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### **Cover Page Footnote**

I would like to extend my sincere thanks to Dr. Cecilea Mun for assisting in the refinement of this paper.

# Worker Ownership and the Public-Private Dichotomy: Disparity in Cudd's *Capitalism: For and Against*

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## ABSTRACT

Ideological traditions, movements, and their associated developments are riddled with interpretation and disparity: human affairs are too complex and too riddled with contradiction to be narrowed down, to be sure. To maximize clarity, as well as its benefits in dialectics and discourse, critical analysis of these disparities in authored research can be a step towards maximizing the utility of debate, wherein both sides reach a conclusion or synthesis, ending up better off than before. This is the formula to be applied in the case of Cudd and Holmstrom. I take Cudd's reading and interpretation of concepts such as worker ownership of firms, Marxian socialism, and public-private firm ownership, among others, and present the body of radical thought of Marx, libertarian Marxists, and state socialists associated with them.

**KEYWORDS:** capitalism, socialism, Marxism, worker ownership, private ownership, free association, council communism, left communism, Bolshevism, Leninism

## INTRODUCTION

Ann E. Cudd and Nancy Holmstrom's co-authored piece, *Capitalism For and Against: A Feminist Debate* chronicles a fascinating exposé into contemporary arguments in favor and against capitalism. Employing rich methodology such as political science, sociology, economic and historical analysis, and psychoanalysis, Cudd and Holmstrom position capitalism vis-à-vis alternative systems and consider whether existing structures that underlie capitalism need retention or improvement. One would be hard-pressed to narrow Cudd and Holmstrom's work into a few descriptives: to slim it down would not only perform a disservice, but also wreak misfortune on the multifaceted examinations conducted by the co-authors.

For this reason, the role of this paper will not be to act as an arbiter of Cudd and Holmstrom's opus, advocating one side over the other and scrutinizing who came out victorious. On the contrary: for defense or espousal of either side to happen, participants in the discussion of whether capitalism, from a feminist perspective, is the best system would need to agree on a set of properly defined terms. For example, if capitalism is going to be debated, the co-authors should be expected to lay bare a set of indicators ... what IS capitalism, and how do we measure it? What is *meant* by capitalism?

Fortunately, Cudd and Holmstrom do this. Both establish a series of criteria by which they conceptualize capitalism (Cudd 2011, 21) (Holmstrom 2011, 139).

One puzzling application of Cudd's criteria, however, elucidates a significant problem— *and this obstacle shall be the focus of this paper*— the problem of worker ownership of firms, and whether they fall under the category of capitalism or socialism. The task of this project is to demonstrate that worker ownership signifies a socialist mode of production, and that it is misguided to argue that this type of arrangement is a variant of capitalism— though, as will be pointed out, worker ownership can exist and flourish in a capitalist economy.

## MARXIAN SOCIALISM

Both Cudd and Holmstrom make sufficient use of Marx's work in their respective analyses. On the surface, this seems hardly original because Marx is one of the most widely read and widely distributed scholars on post-capitalist philosophy, with Marxism more broadly having impacted and influenced an insurmountable breadth of countries and societies (Wolff 2018, 1:22). However, one uncovers variety— and often contradictions— in Marx's work that make deciphering it an intellectual doozy and thus subject to problematic interpretation, for good and for ill. For example, he used terms such as communism, socialism, positive humanism, free association of producers, and realm of free individuality interchangeably— in fact, the notion that socialism and communism represent two distinct stages in human society (à la Lenin) is a phenomenon that arose after his death (Hudis 2018, 2).

Although the term socialism has been subject to widespread misuse—and indeed, abuse — a common thread that runs through popular socialist traditions, whether they be anarchist, communist, classical Marxist or elsewhere (the span of these segments being true to the nature of the fragmented international left), is that working people should have control over production and democratically run the workplace (Chomsky 1986). It takes only a brief moment to apply this definition to the Soviet Union, and one will instantaneously discover that it resembled nothing close to a socialist society.

But what of the existence of Marxist thought in Soviet Russia? Were Lenin, Trotsky, and Stalin not orthodox Marxists: strict adherents to the texts of Marx and Engels, doctrinal advocates of historical materialism, dialectical materialism, and the dictatorship of the proletariat?

## PUBLIC OWNERSHIP

The Bolsheviks pushed, and indeed saw to fruition, a form of “state socialism” wherein the state would seize the means of production, ostensibly on behalf of the proletariat, and act as a substitution for the bourgeois class that previously owned them (Chiesa 2017, 111)—the workplace would become *public* rather than *private*. Here, we delve into the public-private divide. This dichotomy between public and private— *what’s interpreted as socialism and capitalism*— clouds political discourse and presents a serious conundrum when attempting to navigate alternatives to capitalism. Public— or state ownership— was not the widely understood definition of socialism, and one can disprove this by looking to what mainstream Marxists and socialists of Lenin’s day were writing and lecturing about.

In competition with the overwhelming dominance of Marxism- Leninism (hegemonic, political, and indeed factional), there exists a strain of Marxist thought placed to the left: council communism, libertarian Marxism, and other sects that encompass left communism generally. Taken from council communist Anton Pannekoek, proponents of left-wing Marxism deplore:

*“... the organization of production by the Government. It means State-socialism, the command of the State officials over production and the command of managers, scientists, shop-officials in the shop. ... The goal of the working class is liberation from exploitation. This goal is not reached and cannot be reached by a new directing and governing class substituting itself for the bourgeoisie. It is only realized by the workers themselves being master over production.”*

Incidentally, Lenin denounced Pannekoek, and left communism more broadly, as an “infantile disorder”

plaguing the international Bolshevik-Leninist program (Lenin 1920).

Where elements of workers’ control arose in the USSR (factory committees, soviets, peasants’ and workers’ communes, and other democratic institutions), Lenin and Trotsky saw their immediate dissolution through further centralization and reliance on the state apparatus (Brinton 1970)— this runs radically antithetical to socialism, as understood by conventional Marxists: Luxemburg, Liebknecht, Mattick, Pannekoek, and others. What both the Soviet Union and the United States declared to be socialist, left-wing Marxists abhorred as opportunistic vanguardism.

## WORKER OWNERSHIP

Marx envisioned a “society of free and associated producers,” and this type of liberatory society could not be reached unless production is under the control of the producers themselves, and mechanisms of domination such as the wage system or centralized state control are overcome (Amini 2019, 130). Taken in its most literal, traditional sense, socialism is a system of relations where production is under democratic control of the workers, and any managerial or representative arrangements (such as those by government) flow naturally from the workers— in other words, direct democracy pierces through all layers of society (Islam 1988, 34).

If one adopts this definition as the dominant interpretation of socialism— and it is a simple definition — then it will follow that one can make straightforward judgements of existing societies that claim to be socialist. When putting a lens up to these countries, one need only ask: do workers have control over production? Dramatically, the notion of these countries being anything close to socialistic evaporates. Central planning demanded subordination to concentrated, private power. The Leninist state (Leninist models were implemented in many of the note-worthy “socialist” states in the 20th century: the People’s Republic of China, Vietnam, North Korea, Cuba, and others) consolidated decision-making into its own hands and swept authority away from institutions that represented workers’ control, such as the soviets and factory councils in the early Soviet Union. This has nothing to do with socialism— in fact, it’s an extreme contradiction to it (Chomsky 1989).

The formula is thus: who is in control of production? Is it a) the capitalist, the centralized, “private” owner, b) the government, another centralized but “public” owner, or c) the worker? Using the same methods that mainstream Marxists used to gauge the presence of socialism in the Soviet Union, one can ascertain, without unnecessary complication, what makes an economy capitalist, socialist, or centrally planned

by analyzing the core relationship in the workplace. Lenin's adversarial contemporaries, Marxists who condemned him from the left, would have proclaimed worker ownership of firms to be socialist ... regardless of whether worker-owned or worker-managed firms participate in a capitalist economy or not.

Cudd's assessment of worker ownership is incomplete and faulty. Cudd comes to the conclusion that worker-owned firms are still a "type of capitalism" for the primary reason that they exist and operate within the overarching legal framework of capitalism, and are not subject to government control: they are private, not public (Cudd 2011, 21). For the reasons outlined above, this is a problematic approach and does more harm than good if striving for clarity—after all, one of the obstacles that both co-authors ran into was their conflicting definitions of capitalism itself. It would be much simpler, comprehensible, and elementary to simply base economic definitions off of who is in control of the means of production.

Cudd takes a frank approach to conceptualizing capitalism, to her credit. Economic systems, though complex, ultimately exist in one of two ways: they are either public or private. Either the government controls the means of production, or private individuals do. The next section will explore this tactic and reformulate what is meant by "private," as to best accommodate the definition of socialism already established.

## **PUBLIC-PRIVATE DISTINCTION**

As applied by Cudd, an institution is private if it is not controlled by the government. This stratagem allows for an easy conclusion: a worker-owned enterprise is private. Cudd elaborates slightly on this conclusion before moving on to refute more perceived myths and criticisms of capitalism. There's a much deeper conversation to be had about this dichotomy. Cudd implies that a private enterprise falls under the veneer of capitalism merely by its status of being private. This is not enough.

This private-public distinction is taking an outside look at an institution without considering internal relations. An advanced and enlightened approach, and one that extracts results, is to consider who is in control of the means of production. For now, we will use Cudd's definition. In a public arrangement, the government is in control of the means of production. In conceiving a private arrangement, we run instantly into a problem. Now, we can have either individuals or workers own the means of production. These are not the same substantively.

Private ownership in capitalism overwhelmingly takes the form of individualized, centralized ownership. Cooperatives are not the dominant model. Workers are

hired for a wage, and subject to supervision by the owner: this is the prepotent model (Holmstrom 2011, 139). Worker-managed firms and centralized firms (where workers are hired for a wage) are vastly different, and to group both under the umbrella term of "private" creates more problems than it solves. This approach neglects the importance of the relationships and interactions that are internal to the organization.

While completely scrapping the public-private approach may be too rash, it's even more rash to conceptualize centralized ownership and worker ownership as the same thing. There's a stark difference between the two. Ownership of the means of production is a crucial component in the workplace relationship that should always be considered: as a structure, it has rippling effects on meaningful interactions within the workplace. Human creativity can see its highest expressions in the workplace. If the means of production are owned centrally (by a private owner at the top), this is substantially important.

This point also brings us back to an argument posited by Anton Pannekoek, a left Marxist and opponent of Lenin. Rather than conceiving of economic arrangements as public or private, perhaps one should take a closer look at the presence of centralization. Are the means of production centrally owned? In a Leninist state, the state essentially substituted itself for the bourgeoisie in owning the means of production. There was little to no distinction, from the point of view of many socialists and Marxists, between the bourgeoisie and the state. In theory, the state owning the means of production was an expression of workers' control via *dictatorship of the proletariat*. But in *reality*, the state operated as a replacement for the bourgeoisie—both retain centralized decision-making authority on what is produced, how much is produced, and how it gets produced. Workers do not own the means of production under this arrangement, and no matter if it's the capitalist or the state, the means of production are centrally owned and out of the hands of the worker.

## **APPLICATION TO CUDD**

Finally, the last section will apply the concepts elaborated on above to Cudd's interpretation of socialism and private-public ownership. For coherence purposes, the gravity of understanding the multifaceted and diverse renditions of Marxism really cannot be more important as we maneuver through academic debate over left-wing theory and practice. There existed, and still exists today, a definite understanding of Marxism that deplored Bolshevism, Leninism, and authoritarian diversions from the broader workers' liberation movement. This critique goes far back in history: the anarchist theoretician Bakunin, participant in the First

International, predicted the form of the Leninist state quite perceptively: he warned of the creation of a “red bureaucracy” that would ostensibly adhere to Marxism while sustaining an authoritarian monstrosity the likes of which humanity has yet to see (Guerin 1970).

Unfortunately, Cudd paints a broad brush over Marxism without delving reasonably into its complexities as a school of thought. Cudd accepts a colossal task and has much ground to cover in her work, and so this is understandable— but it creates confusion that needs deeper elaboration and understanding. One upside to this, however, is that it allows for multivariate analysis of definitions of capitalism, public-private power, and socialism. It reveals that these terms are subject to varied use, a fascinating fact about human life, despite all of the puzzlement it creates. The boundless renditions that a person may formulate allow for more explorations, more substance, and more intricacy for scholars to explore.

This paper was charged with calling attention to shortcomings in Cudd’s conceptions of socialism and worker ownership, and with making contributions to remedy these defects. We should intend to reinforce our opponent’s arguments to create the strongest form possible: that’s a surefire way to draw out the best in academic discussions and exchanges.

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