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**Neoliberal Restructuring and Primitive Accumulation
Labour and the Global Struggle for Cooperative
Alternatives**

Vishwas Satgar
P.O. Box 93169, Yeoville, 2198
copac@icon.co.za
Phd Candidate International Relations Department, Wits University
Executive Director, Cooperative and Policy Alternative Center
(COPAC)

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Introduction

Due to the crisis of the Fordist accumulation regime in the 1970s, the inter-state-based political economy has been in transition from a national to a global political economy. This structural shift is informed by a neoliberal paradigm of market-centred change, more aptly referred to as the rise of “market civilisation.”¹ Emerging out of this experience of global neoliberal restructuring are new forms of monopoly capital operating at a transnational level and fundamentally changing production and consumption patterns. This post-fordist accumulation regime has not adjusted global development in such a way that all national economies benefit from global restructuring but instead has reproduced and deepened patterns of uneven development and world inequality. For labour this process of neoliberal restructuring has engendered new forms of labour market control and has undermined and threatened national capacities for social reproduction in developed and developing countries. At a common sense level, but also mediated through the deployments of neoliberal ideological perspectives, global capitalist restructuring is mystified and presented as an inevitable process devoid of agency; in a word it is the result of “globalisation”.

In this paper I develop three summary arguments. First, I challenge the economism and structural determinism of neoliberal versions of globalisation ideology by making the case for a transformative practice that promotes cooperative alternatives to globalising capitalism. The starting point for this argument is to highlight the historical specificity of capitalism as a social system. Thus, the paper situates the current and contradictory global totality within a framework of understanding in which it is recognised that capitalism originated and developed out of a particular set of historical conditions in which labour is central to its construction and maintenance as a mode of production. The logic of this argument demonstrates that the relations of production that make up capitalism and as expressed through class relations can also embody the nuclei for alternative social relations of production. Second, I further elaborate the argument for cooperative alternatives through a brief historical overview of the role of cooperatives in the development process from the beginnings of industrial capitalism and during the 20th century as part of Western capitalism, state-centric socialism and postcolonial economies.

Third, I look specifically at the consequences of global restructuring and the neoliberalisation of the world. I foreground the development failures of the mainstream neoliberal model of primitive accumulation and its impact on state-society complexes particularly as it relates to poverty, inequality, increasing human insecurity and ecological crisis. In short, there is an attempt to highlight the need to utilise cooperatives

¹ Gill, S. (1995) ‘Globalisation, Market Civilisation and Disciplinary Neoliberalism’, *Millenium* 24:3, pp. 399 -423

as part of a response to the reproduction crisis afflicting societies in the North and the South within the global political economy.

Given the global expansion of capital and the subordination of human needs to capital accumulation, alternative social relations of production are also under attack. In the second part of the paper I focus on the global struggle to protect the people-centred identity of cooperatives and the role that labour has played in this struggle. In particular I highlight the neoliberal attempt to subordinate cooperatives to the rules and discipline of competition and profit maximisation. Hence, I highlight the global struggle underway to defend the identity of cooperatives as solidarity-based institutions governed by the logic of meeting human needs. Finally, I conclude by highlighting the challenges facing labour to go beyond a Polyanian ‘double movement’ of reaction and social protection, and argue for a counter-hegemonic and transformative practice that advances cooperative relations of production and consumption as one of the many bridges to a post-capitalist world order.

Labour and the Making of Capitalism

Two hundred years of industrial capitalism has created the capacity to end poverty and ensure the natural environment is protected. In reality, this observation remains idealistic given the logic of capital, which pits the accumulation needs of capital against the needs of human beings and the requirements to sustain nature. This dynamic has been underpinned by the commonly held view that capitalism is the creation of capitalists; it is the hard work and sacrifices made by capitalists that have led to development. The scientific advances of society, the structures developed in modern society and general organisation of social life is attributed to capital. As a corollary, and according to neo-classical economic theory, transactions in the labour market are between ‘free individuals’ where the capacity to work is sold to those with money, i.e. the employer. In the end labour gets what it deserves for the sale of its capacity to work. These views are ideological mystifications that serve to legitimate the power of capital over society and in the end obscure the real workings of capitalism.

Hence, to understand the possibilities for transforming capitalism and developing cooperative alternatives, it is necessary to understand how capitalism came into being, how it reproduces itself and the social forces that have shaped its formation. Within the social sciences there are various theoretical models, Marxist and non-Marxist, that have attempted to explain the origins of capitalism. Many of the explanatory models have concentrated on identifying the obstacles to capitalism’s development and hence have emphasised commercial practices in early civilisations that have evolved over time and ultimately culminated in capitalism². Other models, like Adam Smith’s ‘economic man’ emphasised the natural propensity of human beings, over time, to engage in market-based activities. Other theoretical approaches have crudely emphasised human greed or demographic factors or the absence of a central authority under feudalism, which gave rise to the market and ultimately capitalism. One of the exceptions to this approach of identifying transhistorical tendencies is the classic work of Karl Polanyi entitled *The*

² Wood, E. M. (2002), *The Origin of Capitalism – A Longer View*; Verso: UK and USA

Great Transformation (1944). According to Wood, Polanyi recognised the distinctiveness of capitalism, in particular, its marrying of the profit motive to market exchange as a distinct principle for organising modern life (2002:21). However, Wood argues that while Polanyi makes an important contribution about capitalism's specificity his perspective has a major shortcoming in how it explains causation. For Wood, Polanyi's historical narrative proceeds as follows: commercialisation to industrialisation to 'market society' largely because Polanyi suggests the emergence of capitalism is linked to marrying technological progress with the expansion of the market (Wood, 2002:24 –25). In short, Wood concludes that Polanyi failed to appreciate the ways in which a radical transformation of social relations preceded industrialisation (Wood, 2002:26).

One of the most original thinkers on the transition from capitalism to feudalism has been Karl Marx. In *Capital* (Vol.1) Marx critiques "so called primitive accumulation" and makes the point that wealth by itself does not constitute 'capital' and therefore amassing wealth, by whatever means, cannot bring about capitalism. According to Marx *wealth* was only transformed into capital in the context of transformed social property relations. In other words, the emergence and existence of capitalist social property relations were a necessary historical condition for the development of capitalism. Taking this insight further was Brenner in his seminal essay *Agrarian Class Structure and Economic Development in Pre-industrial Europe* (1974)³. Brenner argues that it is important to explain the emergence of capitalism rather than assume or claim it⁴. Brenner places the transition to capitalism within the development of feudalism. He accepts that the dissolution of feudalism in European society led to different outcomes: capitalism emerged in England and absolutism in France.

In his analysis and explanation of social property relations between lord and peasant in England, Brenner accepts a role for class struggle. At the same time, he recognises that increasingly the provisioning of land by landlords to peasants took the form of economic leases and rents from this land, which were informed by market conditions and not by law or custom. This placed a serious pressure on tenants and subjected them to market imperatives. In short, according to Brenner the 'rules of reproduction' changed due to the kind of property relations that emerged in the English countryside. Landlord and peasant became dependent on the market to ensure their self-reproduction and ultimately new and distinctive laws of motion emerged through the dynamic of agrarian capitalism.

While the emergence of new social property relations were a necessary historical condition to precipitate the emergence of industrial capitalism this was not sufficient. As part of the laws of motion of agrarian capitalism in the English countryside, land holdings were concentrated under pressures of competition, which in turn displaced many peasants and ultimately forced them to lose ownership and control of the means of production.

³ This essay is part of collection entitled *The Brenner Debate: Agrarian Class Structure and Economic Development in Pre-Industrial Europe*, T.H. Aston and C.H.E. Philipin (eds.) (1995 [1985]); Press Syndicate of the University of Cambridge: Cambridge

⁴ Wood (2002) uses this conclusion about the specific origins of capitalism to argue that the capitalist market is not about opportunities but is about imperatives and compulsions.

This process of dispossession produced the property-less worker. Under pain and compulsion to survive the only thing available to human beings - their capacity to work or in Marxist terms labour power - was commodified and sold to the owner of the means of production i.e. the capitalist. Wage earning workers became dependent on the market to ensure their social reproduction. However, by itself wage labour did not produce capitalism. Wage labour organised with and combined with capital ensured the necessary requirements were in place for capitalism to come into existence.

The distinctive social property relations of capitalism in which capitalists own the means of production and property-less workers were forced out of economic necessity to sell their labour power had important implications for how production is organised and capitalism is reproduced. Within neo-classical economic theory labour is reduced to a factor of production, together with land and capital, which must be combined by entrepreneurship to produce the “wealth of a nation.” According to Marx’s study of capitalism’s anatomy in *Capital* labour is the source of value within the capitalist mode of production. In the sphere of production capitalism is organised to ensure maximum value extraction from labour. This happens through increasing the working day, enhancing productivity, ensuring a “reserve army of labour” – the mass of unemployed – exists to keep a downward pressure on wages, and utilising “regulated labour regimes” to coerce labour to work cheaply.

The logic of accumulation is guided by one fundamental objective: amassing and concentrating wealth for the owners of the means of production. Capitalism is not driven by moral compulsions or concerns for the wellbeing of humanity or by ecological concerns. For this reason capitalism’s class hierarchy can easily enlist racial, ethnic, gender and development hierarchies in the world order to ensure its reproduction and the constant movement of its logic of accumulation. Hence, class struggle is characterised by attempts by workers and human beings generally to place their needs at the centre of societal development as opposed to capitalism’s need for accumulation. For worker consciousness, derived from the condition of wage labour and the strategic location within the sphere of production, this reality is, according to Lukac, reified⁵. Workers are easily overwhelmed by the social reality of an alienating and atomising capitalism. Class solidarity of workers, even in trade unions, is also challenged on a day-to-day basis by the ideological hegemony of capital⁶. Hence, the struggle for labour has to go beyond lessening the work day, increasing wages and other non-wage benefits, if it is to challenge the social property relations of capitalism, its ideological hegemony and its logic of accumulation. In this context, the struggle for cooperative alternatives becomes crucial for a post-capitalist political economy to be inaugurated.

⁵ Lukac G. (1968), *History and Class Consciousness – Studies in Marxist Dialectics*, Hermann Luchterhand Verlag GmbH : Berlin and Neuwied:

⁶ Gramsci A. (2003[1971]), *Selections from the Prison Notebooks*, Quintin Hoare and Geoffrey Nowell Smith : USA

Cooperatives and Development

Cooperatives exist in most parts of the world, but are often not recognisable due to the wide range of terms used to describe them. For example, “self help” group, mutual society, building society and association are all used to describe a cooperative entity. Essentially, cooperatives are member-owned and democratically controlled institutions. They are not-for-profit in the sense that voting in a cooperative is not based on the number of shares owned but instead on the universal principle: one member, one vote. While cooperatives make a profit this is subjected to the logic of member needs - the essence of the cooperative. A cooperative might originate with particular member needs as a priority but this could change and inform adaptation in the cooperative. Due to these institutional features cooperatives have a distinct identity separate from joint stock companies which are owned by shareholders, public enterprises, which are owned and controlled by the state, or philanthropic organisations that provide for a target group. Cooperatives are user and member centred.

Modern cooperatives have been existence for almost two centuries⁷. They emerged during the tumultuous social changes brought about by the industrial revolution. The initial inspiration for cooperative development can be attributed to Robert Owen (1771 – 1858), a Welshman, who attempted to establish self-governing “villages of cooperation” in which workers could meet their basic needs for food and clothes. Many of these early attempts at cooperative development failed. However, many of these experiments were animated by the need to confront the poverty that came with the formation of wage labour and the dispossession wrought by the private ownership of the means of production. Another important cooperative experience that laid the basis for modern cooperative development was the experiment of the Rochedale pioneers (28 weavers and artisans), in 1844, in England. This cooperative was formed as a consumer cooperative and enabled workers to institutionally pool their market power and ensure consumption goods were bought in bulk and at discounted prices. The famous Rochedale principles developed in this experience served as the foundation for subsequent cooperative development. Financial cooperatives, better known as credit unions, also evolved in Germany in 1849 as rural credit cooperatives and later also evolved into an urban credit cooperative movement (Shaffer, 1999:1-39).

In the West this tradition of cooperative development continued into the 20th century and had a coterminous relationship with fordist mass production systems. In various Western industrialised economies cooperatives played a crucial role within the development process and many of the leading industrialised countries boasted powerful cooperative sectors. However, in the 1980s in many parts of the developed world, many large cooperatives with professional management structures and huge market share lost their self-identity and meaning: who owned and controlled them became uncertain (Birchall, 2004:14-16). Moreover, cooperatives became part of the early colonial political economy in various societies. Legislation was introduced by colonial regimes that supported the

⁷ A strict chronology would go further back to the 1750s when Cheesemakers’ cooperatives were established in France, making these the world’s first producer cooperatives. See Shaffer J. (1999) *Historical Dictionary of the Cooperative Movement*, The Scarecrow Press Inc. :Lanham and London

development of cooperatives. With the emergence of the Soviet bloc, and after World War II through decolonisation, cooperatives were also used as part of national development projects to organise production and consumption. However, many of these cooperatives either in the Soviet bloc or as part of post-colonial development projects failed due to excessive state control. In most instances these enterprises were extensions of the state and subject to bureaucratic rationalities of state planning or were locked into patronage systems that fostered dependencies on post-colonial elites. In the Soviet Union, for example, Stalin nationalised all the consumer cooperatives, which were the main providers of essential supplies to urban populations, and with forced collectivisation agricultural cooperatives were abolished and replaced with collective farms (but ironically still called “cooperatives”) (Birchall, 2004:16). With the collapse of the Soviet Union in the late 80s many of the cooperatives were not able to survive the transition to open national economies⁸. The pressures of global competition and the lack of dynamic efficiencies forced many of these cooperatives to collapse in many Soviet bloc countries. In many post-colonial countries the adoption of structural adjustment programs forced a reallocation of fiscal resources away from national development priorities, which undermined patronage support systems, and in many instances cooperatives.⁹

In the world today close to a billion people are affiliated to cooperatives. This is reflected in the 227 member organisations, from 91 countries, that make up the International Cooperative Alliance (ICA) – the global/apex body representing cooperatives in the world.¹⁰ In a recent study conducted by the ICA the top 300 cooperatives and mutual associations in the world are identified.¹¹ This study affirms the extent to which cooperatives are an integral part of the national and global political economy. These cooperatives span agriculture, financial institutions (insurance, banking, credit unions plus diversified financial organisations), retailing, wholesaling, manufacturing and services (health, education and electricity supply). Many of these cooperatives are over a 100 years old, with about 80% formed since the 1980s. As member-based and needs-driven institutions these cooperatives stand in contrast to the ever-changing and short lifespans of the fortune 500 companies in the world. For the ICA Global 300 research project this is an important distinction between cooperatives/ mutual societies and privately owned business enterprises, which are mainly privately capitalised and not really concerned with employment creation and, most importantly, with the long term imperative of employment maintenance.

The contribution made by these social enterprises to the world economy cannot be ignored. The data show that together these enterprises share an annual turnover of approximately \$1000 billion (US \$), which dwarfs the GDP of many developing countries put together and even some developed countries. For example, Canada, the 9th largest economy in the world according to the World Bank, had a GDP of \$979 billion in 2004 (Global300.coop, 2006:2). The combined GDP of South Africa and Brazil are

⁸ The ILO and World Bank have conducted numerous studies about the impact of the transition to market economies on cooperatives.

⁹ Zimbabwe and India are interesting examples in this regard.

¹⁰ See www.ica.coop

¹¹ Accessible on the ICA website at global300.coop

\$159.9 billion and \$ 492.3 billion respectively (Economist: 2006, 26). Thus the combined GDP of South African and Brazil is far smaller than the annual turnover of the top 300 cooperatives. The Global 300 research also reveals the reach of these hidden giants and the breadth of their economic activity. For example among these enterprises are “Switzerland’s largest employer, France’s largest bank, a New Zealand-based business with a third of the international dairy trade, India’s largest food processing business, the top healthcare provider in the Netherlands, North America’s market leader in canned and bottled juices and juice drinks, and the largest Canadian-owned multi-product insurer” (2006:2).

Finally, the Global 300 cooperatives are located primarily in the North: “the top 5 countries with the most cooperatives and mutuals in GLOBAL 300 are: USA, France, Italy, UK and Japan. The top 5 countries that have the largest percentage of GDP coming from GLOBAL 300 turnover are: Finland, New Zealand, Switzerland, Netherlands and Norway” (2006:6). In short, in the globalised world we are living in cooperatives are playing a pivotal role in organizing economic activity and ironically many developed economies are supported by the output and contribution made by these institutions. Even in modern China today cooperatives and village enterprises are the backbone for agricultural production. Without these cooperative enterprises the Chinese giant would go hungry (COPAC, 2006:100)¹².

Global Restructuring, Neoliberalisation and Primitive Accumulation

It was Karl Polanyi in his understanding of the *Great Transformation* of industrial capitalism who observed that the disembedding and deterritorialisation of the market, assisted by the state, constituted the first leg of a ‘double movement’. He also observed how a ‘self adjusting’ market implied a stark utopia. Such an institution, for Polanyi, could not exist for any length of time without annihilating the human and natural substance of society; it would have physically destroyed *human beings* and transformed *their* surroundings into a wilderness (Polanyi, 2001[1944]: 3).

For the past 27 years the neoliberal led global restructuring process has also disembedded the market from national economies, very similar to a Polyanian movement. The structural adjustment programs imposed on national economies and various regional economic arrangements like NAFTA and European Union monetary integration have all contributed to a market-led paradigm of global development. In this globalised process of market restructuring national economies have been locked into global markets and there has been a reinvention of primitive forms of individualism: ‘competitive’ and ‘possessive’ (Ong 2006:11). The flipside of this reality, informed by Bourdieu and according to Conway and Heynen, is a program for the methodological destruction of collectives (2006:19). In short, global neoliberal restructuring has set the stage for a new phase of global primitive accumulation in which the majority of human beings and the

¹² See the summary of proceedings from international conference hosted by the Cooperative and Policy Alternative Center, (2006) *Cooperative Alternatives to Capitalist Globalisation – Building Human Solidarity to Sustain Life*, Johannesburg, June 8th –10th Conference Publication.

ecological basis of the planet would be subordinate to the structural power of transnational capital and its imperative of surplus extraction.

Numerous empirical studies highlight the consequences of neoliberalisation on the world and its disciplinary mechanisms to ensure primitive accumulation. In the first place, the promise of development offered by neoliberal restructuring has not materialised for most countries outside of the post-industrial, hi-tec centres. Most developing countries and the 50 least developed countries, as defined by the UNCTAD,¹³ have broadly been integrated as primary commodity exporters or exporters of cheap manufactured goods. According to De Riviero this archaic integration corresponds to the first capitalist industrial revolution, typically intensive in its use of raw materials and abundant unskilled labour (2001:126). This is most vividly displayed in Africa, with over 400 million people living in poverty, and with capital flows concentrated in extraction enclaves rich in oil and minerals (Ferguson, 2006). Compounding this situation are major demographic trends in most of the low technology economies with their populations expected to double by the year 2020. Moreover, as peasants and subsistence food production is displaced by the monopoly and hi-tec productivity yields of transnational corporations (Amin, 2003:2), urbanisation is expected to increase in major cities in Africa, Asia and Latin America. Most of these mega-cities will have populations in excess of ten million, which will place immense pressure on the environment and on the survival capacity of most of these urban spaces (De Riviero, 2001: 115). In short, neoliberal restructuring has placed the low tech economies of the world in a global division of labour not just characterised by dependent development, but by a new historical phase of primitive accumulation in which most of these economies will remain trapped in a state of non- or mal-development.

These dynamics are further reflected in the labour market conditions faced by labour under neoliberal restructuring. Central to this is the new international division of labour, which has located low-tech manufacturing within numerous developing countries (but mainly in Asia and parts of Latin America). The export orientation achieved in most of these open economies has also subjected them to intense international competitiveness and hence cheap labour has become the main determinant for securing or capturing market share (Chossudovsky, 1997:75-98). Huge reserve armies of the unemployed together with the mobility of capital in this context also exacerbates the race to the bottom, with global outsourcing or relocation as important means to discipline labour. At the same time, structural adjustment programs in most developing countries have also resulted in deregulated and fragmented labour markets. The underbelly of the global labour market is best depicted in the insecurity endured by undocumented migrant workers and the emergence of a global sex trade. The feminisation of poverty in this context reveals the reprivatisation of social reproduction and the intensification of exploitation (Bakker and Gill 2003:34).

Finally, the primitive accumulation model of neoliberal capitalism has effectively rolled-back the collective provisioning capacity of many developing states with regard to public services (like health and education) and ensuring food security. In the developed centres

¹³ UNCTAD (2005) *Statistical Profiles of the Least Developed Countries* United Nations: New York and Geneva

many welfare-based reforms have been eroded, eating away at state provisioning to ensure appropriate support for social reproduction. According to Bakker and Gill this reflects an emerging contradiction between the global accumulation of capital and the provisioning of stable conditions for social reproduction (2003:27). They explain this as the consequence of neoliberal new constitutional governance and the extent to which it has contributed to the fiscal crisis of the state. For example, they argue that the “new constitutional mechanisms associated with unrestricted free mobility coupled to the offshore world of tax avoidance may not only be destabilising for (national) economic policy as a result of volatile flows of capital, but they may also enable large holders of capital and wealthy private investors (and to an extent highly mobile, professional, elite labour) to be free of the need to contribute substantially to the collective costs of social reproduction (for example, through taxation, training of workers, or other provision of social goods). Partly as a consequence, UN agencies point towards a growing crisis of social reproduction, most acute in poor developing countries” (2003:28). They further argue that there are identifiable and quantifiable consequences reflected in “(a) restructuring of the family wage towards its full commodification; (b) growing individual/family indebtedness; and (c) new strategies of survival, including the feminisation of survival.” (2003:34)

Neoliberalism’s Offensive Against Cooperative Forms

From the late 1970s neoliberalism has been the ideological battering ram of transnational capital. Its rise and ascendancy has impacted in fundamental ways on capitalism - it has actually produced a form of transnational accumulation. However, the ideological hegemony of neoliberalism over the past 27 years is sometimes too easily reduced to a policy agenda (privatisation or liberalisation) or misrecognised as a ‘post’ neoliberal departure in the context of the 9/11 war on terror and ballooning fiscal expenditures of the US state. Moreover, with the emergence of poverty reduction discourses many easily trumpet the emergence of a ‘post-Washington consensus’ and hence the emergence of a post-neoliberal period. Part of the reason for this misrecognition by analysts and commentators has to do with a failure to understand how global consensus is forged in a world order that does not have a global state. According to Robert Cox the practice of “governance without government” entails a process of transnational consensus formation amongst the caretakers of the global economy (1994:49).

Cox argues that “this process generates consensual guidelines, underpinned by an ideology of globalisation, that are transmitted into the policy-making channels of national governments and big corporations. Part of this consensus – formation process takes place through unofficial forums like the Tri-lateral Commission, the Bilderberg conferences, or the more esoteric Mont Pelerin Society. Part of it goes on through official bodies like the OECD, the Bank for International Settlements, the IMF and the G-7. These shape the discourse within which policies are defined, the terms and concepts that circumscribe what can be thought and done. They also tighten the transnational networks that link policy-making from country to country” (1994: 49).

A rough typology reveals several varieties of neoliberalism inhabiting various institutional spaces in the power structure of the global order. (See Table 1 below)

Table 1: Typology of Varieties of Neoliberalism

Neoliberal Ideology	Main Policy Thrust	Global Institution/s
Free market conservative	corporate self regulation, global laissez faire	International Chamber of Commerce
Washington Consensus	Liberalisation, deregulation and privatisation	US state and WTO
Post- Washington Consensus/Institutional Neoliberalism	Poverty focus ultimately fix imperfect markets	World Bank and various UN agencies
Structural Neoliberalism	Global Competition and tackling obstacles	World Economic Forum

All of these articulations of neoliberalism come together in a global hegemonic bloc which has brought under its sway all mainstream perspectives and models of development. Many of these development paradigms have taken on board the imperative of ensuring the “security of capital” over human security (Bakker and Gill, 2003). At the same time, the different varieties of neoliberalism at a global level all share in common the need to enhance the structural power of capital, particularly finance capital, and ensure the extension of the commodity form i.e. human needs are best met in the process of capital accumulation. This penetration and expansion of capital and its commodification of social life has also been promoted as the approach for cooperatives. This is happening in national, regional and global spaces. With most cooperatives, cooperative complexes and movements in the world capitalised through social solidarity and largely outside the laws of motion of capitalism, this makes it difficult to bring cooperatives within the logic of the concentration and centralisation of capital on a world scale. However, neoliberalism wants to end this and for finance capital particularly it means subjecting the collective assets and social provisioning capacities of cooperatives to commodification.

At various levels of the global political economy, the neoliberal paradigm has attempted to subject cooperatives to the discipline of competitiveness and profit maximization. One of the neoliberal prescriptions that has emerged strongly in the global policy discourse and championed by the World Bank relates to how cooperatives should adapt in order to deal with liberalisation, privatisation and deregulation. It is argued that the transition to open market economies in various Third World countries and the former Soviet world affords cooperatives an opportunity to reclaim their autonomy from the state (Braverman et al, 1991 and Fazzio, 2000). The end of state control and intervention in the economy inaugurates a new balance between state and market. However, the neoliberal intervention engineering this “new constitutionalism” tilts the restructuring process towards the market. It is prescribed that “genuine cooperatives should be considered a particular segment of the private sector” (Braverman et al, 1991:28)¹⁴. The discourse

¹⁴ Also see Hussi et al 1993 and Rajapatirana, 1998.

legitimizing a “cooperative sector” or “third sector” is jettisoned and the economic viability and the general orientation of cooperatives are conflated with the market and ultimately cooperatives are meant to be subordinated to the power of capital.

Another neoliberal intervention that has challenged the authentic identity of cooperatives as member-based institutions that are voluntary, collectively owned and democratically managed to meet member needs is the attempt to change the ownership structure of cooperatives. This has happened in three ways. First there have been attempts to hybridise cooperatives with companies and allow for external investor shares in cooperatives. This happened in South Africa in 2000-2001 when the first draft of a new Cooperatives Act was presented by government for public discussion.¹⁵ A similar attack has been launched against the cooperative model in the context of European Union integration. According to Roelants, “ some components of the European Commission are exerting pressures on cooperatives for them to be more ‘flexible’ in the interpretation of cooperative principles, and in particular in relation to their openness to external shareholders, brandishing competition law and the right of establishment in the internal market” (2006:25).

The second attempt to transform cooperatives into typical business enterprises has been done through providing for cooperative conversion to companies in national legislation. For example, the new Cooperatives Act 14 of 2005 in South Africa provides for such conversion and hence cooperatives are easily understood as stepping stone institutions that nurture a new cadre of South African capitalists that would eventually find their place in the “first” or private sector segment of the economy.¹⁶ A third attempt at commodifying the ownership structure of cooperatives rests on the argument that a new kind of management is necessary in cooperatives to ensure they are globally competitive. Some cooperative experts are arguing for the end of “worker control” and “self management” and instead talk about the promotion of the new kind of cooperative manager who operates with the values of cooperatives but who understands the efficiencies of the market (Davis, 1996). In addition, Davis (1996) further argues for managers to be given voting (and possible ownership) rights in boards. In other words, it is argued that only through embracing this new kind of incentivised cooperative management paradigm, can cooperatives deal with the global market and the necessary challenges of economic adjustment.

Central to the neoliberal attack on cooperatives has been an attempt to redefine state – cooperative relations. In this regard the neoliberal prescription is about a minimalist state policy for cooperatives which merely provides a simple legislative framework, preferably in plain English, and which is enabling (Hussi et al 1993; Fazio 2000). Policy incentives (like lower taxation levels), protective measures to ensure cooperative- led infant industry models develop and other training supports from the government are decied. In the context of many developing countries, like on the African continent, it

¹⁵ This marriage of cooperatives to companies and the financing model of external investment shares in cooperatives was challenged from below by various parts of civil society and the cooperative movement and it was ultimately removed from the new Act passed in 2005.

¹⁶ This also the dominant understanding of broad based Black Economic Empowerment in South Africa.

means cooperatives as part of civil society must increasingly be nurtured as an alternative to the “neo-patrimonial state”. It further means that building a market democracy in a developing country should be about “self help”: development is merely about letting the market do its thing unencumbered so the masses can capture opportunities and pull themselves out of poverty traps. Put differently, there is an attempt to remove from view the systemic realities facing a developing country, particularly the extent to which the structure of its economy is shaped by external forces. In practice what this means for cooperatives is that they become the conveyor belts for donor programs and agendas. In many developing countries cooperative movement apex bodies are being re-engineered to become “business incubators” for external interests rather than autonomous, mass-based movements working strategically with national governments to build people centered capabilities for thoroughgoing structural transformation.

From the standpoint of the basic principles of cooperatives, the neoliberal attempts at appropriating cooperatives into the globally competitive market, commodifying their ownership structure, reducing the developmental role for state support and introducing typical managerial prerogatives, opens the way for degeneration and attempts to close off the possibilities for an alternative logic of accumulation based on human needs and the requirements of nature.

The Defence of Cooperatives in the Global Political Economy: The International Cooperative Alliance (ICA) and Labour’s Response

Karl Marx observed the dialectic of immanent opposition to capitalism when he claimed that capitalism creates its “own grave diggers”. For the Italian Marxist, Antonio Gramsci, this was an essential starting point, but he went further to argue that class forces had to engage in a “war of position” on the terrain of civil society to be able to capture the state. In other words a long, difficult and engaged ideological and cultural struggle had to be waged to raise consciousness, secure consent for alternatives and ensure a proper institutional basis for “counter hegemony” – a transformative project led by the working class. Polyani, on the other hand, argued and recognised a “double movement” in late 19th and early 20th century capitalism, when society responded to market forces to ensure its protection against the commodification of land, labour and money. For Gramsci the opposition to capitalism was grounded in the realm of production, while for Polyani it was in the realm of exchange¹⁷. Given the extent to which cooperatives have developed over the past two centuries and the extent to which they contribute to member needs on the production and consumption side, the defence of cooperative forms in the global political economy, against the neoliberal attack, is happening at both levels.

However, it is important to characterise this struggle against the neoliberalisation of cooperative forms appropriately. Is it a shallow double movement responding to the negative consequences of disembedding the market or is it counter-hegemonic? It is argued in this paper that in the current conjuncture the response and defence of cooperatives is merely a reaction or a double movement against the negative impacts of

¹⁷ Burawoy M. (2003), “ For a Sociological Marxism: The Complementary Convergence of Antonio Gramsci and Karl Polanyi” *Politics & Society* 31:2: 193 - 261

market-based development. At a global level, the neoliberal attack has prompted a double movement from the side of the international cooperative movement, represented by the International Cooperative Alliance (ICA) and labour, mainly through the International Labour Organisation. While the ICA is solely a body made up of cooperatives from various countries and sectors in the world, the International Labour Organisation (ILO) is a tri-partite body including government and business. Hence the struggle to defend the people-centred identity of cooperatives and its distinctive logic of accumulation has also been a battle within the ILO.

From the side of the ICA there have been three crucial areas of “double movement” against the neoliberalisation of cooperatives and for their protection. The first has been the affirmation of a universal definition, principles and values for cooperatives. This occurred at the 1995 Congress of the ICA during its centenary celebrations with the adoption of a *Statement on Cooperative Identity*. For countries in which cooperatives were an appendage of the state or in capitalist economies in which their identity was swallowed by taking on the characteristics of a profit maximising business this statement helps reclaim the autonomy and identity of cooperatives. In this regard it opens space for the development of genuine cooperatives that are an “autonomous association of persons, united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise” (ICA, 1996:1). This conception is further bolstered by 7 principles and certain necessary values that should inform the practice of cooperatives and cooperation¹⁸. The second crucial response from the ICA was to contest and inform the United Nations multilateral processes dealing with cooperatives in order to secure recognition for the universal identity of cooperatives. In 1995 at the UN World Summit for Social Development, held in Copenhagen, the role and important contribution of cooperatives to poverty eradication was acknowledged (United Nations, A/60/138, 2005: 3). With engagements from the ICA, the UN also subsequently tabled before member states and adopted *Draft Guidelines for Creating a Supportive Environment for the Development of Cooperatives* in 2002. These guidelines further affirmed the distinctive role cooperatives could play in national and global development. Subsequently, the UN has continued to foreground the role of cooperatives on the global development agenda.

The third and most important initiative for the ICA with regard to labour has been an attempt to build a global alliance with the ILO to promote cooperatives world-wide. However, from the side of the ILO and labour it has to be recognised that cooperatives have been on the global agenda for a long time, going back to 1966 with the adoption of ILO Recommendation 127 concerning the *Role of Cooperatives in the Economic and Social Development of Developing Countries*. This labour standard was a product of its

¹⁸ These principles are: (1) voluntary and open membership; (2) democratic member control; (3) member economic participation; (4) autonomy and independence; (5) education, training and information; (6) cooperation among cooperatives and (7) concern for community in ICA and values are : self-help, self-responsibility, democracy, equality, equity, and solidarity. In the founding tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility, and caring for others in ICA (1996) *Cooperative Principles for the 21st Century*, ICA Communications Department: Geneva : 1

times and encouraged governments of developing countries to utilise cooperatives as a development tool, leading to various distortions and abuses of the cooperative concept within national development efforts. Subsequently, the ILO initiated a process to rethink its approach to cooperatives in 1999. This process took three years to finalise and was internally highly contested particularly by employers (Roelants, 2006:25).¹⁹ However, the outcome from this battle has been the adoption of ILO Recommendation 193 concerning the *Promotion of Cooperatives* in 2002. This recommendation attempts to address the bias in Recommendation 127 of 1966 with regard to its developing country focus and its government driven approach to cooperatives²⁰. The recommendation also attempts to take on board new cooperative forms and enterprise structures in developed countries. However, the recommendation reinforces the role of the state as an extension of the market²¹ and also prescribes treatment for cooperatives “no less favourable than those accorded to other forms of enterprise and social organisation” (Recommendation 193, Section (6) (c) & 7(2)).

However, despite the tilt towards a market-led development approach in the ILO Recommendation 127, the ICA and ILO have gone further to build and deepen their relationship in order to foreground the role of cooperatives in development. This is expressed through the adoption of a common cooperative agenda committing the ILO and ICA to joint action. This convergence was solidified with the signing of a Memorandum of Understanding in 2004 and expressed through various joint activities over the passed three years. This includes championing of the global *Cooperating Out Of Poverty* campaign and developing a joint focus on how to develop cooperatives on the African continent.

In the end the defence and protection of cooperatives against neoliberalisation reflects a compromise and a particular conjunctural balance of social and political forces globally. On the one side, the autonomy and the distinctive identity of cooperatives have been secured formally. On the other side, cooperatives have been placed back on the global development agenda, post the cold war and post the collapse of the Soviet Union, but within the “global market” and as a “competitive business enterprise.” In this context it is imperative to deepen the double movement into a counter-hegemonic shift which attempts to build a political will and consensus from below in global, regional, national

¹⁹ According to Bruno Roelants, General Secretary of CICOPA, the process leading up to the adoption of the new ILO Recommendation 193 was biased in favour of business organisations, “whose objective throughout the following negotiation was to generate a new world definition and set of principles for cooperatives, and to thus establish that cooperatives needed no specific promotion or regulatory policies.” Contained in Cooperative and Policy Alternative Center, (2006) *Cooperative Alternatives to Capitalist Globalisation – Building Human Solidarity to Sustain Life*, Johannesburg, June 8th –10th Conference Publication at p.25.

²⁰ See Levin M. (2002) *The Promotion of Cooperatives – ILO Recommendation No.193* ILO Cooperative Branch: Geneva

²¹ While the ILO Recommendation 193 affirms the universal principles, definitions and values that inform the identity of cooperatives, in numerous parts of the recommendation there is an attempt to frame cooperatives as “businesses” that must develop their “business potential” rather than their capacities to meet their member needs and to strengthen the “competitiveness” of cooperatives as opposed to building the solidarity and cooperation between cooperatives in a movement and sector.

and local spaces for cooperatives to be part of an alternative logic of accumulation in which human needs and the requirements of nature prevail over the logic of capital accumulation.

Challenges For Labour

In this context there are four important challenges for labour to create the conditions for advancing cooperatives as part of a counter-hegemonic political project to globalising capitalism. First, despite the neoliberal imprint on parts of ILO Recommendation 193, labour has to take forward the implementation of this recommendation within national spaces such that cooperatives are given the maximum advantage for autonomous development and for playing a crucial role in bringing about structural change that is people driven. This means government legislation and policy support programs must reflect a greater bias towards cooperatives than typical businesses. Also it means labour must develop a strong alliance with cooperative movements locally, nationally, regionally and globally. Practically, and at the level of the alliances, it would also mean working more closely with the unemployed, those in the informal economy, the urban poor and the landless rural poor.

Second, labour has to defend the ideological integrity of cooperatives, together with the cooperative movement itself. Currently, the World Bank and IMF driven Poverty Reduction Strategy Paper approach, as part of structural adjustment, in developing countries is trying to marry with cooperative development and promotion. This means solidarity and cooperation has to be fostered amongst cooperatives rather than competition. Put differently, cooperatives should not be instrumentalised as a means to develop capitalists but should be efficient to meet the needs of their members and society.

Third, labour together with the cooperative movement has to engage the state to play a developmental role by supporting the establishment of a cooperative sector in national economies. This third sector has to be not-for-profit, solidarity based, autonomous and people-driven and should embrace cooperatives and other forms of solidarity based development organisation. Such a sector to be legitimised through legislation and state protection if necessary. To this extent the state has to be contested so that it is not locked into the competitiveness logic of global and national capital.

Finally, and central to all the above, is that labour has to build its own internal organisational capacity to support and promote cooperatives. This includes policy development, research, lobbying and networking capacity such that it can work closely with cooperatives and cooperative movements. Ultimately, as part of union strategy, labour has to engage employers in a transformative way such that cooperatives can be used offensively and defensively as part of class struggles.

Conclusion

This paper has attempted to make the case for cooperative alternatives based on a recognition that labour is central to the reproduction of capitalism through its value

creation and hence labour can also create an alternative society through embracing the cooperative form as a means for organising production and consumption. At the same time, the challenge of cooperative development is not abstract but based on almost 200 years of experience and practice. This approach to organising human society gains a greater urgency in the context of the primitive accumulation of globalising neoliberal capitalism, which threatens to commodify and subject every aspect of social life, including cooperatives, to the logic of capital accumulation. The increasing human misery and destruction afflicted on the natural environment by a disembodied and deterritorialised capitalist market necessitates a transformative response from subaltern classes and excluded social forces. In this regard labour has to advance a counter-hegemonic, more than a narrowly defensive “double movement”, to support and build cooperatives as an alternative logic of accumulation embedded in collective social relations of production and consumption.

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