

Case-studies of Actually Existing Communism:  
Mulder on Transcending Capitalism Through Cooperative Practices

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**Abstract:** In *Transcending Capitalism Through Cooperative Practices*, Catherine Mulder examines the class processes utilized by six different cooperative enterprises. In so doing she provides insight into the theoretical debates concerning role of the class process, property relations and decision-making in a post-structuralist Marxian analysis. At the same time, she provides evidence to inform the Marxian literature on the viability of communist enterprises and the types of institutional support that lead to greater viability. In this review, I summarize Mulder's contribution to the theory and practice of actually existing communism.

**Key Words:** Cooperatives, Capitalism, Communism, Marxism, Post-structuralism

## A. Introduction

In *Transcending Capitalism Through Cooperative Practices* Cathy Mulder uses the lens of New Marxian Class Analysis (NMCA) to analyze a number of case studies of cooperatives. Her study of six cooperatives sheds light on a number of important debates in the literature including practical questions of viability as well as theoretical questions of how to distinguish cooperatives on the basis of the types of class processes they employ. One of the primary purposes of the book is to investigate how different class processes adopted by cooperatives affect their viability and their ability to operate democratically to achieve the goals of their members. In so doing, Mulder seeks to illustrate the merits of NMCA and contrast this approach from other methodologies that essentialize ownership or political control over decision-making as key features that distinguish cooperatives in general from capitalist enterprises (p. 3).

Mulder's central claim is that cooperatives typically utilize one of two types of class process – capitalist, in which productive workers are excluded from appropriating the surplus value they produce and communist in which they are included. An important merit of NMCA is that, by theorizing this class process, it better enables researchers and practitioners to determine whether, in what ways, and to what extent the adoption of cooperative principles translates into economic democracy – meaningful participation by workers in the directing the enterprise. By including a range of types of enterprises, Mulder is able to show that the communist class process of communal or collective appropriation of the surplus value is distinct from both ownership of the enterprise and from democratic control over decision-making. These two latter criteria, therefore, do not themselves, either singly or together, distinguish communal class processes from capitalist ones, and their adoption does not necessarily entail a move to transcend capitalism. Her research, therefore, provides evidence and analysis that contributes in an important way to the Marxian literature.

Mulder also seeks to show that cooperatives that utilize a communal class process, what Wolff (2012) has labeled worker self-directed enterprises or WSDEs, are resilient in spite of being disadvantaged in an economic system dominated by capitalist cultural norms, and political rules. Mulder offers evidence throughout the book to support this claim. Through her case studies, she therefore contributes evidence supporting the claim that WSDEs are a viable alternative to exploitative, capitalist firms. Mulder's case studies bear on a number of debates in the Marxian literature concerning the viability of cooperatives, and the question of the nature and importance of institutional support for WSDEs in the form of unions, government agencies, non-profit financial enterprises, for ensuring their viability. I will briefly explain the NMCA concepts and then summarize the insights she gleans from her case studies about the viability of WSDEs and relate her findings to these debates as a means of demonstrating the relevance and usefulness of Mulder's work.

## B. Class Analysis of Cooperatives

Mulder employs a non-essentialist approach to theorizing class, one that understands class as an activity or process of producing, appropriating and distributing surplus value, i.e. value in excess of what the average worker normally receives in exchange for working. The class process is distinct from, but interrelated with, other types of processes – natural, political, cultural and economic. When workers do not claim or appropriate the surplus value they produce, the class process is exploitative. Capitalist corporations, along with slave plantations and feudal manors employ an exploitative class process since the board of directors (or slave owner or feudal lord), not the workers, claim the surplus value the workers produce. A worker self-directed enterprise (WSDE) is an example of a non-exploitative, communal or communist class process in which the workers appropriate their own surplus collectively – together they claim the value they have together produced. The question of who has the legal right to the surplus value, who is the first claimant, is a key determinant of the type of class process at work. By distinguishing the class process from the many political processes of decided how production will be undertaken, or how the surplus is distributed, Mulder is able to analyze how cooperatives can be exploitative or non-exploitative, democratic or authoritarian.

Mulder argues that the worker self-directed enterprise exhibits a distinct communal class process that distinguishes it from a capitalist enterprise. WSDEs are structures such that the productive workers in the enterprise appropriate and distribute the surplus-value that they produce. Other types of cooperatives that share ownership with workers (an economic process), and/or or utilize democratic management practices (a political process), but maintain a capitalist *class* process by excluding workers from the legal right to claim and distribute the surplus-value, do not represent, for Mulder, a movement to transcend capitalism. Although she does not specifically engage the debate over what distinguishes capitalism from socialism or communism as a mode of production, she does wish to understand “...worker cooperation without essentializing ownership or control” (3).

Mulder contributes to this literature by scrutinizing a number of different cooperatives, each with a different constellation of economic processes (e.g. property rights) and political processes (e.g. decision-making rules) and classifying them according to NMCA. Mulder supports the idea that the adoption of democratic, cooperative principles is a necessary, but not sufficient, condition to eliminate exploitation and define a WSDE. Coops can be exploitative and capitalist and rely on cooperative principles: “[c]oops, no matter how well-intentioned, may be of any class structure, including capitalist” (5). She also shows that property ownership by itself is not a necessary condition for communist class processes; property ownership therefore does not adequately distinguish communal from capitalist class processes. WSDEs can operate without owning important property inputs, and capitalist firms can operate with communally owned property. To illustrate these theoretical claims, I will briefly summarize Mulder’s key findings concerning the relationship between ownership, democratic decision-making and contending class structures, capitalist versus communist.

## 1. Communist Cooperatives

Mulder begins by observing that “[i]n a WSDE class structure, the workers who produce the surplus are in fact its collective appropriators” (11). She then adds, “[t]he surplus-producing workers should appropriate and subsequently distribute any surplus they produce” (12). She notes that the presence of collective appropriation and collective decisions concerning distribution result in a non-exploitative class process. Mulder equates the WSDE with economic democracy, when she says “the primary question addressed is this: who makes the production and surplus distribution decisions in the enterprise?... If the answer is that decisions are made collectively by the workers, then economic democracy has been achieved” (6). She then categorizes the case-studies she introduces according to the NMCA to illustrate how different class structures may be present, how they combine property rights and decision-making, and which enterprises represent communal class structures that transcend capitalism.

The two case studies that best exemplify the WSDE are New Era Windows in Chicago and Ornanopónico Vivero Alamar in Cuba (hereafter referred to as “The Farm”). New Era Windows and The Farm both include all productive workers as appropriators, make decisions collectively and rotate workers through both productive and unproductive tasks. As such, Mulder categorizes these enterprises as close to the ideal WSDE structure (78; 97). Workers at The Farm collectively produce and appropriate their own surplus value, rotate through elected managerial roles and make all decisions concerning production and distribution democratically on the basis of one person, one vote. New Era has a similar structure, although newly hired workers at New Era are not given the opportunity to join until after a one-year trial period according to the bylaws of the company (80). Also, New Era was not, through 2015, successfully appropriating a surplus and were unable to pay themselves out of the revenue they received from the sale of their windows. While they were successfully able to produce windows in a highly competitive market, they continued to rely on loans from The Working World to remain in business.

Mulder finds that the London Symphony Orchestra (LSO) is also an example of a WSDE because the musicians “who produce the surplus, appropriate it and make collective decisions on how to allocate it via their democratically elected officials, [and therefore] there is no exploitation (37).” She notes, however, that certain productive workers – the conductor and the deputies who act as substitutes for the principle musicians – are excluded from appropriating surplus and do not participate in decisions concerning its distribution. Thus, the LSO is not a pure form of WSDE but has elements of capitalist, exploitative class processes (36).

Mulder goes on to argue that The Lusty Lady employs a communist class process but does not fully embody the WSDE structure. In a WSDE, the productive workers in the enterprise form the board of directors and thus appropriate and distribute the surplus-value they produce, eliminating exploitation by replacing a capitalist class process with a communist or collective class process. However, according to Mulder, the Lusty Lady deviated from the pure form of a WSDE by including non-surplus producing workers (enablers) on the same footing as the dancers. The enablers (cashiers, janitors and bouncers) thus appropriated surplus-value that they did not directly produce. Mulder cites support from Wolff to argue that the enablers were therefore exploiting the dancers. Mulder thus characterizes the Lusty Lady as “not quite” a

WSDE on the basis that they did not separate the appropriation and distribution of the surplus from the inclusion of enablers in a democratic body to decide jointly on the enterprise's operation.

Mulder's case study of the Lusty Lady thus illustrates an important theoretical distinction in the literature – that the legal or rightful appropriation and distribution of the surplus is not identical with the democratic process determining the production and distribution of the process. Her work thus helps to inform the literature on thick vs thin socialism as well as the possibility of despotic communism as I will argue below.

## 2. Capitalist Cooperatives

Mulder contrasts these communal firms with two examples of capitalist cooperatives – the Green Bay Packers and the Cooperative Federal Credit Union, both of which operate, like the Farm, with collectively owned property but which exclude workers from appropriation and democratic decision-making concerning the surplus and are thus exploitative, capitalist enterprises.

The productive workers on the Green Bay Packers (players, coaches and coaching staff) are excluded from election to the board and thus don't have legal rights to claim or distribute the surplus they produce. The workers therefore produce surplus-value but are not represented on the board and are therefore exploited in spite of being highly paid (118). The team is community-owned, but owners do not legally have a claim to appropriate the surplus-value produced nor do they participate in decisions concerning how surplus is distributed. Ownership gives a vote for the board of directors but is pro-forma, not substantive representation (111). Shareholders thus hold non-class positions since they do not even receive dividends on their shares. The Green Bay Packers, while incorporating democratic processes for its community owners, is therefore a capitalist enterprise (101).

Similarly, the Cooperative Federal Credit Union members own shares and elect the board of directors thus utilizing democratic procedures and the one-member-one-vote ethic of a cooperative firm. However, the board does not include workers and workers are thus hired and exploited by the Cooperative to achieve the non-profit goals of providing low-interest loans to other cooperatives, fair-trade enterprises and other small businesses. The absence of communal appropriation and distribution by direct producers then, distinguishes this cooperative as money-lending capitalist enterprise rather than a WSDE (131).

Mulder uses these examples of capitalist and communist cooperatives to support the NMCA claim that the existence of markets and communal ownership do not by themselves determine whether an organization or economic system is capitalist or communist, exploitative or non-exploitative, but asking who produces, appropriates and distributes the surplus does. She thus establishes that ownership is neither necessary nor sufficient for substantive work-place democracy, and that democratic participation, while necessary, is not sufficient.

Mulder's work also informs key debates in the post-modern Marxian literature. These include the relative merit of thick versus thin socialism (Cullenberg, 1992; 1998), i.e. who ought to be included in the decision-making concerning the distribution of surplus to maintain the enterprises conditions of existence. The Lusty Lady exemplifies "thick" socialism, while the LSO, by excluding non-musicians from the board, exemplifies "thin" socialism. Mulder's work makes room for an analysis of whether specific industry conditions merit the adoption of more versus less inclusive decision-making. Her analysis thus illustrates the possibility of despotic communist class processes, an example that appears oxymoronic but that Resnick and Wolff (2006) introduce and discuss and Safri and Ercel (2018) explore in detail. The case study of The Lusty Lady, for example, illustrates that the productive workers, to constitute a full WSDE, would have needed to constitute a distinct body to decide on the distribution of surplus value – a separate board comprised of all the firm's members. Had they instead appointed an individual to make these decisions, they would exemplify a despotic form of communism. Her analysis provides a compelling example of the ways in which communal class processes might be combined with either democratic or authoritarian control. Finally, Mulder also documents the example of class hybrids - organizations that represent partly non-exploitative practices by including non-producers on the board of directors who appropriate surplus value and WSDEs that hire and exploit other productive workers prior to or instead of including them as members (c.f. Levin, 2014). The London Symphony Orchestra hires and exploits its conductor and its deputies and thus represents a hybrid class process that combines communist and capitalist class processes. By providing detailed examinations of a range of enterprises, Mulder's work thus provides examples to illustrate, contrast and debate the relative merits of these possibilities.

### C. The Viability of WSDEs

Mulder also provides evidence supporting claims about the viability of WSDEs and "underscores some of the economic, political and cultural processes that either encourage or undermine cooperative practices to transcend capitalism" (p. 4).

Mulder provides evidence to support Gibson-Graham's (2006) refutation of the well-known critique by Sydney and Beatrice Webb (1921). Gibson-Graham's observes that the Mondragon coops did not adopt a purely instrumental profit maximizing strategy, but instead were able to adapt their cooperative work arrangements to overcome the obstacles they faced. The innovations in work arrangements by the London Symphony Orchestra are clear examples of how cooperation, *enabled* rather than *disabled* the enterprise. The Farm was able to raise the workers' pay and lower their summer hours, resulting in an improvement in the workers' welfare without undermining the viability of the cooperative (95). The New Era Windows workers on the other hand went for long periods without pay as a means of achieving a viable enterprise in the long run, and adopted union representation to help resolve disputes (73). The LSO adopting a dual principle model to overcome scheduling constraints actually adding workers to the coop rather than restricting membership (42). Mulder thus demonstrates the central claim defended by Gibson-Graham that operating a non-exploitative communal class process is viable and overcomes the objections offered by even otherwise sympathetic critics.

Mulder also contributes evidence to the broader debate in the literature concerning the role of non-market institutions in an economy comprised of WSDEs. Her analysis of the four communist cooperatives provides evidence that the communal appropriation and distribution of surplus-value results in viable, resilient enterprises given the right cultural and political environment. Communist cooperatives that lack supporting laws, institutions and cultural norms, however, struggle to remain viable in a competitive capitalist context. Her analysis thus contributes important examples in the debate over “catallactic” or “free-market” socialism versus the need for non-market institutions to support WSDEs (Burczak, 2017; Kristjanson-Gural, 2017).

The London Symphony Orchestra and the Farm are the two examples of highly successful communist cooperatives and both enjoy significant political and cultural support. In the LSO, the musicians have structured a democratically-run, worker-owned and operated WSDE that remains competitive by developing key institutional innovations that have overcome difficulties faced by non-cooperative rivals. Mulder provides the example of the dual principle model in which musicians share their position in the orchestra allowing for flexible scheduling and reducing the reliance on deputies to substitute for principle players when they are not able to perform (42). The musicians do rely on outside expertise, by including non-members on the finance committee for example, and they do retain outside board members in order to qualify for Arts funding. The musicians also rely on non-member productive workers (the conductor and deputies) and exclude unproductive workers from the board. The LSO thus demonstrates that a WSDE can effectively compete with capitalist enterprises, in large part by giving productive workers the ability to create and implement solutions to issues on the shop floor without relying on a hierarchical, capitalist model.

In the case of The Farm, Mulder further illustrates the important role extra-market institutions can play in promoting the viability of communist cooperatives. The Farm’s competitiveness is enhanced by its reliance on organic farming methods (due to the high cost of chemical fertilizers in Cuba). The Farm can reduce costs below other State capitalist farms in part through its reliance on organic production methods. However, it also developed innovations in management by introducing variable work hours according to the seasonal demands to better meet the needs of the workers. Mulder argues, however, that The Farm’s viability is also supported by the benefits it receives from the State via its subsumed class processes (distributions of the surplus via taxes to secure the Farm’s conditions of existence). A key condition of existence, land, is owned by the State, not the workers, the State also provides health care via the national health service, and training for workers in organic farming methods, significantly lowering costs and increasing productivity (94). Mulder points out that these extra-market advantages are not enjoyed by U.S. cooperatives, but are quite commonly provided by the U.S. government to capitalist firms, particularly in agriculture.

With these case studies, Mulder thus provides support for the claim in the NMCA literature that extra-market institutions are an important determinant of coop viability. The two most successful and viable WSDEs prospered in part due to the existence of favorable political rules,

cultural norms and assistance from public non-market institutions (the Arts council in the case of the LSO and the Cuban government in the case of the Farm). The important condition of existence of financial capital, in both cases, resulted from State support for their non-exploitative class structure. As Mulder notes, “[t]he financing of the farm and the LSO have the support of the political, economic and cultural forces around them” (98). The LSO receives arts funding with the limited proviso that they include three outside members on their board. In the case of the Farm, Mulder notes that “[t]he farm and the workers have State support, particularly with financing, health care, maternity leave and public pensions, which are benefits currently not available to WSDEs or workers in the U.S.” (99).

Even in the cases of less successful WSDEs, institutions supporting the enterprise are key to their survival – Working World and New Era Windows. “The Working World ... provides valuable resources to fledgling businesses: assistance in creating a business plan, conducting negotiations and acquiring other vital skills needed to run the business” (75). The lack of access to loan capital to purchase real estate or to pay the predatory rent charged by their competitor forced the closure of The Lusty Lady. Private, capitalist financial enterprises would not accept the workers’ labor-power as a form of collateral, a condition that a non-market, or government institution might not impose.

The merit of Mulder’s work is to provide evidence of the interdependence of market organizations, with non-market and state organization to demonstrate the possible types of institutional support that could develop to support WSDEs. Of course, capitalist firms also benefit from significant market and extra-market institutional support – capitalist banks, financial management firms, small business development agencies, government funded workplace training and placement, provision of infrastructure, ideological support as well as direct government subsidies. In the presence of all of these capitalist institutions, it is unsurprising that lacking similar support, and in fact encountering active resistance from capitalist institutions, coops appear less viable. The fact they persist at all is strong evidence of their resilience. The record when they do have institutional support (e.g. Mondragon) outstrips many capitalist enterprises especially in terms of generating wealth, retaining secure employment and weathering downturns.

#### D. Conclusion

Mulder’s case studies therefore provide evidence and concrete examples to inform both the theoretic analysis of communist class processes as well as debates in the Marxian literature about the viability of WSDEs and the forms of government support and types of extra-market institutions that help to support their conditions of existence.

Mulder’s writing style is informal and engaging and she includes many interesting facts and anecdotes in her analysis which adds color to her descriptions of these varied case studies. At times, however, she does not state her claims or define key terms as carefully as needed. For example, she uses the term economic democracy synonymously with a WSDE. However, a WSDE is an enterprise that employs both democratic processes as well as a communist class

process and Mulder introduces examples of cooperatives that employ democratic processes but do not utilize a communist class process. Conflating economic democracy, WSDEs and communist class processes creates unnecessary ambiguity between the class process *per se* and the political processes employed to govern the enterprise. More care in her theoretical introduction could have avoided these ambiguities.

These minor issues of clarity are more than offset by very readable and highly practical approach that provides evidence and argument to support key arguments concerning how to classify different types of coops using a surplus approach, evidence concerning the viability of cooperatives, and relevance for important debates in the field of post-structuralist as well as modern Marxism.

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