

# Organizing Beyond the Point of Production

## The Radical Potential of the Solidarity Economy

By Sean Keith



Participatory budgeting (PB) and workers' cooperatives—two pillars of the [solidarity economy](#)—offer some of the best tools for building egalitarian, democratic political structures and a new kind of economy that works for everyone. PB humbly started in Porto Alegre in 1989 and has since inspired political movements across the globe, revolutionizing conceptions of the role of the citizenry in affecting everyday life. PB [first arrived](#) in America at Chicago's 49th Ward and thereafter spread to New York City, Vallejo, California, and many other cities.

Though PB adapts slightly different procedural forms depending upon who administers it and where it is administered, it can generally be described as a process that “gives people real power over real money to make the decisions that affect their lives.” Josh Lerner, director of the nonprofit [Participatory Budgeting Project](#) further defines PB as “a democratic process in which ordinary community members directly decide how to spend parts of the public budget.”

The process usually starts with a steering committee, an appointed group of officials who set the priorities and direction of PB, partnering with government officials to secure funds to be democratically allocated. Meetings are then held in which the public—specifically members of the designated neighborhood in which the PB process is taking place—can brainstorm ideas for the projects in which they hope to vote upon.

For example, neighborhood members might wish to employ local artists to paint murals on building walls, or they might wish to turn vacant lots into urban gardens. The steering committee then appoints volunteers and experts to turn ideas into formal proposals—for instance, artists could render a model of how neighborhood walls could be turned into murals, and landscape architects could draw up schemas showing how vacant lots could be turned into urban gardens. The formal proposals are then presented and neighborhood members democratically vote upon which projects they wish to fund. Finally, when the votes are tallied, the winning projects are funded and implemented.

It is important to note that when a citizenry gains the ability to democratically allocate funds, they grow increasingly excited about directing those funds to other participatory institutions, especially—as we shall see later—workers’ cooperatives. Those who want a more visual representation of this multi-step process can watch this [Participatory Budgeting Project video](#).

Additionally, workers’ cooperatives have the potential to democratize the ownership of the means of production. Historian and activist [Gar Alperovitz](#) defines workers’ cooperatives as “essentially a one-person one-vote, member-owned and -controlled economic institution or business... [that] differ[s] from many traditional businesses in [its] values and motives.” Because worker cooperative ownership is more egalitarian and spread out compared to the modern corporation, its shareholders have more of an incentive to account for things like community well-being and other externalities. Alperovitz further notes that collective ownership can also exist outside of explicit workers’ cooperatives. For instance, [Employee Stock Ownership Plans](#) (ESOP)

can give employers tax incentives to facilitate worker buyouts of companies, and [Community Land Trusts](#) (CLTs) transfer ownership of land to affected communities—and by extension, community members—thereby slowing the process of or even preventing gentrification.

PB and workers’ cooperatives have proven themselves capable of democratizing both decision-making and ownership, and it seems like these achievements would be celebrated by those dedicated to fighting for social justice. Yet, these institutions have not been wholeheartedly embraced by many on the Left. In fact, many prominent leftists—be they popular left-wing writers like Jacobin’s Bhaskar Sunkara or other orthodox Marxist academics more generally—condemn participatory budgeting and workers’ cooperatives as either unproductive or even [petit-bourgeois](#) and [neoliberal](#).

Such leftists critics usually have three basic arguments for condemning PB and workers' cooperatives. Their first argument rests on the idea that organizing workers at the point of production is the most effective form of praxis. It deems organizing universities, urban centers, or housing complexes that do not manufacture “real” things as less effective tasks, especially when compared to organizing directly at the factory or place producing material things. The second argument states that the history of neoliberal elites coopting participatory budgeting to normalize neoliberalism belies its reactionary character and unworthiness. The third argument, employed by many orthodox Marxists especially, asserts that Karl Marx himself deemed workers' cooperatives to be utterly futile forces of resistance in a capitalist economy.

This article sets out to debunk these arguments and reveal them as emblematic of a strain of defeatism that has infected certain parts of the Left. It showcases modern cases of PB and workers' cooperatives to reveal their inherent radical potential, their ability to withstand the influence of the neoliberal elite and avoid cooptation, and thus forge the path for a more equitable world. It also notes that even when PB is co-opted by the state—because, after all, all sorts of radical ideas have been spoiled by neoliberalism—its inherent radicalism often lurks beneath and manages to challenge the conservatism being imposed on it. Before making these claims, however, it first explains these aforementioned Left critiques in order to better understand and challenge them.

## Understanding Dominant Left Viewpoints

Though Jacobin does not enforce an explicit, uniform editorial line, its overall hostility to PB and workers' cooperatives has influenced the parameters for much of American Left discourse. On January 7th, 2017, Bhaskar Sunkara, the founder of Jacobin, held an “Ask Me Anything” (AMA) forum on Reddit for people to ask questions about the state of the Left in the Age of Trump. One particular question brought up prospects for PB and more city-oriented activism, stating:

*What do you think of arguments about the location of class struggle and organizing shifting somewhat to issues of urban life—resisting “accumulation by dispossession,” etc. like David Harvey makes in Rebel Cities? It seems like participatory budgeting and right to the city arguments are more intuitive to people than they used to be.*

Sunkara responded by [proclaiming](#):

*I very much don't see participatory budgeting as a productive use of time at the moment, and generally I think we should still remember that workers have the most power and social weight at the point of production.*

In light of this statement, it makes sense that Jacobin has almost no articles explicitly dedicated to exploring participatory budgeting, but plenty dedicated explicitly to debating engagement with and support of the Sanders movement.

Connor Kilpatrick, another prominent editorial member at Jacobin, similarly emphasizes the strength of “point of production” organizing and condemns the supposed fixation with activism on college campus. On Twitter, he praised [an interview](#) with Marxist historian Isaac Deutscher from the Spring of 1967 in which Deutscher condemns the New Left’s fixation on race and decries the milieu’s supposed relegation to the university. When Deutscher is asked about the New Left’s attention to “oppressed minorities,” he largely dismisses attention given to race, stating that, “As long as this [New Left] opposition is not based on a stable class in society... it is largely ineffective, no matter how important it is at the present moment.” He then claims that any future anti-war protests of New Left students and intellectuals would be futile because, unlike dockworkers or other industrial workers closer to the “point of production,” they would be unable to stop arms shipments to Vietnam.

Deutscher's political assessment turned out to be wrong. It must be noted that labor stoppages and/or disruptions proved to be ineffective in stymieing the war. The conservative, pro-Cold War attitudes of most American unions actually aided the efforts of the Vietnam War. For instance, the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) passed a convention in supporting the Vietnam War in 1966 and AFL-CIO President George Meany was vocally pro-war. The fact that it was actually New Left college activism that helped change public opinion about the Vietnam War reveals the shortcomings of Kilpatrick and Deutscher's critique.

Along with PB, workers' cooperatives are also roundly condemned as being unable to influence change in a capitalist system. In The North Star editor John Reimann's [response](#) to [my article](#) on the mixed legacy of Sewer Socialists and their occasional support for workers' cooperatives and the "Cooperative Commonwealth," he references Karl Marx to condemn these experiments in worker organization, stating:

*As for worker cooperatives: There is a reason that Karl Marx opposed them. It might make for a more pleasant workplace environment, but such enterprises must swim in the sea of the capitalist economy, and when that economy goes into a downturn or a crisis the cooperatives must respond as any other business does, or it will go under. As far as the worker/owners – my experience is that they are driven to think more in terms of owners... than on organizing a fight against capitalism itself.*

Local effort to improve direct democracy—be it via assemblies or directly at the workplace—are ultimately condemned for their ineffectiveness. Rather, these leftists [advocate](#) for more “traditional forms of left-wing organization,” namely wielding worker power to build stronger unions and a more solidly left-wing state to fight back against neoliberal hegemony.

Yet, building stronger unions and a social democratic state—strategies we should all explicitly support—are by no means mutually exclusive with other types of political strategy. These views of PB and workers' cooperatives fail to see these two institutions first and foremost as tools that can improve governance.

The question thus arises: What type of governance? If the Left chooses to retreat from trying to influence PB and workers' cooperatives, they will be seized by the Right in its attempt to improve neoliberal governance. Conversely, if it chooses to engage with them, it can abide by the [syndicalist vision](#) of “forming the structure of the new society within the shell of the old.” Instead of succumbing to defeatism or inaction until the ever-vague ripening of “international conditions,” it can actively and immediately shape the world surrounding it.

# The Radical History and Implications of PB and Workers Cooperatives

PB first originated in Porto Alegre, Brazil in 1989 as an initiative of the Workers Party (PT). As Brazilian sociologist José Eduardo Utzig notes in [his essay](#) “Participatory budgeting of Porto Alegre,” Brazilian PB grew out of a left-wing milieu that was oxygenated after the fall of Brazil’s military dictatorship. He notes:

*Although it had an array of Marxist groups among its founders, the PT (Workers Party) was created as an alternative to the traditional leftist view of the communist parties in Brazil. Moreover, the main sources of members and leaders of the PT were the new movements... that became strong in the fight for freedom, better wages, and better quality of life by the end of the seventies and the beginning of the eighties. These movements, which emerged in the struggle against the Brazilian military dictatorship, held democratic values but at the same time, influenced by a diffuse traditional socialist ideology, were highly suspicious of the institutions of representative democracy, especially of the parliament...*

In other words, from its very own humble beginnings, PB emerged from strong left-wing movements that were sharply critical of state power. Yet, as Utzig notes, “The process of participatory budgeting cannot be well understood out of the context of the political and social history of Porto Alegre.” Thus, it is also important to note that Brazil more broadly, but Porto Alegre more specifically, had a rich tradition of anarchism. Italian and German anarchists immigrated

to Porto Alegre and shaped its political landscape throughout the early 20th century, leading to numerous Brazilian anarchists being present at the country’s first Brazilian Labor Congress. One cannot talk about Porto Alegre PB without acknowledging these radical political currents.

Yet, radical ideas of all stripes can be seized for neoliberal purposes. In their book *Popular Democracy: The Paradox of Participation*, sociologists Gianpaolo Baiocchi and Ernesto Ganuza explain how neoliberals are able to adapt PB for their own purposes. They complement Utzig, who argues that:

*Neoliberalism supports social participation in voluntary groups within society as long as it does not result both in pressures for expanding the state and in interventions that affect the efficiency of the market economy. In other words, neoliberalism supports social participation as long as it does not become a political activity.*

Neoliberals could support PB so long as they could also ensure that the process did not challenge free market governance or the structure of the economy. Thus, there have been notable cases where PB steering committees have selected ballot questions suited to the city’s political interests, thus proving the process not to be centered around unleashing direct democracy, but meeting predetermined, un-radical political goals (ex: short-term cosmetic neighborhood projects like update street lighting versus channeling money towards long-term workers' cooperatives that could affect the ownership of the means of production).

After visiting Porto Alegre, [many leftists](#) viewed PB as “part of a renewed leftist project, one that overcame the authoritarian limits of authoritarian and bureaucratic socialism... [and] showed that leftists could govern well, succeed electorally, and offer a compelling alternative to technocratic good governance based... on social justice principles.” Yet, neoliberals continued to adapt it as well. In Venezuela, PB was adopted as national policy by Chavez’s government and simultaneously sponsored by the anti-Bolivarian USAID organization operating within the very same country. Similarly, while the new left-wing Portuguese government was sponsoring a national PB in the 1990s, the World Bank and other US-backed NGOs were spreading it throughout countries in the developing world. Thus, we can immediately see PB as a governance tool being used by vastly different political parties for vastly different political goals.

Yet, even when neoliberal institutions tried to coopt PB, they often failed due to its inherent radicalism. After all, the process of predetermining the PB ballot questions to ensure the lack of any substantive political threat can be difficult. In his essay on World Bank policy in East Africa, political economist Simon O’Meally notes that even though World Bank PB is linked to a neoliberal Washington Consensus, its democratic structure often inadvertently creates the space for anti-neoliberal alternatives. For instance, [World Bank PB attempts](#) in Kenya encouraged some Kenyans to advocate for community-owned fish factories. In other words, PB’s innate structure of democratic deliberation—something that cannot even be fully taken away by any party—caused citizens to rethink ownership of the means of production.

The aforementioned argument that Karl Marx did not champion workers' cooperatives or see them as a progressive force is simply false. Nathan Cedric Tankus, economic researcher at the Modern Money Network, [cites a passage](#) from Capital Volume III as being particularly representative of Marx’s pro-cooperative opinions. In this passage, Marx excitedly writes that “the cooperative factories run by workers themselves are, within the old form, the first examples of the emergence of a new form.” These new forms could eventually transform society “on a more or less national scale,” even if the workers served as “their own capitalist.” Additionally, [when addressing](#) the First International, Marx unequivocally states that “the value of these great [cooperative] experiments cannot be overrated” and defines them as a “victory of the political economy of labor over the political economy of property.” In these specific cases, Marx’s support for workers' cooperatives is unambiguous.

## **PB and Workers Cooperatives in NYC Today: The Symbiosis of the Solidarity Economy**

Relative to other places in America especially, PB has been implemented most successfully in New York City. The process is entering its sixth year of existence and continues to galvanize both the possibility and existence of social movement. Over 30 different NYC council districts now participate in PB.



NYC PB has not completely capitulated to neoliberalism. Rather, it has revitalized definitions of governance and citizenship for [the marginalized and oppressed](#). For instance, in some districts, children as young as 14 get to participate in the PB process. Undocumented people are often allowed to vote, ballots can be cast in languages other than English, and the process is by-and-large more conducive to participation by low-income individuals.

Similar to the Kenya case, NYC PB has allowed citizens to challenge neoliberal institutions. For instance, students and parents throughout Queens are [now being able](#) to democratically decide how to allocate the school funds given to them. One of the proposals on the ballot will be whether or not to further fund surveillance cameras in the schools. Surveillance is one of the main pillars of the NYPD's [Broken Windows](#) approach, a set of policies that [over-regulate and incessantly harass](#) poor people of color throughout NYC. Kids and parents get a chance to reject the furthering of Broken Windows and rather invest in more fruitful projects, thus directly challenging an oppressive economic system.

Some of the most radical aspects of PB are happening in [Brooklyn's District 39](#). The 2017, District 39 ballot had two important questions: The first asked about allocating \$11,000 to help foster bilingual outreach for the Southwest Brooklyn Tenant Union, and the second asked about allocating \$10,000 to found a house-care cooperative owned by immigrant women. Additionally, the Movement for Black Lives (M4BL)—an extension of Black Lives Matter (BLM), the most

powerful social movement against American police brutality—[officially endorsed](#) participatory budgeting at the “local, state and federal level.” Yet again, we see PB not only empower society's most marginalized people, but also begin to look to workers-power (union and cooperative) as a means to do so.

## Shifting Tides: The Response of the Elite

When the modern elite understands what PB actually is, they realize that it's becoming increasingly harder to co-opt and thus more and more radical. Coincidentally, there has been an uptick in right-wing attacks on PB. For instance, the notoriously conservative New York Post recently published [an article](#) by Manhattan Institute apparatchik Nicole Gelinas entitled “Why New York City's ‘participatory democracy’ is a sham.” The article explicitly complains about the degree of autonomy given to teenagers to make political decisions that directly affect their neighborhoods. It laments that:

*Participatory budgeting teaches young and old alike that, hey, the city must need more money. If we can't afford safe electrical outlets in schools and paved roads, we probably aren't taxing people enough.*

It then pleads for citizens to stop caring about infrastructure and social well-being and instead use the PB process to cut the \$10.3 billion the NYC government provides in health benefits to city workers.

Yet, Gelinas is merely being rhetorical. She knows that PB does not foster such avaricious behavior—after all, citizens are more likely to come together to improve their own neighborhood rather than cut the health benefits of their neighbors. PB opposes austerity and neoliberalism and instead imagines a cooperative, egalitarian world centered around our most marginalized citizens.

However, we should not take Gelinas’ article lightly, but rather see it as a harbinger for things to come. And it would be truly irresponsible for some on the Left to inadvertently aid this impending right-wing criticism because of strange fixations on “point of production” organizing, inaccurate historical understandings on Marx, and political defeatism.

And in this sense, we return to some of the old fights between the Old Left and the New Left, battles between figures like the aforementioned Isaac Deutscher and the great social historian E.P Thompson. In [his essay](#) aptly entitled “The Point of Production,” Thompson fights back against the Deutschers of his time, stating that in England, it was actually spontaneous action by a mob at the city square—the exact opposite of point of production organizing—that made arrests under a General Warrant illegal, thus making the work of future trade unionists much easier. He eloquently states that:

*There is no iron law of history, discovered by Marx or by Trotsky, which establishes the priority for “industrial struggle” over all other forms of political or intellectual conflict. Priorities change in different contexts.*

Imagining political activism beyond the factory allows us to embrace a truly inclusive political vision. Thompson called the “point of production as paramount” viewpoint the “iron logic of the atavistic deviant of Marxism” that would—and did—hinder the British socialist agenda. Hopefully we can heed his words and not repeat the mistakes and modern day manifestations of the Old Left.

This essay was published as part of the DSA Libertarian Socialist Caucus's pamphlet program. It exclusively represents the views of the author(s), not the official position of the Caucus itself. The DSA-LSC has decided to format and host it for mass distribution in the interest of furthering internal debate and discussion within the DSA.

