

# **Guild socialism as a precursor to participatory economics**

Tom Wetzel

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Ideas about workers' self-management would remain just a "nice idea" were it not for the fact that such ideas have at times gained a sizeable following within the working class, and helped to inspire sections of the labor movement.

The period between 1900 and 1920 was an era when in fact issues of worker control were being fought over and many strikes in the U.S. were conducted over issues related in some way to control — over defense of union work rules, to get an abusive supervisor fired, to protect a reasonable supervisor against discharge, to have a say over how layoffs would be carried out, and the like. The vision of workers managing industries was a solution put forward by a radical minority in the labor movement in that period.

Between 1909 and the early 1920s this trend was associated with what was called the "new unionism." The existing unions of the American Federation of Labor — the "old unionism" of that era — were based on organizing mainly skilled workers, and used strategies of exclusion, which tended to limit the appeal of these unions to native-born white men.

The "new unionism" is sometimes called "industrial unionism" but this is misleading since the idea wasn't just forming organizations on an industry rather than craft basis. The "new unionism" after 1909 was based on the idea of a broad appeal to class solidarity, was aimed at organizing the legions of less skilled workers in the newer industries, from goods manufacturing to oil refining to mining. In that era this led to organizing and strikes in industries with large numbers of immigrants from eastern and southern Europe. The strikes and new unions in the garment industry and the attempts to organize the auto manufacturing industry are examples of the "new unionism", as is the organizing by the Industrial Workers of the World.

In response to Henry Ford's radical transformation of auto-making, a group of socialists in the auto industry captured a defunct AFL craft union and rebuilt it into a militant industrial union, the first Auto Workers Union (AWU). Their refusal to accept AFL craft divisions got them expelled from the AFL in 1918. Auto workers joined the AWU en masse in 1919, with membership in Detroit growing to 40,000. The union was fiercely democratic, run by elected shop steward committees with one delegate for every 10 workers. Ford's system of internal spying and stool pigeons made a direct assault on Ford difficult. The AWU attempted a strategy of organizing the supplier firms, and Ford countered by expanding the River Rouge plant to make his operation less dependent on suppliers.

The idea of class-wide solidarity was made very vivid by the intense struggle in Philadelphia in 1910 that saw the city's unions wage a 20-day general strike that involved 146,000 workers at its peak. That struggle was waged in response to attempts by the city to break the union of workers on the city's transit system.

The "new unionism" was propelled by a massive wave of strikes between 1916 and 1921, with 4,450 strikes in 1917 and 3,360 strikes in 1919 — a year that saw a general strike in Seattle and very nearly a general strike in Los Angeles as well.

## **Syndicalism versus State Socialism**

The era from 1900 to 1920 was also a period of very great growth for American socialism as an organized movement with the Socialist Party taking on tens of thousands of members and electing hundreds of local officials and state legislators in various parts of the USA. The American Socialist Party (SPA) of that period was quite heterogeneous in terms of how its members

conceived of their aim. In 1911 John Spargo, a writer associated with the SPA, wrote a little book, "The Common Sense of Socialism." The book lays out a conception of socialism as an economy managed by the state:

"Under Socialism, the state would control...those things which could not be owned and controlled without giving them undue advantage over the community, by enabling them to extract profits from the labor of others."

In Spargo's technocratic vision, workers would still be subordinate to the hierarchy of experts and managers in the state. His book says nothing about workers managing industries. The only power workers would have would be as voters.

Within the "new unionism", however, there was a very different conception of how a socially-owned economy would come about and how it would be run. This was the idea that it would be from below, not through the state, that workers would gain control of the industries and manage them, perhaps through a period of a mass general strike throughout the country. The massive national general strike in Russia in 1905-06 had influenced many radicals in the labor movement in Europe and the USA to envision an alternative to electoral politics as the strategy to expropriate the capitalists.

This alternative conception of how to socialize the American economy was called syndicalism. Although people remember the IWW as an important exponent of the idea of workers themselves taking over and managing the industries and the economy as a whole, the idea had a broader following in that era than just the IWW.

Bill Haywood, an influential organizer in the IWW, was an exponent of this syndicalist view despite his membership in the Socialist Party. Haywood also supported election of pro-labor candidates to local offices, not as a strategy to achieve socialism, but as a tactic in the class war, to try to neutralize the use of the local government (such as police, city attorney) against the labor movement.

Gaylord Wilshire was a former state socialist who had been won over to an anti-parliamentary, syndicalist approach by about 1912. In an article in "The Syndicalist" (magazine of the Syndicalist League) in 1913, Gaylord Wilshire characterizes syndicalism this way:

"The Syndicalist views both nationalisation and municipalisation of industry with more or less indifference. The essence of Syndicalism is the control by the workers themselves, be they intellectual or manual, of the conditions of their own work. The growth of the machine process has divorced the worker from the control he formerly exercised by his individual ownership of the tools of production. Today the capitalist owns and controls the tools formerly owned by the worker, with the result that the worker is practically his slave. Syndicalism proposes that this control of the technical processes now exercised by the capitalist shall pass to various groups of organised workers of the various industries. The product which is now the property of the capitalist would become under Syndicalism the property of the community." ([http://www.bibliolibertaire.org/Textes/what\\_is\\_syndicalism.doc](http://www.bibliolibertaire.org/Textes/what_is_syndicalism.doc))

Syndicalism was at the leading edge of thinking about workers liberation from class oppression in that era.

## Limits of Syndicalism

Wilshire makes clear that workers would not own the various industries they manage as their private property. They would merely administer them on behalf of the whole community. But how would this accountability to the rest of the community be worked out? What about people who are not working? In an era when most women did not work outside the home for wages, wouldn't the syndicalist proposal dis-enfranchise women?

In the World War 1 era, there were two attempts to answer these questions consistent with the idea of workers managing the industries.

An influential idea at that time, proposed by Daniel DeLeon, was that the individual industries would be managed by the industrial union of that industry, but all the industries would be federated together, and planning and allocation for the economy as a whole would be the preserve of a National Industrial Union Congress. This congress would be sort of the working class government of the country, as well as the center of economic planning. This idea had a wide influence beyond the small circles of DeLeon's Socialist Labor Party, and influenced the thinking of people in the IWW and elsewhere.

DeLeon's proposal is an example of what we might call the "One Big Meeting" idea. This is essentially a system of central planning. There are so many tens of thousands of products that no meeting of delegates would effectively deal with all the decisions. They could only set some policies or make a few major decisions. They'd need some large planning staff. Because economies tend to be quite interdependent, there would be a great danger of this central administrative apparatus accumulating more power. For one thing, if proposals originate with them, they will be giving orders to the various industrial groups. And inevitably this would tend to conflict with self-management, and would give the central planners reason to set up managers on site as bosses of the workers locally. Not everything affects the country as a whole, yet this arrangement would bring all decisions ultimately to the national level, thus denying local self-management. This system also provides for no decision-making based on a person's residence in a community, only the role of worker has representation. But what about self-management/empowerment of people in their role as consumers, as people who are part of a particular community?

## Guild Socialism

There was another attempt to get around the limitations of the syndicalist idea of worker self-management of particular industries — Guild Socialism. The thinkers who elaborated the idea of Guild Socialism — such as G.D.H. Cole and R.H. Tawney — were responding directly to the popularity of the syndicalist idea of workers management of industry among radical labor activists in Britain. In the USA, the Intercollegiate Socialist Society (ISS) — an organization of faculty and students associated with the PSA — adopted guild socialism but decided to Americanize it by calling it "industrial democracy." (After World War 1, the ISS changed its name to League for Industrial Democracy.)

G.D.H. Cole's book "Guild Socialism Restated" is probably the most well worked out expression of the guild socialist proposal. Bertrand Russell also endorsed guild socialism in his little book "Roads to Freedom," written in 1918 while he was in jail for opposition to Britain's participation in World War 1.

The guild socialists agreed with the syndicalists that the unions should take over the management of the various industries. The basic unit of decision-making would be the general meeting of workers in a particular workplace, and each workplace would have a certain element of autonomy for making decisions that primarily affect people who work there.

However, the guild socialists also proposed another basic unit of a socialist society: general meetings of residents in a particular neighborhood (what G.D.H. Cole called "ward meetings"). The neighborhood organization would have both political functions — it would provide an element of direct democracy in society's self-governance — and also an economic function, as the channel for consumer input in the economy. Each neighborhood assembly would have associated with it what the guild socialists called a consumer cooperative. This wouldn't actually manage stores — that would be the role of a distributive workers council.

The organizations of people as residents, and councils of their elected delegates, would negotiate with the self-managing workplace organizations, to determine things like allocation of resources and prices. For example, residents throughout a region would elect a Health Council which would negotiate with a health workers union over the services that the socialized health care system would provide.

Thus guild socialism was a precursor of participatory economics in the following two ways:

1. It conceived of allocation of resources and planning in a socially owned economy in terms of negotiation between people as consumers and people as workers. Guild socialism was historically the first socialist vision to make this proposal.
2. It conceived of a dual governance structure for the polity and economy, based on units of direct democracy in both workplaces and places of residence.

## **Limits of Guild Socialism**

A basic limitation of both guild socialism and syndicalism in that era is that the idea of workers self-management was typically conceived of in terms of a formal structure of democracy, including things like elections of managers or management boards of industrial workplaces.

The problem with this is that it doesn't address the way in which the growth of the fragmented, Taylorized work organization of the modern corporation disempowers workers by concentrating the conceptual and design and decision-making tasks in a hierarchy. Indeed, articles in the "Intercollegiate Socialist" made it clear that, for some of the highly educated members of the Intercollegiate Socialist Society, an aspect of guild socialism they liked was that there would be separate representation for engineers and other technical specialists, which would have the effect of leaving intact the greater level of influence these groups were achieving in the corporate and state sectors in that era.

If workers spend their work week and work year doing some simple tasks, running a particular machine, cleaning, and do not have experience with planning or learn engineering skills in regard to product design or financial skills, and these skills are learned only by an expert minority, how will ordinary workers be able to evaluate or challenge the plans or proposed decisions of the experts? Effective self-management means that people need to learn the skills and knowledge to effectively share in self-management of industry. The power of the coordinator class over the working class needs to be dissolved. This is the idea of redesigning the jobs so as to re-integrate

the conceptual and decision-making tasks into the jobs done by the people who do the physical work.

This comes back to the problem of a lack of a theory of the coordinator class among the radical left in that era.

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