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Varieties of Social Ownership: A Reflection on Plural Cooperativism

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Abstract: Kuch's proposal for a regime of Plural Cooperativism relies on a universalization of the (worker) cooperative, while abolishing today's dominant business corporations. It integrates several other components (public banks and stock markets) into such a regime. In this response, I first make some general comments about the normative framework of Kuch's paper, which presents Plural Cooperativism as a way to instantiate the idea of 'social ownership'. Second, I question the exclusive focus on cooperatives: why pluralize *cooperativism*, and not a pluralism of a wider set of corporate forms, amongst which foundation-owned companies and state-owned companies? Third, I question whether we should *pluralize* cooperativism with private and public shareholding. Why not restrict oneself to cooperativism simpliciter? All in all, we can think of 'varieties of social ownership' just as there are varieties of capitalism. My critiques are meant to stimulate systematic comparative thinking about the merits of Plural Cooperativism versus other regimes of social ownership.

Keywords: plural cooperativism; social ownership; cooperatives; foundation-owned companies; capitalism

1 Introduction

Since the 2009 financial crisis, normative reflections about the best economic regime to reform or even replace neoliberal capitalism, have made a come-back in political philosophy. In these new debates, workplace democracy is an especially popular option amongst political philosophers. Hannes Kuch argues – rightly in

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my view – that it doesn't offer enough: we also need to reform ownership. Those in political philosophy who have shared this intuition, have gravitated towards either property-owning democracy or liberal/market socialism. These two alternatives do reform ownership – and the fact that they were mentioned by Rawls as the two most promising alternatives (Rawls 2001) has undoubtedly been an important reason for their influence in current debates.

Kuch however, searches for a different path. He introduces the notion of 'social ownership' and then argues for a complex scheme mixing three forms of social ownership. The result he refers to as Plural Cooperativism. Plural Cooperativism joins together in one proposed socio-economic regime three institutional elements often treated separately (Kuch 2025, 147):

(i) The Cooperative Foundation
(ii) Strong Public Banks
(iii) Conditional Private Shareholding, i.e. with a (a) Public Counterbalance, and (b) Limited Control Rights.

The proposal is as bold and imaginative as it is nuanced and well-grounded in an extensive literature. It deserves to be widely debated. Since I share Kuch's intuition that we need to move in the direction of what he calls 'social ownership', this will not be the response of a fierce opponent.[1]

In my response, I will first make some general comments about the normative framework of Kuch's paper, which proposes social ownership as a way to realize a commitment to workplace democracy (Section 2). Then, I will focus on what I take to be the two most distinctive elements of Plural Cooperativism, which would truly be a revolution compared to current economic practices: the generalization of the cooperative form to run businesses (element (i) above, Section 3 below), and the combination of private shareholding with a public counterbalance (element (iiia) above, Section 4 below).[2] My discussion will push us to ask: first, why plural *cooperativism*, and not a pluralism of a wider set of corporate forms? Second, why *pluralize* cooperativism with private and public shareholding, and not restrict oneself to cooperativism simpliciter? All in all, we can think of 'varieties of social ownership' just as there are varieties of capitalism (Hall and Soskice 2001).

1 See Claassen and Lomfeld 2024 for an alternative proposal about corporate ownership. For its grounding in property theory, see Claassen 2025a; Claassen 2025b.

2 What is less novel, then, is (ii) the role for public banks, which as Kuch explains already exists in various countries. What is also less novel, is the limitation of control rights for private shareholders (iiib) – this too exists already when cooperatives today introduce outside equity. Therefore, I leave discussion of these elements aside.

My critiques are meant to stimulate systematic comparative thinking about the merits of Plural Cooperativism versus other regimes of social ownership.

2 Workplace Democracy and Social Ownership

Kuch starts his discussion by presuming that there is a convincing case for workplace democracy, based on a variety of different arguments: the firm-state analogy, republican arguments, democratic virtues arguments, etc (Kuch 2025, 132). From this he moves on to argue that workplace democracy is insufficient in practice to shift the balance of power to workers: it needs to be complemented by social ownership.

The assumed justification for workplace democracy lends the paper a hypothetical character: *if* one believes workplace democracy is justified, *then* one should accept some form of social ownership. This is fine as far as it goes, but we should note that relying on an 'overlapping consensus' between otherwise very different arguments for workplace democracy, gives social ownership an instrumental role: to safeguard workplace democracy. But what if there are other values which would be better served by other (perhaps non-democratic) forms of ownership and governance?

This is not a merely academic problem: Kuch briefly mentions state ownership as a form of social ownership. State-owned companies, however, are run by state-appointed officials, not by workers. Of course, the state could provide the capital and leave the voting rights to workers – but what if that arrangement (market socialism) would lead to, say, less environmentally sustainable business behavior – compared to state-owned businesses? Those who are more concerned about sustainability than about worker-voice may then prefer state-owned companies. In other words, workplace democracy in Kuch's paper becomes the intrinsic goal for socio-economic design, while other theorists may want to rank Plural Cooperativism against other socio-economic regimes in terms of their performance of *other* goals (e.g. Rawls's two principles of justice). Democracy may then turn out to be instrumental to the realization of those other goals, or not. (How) can other goals/values get a place in Plural Cooperativism?

A second remark about the set-up of the paper is that Kuch doesn't give a general definition of social ownership. He states that are three important forms of social ownership: cooperative ownership, worker self-management and socialized stock markets (140). Because a general definition is lacking, it remains unclear why/how these three very different arrangements are each an instantiation of a common ideal. In a footnote Kuch adds even more social ownership forms: state ownership and trust ownership. What do all these forms have in common with

each other? What is particularly puzzling is that state ownership is included, since one would have expected that social ownership is somehow demarcated from both public (state) *and* private ownership. As to the demarcation from private ownership, we should note that trust ownership and cooperatives are legally private – so there must be some non-legal criterion at work here to define the 'social'. I invite Kuch to say more about the concept of social ownership.

After these introductory matters, the paper launches an incisive critique of the idea that worker voice (à la German co-determination) alone is enough in practice. Kuch argues – convincingly, in my view – that this hope suffers from a "legalist illusion" (137), and risks reducing workplace democracy to a "paper tiger" (139). We need some form of social ownership. But which one? This brings us to Kuch's own proposal: Plural Cooperativism.

3 Why Plural *Cooperativism*?

The *universalization* of the worker cooperative is the heart of Kuch's proposal: "the cooperative form is universalized, which means that business corporations basically operate as cooperatives" (147). I want to start with one seemingly technical problem with the way he frames his proposal but then use this as a steppingstone for a more principled objection.

An important aspect of the universalization of cooperatives is that privately held, and stock-listed business corporations need to be prohibited (148). This obviously would be a revolutionary political step, which lends the proposal its utopian character. However, an exclusive focus on the cooperative would also require prohibiting all *other* corporate/ownership forms. In a one-sentence concessionary move, Kuch explains he doesn't want to go as far: trust-owned and state-owned companies should be allowed (148). But this raises a definitional problem: what percentage of firms must be under worker cooperative ownership to instantiate Plural Cooperativism? It also raises an incentive problem: how to ensure that cooperatives become the default, instead of, for example, trust-owned companies? By what mechanism will cooperatives become the focal option? (especially once free wage labour is allowed, 155-6, and hence workers can escape cooperatives by accepting jobs at state or trust-owned companies).

All of this may seem quibbling about the technicalities of one sentence in the paper, were it not for the fact that Kuch's concession puts the finger on a major issue: the justification of the choice for worker cooperatives, in light of alternative choices which would *also* qualify as social ownership.

First, why not choose trust ownership as the default model for the economy? Kuch notes in a footnote that this is a promising form of social ownership as well,

but then dismisses it on the grounds that "from the outset this proposal is not meant to offer a society-wide model, it is only intended to supplement the classic forms of corporate ownership, and it is hard to see how it could function as a generalized, society-wide model" (140). Not meant and intended by whom? And why would it be less able to function as a generalized model than cooperatives would? Arguably, the argument must be – in light of the overall architecture of the paper – that cooperatives are superior in light of their potential to realize effective workplace democracy. But this is an empirical claim. State ownership can be combined with workplace democracy (market socialism) and trust ownership too, as the example of John Lewis attests to (Purpose Foundation 2017, 23).

So far, I presupposed with Kuch there has to be *one* predominant corporate ownership form as an institutional anchor for the economy. But why not pluralize by working towards an economy in which cooperatives, trust-owned companies and state-owned companies would each make up a sizeable chunk of economic activity? Interestingly, Kristensen and Morgan argue that in the Danish economy, both cooperatives and foundation-owned companies have flourished side-by-side, each in their own way providing an alternative way of doing business focused on the long term and local embeddedness (Kristensen and Morgan 2018). Why not let these social ownership forms exist side-by-side?

These questions about the exclusive status attributed to cooperatives in Plural Cooperativism are also pertinent given two specific challenges for cooperatives.

The first one is that worker cooperative ownership in heavily capitalized industries would make workers of some firms into millionaires, while others would remain much poorer. As Alan Thomas argues: "you would be lucky to work in a worker-owned cooperative that ran a group of oil refineries; you would be comparatively unlucky to work in a cooperative that ran a fruit growing and harvesting business." (Thomas 2017, 239) If large inequities in pre-tax incomes are problematic from a justice point of view (since redistribution requires political support which may be hard-to-get in an unequal economy), this raises serious concerns. More realistically, workers would not even be able to afford buying themselves into an oil refinery cooperative. They would need to rely on the stock market (with its own problems, see below). State ownership (with all citizens or the public purse receiving the dividends) or trust ownership might be more feasible options for capital intensive industries.

The second problem is that the exclusive focus on workers itself needs more justification in light of important non-worker interests. Kuch argues that "[c]ooperatives typically fare better than stock corporations in terms of their ability to take into account important public goals and values, such as sustainability" (141). But the comparison would need to be extended to other corporate ownership arrangements as well. From a democratic perspective, the debate is what the right

'demos' of the firm is (Stehr 2022; González-Ricoy and Magaña 2024). Other groups than workers may – applying an all-affected principle – also have a claim to democratic representation. And state or trust ownership may be more congenial to the representation of various interests in corporate decision-making, since – unlike worker coops – their ownership basis itself is not restricted to one constituency, which can claim 'but it is our money!' Alternatively, Kuch could follow the lead of those with parallel concerns for other-than-worker constituency groups within the cooperative literature itself. For example, some point to multistakeholder cooperatives (Pek 2023) as a way forward. That would be yet another form of pluralization.

All in all, then, the exclusive focus on worker cooperatives needs further justification. Even when accepting that standard business corporations ought to be prohibited and accepting Kuch's arguments against market socialism and socialist stock markets, there are still other social ownership options.

4 Why *Plural* Cooperativism?

The second major innovation in Kuch's proposal is the combination of cooperativism with private shareholding *and* a mandatory public shareholder. Strictly speaking the former is not new: cooperatives are already free to issue shares to outside investors. The novelty of Kuch's proposal is that once they do so, there is a mandatory introduction of public shareholding. However, I do think that the first element deserves, for now, the closest scrutiny. My main theme will be: once we are in a cooperativist economy, why allow for private shareholding at all?

Kuch's proposal that cooperatives should be able to attract (non-voting/controlling) private shareholders is, as said, in line with current practices. But these practices are situated in an overall economic climate in which private shareholding is seen as legitimate, even as the default way of owning businesses. Given Kuch's bold move to abolish private shareholding as the standard way to do business, why still maintain it as an 'add-on' for cooperatives? Moreover, in the cooperative movement, private shareholding, while allowed, is treated with heavy suspicion.[3] So why does Kuch want to allow it, despite his own prohibition on investor-led business corporations? He provides three sets of reasons.

First, he argues that it diminishes the centralized control otherwise obtaining in public banks in market socialism, and the problem of soft budget constraints in

3 E.g. "A co-operative that relies heavily on external sources for the capital needed to fund its business operations creates a risk of breaching the 4th Principle of autonomy and independence through the financial and compliance covenants imposed by commercial lenders or venture capital investors." (International Co-operative Alliance 2015, 34)

state institutions (see 142-3). However, he fails to note that these won't be problems plaguing his own preferred economy of independent cooperatives anyhow, given that workers own the capital. In that context, these considerations lose their force. Control is already dispersed, and the workers already face hard budget constraints.

A second set of reasons seems more important: private shareholding "makes it much easier for cooperatives to raise capital" (150). This passage refers to Kuch's earlier discussion of various problems with existing cooperatives (145-6):

- The entry cost problem: workers do not always have the money to pay to become member, it may cost up to two annual salaries.
- The portfolio diversification problem: when they do, they have both their savings and their wages depend on the economic success of the same company
- The financing problem: cooperatives find it difficult to find new members. Raising equity is easier.

But here too, in my estimation, there is a problematic transfer of arguments from one context (here not market socialism but contemporary capitalism) to the context of Plural Cooperativism.

With respect to the entry cost problem, my suggestion is that this problem is weaker than Kuch suggests anyhow. The membership fee often is much lower than two annual salaries. In Mondrágon, not the least capital intensive cooperative, it is one annual salary at the lowest salary scale (Berriozabalgotia 2014, 345), and this can be paid as a deduction from one's wage over a period of five years (Malleson 2014, 226). Moreover, given the "significant financial endowment" (134) that every citizen receives on Kuch's plan, in combination with the mandatory nature of investing in the cooperative fund (154), it would seem that no one will have trouble paying a significant membership fee. The entry cost problem seems to be largely resolved.

This also has an effect on the financing problem. Once all people can – more or less easily – pay to become cooperative members, then it will be much easier for cooperatives to attract members. Indeed, given the abolition of all other business corporations (!), people do not have much of a choice but to work for cooperatives. So, it is a real question how much additional finance cooperatives will still need (also given the robust support of public banks).[4] So my challenge to Kuch would be: why not first try Plural Cooperativism without element (iii), relying on elements (i) and (ii) alone? It's a bit less 'plural', but definitely more cooperative.

4 Sometimes the speed at which financial injections are needed is mentioned. Cooperatives cannot rely on slow, organic growth paid out of retained earnings in a competition where capitalist firms can scale up quickly through venture capitalist injections of capital. However, this too would not be a problem in Plural Cooperativism, where standard business corporations are prohibited.

But perhaps the third and real reason for allowing private shareholding is still elsewhere? In some passages Kuch hints at the virtues of stock markets, which "gather and convey information about the economic performance of companies in a decentralized way, which reduces the need for bureaucratic monitoring and control by a centralized institution" (143, similarly, 150). This probably refers to the power of public banks in the Yugoslav self-management system; but in a generalized economy of cooperatives on the model of Mondrágon, where all capital is self-owned by the cooperative, this wouldn't be a problem anyhow. Moreover, the empirical studies showing the economic performance of cooperatives today show they do just as well as regular companies. This would suggest they don't have the monitoring and information problems which are typically cited to motivate introducing stock markets. Again, why not try without private shareholding?[5]

Finally, and all-too-briefly, if we accept that private shareholding adds something important to cooperativism, then we still need to think about the need to also introduce a public stockholder. Kuch's argument here is that this counterbalances the power of private shareholders (151). However, isn't such power already counterbalanced by the (majority) control of the cooperative members? And is the shareholders' threat to disinvest really still a threat at all, in the context of Plural Cooperatism?[6] Finally, who pays for the public shares? The taxpayers? Or are they (coercively) handed over from the company? These and other questions deserve more attention than, arguably, could be given in a single paper.

5 Conclusions

Plural Cooperativism is a wonderful, thought-provoking proposal, which helps to deepen the debate about alternatives to capitalism beyond established alternatives. It has the merit of combining nuance and boldness. Many of my questions have

5 In my comments I have left aside fundamental critiques of stock markets, i.e. that they basically extract more from companies than that they invest, and that they exist more to allow first-generation entrepreneurs to exit (making their company liquid), than for the benefit of the company itself. See e.g. Lazonick and Shin 2020. Assessing this goes beyond this response paper. But we should remember that many modern economies have done well without (large/deep) stock markets. See e.g. the Rhineland capitalism literature.

6 On 152 Kuch talks about shareholders 'withdrawing', but individual shareholders can only sell their shares to other shareholders who then replace them. And they cannot (as in regular corporations, see 138) collectively terminate the firm, since they don't own all or even a majority of the shares (members do), and don't have majority control (members do). This only leaves the problem of creditworthiness (139), but one would think that strong public banks make their own assessments in Plural Cooperativism.

asked for further clarification and defense; recognizing that defending Plural Cooperativism against all other alternatives would require a book. I look forward to see the proposal discussed and elaborated in this journal and elsewhere.

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