ethical consumer

IS THERE A CO-OPERATIVE ALTERNATIVE TO CAPITALISM?

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If it is true that it is "easier to imagine the end of the world than the end of capitalism[1]", then this is the hardest essay competition in the world. But perhaps, with the kind of perverse logic in which the 'populariser' of this remark, Slavoj Zizek, himself indulges, the truth of this statement was diluted just as it was uttered: for in admitting even the faintest possibility of an alternative, this rendered it at least imaginable.

Subsequently, and rather suddenly it seems, this possibility of an alternative to capitalism has become easier to imagine. Putting aside, at least temporarily, the views of those who have long advocated other models for organising our productive forces, a range of evidence suggests that after many decades of 'actual existing capitalism', this model is presently failing to deliver, even on its own terms.

First, as it is failing to deliver for many of the nation states in which capitalism has been longest established on its core promises of growth, employment, returns to capital, material security and stability. For many, growth has turned from an expectation into a memory; unemployment is at record levels in many European economies; capital lacks sufficiently convincing investment propositions that even the negative returns offered by German Federal bonds are oversubscribed; and financial collapse was only recently averted and .

Second, the negative externalities which the market mechanism generates are now frighteningly large - and seemingly growing. Inequality continues to rise in the UK and further afield, the riots of 2011 bear witness to bubbling social tensions, environmental uncertainty, child poverty and mental health problems are not going away, and if anything, are increasingly worrying. Over 40%[2] of the economy now falls under the command and control of the public sector, funded mainly through taxation, in a seemingly hopeless attempt to mitigate the social and environmental fallout of market failure.

So while public interventions can crowd out private enterprise and may be obstructing the market's ability to deliver jobs and growth, there are few, if any credible voices suggesting that if the state just got out the way, the market alone would somehow begin to correct its own environmental and socially destructive tendencies. We are damned if we do and damned if we don't. We can't leave it to the market alone to deliver social and economic wellbeing but neither have we found an effective way to step in and pick up the pieces through public interventions. At best, then, our capitalist system is operating at 60% efficiency.

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1 Zizek, Slavoj. 2010. Living in the End Times. London: Verso.

2 HM Treasury. 2012. Budget.

In this light, it is revealing that the net value of both the public and private sectors is actually negative![3] Businesses and the government both owe more than they own. Even with the vast and unprecedented financial underpinning by the state of recent years, the private sector alone is now officially worth less than nothing. We seem to have descended into a destructive duel between the public and private, fighting to stand on each other shoulders and all the time, sinking together lower into the mud. We have stumbled into a kind of accidental state capitalism, which combines, on one hand, a monstrous version of Keynes interventionist state, clumsily interfering for longer and to a greater degree than he would have ever envisaged. On the other, a pathetic mutation of Hayek's invisible hand, which despite its pervasive reach into the public and social spheres, is now failing to deliver the goods. At this rate, Keynes' quip that "in the long-term we're all dead" looks optimistic.

Finally, returning to those who object to the capitalist system of production per se, the moral objections against it appear to be gaining ever wider support, as public disgust with bankers and bonuses becomes the norm, and as the commodification of social relationships and a reliance on a consumerist model is brought into question.

An investigation which seeks out an alternative to capitalism must inevitably begin in the private sector. What exactly seems to be the problem?

First, private enterprise does not appear to delivering the returns which capitalism expects, for example, with returns for venture capital funds since the dotcom bubble close to zero[4]. Private sector growth is low or negative in many Western economies despite historically absurdly low interest rates. Many are starting to believe that the growth we assumed was normal over the past few decades was built on an unsustainable bubble of housing, debt and the trickery of financialisation.

Second, the free market is not very free. The competitive drive of the private sector which should move the invisible hand and prompt the effective allocation of scarce resources does not appear to be functioning in a very competitive way. Putting aside the demonstrable difference between individuals' rational behaviour in economic text books and in practice, the increasing workload of the Competition Commission[5] and the dominance by a handful of businesses of our food retail, banking and energy sectors demonstrates the increasing concentration of ownership in the private sector, the presence of oligopolies, barriers to entry, and the stifling of new enterprise and diversity.

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Office for National Statistics. 16 August 2012. Press release. Accessed September 27, 2012 (http://www.ons.gov.uk/ons/rel/mro/news-release/uk-worth--6-8-trillion/nbsnr0812.html).

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NESTA. 2011. Atlantic Drift. Accessed 27 September 2012 (http://www.nesta.org.uk/library/documents/AtlanticDrift9.pdf).

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Competition Commission. 2012. Annual Report and Accounts. London: The Stationery Office.

Third, private businesses' increasingly narrow and short-term focus on a single, financial bottom line logically results in a corresponding rise in externalities. The increasing demands on central and local government, whether bailing out banks or providing welfare, are testament to the extent to which these externalities are frequently negative.

Fourth, finally and perhaps most frightening, is that despite the signals, we don't really know if the private sector is failing or not, as our economic dashboard has become disconnected from our vehicle. We have coasted blindly into a bewildering landscape of economic post-modernism where value is always on the surface, is always negotiated, often through secondary and tertiary markets where the multiplication of intermediaries have ruptured the connections between signifier and signified. It is often near impossible for a layman to decode quarterly financial statements; interest rates don't reflect actual lending rates; much of our national infrastructure is not included in the national accounts; trillions of pounds' worth of contingent liabilities are hidden; and copy produced by PR executives for press notices often bear little relation to the underlying economic conditions.

This schism between reality and rhetoric endangers our wellbeing as we have, neither collectively nor individually, any real certainty about what's really happening in the productive economy. It is as if Wile Coyote is wearing virtual reality headgear, oblivious to whether he is on safe ground, hovering over the abyss or already plunging downwards. As far as we know, we may be close to the point of doing irrevocable damage to the economy and the planet while the numbers on the screen flash a reassuring green. Or indeed, a more ominous red. Who knows what's really behind them?

So is it possible that a co-operative model could offer us remedies to each of these maladies? Is it possible that "where the invisible hand fails, the handshake may succeed[6]"?

First, co-operatives and social enterprise which eschew conventional capitalist forms of ownership, perversely, have been financially outperforming red-blooded businesses within their own capitalist game. In the UK, the co-operative sector grew by more than 25% between 2008 and 2011[7]; RBS (sic) report that social enterprises are "flouting the fiscal gloom to grow faster than the rest of the UK economy"[8]; social enterprises are outstripping SMEs for growth, business confidence and innovation[9] and Spanish co-operatives have seen

6 Bowles, S. and Gintis, H. 2011. A cooperative species—human reciprocity and its evolution. Princeton University Press, Princeton and Oxford.

7 Guardian. 26 June 2011. Accessed 27 September 2012 (http://www.guardian.co.uk/business/2011/jun/26/co-operative-sector-has-grown-more-than-25-per-cent).

8 Social Enterprise Live. 11 July 2011. Accessed 27 September 2012 (http://www.socialenterpriselive.com/section/se100/management/20110711/vibrant-sector-defies-downturn-powerful-growth).

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an increase in employment of by an average of 7.2% in the last quarter of 2011, despite wider unemployment at record levels. Furthermore, co-operatives have higher resilience in economic crises, based on research by Roelants and Bajo[10].

Second, co-operatives can offer two solutions to the anti-competitive conundrum. On one hand, as their ownership is intrinsically less opposed to their own subdivision into smaller units: with subsidiarity and democracy at the heart of the co-operative model. Equally, many co-operatives and social enterprises provide a defence against takeovers and conglomeration through an asset lock, democratic ownership or disallowing dividends. On the other hand, co-operatives can sidestep the anti-competitive problem by turning such behaviour into a virtue! Co-operation and collusion are of course two sides of the same coin. Observing from a distance the assumption in the Competition Act, in EU law and inside the Competition Commission that being anti-competitive is a bad thing reveals policymakers', economists' and regulators' blinkers. Co-operatives are bound by their principles to co-operate for public benefit rather than collude for private interest. This enables us to imagine a world other than the inhuman one into which we have stumbled where co-operation - let's spell that out, "working together" – is an illegitimate and illegal activity.

Third, co-operatives and social enterprises are set up with a responsibility to worry more about the externalities of their trading activity. Their wider obligations beyond the purely financial offer the promise of a less crass and rampant capitalism and instead, a more humanised economy in which businesses price in environmental and social costs. As suggested by the financial performance of co-operatives, this can actually represent a business advantage, rather than a hit on the financial bottom line, as co-operatives capture loyalty and attract trust, for example. Even if this weren't true, and internalising social and environmental costs did mean sacrificing a few percentage points on return to capital, there is much wriggle room between single digit returns and -40% (see above).

Fourth, the co-operative model provides an exit route from the pointless (or worse dangerous) dead end of post-modern economics, not by retreating to traditional models but through turning to each other. Under co-operative ownership, financiers and owners *are also* the consumers or producers. As one and the same, or as peers, they are therefore connected in a more meaningful way than, say, the relationship between a supermarket shopper in the East Midlands and a trader's spread sheet in Boston. The existence of these more direct and authentic connections can avert the dangers of distance and dislocation by re-establishing more concrete relationships between the constituent components of the economy. Furthermore, under the co-operative model, as the motivations of producers, owners and

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Social Enterprise UK. 2011. Fightback Britain. Accessed 27 September 2012 (http://www.socialenterprise.org.uk/uploads/editor/files/Publications/Fightback_Britain.pdf)

10 Bajo, C and Roelants, B. 2011. Capital and the Debt Trap: Learning from Cooperatives in the Global Crisis. Palgrave Macmillan. New York.

consumers are held more in common, the incentives to manipulate 'signifiers' to misrepresent the underlying economic 'signified' are fewer, reintroducing a more meaningful and transparent relationship between economic indicators and the real economy.

What might this mean in practice if we decided to pursue a transition towards a more co-operative market economy? It could mean, for example:

- the creation of more phone, water, energy and other utility companies along co-operative lines in order to reconnect the incentives between customers and financiers;
- the further spread of community owned shops and pubs to show the large retails chains how real engagement with customers can deliver diversity and remarkably successful financial performance (Only 3% of community shops to open have ever closed[11]);
- the appointment of more laymen, charity representatives, customers and other stakeholder on the Boards of banks in order to banks to bring a dose of realism and humanity to the governance of our financial institutions;
- the takeover of football clubs by supporters' trusts in order to bring ownership to the people who have the greatest vested interest in clubs' success;
- consumer co-operatives running rail franchises, creating better incentives for owners as customers;
- the transformation of the Port of Dover in to the so-called "People's Port" through a community trust model; and
- customers moving their money from the handful of to 'challenger banks' and/or a mutual, co-operative or credit union to create a more sensible financial system more focused on both the longer-term and the real economy.

But the failures of actual existing capitalism rest as much with the public sector as with the private. Markets are rarely truly free: the state sets the rules, offers subsidies, provides revenue, investment, taxes and tax breaks which create the playing field and can distort markets. If the state had been able to find a way to effectively harness and steer the private sector, without weighing sufficiently heavily on its back to fatally compromise its horsepower, and used a proportion of the winnings to tidy up the mess left behind, then capitalism would be clearing the fences. Yet successive governments in the UK and across

11 Plunkett Foundation. 2011. Community-owned village shops: A better form of business. Accessed 27 September 2012 (http://www.plunkett.co.uk/templates/asset-relay.cfm?frmAssetFileID=1062).

western capitalist economies have fallen at every hurdle. But could co-operative principles help the public sector play a more constructive role within the capitalist model?

There are three conventional levers at the disposal of policymakers to correct market failure in pursuit of any given policy objective: spending, taxation and regulation (not to mention 'nudging' - although both the extent to which the population of the UK is willing to be nudged by such divisive figures as Francis Maude, and his ability to nudge sufficiently accurately and with the necessary nuance is yet to be proven).

Both taxation and regulatory interventions could be more intelligently constructed in order to create a more co-operative relationship between the state and the private sector, working with business to incentivise the reduction of negative externalities in order to achieve policy goals in return for fiscal or regulatory rewards. By going beyond the conventional black and white policy choice of taxing or regulating simply either a) more or b) less - and instead using shades of grey to bring an increasing tax or regulatory burden only on those businesses which fail to pursue desired behaviours – the state can bring about the development of a private sector which is both less burdened by taxation and regulation while at the same time making a greater contribution to social and environmental, as well as economic prosperity.

Again, what would this mean in practice? We can already see how this works in the environmental sphere through, for example, the state coming down more heavily on those businesses which emit a greater level of CO2. For this model to be improved upon and extended to the social sphere is not so far-fetched: the Government has recently floated the possibility of relaxing health and safety regulation for those businesses with a strong track record of compliance. If this model could be extended to employment of long-term out-of-work, training and development, R&D, working with local communities, etc., then this could represent an evolution toward a more liberal and proportionate state which links rights and responsibilities and rewards good corporate behaviour rather than clumsily burdening all businesses with blanket state interference.

For example, tax breaks for investors - such as the Venture Capital Trust (VCT) and Enterprise Investment Scheme (EIS) - could be tweaked to provide greater reliefs for enterprising activities which alleviate poverty, create jobs for NEETs, or support environmental objectives. Relief would be reduced for trade in tobacco, fast food and other less socially useful sectors and overall, the net corporate tax burden would not change in the short-term while subsequently decreasing in the longer-term as corporate behaviour started to shift.

On the spending side, public services have conventionally been delivered either in-house by public servants within the bosom of the state or put out to competition to be delivered by the most convincing bidder, often from the private sector. Yet there are significant flaws with both models.

Evidence against the statist model can be found where teachers, nurses and other public servants have entered their profession with a commitment to making a difference and have subsequently been ground down by bureaucracy, paperwork, endless policy reversals and organisational upheaval. Or for others, where their passion has been dampened as they have become accustomed to job security, pensions and habit. Furthermore, public budget holders have few incentives to reduce costs and consequently indulge in a ludicrous and shameful annual rush to get money 'out of the door' by the end of the financial year in order to justify and protect their budgets from one year to the next.

The alternative of 'privatisation', 'marketisation' or 'commercialisation' is no less scandalous. First, through the way in which departmental and local silos institutionalise waste. EU law, for example, explicitly states that a commissioning authority is not allowed to take in into account wider policy objectives in contracts where they are "not relevant". In practice, this means it is understood to be practically illegal for a commissioner of hospital equipment, for instance, to specify that the manufacture of this equipment should engage people far from the labour market. Second, dissatisfaction with the commissioning process in sectors as diverse as the voluntary sector and the architectural profession - evidenced from their respective specialist press[12] - demonstrates another failure of public markets. This is not unjustified whinging - often hundreds of architectural practices apply resources bidding for one single contract. In the East of England, one charity estimated that it took them hundreds of hours of staff time to bid for a contract to deliver children's services, which they subsequently failed to secure. By multiplying that time wasted by the number of bidders, and then again across hundreds of local authorities, and again across dozens of service areas, we can start to get a sense of the immense scale of waste. Even worse, billions of pounds are subsequently absorbed by contractual negotiations, legal fees, the establishment and maintenance of targets, monitoring, inspection and reporting regimes. Finally, perverse incentives are contractually enshrined as providers of services are under compulsion to compete with each other and are even disallowed from working across geographical and institutional boundaries in support of citizens.

So is there a co-operative alternative? The rhetoric, if not the reality, of the cross-party enthusiasm for such a model suggests there is, with Labour's *Co-operative Councils* initiative and Francis Maude's *Mutuals Programme*. In practice, neither initiative has made any significant advances into the bipolar territory ruled over by cultural, technical and legal assumptions of only in-house and outsourced options. For human resources staff in Foundation Trusts, for procurement professionals in local authorities and for strategic policymakers in central government, the conventional levers with which they are familiar remain command and control versus compete and contest. It is rare to find any guidance on

12 See a number of Third Sector magazine (www.thirdsector.co.uk) and BD (www.bdonline.co.uk) articles.

how to co-operate and collaborate in the rule book, the HR handbook and the commissioning textbook.

Yet there are several examples where a co-operative alternative has been pursued. *Mutual Ventures*' Andrew Laird and Jessie Cunnett describe how local authorities can take "a more proactive "market-making" approach and engage with local organisations to bring potential providers together… by and large, these organisations would rather come together in collaboration rather than be forced into winner-takes-all competition with each other." Similarly, under the previous Government's *Right to Request* policy, hundreds of PCT staff and community health service contracts worth almost a billion pounds annually were 'spun-out' into new employee owned mutual and social enterprises with an uncontested initial contract. We could imagine more service users co-operatively owning organisations which deliver public services, each with a legal obligation to pursue the common interest, public service beneficiaries or the local community.

So there is an alternative. But what makes this a promising one is the potential for enterprising public service providers unleashed from some of the restrictions of the public sector, yet driven by community purpose, asset locked and with greater levels of staff and community engagement. This opens up the possibility to manage the application of public money through appropriate governance at the highest level - which aligns incentives between taxpayer, providers and service users - rather than the minutiae of contractual legalese, not least reducing complexity and transaction cost.

Taken together, steps like this would represent an evolution towards a more co-operative state, in the way it exploited the fiscal, regulatory and spending levers at its disposal. This would, in turn, prompt the development of a more co-operative private sector, itself working more in the common interest. This could be 'shortcut'[13] to the more roundabout route of the private sector pursuing a more blinkered financial perspective, with a necessarily higher level of fiscal transfers, and the maintenance of a costly, complex, and contested state apparatus.

So a co-operative model may offer an alternative to some of the failures of the public and private sectors. But, as Raymond Williams pointed out as early as 1962, "We have been reduced to making contrasts between the speculator and the bureaucrat, and wondering which is the blacker devil. The real barrier, perhaps, is that we see these as the only alternatives"[14].

So what about the sector that defines itself through its social, and supposedly more co-operative ethos: civil society, the social sector or the voluntary and community sector? Whatever we call it and however we define it, and despite its positive net worth in

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13 Richards, Doug. 2010.

14 Williams, R. 1962. Communications. Harmondsworth: Penguin.

comparison to its public and private cousins, the social sector too suffers from a number of flaws and failures.

First and foremost, the social sector relies to a massive degree on the other two sectors. Organisations which exist beyond the control of the state for a social purpose rather than private profit are hugely reliant on the benevolence of public grants or contracts and private hand-outs. While they are defined in theory by their independence of governance, their practical existence is characterised by financial and indeed other forms of dependence.

In contrast to communist regimes, liberal democracies pride themselves on the role of a strong civil society existing independently of the ruling state ideology. Civil society under communism, to the extent it would exist at all, would be regulated, funded and governed in a way that was dominated by the state apparatus. Civil society groups would be a) restricted from political activities; b) significantly reliant on state funding; and c) not truly independent, with the state directly influencing decision making and governance. Yet, worryingly, we can also recognise each of these patterns in the relationship between civil society and the state in the UK today.

When it comes to regulation, many civil society organisations are regulated by charitable law. Most think tanks are charities. Yet a charity cannot exist for a political purpose, which includes "securing or opposing a change in the law, policy or decisions" and "an organisation will not be charitable if its purposes are political". Yet organisations are incentivised by the state to adopt charitable status and thus fall under these rules through - as Dame Suzi Leather puts it - "generous tax breaks and other advantages".

On the funding side, the state is a dominant source of income for the social sector: the 2012 NCVO Almanac tells us that between a third and a half of the voluntary sector's income comes from statutory sources[15]. Much of the rest comes from private sources, from individual donations, businesses and customers, but relatively little from within the sector itself.

In terms of governance, the 2011 Panel on Independence of the Voluntary Sector reported that "state appears to exercise undue influence over the governance of charities… in some cases there is a sole trustee who is a local government employee… pressure can be put on them to include a local authority representative on their Boards"[16].

So for civil society in the UK today, political activities are restricted, government funding is critical and the state can restrict the independent governance of the sector. As the

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15 Clarke, J, Kane, D Wilding, K and Bass, P. 2012. UK Civil Society Almanac 2012. NCVO.

16 Panel on the Independence of the Voluntary Sector. 2012. Protecting Independence: the voluntary sector in 2012. Accessed 27 September 2012 (http://www.independencepanel.org.uk/wp-content/uploads/2012/01/Protecting-Independence-final.pdf).

Independence Panel concluded, there are "real and present risks" to independence and "indirect and sometimes direct pressure towards self-censorship, muting the voice of some in the sector".

A second major failure of civil society is that in accepting, albeit often reluctantly, the pervasiveness of the market mentality, the sector is increasingly tending towards the methods and mind-set of competition, yet with no corresponding benefit to society. The transaction costs of competing for funds are enormous. Funds administered by NatWest, for example, as well as the Government's Social Action Fund and CommunityBuilders have seen hundreds of organisations competing for resources with only a tiny percentage (as little as less than 1%) ultimately attracting funding. It is hard to see who is benefiting from such competition and how beneficiaries couldn't fail to see some rewards if charities co-operated to a greater extent.

So a case can be made that imagines a more co-operative economy, in the sense that each distinct sector adopts a more co-operative approach - with co-operative businesses taking a higher market share and organisations in the public and third sector mutualising or embodying more co-operative principles. Yet this is only a co-operative alternative to capitalism in a limited sense – simply more co-operative actors playing the capitalist game. As far as it goes, this is perhaps not so hard to imagine.

But from a more fundamental perspective, which may be as difficult to conceive as Zizek suggests, such changes could be a stepping stone to the transformation of the relationships not only *within* but *between* the sectors, and the creation of a system of production that could be defined as an alternative to capitalism – or co-operativism.

This co-operative alternative to "actual existing capitalism" would recalibrate a co-operative dynamic between sectors rather than the current competitive and antagonistic tension. This means players within the system realising through enlightened self-interest that they will each benefit from working more effectively together to create a more successful, balanced and mutually supporting democratic mixed economy.

The ONS[17] figures tell us that the public and private sectors are less than worthless, while the voluntary sector and private households maintain a net value of many trillions of pounds. Simplistically, this could be interpreted that we, both as individuals and in association, are collectively carrying the public and private institutions. Alternatively, it could be argued that private business and government have overreached themselves for our sake – trying to deliver us the financial returns we have come to expect as investors, and the public services we have come to expect as citizens.

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17 Office for National Statistics. 16 August 2012. Press release. Accessed September 27, 2012 (http://www.ons.gov.uk/ons/rel/mro/news-release/uk-worth--6-8-trillion/nbsnr0812.html).

Either way, or perhaps a more accurate interpretation lies elsewhere, these figures illustrate how the interrelation between sectors is important for the on-going viability and sustainability of the UK's economy and society. Yet this dynamic between sectors is bafflingly ignored by economists and demands greater consideration, especially as our two sectoral giants are currently practically bankrupt, if not technically insolvent. There are very few serious attempts to understand how the three spheres of labour and capital interrelate within our economy.

We do have theories of market socialism, such as the Lange model of Pareto efficiency[18], studies of common resource management, led by Elinor Ostrom[19] and Yochai Benkler's recent inquiry into how "co-operation triumphs over greed"[20]. Indeed Benkler does go some way into exploring the relationship between different sectors of the economy, highlighting the extremes of Hobbes' Leviathan and Adam Smith's The Invisible Hand.

But what do we really understand about the interrelationship between private individuals and businesses (competing to create financial wealth) with public bodies (which command or control resources to create public goods and services) and with the groups, charities, trusts and associations (which co-operate to make the UK a more socially or environmentally rich place to live)? In other words, what are the positive and negative economic dynamics between (crudely drawn) liberté, egalité and fraternité?

Can the state provide the infrastructure that helps businesses? Can businesses reinvigorate communities? Does the private sector generate tax revenues? Can social action save government money? Do markets rely on trust and social capital? And more destructively, do businesses generate negative externalities which bring costs to the Exchequer? Does the public sector crowd out social action? Can the welfare system stifle enterprise?

Of course the answer is yes to all the above, to various degrees and dependent on the circumstances. A co-operative alternative to capitalism then, would see the pursuit of actions, policies and entrepreneurial approaches which lead to more positive supporting, catalysing and enabling dynamics and less stifling, undermining and crowding out. The UK economy can be highly inefficient when these three different sectors work selfishly and destructively in opposition. With the state asked every year to pick up a bigger tab to solve the externalities and failures of the market, the private sector feeding the public sector's addiction to tax revenues, and the social sphere ever more reliant on hand-outs to shoulder the burden of mopping up failure elsewhere. Instead, a more harmonious and symbiotic alignment of the

18 Lange, O. 1936. On the Economic Theory of Socialism. The Review of Economic Studies V4.

19 Ostrom E. 1990. Governing the Commons: The Evolution of Institutions for Collective Action. Cambridge University Press.

20 Benkler, Y. Penguin and the Leviathan

different spheres of capital and labour could lead to more sustainable public finances, more responsible business and to a more effective social sector.

This is related to what Ed Miliband is driving at with his interest in ‘pre-distribution’ with the intention of reducing the need for fiscal transfers later. It is also linked to the Conservative’s “Big Society”, with the argument that if the state gets out of the way, then social action can flourish. But this is only half the side (and the gloomy side at that) of a triangle. Equally “pre-distribution” only considers the dynamic between the private sector and the state.

This is not a theory, then, which proposes market socialism from a negative position – as an alternative to the expropriation of surplus value by capitalists - but rather a positive construction of a political economy which is more efficient *as well as* more social. Admittedly, there is currently little evidence that such a system would indeed be more efficient but encouragingly, not because attempts have been tried and failed (and as a starting point, it seems we only need to improve upon a model running at 60% efficiency.)

Where there is some relevant evidence, perhaps, is in the natural world, where a range of research suggests that cooperation can be evolutionarily advantageous. The biologist Lynn Margulis, for example, has received much praise even from the supposed high prince of selfish, Richard Dawkins, (who himself is now keen to point out the occasions in nature when nice guys finish first) for examining how co-operation has been key to our evolution, for example, arguing that “life did not take over the globe by combat, but by networking.”[21] In *Evolutions Arrow*, John Stewart argued that “evolution can exploit the advantages of cooperation by finding ways to make cooperation pay for the individuals who cooperate”[22]. Work by Robert Trivers on “reciprocal altruism[23]” suggested that helping another at your own cost in the short-term may be beneficial in the long-term and therefore evolve into a more permanent co-operative strategy. Axelrod’s *Evolution of Co-operation*[24] follows his work on the ‘Prisoners Dilemma’ which concluded that the most successful players were those who co-operated on the first move and then reciprocated what the other prisoner did on the previous move. Similarly, Martin Nowak’s *Super Co-operators*[25] argues that “co-operation, not competition, is the key to life” and that many of our great innovatory evolutions, from the

21 Margulis, L. and Sagan, D. 1996. What is Life? Weidenfeld and Nicholson, London.

22 Stewart. J. 2000. Evolution's Arrow: the direction of evolution and the future of humanity. Canberra: The Chapman Press.

23 Trivers, R. 1971. The Evolution of Reciprocal Altruism. Quarterly Review of Biology, 46, 1. The University of Chicago Press

24 Axelrod, R. 1984. The Evolution of Cooperation. New York.

25 Nowak, M. 2011. The Supercooperators. New York: Free Press.

molecular level to language and the city, have been driven through co-operation. Bowles and Gintis' *Cooperative Species*[26] also explores how co-operation has been crucial to human survival and progress.

In contrast to the bibliography of inter-sectoral economics (!), the list goes on. But while we still await the emergence of a convincing new economics, these lessons from nature, together with recent evidence of the success of co-operatives on the ground, may be in themselves enough to suggest that the exploration of an economic system which more accurately reflects humanity, its motivations and behaviours may be worthy of more serious consideration.

So is there a co-operative alternative to capitalism? Perhaps not, if what we mean by capitalism is a mixed market economy. But the answer is almost certainly yes, if we are in the market for an alternative to 'actual existing capitalism'. The recent history of the private, public and social sectors – and also the story deep inside us – could prompt a dawning realisation by participants in the economy that a more co-operative approach could potentially deliver a more efficient, human and harmonious market economy in a world with ever scarcer resources. A co-operative economy can be in both our common and our self-interest. As Robert Owen says "the union and co-operation of *all* for the benefit of *each*.[27]" Imagine.

26 Bowles, S and Gintis, H. 2011. A Co-operative Species: Human Reciprocity and Its Evolution. Princeton

27 Owen, R. 1826. The Social System — Constitution, Laws, and Regulations of a Community.