

# Workers' Cooperatives



# Workers' Cooperatives:

## *Exploring New Perspectives in Socialism*

Edited by

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# TABLE OF CONTENTS

Introduction .....	1
Eashvaraiah Pulluru	

## **Part I: Conceptual and Theoretical Issues of Workers' Cooperatives**

Chapter One.....	26
On Co-operation	
Lenin	
Chapter Two .....	33
Ideological Orientations	
Sharit K. Bhowmik	
Chapter Three .....	43
Workers' Cooperatives: Some Conceptual and Empirical Issues	
B. R. Bapuji	
Chapter Four .....	55
"A State within A State": Cooperative Movements and Antonio Gramsci	
on the Experiment with Factory Councils	
Atluri Murali	
Chapter Five .....	65
Workers' Cooperatives and Socialism	
Eashvaraiah Pulluru	

## **Part II: Success Stories of Workers' Cooperatives: International Experiences**

Chapter Six .....	72
Worker Ownership and Self-management in India	
Sarath Davala	

Chapter Seven.....	86
Workers' Self-management: Experiment in Former Yugoslavia – A Critique	
Bolusani Sreedhar	

Chapter Eight.....	97
Takeovers by Employees: A Response to Privatization in Pakistan	
Sharit K. Bhowmik	

### **Part III: Success Stories of Workers' Cooperatives in India: A Critical Analysis**

Chapter Nine.....	106
Possibilities of Workers' Cooperatives, with Reference to India	
D. Thankappan	

Chapter Ten .....	110
Workers' Cooperatives as Alternative Production Systems: A Study in Kolkata, India	
Sharit K. Bhowmik and Kanchan Sarker	

Chapter Eleven .....	134
Structural Adjustment Programmes: The Role of Workers' Cooperatives	
Veerashekarappa	

Chapter Twelve .....	147
Workers' Consumer and Service Cooperatives	
K. Satyanarayana	

### **Part IV: Problems, Possibilities, and Prospects for Workers' Cooperatives**

Chapter Thirteen.....	156
The Status of Workers in Post-Reform China: Possibilities for Workers' Cooperatives	
Burra Srinivas	

Chapter Fourteen .....	163
Problems of Women in Home-Based Industry: The Possibility of Workers' Cooperatives in the <i>Beedi</i> Industry	
P. Madhavi	

Chapter Fifteen .....	170
Women Workers in the <i>Beedi</i> Industry and Scope for Cooperativization: The Case of Telangana	
P. Arjun Rao	
Chapter Sixteen .....	186
The Political Economy of Public-Sector Sickness: The Case of Republic Forge Ltd, Andhra Pradesh, India	
R. V. Ramana Murthy	
Chapter Seventeen .....	195
Workers' Cooperation in India: Lessons from Kamani	
E. A. Ramaswamy	
Conclusion.....	205
Editor and Contributors .....	207
Acknowledgements of Journals and Books .....	210
Index.....	211



# INTRODUCTION

EASHVARAIAH PULLURU

With the collapse of the state-socialist regimes in eastern and central Europe and the disintegration of the former Union of Soviet Socialist Republics, the agenda of socialism needs to be placed on a new footing. This process consists mainly of rethinking and reviewing the theory of state socialism and formulating some alternative model(s) within the overall Marxist paradigm or an overall socialist paradigm.

Many critiques of the theory and practice of state socialism in the societies of the above countries have already appeared. These occurred before, during, and after the process of collapse, which started in Poland and went on for a decade until the ultimate disintegration of the Soviet Union. Of course, there have been socialist “restorations” and resurgences in different ways in various countries. In most of the former socialist countries, reformist socialist parties, either by themselves or in coalition with other parties, have come to power in the transformed political frameworks. However, in most cases no serious effect has been seen in these frameworks – even in terms of the limited socialist goals to which these reformed parties committed themselves.

But many of the countries of the Third World continue to witness sustained struggles of workers, peasants, and other social groups, either under various political parties or independently of them, which have socialism as their ultimate goal. India and Nepal provide two such cases. In India, there are examples of parties coming to power at regional level and sustaining that power, even for more than two decades. In addition to this, there is enthusiastic participation by parties of the left in the electoral process, and active competition for positions at the constituency and local levels. But, somehow, despite all these encouraging trends in socialist political development, gaps remain in the programmes of these parties in the aforementioned countries, in terms of providing organized constructive alternatives apart from their participation in democratic institutions and processes.

For example, most Third World countries have liberalized their economies and trade policies, resulting in large-scale unemployment and retrenchment (redundancies), to say nothing of the dwindling prospects of new employment opportunities. The response by left parties in this context has not matched the grave situational challenge or the existing opportunities for the advancement of the socialist movement against such a background. Obviously, the collapse of the socialist regimes in eastern Europe and the former Soviet Union had an enormously debilitating impact on the left everywhere. Having lost international leadership, left parties have yet to formulate any alternative programmes. However, in this whirlpool of collapses, some traditional communist regimes, such as those in China, Cuba, etc., have survived but with serious revisions in their practice.

In this context, there is a need to make serious attempts to study the possibilities of developing new lines and recasting strategies and tactics along such new lines. Some of the new strategies of socialism are indicated in detail below.

## **I. Workers' cooperatives as an alternative to state socialism**

This theme examines ways and means of clipping the wings of the state, which, greatly against the Marxist vision, has been omnipotent in the process of socialist experimentation. Interestingly, this development of an excessive state has been seriously criticized by both Marxist and non-Marxist socialists. The prospective and deserving groups that will gain from this process will be the workers and peasants, both organized and unorganized. The strategies for de-etatization and the de-concentration of power and property would consist primarily of promoting workers' and peasants' cooperatives, which will be the embryo of future dominant, socialist social formations. And, of course, these experiments would be entirely different from state control as it existed in the former Soviet Union. These entities will resemble embodiments of workers' and peasants' free enterprises. The problems involved in these ventures are to be identified, and modalities and situations where the experiments have also been tried are to be indicated. Different ideas, like the promotion of shareholdings for workers and similar possibilities, should also be highlighted. Taking stock of such experiments around the world will be the first step, as it will enable us to project the future. As it is clear, this effort will be made only with regard to one of the important dimensions in the non-traditional approach to the socialist problematic. Apart from

workers' and peasants' cooperatives, other perspectives that may have to be studied and experimented with simultaneously, in an integrative manner to ensure success, include socialism at regional and grass-roots level, radical socialist feminism, and a strategy of reorientating voluntary work along socialist lines.

## **II. The perspective of regional and local socialism**

In the state-socialist experiment, there is centralization in all respects: economic, political, judicial, and cultural. The reforms that took place in the east-European countries, starting from the late 1960s in Hungary to the beginning of the Gorbachev period in the mid-1980s, could not overshadow or challenge the overarching principle of centralization. In the case of China, only the concentration of ownership of property has been eliminated; political liberalization and cultural autonomy for the people have not been provided. It is in this context that different ways and means of achieving power at constituency level and in regional- and local-government settings have to be examined more seriously. The ruling principle in these endeavours would be that of gaining economic, social, and cultural space rather than gaining political power or political space. The point is that socialism has to be built brick by brick, with socioeconomic and cultural specificities as a cementing factor. The experiments of radical labour councils in Britain, which developed into the phenomenon of a local road to socialism, undoubtedly need to be considered as an alternative to centralized strategies prescribing the undertaking of socialist programmes only after a coming to power at the central level. This alternative needs to be considered in the context of Third World countries with parliamentary systems, where the possibilities exist of left-wing parties getting their candidates elected to both provincial and national legislatures as well, albeit in isolated pockets.

John Gyford is useful writer for those working on local self-government from a socialist perspective. Basically, Gyford elaborates his ideas on local socialism not only in supposedly communist countries but also in those with a parliamentary form of government, such as the UK and India, where the theme may be practiced. On close observation, local socialism proves to be a more "multicolored" form of politics than is generally assumed. It also represents a series of initiatives from the bottom up rather than the top down.

In the chapter “The Emergence of Local Socialism” in his book *The Politics of Local Socialism*, Gyford mentions that the media discovered local socialism in 1981. Yet, its origins can be traced well beyond those years. It was then, however, that a series of changes and events began in and around the UK Labour Party and its relations with local government, which paved the way for the rise of the new urban left. In the same period, there also emerged a number of social movements and bodies of ideas that created a climate of opinion favourable to a more decentralized form of socialist politics in general and to local socialism in particular.

Another important aspect of local socialism is community action: The various developments within Britain’s Labour Party from the late 1960s onwards did not occur in a vacuum. As Gyford writes, “In the wider world of politics and social movements there were a number of events occurring in the same period which were to play their part in the emergence of local socialism in particular and of a belief in a *lavor ng zat* form of socialism in general.” This process was described by Richard Crossman “as a process of encouraging a local community to pull itself up by its own bootstraps”. But it was about people in deprived areas looking at their own problems and seeking their own solutions.

Theorizing about the local state in local socialism went beyond radical community activism. Cockburn inserted this debate on the issue of the nature and role of local government. The significance of the debate for those involved in local political and community activism was that out of it there emerged some sort of intellectual or ideological rationale for radical action short of violent revolution.” All activists addressed themselves in detail to the nuances of the debate about the local state. Though one should not underestimate the importance that many of them attached to a correct theoretical support of their work, “the concepts and the language which it developed, provided a means of assimilation of community action into the broader framework of socialist and labour movement politics.”

Local socialism is new socialism. The idea of socialism has been profaned for millions by the failure of social democracy and the history of the Soviet Union. This harsh verdict came not from any propagandists of the new right but from a recreating leftist member of socialist society. Most of the alternative forms of socialism that have been canvassed in this context share a commitment to greater democracy and decentralization. Socialists with experience of the planned economics of Eastern Europe often combine calls for greater worker participation in industry and for

political decentralization with proposals for a greater use of market mechanisms. In the West, there has been less emphasis on the potential of the market and more concern for industrial democracy, workers' cooperatives and the welfare state." Local socialism in Britain represents one particular contribution to this search.

In his chapter "Local Government's Cultural Revolution", Gyford considered that "for many local government officers who had grown accustomed to a largely non-ideological form of local politics, the coming to power of the new urban left provided a severe case of culture shock". Gyford said, "Using the local authority as a political resource and as a base from which to move out into a wider political arena did not only mean campaign by the council itself. It also involved facilitating the activities of various groups in the community whose activity or advocacy supplemented the work of the local authority."

The Labour Party's rules have always given local party organizations the right to determine what policies should be offered to the voters at local elections. Local parties began to devote serious attention to policy formulation for local elections, usually contenting themselves with rather smooth or agreeable but well-intentioned generalizations or slogans. Once elections are over, simply to hand the manifesto to elected Labour councilors and let them get on with the task of implementation means that they are not only the creator of the manifesto but also its guardians.

In his chapter "New Strategies for Socialism", Gyford says that if the ambition to secure radical change through grass-roots politics is to be more than a vague aspiration, it clearly has to be translated into some specific course of action. If there is to be local "road" to socialism, then the elements of the journey need to be identified. The author quotes from former Labour Home Secretary David Blunkett: "the local state used as an example of what we could do as a Socialist government at national level". If the mass of ordinary people are to travel along the local road to socialism, then additional strategies will be required. In the literature and practice of local socialism, two particular strategies stand out quite clearly – namely, those of decentralization and mobilization. Decentralization may, of course, take many forms and be the product of a variety of inspirations. In the first half of the 1980s, local socialism was not the only instance of decentralist ideas in Britain, and its own preoccupations begin to stand out all the more clearly when it is contrasted with some of the decentralist ideas being canvassed in other quarters.

In fact, the individual who is to benefit from this new wave of decentralization was not merely the individual as a citizen; it was also the individual as “economic man”. Hence, the local authorities should be held more accountable not merely to such individuals as voters but also as commercial and industrial ratepayers, who were seen as being in some way “unrepresentative through the normal processes of democratic elections”.

Another main plank of local socialism is local community politics. In determining the best organizational strategy to achieve liberal aims, the main emphasis is on community politics. Political activists’ role is to help people in communities to organize to take and use power and political skills in order to redress grievances, and to represent people at all levels of the political structure. The Labour Party’s emphasis on local government activity and claiming a distinctive “bottom up” view of local socialism can be compared with the community politics of the liberals, since both socialists and communists stress the virtue of decentralization and grass-root activism. The building of political support and the raising to popular consciousness thus implies different things to community politics and to local socialism.

The difference emerges clearly in the case of the economic context of decentralization. The left argues that “[t]he alliance will not be able to decentralize power because it is willing to tackle the sources of economic centralization inherent in capitalism. But it will promote a kind of inaccurate localism with resources. Decentralization without redistribution of wealth and resources leads to poor areas remaining poor and the powerless remaining powerless.”

Local socialism on the whole has bright prospects. Its emergence in the early 1980s can be interpreted in various ways, and it has expressed itself in an enthusiasm for decentralist ideas at various points on the political spectrum. Electoral and ideological crises encouraged a search for new political constituencies and new conceptions of socialism; both might be secured through a more localist orientation.

Decentralized service delivery, the encouragement of voluntary organizations and community groups, municipal enterprise, popular planning and workers’ cooperatives, race policies and women’s initiatives all intended the range of activities or policy options open to local authorities. Local socialism’s general emphasis on trying to respond to the

varied needs of multiple constituencies defined by locality, race, sex, age, issue origination, etc. may prove of great relevance to the requirements of a more plural and more fragmented society.

It should also be mentioned that the same kind of arguments can be made to develop a theory of regional socialism with a concept of the “regional state” as its main plank.

### **III. Reorientating voluntary work on socialist lines**

Another strategy with immense potential for promoting the socialist cause is that of voluntary work with socialist goals. This would consist mainly of work outside the framework of the state's policies on the one hand, and work far different from the general philanthropic to help the poor and needy on the other. The emphasis would be on voluntary work with a perspective and vision that would subserve the strategies mentioned above. The involvement of socialist or communist parties in such work cannot be ruled out, provided their interference is minimal and the autonomy of the voluntary organizations is maintained. In this connection, what can be said with great confidence is that the strategies of most of the existing organizations could also be shifted from need-based to vision-based, preferably with a socialist vision.

Voluntary action in different spheres of society has relevance to the alleviation of poverty and socioeconomic inequalities and disabilities. This is more so in the Third World, where ubiquitous socioeconomic inequalities exist and development takes place without social justice. People there with concern for the poor respond to this situation by taking to voluntary work.

However, what and whose purpose voluntary work serves ultimately is highly controversial. The relevance and purpose of voluntary work can perhaps be classified into three main categories:

1. In the first category, voluntary work fully supports the official policies, and to a great extent supplements and complements the implementation of official programmes. This perception not only fully supports the official policy of the state but also provides legitimacy to the state. In this perception, voluntary organizations coexist with the welfare organizations of the state.

2. Envisaging a neutral and autonomous status for voluntary organizations in relation to the state, wherein the work of the organizations is organized along a particular theoretical and ideological path, may be considered as a second important category of voluntary work. This category comprises a large contingent of voluntary associations, with different shades of faiths and pursuits, working all over the world. Although some organizations in this category accept financial assistance from their respective governments, this is not supposed to be at the cost of their autonomy and the dilution of their principles. Some of the organizations owe their existence to external centres of voluntary aid and action. Another characteristic of this category is that these organizations do not particularly prejudice the existence of state structures or the status quo.
3. Orientating voluntary work as an alternative to the existing structures of state, society, and the economy becomes a process of radical transformation and development under voluntary organizations with some form of revolutionary framework. Inherent in their programmes is the theoretical and correspondingly ideological position that they take regarding their ultimate goals. Bodies included in this category are atheist, leftist, Gandhian, and other progressive organizations in various countries. Though it is suggested that the above brief description of the phenomenon of voluntary work and its role in poverty alleviation and the removal of other disabilities are mainly applicable to the poverty-stricken countries of various parts of Asia and Africa, its applicability to European countries in a modified way is not ruled out.

Organizations of this type, particularly those with a Gandhian and socialist outlook, have an implied opposition to the state and its centralizing tendencies. One of Gandhi's redeeming features, notwithstanding the criticism of his ideas, is his concept of alienation, which the individual undergoes in the context of the growing politicization of human beings and the omnipotence of the state. Another is his plea for the promotion of community feeling among human beings. It is worthwhile seeing to what extent these ideals have come true in ashrams and other centres working with Gandhian alternatives. What are the possibilities of socialist groups and socialist parties taking constructive work in those areas where they happen to have a certain hold over regions, areas, or the masses?

#### **IV. The perspective of socialist feminism**

The socialist project suffered setbacks, largely because of its negligence in dealing with patriarchal ideology – both feudal and capitalist types – not only in the developed Western or capitalist countries but also in the former state-socialist countries. The only difference between socialist practices in these two types of societies is that in the latter, a concerted effort has been made to eliminate legal and political prejudices against women by legal and political action, hoping that this would automatically work against the patriarchal culture. The main objective was to promote women's participation in class struggles and the empowerment of women without affecting the institutions that embody patriarchal values. The literature that has come out so far may have to be critically reviewed, and more material be produced on gender-specific issues and strategies. Radical socialist feminism involves the socialization of household chores and the freeing of women from household drudgery. The sex/class structure is also a target of attack in radical socialist feminism.

While traditional Marxist feminists focus on material productive activity, only socialist feminists include the procreative and sexual work that is done by women at home within that concept.

In the oppression of women, socialist feminism acknowledges sexuality and procreation as historically changeable forms of productive activity. Though contested, the concept of alienation can provide a theoretical framework for systematizing a socialist feminist analysis of women's oppression in the contemporary world. Traditional Marxists saw alienation only with reference to the participation of women in the process of production, distribution, etc.: if women are participating in these processes, they are not alienated. However, socialist feminists see alienation in gender-specific forms.

Thus, while aggrieving with Marxist feminists, socialist feminists lay emphasis on women's alienation in the process of procreation, child bearing and child rearing. As Alison Jaggar (1993) writes, “[s]ocialist feminist explorations reveal the ways in which women are alienated as sexual beings, as mothers and as wives. One socialist feminist author writes that femininity itself is alienation.”

## **The focal theme of this book**

The main purpose of this book is to examine the role of workers' cooperatives as an alternative to state socialism. It consists of the ways and means of "clipping the wings" of the state, which – in the process of socialist experimentation, and greatly contrary to the original Marxist and socialist visions – has become omnipotent in many countries. Interestingly, this development of an excessive state presence and regimentation has been seriously criticized not only by some non-Marxists but also by several Marxist socialists. The prospective and deserving groups who stand to gain from this process will be workers and peasants – of both organised and unorganised sectors – in all countries, including those of the former Soviet Union. The strategies of de-etatization and de-concentration of power suggested by the Marxist socialists mentioned above would primarily consist of promoting workers' and peasants' cooperatives, which will be the embryos of dominant future socialist social formations. It goes without saying that these experiments would be entirely free from state control and intervention of any sort. These entities will appear as embodiments of workers' and peasants' free enterprises. The problems involved in these ventures are to be identified, and modalities and situations related to the experiments have to be emulated. Different varieties of cooperative experiment, like the promotion of shareholdings for workers in industrial concerns and similar possibilities, should be highlighted. Taking stock of such experiments undertaken in India and all over the world will be the first step, as it will enable us to project the future. It should be emphasized that this effort is not exhaustive, but is only one of the many important dimensions in the non-traditional approach to the socialist problem.

It is generally agreed that workers' cooperatives are important forms of workers' self-organization – particularly in the industrial and agricultural sectors. The nature and extent of workers' cooperatives, however, vary under capitalism and state socialism depending upon the nature and extent of state intervention. Despite their limitations and shortcomings, they enable workers and peasants to strive for diffusion and the de-concentration of property and power.

If organized properly, workers' cooperatives would lead the labouring classes towards the ultimate achievement of socialist goals. The workers' cooperatives organized hitherto in various locations worldwide have their specific experiences in different socio-political settings, from which we

may take valuable lessons and draw useful conclusions. Such lessons and conclusions can, however, be drawn only if we make an all-encompassing study of the theme of workers' cooperatives, and this book is a modest attempt in that direction.

## **Conceptual and theoretical issues of workers' cooperatives**

The contributory article entitled "On Co-operation", written in 1923 by Lenin, gives a strong flavour of what a first-rate Marxist socialist practitioner has to say about the role of cooperatives in achieving socialism, and in the stage of a post-revolutionary reconstruction. "Having acquired power after the October revolution, how should the masses of the people, and particular sections like peasantry, be organized into cooperatives so as to accomplish and perpetuate the socialist revolution?" is Lenin's central theme here. Although there have been recent developments in terms of the collapse of state-socialist regimes in eastern Europe and the former Soviet Union, Lenin's writing represents his views on the importance of cooperatives in socialist reconstruction and the establishment of a socialist society. He stresses that the success of cooperatives was a prerequisite of establishing the proletarian state on the one hand, and that Cultural Revolution would erase petit-bourgeois and bourgeois culture and promote and inculcate socialist and collectivist culture on the other.

However, Lenin's piece should be seen very critically in terms of the relationship between a proletarian, one-party state and cooperatives, as the socialist state driven by the communist party in Russia had snubbed the creative initiative of the workers and peasants. This approach organized the peasants and workers into cooperatives, with formal and legal ownership for their members. Lenin's article helps to redefine the relationship between the state and the cooperatives, organized into workers' and peasants' cooperatives wherein autonomy of self-management and absolute control over their means of production are ensured. This is particularly helpful to build socialistic movement during the pre-revolutionary period.

In his chapter on "Ideological Orientations", Sharit K. Bhowmik mentions that workers' cooperatives are industrial or commercial organizations that are owned and controlled by their employees. Bhowmik elaborates on the principles of cooperatives, Marx on cooperatives, the views of social democrats, and workers' cooperatives and economic

regeneration. His chapter throws down new challenges to the working class.

In “Workers’ Cooperatives: Some Conceptual and Empirical Issues”, B. R. Bapuji discusses in detail some conceptual and empirical issues relating to workers’ cooperatives. He starts with the assumption that workers’ cooperatives are as old as utopian socialism, and hence they do not constitute any new perspective on socialism. His chapter offers a definition of workers’ cooperatives in terms of a synonymous and interrelated set of social relations – viz., production relations, property relations, discussion of labour, and distribution relations.

The ideological and organizational dimensions of the experience of the workers’ councils as conceived by Lenin and Antonio Gramsci are compared in Atluri Murali’s chapter, “‘A State within A State’: Cooperative Movement and Antonio Gramsci on the Experiment with Factory Councils”. Russia saw the emergence to power of the soviets, wherein workers and peasants were in control of matters. Gramsci reacted strongly to this development, and posed two important questions relating to it: (1) whether there is anything in the history of the Italian working class resembling a workers’ council? (2) If so, was it in any way similar to those of Soviet Russia? The then-existing state-sponsored workers’ commission, he thought, needed to be reorientated and built into a “state within the state” based on the workplace of the workers and not on any abstract ideas. We know that the radical political change in the Italian Communist Party was based on the ideological leadership of Gramsci.

Murali stresses that Gramsci’s notion of workers’ councils should not be linked to the utopian workers’ cooperatives. Gramsci’s pursuit was more realistic, and was limited to his attempt to develop cooperative forms within the capitalist system. The notion of workers’ councils was linked with workers’ democracy as conceived by the Italian Communist Party. Gramsci also stressed the need to promote discipline in the working class and to persuade it to play an effective political role in society, different from that conceived by Lenin. Furthermore, efforts were to be made to promote socialist trends within the workers’ councils, so that when the revolution broke out there would be no special need to tune the working class to be in harmony with the socialist ideals in the new system.

According to Murali, the notion of hegemony advanced by Gramsci was much broader than Lenin’s notion of proletarian dictatorship. Murali’s

point is that Gramsci was speaking of a cultural hegemony, which was broader than the politico-legal sense of the Leninist dictatorship of the proletariat. Further, it is only through possessing and promoting knowledge as to how to manage resources or the means of production that the workers can promote their hegemony in society as a whole, rather than in any other narrow, politico-legal manner. Murali also highlights the difference between Lenin and Gramsci in the matter of schooling the workers. Gramsci recommends rather conservative schooling for creating organic intellectuals.

“Workers’ Cooperatives and Socialism” by Eashvaraiah Pulluru presents different ways and means of strategizing socialist pursuits. These are more non-traditional, grass-roots, anti-top-down, sector-orientated approaches to the problematic of socialism. The author has presented details of workers’ cooperatives that are worker-owned, worker-managed, and worker-controlled. This chapter deals with the ways and means through which workers can start their own ventures, or buy well-functioning factories, or take over “sick” (i.e., failing) units through cooperativisation. The same could be thought of in the case of farmers’ cooperatives in the agricultural sector, where the nature and contents of the management would be different from those in industry except for collective management, collective ownership free from state control, and so on.

### **Success stories of workers’ cooperatives: Types, forms and international experiences**

In Part II’s opening chapter “Worker Ownership and Self-management in India”, Sarath Davala explains the different conceptual issues and methods relating to the promotion of workers’ control and ownership. After a brief discussion on the above aspects, he states that as a businessperson acquires the bulk of their capital from banks before starting a venture and after it starts functioning, so also can the workers [resort to banks for capital and] own and run factories themselves. And this is already happening in Europe and North America.

Davala classifies workers’ cooperatives into three types: a) Those which workers own and control; b) those which workers control but do not own; and c) those which workers own and control, as in the case of the takeover of sick companies by workers, but without changing the style of their previous management (whether publicly or privately owned). After discussing worker-owned cooperatives in Spain, Italy, and the United

States, he gives a detailed picture of various factories and tea plantations managed by workers' cooperatives in India. In all these examples, workers have been successfully running their farms and tea plantations and are generating profits and job security. Genuine solidarity is a pleasing by-product of this kind of arrangement.

According to Davala, the origin of workers' cooperatives in India must be discussed in the context of the many state-owned, and some privately-owned, factories being taken over by workers. Although it has not yet happened, he suggests that it is fully justified for workers to take over even those factories that are functioning well. He discusses the case of Sonali Tea Plantations in West Bengal, which was taken over by family cooperatives under the guidance of the union formed by 500 tribal workers in 1975. Once the tea-plantations cooperative began functioning, production increased by 50 per cent and there were improvements in medical facilities, water supply, and sanitation. The cultivable area also increased. The next example he refers to is the tea cooperative organized by the workers in the northeastern state of Tripura. In this endeavour, the Left Front Government also helped the Centre of Indian Trade Unions (CITU), which had taken a lead in the formation of that cooperative.

Kamani Tubes, a well-noted example worldwide, is another company taken over by the workers. As a result of family quarrels, the factory was abandoned. After forming an independent union known as the Kamani Employees Union, the workers approached banks and financial institutions, which did not initially help them. The independent union then formed a cooperative, which raised the share capital and deposit by pooling their wage arrears. The Supreme Court directed the Board of Industrial and Financial Reconstruction (BIFR) to examine the union's proposal to form a workers' cooperative.

Bolusani Sreedhar gives an account of the Yugoslav-type workers' self-management efforts in the chapter "Workers' Self-management: Experiment in Former Yugoslavia – A Critique". He also relates his chapter to the main theme of the book. In Yugoslavia in 1945, after the anti-fascist war, the communist-led national United Front came to power and took over the industries and also collectivized agriculture. But in 1953, the state withdrew its control and promoted workers' self-management. This was opposed in the rest of the communist world, since management by workers and peasants themselves would promote individualism (the essence of capitalism) and thus pave the way for the

restoration of capitalism. As a result, the Yugoslav Communist Party was expelled from the Communist International.

But the theoretical goal of the self-management experiment in Yugoslavia was the ultimate withering away of the state by de-etatization and decentralization. According to theorists of self-management, this line aimed at the prevention of the alienation of the workers from the means of production and commodities they produced.

According to Sreedhar, in the modern processes of production, in which thousands of employees work together, individual self-management and individual self-ownership on small and large scales cannot exist in the same manner. This is because of the need for the several stages that a commodity must undergo before it becomes a finished good, and the division of labour and skills of different kinds required for the finishing. Therefore, centralization and socialization of production have become the order of the day. In the earlier stages of production, a single person or a few people operated the entire production processes. The finished commodity was their own product, embodying their particular skill alone, but in the historical process of the development of modern production, this craftsman as sole producer disappeared. Sreedhar points out the contradiction between the socialization of labour process and the individual appropriation of labour, which can only be resolved through social ownership and socialist self-management of property and not by individual ownership such as self-management. Workers jointly in a group can exercise social ownership and management. This social ownership can be of different types: public management, such as corporations; cooperatives and ownership by producers; management by trade unions; and state ownership, which may also be considered as social ownership. However, state ownership is more powerful and effective than the other types.

Cooperative movement with different meanings is the title of the next section of chapters, in which it has been pointed out that the different sorts of cooperatives, like consumer cooperatives, emerged under the capitalist system and were under their own representatives. In the capitalist system, cooperatives are run based on the needs of the merchant and financial capital.

Cooperatives under state socialism, then, are different from those that existed in Yugoslavia. In the state-socialistic model, the state exercises

control and regulates the cooperatives. Hence, they must be supplementary or complementary to the needs and dictates of the state. Under such a system, cooperatives cannot run counter to the interests and directions of the state. Lenin adopted this concept of state cooperatives. Cooperatives thus established transform themselves into collectives acquiring socialist characteristics.

With regard to the real benefits of self-management and the self-organisation of the workers themselves, authors opine that state intervention is necessary to prevent the growth of monopolies and capitalist ownership. Although self-managed workers' enterprises depend more on banks and other such agencies for their economic sustenance, state assistance is also necessary. Sreedhar also expresses his opinion about the eruption of ethnic crises in the former Yugoslavia. While the Yugoslav communists claimed that they had prevented the evils of state socialism, dictatorship of the proletariat and bureaucratic monopoly and domination, Sreedhar says that uneven development, regional backwardness and regional inequalities led to those ethnic crises. The self-management system in Yugoslavia also resulted in self-centred developments, individualism, self-identity, and consumerism.

In the chapter "Takeover by Employees: A Response to Privatization in Pakistan", Sharit Bhowmik tries to explain successful workers'-takeover initiatives in Pakistan, which indicate a way of maintaining employment as well as productivity in the face of the growing threat of privatization. Their example is refreshing, and illustrates the fact that progressive initiatives can take place in a strongly Islamic state. It also points to the possibilities of attempting more such experiments by resorting to Islamic egalitarianism or Islamic religious socialism.

### **Success stories of workers' cooperatives in India**

Part III, "Success Stories of Workers' Cooperatives in India", deals with different experiments of fully and partially successful cooperatives that have been formed over the last two decades. In the chapter "Possibilities of Workers' Cooperatives with Reference to India", D. Thankappan emphasizes the following points:

The scope for cooperatives is indeed quite vast in the new economic scenario in India and the world over. Unfortunately, under the inspector-raj, bureaucratic control and other oppressive conditions prevalent in India, the common citizen has been reduced to a level of dependence whereas the

fruits of cooperation can hardly reach them. So, if the cooperatives have to become truly democratic they should first think in terms of extricating the society from this mire of dependence.

As things stand, we have to look to the government, the politicians and the leaders of society for anything and everything, and the cooperative movement in this country has failed to instil its true principles in society. Caught in the clutches of bureaucrats, it is weighed down so much that it cannot even properly reach out to the needy, let alone render any substantial help to them.

Discussing the strategies required for implementation, Thankappan says,

Translating cooperation into real action is a very painful process under the prevailing conditions because you have to fight the entire system to do that. At times, cooperation has the appearance of a monster that would devour you unless you attack it. When workers are confronted with job losses, when employers are abandoning the factory, and when the government is not interested in taking over the running of the company, cooperation should theoretically work out as one of the best ways out of this fix.

The number of sick companies is increasing daily – as many as 65 per day, according to the Gandhi Labour Institute. An economic survey placed before parliament for 1992 showed that 2.4 lakh (240,000) businesses all over the country were sick at that point in time. This figure does not include the 1.27 lakh (127,000) businesses that are non-traceable and non-existent physically. It was the first time that parliament had been informed about these non-traceable units, to which commercial banks had lent Rs 280 crores (Rs 2.8 billion). Thankappan wonders how the commercial banks could be financing non-traceable and non-existing units, about which no enquiry has been made. Some were brought to the attention of a number of MPs, who meticulously jotted down the details. But, nobody so far has had the courage to pursue this scandal. Thankappan appreciates the academic community for raising the issue with all concerned, and in moulding public opinion. He says that nothing about socialist goals can be confidently stated now, but, as an alternative to the present-day policies of various governments all over the world as well as in India, workers' cooperatives are definitely preferable.

In the chapter "Workers' Cooperatives as Alternatives Production Systems: A Study in Kolkata, India", Sharit Bhowmik and Kanchan Sarker assess the role of workers' cooperatives in reviving industrial production. Although their focus is on the performance of workers'

cooperatives in Kolkata, the study tries to examine the features of such organizations in order to understand their strengths and weaknesses. Kolkata was once a premier industrial centre, but has been witnessing a decline since the 1970s. In some cases, workers attempted to save their jobs by forming cooperatives to manage their industries: five such instances are discussed in this chapter. Four of the organizations still exist, whereas one failed in the late 1990s. These cases help in understanding the conditions needed for the survival of such organizations. Support from the state, the availability of financial capital, and facilities for marketing are seen as some of the prerequisites. At the same time, the most crucial factors for survival are support from trade unions and the maintenance of internal democracy in the decision-making process.

A transport workers' cooperative in Karnataka is the subject matter of the chapter "Structural Adjustment Programme: the Role of Workers Cooperatives" by Veerashekarappa, who says that the Structural Adjustment Programme (SAP) in India provides for the formation of workers' cooperatives and suitable help from the state and central governments. With the collapse of the Soviet Bloc on the one hand and the Keynesian economic systems on the other, developing countries have moved towards market economies. Over 50 developing countries, including India, have progressively opted for privatization under the SAP. Some trade unions have protested against the programme and organized nationwide general strikes. To counteract the SAP's ill effects on labour, the central government has put forward the idea of a national renewal fund, which is also called the social safety net. This fund is meant for the retraining and redeployment of workers. If the enthusiasm of the unions and mutual trust and confidence are there, workers' cooperatives will play a major role in the success of that SAP. The Sick Industrial Companies (Special Provisions) Act of 1985 has a provision under Section 18 to the extent that the BIFR may hand over a sick company to its workers if they form a cooperative to manage it. According to Veerashekarappa, workers' cooperatives provide scope for increasing awareness among deprived sections of society such as poor peasants, agricultural labourers, and industrial workers. He refers to some of the success stories of workers' cooperatives in West Bengal and Mumbai, as well as the formation and functioning of a transport workers' cooperative in the Chikmagalur District of Karnataka.

Workers' Cooperatives of various types in different spheres – organized and unorganized – constitute the real alternative to sick industries,

observes K. Satyanarayana in the chapter “Workers’ Consumer and Service Cooperatives”. With the opening up of India to global competition and the market economy through the new economic policy, which commenced in July 1991, most Indian industries are either getting ready for closure or are being merged with multinational corporations. In many industrial spheres, Indian industries are willing to hand over management to foreign partners by allowing foreign companies a majority stake in the organization. In spite of this, a large number of public-sector and private-sector companies are becoming sick. In this context, Satyanarayana opines that the workers of an industrial unit must take it over before it becomes sick, by forming workers’ cooperatives and running them on democratic lines, and by considering the business as their own. Satyanarayana gives the examples of Powder Metals, HES Ltd, New Central Jute Mills, XLO Machines, Kamani Tubes, and Kamani Metals in this regard.

Satyanarayana discusses the example of a workers’ cooperative canteen, in which he himself was a member. The staff of the Thapar Group of companies did not have a hostel or canteen to afford proper accommodation and food, and no contractor was available to run one. In such circumstances, Satyanarayana himself suggested and initiated a proposal to start an employees’ cooperative canteen. Raasi Cements in Miryalaguda, Nalgonda District, Telangana is another example of a workers’ consumer cooperative. Satyanarayana also gives the example of a cooperative housing society owned and managed entirely by Allwyn

employees. A housing project involving a total investment to the tune of Rs 10 crores (Rs 100 million) was started by the Allwyn employees under the leadership of a team of committed office-bearers.

### **Problems, possibilities, and prospects of workers’ cooperatives**

“The Status of Workers in Post-Reform China: Possibilities of Workers’ Cooperatives”, a chapter written by Burra Srinivas, shows how the post-Mao period in China has been marked by economic liberalization and a change in leadership. Four modernizations introduced by Mao Tse-tung in industries such as agriculture, defence, science, and technology have been central to this liberalization. Srinivas highlights the fact that the strategy of liberalization aims at importing modern technology to develop export-orientated industries and introduce market conditions in order to replace centralized state control over industry and agriculture. In the three phases of this modernization, the first involved de-communalization and the

introduction of family protection and a contract responsibility system. The second phase consisted of changes to pricing and wage systems. Wages would now be based on output quantity. The third phase reorientated the political, economic, and cultural spheres.

Srinivas analyses their impact on workers' specialized economic zones against the backdrop of the above changes, whereas in the pre-reform period employment was allocated by the local labour office and jobs were guaranteed for life. Wages were uniform and fixed by the administration; there was a minimum difference between the highest and the lowest levels. The payment of a liberal bonus consisted of four months' wages. The new system, adopted in 1986, laid down three main rules: (1) replacement of employment for life with 5-year renewable contracts; (2) withdrawal of the inheritance of jobs by sons or daughters from their parents; and (3) retrenchment of bad workers from employment. The process of economic reforms opened the industrial labour market to the peasantry, resulting in rural-to-urban migration of peasantry and thus worsened conditions and availability of labour for the workers. Further, in accordance with the latest changes in labour policy, the workers were rendered vulnerable to unemployment and low bargaining power. The provisions of housing, food subsidy, clothing, education, medical care, and transportation were withdrawn. In this context, Srinivas explores the possibility of the formation of worker-owned cooperatives in China. For him, this is not anti-communist or anti-socialist. Given the fact that China reversed its policies of egalitarianism and socialism, workers' cooperatives are to be established against pro-capitalist policies of the state under liberalization. According to Srinivas, these workers' cooperatives will protect the interests of the workers and give new identity to them.

The problems of women workers in the home-based *beedi* (Indian cigarette) industry are covered in the chapter "Problems of Women in Home-Based Industry: the Possibility of Workers' Cooperatives in the *Beedi* Industry" by P. Madhavi. Based on her research, she reveals the true situation of the working conditions of women *beedi* workers. She observes that home-based work is a very old form of economic activity, which, over a period of time, has changed its size and structure. With the Industrial Revolution and the establishment of large centres of production, the migration of working members of families, or of families as a whole, began to take place. However, home-based work continues to exist because of the possibility and facility for employers to contract out work without providing any space for the workers.

Madhavi says that there are two ways in which home-based workers may be organized in and around the existing relations of production. One is by creating alternative production relations. Trade unions and voluntary women's organizations may take up this first alternative. Workers' cooperatives will be another alternative if a new set-up of production relations has to be created. Madhavi also discusses the possibilities of such cooperatives emerging from the framework of workers' cooperatives with a socialist perspective as conceived by the editor of this book and discussed in the introduction.

"Women Workers in *Beedi* Industry and Scope for Cooperativization: The Case of Telangana" is the title of the chapter written by P. Arjun Rao. He makes a case for the formation of workers' cooperatives in the *beedi* industry after presenting the problems of *beedi* workers based on a major study funded by the Indian Council of Social Science Research (ICSSR). Rao observes that the extent of exploitation by middlemen in the *beedi* industry is quite significant, particularly so in the backward Telangana area of Andhra Pradesh. About 232,000 workers are in Telangana out of a total of 237,836 engaged in the *beedi* industry in the region as a whole, including Telangana's former "home" in Andhra Pradesh. Several lakhs (several hundred thousand) of people in the region are poor and are mainly engaged in this labour, having no other work available.

The *beedi* workers are exploited in myriad ways. These include: (1) payment of wages below the amount fixed by the government; (2) supplying bad-quality leaves and fixing the number of *beedis* to be made, which do not match – as a result, the workers are forced to purchase extra leaves from their own earnings to fulfil the quota of 1,000 *beedis* for the leaves supplied, as fixed by the management; (3) apart from the above, requiring the workers to give 150–200 extra *beedis* free of charge for every 1,000 *beedis* they supply; (4) and violating rules and not supplying identity cards to the *beedi* workers, so that the management can evade their liability to subscribe their share of Provident Fund to the workers' PF quota. Another manner in which *beedi* workers are exploited involves their management setting up departmental stores and requiring the workers to purchase consumer goods from those outlets only. The purchases, at higher-than-market prices, generally take place before the payment of wages, and the money to be paid is deducted from the wages to be paid to them. The management has thus found many ways and means to thwart the rights and claims of the *beedi* workers with respect to their wages and other benefits. The facilities extended by government agencies in this regard are thus rendered illusory.

So, it is obvious that exploitation prevails in the *beedi* industry all over India, and private as well as state management seem to be exploitative. Under such circumstances, there can be no relief for the *beedi* workers until a middle path is found on cooperative lines. In such cooperatives, there will be very little scope for large-scale centralization. Rao concludes that analysis of the findings of his study suggests that the formation of workers' cooperative organizations in the *beedi* industry would save the workers from exploitation and also promote a sense of identity and unity among them.

The chapter on "The Political Economy of Public Sector Sickness: A Case of Republic Forge Ltd, Andhra Pradesh, India", written by R. V. Ramana Murthy remarks on the fact that public-sector sickness has become a more popular theme than private-sector sickness in India in recent times. Different perceptions regarding the sickness and inefficiency of public-sector companies are highlighted. The state government of Andhra Pradesh earlier decided to dispose of its loss-making state enterprises, one of which was the Republic Forge Company (RFC). Ramana Murthy ably documents RFC's chequered history. At first, it was a profit-making public-sector company, second only to the State Road Transport Corporation (APSRTC) in undivided Andhra Pradesh. Various problems occurred in the company, however, and it suffered for nearly a decade. Murthy describes the way in which the firm reached this sad state of affairs. RFC was established as a unit for the development and manufacture of import-substitution items, and has supplied many such vital items to the Atomic Energy Agency, space-research centres, science centres, railways, earth-moving equipment companies, and so on. Much foreign exchange was also saved by its contribution in the sphere of import substitution.

In the chapter "Workers' cooperation in India: Lessons from Kamani", E. A. Ramaswamy discusses the issues and prerequisites for success of workers' cooperatives. He pleads for a sharper understanding of ownership by workers, which obviously constitutes the collective ownership of a workers' cooperative. While the cooperatives collectively own the employees, there is a need for a compact body that represents this amorphous group at various levels. Ramaswamy takes the example of the Mondragon cooperative, whose governing body is called "the leadership": it "is clearly separated from the management even though two of the top managers are members of the cooperative". According to him, problems even for the Kamani workers' cooperative in Bombay arose because it lacked an