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Taking Over the Enterprise: A New Strategy for Labor and the Left

Rick Wolff

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By Rick Wolff

TAKING OVER THE ENTERPRISE

A New Strategy for Labor and the Left

WE ARE OVERDUE FOR A NEW STRATEGY. LABOR AND THE LEFT ARE AT LOW points in long declines. One cause has been adherence to a failed strategy. We need to acknowledge that reality and answer two linked questions. First, what part of getting into this situation was our own doing? Second, what changes in labor's and the Left's strategy could revive the two groups and rebuild their coali-

tion into a powerful political force? To answer the first question: labor's and the Left's strategic attitude toward capitalism undermined both partners and their coalition. To answer the second: changing their attitude toward capitalism could, I believe, revive them significantly in the near future.

With rare exceptions, the strategic orientation of labor and the Left toward capitalism has been one-sidedly *macro*-focused on the nature and extent of state economic interventions. Thus it emphasized taxing enterprises rather than workers, the rich rather than the middle- and lower-income earners. It generally favored state regulation of the private economy rather than *laissez-faire*, public over private enterprises, and state planning/controls over private/free markets. The welfare state, social

democracy, socialism, and communism were all understood chiefly in the macro sense of state intervention. Differences among them concerned the extent of those interventions (ranging from regulation, to control, to state ownership of enterprises and productive resources).

In contrast, labor and the Left paid far less attention to capitalism at the *micro* level, the internal organization and operation of the enterprise. They did not challenge the basic position of corporate boards of directors as appropriators and distributors of the surpluses produced by other people, the workers. They accepted—or simply presumed—that those boards would exclude workers from the appropriation and distribution of the enterprise's

surpluses (or profits). Rarely did Left forces seriously raise the goal of workers themselves becoming, collectively, the appropriators and distributors of enterprise surpluses. When that idea surfaced, it was usually dismissed as unworkable, utopian, and irrelevant to workers' practical interests. The Left restricted itself to demanding state-enforced *limits* on employers' exploitation of workers, deception of customers, and abuse (both socially and environmentally) of surrounding communities.

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Labor's and the Left's implicit micro-level strategy with regard to the enterprise thus became reduced to improving the terms of the employer-employee relationship for the workers, not eliminating that relationship altogether. Unions were to bargain collectively for better wages, benefits, and working conditions, leaving employers to receive and distribute the surpluses. Such (micro) bargaining within enterprises was to be allied with leftist political (macro) struggles for state interventions to benefit workers (via tax reforms, market regulations, greater welfare payments and/or subsidized public services, and socialized medicine).

Capitalist employers have always responded by deploying the surpluses they kept appropriating to evade, weaken, and undo whatever reforms and gains labor and the Left could win. They did so at both the micro and macro levels. They distributed portions of their appropriated surpluses at the micro level to support intrusive supervisors, to alter technologies, and to outsource production. They distributed other portions of their surpluses to support think tanks, build mass media connections, finance selected academics, and buy politicians

to improve their macro-level conditions. Such dispositions of capitalists' surpluses eventually undid most of the gains that the Left and labor won via Roosevelt's New Deal. Examples include the 1947 Taft-Hartley Act, as well as the subsequent undermining of progressive taxation in favor of profit-oriented deregulation, and so on. Capitalists' surpluses today fund all the major efforts to block or weaken reforms initiated by Obama's administration.

Thus, in the U.S. and beyond, the old strategy that allowed corporate boards of directors to keep appropriating and distributing the surpluses of enterprises had repeatedly disastrous consequences for labor and the Left. Similarly,

in countries such as the U.S.S.R. and China, "socialist" strategies—that replaced corporate directors with state officials *without changing the internal employer-employee structures of state enterprises*—eventually undermined the initial gains won by their revolutions. Yet Left and labor forces in both situations seem unable to criticize their parallel old strategies and draw the lessons for a new strategy. Today, they again demand reforms, especially in response to the current global capitalist crisis. And once again, those reforms *leave largely unchallenged the employer-employee relationship within enterprises*.

A new strategy would not leave in place an adversary with the incentive and the resources to block, minimize, and then undo what labor and the Left can win. The key new strategic component is micro-focused in two parts. First, enterprise boards of directors must no longer be non-workers or elected by shareholders. Second, their functions—the appropriation and distribution of surpluses—must henceforth be performed instead by the workers collectively. The new object for struggle is thus the internal transformation of each enterprise. The goal is a fundamentally transformed job description

for each worker, one that would involve both: (1) the realignment of particular tasks within an enterprise's division of labor; and (2) *full* participation on that enterprise's collective board of directors. No worker could meet one part of such a job description without also meeting the other.

Making this new strategic goal a central part of Left, labor, and socialist and/or communist programs would radically transform them from what they have long been. To the macro focus on state interventions (via reforms and regulations) would be *added* this new micro-level goal. By achieving it, workers would acquire the requisite status, incentives, and resources to make enterprise policies support their traditional macro-level goals (such as economic planning, social welfare, and greater wealth and income equality). However “radical” the new strategy may be considered, it offers the only real hope to secure any future reforms won by labor and the Left.

This new strategy is unapologetically anti-capitalist. It aims to challenge the essence of the capitalist organization of production—the employer-employee relationship—and replace it with a communitarian organization. On that basis, all the other dimensions that are characteristic of capitalist societies would open up for democratic reconstruction as well. Will the distribution of resources and products be achieved by market exchanges, or by other mechanisms (e.g., decentralized economic planning based on combinations of democratically defined social and individual needs)? Will there be private ownership of enterprises—by individuals, groups, or communities—or will there be regionalized, nationalized, or internationalized ownership? What success criteria will govern investment decisions: enterprise profits, progress toward social objectives, local community goals? Raising and answering these

questions would finally become the business of everyone, as befits any genuinely democratic society. As workers' different perspectives and evolving preferences gradually inform these questions, their long exclusion from democratic decision-making within capitalist economic systems will finally come to an end.

[We need to] replace [the employer-employee relationship] with a communitarian organization.

This new strategy's brand of anti-capitalism is distinguishable from mainstream socialism or communism. Those traditions, both theoretically and as seen in the regimes they established once in power, also left in place the micro-level exclusion of workers from the appropriation and distribution of the surpluses they produced. Socialist and communist traditions were chiefly macro-focused: on transformations of property—from private to public—and on distribution mechanisms, from market to state planning. Their micro-level goals were to improve the conditions of employees within enterprises rather than end those enterprises' employer-employee relationships. The failure of “actually existing socialist and communist economies” to overcome that internal enterprise division eventually undermined them and enabled their greater or lesser reversions back to private capitalist economies.¹

This new strategy, if successful, would do more than democratically transform production. Workers who also served on their own boards of directors would make different decisions—about what to produce, how and where to produce, and what to do with the surpluses their labor generates—than traditional boards elected by shareholders. Their

decisions would, for example, be far less likely to relocate production across the country or the globe, or install technologies harmful to workers' health, or use enterprise surpluses to bulk up on intrusive supervisory staff. Worker-directed enterprises would much more likely establish funds to retrain and reposition workers in response to changes in technology or altered demands for output. The capitalist conception of unemployment would end, as jobs and individual incomes finally become basic human rights and labor is considered everyone's shared social obligation. Workers' broadly defined well-being (an inclusive standard) would displace individual enterprise profits (a narrowly exclusive standard) as the prevailing objective of enterprise decisions.

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Because workers live in the communities that surround their enterprises, the decisions they make as collective directors will continuously monitor and improve local economic, political, cultural, and environmental impacts unlike the decisions made purely on behalf of the capitalist enterprises' boards of directors and major shareholders. Indeed, because residential communities are complexly interdependent with enterprises, new political mechanisms would be needed to share final social decision-making authority democratically between worker-directed enterprises and their community-based counterparts. That could

end the capitalist pattern by which enterprise directors and major shareholders prevail over residential communities by channeling their disproportionate resources toward bribery, public relations, or other manipulations of community decision-making. Government at all levels, from local to international, would be transformed into more collaborative structures based conjointly on enterprises and those residential communities that are interdependent with them.

By democratically reorganizing enterprises at the micro/internal level, this new strategy builds a foundation for a society-wide transition from today's merely nominal democracy to the real thing. Workers functioning in and responsible for democratically structured

enterprises will more likely understand, demand, and lead a social movement for parallel democracy and responsibility within their communities. When workers themselves dispose of the surpluses generated from within their enterprises, they are likely to use them to further the macro-

focused policies that they supported as citizens. No longer would a separate group of people (a social minority comprised of boards of directors and major shareholders without any democratic obligations to their employees) be able to sabotage the macro-level policies supported by the majority of those employees.

The new strategy calls upon workers to recognize the need and take responsibility for the implementation of change in the places where they work, inside the enterprises where they spend most of their adult waking hours. It gives workers the sequential tasks of first transforming production within each enterprise,

and then maintaining and developing the new production organization. Workers themselves become the self-conscious and self-directed foundation of society's economic development. This could lead to the concrete realization of longstanding commitments of labor and the Left to workers' empowerment, liberation, and self-actualization: commitments that had long been only vague, rhetorical gestures. This new strategy might inspire a revival of the labor movement, as well as other Left movements. Continued adherence to the old strategy has failed to do that for a long time, and it promises nothing better for the future.

The emphasis herein has been on strategy partly because that, rather than tactics, is what most needs change. Tactical adjustments and innovations, as well as exemplary creativity, have often been strengths of both labor and the Left. Owning up to fundamental strategic problems has not. The tactical roles involved with advancing the proposed new strategy that will be taken by trade unions, political parties, and/or social movements outside electoral

politics thus remain open questions. They will likely be resolved variably, in line with the different social histories that have shaped workers and the conditions they confront. So, for example, it might be best, under some circumstances, to initially demand that about half the seats on corporate boards of directors be worker-based.

Another tactical question is whether the initial focus should be on workers becoming their own boards of directors at the decentralized level of the individual productive unit (i.e., at the factory or office) *or* at the centralized level of the enterprise or entire industry. These tactical choices require risks and advantages to be weighed. Beyond the economy, another tactical question would address how education would need to be reorganized and refocused to prepare young people for future jobs that include serving on collective boards of directors.

Imagine the promise of a strategically reoriented labor movement, no longer stuck in an ineffective, defensive rut.

Notes

1. See S. Resnick and R. Wolff, *Class Theory and History: Capitalism and Communism in the U.S.S.R.* (New York and London: Routledge, 2002).