

The Way Forward: Co-operative Socialism

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[This is a personal statement by the author: a former Town Councilor, a Quaker Socialist, an active member of both Labour and Co-operative Parties, a Fabian Society member and a co-founder of The Campaign for Interest-Free Money and The Campaign for Co-operative Socialism.]

In Fabian Pamphlet 565, 'Socialism,' Tony Blair describes “. . . the destination (as) - a strong, united society which gives each citizen the chance to develop their potential to the full . . .”

The Fabian membership card tells us (from Rule 2) that “The Society consists of Socialists.”

As Socialists, therefore, how can we help Tony Blair achieve his objective of “a strong, united society”?

Socialists come with various perspectives - I am a Quaker- and Co-operative-Socialist - but all end up agreeing that capitalism is the central, utterly unredeemable problem that the world presently faces.

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 - focussing 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

Clearly definition of some terms is necessary:

- “Private” ownership can encompass ownership by individuals or groups of kin or otherwise. The ‘family firm’ and multinational, share-holder owned joint stock companies are examples of such “private” ownership under capitalism. In contrast, under co-operative socialism, various forms of co-operative - worker-cooperatives, consumer-cooperatives, stakeholder-cooperatives and so on - form the pattern of wealth-creating units: each with the distinct objective of creating wealth for the Common-weal, rather than primarily for the individual.

- “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. Thus, our focus here must remain sharply upon economics, since, as Churchill in one of his most lucid moments, observed “Ninety percent of politics is economics,”.

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).

It is “Private ownership for private benefit” of these three factors which mean that Capitalism can never produce the “strong, united society which gives each citizen the chance to develop their potential to the full” taken from Tony Blair’s 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?

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,’ ‘Stake-holder 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’.

(Look, for example, at the ethics and process contained within the International Co-operative Alliance’s recently-updated ‘Seven Co-operative Principles’).

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 mutual, 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 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.

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 stakeholder co-operatives:

- each having active stewardship 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 income for all, within upper and lower brackets, perhaps including an element of a guaranteed Citizen's Income

- and, so, do away with the need for personal 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 Tony Blair's 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

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17 August 2001.