



MANIFEST

T I D S S K R I F T

Let the Workers Take Over!

Victor Lund Shammas / October 8, 2018 / [Work](#) , [Ideas](#) , [Politics](#) , [Featured](#)

The philosopher David Ellerman believes that the structure of the workplace should be a domain that unites thinkers of both right and left alike. Below an image from the play "Posibilidad, or Death of the Worker" performed by San Francisco Mime Troop. At the conclusion of the play, a workers' collective occupies the factory they work in when threatened with closure.

David Ellerman is a traveling prophet, and his religion is labor-controlled enterprises. As a former adviser to the World Bank and current researcher at the University of California and the University of Ljubljana, Slovenia, [Photo: Steve Rhodes / Flickr.](#)



Ellerman uses all his sufficient intellectual experience to promote the idea of economic democracy. Even in democratic societies, Ellerman points out, it is true that democracy ends at the factory gate, as Einar Gerhardsen formulated during a LO congress in 1961. "It should not be," said Gerhardsen at the time. But it is still: In practice, democracy ends at the factory gateway - or at the entrance to the workplace.

Pressed by shareholders or management, the staff often have little to say about the company's future - what ultimately they will spend much of their lives on. Democracy's rules of play do not apply to the eight hours we spend in the workplace, and one third of our lives are thus played under an economic tyranny. But can we at all imagine a workplace run by employees, and an economy based on self-employed cooperatives?

1. Original Swedish: <http://www.manifesttidsskrift.no/den-arbeiderstyrte-bedriften-et-intervju/>

2. Direct Translation Link: <https://translate.google.com/translate?hl=en&sl=no&u=http://www.manifesttidsskrift.no/den-arbeiderstyrte-bedriften-et-intervju/>

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By profession, Ellerman is a philosopher and economist, with a doctorate in mathematical logic from Boston University. With its fascination with the lost ideals of the American Revolution, long-term interest in the labor-led Mondragon Corporation, skepticism of Orthodox Marxism, longstanding friendship with Noam Chomsky and a deep thinker in the left-wing theory, Ellerman's thinking is a blissful mix of American pioneerism, capitalist pragmatism, utopian libertarianism and democratic socialism. After several years in former Yugoslavia - Ellerman's wife is Slovenian and has lived in the country since the 1990's, he has also gained insight into some of the disadvantages and benefits of labor-led cooperatives, which played a major role in Yugoslavia's economy before the collapse of the Soviet Union .



Philosopher and economist David Ellerman
Photo: ellerman.org

In the book *The Democratic Worker-Owned Firm* , written in the 1980s and reissued by Routledge in 2015, he asserts that large businesses should be bought by the employees themselves and operated as cooperatives - by model from the Basque Mondragon Corporation, a labor-controlled company with around 75,000 employees. He receives inspiration from US Employee Stock Ownership Plan (ESOP) companies, where employees get the opportunity to buy shares in the company they work for. About ten percent of American companies currently owned partially or completely by their employees, Ellerman points to something he views as a result of a pragmatic alliance between the right and left sides: while the right side desires to increase the share of shareholders, the left side wants a democratization of workplace.

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We asked Ellerman about what the Norwegian left can learn from the idea of labor-controlled companies. Why is it really possible to build a better world without changing the basic rules of capitalism?

During your lecture, did you say you were on a "mission from God" ?

Absolutely! (laughs) Do you know the movie *Blues Brothers*? That's where the quote comes from. I started this work in the United States, and later in Yugoslavia around 1990, where I was stopped by Jeffrey Sachs and the World Bank and the whole neoliberal establishment, which would not at all recognize the property rights the Yugoslav workers had de facto over their businesses. Sachs and Co. would rather cut the relationship between the workers and the

companies. In Slovenia they escaped because the country came out of Yugoslavia: Everything that tasted of labor-controlled companies gave a bad taste of state socialism. So these ideas are very difficult to get accepted for in Slovenia today. But in Scandinavia you do not have this same historical backdrop. Sweden, Norway, Denmark and Finland should open for workers to buy their businesses - so-called *worker buyouts* - at the company level. It may not change the system, but it shows how a more democratic organization can look for each company.

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Can you summarize how your ideal economy looks?

Well, it's a bit like Mondragon's working cooperative: one person, one voice. Mondragon has market relations and a lot of internal democracy in the workplace. The management is chosen, and there is also a social council (a trade union, newsletter, etc.) that protects workers from the management. My theory is that unions still want a role to play in labor-controlled companies, as a kind of "shadowing" that protects individuals in the face of management. In a labor-controlled company, the workers themselves constitute management, but conflicts always arise in a workplace. And then you need a mechanism to handle the conflicts.

One of the biggest challenges in Scandinavia is that you have a number of small and medium-sized businesses that were started by contractors in the post-war era. They are now going to retire and they do not want to sell these businesses to their competitors: Competitors will most likely take over the best employees and customer lists - and then shut down the business. If there is no mechanism that allows workers to buy these businesses, you will get what I call a slow-motion train crash, a ten-year period where these companies simply go under. And they will not come back again. Whole communities will be economically redundant, just as large parts of the American Midwest are not economically sustainable anymore - there is no economic base there. And the people go to hell.

So you look at the idea of work-led companies as a way to combat the formation of a kind of "rust belt" in Scandinavia?

Yes, that's right. I call it a slow train crash because this development will take place over time. And that's something that should appeal to politicians on both the right and left sides, and encourage them to create *employee stock ownership plans*, where the workers themselves buy up the business and take over the management. The ESOP mechanism can also be used for larger companies, and it goes far beyond the influence that the unions believe they have now. In Germany - and the same applies in Norway and Scandinavia by the way - the trade unions have the right of participation, but there is no real ownership component in it. Professional representatives represent input to the board - usually a minority input. The crucial voice usually remains the management. Professional representation is not the same as ownership.

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The question is, thus, how to turn it into real ownership, where the workers control the company and not only become one of the capital's partners. The original trade union movement was not occupied by collective bargaining. In the 19th century, it was more about getting out of the wage-labor system and establishing cooperatives. It was during the 1900s that the goal of the labor movement was transformed into, "Well, let's just negotiate collectively *within the* wage system, and let's try to get higher wages."

So I do not take the union structure as it is given now as an end in itself. Trade unions have become what they are because they lacked a mechanism to transform the *entire* system. And the system as a whole has been quite stable because the ruling elites have always been able to say, "Well, the alternative is communism. And we are not Communists, we are better than the Communists." All that's gone now (after the Soviet Union's breakdown). So they do not have that excuse anymore, so we can now talk about the possibility of real democracy in the workplace, not socialism - *real* private property, where you harvest the fruits of your own work, and not this system where you only receive salaries, like a rented person.

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If we accept that worker-driven ownership can be important at a social level, argue your argument about avoiding large-scale industrialization and the "slow-moving train crash": why is it important for employees at the individual level to have co-ownership in their workplace?

Well, first of all, you could as well ask the same question of political democracy ... But, secondly, unlike political democracy, you will have an ownership interest in what you produce. Just to take the US example: Comparing workers in ESOP companies and workers in regular non-ESOP companies shows that the pension funds available to ESOP workers are 2.5 times bigger. In some cases, the differences are spectacular, several million dollars more in retirement payments to ESOP workers at the retirement age. Not to mention the differences in health effects on the employees, and the differences in learning about how to behave in a democratic context, rather than just learning how to be a good employee.

In our financial system, in the US and Europe, people are trained to be good employees. They learn to follow orders, obeying, to be diligent in their work, even if they do not work for themselves. And in daily life, few of us participate in some democratic structures. Some may be a member of a church, hobby -- a hobby with others, or work for a volunteer organization where they help old people, poor or immigrants. But what we do every day is to go to a job where we do not have any democratic role. It happens that you get a nice boss who lets you make some decisions yourself. But, in essence, it is a very hierarchical structure, such as John

Stuart Mill criticized. He was absolutely aware that work-driven businesses are schools in democratic character building.

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These companies also teach one to separate facts from fiction, recognize "fake news" - because they are involved. If people serve you some story, you learn to double-check the facts, listening to both sides of a debate - unlike much of what's happening daily in the political sphere. We live too much in atomized small clusters without talking to other people.

"So you mean that if more workers got control of their workplaces, would people like Trump not have a good chance of becoming president?"

Absolutely. And not that, Trump is a product of the other side of the equation - management side. Trump was born, as we say, "**booted and spurred, ready to ride**". He has always been at the top of various organizations, and that is precisely why he has developed this personality type - the **authoritarian** personality.

So on the one hand you have atomized individuals who do not know how to participate, speak up for themselves or how to best communicate with people you disagree with. And on the other hand, bosses like Trump: He also does not know how to have a dialogue because he decides. In the United States, these twin disasters work with non-democratic structures in the workplace side by side, both in the behavior of the elites and in the behavior of those who are not part of the elite.

In the United States, these twin disasters work side by side with non-democratic structures in working life.

Is it correct to say that these ideas you are baffling have a somewhat American aspect - a kind of pioneer dish, "the frontier spirit"?

Only in the sense that we Americans have always had a dream that "Now I'm going to go out and get my own farm and work for myself." Prairie and the West meant that you should not be a hired hand on someone else's farm. Early in the industrial revolution before the factory system occurred, this dream was also in the labor movement, where skilled workers wanted to establish their own businesses. They may have to learn first, but eventually they would establish themselves as independent mechanics. Everything was broken by the factory system, where the wage relationship dominated and it was no longer possible. So we grab the old dreams and ask: How can you realize these ideals in a world of factories and offices - and not a world of small farms and shops? And the answer is of course the idea of the worker's ownership of the company.

But is it not that these ideas fit a little too well with the present spirit of time? I'm thinking of Silicon Valley, where stock options are offered to programmers to incentivize them, or how young people are increasingly being told that they must become entrepreneurs, perhaps also "entrepreneurs of the self", as Foucault would say.

I think you can say that all companies begin to work as collaborative collectives, by the founders. But then comes a time when you ask, "Well, how are we going to organize ourselves, legally? How should we - this group of entrepreneurs who have all the ideas - organize ourselves? Why should we get rid of all the others we will need later, as partners? Because they did not get these ideas." The obvious solution in the system, as it is today, is to say, "They are employees. We hire all the others."

It is interesting to imagine. Let's say you're in a group of five people and you start a business and so on. And one of those five goes around to the others and says, "I'll start paying your salary." What's he doing? He says, "I'll turn you into an employee, and **I am** the owner." And that's what's happening. You have employed number six, seven, eight, nine and so on, but only the group of people who started the business is sitting on the shares. If employee number ten turns out to be a fairly important person, and then demands to get some shares, it happens that it's okay to hold on to highly skilled people.

We want entrepreneurs who do not want to make everyone else employees, but also need to get something back for their genuine creative efforts, that is, the founding of the company.

So one of the challenges of a movement that promotes the idea of labor ownership is how to change that mindset. We want entrepreneurs who only want to make everyone else employees, but also need to get something back for their genuine creative efforts, that is, the founding of the company.

You have the same problem in political theory. All democracies arose out of a revolution that rejected the old order, and where leading generals or revolutionaries sooner or later have the opportunity to become like kings or dictators. So how do you make sure they **resist** that temptation? I do not know of a single Marxist revolution where those who had the political and military power, which gave them the opportunity to do what they wanted, led to a democracy. That was unique to the American Revolution (War between the United Kingdom and the American Colonists, 1775-1783, which led to the United States independence). George Washington was the hero of the Revolutionary War, but when the war was over he left the power and returned to Mount Vernon. The Officers Corps founded a noble company, The Cincinnatus Society, which was obviously an attempt to create an American aristocracy, but George Washington said **no**.

So you look at your work as an attempt to rebuild the American Revolution, to rebuild its ideals and promises?

That is right. We try to create the intellectual arguments and legitimacy of all these ideas that are totally independent of Marxism, Socialism and Communism. I think the foundations are much deeper than the foundations of Marxism. Marx's theories are quite superficial. For example, the entire workplace analysis says, *at best*, that workers are underpaid, it is not a criticism of wage-labor as such. And the whole analysis of private ownership of the means of production is not a criticism of the wage system, it is a criticism of *private* wage labor. That is why one in each country that has organized itself along Marxist lines has not removed wage labor - it has only been *nationalized*.

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Are there any similarities between your ideas and the "liberal socialist" legacy? I think of Alexander Berkman, Emma Goldman, Murray Bookchin, Noam Chomsky and the entire Spanish Civil War tradition.

"Yes, Chomsky and I are good friends, but I'm a little more explicit about private property and markets than he is. So he looks at me as one that combines the best of left-libertarianism and right-libertarianism, that is, markets and private property rights. Private property is not the enemy, but what we have now is private theft: By renting people, you appropriate the fruits of their work, it is private theft set in the system. What we need is a *proper* private property system, where people harvest the fruits of their work. And that means you have to work for yourself, individually and jointly.

We are destroying our planet with an excessively high consumption and production level. We burn hydrocarbons, we fill up the seas with plastic. What can your theories do to stop global warming and catastrophic climate change?

In several areas. First of all, much of the pollution that comes from the industry has its origins in what can be called a clear-cut, that is, people in New York could not care less about fracking contaminating drinking water in Oklahoma or North Dakota. It was a familiar case with a chief of an oil company that operated with fracking somewhere in the United States, while another oil company would start with fracking at his Texas Ranch. Then he joined an antifracking group to stop this company while enriching himself from fracking elsewhere. If, on the other hand, you have to do with a labor-controlled company, the company will not want to contaminate its own water supply or its own local environment. How to get a natural connection between people and nature.

Private property is not the enemy, but what we have now is private theft.

Another hope that workers will identify with their company just because it's *their* company. And they do not want to be seen as the cause of pollution. Even people who are employed to do a job, to a surprising extent, identify with the company they are working for. The capitalist system has succeeded in this, even if they are only hired labor. The system actually works largely because of this identification - to the extent that the system can actually be said to work. This effect becomes much larger with labor-controlled companies, while in a work-based enterprise, some power is included with that identification. In work-oriented companies, not only workers will identify themselves with the company - they will actually have the ability to change what the company does. Mondragon has been very vigilant for these things. They produce all possible environmental reports.

But what about the argument that capitalism demands infinite growth? David Harvey writes about the growth rate of capital that it knows no boundaries, except for the physical limitations of the Earth.

"This is something that is built into the actual working relationship. As you grow richer, there are no limits to how much you can own. However, democratic enterprises, when they have 600 or thousands of employees, find it more difficult for them to continue to be democratic, and then they tend to break up. This is why Mondragon used to be one company, but now 120 companies. So this constant growth mechanism, which is like a crackdown, is entering where there is no limit to how many people you can hire. But there *is* a limit to how many people you can have in one and the same enterprise and still have a democratic structure. A labor-controlled economy will accommodate a multitude of medium-sized businesses, but no really big companies - except for larger collections of companies that merge together, like Mondragon. And that's something quite different.

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But if you think of the global economy, who does not know any limits on how much it will consume or produce - does it matter to Capitalism's central growth logic, how to organize at company level?

First, there will no longer be capitalism, but rather democratic companies that are part of market relations with each other. All of these will want to protect their own local communities, their communities. Locally owned companies are far more conscientious about pollution than government agencies and large, multinational companies are. Ultimately, it works better with decentralized ecological awareness, versus centralized elimination such as you have either under Communism or Wall Street capitalism. However, democratic businesses are not an automatic solution to everything. It can not replace organic thinking. But it gives you a natural framework for ecological thinking, where people pay for the costs associated with their own actions. "Do you want to pollute? Do you contaminate your own community? "

Another challenge for work-managed companies is the constant meeting activity. Slavoj Žižek writes that he remembers how he had to sit through countless time-long meetings in Yugoslavia in the 1970s. Is this a potential challenge for labor-controlled companies that they simply involve too much laborious work?

Well, it's the old Oscar Wilde-joke that socialism is taking too many nights. One of the problems in Yugoslavia was that you had a system where - if you think about it in the form of game theory - you had two equilibrium points: it was a high level equilibrium point where people actually worked, people identified with the system and they performed high level, and so on. But then it was a low-level equilibrium point where people said, "Well, this is not my company, I do not bother working too hard, let's take it easy." And both of these examples existed in Yugoslavia. So you had work council meetings in the low-level companies where everyone with a little ambition was fired, while high-level companies had good meetings, a lot of debate and carefully reviewed plans. There people understood that time spent on meeting activities is not a productive time. So in the good companies they made quicker decisions and had shorter meetings, while those in the bad companies said, "Let's have a coffee, let's relax."

Do you want to pollute? Then you pollute your own community.

So you think that in an efficient, well-organized company, where enlightened workers work to promote their own interests, you simply understand that you do not have to spend so terribly a lot of time on all these meetings and procedures?

Yes, they will understand that this is not necessarily a productive time-consuming. The point in Yugoslavia was that whatever you did, you were basically a state employee - it was not admitted from the government, and there was no bankruptcy; the worst thing that could happen was that your company was taken over by another company and the state would give the company a loan with good conditions to smooth it all out.

Can we learn something from this system?

Yes. Democracy in the workplace is great, but it was implemented in the Marxist regime, by a one-party government that was authoritarian in many ways, but surprisingly democratic in others. The idea of democracy in the workplace is certainly good, but the idea that it can be introduced under the auspices of Marxists, where everything is socialized and without the possibility of being bankrupt, is a bad recipe. If the company goes downstairs and home, then it is only a natural consequence of the system. In a genuinely labor-oriented cooperative, unskilled workers will pay the price. That's how it should be.

Obviously there will be hierarchies.

A final question: Do you take sufficient account of the differentiation within work-managed companies? In a company, there are people who work "on the floor", you have intermediaries, and you have a top level. In other words, there is a hierarchy in the workplace. Do labor-managed companies have something to say for these level sections or hierarchies?

Yes, and it has always been one of the appeal points to Mondragon. The answer is that hierarchy by itself is not the problem - it is whether the hierarchy is such that the people above you represent you through a democratic mechanism or whether you through the employment contract have lost the right to govern yourself. In the latter scenario, which is the most common today, your bosses may not be acting in your name or on behalf of your interests.

"It's one of the most common misunderstandings - usually *on purpose* - by work-driven companies, that they will be free for hierarchies. Obviously there will be hierarchies. But there will be *democratic* hierarchies, where the people who are ultimately placed ultimately correspond to the people below, unlike in a capitalist business. In a labor-controlled company, the bosses represent you and they can be held responsible because they can be thrown. The frightening picture that working cooperatives do anything they want, and that no one gives orders and everyone gets the same salary, has no root in reality.

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