

WORKER MANAGEMENT, HUMAN DEVELOPMENT AND SOCIALISM¹

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Were the new cooperative factories of the 19th century an alternative to capitalism? No, Marx answered, they were reproducing ‘all the defects of the existing system.’ They did not go beyond profit-seeking and competition; while abolishing the opposition between capital and labour, co-operative production here remained an isolated system based upon individual and antagonistic interests, one in which the associated workers had ‘become their own capitalist,’ using the means of production to ‘valorize their own labour’ (Marx, 1981: 571; Lebowitz, 2003: 88-9, 215).

Further, in the ‘dwarfish forms’ inherent in the private efforts of individual workers, Marx stressed, the cooperatives would ‘never transform capitalistic society’. Workers want ‘to establish the conditions for co-operative production on a social scale, and first of all on a national scale, in their own country,’ Marx (1875) noted in the *Critique of the Gotha Program*, because they are working to revolutionize the present conditions of production.’ That requires more than isolated cases: ‘to convert social production into one large and harmonious system of free and co-operative labour, *general social changes* are wanted’ (Marx, 1866: 346).

That harmonious system of free and co-operative labour, too, required a process of conscious coordination (as when ‘united cooperative societies... regulate national production upon a common plan, thus taking it under their own control’). Rather than a system based upon atomistic and antagonistic interests, in ‘the co-operative society based on common ownership of the means of production’, the associated producers, would expend ‘their many different forms of labour-power in full self-awareness as one single social labour force’ (Marx: 1977, 171). Solidarity between all the limbs of the collective worker, thus, is common sense when production by freely associated human beings ‘stands under their conscious and planned control’ (Marx, 1977: 173).

So, why did Marx describe the emergence of the cooperative factories as a ‘victory’? Why, given their defects, did he see them as an even ‘greater victory’ for the political economy of the working class over the political economy of capital than the Ten Hours Bill (Marx, 1864: 10-1)? Consider what these cooperatives demonstrated in practice: they proved that combined labour on a large-scale could lose its ‘antithetical character’ and that it could ‘be carried on without the existence of a class of masters employing a class of hands’. Workers, it was now clear, do not need capitalists--- ‘to bear fruit, the means of labour need not be monopolized as a means of dominion over, and of extortion against, the labouring man himself’ (Marx, 1864: 383; 1981: 511-2; 1971: 497).

Further, these cooperatives pointed to the emergence of a new relationship among the producers. Rather than embodying the goals and power of capital, the products of their

¹ This revised and expanded version of ‘Worker Management and Socialism,’ presented at Centro Internacional Miranda in Caracas on 26 October 2007, draws in particular upon ‘The Rich Human Being: Marx and the Concept of Real Human Development,’ presented at ‘Karl Marx and the Challenges of the 21st Century’ in Havana, 4-8 May 2004

² See the discussion of Marx’s ‘political economy of the working class’ in Lebowitz (2003), available as *Mas alla de El Capital: La economia politica de la clase obrera en Marx* (Caracas: Monte Avila, 2006) and forthcoming in 2008 from Ediciones Sociales in Havana.

activity reflected a conscious bond among the particular co-operators--- one which followed from the free decision of the producers to associate. Thus, despite their defects, these co-operative factories were the ‘first examples of the emergence of a new form’ (Marx, 1981: 571). And, this new form was one oriented to ‘the worker’s own need for development’ (Marx, 1977: 772). For, as Marx (1977: 447) commented, ‘When the worker cooperates in a planned way with others, he strips off the fetters of his individuality, and develops the capabilities of his species.’

Human Development and Practice

This idea of the development of human capabilities and the process by which this occurs was always at the core of Marx’s perspective. The Young Marx rejected the preoccupations of the political economists of his time and envisioned a ‘rich human being’-- one who has developed his capacities and capabilities to the point where he is able ‘to take gratification in a many-sided way’--- ‘the *rich man profoundly endowed with all the senses*’ (Marx, 1844: 302). ‘In place of the *wealth and poverty* of political economy,’ he proposed, ‘come the *rich human being* and *rich human need*. The *rich human being* is simultaneously the human being *in need of* a totality of human manifestations of life--- the man in whom his own realisation exists as an inner necessity, as *need* (Marx, 1844: 304).

It was not only the Young Marx, however, who spoke so eloquently about rich human beings. In the *Grundrisse*, Marx returned explicitly to the conception of human wealth that he had articulated earlier. ‘In fact,’ he asked, ‘when the limited bourgeois form is stripped away, what is wealth other than the universality of individual needs, capacities, pleasures, productive forces etc., created through universal exchange’ (Marx, 1973: 488)? In envisioning a rich human being--- ‘as rich as possible in needs, because rich in qualities and relations--- ... as the most total and universal possible social product’, Marx (1973: 409) revealed a central proposition: *real wealth is the development of human capacity*.

And, this concept of capacity involved more than simply development of ‘capabilities of production’; it also encompasses the development ‘both of the capabilities as well as the means of consumption’ because the development of the ability to enjoy is ‘the development of an individual potential’ (Marx, 1973: 711). Rather than thinking of a being with simple needs and simple productive powers, Marx thus looked to the ‘development of the rich individuality which is as all-sided in its production as in its consumption’ (Marx, 1973: 325).

Could anything be clearer? This is what Marx’s conception of socialism was all about--- the creation of a society which removes all obstacles to the full development of human beings. He looked ahead to that society of associated producers, where each individual is able to develop his full potential--- i.e., the ‘absolute working- out of his creative potentialities,’ the ‘complete working out of the human content,’ the ‘development of all human powers as such the end in itself’ (Marx, 1973: 488, 541, 708). In the cooperative society based upon the common ownership of the means of production, the productive forces have ‘increased with the all-round development of the individual, and all the springs of co-operative wealth flow more abundantly’ (Marx, 1875: 24).

This emphasis upon the creation of a society that would allow for the full development of human potential has always been the goal of socialists. In his early draft of

the Communist Manifesto, Friedrich Engels asked, 'What is the aim of the Communists?' He answered, 'To organise society in such a way that every member of it can develop and use all his capabilities and powers in complete freedom and without thereby infringing the basic conditions of this society.', Marx summed it all up in the final version of the Manifesto by saying that the goal is 'an association, in which the free development of each is the condition for the free development of all' (Lebowitz, 2003: 202-5). Our goal, in short, cannot be a society in which some people are able to develop their capabilities and others are not; we are interdependent, we are all members of a human family. Thus our goal must be the full development of all human potential.

But, *how* does this development of human capacity occur? For many socialists, the simple answer has been to change the circumstances in which people exist. Marx (1845), though, rejected quite early the idea that we can give people a gift, that if we just change the circumstances in which they exist they will be themselves different people. You are forgetting, he pointed out, that it is *human beings who change circumstances*. The idea that we can create new circumstances for people and thereby change them divides society into two parts--- one part of which is superior to society. It is the same perspective that Paulo Freire (2006: 72) subsequently rejected--- the concept that 'knowledge is a gift bestowed by those who consider themselves knowledgeable upon those whom they consider to know nothing.'

In contrast, Marx introduced the concept of *revolutionary practice*--- 'the coincidence of the changing of circumstances and of human activity or self-change'--- the red thread that runs throughout his work. He talked, for example, of how people develop through their own struggles--- how this is the only way the working class can 'succeed in ridding itself of the muck of ages and become fitted to found society anew.' And he told workers that they would have to go through as much as 50 years of struggles 'not only to bring about a change in society but also to change yourselves, and prepare yourselves for the exercise of political power.' And, again, after the Paris Commune in 1871, over a quarter of a century after he first began to explore this theme, he commented that workers know that 'they will have to pass through long struggles, through a series of historical processes, transforming circumstances and men' (Lebowitz, 2003: 179-84).

Always the same point--- we change ourselves through our activity. This idea of the simultaneous change in circumstances and self-change, however, was not limited to class struggle itself. It was present in *all* activities of people. As the French Marxist Lucien Sève (1978: 304, 313) commented, 'Every developed personality appears to us straight away as *an enormous accumulation of the most varied acts through time*', and those acts play a central role in producing human 'capacities'--- 'the ensemble of 'actual potentialities', innate or acquired, to carry out any act whatever and whatever its level.' We are, in short, the product of all our activities.

If we recognise explicitly, though, that every process of activity has *two* products--- i.e., joint products--- the change in circumstances and the change in the actor, this obviously applies in the sphere of production as well. And, Marx did not forget this; he (Marx, 1973: 494) described how in production 'the producers change, too, in that they bring out new qualities in themselves, develop themselves in production, transform themselves, develop new powers and ideas, ...new needs and new language.' People, in short, transform themselves in the process of production; the worker, Marx (1977: 283) noted, 'acts upon external nature and changes it, and in this way, he simultaneously

changes his own nature'. Here is the essence of the cooperative society based upon common ownership of the means of production --- 'when the worker cooperates in a planned way with others, he strips off the fetters of his individuality, and develops the capabilities of his species.'

Production under capitalism and its inversion

That these ideas live today can be seen very clearly in the Bolivarian Constitution of Venezuela. In its explicit recognition (in Article 299) that the goal of a human society must be that of 'ensuring overall human development', in the declaration of Article 20 that 'everyone has the right to the free development of his or her own personality' and the focus of Article 102 upon 'developing the creative potential of every human being and the full exercise of his or her personality in a democratic society'--- this theme of human development pervades the Constitution.

Further, that Constitution also focuses upon the question of *how* people develop their capacities and capabilities--- i.e., how overall human development occurs. Article 62 of the Constitution declares that participation by people in 'forming, carrying out and controlling the management of public affairs is the necessary way of achieving the involvement to ensure their complete development, both individual and collective.' And, the same emphasis upon a democratic, participatory and protagonistic society is present in the economic sphere, which is why Article 70 stresses 'self-management, co-management, cooperatives in all forms' and why Article 102's goal of 'developing the creative potential of every human being' emphasizes 'active, conscious and joint participation'.

So, is that Constitution socialist? Clearly not. Not with its guarantee for the rights of property (Article 115), its identification of a role for private initiative in generating growth and employment (299) and its call upon the State to promote private initiative (112). Further, that constitution contained that special condition desired by finance capital's policy of neoliberalism--- the independence of the Central Bank, which imperialism wants in the constitution of every country because it says that it is not elected governments that should make critical decisions about an economy but bankers and those under their influence.

The 1999 Bolivarian Constitution was a snapshot of the balance of forces at that time. But, were these elements really *compatible*? Can you have that overall human development with capitalism? If you are true to the goal of human development through practice, don't you *require* the development of a democratic socialism, a humanistic socialism?

Think about the situation of workers in capitalism. Within capitalist relations of production, people are subjected to 'the powerful will of a being outside them, who subjects their activity to his purpose.' The creative power of the worker's labour in this case 'establishes itself as the power of capital, as an *alien power* confronting him' (Marx, 1977: 450; 1973: 453, 307). Thus, fixed capital, machinery, technology, all 'the general productive forces of the social brain', appear as attributes of capital and as independent of workers (Marx, 1973: 694; 1977: 1053-4, 1058). Workers produce products which are the property of capital, which are turned against them and dominate them as capital.

Thus, the world of wealth, Marx commented, faces the worker 'as an alien world dominating him'. And, that alien world dominates the worker more and more because

capital constantly creates new needs to consume as the result of its requirement to realize the surplus value contained in commodities. For workers, producing within this relationship is a process of a ‘complete emptying-out’, ‘total alienation’, the ‘sacrifice of the human end-in-itself to an entirely external end’ (Marx, 1973: 488). How else but with money, the true need that capitalism creates, can we fill the vacuum? We fill the vacuum of our lives with things--- we are driven to consume.

But that’s only one way that capitalism deforms people. In *Capital*, Marx described the mutilation, the impoverishment, the ‘crippling of body and mind’ of the worker ‘bound hand and foot for life to a single specialized operation’ which occurs in the division of labour characteristic of the capitalist process of manufacturing. Did the development of machinery rescue workers under capitalism? No, Marx stressed, it completes the ‘separation of the intellectual faculties of the production process from manual labour’.

And, in this situation, head and hand become separate and hostile, ‘every atom of freedom, both in bodily and in intellectual activity’ is lost. ‘All means for the development of production undergo a dialectical inversion,’ Marx indicated; ‘they distort the worker into a fragment of a man,’ they degrade him and ‘alienate from him the intellectual potentialities of the labour process’--- these are just some of the distortions characteristic of capitalist production (Marx, 1977: 548, 643, 799). In short, in addition to producing commodities and capital itself, the joint product of capitalist production that Marx identified in *Capital* is the fragmented, crippled human being whose enjoyment consists in possessing and consuming things. Capitalism is incompatible with all-round human development.

But there is an alternative. Once we understand Marx’s consistent focus upon human development, it is clear that the *premise* of *Capital* is the concept of a society in which the development of all human powers is an end in itself. The ‘society of free individuality, based on the universal development of individuals and on the subordination of their communal, social productivity as their social wealth’ is the spectre that haunts Marx’s *Capital* (Marx, 1973: 158).

The presence of this other world can be sensed right from *Capital*’s opening sentence, where we are introduced to the horror of a society in which wealth appears not as real human wealth but, rather, as ‘an immense collection of commodities’ (Marx, 1977: 125). Further, in this supremely logical work, the concept of socialism drops from the sky without any logical development; suddenly, Marx (1977: 772) explicitly evokes a society characterised not by the capitalist’s impulse to increase the value of his capital but, rather, by ‘the inverse situation in which objective wealth is there to satisfy the worker’s own need for development’

What ‘inverse situation’? In fact, that ‘inverse situation’ is the perspective from which Marx persistently critiques capitalism. After all, he describes the fact that in capitalism means of production employ workers as ‘this inversion, indeed this distortion, which is peculiar to and characteristic of capitalist production’. An inversion and distortion of *what*? Simply, the ‘relation between dead labour and living labour’ in a *different* society, one in which the results of past labour are ‘there to satisfy the worker’s own need for development’ (Marx, 1977: 425).

Read *Capital* with the purpose of identifying the inversions and distortions that produce truncated human beings in capitalism, and we can get a sense of Marx’s idea of what is ‘peculiar to and characteristic of’ production in that ‘inverse situation’, socialism.

We begin to understand what is necessary to produce rich human beings by considering Marx's account of their negation.

Given his description of the crippling of the body and mind of the worker, of how all means for the development of capitalist production 'undergo a dialectical inversion' and alienate from the worker 'the intellectual potentialities of the labour process', there can be little surprise that Marx looked forward to the *re-combining* of head and hand, the uniting of mental and physical labour--- i.e., to a time when the individual worker can call 'his own muscles into play under the control of his own brain.'

By 'combining education and gymnastics with manual labour'--- here was 'the germ of the education of the future;' it was, indeed, 'the only method of producing fully developed human beings' (Marx, 1977: 613-4, 643). The answer to truncation of people was 'variation of labour, fluidity of functions, and mobility of the worker in all directions'-- -- this is what is meant by the development of human capacity. The partially developed individual, Marx argued, 'must be replaced by the totally developed individual, for whom the different social functions are different modes of activity he takes up in turn' (Marx, 1977: 617-8).

At the core of all this is the importance of *variety*, variety of activity; people develop their capabilities only through their own activity, only through practice. Through new acts which allow for the growth of their specific capacities, through that 'accumulation of the most varied acts through time' to which Sève refers. In this way, they produce in themselves the potentialities to carry out other acts which reproduce and expand their capabilities. When they are *denied* the opportunity to exercise these potentialities, however, they do *not* develop; and, that is precisely what Marx recognised was inherent in a society in which human beings exist as means for the expansion of capital.³

Accordingly, it is not accidental that Marx indicated that the 'revolutionary ferments whose goal is the abolition of the old division of labour stand in diametrical contradiction with the capitalist form of production' (Marx, 1977: 619). But, more than a simple combination of mental and manual labour within the sphere of production is needed. If the interconnection of workers in production 'confronts them, in the realm of ideas, as a plan drawn up by the capitalist, and, in practice, as his authority, as the powerful will of a being outside them,' how can rich human beings be the result?

Without 'intelligent direction of production' by workers, without production 'under their conscious and planned control,' workers cannot develop their potential as human beings because their own power becomes a power over them (Marx, 1977: 450, 173). Clearly, the realisation of 'the worker's own need for development' requires an economic system quite different from capitalism, a system which is its inversion.

Selected experiences from the 20th Century

When it comes to the question of worker-management, there is much we can we learn from the efforts to build socialism in the 20th Century. Let me suggest three propositions:

³ Sève (1978: 358) identifies another problem--- the negative effect upon the development of the personality where capacity is developed but is underutilized.

1. When workers don't manage, *someone else* does.
2. When workers don't develop their capabilities through their practice, *someone else* does.
3. However much you may think you have banished capitalism from the house, when production is not based upon the relation of production of associated producers, sooner or later capitalism comes in--- first, through the backdoor, and then it marches openly through the front door.

The Soviet Experience

Consider the position of workers in the Soviet Union from the 1950s onward. Workers there had *job rights*. Not only was there full employment, but they also had significant protection against losing their jobs or indeed, having their individual jobs altered in a way which they didn't like. That was real job security. And, they weren't tied to their jobs--- in that situation of full employment they could move to new jobs when they wanted; e.g., 30% of industrial manual workers moved to better jobs in a given year (Granick, 1987: 13-4). This certainly was not the situation of workers in capitalism, where the reserve army of unemployed is regularly reproduced and reinforces the dependence of workers upon capital.

What *more* could workers want? Well, think about what Soviet workers did *not* have. First of all, they had no power to make decisions within the workplace--- they had the right to submit proposals on how to improve work, but the managers decided which, if any, suggestions they would accept. Those workers had no independent and autonomous voice: the trade unions, which protected their individual job rights, had their leadership selected from above and played the role principally of transmission belts to mobilise the workers in production.

Despite their weakness, however, Soviet workers obtained benefits inaccessible to well-organized labour movements in capitalism--- not only job rights but also the entitlement to rising real incomes, stable prices, subsidized necessities, relative egalitarianism and socialized human services. How can we explain this paradox of worker benefits without real power? The best answer seems to be a social contract.

According to Lewin (2005: 320), the witty remark, 'You pretend to pay us and we pretend to work', contained 'a grain of truth--- i.e., the existence of a tacit social contract, never signed or ratified, whereby the relevant parties arrived at an understanding about running a low-intensity, low productivity economy.' That social contract, though, covered more than the intensity of work--- involving not only job rights, but also that package of rising income, subsidized necessities, and relative egalitarianism, on the one hand, in return for acceptance of the power of the State and Party and restrictions on any power from below, on the other.

But, what was the result of the powerlessness in the workplace of the Soviet worker? One result was its effect upon workers--- they were alienated, cared little about the quality of what they produced or about improving production, worked as little as possible (except at the end of plan periods when there was the possibility of getting bonuses) and used the time and energy they had left over to function in the 2nd economy or informal sector. No one could possibly suggest that these relations within production tend to produce rich human beings.

There was another effect, though, of the denial of opportunity for workers to manage their workplaces and to develop their capabilities. Someone *else* did--- the enterprise managers and their staff. This was a group which maximized its income by its knowledge of production, its ability to manipulate the conditions for obtaining bonuses and its development of horizontal and vertical links and alliances. Indeed, the managers were increasingly successful in advancing their particular interests, tending to become principals rather than agents of the planners. 4

Over a period of time, the leadership at the top of the Soviet Union became more dependent upon the managers; and, as economic problems mounted (making fulfilment of the social contract increasingly difficult), that leadership accepted the perspective of the managers on how to solve those problems. Theirs was a perspective quite different from that of workers--- a perspective which rejected, among other things, job rights and stressed the rationality of a reserve army of the unemployed. Not surprisingly, the managers emerged as the capitalist class of the Soviet Union.

The Yugoslav Experience

Many experiences in the 20th Century were variations on the Soviet attempt to build socialism. In Yugoslavia, though, there was a *real contrast*--- especially with respect to the situation of workers. In 1949, the Yugoslav leadership described the Soviet model as state capitalism and bureaucratic despotism; and, they argued that the bureaucracy in the Soviet Union had become a new class. State ownership, they declared, was only a *precondition* of socialism. For socialism, you need socialist relations of production--- i.e., self-management.

So, in 1950, they introduced the Law on Workers' Self-Management. It was to be the beginning. 'From now on,' Marshal Tito, President of Yugoslavia, noted, state ownership of the means of production 'will gradually be transformed into a higher form of ownership, socialist ownership. State property is the lowest form of social property and not the highest as thought by the leaders of the USSR' (Tito: 16)

It was a real experiment. Would worker management of state-owned industries succeed? Tito pointed out that many people worried that 'the workers will not be able to master the complicated techniques of management of factories and other enterprises.' His answer, though, was that 'In the very process of management, in the continuous process of work and management, all the workers will gain the necessary experience. They will get acquainted not only with the work process, but also with all the problems of their enterprises. Only through practice will workers be able to learn.' (Tito: 4, 12-3).

Certainly, the extreme alienation characteristic of the Soviet workplace was not to be found--- Yugoslav workers did identify with their enterprises. Further, large numbers *did* learn much about the problems of their enterprises--- especially because there was a principle of rotation on the workers councils both at the enterprise and shop levels. But, they learned much less than Tito and other leaders had anticipated at the beginning. In 1975, 25 years after the new law was introduced, a Yugoslav writer (Joze Gorican) described the gap between workers and the managers and their experts this way:

4 The logic of the 'social contract' and the relation between the vanguard party ('planners'), managers and workers in 'Real Socialism' are explored in my forthcoming book, *The Socialist Alternative: Real Human Development*.

It appears either as a functional differentiation, a hierarchy of knowledge and expertise, or as a consequence of atomized and monotonous industrial operations that offer the worker... only meager opportunity for developing, in performing his duties, any substantial measure of freedom of thought, imagination and inventiveness. If we add to all this the comparatively long and tiring working day, we have the complete set of circumstances which fetter the workers from engaging more intensively in the management of their work organizations (Goricar, 1975: 92-3).

What had happened? One major problem is that there was not a sustained effort to educate workers in the workplace as to how to run their enterprises. So, the result was that the distinction between thinking and doing remained. Although they had the *power* to decide on critical questions like investments, marketing and production decisions, the workers councils didn't feel that they had the competence to make these decisions--- compared with the managers and technical experts. Thus, they tended to rubber-stamp proposals that came from management.

The councils, on the other hand, spent a lot of time discussing things that they did feel competent to judge--- like the fairness of relative incomes within the enterprise. The position they took in relation to the recommendations of the managers was --- we do our work well, and we expect *you* to do your work well. On the occasions when the workers councils removed managers who had made bad proposals, they functioned like an electorate unhappy with its government, but not as the government themselves.

Why weren't the workers real self-managers? A very important part of the problem is the context in which these self-managed enterprises existed: they functioned in the market and were driven by one thing--- self-interest. In every enterprise, the goal was to maximize income per member of the individual enterprise. Since the managers as well as workers benefited from the success of the enterprise, it was accepted that they all had a common interest in making money.

There was solidarity, thus, among members of individual enterprises (which took many forms—including not dismissing members when sales declined). However, that solidarity did not extend to workers in different, competing enterprises (or to society in general). Che Guevara noted in 1959, after visiting Yugoslavia, that each firm was 'engaged in violent struggle with its competitors over prices and quality'. And, Che commented that this was a real danger because this competition could 'introduce factors that distort what the socialist spirit should presumably be' (Tablada, 111-2).

In fact, the situation worsened. In the 1950s, the enterprises were taxed significantly based upon their use of state-owned means of production, and the funds were used by the State to make new investments. New enterprises were created and turned over to workers councils to run. But complaints emerged (as from the 1957 Congress of Workers Councils) that the existing enterprises didn't have enough power to make decisions. More money should be left with the enterprises, it was argued, in order to allow workers to make more investments and thus to foster the development of worker self-management. 'He who rules over expanded reproduction,' it was said, 'rules society.' And, it was the State that was ruling over expanded reproduction rather than workers. Indeed, it was charged that what existed was State capitalism--- the State was exploiting the workers' collectives through taxation.

In the early 1960s, a recession strengthened those who were promoting these changes--- State regulations and controls were reduced, taxes on enterprises were reduced, and the State (especially the Federal State) now retreated significantly from investment. Not only did it tax less, but state investment funds accumulated in the past were dismantled and invested in (self-managing) banks, which lent to enterprises on a profit-oriented basis. In fact, the shift to a market economy was almost complete.

This shift to the market, however, brought with it growing inequality--- inequality between firms in one industry, between industries, between town and country, and between republics (especially significant because of the great gaps in income levels--- eg., between Slovenia and Kosovo there was a 6-fold gap--- and ethnic differences). There was also another kind of inequality that emerged: these self-managed enterprises used the funds no longer taxed away by the State (supporting extensive development) for machine-intensive investments which could generate more income without adding more members to their collective. Not surprisingly, then, unemployment was high because people coming from the countryside couldn't find jobs; so, they went to countries in western Europe as 'guest workers'--- in 1971, there was 7% unemployment plus 20% of the labour force was working outside the country for this reason.

This last inequality revealed a significant problem in the meaning of social property in this situation. While these enterprises were legally property of the state and were viewed as social property, there was no focus upon the needs of society and there was no concept of solidarity. As the growing inequality indicates, too, all members of the society did not have equal access to and gain equal benefits from those commonly-owned means of production. Clearly, some workers had access to much *better* means of production than others, and the unemployed obviously had access to *no* means of production.⁵ At the same time, as market forces became more dominant, the influence of workers fell relative to experts within the enterprises, and many enterprises were dominated by stronger enterprises or by the banks. By the 1970s, it was argued that something unanticipated had happened: in the struggle against state bureaucracy, they had forgotten about battling against capitalism.⁶

Although new measures and constitutional changes were introduced in the 70s to strengthen workers against what was described as a 'techno-bureaucracy' ruling over expanded reproduction, those measures did not challenge the underlying basis of the problems--- the new productive relation that had been strengthened by market relations --- *group ownership* of these enterprises. In particular, the League of Communists of Yugoslavia (LCY) remained entirely committed to the emphasis upon self-interest. The self-interest of the self-managers, the story went, would lead them to cooperate directly (and to bypass the market). It would lead them to ensure that enough money would be provided for schools and hospitals and to invest in poorer parts of the country; and, the self-interest of the self-managers would lead (somehow) to equality.⁷

5 See a discussion of the general problem of differential access to the means of production in Michael A. Lebowitz, 'El Pueblo y la propiedad en la construcción del comunismo,' *Marx Ahora*, No. 16, 2003 (Havana).

6 See the discussion of problems in Yugoslav self-management in Chapter 5 of Michael A. Lebowitz, *Build it Now: Socialism for the 21st Century* (New York: Monthly Review, 2006), published also as *Construyamoslo Ahora: El Socialismo para el Siglo XXI* (Caracas: Centro Internacional Miranda, 2007). The subject is also explored in Lebowitz, *The Socialist Alternative* (forthcoming).

7 The perspective of the leadership of the League of Communists of Yugoslavia is set out clearly in Edvard Kardelj, *Contradictions of Social Property in a Socialist Society* (Belgrade: Socialist Thought and Practice, 1981).

Indeed, arguments suggesting that people should relate to each other in any way other than self-interest were attacked as ultra-leftism, voluntarism and anarchism--- as were criticisms that the managers had become a new class with power over workers (Kardelj, 1981: 33-4, *passim*). Nor could the State be the vehicle by which the problems were solved because it was argued that this would move Yugoslavia back in the direction of state-property monopolies and would be a setback for the advance of self-management. All of this reflected the particular ideology by which Yugoslavia had differentiated its model from that of the Soviet Union.

Yet, more was at stake than the integrity of the *ideology* of self-management. The failure of the LCY to challenge the existing pattern reflected the entrenched power of the group property relation--- a relation which only on its surface was one of worker management. It was the managers and technical experts in these enterprises who understood about marketing and selling commodities; it was the managers and technical experts who knew about investments, about placing the funds of the enterprises in banks and establishing links with other enterprises, creating mergers, etc. Workers didn't know these things; they knew that they were dependent upon the experts.

The Yugoslavian case demonstrates that the existence of workers councils--- even with the legal power to make all decisions--- is not the same as worker management; and, focus upon the self-interest of workers in individual enterprises is not the same as a focus upon the interest of the working class as a whole. State-owned enterprises had workers councils--- but the division between thinking and doing that cripples people continued. In the end, the managers emerged as capitalists, leaving the workers as wage-labourers.

Return to my three propositions:

1. When workers don't manage, someone else does.
2. When workers don't develop their capabilities through their practice, someone else does.
3. However much you may think you have banished capitalism from the house, when production is not based upon the relation of production of associated producers, sooner or later capitalism comes in--- first, through the backdoor, and then it marches openly through the front door.

Socialism and worker management

Yet, there is an obvious paradox: how did this happen in the case of Yugoslavia, where worker-management was at the very core of the system? The key question, we see, is worker-management for *what*? If the goal of worker-management is cooperation among a specific group of producers for the purpose of maximizing income per worker, then *who is the Other*? Other groups of workers who are competing, producers who are selling required inputs, members of society who are your market or who assert a claim upon your means of production or upon the results of your labour, those who would tax you, the State--- indeed, *everyone else*.

Clearly, worker-management and conscious cooperation in the process of production have enormous potential for building rich human beings, for ensuring the 'all-round development of the individual, and [that] all the springs of co-operative wealth flow

more abundantly'. The outcome in Yugoslavia, though, was anticipated by Che in his *Man and Socialism in Cuba*:

The pipe dream that socialism can be achieved with the help of the dull instruments left to us by capitalism (the commodity as the economic cell, individual material interest as the lever, etc.) can lead into a blind alley. And you wind up there after having travelled a long distance with many crossroads, and it is hard to figure out just where you took the wrong turn (Tablada, 1989: 92).

Worker-management took the wrong turn in Yugoslavia because an overwhelming emphasis upon self-interest not only works against the development and deepening of solidarity and against a focus upon the needs of people within society. It also tends toward the disintegration of the common ownership of the means of production and to the undermining of worker-management itself.⁸

The issue is not self-interest itself--- that is an inevitable 'defect' because the new society begins with people who are 'in every respect, economically, morally and intellectually, still stamped with the birth marks of the old society' (Marx, 1875). Rather, the problem multiplies when you decide to *build* upon that defect, when you decide that there is an immutable 'socialist principle' based upon self-interest--- as the League of Communists of Yugoslavia did. When you do that, you have turned your back on Che's idea of the necessity of building socialist human beings simultaneously with material conditions.⁹

This brings us back, though, to the centrality of revolutionary practice--- that simultaneous changing of circumstances and human activity or self-change. The recognition that every human activity creates joint products, both in the immediate product of labour and the producer herself, means that we always have to ask--- *what kind of people are produced under particular relations?*

Is it possible to build socialist human beings by preventing people from using their minds within the workplace but directing them instead from above? The experience with the Soviet model demonstrates the effect--- the continuation of the crippling of body and mind and the reproduction of producers who are fragmented, degraded, alienated from 'the intellectual potentialities of the labour process', from the products of their own activity and from each other. Similarly, the Yugoslav model reveals that, even when there are the forms of worker management, the self-orientation unleashed in commodity relations puts money in command; and, the result is acceptance of subordination in the workplace and society and the disintegration of solidarity within society. Both cases demonstrate, too, that juridical ownership by the State of the means of production should never be confused with

⁸ Thus, it infects all three sides of what Venezuela's President Hugo Chavez ('Alo Presidente' #264, 28 January 2007) has called the 'elementary triangle' of socialism: (1) social property with (2) social production for (3) social needs. See the discussion in Michael A. Lebowitz, *El Socialismo no cae del cielo: un nuevo comienzo* (Caracas: Monte Avila, 2007): 7-15.

⁹ See Michael A. Lebowitz, 'Building Upon Defects: Theses on the Misinterpretation of Marx's Gotha Critique,' paper presented at the 3rd International Conference on the Work of Karl Marx and the Challenges of the 21st Century, in Havana, 3-6 May 2006 and published in *Science & Society* (October 2007).

socialist relations of production. The joint products created within productive relations in the Soviet Union and Yugoslavia were not rich human beings who can build socialism.

What kind of productive relations, then, can provide the conditions for the full development of human capacities? The relations of production of a cooperative society based upon the common ownership of the means of production--- i.e., a society based upon conscious cooperation among associated producers. ‘When the worker cooperates in a planned way with others, he strips off the fetters of his individuality, and develops the capabilities of his species.’

People produce not only use-values but themselves also as social human beings, as rich human beings, when the bond between them is solidarity. This can be seen in the sphere of production under the relation of worker-management when workers combine the conception of work with its execution. Not only, then, can the intellectual potentialities of *all* the associated producers be developed but the ‘tacit knowledge’ that workers have about better ways to work and to produce also can be a social knowledge from which we all benefit. Democratic, participatory and protagonistic production both draws upon our hidden human resources and develops our capacities. But, without that combination of head and hand, the division between those who *think* and those who *do* continues--- as does the pattern that Marx described in which ‘the development of the human capacities on the one side is based on the restriction of development on the other side’ (Marx, 1988: 191). Democracy in production is a necessary condition for the free development of all.

Clearly, though, this must be more than worker-management in individual workplaces. That's a necessary part of it, but it's not enough. When we talk about the goals of production, they should be the goals of workers -- but not in single workplaces. They should be the goals of workers in society, too -- workers in their communities. After all, what is production? It's not something that occurs only in a factory or in what we traditionally identify as a workplace. Production should not be confused with production of specific use-values: all specific products and activities are mere moments in a process of producing human beings, the real result of social production. As Marx commented about capitalism:

When we consider bourgeois society in the long view and as a whole, then the final result of the process of social production always appears as the society itself, i.e., the human being itself in its social relations. Everything that has a fixed form, such as the product, etc appears as merely a moment, a vanishing moment, in this movement (Marx, 1973: 712).

Thus, not only production of specific material commodities (in the so-called ‘productive sector’) but also educational and health services, household activity which directly nurtures the development of human beings, community maintenance--- all these must be recognised as integral parts of the process of producing the social beings who enter into all these activities (Lebowitz, 2003: 200-202). And, not only material goods and services: the conceptions that guide production must themselves be produced. The goals that guide production are distinguishing characteristics of societies. Only through a process in which people are involved in making the decisions which affect them at every relevant level (i.e., their neighbourhoods, communities and society as a whole)--- can the goals which guide productive activity be the goals of the people themselves.

And, that points to the importance not only of making each moment a site for the collective decision-making and variety of activity that develops human capacities but also for building relations of solidarity in all these moments. The act of solidarity has joint products--- it both provides support for the needs of others and produces rich human beings.

So, how is it possible to build those new socialist human beings and new socialist relations now? The Bolivarian Revolution in Venezuela has begun to take steps in this direction consistent with the focus upon human development and practice in the Bolivarian Constitution by attempting to build a revolutionary democracy which is embodied in communal councils and workers councils.¹⁰ The concept is one of democracy in *practice*, democracy *as practice*, *democracy as protagonism*. Democracy in this sense--- protagonistic democracy in the workplace, protagonistic democracy in neighbourhoods, communities, communes--- this is the democracy of people who are transforming themselves into revolutionary subjects. Not only are these steps toward identifying the needs and capacities of communities and workers but they also are a way of *building* the capacities of the protagonists and fostering a new social relation among producers, the relation of associated producers based upon solidarity.

The road is not easy. Anywhere. New forms always reproduce defects of the old society.¹¹ You have to *struggle* against inherited defects, though, rather than build upon them. We can judge the progress along that path by the growth in the capacity for self-management by workers, of democratic, participatory and protagonistic self-government by people in their communities and society as a whole, by the development of real solidarity among people.

When we understand the goal of this process--- that society which allows for the full development of human potential, there is a simple question that can be posed of all efforts (regardless of their differing histories and situations). Are the new productive relations being built? Are the steps being taken strengthening or weakening the relation of associated producers. The only true foundation for the new society is the development of self-confidence and unity of the working class, its self-development. Is that possible without worker-management?

¹⁰ In addition, there is a continuing expansion of state property in key sectors.

¹¹ For a recent discussion of specific obstacles facing Venezuela's Bolivarian Revolution, see Michael A. Lebowitz, 'Venezuela: A good example of the Bad Left of Latin America,' in *Monthly Review* (July-August 2007).

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