

The Way Forward: Co-operative Socialism¹

This essay has its origins in one having the same title published onto the Internet in about 1995. It is offered as an encouragement to those with access to resources who can critique and extend it. In part, this material was presented at the UK SCS conference at New Lanark, Scotland in September 2008, for which the full set of slides is available from me as a PDF

John Courtneidge for The Fair World Project
10 Coleridge House, 79 Bromley Road, Beckenham, Kent BR3 5PA
john@courtneidgeassociates.com
020 3 659 2398

Introduction

In a way, the term ‘co-operative socialism’ is a tautology. The early co-operators used the terms co-operator and socialist, it seems, somewhat interchangeably¹

Socialists come with various perspectives - I am a Quaker and Co-operative-Socialist.² From the earliest use of the terms ‘socialist’ and ‘socialism’, it is clear that the unifying feature – the ‘common bond’ in co-operative parlance – among socialists is that they see the competitive philosophical, socio-economic system that we now call capitalism as the central, utterly unredeemable problem that the world presently faces. And it is that system that must be replaced (rather than, as contemporary ‘social democrats’ argue, managed³

Defining capitalism and its alternatives

¹ Historians at the start of the twentieth century (Max Beer and CR Fay as examples, used the term ‘Co-operative Socialism’ – always hyphenated – quite liberally – presumably to actively distinguish it from the recently evolved terms Marxism and the, apparently invented insult term ‘utopian socialism’. By mid-century, historian like GDH Cole and XXX used the term sparingly and in later decades a national experiment in Guyana termed itself ‘Co-operative Socialism’: see, for example, A Note on Co-operative Socialism In Guyana, Kempe R. Hope, Annals of Public and Cooperative Economics, Volume 44 Issue 3 , p 233-240, July 1973.. Notably, CR Fay’s book, ‘Life and Labour in the Nineteenth Century’, CUP, 1920 pushes the earliest date for the use of the word socialism to a diary entry by Robert Owen’s brother xxx dated zzz – and suggests that the term was transferred from English to French rather than vice-versa.

² For a political map and definition of Co-operative Socialism, see the (May 2005) CAOS paper and PowerPoint presentation file given at the University of Leicester, UK, entitled ‘Co-operative Socialism: Theory and Practice’ - in the papers section at www.interestfreemoney.org

³ As one more example of the slipperiness of a lexicon readily pejorated by its opponents, note the case of Hydman’s ‘Social Democracy’ of a century ago: a programme that would now be described a socialist – GDH Cole’s multi-volume ‘A History of Socialist Thought’ is heroic in terms, not only of its thoroughness in terms of weaving a pat through these shifting lexical sands.

Dictionary definitions of capitalism highlight two essential features of the capitalist system: that the factors necessary for the production of those commodities necessary for human life are in private ownership and that these factors are used for private benefit (or 'profit').

This definition - focusing as it does on ownership of and profit from the resources necessary for production - suggests, therefore, the following Table:

Economic System:	Ownership* of the means of production:		Benefits flow to:
Capitalism	Private		Private
Communism	Public	Public	
Co-operative Socialism	Private		Public
Totalitarianism	Public		Private

* For a commentary and evolution of the concept of 'ownership' into 'co-operative care-ship', see below.

Clearly, again in these shifting sands⁴, definition of some terms is necessary:

- “Private” ownership can encompass ownership by individuals or groups of kin or otherwise. The ‘family firm’ and multinational, shareholder owned joint stock companies are examples of such “private” ownership under capitalism. In contrast, under co-operative socialism, various forms of co-operative (worker, or producer, or marketing, co-operatives; consumer, financial, housing, food co-operatives; stake-holder co-operatives, community co-operatives, and so on) form the pattern of wealth-creating units: each (hopefully!) with the distinct objective of creating wealth for the Common-weal, rather than primarily for the individual⁵.

- “Public benefits”, too, needs analysis. ‘Who gets what and how much of what’ is the essence of politics and, so, considerations of income maxima and minima continue to be central to issues of both human and global well-being⁶.

Thus, our focus here must remain sharply upon economics, since, as E. F. Schumacher observed in ‘Small is Beautiful’, “Today, the main content of politics is economics.”⁷

⁴ Such lexical problems are both trans-Atlantic and trans-temporal. So, for example, popular discussions seem to interchange the terms ‘democracy’, ‘capitalism’ and ‘freedom’. Not only is this part of the trench warfare of politics, but, perhaps, also an indication that clarification and acceptance of terms is, presently, for political ideologies where term-confusion rests for chemistry in the eighteenth century.

⁵ Two useful accounts of co-operatives’ history and typology are GDH Cole ‘A Century of Co-operation’, The Co-operative Union, Manchester, UK, ?1944?, and George Melnyk ‘The Search for Community: From Utopia to a Co-operative Society’, Black Rose Books, New York, USA, and Montreal, Canada, 1985. Note the considerable literature on co-operatives and co-operation is often listed using the hyphenated and non-hyphenated ‘co-operation’ and ‘cooperation’, etc, forms. Readers should be aware that such listings are often not mutually referenced.

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The ordinate importance of minimized income dispersity (the ‘rich/poor’ gap) is very adequately described in the books of Richard Wilkinson (see, for example, ‘The Impact of Inequality: How to make sick societies healthier’, The New Press, New York, USA, and London, UK, 2005), while the profoundly adverse effect of time-related ‘return on capital employed’ - in the case of compound interest - is detailed in ‘Interest and Inflation Free Money: Creating an exchange medium that works for everybody and protects the earth’, Margrit Kennedy, New Society Publishers, Philadelphia, PA, USA and Gabriola Island, BC, Canada, New Revised and Expanded Edition, 1995.

⁷

‘Small Is Beautiful: Economics as if People Mattered’, EF Schumacher, Blond and Briggs, London, UK, 1973. Quotation taken from:

http://www.cooperativeindividualism.org/schumacher_technology_with_human_face.html

Practical experience shows that the three Capital 'Factors necessary for production' are:

- **land,**
- **knowledge** (physically embodied in the machinery and process know-how necessary for production - Company 'hardware' and 'software') and,
- **money.**

(The energy and raw materials required for production are subsidiary factors derived from land ownership, while 'labour' is not a Capital resource)

The three capital factors of production - land, knowledge and money - deliver their returns in the following ways:

Ownership of:	Delivers income as:	
Land	Rent	(along with sales of raw materials, food and energy)
Knowledge	Dividends	(on share-holding in Companies which own machinery and process know-how)
Money	Interest	(and returned principle ⁸).

It is "Private ownership for private benefit" of these three factors which mean that Capitalism can never produce a "strong, united society which

⁸ Note that, since greater than 95% of all 'lent money', or 'lines of credit' are created 'out of nothing', then repayments of such loans at commercial banks involves payment of interest (usually compound interest) and the original 'loan' as newly created 'principle': see 'Creating New Money: A monetary reform for the information age', Joseph Huber and James Robertson, New Economics Foundation, London, UK, 2000. See http://www.neweconomics.org/gen/z_sys_PublicationDetail.aspx?PID=81

gives each citizen the chance to develop their potential to the full”⁹ a phrase taken from Tony Blair’s Fabian Society pamphlet.

The reasons for this are many-fold, but, to take just two:

- firstly, a community where one group (here, the owners of capital resources) are exploiting the rest can never be a “strong, united society,”
- secondly, the fact that the owners of capital take away a portion of the “added- “ or “surplus-value” created during production, means that the work-force, when acting as consumers of production, can never buy back the full extent of their production: they have to borrow the removed surplus in order to buy back the full production. This results, in part, in the boom and bust features of capitalism, and, necessarily, the failure of capitalism to allow “. . . each citizen the chance to develop their potential to the full” - who-ever can be living life to the full in an atmosphere of unemployment and job insecurity?

⁹ This quotation is taken from Fabian Pamphlet 565, ‘Socialism,’ in which its author, then-UK Prime Minister Tony Blair describes “. . . the destination (as) - a strong, united society which gives each citizen the chance to develop their potential to the full . . .” . History has shown the risible contempt that Tony Blair's government showed for the history of socialism (if indeed they were aware of it). However, this objective of “. . . a strong, united society which gives each citizen the chance to develop their potential to the full . . .” is, nonetheless, an accurate view of the socialist objective – to which one might add, 'a strong, united society which gives each citizen the chance to develop their potential to the full, by being given every resource necessary to do so: that of living in an income-equal and income-equitable society being the ordinate common goods', this being the over-all vision of a philosophy of what may be termed, 'strong pre-distribution'.

Fabian Society: <http://www.fabian-society.org.uk/net.asp> where there is no listing for this pamphlet. See, however as an example of a discussion of it, at:

<http://www.sussex.ac.uk/Units/SPT/journal/archive/pdf/issue4-2.pdf>

So, how might we deal with the problems which capitalism brings?

Firstly, as to objective.

Co-operators (those involved in the Co-operative Movement) repeatedly assert that the recent search within semantics ('The Third Way,' 'Stakeholder Capitalism,' 'Social Capitalism,' 'Ethical Investment' and so on) are all aspects of the Co-operative Agenda, while this, itself, is a statement of the ethics of the 'Third, not-for-profit, Sector'.

Indeed, there is a long, well-discussed history of such explorations.

Three texts can be recommended: a biography of Edward Vansittart Neale ('Christian Socialism and Cooperation [sic] in Victorian England', 1974, by Philip N Backstrom; 'Jobs of Our Own' by Race Matthews, 1999, (which deals with the early-to-mid twentieth-century history of 'Distributism') and, in a collective set of essays that survey the present, early twenty-first century state of the co-operative movement: 'The Hidden Alternative', Anthony Webster et al, 2011.

Such lexical evolution (as a guide to practical action) is amply illustrated, for example, in the definition, values, principles, ethics and process contained within the International Co-operative Alliance's recently-updated, 1995 evolution of its 'Statement on the Co-operative Identity'.

Thus (unless we are keen to see the world engulfed in yet more violence) we have to convert centralising, shareholder capitalism into delocalised, locally democratic, co-operative socialism. In other words, we need to make a world where work is done not for personal gain but to provide both genuine security for people and appropriate stewardship of the planet.

Accordingly, this responsive and responsible new economic and social order needs to be one where lives are lived in the manner suggested by Nye Bevan's book title: 'In Place of Fear' - for everyone, locally and globally. A global, co-operative socialism, where concerns are for equality and ecology, co-operation and peace.

Secondly, as to strategy.

Taking each of the 'Factors of Production' in turn - in the reverse order from that given above, but in order of speed of conversion:

- **Money:** we should create a truly Public Service Banking and financial system, Community-owned and Community-accountable, issuing money and credit debt-free and interest-free.

[It is worthwhile reviewing GDH Cole's 'History of the Labour Party since 1914' in respect of long-standing proposals to move both central-and High Street Banking into the not-for-profit sector.]

- **Knowledge:** we should gradually convert share-holder companies, public corporations and so on, into appropriate co-operatives (perhaps worker/staff partnership co-operatives in the competitive sector, along with stake-holder, stewardship co-operatives in the monopoly/public service sector.)

- **Land:** by process, land will gradually become 'owned by'/'in the co-operative care-ship of'* appropriate co-operatives, but, in the short-term, a complete register of land ownership and rents will gradually enable land profits to move into the community purse through a fair taxation system.

* As an example of the way in which this 'building the road as we go along' approach, the entire concept of 'ownership' – which has be-deviled searches for economic alternatives (to capitalism, its predecessors feudalism, tribalism and 'family-ism, along with the twentieth-century failures of other forms of totalitarianism – fascism, state-centred communism, dictator-isms generally, etc) – has come into recent focus in groups associated with both the Network Project and with Occupy LSX in London. Thus, rather than speaking of 'ownership' – even non-assignable, time-limited ownership – thinking now evolves to the concept of 'care-ship' (also non-assignable and time-limited), such that the care of land and knowledge resources (by co-operatives that operate in conformity with the co-operative values and principles referred to above) is with the

intention of (at the very least) reversion of those resources back to the commonwealth – or, even, to their own self-care (as part of the global co-operative nature of Gaia). Thus, even that evolves into explicit 'co-operative care-ship': voluntary acceptance of the responsibility to care . . .

This approach, then, leads to the following action plan:

The Co-operative Socialist Way: A Seven Point Action Plan

- * For equality and ecology, peace and co-operation

- * To create a fair, safe, peaceful (and healthy!) world

1) Convert competitive, market-based activities into workplace co-operatives and remodel monopoly activities as 'care-ship, community-of-interest co-operatives':

- each having active, time-limited, non-assignable, care-ship of appropriate land and knowledge resources from the commonweal, and all demonstrably operating according to the Seven Co-operative Principles of The International Co-operative Alliance

(see points two and five for the funding mechanism for this);

2) Redistribute the added-value wealth from these workplace co-ops through nationally collected corporate, co-operative taxation, distributed into local, democratically controlled, Community Banks:

- and so, make money and credit available for responsible wealth creation and community development and the conversions referred to above);

3) Maximise necessary service provision (health, education, libraries, transport and so on) on a free-at-the-point-of-use basis,

- using money only as a mechanism for access to discretionary purchases.

4) Introduce guaranteed 'Living Income for Everybody' (a 'LIFE'), within socially-determined, sustainable upper- and lower-levels, based upon a guaranteed, livable Citizen's Income (ie 'strong pre-distribution')

- and, so, do away with the need for redistributive taxation ;

5) Abolish money-lending and credit-creation for profit,

- and, so, operate banking as a public service (see point two above);

6) Reintroduce international financial exchange controls as necessary;

7) Make capital grants (not loans) to developing countries.

In brief: capitalism creates a society divided against itself, continuously at war both within and between nations, where atomised individuals struggle for what they perceived are shares in a restricted quantity of goods and opportunities. A power-decentralised, co-operative socialist community - a true Common-weal - is the route to abundance for all, since it will enable all productive resources, in co-operator William Morris' words to be applied to:

“Useful work, rather than useless toil”

A restatement, in essence, of that aim of:

“ . . . a strong, united society which gives each citizen the chance to develop their potential to the full . . .”

(Two postscripts follow)

Postscript August 1999

After conversations concerning this paper, it seems appropriate that I add a broader and deeper note, concerning matters to do with money - both its creation for use, methods for its circulation and the uses to which it is put.

Modern ‘money’ has rather less, it seems, to do with notes and coins, than with ‘electronic’ money in the form of computer-generated and -stored ‘lines of credit.’

The creation of ‘money’ (in this modern development) is described in a number of recent books. See, for example under the index heading of ‘Fractional Reserve Banking’, Peter Warburton’s ‘Debt and Delusion,’ and Martin Meyer’s ‘The Bankers’ (both published by Penguin, 1999 and 1997 respectively) and, at greater length, in Michael Rowbotham’s ‘The Grip of Death’ and ‘Goodbye America’ (Jon Carpenter Books, 1998 and 2000 respectively.)

However, the questions of money circulation and its use, their centrality to capitalism’s activities, and the role of transformative approaches for the conversion of capitalism into co-operative socialism are examined, for example, in Larry Elliott and Dan Atkinson’s highly important ‘Age of Insecurity’ (Verso, London 1998, now, 1999, in paperback.)

There, in their final, key, chapter, these authors point out, that:

“ Ideally, we should like to return all credit creation to its proper home, the government . . . [and] . . . We should also, in the very long term, phase out one of the most powerful weapons in the financial interest’s armoury, compound interest . . .” (Page 275 of the paperback edition.)

More-over (Page 282) they propose the creation of:

“A National Bank, with proper branches . . . [which] would act as catalysts for community regeneration . . . At a strategic level, the National Bank would be a powerful lever for the promotion of economic policy.” Clearly, the question of money, and its role in both present-day capitalism and future Cooperative Socialism, are central elements in the debate of new economic, social and political structures, ones which need early action.

Postscript August 2001

Since this article was first created (and the above Postscript added) the debate has developed to the point where The New Economics Foundation has built onwards from the key work of the Jubilee 2000 Coalition and

has published an important book 'Creating New Money' (James Robertson, published NEF, 2000).

This has formed part of the current debate, as shown by the Letter text reproduced below, and an active campaign of dissemination among MPs is currently (August 2001) underway.

Letter Text: 'The Independent on Sunday' (20 May 2001)

“Alan Watkins is spot-on: the electioneering "battle of competitive accountancy is a futile exercise ("The Euro may provide the Tories' path to salvation", 13 May). It strains at a few billion pounds, but ignores a much larger potential new source of public revenue. Changing the arrangements for putting new money into circulation would make more than £40billion a year available for reducing taxes, increasing public spending, and paying off public debt. That finding of an international report - 'Creating New Money: A Monetary Reform for the Information Age', published last year by the New Economics Foundation – puts the nit-picking dispute in perspective.

Commercial banks are now allowed to print over 95 per cent of all new money out of thin air as interest-bearing, profit-making loans to their customers. If central banks were asked to take full responsibility for creating it, they would credit it to their governments, which would then spend it into circulation. As well as a new source of revenue, many wider economic and social benefits would result from creating new money debt-free, instead of as interest-bearing debt to banks.

All parliamentary candidates should be asked to undertake that, if elected, they would get the new government to examine this seriously.”

James Robertson

Cholsey, Oxfordshire.'

ENDS

John Courtneidge

This version: 7 May 2013

The following is one of a series of articles that were commissioned and published by the Canadian Centre for Policy Alternatives. It is reproduced here to illustrate wording for Parliamentary motions that could help bring about the sustainable, equalitarian, peaceful world described above.

THE CAMPAIGN FOR CO-OPERATIVE SOCIALISM (III):

Parliament is where potential for change must be tapped...

By John Courtneidge

The CCPA Monitor, Issue 37, December 2009 / January 2010

Dr John Courtneidge

John is a scientist, writer and teacher - with a PhD in chemistry and varied paid-work experience as a teacher, researcher, nurseryman, small-scale farmer, policy and outreach worker, community co-organizer and co-activist.

He is an active co-operator, Quaker and pacifist, with a clear, inclusive political program – a new eco-/equality politics which has evolved from

his experience as an elected Labour and Co-operative Town Councillor in Hertford, England.

John has extensive and extended experience of the low-/no-income struggle. He is active in the Ottawa Poverty Reduction Network and, with a focus on sustainability, economy and transport issues, in the City Centre Coalition and with Transport 2000 Canada.

His writing covers matters of peace, thriving, marriage and divorce, low-income existence, well-being and the immigrant experience, across to matters concerning religion, science and economics.

John can be reached via john@courtneidgeassociates.com

December 2009

Text: 132 words

Selected key section:

In the first two articles of this series, I suggested that the creation of a new, non-authoritarian, non-capitalist system — Co-operative Socialism — required a seven-point action plan (given here in an alternative order):

Co-operative Commonwealth Action Plan

Objectives:

1. Make capital grants (not loans) to developing countries and communities
2. Maximize human needs provision on a co-operative, free at-the-point-of-use basis.
3. Introduce guaranteed fair income for all, including a guaranteed Liveable Citizen's Income, and, in doing so, eliminate personal, income, and sales taxes.

Methods:

4. Reintroduce international exchange controls to end global exploitation through financial speculation.
5. Abolish money-lending and credit-creation for profit and transform banking into a public service.
6. Set up not-for-profit Community Co-op Banks, for the predistribution (not re-distribution) of wealth.
7. Replace coercion with co-operation by converting all workplaces into appropriate co-operatives.

Economic equality for everyone is the key necessity for personal, family, social, and international well-being and peace. For up-to-date evidence that economic inequality is bad for everyone, at all income levels, and bad for the planet as well, see the book *The Spirit Level**by Richard Wilkinson and Kate Pickett, and their on-line videos (at www.equalitytrust.org.uk) and Richard's 2009 Salter Lecture audio file at www.bmblog.org

*(*This, key, book was reviewed in the June 2009 issue of The CCPA Monitor.)*

Profit-seeking and hierarchy have to be abolished if we are to quickly and sustainably limit human impact on the planet. *(See the Ideas for Local Action in the full article.)*

The Seven-Point Co-operative Commonwealth Action Plan outlines an initial general approach, and in the next article in the series I'll tackle a comprehensive plan of legislation, along with thoughts on how to evolve the social decision-making process so that the bickering and trench warfare that we now know as politics is replaced by a social process that is values and principles-led, rather than personalities-dominated.

For now, since time is short, I'd like to offer two specific suggestions for parliamentary action in the form of key resolutions, followed by some ideas for local action *(these Ideas for Local Action are in the full article)*.

Two Draft Resolutions for Parliamentary Action

1. DRAFT Interest-free money Resolution for the House of Commons

The following resolution could be used to create interest-free, inflation-proofed, sustainable funding for appropriate housing, public services, and green infrastructure

:

WHEREAS this House is concerned that the costs of dealing with the recent credit crunch is only a foretaste of the much larger sums that will be necessary to cope with climate change, extreme weather conditions, an ageing population and physical infrastructure, increasing education and ill-health expenditures, and social discord costs; and

WHEREAS the Government of Canada, instead of raising the needed additional revenue by raising taxes or borrowing commercial interest-bearing debt, should now increase the proportion of publicly-created money in the economy by issuing interest-free credit to capitalize sustainable public services; and

WHEREAS the use of such publicly-created, interest-free money would substantially reduce the cost of public investment by eliminating the need to pay interest;

THEREFORE BE IT RESOLVED that this Government instructs the Bank of Canada to create sufficient interest-free money for deposit as interest-free credit to the Federal Treasury for allocation by this House as, from time to time, it shall determine; and that the Bank of Canada also be instructed to re-mortgage interest-free all Provincial, Territorial, Township, Municipal, and other public debts.

For related UK House of Commons activity, see:

<http://www.forumforstablecurrencies.org.uk/index.htm>

For two on-line books with free downloads, see: Margrit Kennedy, Interest and Inflation-free Money:

<http://www.twine.com/item/11yl0nmyv-2tg/interest-and-inflation-free-moneymargrit-kennedy>

Joseph Huber and James Robertson, Creating New Money:

<http://www.jamesrobertson.com/books.htm#creating%20link.htm>

2) DRAFT Citizen's Income Resolution for the House of Commons

The following resolution could be used to create a "Canadian Citizen's Income" as a guaranteed, liveable, humane income, payable to all persons normally resident in Canada.

WHEREAS this House recognizes the adverse effects of economic inequality, both for all humans and for the whole global commonweal, and the consequential economic insecurity and ecological damage; and
WHEREAS constructive individual and social action for economic equality and ecological care require access to economic resources; and
WHEREAS such resources are beyond the reach of the overwhelming majority of Canadians;

THEREFORE BE IT RESOLVED that the Government of Canada enact two pieces of legislation:

- Firstly, to immediately create a “Canadian Citizen’s Income” as a guaranteed, liveable, humane income, payable to all persons normally resident in Canada, and payable at such a level that all Canadians can be active in their communities for the security and well-being of the whole of Canada, through the creation of sustainable economic equality, and so that all Canadians, and thus Canada as a whole, can play their part in helping create global well-being; and

- Secondly, and concurrently, to immediately establish, and fully fund, an Annual Conference of a Canadian Federal Citizen’s Assembly, randomly selected from all those normally resident in Canada, to determine the level of the said “Canadian Citizen’s Income” and make relevant annual recommendations to the Canadian Federal Government for annual implementation.

*For a complete CCPA Reader containing this material, contact Jason
Moore at the CCPA Ottawa office 613 563 1341 x312
jason@policyalternatives.ca or e-mail me, John Courtneidge
john@courtneidgeassociates.com for a free PDF of the Reader.*