

# **Humanizing the Economy**

## **Transition to Co-operative Commonwealth**

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**The essential nature of our crisis is  
that economics has become  
antisocial and *antihuman*...**  
**This is one result of the absence of  
democracy in our economies.**

**WE  
ARE  
THE  
99%**









JAILS for EU-RO-BANKERS

NOT DEBT

Σ  
ΕΠΑΜ.

ΕΠΑΜ.

ΟΥΤΕ  
ΒΗΜΑ  
ΠΙΣΩ  
ΤΩΡΑ  
ΜΙΛΑΕΙ  
Ο ΛΑΟΣ

WE ARE

ΖΩΗ

ΕΛΛΑΣ

ΕΛΛΑΣ



# What does it mean to Humanize the Economy?

- **Economics embedded in social values.**
- **Economies that serve the common good.**
- **Economic Democracy**

# Co-operative Beginnings

## The Great Transformation











# What was going on?

- Urbanization: rural enclosures, urban slums
- Industrialization: factories
- Technology, trade, investment
- “The Great Transformation” (Karl Polanyi): the *self-regulating market* as a new social institution.

# Co-ops & Globalization

- The globalization of capital today replicates the rise of capital in the industrial revolution during the 1800s.
- Like then, traditional forms of work (small-scale, village-based), and the operation of markets within a social framework, are being disrupted - economic power is being centralized in the hands of unaccountable corporations.







- The co-op model shows a way to *humanize* our economy by re-connecting social values to the marketplace.
- But on it's own, it's not enough... co-operation needs to become the operational logic of the State.
- The co-op model must also become a means of generating and operating new forms of commons.



# Co-ops in the world

- First modern co-op: Ambelakia 1778; Rochdale 1844
- 800 million members in 84 countries
- Top 300 co-ops employ 20% more people than all the multinationals; over 100 m jobs.
- In US, 30,000 co-ops employ 2 m.
- Largest memberships: India (236 m), China (180 m)
- High proportions: Canada (1 in 3), Norway (1 in 3), USA (1 in 4)

# Top Co-op Economies

**Rank – Cooperative Economy Index** (Membership, Employment, Annual Gross Revenue)

<b>1</b> New Zealand	<b>6</b> Netherlands
<b>2</b> France	<b>7</b> Germany
<b>3</b> Switzerland	<b>8</b> Austria
<b>4</b> Finland	<b>9</b> Denmark
<b>5</b> Italy	<b>10</b> Norway

Note: Two thirds of the countries listed in the top ten co-operative economies also make up 8 of the top 12 spots on the Social Progress Index.

UN Co-op Census, 2014



# Co-ops & Globalization

Today, co-ops are re-emerging as a social defence against the damaging effects of uncontrolled capital and the free market system.

# Co-ops & Globalization

- Key means of protecting local economies (e.g. fair trade, economic diversification)
- Key means of addressing problems of managing common goods & resources (water, pollution, fishing)
- Key model for the reform of trade practices through the reform of governance (IMF, WTO).
- Most viable alternative to “free market” model of economics and the enterprise – absolutely crucial for both sustainability and social justice.



How does this translate into  
progressive political economy at a  
local level?

# Elements of Co-operative Commonwealth

- Pluralist Economy
- Political Economy of the Common Good
- Co-operativization of the State
- Creation of Social Market
- De-commodification of Land, Labour, Money, and Knowledge



# Elements of Co-operative Commonwealth

## Land

- CLTs/Garden City; Commons Natural Resources (Oil, Water, Minerals, Energy)

## Labour

- Labour Control of Capital; Worker Ownership; Basic Income

## Money

- Co-operative Capital; Community Finance; Complementary Currency; National zero cost money

## Knowledge

- Open Knowledge; Distributed Production

## Education & Research

- Communiversity; Co-operative Schools; Dissenting Academy; Think & Do Tanks

# From Welfare State to Caring Society

- A new role for the social economy - the creation of a caring society
- The realignment of sectors
  - public
  - private
  - social
- The maturation of the social economy

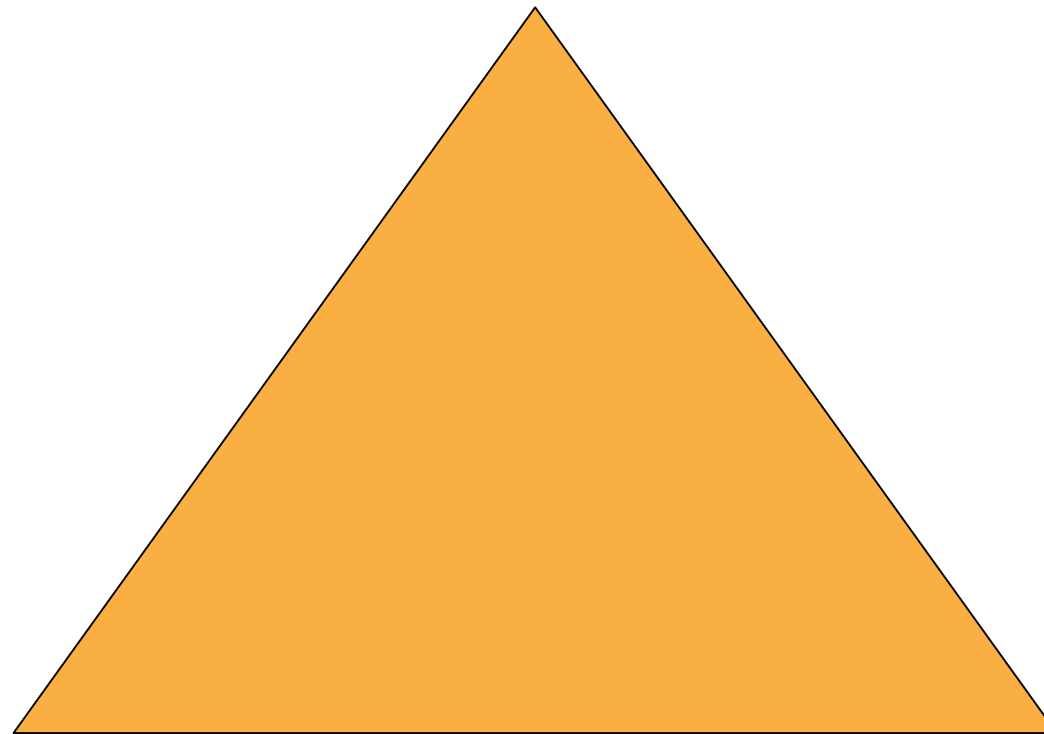


# Models of Political Economy

## **Capitalist Market Economy (Neoliberal State)**

*Values: Efficiency; Profit Maximization*

Economic Principles: Exchange of Equivalents (price mechanism)



## **Centralized Economy (Socialist State)**

*Values: Equality*

Economic Principles:  
Redistribution/Well-being

## **Social Economy (Partner State/Co-operative Commonwealth)**

*Values: Social Solidarity*

Economic Principles: Mutuality/Well-being

# The Partner State

- The State as an *enabling state*.
- Its purpose: to facilitate the mobilization of civil society for the production of social goods in service to the common good.
- The practice of *generative democracy*, as opposed to passive democracy. Citizenship as a *verb*, rather than a noun.
- The democratization of government, through the co-operatization of government operations & services.
- The creation of an equitable balance between state, civil, and commercial power.
- The promotion of a pluralist economy.
- The promotion and institutionalization of social economy and social markets.



# The Partner State

- Social Economy as experimental template for a new Social Contract
- Policy Ecosystem for Social Economy
  - Finance & Investment
  - Legislation & Policy
  - Research, Education & Training
  - Commonification of Resources
  - Distribution of Productive & Political Power
  - Social Markets
- Democritization of Knowledge & Technology
  - Generative Democracy: ie budgets, policy making, oversight

# The Idea of a Social Market

- Reciprocity as the basis for exchange
- Social Capitalization of care
  - Rethinking non-profit
  - Reclaiming the market
- Basic Citizen's Income
- Social investment



# Transition Policies

The protection and expansion of the commons must be a basic aim both of civil society and of any government that wishes to promote the social aims of a cooperative commonwealth.

Such a vision entails the reclamation of fundamental sovereign powers by governments

# Transition Policies

- The power to control the production of money.
- The power to control the operations of capital and to prevent the evasion of social responsibility, including the evasion of tax.
- The power to preferentially support local enterprises and the forms by which local economies might develop.
- The power to withhold permission for firms to operate if they contravene the public interest or fail to secure a social mandate.



# Transition Policies

- The power to regulate markets and to promote or protect different types of market (public, commercial, social, etc.).
- The power to render as commons the infrastructure and resources that are deemed essential to the public good. is includes natural resources, energy, knowledge, culture, and essential human services such as education and health care, among others.

# Transition Strategies

Two processes for transforming the role of state & citizens ...

1. Reforming the established role and operations of the state through the democratization of its operations.
2. An autonomous process of self-organizing and direct democracy by citizens and communities at local, regional, and supra-regional scales of operation.

The object of this process is the implementation of *stateless* democracy in actual practice, irrespective of what is achieved formally with respect to the state proper.

# Social Economy

The purpose of the social economy is not primarily the production and exchange of goods and services in pursuit of *private* ends, or of monetary value; but rather, the creation and use of social relations for the production of *social* value for *collective* ends.

The economic principles that define the functions of social economy organizations are reciprocity and mutuality.



# Social Economy

In the social economy, the creation of a true social market is of paramount importance both for the generation and diffusion of social value, and for establishing the autonomy and economic independence of the social economy itself.

Without it, the social economy will always be dependent, on government or capital, and the emergence of a Partner State would not be possible.

# Social Economy = Social Market

What then *is* a social market?

- Just as a commercial market makes possible the types of production and exchange relations that generate surplus value (profit), a social market facilitates the creation of social relationships whose purpose is the provision of services to people.
- As opposed to the production of exchangeable goods and services for commercial value, social markets sustain the production of *relational goods* for social value.

# Social Co-ops & Fureai Kippu

Two examples:

- Social Co-operatives & the valuation of relational goods.
- Furreai Kippu & the reciprocity exchange system through time banking.

[https://www.youtube.com/watch?v=\\_xmyM\\_uNXkU&t=35s](https://www.youtube.com/watch?v=_xmyM_uNXkU&t=35s)

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<iframe width="560" height="315"  
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allow="autoplay; encrypted-media" allowfullscreen></iframe>
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What are needed are new social and economic policies that recognize and enlarge the social and mutual foundations of the social economy.

# Toward Social markets

The creation of sustainable social markets entails the following:

- The ability of social economy organizations to raise capital through the issuance of social capital shares or through the use of social currencies.
- The development of social market exchanges that facilitate the valuation and exchange of non-commercial social goods and services.
- The provision of social financing controlled by civil institutions independently of both the state and the private sector.
- The operation of civil institutions for the ongoing support of research, education, training, organization, and ongoing development of social economy organizations.

# Democratizing the Economy

What does a next system require for the kind of paradigm change we are proposing?

1. The application of anti-monopoly legislation to limit the size and influence of capital is crucial. It is a prerequisite for transition to a form of cooperative commonwealth in which a pluralist economy is possible, where markets are accessible to all, and where cooperative and collective forms of enterprise comprise a significant percentage of society's productive capacity.
2. This, in turn, requires a mechanism for democratizing and distributing the accumulated wealth and organizational resources of large corporations and for diversifying the private sector.



# Corporations

There are a number of ways to accomplish this:

- 1) Enterprises over a certain size (say 500 employees), or controlling more than a maximum allowable percentage of a market, would have to divest and subdivide into separate enterprises.
- 2) The ownership of subdivided enterprises must be offered to employees as a form of worker cooperative as a right of first refusal. These enterprises could also include provisions for stakeholder control rights for consumers and suppliers, for instance.
- 3) No enterprise may be sold to a third party without first being offered for purchase to its employees.
- 4) No enterprise may apply for bankruptcy without first being offered to its employees for takeover and turnaround.

# Corporations

- 5) In cases where there is insufficient interest on the part of employees to take ownership, legislation would require worker representation on the company's boards of directors, as is the case currently in Germany.
- 6) The provision for worker representation on company boards should apply to *all* enterprises, whether privately or publicly owned, over a certain size (perhaps ten employees).
- 7) Labor legislation must require union representation of all employees working in enterprises of ten employees or more.
- 8) In private enterprises, profit sharing with employees—over and above wages— must be mandatory. (Cooperatives, as democratically controlled enterprises, already address this issue through worker ownership).
- 9) A living wage for all employees, whether of private companies, public corporations, or cooperatives, would be mandatory.

# Corporations

- 10) All enterprises, regardless of their structure, would be required to set aside a portion of their profits in a common trust, to be used to finance possible subdivision of the enterprise and transition to worker ownership.
- 11) All enterprises must operate in accordance with provisions that clearly account for the impact of their operations on both the natural and the social environment. Negative externalities must be identified through compulsory social and environmental audits and their costs incorporated and covered by the operations of the enterprise. Enterprises unable to do this would be subject to fines or closure.
- 12) In addition to formal incorporation, all enterprises must operate on the basis of a formal social charter that is revocable in the case of contravention of these provisions.



# Transition Policies

- 13) the recognition and promotion of user-controlled social cooperatives and multi-stakeholder structures as unique models for the provision of social care;
- 14) the recognition and promotion of mutual interests for serving the common good by local public authorities and social care cooperatives, with particular emphasis on social inclusion and service to the most vulnerable;
- 15) the implementation of tax and financing policies that support the operation of social cooperatives and other social institutions for the provision of human services and the development of public policy;  
the creation of local and regional civil councils that manage the collaboration and co-construction of human services through the joint participation of civil and governmental bodies;

# Transition Policies

- 16) the adoption of participatory budgeting—including free and open access to government data—for the provision of human services at local, regional, and national levels; and,
- 17) the provision of public funds only to non-profit and democratic, user-controlled organizations for the provision of essential human and social services.

# The Rise of Civil Power

In summary, a new balance between the powers & roles of state, private market, and social/solidarity economy must be found.

This entails the replacement of private gain, or centralized power, by the values & aims of an empowered & productive civil society, in which the purpose of economics is the promotion of common benefit.

This, in turn, entails the empowerment and expansion of civil institutions and their relation to the operations of the state & private market.

# The Rise of Civil Power

The ultimate aim is social control over capital and the democratization of both economic and political power.

These were the first aims of the co-operative movement as a reaction to the de-humanizing & exploitive actions of early capitalism.

As globalized capital replicates these dynamics at a global level, these same aims must be recast and reimagined for the digital age.



# Thank You!

[Johnrestakis.net](http://Johnrestakis.net)