

1. Dmytro Khutkyy

Malleson offers a provocative thesis:

...people should be allowed to sign up for subservience at work if they so choose (just as consenting sexual partners can choose to engage in BDSM). The point is only that the choice needs to be genuine; people must have a real choice about whether to work in a hierarchy or a democracy (forthcoming, 48).

Certainly, this consorts with the fundamental value of self-determination.

Nonetheless, people's values change slowly over time, especially if we compare them with changes in technology and social structure (Inglehart, personal communication, April, 2013). So, despite of existing premises for establishment of more democratic enterprises (such as laws, loans, and complimentary competences), people might still not recognize and not be brave enough to embark on actions they are now exposed to.

Moreover, there is an assumed structural tension on cooperatives from other economic agents – whereas the former belong to a different socio-economic institutional design and the latter may try to expel them from the market. On one hand, cooperatives offer better democratic and cultural conditions for workers and thus are dangerous to the existing forms of capitalist enterprise. On the other hand, as long as cooperative workers have decent salaries, the prices for cooperative products can be higher than for similar goods produced in larger corporations, where the majority of employees are underpaid. Also, decisions in cooperatives might be taken by larger number of stakeholders, which is strikingly different from decision-making process in regular corporations. Similarly, this poses capitalists with an alien format of management and slows issue-solving in cooperatives.

As long as cooperatives take a tiny share of American GNI (Wright, 2013), they are literally marginal form of economic enterprise in modern economy. In the light of the abovementioned reasoning the following question arises: *should cooperatives be supported with a kind of affirmative action policy? if no, why? if yes, then what kind of policy?*

References

Inglehart, R. (2013, April). Personal communication. Moscow.

Malleson, T. (Forthcoming). *After Occupy: Economic Democracy for the 21st Century*. Oxford University Press.

Wright, E. O. (2013, September). Participatory Budgeting. *Class on Real Utopias*. Class conducted from University of Wisconsin-Madison. Madison.

[EOW: a couple of comments on some of your points: (1) It is not so clear, really, that values change slowly. This depends on precisely what one means by "values change". One way of thinking about this is that people hold contradictory values all the time – people are both selfish and altruistic, for example. They both believe in democratic values and in obedience to authority. And so on. What may be in play, then, is their interpretation of the nature of the contexts in which one or another value should be given priority. Such interpretations could change rapidly, depending on a range of factors. (2) Cooperatives need not have higher costs of production just because wages are higher. They may save a great deal by having lower costs of supervision, or higher rates of problem-solving initiatives. (3) The stakeholder problem could create serious transaction costs for cooperatives that are not faced by capitalists. But if stakeholder involvement is justified on the grounds of democratic accountability, than those extra costs would be a justification for public transfers to support cooperatives. In any event, this would probably only be relevant for large cooperatives.]

2. Yotaro Natani

Malleson suggests a number of proposals and reforms that would establish conditions for economic democracy: facilitating union development, enhancing the welfare system, implementing basic income, giving workers the legal right to buy out their workplace, and providing material support such as tax breaks. It is very clear, then, that the state has a central role in bringing about economic democracy – and Malleson acknowledges this repeatedly. But what if the state itself is an obstacle to the development of economic democracy? In his list of obstacles to co-op formation in chapter 4, Malleson does not mention the state, presumably because it is an agent that can help form co-ops. If, however, the state is a capitalist state which functions to reproduce the conditions for continued capital accumulation, then the state may act to hinder or prevent economic democracy. For example, the Incremental Democratization Plan seems to empower workers at the cost of disempowering capitalists (therefore, it is not symbiotic); what reason do we have to think that the capitalist state will enact such a legislation which is not in the interest of the dominant class?

EOW: You are absolutely right that the capitalist state is an obstacle to incremental democratization understood as a long-term, strategy of undermining the power of capital. Still, there are two things which may create some opening: (1) This power shift could still be symbiotic if it also contributes to solving some pressing problems faced by significant segments of capitalists. Facilitating the ways workers can buy out the owners of firms by providing them with public support and technical assistance, for example, solves a succession problem and helps anchor production regionally, which solves a range of problem for segments of the capitalist class. Heterogeneity of the capitalist class may create possibilities for this power shift: capitalists may be happy with less power and being able to cash out of their firms more easily. (2) the state may also be heterogeneous – there may be levels and aspects of the state where the class character is internally more contradictory, again creating openings.]

3. Madeleine Pape

Malleson and Hansman both raise the issue of size as a key limitation to the democratic and participatory potential of worker co-operatives. Both present a model of democracy within the workplace based primarily on representation, mirroring standard democratic practice in the political realm. Only where companies are sufficiently small can worker participation be implemented without compromising the efficiency and productivity of the co-operative's activities.

Given critiques of representative democracy, should there be more emphasis on finding effective participatory models for co-operative workplaces, even for larger companies?

The second issue relating to size is captured most vividly in Malleson's analysis of the Mondragon co-operatives. Malleson describes the response of Mondragon to globalisation and competitive pressures from the global south, which have led to significant 'off-shoring' and expansion of a business model in which significantly fewer employees are co-operative members. This trend applies not only to their employees in developing countries, but also to Eroski supermarket employees within Spain, although there are plans to remedy worker ownership arrangements in the latter case.

The question, though, is to what degree can the co-operative model encompass all employees that contribute to the operations of a given company, or, does the preservation of the co-operative arrangement for a core minority (while maintaining economic growth) depend upon *not* extending co-operative rights to all workers?

One further question I would like to second if it is raised by others:

Malleson raises a fascinating debate about whether or not there is a difference between 'freedom' and 'self-determination'. He points out that there are many people who equate participation in politics or in the management of a company with 'unfreedom': as a psychological burden and a strain on precious time. Can we equate freedom with self-determination, or, do we need to? Is self-determination really what our priority is, rather than the more ambiguous notion of 'freedom'? Perhaps participation is a burden simply because those who do participate carry more responsibility than they would if it were a more widespread practice. Malleson also raises the point that participation should be a choice, rather than compulsory. If this is the case, how much of an issue is free-loading as a turn-off for potential participants? Can we imagine ways that self-determination could be more broadly appealing? Can it, or should it, become 'easy'?

[EOW: On the first cluster of issues about size and representative vs direct democracy: There are lots of ways of mixing together elements of representative and direct democracy – general assemblies, rotating committees, standing elected councils, etc. Mondragon certainly mixes both. I am not sure that inherently direct democracy is to be preferred over representative democracy. Cooperative rights can be extended to everyone without this meaning that everyone has to always directly participate in all important decisions. Mondragon has seriously compromised its cooperative principles in its global operations, but it isn't clear if this is inherent in its cooperative core or, alternatively, a strategic option that just involves certain kinds of trade-offs.]

On the freedom/self-determination issue – For many people "freedom" just means being in a situation where no one tells you what to do: you do what you want without asking permission. If you feel strong obligations to do something because of moral commitments and the like, many people do feel that this makes them unfree. I think this is a kind of teenager's view of freedom – freedom is being care-free. I don't think that is the idea of freedom that really interfaces with democratic values, but perhaps it is the kind of Ayn Rand notion of freedom as unconstrained selfishness.]

4. Laura Hanson Schlachter

To what extent does homogeneity within worker co-ops undermine their potential to offer a viable system-wide democratic economic alternative?

Although or perhaps because I share Malleson's commitment to economic democracy, I struggle with how to address concerns that viable worker cooperatives must be relatively homogenous, and hence difficult to scale. Hansman has greatly influenced this view. He argues that heterogeneity within firms decreases their viability by increasing the costs of collective decision-making (1996, 91). Malleson seems cognizant of these challenges when he dismisses egalitarian collectives as too "culturally homogenous" and focused on radical equality for system-wide impact (75). Yet I think he fails to adequately address this critique as it applies to worker co-ops. For instance, many observers have attributed Mondragon's success to the Basque region's unique cultural and economic context, particularly in the wake of oppression and isolation during the Spanish Civil War (Hansman 1996, 103). This is not to say that Mondragon is not an important case, but my sense is that there is a wide spectrum of firms that make tradeoffs between size/complexity/diversity and democratic processes. What can they teach us? Do you think Malleson's real utopian case for worker cooperatives would be stronger if he held up additional examples of worker co-ops that are both heterogeneous and maintain robust participatory democracy?

I see many opportunities for further research and discussion on these issues. For instance, how much do workers within hierarchical firms share in common in the status quo? To what extent would we expect the composition of workers within firms to change if everyone had the

option to choose workplace democracy? If we assume that access to workplace democracy remains limited in the near term (especially with a strategy of gradual transition), who is most likely to get left out?

How would facilitating the growth of the union movement support the formation of worker co-ops?

I agree in principle that we should increase workers' bargaining power, but I do not see how strengthening unions in and of itself would increase the number of democratic workplaces (Malleson forthcoming, 51). As Hansman points out, unions are often profoundly undemocratic (1996, 114). Malleson himself says that "unions [...] are fundamentally inappropriate institutions for enhancing the freedom of self-determination" (54). In the US and in Spain, unions have also historically been at odds with cooperative movements (although there is a shift with collaboration between Mondragon and the US Steelworkers to propose the union co-op model). If workers can achieve many of their goals 'well enough' through union membership, why would they take on the risk and the endless meetings that joining a worker co-op entails?

[EOW: One the first question: There are a number of distinct issues connected to the heterogeneity/homogeneity problem. In particular there is a distinction between the effects of heterogeneity on *interests* and the effects on *trust* or closely connected issues like *mutual understanding*. Cultural differences may figure more deeply in these latter issues whereas skills and position in the technical division of labor may bear more on interests. On the interests issue there is also the question of exit options – what the labor market options are for some workers compared to others. This is one of the things that undermined the kibbutz form of radically egalitarian cooperative economy. On the second question: the endless meetings problem is a real one, so one critical question is whether cooperatives necessarily entail this, or whether meetings need inherently be a drag. Managers after all spend much of their time in meetings. In cooperatives it is not necessarily the case that meetings are on top of regular work, but can be integrated within work as one of the tasks that one does. Much depends on the details of how things would actually be structured.]

5. Kerem Morgul

In his well-written and thought-provoking book, Tom Malleson justifies economic democracy (in the form of worker cooperatives) mainly on the basis of the freedom principle (he also points to the contributions of worker co-ops to social equality but the emphasis is chiefly on freedom). He conceives of freedom both in negative and positive terms. Negative freedom is freedom (protection) from arbitrary power and coercion. Because of inequalities in bargaining power, majority of workers in capitalist societies are forced into employment contracts that subordinate them to their employers. In hierarchical workplaces, workers have limited negative freedom, for they are potentially subject to the arbitrary power and bullying of those in authority. Worker cooperatives promote negative freedom for employees by instituting formal equality in decision-making within firms.

Positive freedom, on the other hand, is the freedom (right) to self-determine. This ideal argues that people are free only if they are the authors of their own lives. Freedom from coercion is a necessary but insufficient condition for the positive freedom to self-determine. Conceptualized in a social fashion, freedom to self-determine requires that people should have a say in the decision-making processes that affect their lives as a community. Since workplaces play a central role in people's lives, they should be able to exercise a meaningful control over them. One of the prime reasons for advocating worker co-ops, Malleson argues, is that they promote positive freedom through encouraging workers to actively participate in the management of their firms.

This is in line with Erik Olin Wright's concern to subordinate the economic realm to social power and I deeply sympathize with it. I agree that worker co-ops have a great emancipatory potential and that they would significantly transform capitalism—as we know it—if they could be scaled up. Yet, I would like to ask if a generalized economy of worker co-ops is a sufficient condition for economic democracy? What about the consumers? If economic democracy is about the right to exercise a meaningful control over the economic decisions that affect people's lives, should not consumers or citizens in general, too, have a say in the management of firms? In fact, Maleson develops an argument similar to this one for public firms but he does not extend that argument to all firms. What would be the mechanisms for citizens' participation in worker co-ops? And how could we draw the boundaries as to who can and who cannot participate in the management and investment decisions of a particular worker co-op?

[EOW: There are models for stakeholder cooperatives rather than simply worker cooperatives. These are especially relevant in service delivery sectors, for example childcare services where in Quebec parents are on boards of directors along with staff and community members. In production of goods there would still be government regulation of all sorts of issues around production, so citizens would have a role via democratic control over the regulatory apparatuses of the state. And consumers do shape priorities within worker cooperatives via purchases in the market (although on a one dollar one vote basis). As we will see in the discussion of Robin Hahnel's mode of parecon in a few weeks, the objection to the unequal consumer influence on production because of consumption inequalities is one of the reasons Hahnel argues for consumer councils playing a major role in planning what firms produce rather than leaving this up to worker owned cooperatives.]

6. Jiaqi Lu

In the paper on Employee ownership, Hansman identifies the limits and difficulties of employee-owned firms in the capitalist market. He argues that, the natural limits of employee ownership limits its expansion in less-divided industries (because there are more homogeneous interest among workers), and makes it rarely appeals in the industry that production requires the joint effort of large scale of cooperation. Therefore, he implies that the division of labor in modern capitalism can be a potential obstacle to employee ownership. The increasing division of labor makes many employee-owned firms switch to investor-owned (as the size of firms increase). On the other hand, investor-owned firms are popular in most large industries, which fit into Olson's collective action model, that selective incentive is required in large cooperation. Although homogeneity is achievable by improving institutional design, conflicts between employee ownership and division of labor still exist.

While there are difficulties in terms of collective decision making in employee-owned firms, partial employee ownership might be necessary as a start of transformation (as in the case of Mondragon). Therefore, my question is, in what form does partial employee ownership exists in large investor owned firms (here, how do you divide the idea of partial employee participation from partial ownership)? Also, it seems to me partial employee ownership is not robust enough across different economic and political environments, and open a space for investor ownership to push back. How does partial employee ownership fit into the big picture of transformation in the long run?

[EOW: There are all sorts of ways in which ownership can be "partial". In one meaning there are shares in a company, and the employees own less than 100%. In another meaning share ownership only confers some rights of decision-making and not others – for example, owning some kinds of shares gives you the right to a portion of profits and the right to sell your shares, but not vote on management or on strategic decisions. So the question is: is there some "natural" reason why increased division of labor makes some forms of ownership more or less practical?]

7. Michael Blix

In *After Occupy*, Tom Malleson makes a pretty compelling case for the economic feasibility and social-democratic benefits of worker cooperatives. To make his case, he traces the organizational history of the oft-cited example of Mondragon as well as La Lega, the Italian federation of worker coops. Both of these examples illustrate that coops are indeed able to sustain economic growth over extended periods of time, they are able to compete with capitalist firms, and in the case of Mondragon, we can even see that coops have the ability to adapt structurally to globalization. This begs the question: if they are economically feasible while offering several social advantages over capitalist enterprises, why are worker cooperatives so uncommon? Malleson mentions the bias toward hiring rather than co-ownership, difficulties acquiring financing, as well as other problems.

Hansmann, on the other hand, acknowledges the difficulties Malleson cites, but also cites the competing interests of actors, and thus the costs of collective decision making within cooperative firms to be a major impediment to their proliferation.

My questions: Which of these obstacles poses a bigger challenge to the development of a broader cooperative movement—the internal costs of collective decision making, or the external factors mentioned by Malleson, specifically the bias towards hiring? Why would entrepreneurs take on more co-owners as they expand? When might it be more beneficial for a nascent business to convert to a cooperative model rather than hiring on more salaried/wage earning workers?

[EOW: I am not sure that there can be a generic answer to the question of which of these obstacles constitutes “a bigger challenge”. Hansmann’s assumption seems to be that the actors could not be actually committed to cooperative ventures and so the decision about hiring vs co-ownership would be simply a business decision based on minimizing transaction costs. One of the complications here is that transaction costs also depend on the values and motivations of actors – whether democratic decision-making is very costly in TC terms depends in part on the extent to which the actors in the decision-making process are only concerned about their own individual economic interests, so that the problem of conflict of interests looms large in decisions, but with other values or identities these might be more muted and thus TC reduced.]

8. Taylor Laemmler

Economic democracy, and worker cooperatives specifically, offer viable alternatives to a specific form of workplace hierarchy—the kind in which, according to Malleson, the worker is essentially a servant (50). I’m interested in understanding the degree to which worker cooperatives offer workers real choices and self-determination, in order to understand the desirability of worker cooperatives as alternatives.

One aspect of what makes some workplaces undesirable is the degree to which they limit upward movement of lower-level workers to management positions, something that it is especially problematic given the poor working condition associated with lower-level work. Thus, one concern when approaching forms of work organization could relate to the degree of vertical mobility within an organization for lower-level workers. Questions raised by this approach with regard to worker cooperatives include: How does a worker-cooperative organize worker mobility within the organization? To what extent is management culled from the ranks of lower level workers? My understanding is that a greater proportion of management in worker-cooperatives as compared to other organizations comes from lower-level workers. What is the mechanism by which workers become management in this context? Does the “education” principle of Mondragon relate exclusively to education in cooperativism, or could it include more general education, as well?

Further, a key reason why a lack of worker mobility is problematic in hierarchical workplaces is that, without the rights and influence of management, workers have little ability to influence the organization and alter their own conditions. Does vertical mobility within an organization become less important in the context of democratically organized workplaces, where workers at all levels have some degree of input into organizational practices?

[EOW: I think it is almost certainly the case that in worker cooperatives in general there is more mobility into management, but perhaps even more significantly there is more *fluidity* between management responsibilities and worker statuses. In some cooperatives, for example, there is a certain degree of rotation of line workers into managerial jobs or onto management oversight committees. In Mondragon there is a real managerial hierarchy, and some of these positions are filled by movement from line workers, but some are not, especially where the managerial positions involve technical skills of various sorts. The Top Manager in Mondragon, in fact, cannot be a cooperative owner-member – the worker-owners want to make it easier to get rid of the CEO with the complication of the person also being an owner-member.]

9. Alisa Pykett

Malleson asserts that workplaces are not clearly private or public associations but rather “socially consequential private associations” (Malleson, p. 47). In his argument, the state has a responsibility to create an atmosphere that is conducive to and actually fosters democratic workplaces due to the amount of time and energy involved in work, the injustice of relegating workers to involuntary, subservient roles and the high cost of capitalist workplaces on workers’ well-being.

I’m interested in discussing the comparison he makes between the workplace and marriage as “socially consequential private associations” and the role that the state can play for both associations in creating genuine choices of participation and exit for spouses or workers. I found this comparison to be a compelling argument for the state to support democratic workplaces. However, I’m wondering whether workplace associations and marriage associations actually reside in the same domain as socially consequential private associations. Could the call for egalitarian practices and increased bargaining power for workers along these lines garner the same popular support as the call for greater egalitarian relationships in dyad relationships? What factors influence this possibility?

[EOW: this is a pretty interesting comparison. There is a certain tension between the general liberal idea that people should be free to live the kinds of lives they want – the so-called neutrality principle around the definition of the “good life” – and the idea that the state should actively foster a specific dyadic relation in marriage. Many people certainly object to the very principle of radical democratic equality within families. I am sympathetic to the idea that workplace dictatorships should be illegal – but this is in tension with the idea that people should be free to abstain from participation if they don’t want to. There are, I think, some nuanced formulations which allow for both possibilities – like labor law which prevents employers from obstructing the formation of a union but still allow the workers to reject a union if they want.]

10. Jake Carlson

I am interested in Hansmann’s evaluation of relative costs of different practices within firms that can create greater efficiencies, particularly his idea of “locked-in” workers.

This reminds me of some work that I most closely associate with Juliet Schor. She analyzes the “cost of job loss” as one way of looking at dynamics between workers and owners. As the power

of labor unions declines, as wages decline while large-scale benefits like healthcare become tied to employment, as cheaper labor is available overseas, and as workers age, it becomes increasingly costly for a worker to lose their job. A thin social safety net for unemployment benefits also makes job loss very costly. It has therefore been increasingly difficult for workers – but particularly low-wage, low-skilled workers – to organize for better working conditions.

Conversely, the owner also invests a significant amount of resources in training workers, and benefit from the workers' knowledge accumulated over time. This is more relevant for high-skilled white collar workers, where such knowledge and training are more important.

Hansmann sees this mostly as a problem for a potential new employee balancing what they need as a starting wage, versus what they will need down the line, once their professional and social ties have left them "locked-in" to their current job. Getting "locked-in" incentivize owners to slack on wages and benefits, since they are banking that the worker's cost of job loss will be too high for them to leave. He then offers that the problem of workers getting "locked-in", can be addressed by assigning ownership to the relevant patrons (p. 26). But this is easier said than done. Most capitalist firms have a strong incentive to keep cost of job loss high, and are not likely to cede ownership control to workers, without forceful rationale.

[EOW: Hansmann's way of discussing this problem really abstracts from the main power issues involved – the fact that the range of choices available to workers is quite limited even at the point of entry to a job. The claim that a worker, understanding the lock-in prospects of being extra exploited in the future "is likely to insist on higher wages to compensate her for the risk of subsequent exploitation" assumes that workers are in a position to insist on such things. He does acknowledge power differentials – that is the whole point of the discussion of lock-in, Monopoly, etc. – but he also seems to assume that basically the social space would allow for the efficient contracting that farsighted people would select.]

11. Emanuel Ubert

What role do ideological practices play in the successful overcoming of obstacles to the viability and expansion of economic democracy in the workplace, specifically the degeneration of cooperative structures in Malleson's theoretical framework?

As far as I can tell, Malleson almost exclusively focuses on material obstacles to the expansion of economic democracy but ignores ideological ones.

Following the normative argument "that people ought to have equal formal decision-making power in their core economic associations" (p. 1) he claims that "creating formal equality is an absolutely necessary (if not sufficient) step towards developing genuinely empowering workplaces" (p. 33). Is this not sufficient because ideological transformation is required too?

At the same time, Malleson claims that one of the key obstacles to the viability of cooperatives is their "unsustainable structures that tend to degenerate" (p. 71). A "sustainable legal framework" (in combination with financial and essentially technical educational support) (p. 72) is suggested to prevent such degeneration and safeguard (at least structural) coop viability.

I would like to highlight the capacity of existing ideology to undermine (more democratic) formal rules such as the above suggested legal framework. Streeck (2004), for example, argues that institutions/rules are necessarily imperfectly enacted because of their inconclusiveness, the ongoing efforts of rational actors to try out and establish new interpretations of rules that better fit their interests, and the need to apply institutionalized rules to a wide variety of specific circumstances that their makers could not possibly have anticipated. Imperfections in rule

enactment create space for deviant behavior and subsequent (endogenous) transformations of the same rules.

Even if the most ideal legal support for democratic workplaces could be put in place in an contemporary American context, is it not reasonable to assume that the essentially hegemonic hyper-capitalist disposition of the majority of US workers would undermine the enactment of egalitarian and democratic practices in the workplace?

Is the establishment of formal rules (combined with technical, business school type education?) in itself sufficient to overcome capitalist (and hence hierarchical and non-egalitarian) dispositions and assure institutional viability (holding outside pressures, etc. constant)?

[EOW: The idea that rules always under-determine practices – that they are always subjected to modification through their practical implementation as actors engage in strategies and adaptations – is absolutely right, but this need not imply some universal tendency towards degeneration of rules relative to the values those rules are meant to embody. That would be the case only if the only mechanism that drove adaptations and deviance was opportunism – the efforts of actors to game the system, subvert rules for personal advantage. But rules can deviate from their practical application/implementation because actors want to have the practices more fully embody the underlying “sprit” of the law (so to speak). That is a very general idea. Of course in the US today you are right that the hegemonic character of capitalism would make everything difficult and no structure of formal rules would magically solve this. I am not sure, however, that the pivotal issue is capitalist dispositions in the population as much as it is beliefs and expectations and the cynicism that would come along with efforts to build more egalitarian practices. This is a difficult problem, trying to sort out which of the multiple dimensions of subjectivity are really in play. And of course there is a lot of variance across people. I tend to think of the obstacles for a very large segment of the population of ordinary people as involving mainly a combination of cognitive dimensions of subjectivities (beliefs about what is possible and workable) and material obstacles which reinforce those beliefs, rather than values, character, drives, and the like.]

12. Elsa Noterman

In his review of the potential objections, Malleson distances his vision of workplace democracy and worker ownership from the expropriation of property. Workers should have a right to buy out business owners or to become co-owners – and not immediately have a voice in decision-making – so that “there is no issue of expropriation of property, only redistribution of voice” (59). However, he argues for a more direct role for the state in the promotion and support of workplace democracy – both in increasing the bargaining power of workers and in legally and materially supporting the formation of worker cooperatives. But given that the means of production are concentrated into few hands, and these owners are generally unwilling to disrupt the hierarchical nature of their institutions and redistribute voice and property, for worker cooperatives to become a viable alternative would there not need to be some level of expropriation supported by the state? Or does Malleson largely see the alternative of workplace democracy emerging from businesses that start as worker cooperatives (rather than through the conversion of existing hierarchical workplaces)?

[EOW: The expropriation problem can be at least partially distinguished from the democratic voice problem. It is possible to require works councils, stakeholder representation on boards of directors and the like without dispossessing capitalists of ownership of assets. And then there are a number of devices through which over time property rights themselves are transferred without it being direct expropriation. One scheme is what is called share-levy profits taxes: Instead of taxes on profits being paid in cash they are paid in newly issue shares, which are then placed in a collective fund controlled by the workers in a firm. By paying taxes in the form of newly issued shares, the number of shares increase thus depressing the value of existing shares (this functions effectively like a wealth tax on existing share owners). This fund both generates dividends for those workers (just like any other share fund) and gradually increases their voting power (collectively) over the board of directors. I don't know if Malleson has this sort of mechanism in mind when he discussed state support. Of

course, capitalists would vigorously oppose such rules. This was attempted in Sweden in the 1970s and resulted in a massive political attack on the social democratic party. Milder reforms like increasing the role of ESOPs and making them mandatory would be a smaller step in this direction.]

13. Tatiana Alfonso

Hasmann asserts that a firm is a nexus of contracts and that we can describe the types of ownership with two dimensions: the costs of contracting and the cost of ownership. He states that the balance between those two dimensions determines the success of a firm; such balance seems to be dependent, though, on the conditions of operation of the firm, which is defined by historic, social and legal aspects. If so, what are those external factors that make possible the creation and survival of types of ownership that favor the construction of a utopian society? For example, How can we think about the creation of the conditions for successful and sustainable cases of worker's cooperatives?

[EOW: I am not sure if you are asking specifically about the process of *creating* the conditions needed for successful and sustainable cooperatives or about the specification of those conditions. The problem of creating the conditions concerns the transformation problem: how can one introduce new rules in state policy, for example, that reduce the obstacles to the formation of cooperatives? That issue is obviously extremely context dependent. Sometimes this depends on political parties. Sometimes on social movements. Sometimes the issue is grassroots institution-building outside of the state – like the sorts of things the MST has done, however imperfectly]
