the term to refer to “legally organized ... worker cooperatives,” in contrast to “a capital managed firm that is ultimately controlled by its capital suppliers”(4). Here I draw on Wolff's (2012) distinction between workers' participation in management roles (labor management) and workers serving or elected the board of directors (worker directorship) to distinguish these two possible alternatives since they have different characteristics and implications.

What then of cooperatives? In terms of class structure, cooperatives fall into two categories – worker and non-worker cooperatives (see Ellerman and Gonza, Chapter 5). Of the two types, only the former succeeds in overcoming the problem of exploitation. Members of non-worker cooperatives elect a board of directors who legally claim the surplus produced by the workers or distributed to the cooperative in exchange for its providing conditions of existence to other enterprises. Workers themselves are generally excluded, as workers, from serving on the board and the board is responsible to the members, hiring workers as needed and appropriating value or revenue that they either produce or attract.

Retail, finance, and housing cooperatives serve their consumer members who often do not participate in decisions and when empowered to do so are limited to voting for representatives on the board. Producer cooperatives do elect a board to represent the interest of producers but in most cases these producers employ workers to produce the agricultural products that they elect the cooperative board to sell.²⁸ The workers themselves are not given a say over the surplus value or non-class revenue they create or attract. While these enterprises adopt democratic practices for members and may include some stakeholders in decisions, they nonetheless operate much like capitalist enterprises *vis-à-vis* their workers.²⁹

²⁸ Exceptions include small scale producers such as the fisher cooperatives of southern India. See Solomon (2023).

²⁹ Alperovitz (2017) and Puusa (Chapter 7) do not distinguish the different class structures of the various democratic enterprises and thus conflate democratic control over others (non-worker coops who elect a board to govern workers) with democratic enfranchisement (workers who elect their own representatives). See Ellerman and Gonza (Chapter 5).

Worker cooperatives adopt a mostly non-exploitative communal class structure.³⁰ In some cases all worker-members serve on the board, collectively appropriating the value or revenue they together produce or attract and making decisions about how that value is to be distributed. Alternatively, worker-members can elect representatives from among their peers to serve on the board and appropriate or receive value on behalf of all the workers. While this board structure overcomes the problem of exploitation it falls prey to two problems. First, the lack of integration with other cooperatives means that worker cooperatives are often under-resourced and must operate with work norms similar to capitalist enterprises with whom they compete. Second, they typically disenfranchise stakeholders who are affected by the board's decisions but lack the ability to weigh in on the cooperative's policies and strategic choices.³¹

In response, some worker cooperatives adopt a hybrid structure that includes consumers, suppliers and even investors on the board. While including and enfranchising stakeholders addresses the problem of stakeholder representation, it dilutes the ability of workers to claim the value or revenue they create and/or attract and it gives stakeholders, who are not subject to the cooperatives' internal governance, a say over the rules and policies by which workers must abide. Worker coops thus face competitive pressure to conform to work

³⁰ Worker cooperatives typically hire prospective members who must work for a period without membership prior to being accepted. These workers are technically exploited during this period.

³¹ A third problem concerns the intra- and inter-industry redistribution of value that occurs through the formation of competitive prices, generally from labor intensive to capital intensive firms and industries. For this reason, the existence of worker cooperatives within an economy dominated by capital-intensive, capital-directed enterprise is not sufficient to prevent the appropriation of value from labor-intensive worker-cooperatives. See Kristjanson-Gural (2011).

norms prevalent in capitalist enterprises and they overcome the problem of exploitation only by disenfranchising stakeholders.

Marxian class analysis suggests a resolution to this conundrum via two means. One, the formation of a two-board structure that incorporates non-worker stakeholders while respecting the right of workers to claim surplus value and revenue they generate and determine the rules governing their work lives.³² Two, the development of multi-cooperative governance to bring key stakeholders, including second-order cooperatives, under a democratic process by which the contending interests of the various stakeholders can be aligned.

4. The Collaborative Corporation

To address the problem of diluting workers' rightful claim to appropriate the new value they create, I am offering a new organizational structure that I refer to as a *collaborative corporation*. A collaborative corporation – or “*collab*” – is an *integrated network of collaborative enterprises with its own overarching corporate governance structure*. A collab allows working members to be the initial claimants of the new value or revenue they create or receive from other enterprises while at the same time incorporating stakeholders in strategic decisions concerning what to do to reproduce their conditions of existence. To do so, each enterprise within the collab adopts a bicameral board. The first board – a board of production – is comprised of workers or their selected representatives only. This board

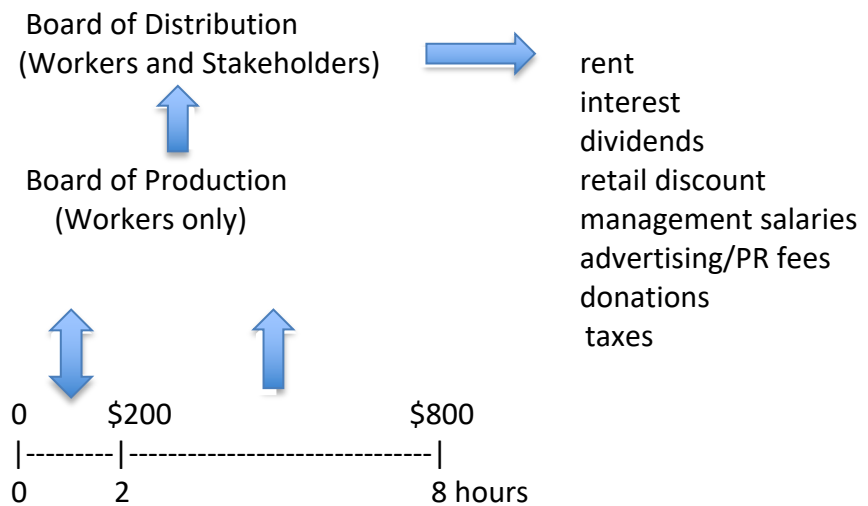
³² The two-board structure offered here differs from Ferreras' (2017; 2022) bicameral structure in which workers and investor representatives each form a board and each has the power to veto - i.e. policies that do not gain majority support of both boards may not be implemented by the management.

appropriates the surplus the workers collectively create or attract, and makes decisions related to their work lives – including hours, wages, health and safety, job design and rotation, etc. These decisions are conditioned by rules agreed upon by a general assembly of all other collaborative enterprises’ members who meet regularly to review and update the collab’s bylaws, policies, norms and procedures. In turn, to protect the interests of individuals within any collaborative enterprise, a collaborative union or work council selected by all members acts to ensure that the individual rights of all workers are respected. Each enterprise within the collaborative is thus fully worker-self-directed.³³

This worker board of production transfers what it deems to be surplus value or revenue to a more inclusive board of distribution made up of both workers and stakeholders. The board makes broader strategic decisions about the distribution of the value or revenue created or received as well as formulating enterprise strategies for reproducing their interdependent conditions of existence taking into account stakeholders’ interests and important social and environmental externalities (effects of their operations on third parties not included in their market exchanges).

³³Wolff (2012) defines a worker-self-directed enterprise as an enterprise whose board is comprised only of productive workers. The board engages stakeholders including support workers (or enablers) in “a shared democratic decision-making process”(118). For other perspectives on who ought to be included in appropriation and distribution see Cullenberg (1992); Burkzak (2006, 2017); Resnick and Wolff (2006). For the implications for numerous dimensions of class justice see DeMartino 2003. The collab structure offers a way to respect the right of workers to claim the value they collectively create and to self-direct their workplaces while integrating and enfranchising key stakeholders.

Diagram #4



Stakeholders vary depending upon the type of enterprise and the nature of the products or services produced by the whole collaborative but may include consumers, suppliers, service providers, community members, environmental stewards, and partnering organizations. The stakeholders thus can weigh in on decisions affecting them, but do not do so at the expense of the workers' claim to self-govern and claim the new value or revenue they create or receive. This bicameral structure preserves class justice by giving workers the status of residual claimant (first receivers of the new value they collectively produce or attract) while honoring the right of community members to fully participate in decisions about strategic choices concerning how to utilize the enterprises newly created surplus revenue or revenue received from other enterprises or government agencies.

Collaboratives engage stakeholders to enhance each other's viability. They might engage in mutually beneficial specialization without engendering a race to the bottom that reduces wages and undermines working conditions. Intra-collaborative solidarity is important because many scholars argue that within a neoliberal competitive economy, worker

cooperatives are forced to make similar decisions to investor-directed enterprises to remain competitive.³⁴ I will argue that individual worker cooperatives have shown they can compete effectively due to increased morale, lower turnover, and lower payments to supervisory and executive management and external shareholders. Beyond that, when one considers a collaborative corporation, each collaborative enterprise benefits from supportive relationships with other enterprises within the collaborative (providing consulting, insurance, and patient loan capital for example) such that it can maintain viability without resorting to strategies that harm workers. Furthermore, by supporting collaborative values, an integrated collaborative helps to erode the corrosive materialism and individualism that corporations continuously reinforce and that drives the market logic that prevails in capital-dominated economies.³⁵

To assess the political feasibility, economic viability, ecological sustainability, and moral desirability of a collaborative corporation, I offer a critical assessment of a near-collaborative, the Mondragon Cooperative Corporation.

5. The Mondragon Cooperative Corporation (MCC)

The MCC is not a collaborative corporation as I have defined it, rather it is an integrated system of hybrid worker coops that exists within a private democratic corporate governance structure in a way that is autonomous and self-supporting. Stakeholders along with workers in each enterprise are represented on their board of directors and a General

³⁴ For a review of this debate, see Sharzer (2017) and Jossa (2020).

³⁵ Ruccio (2011) highlights the importance of the distribution of surpluses and their social implications for the reproduction of non-capitalist institutions beyond the enterprise itself.

Assembly gathers regularly to democratically formulate rules and policies by which the individual enterprises abide.³⁶ The MCC itself adheres to a mission of creating and maintaining jobs for its members, with economic viability factoring in as a constraint rather than enriching its members being the primary goal. The individual parts act with the intention to support the viability of the whole. It can be characterized as a semi-planned, market-based, worker-directed, community economy with a job guarantee. It is not without problems which I will identify and address, but it has an impressive track record which allows us to evaluate its viability and the extent to which it overcomes the problems of exploitation and disenfranchisement.

Because the MCC structure closely resembles the collaborative structure outlined above, an examination of its operations provides an opportunity to evaluate four dimensions: political feasibility (can it be recreated elsewhere?), economic viability (will it survive economically?), ecological sustainability (can it remediate and sustain its relationship to the ecosystem?), and fairness and desirability (does it overcome exploitation, contribute to a fair distribution of rewards and provide meaningful work?).

5.1 Political Feasibility

The MCC forms an economic ecosystem within a regional economy that is self-governing under the laws to which the region is subject. Like Italian law, Spanish law happens to be favorable to cooperative governance. Because Spanish law permits cooperative

³⁶ For a detailed overview of the Mondragon Cooperative Corporation see Cheney (1999), Morrison (1991), and Whyte and Whyte (1988).

governance, the MCC does not need to gain majority political support for laws or policies nationally, or even regionally, and it is therefore not vulnerable to political efforts to undermine its policies and practices.³⁷ Once incorporated, only members of the MCC can vote on its policies; those indifferent or hostile to cooperative governance do not participate in the system and therefore have no voice concerning its rules, regulations and mission. This creates an unusual type of political feasibility that depends only on the existence of sufficient room within national law to incorporate as an integrated hybrid worker cooperative. It suggests that political feasibility may exist elsewhere or may be created with the passage of favorable cooperative law.³⁸ However, it need not wait for a favorable legal or policy environment. “Mondragon, and the robust co-op sectors in Quebec and Emilia Romagna, have all benefitted from supportive policy. But a crucial point that became apparent during our literature review is that strong co-op sectors in these regions all preceded the policy breakthroughs that enabled further sectoral growth” (Restakis et. al. 2017: 68).

Political feasibility is also supported by cultural institutions, norms and practices. Within the supportive context of the Basque region, MCC generates and sustains the cooperative

³⁷ Spanish labor law also recognizes the worker-member as being in an associated relationship to the cooperative. As Warren suggests...“it would appear that an entire domain of realizing the parameters of the political firm...is possible via creating new legal architectures like “associated labor” that immediately channel labor towards an active role in the productive process, circumventing the incidental and conditional development that occurs via the master-slave logic”(2022, p. 684). For the importance of labor law in the development of worker cooperatives see Maximo (2022) and Lafuente (2022).

³⁸ For example, Massachusetts corporate law permits the appointment of workers to the board of directors of a private corporation without limiting their number, and also permits the existence of multiple subsidiaries which could therefore also elect a worker board of directors forming an integrated worker or hybrid cooperative (Battilana, 2022, p. 11).

values needed to provide the ability and willingness to cooperate. It has maintained these values over a period of at least seventy years despite existing within a neoliberal global economic system indifferent or hostile to those values for over half that time. It reproduces cooperative values through a number of mechanisms. Most obvious, historically, was the technical college, now university, providing students with part-time work in a hybrid worker cooperative during their study. This experience allows students to integrate cooperative values while practicing the principles of cooperation in both their work and studies. Preceding this important formative experience for many students, is a participatory and democratic K-12 education following an innovative child-centered early childhood experience. In turn, these institutions have been supported by a cooperative parents' organization as well as communal participation in social clubs all of which serve to support the values and practices of collective self-direction. Early on, the MCC's political feasibility was thus well-supported by the cultural conditions needed to support collectivist values and to provide important non-market forms of care.³⁹

5.2 Economic Viability

In addition to its political feasibility, these cultural conditions also support the MCC's economic viability, since schooling and cultural experiences provide members with the practical interpersonal skills needed for effective cooperation. Students both participate in governance of the University, forming one third of the board of directors, as well as having

³⁹ This observation has led many to dismiss the Mondragon case study as not relevant to the formation of integrated cooperatives elsewhere since few regions have this unusually supportive cultural setting. Instead, I suggest that it points to the necessary political organizing and institution-building needed to identify, strengthen and/or create the cultural conditions necessary in other regions of the world.

the opportunity to combine study with working to gain experience in first degree cooperatives (those producing goods and services). Many students therefore graduate with experience working and studying within and even co-directing an enterprise. Any further specialized management services they may need to call on to begin a new enterprise or effectively steward an existing enterprise can be provided by the financial, technical and business consulting enterprises that are integrated into the cooperative governance.

In addition to these important cultural conditions, the formation of the original Caja Laboral Popular, established in 1959 was a critically important decision by Arizmendi, MCC's patron, because it made possible both the pooling of community savings (due again to favorable Spanish banking law) and the establishment of patient community loan capital paired with cooperative enterprise consulting. The latter allowed members to form new cooperatives that were financially viable and provided meaningful employment along with new sources of revenue (in the form of the new value created and claimed by the new worker-directors) which would then circulate within the entire cooperative community. Currently, the financial consulting bank, Laboral Kutxa, and the Management and Cooperative Development enterprise, Otalora, are also integrated hybrid coops which support the viability of new enterprises in a number of important ways, including helping enterprises adopt new products and processes to maintain their viability through working with numerous coops in the technology and innovation centers.

The financial dimension of economic viability is supported in several other ways. MCC's financial cooperatives allow for the pooling of savings to create necessary initial funds for developing new enterprises and for supporting those enterprises through their initial start-up phase. Because this capital is social or collective capital, it is advanced, not for the purpose of enriching shareholders, but for the purpose of creating needed work with competitive viability as an important constraint. Growth is directed toward the provisioning of community needs and market niches that provide employment, rather than at the sole aim of accumulating wealth.⁴⁰ In this way the expansion of the MCC results in providing needed products and important social services that benefit those who do not have the ability to work or those who provide care for them through second degree cooperatives providing social security, health care and insurance, care for the young and the elderly, etc.. As an integrated system with an overarching governance structure, MCC can design institutions to meet community needs without the need to single-mindedly maximize shareholder return at the expense of the community.⁴¹

A further element of financial viability is the existence of retail enterprises for food, household and personal items. These enterprises help recirculate value created by members by limiting the leakage of member earnings outside the community and by channeling non-member earnings into the community when they purchase goods and services at the MCC retail outlets. Cooperative retail stores were initially developed as a

⁴⁰ For an analysis that develops the concept of provisioning see Brown (2010).

⁴¹ Emilia-Romagna is another important example of how markets and planning can be integrated effectively through networks of cooperatives rather than an overarching governance structure. See Menzani and Zamagni (2010).

means of generating revenue to support worker cooperatives, but abandoned their original mission (Ellerman and Gonza, Chapter 5). However, when integrated, they provide an important means for circulating value within the MCC that otherwise would be siphoned off by traditional capitalist retail enterprises.

Dow, Chapter 4, argues: “There is strong evidence that ...[worker cooperatives] do not maximize profit...Nevertheless, ...[they] often survive for decades alongside ... [capitalist] firms in the same industry. Thus ... [worker cooperatives] must often have higher productivity ...which enables them to survive in the long run despite their deviations from profit maximization” (p.10). Having a stake in the company and being included in decisions concerning one’s work environment, especially when information is being shared transparently, increases commitment and leads to higher productivity (Cheney, et. al. 2014, p. 596).⁴²

However, by examining the production, appropriation and distribution of the new value created in the integrated system, an important and often overlooked element in assessing the viability of worker cooperative enterprises. Economic viability depends not only on how much new value is created (which depends on employee productivity, hours, work effort, etc.) but on what types of distributions out of surplus are needed to secure the conditions of existence of the enterprise. Independent cooperatives often do well on the

⁴² Uzuriaga, Freundlich and Gago (2018) find evidence that white collar workers generally have a more favorable assessment of cooperation than blue collar workers and that perceptions of work and management/supervisory practices in a worker’s immediate work area, including views of participation in decisions and information-sharing,” are critical factors affecting workers’ perceptions.

first count because worker productivity is higher when people have a stake in their enterprise.⁴³ They can do well on the second count – distribution – in part because they are not required to distribute the new value they create to supervisory management or external shareholders.

But integrated cooperatives boost their economic viability further because they can create rules for the whole cooperative group that further reduce demands on the distribution of the new value, providing them with an advantage in securing their remaining conditions of existence. For example, a rule limiting wage differentials lowers wage costs and increases the amount of new value available for distribution. The rule requiring the retention of capital gains attributed to workers as retained earnings helps offset the reduced wage earnings for workers, but also limits the distribution to dividends that capital-dominated enterprises need to make to secure their equity. The fact that the development bank is integrated and designed to work, not to maximize profit, but to maximize enterprise success at creating meaningful and socially necessary work means that interest payments on borrowed capital and fees to secure business consulting are both less than for non-integrated coops and capital-dominated enterprises. Similarly, the integrated coops reduce their distributions for insurance, retail discounts, research and development. Non-

⁴³ For a survey of studies comparing productivity of worker cooperatives versus traditional capitalist firms, see Pérotin, 2012. These studies focus on work effort and incentives for workers to shirk or withdraw capital from the firms, but do not examine the lower payments out of the revenue generated by the firms in assessing their viability. Pérotin's survey does support the contention "that the key feature of worker cooperatives, increased worker participation, never causes performance to deteriorate in these firms, contrary to many theoretical predictions (p. 13). She concludes: "[S]olid, consistent evidence across countries, systems, and time periods shows that worker cooperatives are at least as productive as conventional firms, and more productive in some areas. The more participatory cooperatives are, the more productive they tend to be" (p. 37). For analyses of French cooperatives that provide further evidence for worker cooperative competitiveness see Fakhfakh, Pérotin and Gago, 2012 and Fakhfakh et. al. 2023.

integrated worker coops are often competitive with capital-dominated firms, but integrated worker coops enjoy further ways to secure their financial viability and this important fact is often overlooked by critics, but also by proponents of the cooperative model.⁴⁴

5.3 Ecological Sustainability

The integrated cooperative of Mondragon also promotes ecological sustainability in the Basque region. Externalities in production and consumption affect workers and members of the local community in capital-dominated enterprises, but in the integrated cooperative both constituencies are represented on the boards of directors of enterprises and also have a voice and vote in the general assembly which sets rules governing all the coops. The traditional market failure that is present in capital-dominated enterprises, which therefore requires State intervention, is partially mitigated by the integrated cooperative because some external effects are internalized, and stakeholders have a voice and vote on decisions that affect them.⁴⁵

Furthermore, the growth imperative that drives most capital-dominated enterprises is moderated as well. Growth in an integrated cooperative is directed to creating and supporting meaningful work and providing for community needs. The relentless expenditures on branding and advertising prevalent in capital-dominated enterprises, the

⁴⁴ For a discussion of the economic viability of the MCC see Errasti, Bretos and Nunez (2017).

⁴⁵ Albanese, Chapter 10, Fakhfakh and FitzRoy (2018) and Battistoni (2022) and provide evidence that the democratic processes within worker coops support more ecologically sustainable practices. See also Wolff (2012, pp. 133-4). For a recent study on efforts in Mondragon to reach sustainability goals see Bergara and Imaz, Chapter 26.

sophisticated but anti-social messaging that our well-being depends on participating in wasteful expenditure, the deliberate planned obsolescence, these strategies make no sense from a social or ecological perspective, only from the perspective of enriching shareholders. Here is a further savings from the distribution of new value and one that greatly reduces the imperative to encourage relentless consumption of our finite resources in favor of providing regenerative goods and services to meet real human needs. The integrated cooperative enterprise significantly improves sustainability by incorporating stakeholders in decisions concerning each enterprise's strategic choices around technology and sourcing and by integrating business planning to assess the impact of new start-up enterprises.⁴⁶

5.4 Justice

In terms of justice and meaningful work, the MCC significantly reduces inequality in income and empowers members to pursue work that is meaningful to them. Member workers are secure in their livelihood due to the existence of a job guarantee. The ability to make decisions collectively allows MCC members to raise issues of gender unfairness including pay equity, and the provision of care including the equitable sharing of responsibilities between men and women, and the flexibility in work schedules needed to meet the conflicting demands of paid and unpaid labor and meeting children's needs in creative ways.⁴⁷ The MCC is also able to provide a sense of belonging within which one is free to

⁴⁶ However, expansion into global markets and the exclusion of stakeholders in those regions, has limited the effect of stakeholders influence as I discuss below.

⁴⁷ For example, MCC cooperatives structure work hours to allow both parents and children to gather between noon and 2pm to share a family meal and spend valuable family time.

work in ways that expand one's capabilities by moving between enterprises within the community, to engage in retraining, and to participate in managerial work and directorship.

What then are some of the remaining tensions within the MCC and does the collaborative corporation structure help to mitigate them?

6. Shortcomings of the Integrated Multi-stakeholder Cooperative

A class analysis reveals that the integrated cooperative structure improves upon both traditional capitalist enterprises as well as social enterprises in two important respects. The workers participate in appropriating the surplus that they collectively produce or attract, and key stakeholders are included in decisions that affect them. However, using MCC as an example, it is apparent that both justice and sustainability concerns remain.

The MCC currently dilutes worker's voice even in its hybrid cooperatives. Its multi-stakeholder cooperative structure incorporates the interests of stakeholders but at the expense of the enterprise workers because it allows stakeholders to act alongside workers as *de facto* claimants of the new value the workers in the enterprise create. So even those enterprises that operate within the Basque region do not fully support class justice in spite of being a hybrid worker cooperative within an integrated cooperative corporation.⁴⁸ A

⁴⁸ For further elaboration see Kristjanson-Gural (2011) and DeMartino (2003).

worker council is intended to address ways in which worker interests are overlooked by the hybrid boards, but at MCC it has been historically too weak a mechanism to do so effectively. Recognition of the need for worker representation, led to the development of the union-coop model as a way of integrating union representation with worker directorship, thus protecting the interests of workers within larger cooperatives where their voice may not be sufficiently effective to influence policy. It also opens the opportunity for utilizing union expertise and financial support to create worker-coop start-up initiatives.⁴⁹

However, continued reliance on manufacturing work in the era of globalization has created a challenge for MCC to preserve its cooperative ideals as MCC has not been able to set up subcontracting enterprises as worker cooperatives. “[The] matter of conversion of subsidiaries is .. complicated by their own national, local and organizational contexts” (Cheney et. al. 2014, p. 598). However, employing non-member wage workers both locally in the Basque region and in the global South helps the MCC meet the geographic requirements to supply multinational enterprises with whom they sub-contract (e.g. providing automobile parts to Ford in Mexico). The MCC has not succeeded in finding a way to organize these subcontractors democratically, sometimes due to national laws regarding cooperatives, sometimes due to a lack of cooperative culture in the host country (including the cultural expectations of workers regarding employment, and the difficulty of finding or providing the educational support to allow workers to develop the skills and

⁴⁹ See Witherell, Cooper and Peck (2012).

affinity for cooperative management) and partly because of a desire to maintain control of investments in the Basque region (Fletcha and Ngai 2014).⁵⁰ MCC has responded with two strategies intended to maintain and strengthen the principles of cooperation during an interim period until conditions allow for a fuller enfranchisement of workers abroad. The first is the development of mixed cooperatives which allows for multi-stakeholder councils to govern subsidiaries. Parent MCC cooperatives hold a majority position on the board, while elected employee representatives hold the remaining seats. This arrangement allows for the development of the skills and culture of cooperation without ceding control entirely to local workers. The second is the corporate management model which “aims to achieve a system of self-management for the subsidiaries, excluding participation in the decision-making of strategic lines of the parent cooperatives, which belongs only to the parent’s worker-owners” (op. cit. p. 676). While neither strategy would fully extend the ideals of cooperation found in the parent cooperatives, each provides a potential means of extending the principles and practices of cooperation to new regions. It must be noted, however, that under the pressure of globalization, MCC has evolved into a hybrid cooperative/capitalist entity that relies on exploiting labor in the global south for its economic viability.⁵¹ A recent study on the extent of cooperative practices in MCC subsidiaries in several countries concludes: “[O]ur findings illustrate an uncommon coalition in MCC MNCs between HQ management and worker-members to avoid genuine cooperativization of the foreign plants, as they deem it detrimental for their control over the business group and risky for

⁵⁰ For an analysis of a recent attempt to create a French multinational cooperative see Errasti, Bretos and Etxezarreta (2016) Their research broadly supports the findings of Fletcha and Ngai (2014).

⁵¹ Errasti and Bretos (2016, p. 437) suggest the term ‘coopitalist multinational’ to describe the hybrid nature of MCC’s current stage of development.

the viability of the co-op, thereby generating a dilemma for the ultimate objective of internationalization in Mondragon: keeping cooperative jobs at the Basque plants” (Brettos, Errasti and Marcuello 2018).

Finally, because cost minimization is necessary to secure sub-contracts from multinational capital-dominated firms in the global supply chain, MCC secures its financial viability and goal of maintaining employment in the Basque region at the expense not only of justice but of ecological imperatives. The subcontracted enterprises are integrated into production that is driven by investor interests; and the corporate boards do not include the voice and vote of workers, consumers or advocates for the environment or future generations.

Integration into existing global supply chains is not an optimal strategy for an integrated cooperative. Developing integrated cooperatives in the global South to provide for those elements of production that cannot currently be produced economically in the North, is an important missing link in creating truly viable collaborative economies. To be fair to MCC, these problems would be greatly diminished if MCC existed in a world populated by other integrated cooperatives. And developing institutions needed to reinforce a culture and practice of cooperation abroad is not currently feasible. It is not the cooperative structure that creates these tensions, but the challenges that a cooperative corporation faces as it attempts to integrate into a multinational capitalist economy.

The promotion and development of collaborative supply chains in the global South, with support from integrated cooperatives in the North would be of great benefit. Clearly the social and political conditions in the Basque region remain favorable to developing

cooperatives, and the neoliberal stage of globalization has clearly created serious challenges. But the lesson is not that collaboration is not viable or feasible; the lesson of MCC is to show what political and cultural work needs to be done internationally to create conditions under which working people can be enfranchised, appropriate the value they create and make democratic decisions that consider their needs, the needs of their communities and the ecosystem.⁵²

7. Implications: Toward the Development of Collaborative Principles

What implications does this analysis have for existing cooperatives? Taking the justice claim of workers seriously implies that worker cooperatives require a new set of principles specific to their non-exploitative class structure. Here I outline what those principles might include, how they might provide guidance for both independent worker cooperatives and newly emerging integrated collaboratives, and what initial steps might be taken to develop and promote non-exploitative enterprises within the existing capital-dominated economy.

The current International Cooperative Alliance (ICA) principles institutionalize an enterprise structure that, however beneficial for the members, is fundamentally counter to the interests and justice claims of workers. Two principles bring this misalignment into sharp relief. Principle two states “Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions.”

⁵² In the U.S., Cooperation Jackson is an effort to utilize an integrated cooperative model to empower Black citizens in Mississippi, an historically marginalized community. While deeply inspired by Mondragon, its strategy is to become primarily self-reliant rather than to rely on support from outside its own Black community. See Akuno and Nangwaya (2017) and Akuno and Meyer (2023). For an analysis of the historical and continuing importance of cooperatives for Black communities in the U.S. see Nembhard (2014).

While members do often actively take part in decision-making, and while this is an improvement over the capitalist enterprise structure, the fact that workers in non-worker cooperatives are excluded from becoming members means that the workers in most cooperatives are generally excluded from representation on the board.⁵³ Worker and non-worker coops thus have a fundamentally different class structure. A worker cooperative principle #2 might instead state: *Workers democratically claim the value created or attracted by the enterprise and determine the governance of their work process and non-worker members are invited to join workers to democratically determine how remaining revenue is to be distributed to secure the viability of the enterprise.*"

The second principle that needs to be amended for worker coops is principle #4: "Cooperatives are autonomous, self-help organizations controlled by their members." This principle is designed to ensure that cooperatives are not controlled by anyone outside their membership, but it inadvertently prevents the type of stakeholder participation that is necessary to preserve justice and promote viability. Principle #4 might be amended to read "*Worker cooperatives are interdependent, worker self-directed organizations that govern their work lives and include stakeholders in strategic decision making.*" This wording makes clear that workers are empowered to determine how the work process is organized and the rules governing their work lives, while stakeholders are included in decisions concerning the distribution of surplus so that their interests can be included including the interests of those outside the paid economy, the ecosphere and future generations. The

⁵³ I concur with Gonza and Ellerman, Chapter 5, who note that non-worker cooperatives do respect voting rights on the basis of personal (non-alienable) rights (p. 14-5) and note that they "are well-known 'good employers' and are more socially responsible" (cf. footnote 3, p. 9).

interdependence principle also allows for the development of collaborative corporations that create formal governance structures linking individual collaborative enterprises.

Going beyond principles of worker cooperatives, principles of collaboration should include the principle that workers claim surplus value or revenues they create or attract and self-direct their own conditions of work determining pay and benefits, time off and workplace norms. Stakeholder representatives then share the role with workers of distributing surpluses, determined by the workers themselves, to secure their enterprises' viability. The principles should encourage the interdependence of collaborative enterprises through the development of corporate governance structures. Because the ICA principles do not refer to second-order cooperatives (those that provide services to first-order coops that produce products and/or services to customers/clients), they preclude the possibility of integrating cooperatives into a cooperative ecosystem with interlocking boards of directors.⁵⁴

Convening an international alliance of worker cooperatives would help assess the merits, opportunities and obstacles to adopting a set of worker cooperative and collaborative principles.⁵⁵ The alliance could take responsibility for encouraging the development of new collaboratives and support worker cooperative enterprises that would like to transition their organizational structure in the direction of the integrated collaborative. It could also work with the existing ICA to encourage non-worker cooperatives to include

⁵⁴ For an insightful analysis of the ICA principles and the Guidance Notes, see Warren (2022) pp. 501-35.

⁵⁵ This alliance could build upon the ICA worker cooperative resolution of 2005 and extend the efforts of organizations such as workers.coop in the U.K. which was founded in 2022 to support an international alliance of worker cooperatives.

workers in the democratic governing of their enterprises. This transition can begin with a call for the unionization of non-worker cooperative workers giving them a voice and leverage to protect their wages, benefits and working conditions. “Union coop” enterprises can be encouraged to transition toward including worker representatives on the board of directors and/or developing a workers’ council and moving from minority representation to a model of co-determination and eventually to a collaborative two-board structure.⁵⁶

Including cooperative members in democratic processes is valuable to ensure enterprises serve the interests of those members. However, there is no valid moral justification for excluding workers from the governance structure of cooperatives. Worker cooperatives would do well to recognize the limitations of the ICA principles, work to amend those principles and to advocate for the workers of non-worker cooperatives to be included as full members in the governance structure of the enterprises that rely on their work effort. Marxian analysis, by integrating the distribution of newly created value with its production and appropriation, helps provide the basis for a new institutional framework – the collaborative – to help organizing provisioning. The analysis needs to be supplemented, however, with analyses of household labor and other unpaid and/or non-market means of provision to provide a fully picture that includes other dimensions of justice.

Directors of global capitalist enterprises are inflicting considerable harm, and the development of a new viable, sustainable, and desirable economic structure is urgently

⁵⁶ For an example of the process of democratizing worker cooperatives along these lines see Ferreras (2022) and Lafuente (2022).

needed. The MCC provides good evidence that, with appropriate modifications, and with the requisite and challenging political mobilization in those locations where the legal and policy environment can be adapted, working toward such a class transformation may now be politically feasible.

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