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On the Labour-managed Firm as a New Mode of Socialism

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Author's contribution

The sole author designed, analyzed and interpreted and prepared the manuscript.

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ABSTRACT

The aim of this paper is to suggest that the establishment of a system of producer cooperatives is a revolution which is consistent with Marx and Engels's thought. The author examines Marx's definition of revolution and the concept of production mode and argues that a system of the cooperative firm changes the production mode. He discusses also what manner plan and the market can be reconciled in a socialist system.

Keywords: Cooperative firms; socialism; marxism.

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1. INTRODUCTION

One of the reasons why Marx endorsed the introduction of cooperatives is that producer

cooperatives realise economic democracy, a basic component of political democracy. Marx rates political democracy as merely formal in capitalism because power remains in the hands

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of capitalists. This is the reason we think that by far the greatest advantage of democratic firm management is the substitution of the 'one head, one vote' principle for the 'one share, one vote' criterion. A major advantage of a democratic firm system is hence its ability to satisfy those aspirations that according to Marx were antithetical to the capitalistic mode of production.

As a result of the disempowerment of capital owners, such a system can be assumed to have developed political democracy to the highest possible degree.

In our opinion, the paper is of interest for the readers because it individuates a new mode of socialism, a new mode of production.

2. MARX'S AND THE COOPERATIVE MOVEMENT

The system of producer cooperatives that Marx had in mind was a market system that "makes workers their own masters" [1] and deprives capital owners of the power to make decisions in matters of production. In Marx's opinion, this system is even more efficient than capitalism.

Both the equation of an all-cooperatives system with a new mode of production and its assumed potential for outperforming and superseding capitalism is underscored in numerous other passages from Capital. On pages 570-71, for instance, Marx describes joint-stock companies as firms which will lead to the abolition of the capitalist mode of production "within the capitalist mode of production itself". Further on, he also argues:

"The co-operative factories run by workers themselves are, within the old form, the first examples of the emergence of a new form, even though they naturally reproduce in all cases, in their present organization, all the defects of the existing system, and must reproduce them. But the opposition between capital and labour is abolished there, even if at first only in the form that the workers in association become their own capitalists" [...]. "Capitalist joint-stock companies as much as cooperative factories should be viewed as transitional forms from the capitalist mode of production to the associated one, simply that in one case the opposition is abolished in a negative way, and in the other in a positive way" [2].

One of the reasons why Marx forcefully endorsed the introduction of cooperatives and the abolition of hired labour even in a system remaining purely mercantile in nature is that (from the perspective of a critic of capitalism) producer cooperatives realise economic democracy, a basic component of political democracy. Indeed, Marx, Marxists and other critics of the existing social order concordantly rate political democracy as merely formal when power remains firmly in the hands of capitalists – in other words when capital is still the economic power holding everything in its sway.¹

And while it is true that Marx's ideas in matters of cooperation are largely ignored [4], it is clear that in the cited passages he was thinking of a form of market economy in which capitalists would be stripped of all power.

3. DEMOCRATIC FIRMS AND THE CAPITAL'S CONTROL

By far the greatest advantage of democratic firm management is the substitution of the 'one head, one vote' principle for the 'one share, one vote' criterion. As workers would both derive great satisfaction from the exercise of decision-making powers (i.e. sovereignty) and wrest themselves free from the need to obey third-party commands, it is they that would come off best from the introduction of the 'one head, one vote' principle.² On closer analysis, however, since the disempowerment of capitalists would provide a major impetus for political democracy, there would be comparable benefits for society as a whole.³ Critics of capitalism have been pressing the view that the despotism with which capitalists impose their laws not only on workers but also on politics and culture is part and parcel of the

¹ In *Antidürring*, Engels [3, p. 642] maintained that following the development of joint-stock companies and trusts, "the bourgeoisie demonstrated to be a superfluous class".

² In contrast with Rawls's claim that the principle of equal freedom is only applicable to civil and political affairs [5], we hold it to be as relevant in economic and social phenomena. Indeed, there are reasons for arguing that just as the equal rights principle includes title to the exercise of political powers, so it should include a say in corporate decision-making processes, especially when it comes to appointing managers [6, p. 204].

³ Hence, we endorse the view that Rawls fails to point up that equal social and economic conditions are a prerequisite for political freedom [7].

essence of the capitalistic organisation mode of society.

A major advantage of a democratic firm system is hence its ability to help workers gain freedom and the status of full-fledged members of society – i.e. its ability to satisfy those aspirations that according to Marx were antithetical to the capitalistic mode of production.

This advantage will be palpably clear if we focus on an economic system imagined to have become mainly (if not solely) formed of democratic firms. Compared to the circumstances prevailing today, as a result of the (near) disempowerment of capital owners such a system can be assumed to have developed political democracy to the highest possible degree. Whoever has given some thought to the insoluble conflict between true democracy and the power of wealth will clearly appraise the crucial role that democratic firm control may play. The media, including the press and television, would cease being subservient to the interests of their owners and would no longer be monopolised by anybody (if nothing else, not by a single individual). This is the idea behind M. Adler's distinction between 'political democracy' and 'social democracy'. Although the former is described as democratic, Adler argues, in actual fact, it resembles a dictatorship of sorts since the 'general will' it is said to express reflects the specific interests of the class in power and the underlying rationale is the liberalist principle of the atomisation of society into abstract individuals. As for the latter, it is a true democracy but can only become a reality in a classless society ([8], p. 292).

In an analysis of capitalism, Huberman raised a set of questions: "Do we really tolerate all political and economic dissenting opinions? In ordinary times, it is true that we do not clap liberals or radicals in jail. But what happens in times of great tension, for example? And, isn't it also true – he continues – that jobs, power and prestige almost always go to those who do not dissent, those who are 'sound' and 'safe'?" [9]. Simone Weil's view is even more radical [10]: "all the laws guaranteeing freedom and equality in the Republic are illusions because the state is not controlled, nor could it be. It is impossible to bring about a reform of the state unless one, first of all, changes the system of production."

Capitalism is typified by economic inequalities, which in turn breed political inequality. While it is

true that most political systems vest voting rights in all the citizens, there can be little doubt that high-income individuals wield more political power both through their control of media and because they can bribe politicians into acting in their favour.

One effect of the unequal distribution of political power is that hardly any issues of concern for the more disadvantaged part of the population will enter the political agenda. The task of politics – problem solving – is hardly approached since the agenda is dictated by the class in power.

To claim that democratic firm governance would bridge the cleavage between civil society and political society is but to cast the same argument in different words.

4. CAN THE CAPITAL-LABOUR CONFLICT BE RESOLVED?

One of Marx's major contributions to the understanding of the social order in which we live is the insight that class struggle is the key problem of capitalistic economies. And as this idea was first stated in early writings not yet supported by a sound grounding in political economy, it is probable that Marx did not take it over from the writers on whom he drew for his later studies. The class issue features in such an early work as the Critique of Hegel's Philosophy of Right (written in 1843 and issued in 1844) and continued to take centre stage in Marx's later theoretical approach as well.

Accordingly, it is safe to assume that in Marx's approach the precondition for superseding capitalism was solving the dialectical contradiction inherent in the conflict between a class yielding all power and a class expected to obey passively.⁴ To look upon the opposition between plan and market as the key problem – Bettelheim wrote – is a gross mistake which diverts the attention towards minor issues and, hence, away from the real crux of the issue: the existence of a class – the 'bourgeoisie' – whose prime aim is to prevent workers from

⁴ In quotes from Marcuse reported in Vacca [19, p. 333 and 20, p. 253], the key contradiction of capitalism is described as "an oppressive relation opposing man to nature and subject to object, which is perceived at the root of our civilisation and which generates oppressive social relations", and industrial societies are said to be "the outgrowth of a historical design aimed to establish control of man over man".

attaining power. This is why an occasional acceleration or stalemate in market relations at one stage or other is, in itself, not enough to make us assume that the world is either progressing towards socialism or moving away from it (see [11] and among others, [12] and [13] p. 751).

In short, in the minds of most Marxists the main contradiction of capitalism to be resolved during the transition to socialism is not the plan-market opposition, but the conflict between capital and labour.

In Marx's opinion, both Ricardo, who defined capital as that part of the wealth of a country which is employed in production, and other economists who described capital as the bulk of capital goods were the victims of an 'illusion'. Dismissing this illusion as an 'absurdity', though one inherent in the very nature of the capitalistic production process, Marx categorised it as "a very convenient method of demonstrating the eternal character of the capitalist mode of production, or of showing that capital is a permanent natural element of human production in general" ([14] p. 28). Yet, there is good ground for assuming that the illusion that Marx had in mind will in due time be disproved and that workers will eventually start running business firms on their own.

5. IS THE CAPITAL-LABOUR CONTRADICTION SYSTEMATICALLY ESCALATING?

If the new mode of production to rise from the ashes of capitalism is a system of democratic firms, at this point it is worth establishing if there are forces willing to further it.

In Marx's own words, "capitalist production has itself brought it about that the work of supervision is readily available and quite independent of the ownership of capital. It has, therefore, become superfluous for this work of supervision to be performed by the capitalist. A musical conductor needs in no way be the owner of the instruments in his orchestra, nor does it form part of his function as a conductor that he should have any part in paying the 'wages' of other musicians. Cooperative factories provide the proof that the capitalist has become just as superfluous as a functionary in production as he himself, from his superior vantage-point, finds the large landlord" ([15] p. 511).

This single passage is sufficient evidence that Marx did envisage the disempowerment of capitalists even within a market economy. The claim that an escalating capital-labour confrontation paves the way for the reversal of the capitalistic capital-labour relation can hardly be called into question. Bourgeois individualism inevitably breeds a tendency towards proletarian collectivism.

As is well known, technological evolution is currently moving in the opposite direction to Fordism. At this stage, the argument that the advent of economic democracy is being expedited by the degrading labour conditions of Fordism or Taylorism is consequently unwarranted. Does this validate the opposite assumption that the higher education and expertise levels required by modern technology are expediting the transition to democratic firm management and restoring momentum to labour management theory?

By general agreement (see, for instance, Ben Ner [16] and [17] pp. 295-96), the living standard of workers is a major determinant of both the advantages granted to labour-managed firms and the difficulties they come up with. There is evidence that workers become less averse to risk and develop greater entrepreneurial skills according to as their income levels increase. This is why we agree with Zamagni's saying that "as human and social capital acquire a greater strategic role than physical and financial capital, the overriding importance of democratic governance modes becomes more and more evident also on a strictly economic plane" ([18], p. 60). Indeed, the greater a worker's educational levels and qualifications, the less he will be prepared to work at the behest of another and the more will he tend to acquire the abilities necessary to run a firm first-hand. According to Bowles and Gintis ([21], p. 82), higher-income workers find it more convenient to work for a firm which they run directly. Very often, workers in self-managed firms have the feeling that their incomes may be at risk and that they may prove unable to finance a decent standard of living for their families, but this feeling recedes in proportion to increases in income. Rosselli ([22] p. 453) put the matter in this way: "the ever more pressing call for worker control reveals that the average worker is gradually developing self-esteem, that he is no longer satisfied with material benefits only, and that he wishes to assert his personality autonomously outside the factory".

The widening contrast between capital and labour – let this be re-emphasised – is the offshoot of a contradiction between productive forces which change in time. On the one hand, the working class is acquiring ever greater entrepreneurial skills; on the other, production relations are still controlled by capitalists, because it is they that run enterprises.

In short, it is reasonable to assume that labour management is bound to make headway in history at the same pace that manual labour loses importance and workers develop greater educational and professional qualifications (see, for example, [23] p. 349).

Provided this is true, we cannot endorse Foucault's argument that the social extraction of an individual may account for his choice of one system of thought in preference to another, but that the existence of the group concerned is not the precondition for the rise of the relevant system of thought. In our estimation, it is apparent that capitalists are stout supporters of capitalism while well-informed workers tend to embrace socialism, but it is no less true that the propensity of workers for democratic firm management arises from teachings they tend to draw from experience.

As pointed out by Harman [24], "Gramsci often uses the bourgeois struggle for power against feudalism as a metaphor for the workers' struggle for power against capitalism." In point of fact, this comparison is highly misleading. As capitalistic production relations are closely associated with commodity production, which may arise within feudal society, the bourgeoisie can use its growing economic dominance to build up its ideological position within the framework of feudalism before seizing power. Conversely, the only way for the working class to become economically dominant is by taking collective control of means of production – an aim which requires rallying to arms in order to seize political power". On this point, however, it is Gramsci, not his critic that is right.

From our perspective, the reflections developed in this section lead up to this conclusion. From the undeniable need to keep apart socialism from communism, it follows that democratic firm management, which solves the capital-labour conflict during its present escalation process, will breed socialism.

6. ON THE END OF CAPITALISM

According to the Italian philosopher, Emanuele Severino in the present age of brisk technological growth capitalism is on the wane because the need to obey the imperatives of technology is obliging business enterprises to deflect from profit maximisation as their one-time overriding goal. According to Severino ([25] p. 94), "within a logic which postulates goals and means (and has been prevailing over the entire course of human history), there is little doubt (though the consequence is less dominant than the starting assumption) that whenever an action – in this case, the capitalistic mode of operation – is made to deflect from its original goal and to pursue a different one, this same logic determines that the action itself will turn into something different in content, rhythm, intensity, relevance and configuration."

This is because techno-scientific considerations and needs are ever more often taking precedence over those typifying capitalistic policies. As a result, it is not the inherent contradictions of capitalism highlighted by Marxists that are hastening this decline, but the gradual marginalisation of the pure capitalistic system by the techno-economic system. It is true that every human action is characterised by the goal it is designed to achieve. The goal is the master, and no one can serve two masters. It is the goal that makes an action what it is, and an action that is assigned a different goal changes into a different action. Also in my opinion, the individual's subjective aim is one thing and the objective aim of the apparatus is another; and whenever the objective aim takes precedence over the subjective aim, it is technology that gains the upper hand to the detriment of capitalism ([25] pp. 48-49). When technology is turned from a tool into a goal, the result is a reversal of roles. Hence capitalism enters a stage of decline when, in an effort to tackle head-on confrontations between workers and employers or fend off competition from other nations, it starts using the technological means under the direction of modern science.

Also to my opinion, the decline of the system is expedited by the capitalistic mode of the action itself since capitalists stop working towards profit maximisation as their ultimate goal. Since it is true that States (betraying their original mission) are ever more deeply involved in technology, they, too, will cease being masters of the techno-scientific apparatus and will become its servants.

Further on ([25] p. 77), Severino adds: "the true foundation of modern science is the rejection of the finalistic principle of nature". However, within the framework of a scientific approach to nature, it is appropriate to argue that the tendency of men to assign goals to natural processes results in changing them into tools, i.e. something different from what they originally were. Despite human intervention, though, it lies in the nature of things that those processes invariably have a beginning and an end.

Capitalists – he argues ([25] p. 73) – simultaneously further and employ technology, i.e. a tool which is designed to reduce scarcity and draws legitimisation from this ultimate goal.

For my part, I daresay that no economist will be prepared to subscribe fully to Severino's line of argument. Although it is evident that technology is achieving a burgeoning role in economic affairs, and that capitalism is ever more thoroughly dependent on it, it remains that capitalists make use of technology in an effort to achieve their prime aim, which is and remains profit maximisation. As a result, Severino's argument that the growing sway of technology is preventing business enterprises from pursuing profit maximisation is beside the point. The pursuit of profit maximisation by enterprises is still the main characteristic of capitalism.

The situation would be radically different if capitalistic businesses were replaced with a cooperative system of firms setting out to maximise, not profit, but the well-being and satisfaction of the majority of the workers making all the relevant decisions.

Concluding, while we are prepared to endorse both the claim that technology helps capitalistic countries combat scarcity and the assumption that capitalism would cease to exist if the scarcity problem were finally solved, let us emphasise that every economist knows all too well that the scarcity problem will never be solved once and for all.

7. THE TRANSITION IN PRODUCER COOPERATIVE THEORY

At this point, we will try to establish how those believing that a system of producer cooperatives would help supersede capitalism figure to themselves the process leading up to socialism, i.e. the transition.

Three distinct high roads to the establishment of a system of producer cooperatives have been theorised so far.

One is endorsed by those who think of cooperatives as merit goods, i.e. as producing positive externalities. The greater benefits the community may draw from self-managed, rather than capitalistic firms are numerous (cfr. [26] capp. V and VI). Consequently, if the cooperative firm is a 'merit good', the first measures to be enforced in order to further the rise of a new mode of production are tax and credit facilities commensurate with the benefits the community draws from these firms.

The second 'high road' is identifying businesses that capitalists prove unable to run efficiently and changing them into democratic firms. This method is applicable both on a case-to-case basis and via a general strike.⁵ A process of this kind was about to materialise in Italy in the so-called 'red biennium' (1920-12), when the labour unrest instigated by Gramsci's Ordine Nuovo movement made it so difficult for capitalists to run their firms that Giovanni Agnelli declared himself prepared to hand over the management of the Fiat to the workers.⁶ The idea of a general strike as the preferred springboard for the transition to socialism is the true leitmotif in the thought of Rosa Luxemburg, the most democratic of all Marxists [27].

Several countries have a record of capitalistic firms which instead of being wound up were changed into cooperatives at various points in time. In years nearer to us, numerous firms on the brink of bankruptcy were occupied by the workers and run as producer cooperatives in the aftermath of the economic crisis in Argentina. Most of the approximately two hundred cooperatives operating in Argentina in 2005 were firms that had been set up following the crisis. In Italy, a great many firms in serious difficulties were taken over by their workforces in 1970-71 and about a hundred of these were turned into cooperatives between 1974 and 1978. Most of

⁵ In 1909, Robert Michels remarked that producer cooperatives are often set up at the end of a prolonged strike as tangible proof that workers are able to run production activities independently of capitalists [see 32, p. 195].

⁶ A situation is termed 'revolutionary' when the ruling classes are no longer able to exercise power as they used to before and the working classes are no longer prepared to live as they had been doing until then [see 33 p. 51].

the cooperatives that were set up in the manufacturing industry in those days were originally defaulting capitalistic companies (see, *inter alii*, [28]). Some scholars have gone so far as to argue that rescuing defaulting business is one of the main functions of cooperative firms ([29] p. 67).⁷ Among them, Vanek ([30] p. 46) has written that the default of an existing business enterprise offers, quite naturally, an excellent opportunity for setting up a self-managed firm.

An elementary truth to be emphasised here is that – contrary to a widely held opinion – firms that do not report any profits are not destroying resources. Provided work is looked upon as a value instead of a burden, in situations of Keynesian unemployment it is firms that fail to produce value added that waste resources. And a firm that does not report any profits may nevertheless produce considerable amounts of value added.⁸

Our second road from capitalism to socialism is endorsed, among others, by Tronti in a Marxist analysis of the evolution of capitalism. “At the highest level of capitalistic development – Tronti argues ([31] p. 20) – the social relation becomes a moment of the Relation of production, the whole of society becomes an articulation of production; in other words, the whole of society exists as a function of the factory and the factory extends its exclusive domination over the whole of society. As a result, the State machinery itself tends to be ever more markedly identified with the figure of the collective capitalist. It is ever more thoroughly appropriated by the capitalistic mode of production and hence becomes a function of the capitalistic society.” From this, he draws the conclusion that it is a historical necessity to fight bourgeois society within the social relation of production, i.e. to challenge it from within the capitalistic production system (see [31] p. 24). In other words, from Tronti's perspective, there is a need to break the State within society, to dissolve society within the production process and to reverse the production relation within the factory and the social

⁷ At the other end of the spectrum are historians of the cooperative movement who strongly deny that bailout operations fall within the mission of the cooperative movement [see, *inter alia*, 34, pp. 112-13].

⁸ In the opinion of some, the reason why workers tend to take over enterprises in temporary distress is that sometimes enterprises have difficulty obtaining new credit due to asymmetrical information on capital markets [see 35, p. 30].

relationships existing there. In short, “the goal is to destroy the bourgeois State machine right within the capitalistic factory” ([31] p. 30).⁹

This policy goes to refute the reflections on class action developed by Olson (1965) and Buchanan (1979) in connection with the free-riding issue. Both these authors start out from the classification of revolution as a public good and the assumption that the proletariat is well aware of this. All the same – they argue – as revolution is a costly undertaking which exposes the revolutionaries to a violent backlash from the bourgeoisie, it is exactly its quality as a public good that will prevent it from being carried through. Each proletarian will shirk involvement on the assumption that the benefits flowing from the efforts of his fellow-citizens, where successful, would be reaped by all. In the words of Buchanan ([37] p. 63): “Even if the revolution is in the best interest of the proletariat and even if every member of the proletariat realizes that this is so, so far as its members act rationally, this class will not achieve concerted revolutionary action. This shocking conclusion rests on the premise that concerted revolutionary action is for the proletariat a public good in the technical sense. The concerted revolutionary action is a public good for the proletariat as a group. Each proletarian, whether he seeks to maximise his interests or those of his class, will refrain from revolutionary action.” In the opinion of Vahabi [38] this line of reasoning entails that – contrary to Marxist theory – the masses fail to make history because their rationality induces them to opt for political inaction.

Is this line of reasoning convincing? The degree to which Olson and Buchanan are off track will at one become apparent if we consider that the benefits associated with actions intended to

⁹ The road to worker power we are discussing can be purposely pursued by proclaiming a general strike with the aim of handing over to workers the management of all – or at least the most important – firms. In our estimation, the aim of a general strike should not necessarily be disintegrating the State machinery, as recommended by Tronti. The democratic form of socialism endorsed in this book requires the maintenance of State power. This is why we do not share the opinion of Benjamin that a general strike can be defined as ‘non-violent violence’ because its aim is, not to found a new State, but to abolish the existing one; in other words, because its purpose is to give rise to a new system where work is neither ‘imposed’ by law nor by the need to survive [36, p. 21].

help workers run firms on their own will be reaped by the workers themselves, in terms of turning them from hired workers into their own masters.

The third high road to the new order is a Parliamentary Act converting the stocks of existing companies into bonds of equal value (based on suitable regulations intended to solve the difficulties associated with such a transaction) and, at the same time, outlawing hired labour to the extent that will be deemed expedient. Such an Act would automatically disempower capitalists and, by the same token, change existing capitalistic businesses into self-managed firms.¹⁰ The prerequisite for the passing of such an Act is obviously a parliamentary majority of representatives of the workers or, at any rate, members of Parliament favourable to such a solution.¹¹

On the assumption that safety can only come from piecemeal social changes and improvements in the living conditions of individuals (see, inter alii, [39], p. 4), we express a preference for the first two of the three policies outlined above.¹² The quote below is clear evidence that this was also the option of Rosa Luxemburg: "The conquest of power – she wrote – will not be effected with one blow. It will be a progression. We shall progressively occupy all the positions of the capitalist state and defend them tooth and nail. It is a question of fighting step by step, hand-to-hand, in every province, in every city, in every village, in every municipality, in order to take and transfer all the power of the state bit by bit from the bourgeoisie to the workers" ([40] p. 629).

¹⁰ *The transitional process suggested by Dow in a 2003 book is a combination of the first and third high roads just described. Specifically, Dow suggests putting the issue to a referendum among workers and, in the event of a democratic response for a self-managed firm system, enforcing subsidies in favour of those firms that are assumed to generate benefits for the community at large [43, chap. 12].*

¹¹ *In this connection, Panzieri (quoted in [44], p. 163) comments that as soon as the working class takes cognisance of its status as variable capital and forcefully rejects such a role, its demands will become ever more pressing and will ever more markedly be focused on the acquisition of worker power than on the labour issues typically featuring in trade union platforms [45, pp. 38 e 30].*

¹² *The sixth chapter of [46] is entirely devoted to demonstrating that there is at least one feasible road to the acquisition of a democratic socialist order.*

An additional reason why the first two transition processes are to be preferred is that the concomitant existence of socialist and capitalistic firms might destabilise the latter to the point of causing them to rethink part of their strategies in manners that would ultimately expedite a democratic transition to socialism (see [41] pp. 158-61).

Hayek argued that no real breakthrough in politics would ever be achieved through mass propaganda. The problem, he wrote (see [42] p. 192), was persuading intellectuals that the positive externalities of a democratic firm system entailed a significant edge over capitalism and inducing them to press this idea both on political parties and on the electorate as a whole. At that point, he concluded, the hoped-for political change might be enforced through a parliamentary vote and would amount to a fully democratic revolution.¹³

An additional point probably requires to be discussed in greater depth here. In the mind of a free rider, there is no sense in racking one's brains over the issue of the transition to a new order. Provided it is found that cooperatives are more efficient than capitalistic companies they will eventually prevail as a matter of course; in the opposite case, the transition will never come about. For our part, we reject this idea because we believe that a transition might come about even if the efficiency levels of cooperatives were found to fall short of those ensured by capitalistic companies.

We think that the transition is desirable if the benefits they offer to the community are such as to vouchsafe superior social conditions. The transition we are thinking of is, indeed, not a spontaneous process, but one which is purposely pursued by a nation through the enforcement of suitable policies.

The scenarios just sketched are obviously at odds with Lenin's claim that the ultimate objective of the transition was the establishment of the dictatorship of the proletariat. After their

¹³ *From a free rider's perspective, the crux of the matter is that being at the orders of a majority is barely more reassuring than obeying the commands of one or a few individuals. As argued by Popper, "we are democrats not because the majority is always right, but because democratic traditions are the least evil ones which we know" (cit. by Zanone 2002, p. 131).*

first serious defeat – Lenin wrote – the overthrown exploiters who had neither anticipated nor as much as accepted the idea of such a reversal of fortunes would "throw themselves with tenfold energy, with furious passion and hatred grown a hundredfold, into the battle for the recovery of their 'lost paradise' " ([47] p. 166).

8. CONCLUSION

The paper is based on the idea that the main contradiction of capitalism to be resolved during the transition to socialism is not the plan-market opposition, but the conflict between capital and labour.

We start from the idea that the reasons why Marx endorsed the introduction of cooperatives are that producer cooperatives realise economic democracy, a basic component of political democracy. This is the reason we think that by far the greatest advantage of democratic firm management is the substitution of the 'one head, one vote' principle for the 'one share, one vote' criterion.

The main query is raised in this paper: whether a form of market socialism is consistent with Marx and Engels's thought; and we have argued that the reversal of the respective roles of capital and labour causes a radical change in the existing production mode which amounts to a revolution which is consistent with Marx and Engels's thought. We have argued that this transition to a new social order is possible.

We have discussed also in what manner plan and the market can be reconciled in a socialist system.

COMPETING INTERESTS

Author has declared that no competing interests exist.

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