

## Constructing Co-Management: Contradictions along the Path

[Presented to Encuentro Nacional de Trabajadores Hacia la Recuperacion de las Empresas, organized by UNT in Caracas, Venezuela, 22 October 2005]

Michael A. Lebowitz

I think it is no secret, nor is it surprising, that increasingly the eyes of the world are on Venezuela. Because it is becoming clear (even with the misinformation provided by the dominant international media) that Venezuela has said 'no' to neo-liberalism.

It said no in 1989. It said no with the election of President Chavez. It said no in the Bolivarian Constitution. It said no in April 2002, no during the bosses' lockout in 2002-3 and, of course, no, in August 2004.

Despite all those people who continue to say TINA, that there is no alternative, Venezuela is saying that there *is* an alternative to neo-liberalism, there *is* an alternative to imperialism, there *is* an alternative to capitalism.

And, that means, of course, there are enemies. Enemies both outside and inside. Those enemies want Venezuela to fail on its new path. They especially want the idea of participative and protagonistic democracy to fail. They want it to fail in the communities. They want it to fail in the workplace. They want participative and protagonistic democracy in society as a whole, the idea of people communally deciding on their needs and communally deciding on their productive activity, to fail.

And, nothing will make the enemies of this process happier, I suggest, than the failure of Venezuela's path to co-management. Because workers especially in Latin America but elsewhere, too, are starting to look at the development of co-management here as a real alternative to the despotism of the capitalist workplace.

Now, some people may be bothered by what I'm going to say now, but I have to tell you that for many workers in capitalist firms the idea of state ownership with decisions made at the top has *not* been a real alternative. My father was a machinist, and I was never able to convince him. For him, state ownership was just a bigger, more powerful boss. What he wanted was to *escape*, to get out of the factory.

But, worker management *is* a real alternative. If co-management succeeds here, it will be an inspiration to workers everywhere. And, if co-management fails, it will strengthen the rule of capital; the message to workers will be that there is no alternative.

### **Why Co-Management?**

We should be clear, though, that the project of co-management in Venezuela is not at all the same as what has been called co-management in Germany. Although reflecting workers strength at one point long ago in Germany, co-management there became co-optation. Giving workers' representatives a presence in capitalist decision-making in Germany was a means of incorporating workers into the project of capitalists, separating them from their representatives and creating an identity for workers with the particular capitalist firms in which they worked. In Venezuela, though, co-management is an *alternative* to capitalism.

In particular, the point of co-management is to put an end to capitalist exploitation and to create the potential for building a truly human society. When workers are no longer driven by the logic of capital to produce profits for capitalists, the whole nature of work can change. Workers can cooperate with each other to do their jobs well; they can apply their knowledge about better ways to produce to improve production both immediately and in the future; and, they can end the division in the workplace between those who think and those who do--- all because in co-management, workers know that their activity is not for the enrichment of capitalists.

The development of worker decision-making, the process of combining thinking and doing, offers the possibility of *all* workers developing their capacities and potential. And this is the kind of society, one which encourages the full development of human potential, which the Bolivarian Constitution envisions. Without democratic, participatory and protagonistic production, people *remain* the fragmented, crippled human beings that capitalism produces. Democracy in production is a necessary condition for the free development of all; it is an essential element of Socialism in the 21<sup>st</sup> Century.

### ***Why not call it Self-Management?***

Yugoslavia called its system of worker-management 'self-management', and it demonstrated that you don't need capitalists--- that enterprises can be run by workers through workers councils, that those enterprises can be efficient and introduce modern technology which increases the productivity of those firms, and that considerable solidarity develops among the workers in each firm.

But there was a problem in Yugoslav self-management that is implied in its name--- 'Self'. True, workers in each firm determined the direction of their enterprises *by* themselves. But, they also looked out primarily *for* themselves. The focus of workers within each firm was on their own self-interest, their collective self-interest. What was missing was a sense of solidarity with society as a whole, a sense of responsibility to and responsibility for society. Instead, the emphasis was upon self-orientation, selfishness. In some respects, it was like the worst of capitalist mythology, the concept of 'The Invisible Hand': the idea was that if each collective follows its own self-interest, the society as a whole will benefit. In fact, the invisible hand in Yugoslavia operated to increase inequality, to breakdown the solidarity of society--- leading, ultimately, to the dismembering of Yugoslavia.

Co-management in Venezuela is an attempt to avoid this particular mistake. Co-management implies a particular kind of *partnership*--- a partnership between the workers of an enterprise and society. Thus, it stresses that enterprises do not belong to the workers alone--- they are meant to be operated in the interest of the *whole* society. In other words, co-management is not intended only to remove the self-interested capitalist, leaving in place self-interested workers; rather, it is *also* meant to change the purpose of productive activity. It means the effort to find ways *both* to allow for the development of the full potential of workers and also for every member of society, *all* working people, to be the beneficiaries of co-management.

### ***In co-management, who speaks for society?***

If co-management is a partnership between the workers of an enterprise and society, though, who speaks for society? Ideally, with the transformation of producers

as the result of the experience of co-management, producers themselves should be able to speak for society. In other words, in the world we want to create, socialism of the 21<sup>st</sup> century, recognition of the needs of society would be internalized and understood by all producers. There would be no gap between particular producers and society as a whole.

Yet, even in an ideal situation where differences no longer represent antagonistic interests, the needs of society must be identified; and this is a necessarily a democratic process--- one in which producers as citizens function in a democratic, participatory and protagonistic manner. This combination of democracy in production and democracy in society is at the core of the co-managed society, socialism of the 21<sup>st</sup> century.

But, is that possible at beginning of co-management? Who speaks then for society in this partnership between democratic producers and society? Always, our answer must be the same--- the only way that society itself can speak is through democracy. Thus, where enterprises (for example, electric services) exist in particular communities, the democratic bodies within those communities identify their needs and what they feel those enterprises should contribute. The logic is the same for enterprises that serve the whole of the society--- the first step is to identify society's needs and then workers can determine how best to produce for society's needs.

Naturally, the smaller the community in question, the easier it is to develop democratic, participatory and protagonistic solutions. Even in those smaller communities, however, the development of self-government by the producers is a process—just like the process of development of co-management. It is a learning process which becomes richer through practice, through the transformation of the participants.

In the case of strategic enterprises that serve the whole of society, ensuring that the central state which speaks for society truly represents society is likely to come at the end of a process of democratisation rather than the beginning. For this reason, the fullest possible discussion throughout society of the expectations for those specific enterprises is critical. How else can the workers in those enterprises know that the goals of those enterprises are the result of a social consensus and are not arbitrarily assigned by enterprise directors or ministries?

With the confidence that the work they do and the decisions they make are important because they meet social needs, producers can go beyond searching for value in market rewards and can develop their own initiatives to meet those social needs. The measure of success in this partnership between worker management and society, is the extent to which it is possible to realize the goal of Article 102 of the Bolivarian Constitution of 'developing the creative potential of every human being and the full exercise of his or her personality in a democratic society'

### ***Contradictions in Introducing Co-Management are Inevitable***

It is essential to understand, however, that contradictions in the process of developing co-management are inevitable. The people who must co-manage the resources and industries in the interests of the whole society don't drop from the sky. Should we be surprised if workers (after all their long struggles to defend their immediate interests from attack by capitalist employers) continue to focus initially on those immediate interests? Should we be surprised if managers, accustomed to hierarchical patterns of decision-making, revert to them at the first sign of trouble?

It is not inevitable, of course, that workers and managers will begin by following the old patterns. After all, the enthusiasm for building new productive relations and a new society can carry you past such obstacles. But, the old ideas and old ways can easily return—it is a tendency that we need to be constantly on guard against.

The main danger in introducing any change in productive relations is that the old ideas and familiar patterns will penetrate into the new relations and make them simply new forms of the old. This is how new relations are deformed and discredited.

For example, the idea that workers' interests in state enterprises should be secured by giving workers shares of ownership in those enterprises--- whether those shares are individual or owned by a cooperative--- is a case where co-management can be deformed into self-oriented private ownership. Instead of workers functioning as socially-conscious producers, expressing themselves as co-operating producers and members of society, they are transformed into owners whose principal interest is their own income.

In a society marked by such extreme differences between the living standards of the mass of working people (so many of whom function within the informal sector) and workers in relatively privileged sectors, the idea that important sectors of the economy should be regarded as the private property of particular groups of workers will not only lead to the rejection of the idea of co-management; it is also a recipe for the breakdown of solidarity in the anti-neoliberal, anti-capitalist project.

And, indeed, this kind of partnership between workers as private owners and the state as owner is certain to produce one problem after another. Who owns the means of production in such a hybrid? Who will invest? Will the state and the cooperative invest in accordance with their existing ownership shares? What if the cooperative is not able or willing to do so? As long as these relations are not changed into true relations of co-management (a partnership between workers as producers and the society), it is not difficult to envision one of two alternative directions emerging: (a) the transformation of state property (legally or, simply, in fact) into the private property of particular workers or (b) the restoration of capitalist relations with the workers relegated to the position of wage-labourers who are also share-holders. In either case, the idea of co-management is discredited.

### ***Can Co-Management in Strategic Industries be Risked?***

But, this is just one example of a contradiction that can emerge in taking the first steps toward the development of co-management. Some people worry, for example, that worker management does not belong in strategic industries. But, if industries like oil production and electricity generation and distribution are to be excluded from co-management, what is that saying to the workers in those industries? That we *don't* want them to develop their potential through the process of decision-making? That we don't *trust* workers to be able to make decisions in the interests of society? What kind of vision for Socialism of the 21<sup>st</sup> Century is this?

Obviously, strategic enterprises like PDVSA are not like others. Society has definite and appropriate expectations that those enterprises will function in the interest of society as a whole. And, not through an act of faith. Society has the right to indicate to those enterprises exactly what its expectations are--- e.g., we need X this year; we need X +5% next year. In other words, where there are strategic enterprises whose functioning affects everyone, a target or plan is needed as a guideline.

Once society's expectations, however, are identified, why shouldn't workers in the enterprises in question be fully involved in determining how to reach those targets? Why shouldn't the decisions on how to proceed be made by the associated workers? Why should it be assumed that the workers in these enterprises have interests that differ from those of society as a whole?

If you say that workers can't be trusted to make the right decisions on such critical matters, you are saying that you want workers to continue in the adversarial role that they play in capitalism--- that you expect them to focus on the struggle for higher wages (the highest of all because their industry and thus their work is so important), on greater benefits and privilege and upon lower and less intense work-days. You are reinforcing, in fact, all the self-oriented tendencies of the old society and undermining the building of the new. Indeed, what are you saying but that when decisions are important, capitalism, state capitalism or statism is the answer--- but not co-management or socialism of the 21<sup>st</sup> Century?

Contradictions are inevitable as the path to co-management is constructed; however, without co-management, there is no revolution.

### ***The greatest danger***

The greatest danger, though, is confusing an inevitable contradiction among those committed to the revolution with a contradiction between those committed to the revolution and its enemies. Are those who want to turn recovered enterprises into cooperatives enemies? Are they opposed to serving the needs of the poor and excluded in this society? Or, are they workers whose past experience tells them that ownership is necessary for control and the power to make decisions?

Are those who are opposed to co-management in strategic industries enemies who are trying to defeat and sabotage the process? Or are they people committed to the revolution who worry that workers formed in capitalism (and, in particular, in the Fourth Republic) are self-oriented and not committed to the interests of society?

One of the most serious problems in every revolution is the need to distinguish between contradictions among supporters of the revolution and contradictions between supporters of the revolution and its enemies. There are many contradictions here--- for example, between the informal sector and the formal sector, between the exploited and the excluded, between workers and peasants, between cooperatives and state sectors. One of the greatest errors that can destroy and deform a revolution is that of transforming a non-antagonistic contradiction among the people into a contradiction between the people and the enemy.

There may be enemies--- people who wear the red shirt but who are opposed to the revolution. But the revolution already has enough enemies-- outside and inside. So, how do you avoid making the mistake of turning supporters of the revolution into enemies? You do it through democratic discussion, persuasion and education. And, in this process, the most important thing is to begin from the desire for unity.

We need to recognise that co-management is a *process*. It is a process of learning, and it is a process of development. The very idea that people develop through their activity (a central concept of Marx) should help us to understand that co-management will change people and that, over time, it will produce the people who understand this particular partnership between workers and society that can build the new society. That recognition will help us to be tolerant of the initial errors of others

and self-critical of our own mistakes; and, that process of mutual respect is a condition for the success of co-management.

Nothing will make the enemies of the Bolivarian Revolution more unhappy than the success of co-management.