Owning Up to It: Why Cooperatives Create the Humane Economy Our World Needs

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Abstract: The negative outcomes of industrial capitalism and neoliberalism continue to grow in the twenty-first century, causing many social scientists to look for solutions and alternatives to the status quo. Major ideologies gravitate towards collectivization and statism on the one hand, and anarcho-capitalism and the “commodification of everything” on the other. There is, however, a growing movement towards decentralization by democratization. This article examines worker’s cooperatives and the framework behind the cooperative movement (distributism and anarcho-socialism) as a robust solution to the central problems of our economy. Worker’s cooperatives, while still not common in many industries, are both theoretically sound and have been concretely tested.

Introduction

“If our best chance for a global household of justice is the democratization of economy, this would require radical changes in the way we form, accumulate, and distribute capital.”

M. Douglas Meeks

Despite endless theories and promises of economic and political change, the economically “developed” world continues to exhibit dehumanizing outcomes on top of unsustainable trajectories. Against the backdrop of neoliberalism, the goals of classic “socialism”—social and economic justice, economic democracy/decentralization, and “cooperation over competition”—remain as relevant as ever. This article contends that the most significant problems of the 21st-century economy can be most effectively addressed not by anarcho-capitalism (the absolutization of markets and the private sector) or by state collectivism (the absolutization of the public and political sector), or even by implementing Nordic/Scandinavian democratic socialism (promising as it might be), but by the mass implementation of...
worker cooperatives in all economic and political contexts (genuinely decentralized economic and political power).

While there are endless varieties of such cooperatives, or “worker self-directed enterprises” (WDSEs), “mutuals” (UK), “solidarity-cooperatives” (Latin America), in this article I generally refer to and advocate for those firms which are (a) majority-owned (i.e., >50% equity) by associates (“employees”), and (b) where “the workers who cooperatively produce the surplus [profit] and those who cooperatively appropriate and distribute it are identical.” That is, firms that are both worker-owned and worker-managed (though, much of what follows may apply to client-owned cooperatives as well).

This discussion will begin with broad strokes about capitalism and economics and then work towards the more specific subject of workers’ cooperatives. I take this general-to-particular approach because (a) there seems to be habitual dismissal and/or denial regarding “market society” and industrial capitalism’s inherent, systemic problems, especially in a contemporary economic context, and (b) the cooperative movement must be viewed as a radical alternative to industrial capitalism and a neoliberal market society, not a peripheral supplement or adjustment to the existing socio-economic system. (though transitionary phases are sure to occur). “Solutions” that only attempt to correct the outcomes of our current economic system, and not the system itself, merely treat the symptom and not the cause.

What is the Problem?

“When cybernated and automatic machinery can reduce toil to a near vanishing point, nothing is more meaningless to young people than a lifetime of toil. When modern industry can provide abundance for all, nothing is more vicious to poor people than a lifetime of poverty. When all the resources exist to promote social equality, nothing is more criminal to ethnic minorities, women, and [sexual and gender minorities] than subjugation.”

—Murray Bookchin

As it is well known, industrial capitalism and free enterprise have introduced an era of unprecedented wealth. For the first time in human history, abject poverty has become the exception instead of the norm. Within a single century, almost a third of the world population no longer
struggles to find enough food. From our clothes, to cars, to computers, the evidence of this economic revolution seem to be everywhere.

And yet, there is evidence and experience also shows that something is terribly wrong, and that this prosperity is not everywhere—even in places where capitalism dominates. Early signs of systemic problems appeared in (1) the industrial factory in Great Britain, where the bodies of women and children were abused in order to maximize production; (2) in the rivers and lakes, where life-giving water became toxic to enable this production; (3) and on the farm and in the village—where communities of human beings were conquered and traded as property, justified by profit, religion, and/or narratives of superiority. This isn’t to mention intercontinental colonialism and profit-driven genocide spread across centuries.

Contrary to what apologists of contemporary capitalism imagine, these unprecedented problems were a sign of things to come, not a parenthesis, a “wrong turn,” or a brief pause in the march towards inevitable progress. The entire biosphere is now threatened from two-hundred years of careless pollution. Millions of children and women are traded as slaves in a new (and growing) global market that constantly turns up victims in US cities. The prison system in the US is rigged to prey on the most economically vulnerable and oppressed groups, with more than 2 million behind bars (most for nonviolent crimes). In many “developed” cities, one can witness tents of the homeless erected on the same block as billion-dollar entertainment capital projects. The attitudes towards public institutions and democracy tends more and more to be one of distrust instead of trust.

Pulitzer -Prize-winning journalist and Christian minister Chris Hedges co-authored an award-winning book where the authors’ goal was to “set out to take a look at the sacrifice zones, those areas in America that have been offered up for exploitation in the name of profit, progress, and technological advancement. They wanted to show in words and drawings what life looks like in places where the marketplace rules without constraints, where human beings and the natural world are used and then discarded to maximize profit.” In vivid detail and illustration, the authors begin at Pine Ridge, South Dakota and move to the slums of Camden, New Jersey, the coal industry in Virginia and Kentucky, and let people tell the story of capitalist destruction. The account is disturbing.
Before entering that project, Hedges prefaces the book with a list of socio-economic facts about the US when compared to other industrialized nations. Readers learn that the US has the:

1. highest poverty rate, both generally and for children;
2. greatest inequality of incomes;
3. lowest government spending as a percentage of GDP on social programs for the disadvantaged;
4. lowest average number of days for paid holiday, annual leaves, and maternity leaves;
5. lowest score on the United Nations index of “material well-being of children”;
6. worst score on the United Nations gender inequality index;
7. lowest social mobility;
8. highest public and private expenditure on healthcare as a percentage of GDP;
9. highest infant mortality rate;
10. highest prevalence of mental-health problems;
11. highest obesity rate;
12. highest proportion of population going without healthcare due to cost;
13. second-lowest birthweight for children per capita, behind only Japan;
14. highest consumption of antidepressants per capita;
15. third shortest life expectancy at birth, behind only Denmark and Portugal;
16. highest carbon dioxide emissions and water consumption per capita;
17. second-lowest score on the World Economic Forum’s environment performance index, behind only Belgium;
18. third-largest ecological footprint per capita, behind only Belgium and Denmark;
19. highest rate of failure to ratify international agreements;
20. lowest spending on international development and humanitarian assistance as a percentage of GDP;
21. highest military spending as a proportion of GDP;
22. largest international arms sales;
23. fourth-worst balance of payments, behind only New Zealand, Spain, and Portugal;
24. third-lowest scores for student performance in math, behind only Portugal and Italy, and far from the top in both science and reading;
25. second-highest high-school dropout rate, behind only Spain;
26. highest homicide rate;
27. largest prison population per capita.¹⁸

When many economists and social scientists hear these statistics, they don’t actually hear them. Instead, a series of almost instinctual defenses rush to the surface: this is simply the cost of progress; the end justifies the means, or, maybe Americans just make bad choices. I want to suggest that while these may be theoretically coherent responses in contemporary neoclassical discourse, they remain inadequate, if not altogether meaningless and unhelpful.

Other economists feel the same. Joseph Stiglitz in his recent book People, Power, and Profits: Progressive Capitalism for an Age of Discontent goes into much more technical detail about “America in crisis” and a “growing concern that this concentration of economic power translates into an undemocratic concentration of political power.”¹⁹ A year earlier was the seminal work of Branco Milanovic, Global Inequality, and, before that, Thomas Piketty’s Capital in the Twenty-First Century,²⁰ which also sounded the alarm about macro-economic trends.²¹ As any economics textbook argues, in a market economy, competitive companies tend to consolidate power and strive to achieve monopoly status (because of higher efficiency and revenue). The libertarian, Trump-supporting entrepreneur Peter Thiel made this argument explicit in Zero to One: the goal is to dominate a territory.²² And as any good economics textbook will also argue, businesses will try to control the political machinery as much as possible for similar reasons, sometimes spending billions in lobbying to squash competition. This is not a flaw, it is how capitalism works.²³ Power consolidates as private wealth (and its exchange) increase, which opens doors for increased exploitation. And when all goods become exchange(d) goods in a further process of commodification, there is no sector untouched by the logic of the market. All can be owned by the highest bidder.
Perhaps even our textbook understanding of “wealth” is misleading and needs rethinking. George Bernard Shaw made this argument back in 1889:

A New York lady…having a nature of exquisite sensibility, orders an elegant rosewood and silver coffin, upholstered in pink satin, for her dead dog. It is made; and meanwhile a live child is prowling barefooted and hunger-stunted in the frozen gutter outside. The exchange-value of the coffin is counted as part of the national wealth; but a nation which cannot afford food and clothing for its children cannot be allowed to pass as wealthy because it has provided a pretty coffin for a dead dog.24

What is the Assessment?

“Your era will be typified by the momentous clash between two opposing proposals: ‘Democratize Everything!’ versus ‘Commodify everything!’ The proposal favored by the powerful and influential people and institutions is ‘Commodify everything!’…”25

— Yanis Varoufakis

A new critical consensus has therefore emerged, and it exhibits at least three conclusions.

First, the financial system is more powerful and more broken than ever before.26 Everyone from Austrian anarcho-capitalists,27 to Marxists,28 neoconservatives,29 Christian business professors,30 and those from a variety of other economic and political perspectives were horrified by not only the results of the Great Recession, but by its causes and (attempted) cures. The world of central banking combined with raw corporate greed — fractional reserve banking, stock buybacks, financial fraud, unprecedented multiples of leverage and speculation, geopolitical bullying, plundering budgets for the military-industrial complex, bailouts and bonuses, etc. — has become more visible than ever. As Nomi Prins documents in Collusion, central banks and global institutions have every intention and historical precedent for using the machinery of conjured money to benefit themselves and not the common good.31 One has only to examine what the IMF did to Argentina, or the game of favorites the Federal Reserve played by bailing out Bear Stearns and not the Lehman Brothers, or (remarkably) how the central bank of Japan owns more than 70 percent of private EFTs,32 or the varying responses to the GameStop short squeeze
in January 2021. Thus, (a) the financial system is now centralized and large enough so that a handful of people can cause whole economies to rise or fall, (b) it is an undemocratic system, above the law, structured to accelerate concentration of economic power, and (c) economy-wide monetary inflation naturally hurts the poorer classes more than anyone else.\footnote{33}

Second, contrary to what Russ Roberts argued in his conversation with Michael Munger,\footnote{34} crony capitalism and its problems, is a \textit{feature}, not a bug, of our economic system. It is the norm, not the exception. Capitalism and the modern nation-state emerged from the same soil and grew side-by-side for the last 500 years for good reasons: they are more complementary than antagonistic.\footnote{35} The state is not capitalism’s opposite, but \textit{its coercive arm}, and this has been the case at least since European colonialists created the United States of America, which protected their real estate interests and kept the British from taking away their lucrative slave ventures.\footnote{36} Politicians are sold to the highest bidder, and this is how policy develops. As Thorstein Veblen put it in 1904: “Representative government means, chiefly, representation of business interests.”\footnote{37} This remains true today even more than in the early 20th century.

Third, wealth and income inequality—the extravagant disparity between the average worker’s wages and net worth and that of the 1\% is \textit{also a feature}, not a bug. The results are clearly visible in economic data, for example, note the divergence of corporate profits from GDP and labor income growth rates after the early 2000’s (Figure 1).

\textbf{Figure 1. Corporate profits, GDP, and labor income, 1970-2016}\footnote{43}
Alternatively, consider the growing disparity of wealth between high and low income families (Figure 2). Globally, while there has been great progress for those who are wealthy in high-income countries, and the rising middle-class in low-income countries, the bottom half of earners in high-income countries have seen far slower progress (Figure 3).

This growing inequality extends from several micro-economic problems. The first problem is the suppression of worker wages due to (a) intra-market competition and (b) shareholder priority—both inherent to capitalism. We see this most vividly in Figure 4, which displays the
growth in productivity far outpacing wage growth in recent years. Regarding (a), raw competition tends to oppress workers. “As the entrepreneurs’ debts, profits, and angst grew and grew, the competition between them became fiercer and fiercer. They had to pay their workers as little as possible, lest they end up bankrupt.” The same problem exists in (b) today’s shareholder model; “we haven’t fully confronted the fact that corporations believe they have a fiduciary duty to systematically suppress labor and labor income—and weaken environmental regulation—in order to increase profit for wealthy shareholders.” This antagonism remains in place regardless of aggregate GDP, and it is the logical outcome of “Friedman’s Doctrine”: “There is one and only one social responsibility of business,” wrote Milton Friedman in his highly influential 1962 monograph Capitalism and Freedom, “to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game... The corporation is an instrument of the stockholders who own it. If the corporation makes a contribution, it prevents the individual stockholder from himself deciding how he should dispose of his funds.”
Friedman wasn’t against stakeholder responsibility, but Friedman’s doctrine appears to be an accurate description of business practice, not simply the view of a free-market academic. In any case, the “doctrine” certainly doesn’t hold up to scrutiny.

Ultimately, not everyone benefits from globalization; not all boats benefit from a “rising tide.”

The second and more fundamental problem that leads to inequality, is that, among other problems inherent to markets, not all voluntary exchange is truly voluntary and free. The individualistic, utilitarian, and neoliberal dogma of the inherently “good” exchange that underlies all economic transactions in “free” markets was perceptively challenged by, among others, William Thompson nearly two centuries ago when he observed that people without capital (e.g., tools and materials to produce)—like former serfs who were evicted from the manor during the enclosure movement—have no choice but to sell themselves: “The selling of their labor power was not a free exchange, but was coerced. The threat of starvation was as coercive as a threat by violent means.”

The state can control people’s choices by the gun, while capitalism can control people’s choices by property ownership and market power. To quote Harrington:

In theory, the resulting wage [in the labor market] was the outcome of a bargain between equals, each of which was ‘free’ to deal with the other. In reality, this was a deal between unequals: between a wealthy buyer and a precarious seller trying to keep body and soul together. The content of market agreement was, therefore, determined not by markets per se but by the social conditions in which the markets operated.

Pre-capitalist thinkers, who faced such dire decisions and didn’t have the modern reductionist lens of market exchange, could grasp this basic concept. The Hebrew prophets, who knew what drought or military victory could do to empower some over others in their ancient agrarian economy, understood this vital point, which is why they harshly criticized the powerful/privileged who preyed on the powerless/vulnerable (e.g., making someone a slave because of their economic misfortune). The Jubilee tradition, moreover, explicitly limited the tendency for land wealth to be accumulated by a few households. Jesus, living in all the entrapments of Roman colonialism, also understood this, which is surely a reason why he had compassion on those compelled by social
conditions to exchange to survive (e.g. prostitutes, tax-collectors, Roman soldiers, widow’s mite, etc.). And even Adam Smith understood this with regard to the new norm of employee-employer relationships: it was inherently asymmetric/unequal.

Yet, it is rarely acknowledged in contemporary economic discourse that (a) innumerable everyday exchanges tilt in a direction that favors those with more economic power (e.g., capital), accumulating in greater power differentials—and therefore result in less choice for certain groups, or (b) that employer/employee relationships just might be inherently exploitative. The fact is, no market favors everyone equally, and no market is ideologically or ethically neutral—as clearly seen in the legal redefinition of “property,” “assault,” “family,” “marriage,” etc., throughout history—all of which undergird and determine the socio-economic “rules of the game.”

Friedman was certainly right about one thing, however: in an economy with basic property rights and contract law, who owns what determines “social responsibility.” Ownership determines power differentials, income distribution, and economic possibilities.

What is the Solution?

“You can tell that the capitalist system is in trouble when people start talking about capitalism. It indicates that the system has ceased to be as natural as the air we breathe, and can be seen instead as the historically rather recent phenomenon that it is.”

—Terry Eagleton

Ever since industrial capitalism got off the ground, alternatives have been proposed—mutualist, socialist, communist, anarchist, Marxist, communitarian, and countless technocratic configurations of economy and governance.

In the 20th century, state-socialism (or “communism,” or “state capitalism”) was tried at various times and places, and generally failed. By outright replacing private property and markets with centralized planning and collectivism, individual incentives were neutralized, economic calculations for accounting and production became virtually impossible, and resources were wasted because local knowledge was excluded. It remains debatable to what extent political capitulation to dictatorship shaped the outcomes of such command economies (and vice versa), but both appear complementary in relation to each other;
power naturally consolidated and shifted to the top of the hierarchy. The employer-employee relationship wasn't abolished; the state was simply the new employer.

Market and democratic socialism (or “social democracy”) was embodied with varying degrees of success. As the voice of the discontented workers grew louder, the political manifestations of socialism solidified. For example, the British Labor Party was formed in 1900 with the goal of empowering workers’ rights and eventually the formation of a welfare state. Since the initiatives of Bismarck, Germany established a tradition of government welfare and a “mixed” economy. In 1922, Vladimir Lenin enacted the New Economic Policy, which included both “a free market and capitalism, both subject to state control.” Socialized state firms (heavy industry and finance) operated on “a profit basis,” which helped the Russian economy to grow beyond pre-war levels (a phase quickly ended with Stalin). Similar arrangements are found across Europe, Japan and other countries where healthcare, education, and other industries are socialized under a democratic nation-state. With many of the basic needs of the population being met via redistribution, economies have some degree of stability and less inequality. They also do not suffer the injustices of life-long medical debt or other strange economic phenomena found primarily in the US. On the other hand, market socialism also tends to exhibit the same problems as state-socialism (or “state-capitalism”) to the extent of political coercion—waste, resource misallocation, bureaucratic and political corruption, etc. Crony-capitalism also thrives where collusion between the private/corporate and public/political sector is baked into the system. “…not all nannies are nice. The nanny-state has been in existence for over a hundred years in various countries, and the results often look more like an abusive alcoholic father than a generous mother.” Furthermore, the macro-level problems of global finance and central banking still predominate; social-democracy has not seriously tamed finance-capitalism.

Utopian, communist, syndicalist, communitarian, and anarchist socialism proposed a more radical change. Peter Kropotkin and Joseph Pierre-Proudhon, for example, delivered incisive critiques of both industrial capitalism and statism. Today, over a century after it was written, Kropotkin’s question about “conquering bread” might be reformulated yet again: How is it that we can (for example) feed all 60 billion farm animals, but we can’t feed all 8 billion humans? (It has also been noted that a
mere 3% cut to the U.S. military budget would be sufficient to end global starvation.\textsuperscript{68} Ultimately, what this group of ideologues and activists had/have in common is a concern for workers and a rejection of all institutional hierarchies (whether in church, state, family; though, nationalist/imperialist socialists digressed in rejecting the state).\textsuperscript{69} The state was illegitimate because its origins were violent and its “consent by the governed” legitimation was imaginary\textsuperscript{70} (as contemporary philosophers continue to argue).\textsuperscript{71} But the origins of capital and capitalism and its maintenance were also violent,\textsuperscript{72} and the triumph of the market was clearly failing to meet many people’s basic needs (despite unprecedented luxury for the capitalist class). Capitalists could also control the state with their economic power, creating layers of corruption and injustice.\textsuperscript{73} In either case, power through the sword or power through the bank won the day; \textit{statism and capitalism at their core have been two sides of the same coin}.\textsuperscript{74}

Early British socialism and the Italian “civil economy”\textsuperscript{75} centered around cooperation and empowerment of the worker, while German socialism during WWII became more imperialist and nationalist.\textsuperscript{76} Anarchist and Marxist socialists disagreed about worker’s strikes, using party politics, nationalization of industry, and countless aspects of theory, which led to the bitter factionalism of the First International.\textsuperscript{77} Similarly, the radical anarchist and communist tradition required too much change at once to get off the ground, and/or often remained utopian.\textsuperscript{78}

Marxist proposals (more or less as a subset of the above) also delivered many sound critiques against industrial capitalism, and perceptively understood the inherent unsustainability and negative propensities of the new, post-feudalistic economic system. But Marx and his successors were obsessed with its revolutionary end (and \textit{how precisely} the apocalyptic world-altering revolution would occur). They overestimated the desires of the proletariat to give up power and abolish class structures once gaining control of the state. They never anticipated the emergence of a large middle-class whose experience was not entirely the same as the “proletariat.” They were plagued by nationalistic and imperialistic ambitions throughout endless parliamentary drama, and ultimately suffered endless contradictions of theory on central, and practical matters that later generations are still sorting out.\textsuperscript{79}

Today, analysts and economists tend to avoid systemic change altogether, uncritically accept the basic premises of the current system, and obsess over policy — higher minimum wage, tax reform, school subsidies, new antitrust law, and so on. Stock rhetoric of change includes talk about
“inequality,” “human flourishing,” etc. But few of these policies directly address the massive trends or have a major effect even when implemented. The symptoms — inequities, environmental and communal destruction, etc. — are targeted, while the systemic causes are left intact:

……a society cannot exit an entropic crisis merely by making technical adjustments or by legislative or regulative measures; it must face head-on the question of direction.

It seems that no policy by the state will be effective so long as the state is captured and controlled by capitalism (i.e. market power), which primarily operates according to the profit motive. Effective change will not come from above, but from below; the focus must be on the production and distribution/ownership of capital at the level of the individual firm and worker.

The early socialist focus was precisely there, in the employer-employee dynamic and experience of workers. The memory and realities of other subordinating economies haunted the lives of millions, whether lord/serf (feudalism), king/subject (monarchy), master/slave (slavery). The employer/employee (capitalism) was simply the latest version of one group of humans wielding economic power over another — justified by the rhetoric of theology, “nature,” “reason,” or whatever ideas served this end. The average worker understood this (until it became normalized). The primary solution — abolishing the employer/employee relationship and decentralizing market-power systematically (“distributism”) — eventually took hold.

Why Cooperatives?

“Modern societies, both capitalist and socialist, have more than enough shortcomings — i.e., inequalities, instabilities, injustices, lack of real democracy — to enable and provoke their citizens to pursue a promising alternative. The evidence, theoretical and empirical, is here: Worker co-ops are that alternative.”

—Richard D. Wolff

Because the scare-word “socialism” often taints discussion of workers cooperatives (at least for Americans), it might be helpful to briefly trace the development the use of this term in regards to the cooperative
movement. This turns out to be an easy task, since around Karl Marx’s ninth birthday, William Thompson coined the term “socialism” in an 1827 letter to none other than The Cooperative Magazine:

After his father’s death in 1814, Thompson inherited a trading fleet and a landed estate… where he promptly rejected the role of absentee landlord. He moved onto the estate and improved the living conditions of the tenant families, educating the children and introducing innovations in agriculture. In this, he recalls the figure of Leo Tolstoy, who attempted the same on his own estates in Russia a short time later. The parallels between the two even extend to Thompson’s attempts to leave his property to the co-operative movement after his death, prompting the longest legal battle in Irish history…

Thompson was an even greater critic of capitalism than his friend Jeremy Bentham:

For Thompson, the key to a just society, and to personal happiness, was the alignment of self-interest with the interest of society, not the subordination of one to the other. And unlike Bentham and Owen, Thompson fought for the practice of participatory democracy in social institutions. In this, Thompson was a prophetic forerunner of contemporary theorists of social capital

He used the term “socialism” to distinguish his views from others like the “Owenites” (named after Robert Owen). Despite the energy and laudable goals of such pioneers, (and Christian socialists), most of their projects to achieve a socialist community failed — largely for the same reasons that industrial and hierarchical firms fail: poor management, too much reliance on charismatic leaders, and inability to resolve internal differences. But a breakthrough came with William King in Rochdale, who applied a handful of simple rules to a single, employee-owned and managed firm: “no credit; the selection of three people to act as trustees; a weekly accounting of the business; acceptance as members only people who can be trusted; and the very wise advice that meetings be held in a room, not a pub…”

Rochdale succeeded, and King’s model (and variations of it) eventually spread across Europe. Credit unions—financial cooperatives owned
by clients—also took off during this time and provided alternatives to “the banksters.” Socialism, however, became more and more statist towards the end of the nineteenth century, so the cooperative movement found greater expression in distributism and syndicalism. Both sought a “third-way” between the absolutizations of state or market.

Distributism favors a “society of owners” where properly belongs to the many rather than the few, and correspondingly opposes the concentration of property in the hands either of the rich, as under capitalism, or of the state, as advocated by some socialists [and communists]…Distributism counters the destructive onward march of ever greater concentrations of corporate power, loss of economic sovereignty among nations, and the relegation to marginal status of major sections of the community. It is wary of statism, but insists that free market solutions are only reproduction the key social problem of poverty.92

Syndicalism, on the other hand, is a concrete answer to the larger state and capitalist problems: worker councils as government.

Anarcho-Syndicalists are convinced that a Socialist economic order cannot be created by the decrees and statues of a government, but only by the solidaric collaboration of the workers with hand or brain in each special branch of production; that is, through the taking over of the management of all plants by the producers themselves under such form that the separate groups, plants, and branches of industry are independent members of the general economic organism and systematically carry on production and the distribution of the products in the interest of the community on the basis of free mutual agreements…Anarcho-Syndicalists…recognize that the modern state is just the consequence of capitalist economic monopoly, and the class divisions which this has set up in society, and merely serves the purpose of maintaining this status by every oppressive instrument of political power.93

Together, syndicalism (with its labor movement) and the cooperative movement concretely embodied the goals and address the concerns of both (early) socialism and distributism.

There are, of course, more complex catalysts behind the cooperative movement — cultural, religious, social, legal, etc. Different societies have
different attitudes and expectations about the economy. But the motivations and principles are rather intuitive. Consider Italy:

The civil economy tradition understands the whole of the economy and society as a matter of cooperation and reciprocity. The family company (still ninety percent of the private sector in Italy), cooperatives and Adriano Olivetii can all be explained by taking seriously the cooperative and communal nature of the economy. For example, the Italian industrial districts of Prato (spun goods), Fermo (shoes) and Carpi (knitted goods) are entire communities that turned economic without ceasing to be communities. Thus while American capitalism has the anonymous market as its model and seeks to merchandise the firm, which is increasingly seen as a nexus of contracts, as a commodity or as a market with internal suppliers and clients, the European model has instead sought to “communitize” the market, taking the mutualistic and communal economy as its model, exporting it from the firm to the whole of civil life (that is, cooperation in credit and consumption).94

Spain also has a rich tradition of cooperatives. The Mondragón Corporationo, for example, is the largest cooperative in the world, beginning in 1956 with 6 workers selling paraffin heaters and growing to 81,000 members and billions in revenues.95 Cooperatives, in short, do better in cultures where cooperation is part of the social ethos. Cooperatives also do better where policies, economic laws, and legal structures facilitate them as well.96

This does not suggest, however, that there are not cross-cultural values that are highly desirable and beneficial to more groups than less. Indeed, the attitudes and goals behind cooperatives are generally more universal than that of an individualistic, market society precisely because their focus is on the status of the larger community and one’s place within it, as opposed to (for example) one person or group’s personal goal of conquering as much territory and/or accumulating as much wealth as possible (and then hope that such persons have generous hearts to redistribute “their” wealth).97 We do not, for example, look at socio-economic institutions like slavery and say “This works for some cultures but not others.” (Even less so: “slave-owners’ wealth is theirs to keep.”) Rather, we find something inherently repulsive in these sentiments, something that conflicts with our common humanity.98
Advocates of cooperatives believe similar observations can be made about capitalism. There is nothing more eternal, divine, or blessed about employer-employee relationships in capitalism than there is between kings and subjects, lords and serfs, or masters and slaves (all of which were believed to be “natural” or the result of “God’s design for creation,” and then toppled after centuries of resistance for their dehumanization).

“…the market and competition, profits and wages, capital and debt, skilled and unskilled workers, natives and aliens tax havens and competitiveness—none of these things exist as such. All are social and historical constructs, which depend entirely on the legal, fiscal, educational, and political systems that people choose to adopt and the conceptual definitions they choose to work with. These choices are shaped by each society’s conception of social justice and economic fairness and by the relative political and ideological power of contending groups and discourses… Many paths are possible.⁹⁹

There is little space to elaborate further on the historical origins of the cooperative movement. But suffice it to say, its origins were at the very least ideological (socialist/distributist),¹⁰⁰ practical (feed and clothe ourselves and others), socio-economic (rooted in the needs of local communities), and religious (love of wealth is a vice, massive wealth inequalities are unjust, God cares for the poor).¹⁰¹

**Does it Work?**

“I am sure that God did not intend that there be so many poor. The class structure is of our making and our consent, not His. It is the way we have arranged it, and it is up to change it…We need to change the system. We need to overthrow, not the government, as the authorities are always accusing the Communists ‘of conspiring to teach [us] to do,’ but this rotten, decadent, putrid industrial capitalist system which breeds such suffering…”¹⁰²

–Dorothy Day

While there is a tradition of worker-ownership capitalism in early America,¹⁰³ King’s shop at Rochdale was a simple, powerful, and iconic solution to a big problem that economists still ponder: how do we get the poor off the crutch of perpetual charity and into a community of
autonomy and self-sustainment? Because without capital and wealth, (the result of economic “surplus”), the poor have nothing to sell but their own bodies and labor, with no “cushion” or means of actually staying out of poverty. 104

Wage labor for an employee was and is no guarantee against poverty, and puts people in a uniquely vulnerable position. 105 “The key for King was for workers to store up enough capital to gain control over their own labor. They must also generate enough of a surplus to be able to invest in their enterprise. Possessing both labor and capital the workers can then do away with the capitalist altogether.” 106 Today’s capitalist apologists and affluent entrepreneurs, such as the hosts of Shark Tank or financial advisors like Dave Ramsey, regularly speak in precisely this fashion — of achieving “financial freedom” 107 and “getting out of the rat race” of corporate “ladders” and carrot-stick bonuses. It is as if the masses of employees living check-to-check on wage labor, often enslaved to the banks as much as to their employers, were at the bottom of an economic hierarchy, a prison out which one must escape. This everyday language betrays genuine realities about our economic condition and the system that creates it.

King’s orientation and the logic of worker coops is similar to but somewhat different from contemporary ideas of a “safety net” (a temporary solution) and programs of government welfare in democratic socialist economies (contingent on state politics). It also lacks: the revolutionary fervor of Marxism, the press to abolish of all private property by (as with anarchists and Marxists), the reformism of parliamentary politics and democratic socialism, and high hopes of either dominating the state or abolishing it. Rather, associates (“employees”) in a cooperative take ownership in a private business they actually build, often for the long-term. There are (usually) few legal hurdles in starting cooperatives within a variety of legal and political structures — though, the corporate-state has never been enthusiastic about helping them (or empowering workers who directly challenge their corporate masters by organizing).

At its heart, the principles and organization of cooperatives are simple: workers own most or all of the firm, wielding one share and one vote. The business has (as appropriate for its size) full or part-time managers or a board of directors to act on behalf of the whole as necessary, and as co-managers with the rest of the workers. Votes are cast
for both areas—for selecting managers and for making those decisions that directly impact workers. Thus, in one elegant design, wealth, information, and power is continually and automatically distributed. As the 125 year-old International Co-Operative Alliance summarizes:

Cooperatives are people-centred enterprises jointly owned and democratically controlled by and for their members to realise their common socio-economic needs and aspirations. As enterprises based on values and principles, they put fairness and equality first allowing people to create sustainable enterprises that generate long-term jobs and prosperity. Managed by producers, users or workers, cooperatives are run according to the 'one member, one vote' rule.\textsuperscript{108}

Many or most cooperatives have explicit policy limitations on the income gap between the highest and lowest paid employees to mitigate power differentials and ensure fairness even more. Cooperative Home Care Associates in the Bronx, for example, trains more than 600 low-income women to care for the elderly each year, and the president never makes more than ten times the lowest-paid worker. (Contrast with the largest businesses in the US, where the ratio is a staggering 271:1).\textsuperscript{109} Or, consider the structure of Namasté Solar in Colorado:

All co-owners participate in democratic decision-making on a one-person, one-vote basis.

Transparency is practiced through open book management and access to all company information (except for protected info).

We maintain a 6-to-1 maximum ratio of highest-to-lowest total pay per employee.

Co-owners receive six weeks of paid-time-off each year.

“Patronage Dividends” are received by co-owners when we are profitable.\textsuperscript{110}

Such income ratios—on top of worker-ownership—directly and immediately prevent inequalities and the notorious problems they create.\textsuperscript{111}

It goes without saying that cooperatives function, and compete in markets.\textsuperscript{112} 1 billion people are currently members of a coop; 1 in 3 Americans are coop members; coops possess $1 trillion in assets
worldwide and receive more than $640 billion in annual sales; 92 million Americans turn to 7,500 credit unions (client-owned cooperatives) for financial services; 50,000 American families rely on cooperative day-care facilities; 92 million jobs are created by coops in the United States. ESOPs (employee stock ownership plans), which are a more recent form of employee ownership, number more than 6,400, have 14 million participants, and assets of over $1.4 trillion.

Beyond long-term success and production of wealth, cooperatives boast at being the most resilient class of firms during the recent (pre-COVID) economic recessions. A 2003 study also “found that, dollar for dollar, sharing ownership is the most effective way to lure employees to a new job or keep them at the one they have.”

These are hardly new observations. The earliest studies on the effects of employee ownership came out of Princeton University in the 1920s, and they “reported that employers were generally satisfied with the plans, typically seeing better employer-employee relations, and that the employee ‘consciously or unconsciously takes a deeper interest, works a little harder, wastes less.’ Some firms pointed to lower turnover.” The most recent comprehensive studies on employee ownership... show that the key indicator of economic performance, namely productivity, and many other measures related to firm performance are higher for firms that operate with profit sharing and employee stock ownership than for otherwise comparable firms that do not follow those practices. The averages also show that workers in firms with shares and participatory work relations have higher compensation, stay on the job longer, and offer more suggestions for improvement than workers in other firms. In addition, workers in these businesses try to correct the behavior of fellow workers who are not working as hard as they should more than do workers without a property state in their firm.

Despite all of this, few MBA students have even heard a classroom lecture dedicated to cooperatives or employee ownership. This is noteworthy when combined with the fact that citizens tend to think higher of economic sectors that involve employee-ownership. In a very real sense, many of us are still washing the smell of Malthus and Darwin’s reductionist competition narrative out of our clothes, unable to see that cooperation has a long history and a fundamentally positive role.
Why Does it Work?

"Employee ownership surely counts as one of the more paradoxical phenomena in the business world today. It is astonishingly widespread and enjoys considerable support, yet many business people regard it either as an oddity or as a potential disaster. It typically boosts a company’s growth and profitability, yet the myth persists that it can’t work or that it somehow hurts employees.”

— Equity (2005)

The question is not “Why cooperatives?” but “why not?”

First of all, to the extent that they are worker owned and (adequately) managed, cooperatives do not suffer many of the common problems created by typical corporate America. The abolishment of the employee-employer relationship can resolve notorious conflicts between employer and employee, including the “principal-agent” problem. It also helps resolve problems surrounding the purpose of the firm, policies of social justice and worker conditions, interest in productive output, and countless other aspects of the business. This is because each member has decision-making power.

When employees become actual owners instead of ordinary or glorified wage earners, a job is more than just another input of production. People are no longer commodities carelessly exchanged on the market. This benefits everyone.

In favoring capital over labor, our economy works against the well-being of most people. A key reason is our notion of ownership. The tenuous relationship shareholders have with public corporations — with shares held for minutes by those who do not know the names of “their” corporations — is dignified by the name ownership. Workers who got to go to a company everyday, producing its wealth, are dispossessed.

An economy designed for the flourishing of all is an economy centered significantly on labor. It’s a social order where labor deserves full membership in the economy, much as blacks and women won full membership in the polity. In the words of Thomas Paine, a key principle of democracy has to do with the common person and “whether the fruits of [their] labor shall be enjoyed by [themselves].” Paine’s vision was of “every man a proprietor.” The modern equivalent is every employee an owner.
Advocates of the free market often talk of the “tragedy of the commons,” iterated long ago by Aristotle, Aquinas, and reiterated in Garret Hardin’s seminal 1968 article by that title.\(^{126}\) Private bathrooms will tend to be cleaner than public bathrooms because of more direct, personal ownership. But this argument has been misunderstood, as Economics Nobel Prize winner Elinor Ostrom, demonstrated.\(^{127}\) “Hardin was wrong. Ostrom found that in cultures all over the world many groups found ways to overcome the obstacles that he described—by creating contracts, agreements, incentives, constitutions, signals and media to enable co-operation for mutual benefit.”\(^{128}\) Behavioral economics continues to show crucial problems of a *homo economicus* anthropology, the distortions of rational choice theory and utilitarianism—precisely because people are *people*.\(^{129}\)

Advocates of free-market capitalism also often talk about self-ownership, self-governance, and trusting the individual. But it was Charles Pillsbury — owner of the largest grain miller in the world in the late 1880s — who made this argument on the basis of not individual incentives, but collective profit-sharing. He “was emphatic in saying that he regards the system of [profit-sharing] as advantageous to the firm,” and that “bad results caused by negligence are hard to trace to the culpable individual. The habitual attention to one’s own work and to the work of one’s fellows that is developed by a personal interest in the business is a great advantage in the modern manufacture of flour.”\(^{130}\) That is, Pillsbury “expected workers to supervise one another. His entire theory was built on the notion that coworkers under profit sharing were more responsible and partly practiced self-management.”\(^{131}\)

The point is that (second of all) employee-owned businesses will tend to be taken care of better than public corporations because there is more direct, personal ownership and responsibility. Today’s average corporations are, by default, hierarchical, undemocratic, centrally-planned collectivist entities often run like a dictatorship, where both employer and employee are primarily (or only) concerned about making money.\(^{132}\) Employers rigorously monitor the work and private lives of employees,\(^{133}\) require new recruits to sign away many of their rights just to be hired, and silence the voices of the abused in endless ways that only employers can.\(^{134}\) Business, in the end, is just a means to a monetary end.

Monarchy and autocracy were not banished completely in the modern era but rather relocated inside workplaces, where
democracy was proscribed. These autocratic spaces then pro-
vided their owner-monarchs with the means to agitate against
democracy in the political sphere. Before the end of political
monarchy, conservatives worried that civilization could not sur-
vive without the sovereign leadership of the king and his court.
Now...conservatives worry that the economy, and thus civiliza-
tion itself, cannot survive without the leadership of a boss and
executives inside workplaces.\textsuperscript{135}

Industrial tycoons recognized some of these problems: Andrew Carnegie
argued that “labor as shareholders’ and profit-sharing was the answer to
how capitalism must be redesigned.”\textsuperscript{136} Marx and Proudhon, of course,
had come to similar conclusions much earlier. So long as employees
constitute a productive input, they are entitled to any surplus value (i.e.,
profit).\textsuperscript{137}

Because of all these distinctions, cooperatives redefine the very idea
of work.

...we must move from the idea of work as activity towards
the idea of work as endeavour. Accepting such an idea of work
implies that the goals of a company — whatever legal form it
might take — are not reducible to profit alone, though without
excluding it. This implies that companies with a civil vocation
can emerge and develop and are able to transcend their own
self-referentiality, broadening the space of effective possibilities
for people to choose their own work.\textsuperscript{138}

Third, worker-owned firms (and often client-owned coops, like credit
unions) also function as socially-anchoring institutions, which greatly
serve the common good of society: “What motivates anchor insti-
tutions...is the principle of place — a shared devotion to a particular
place as they seek to build community wealth that stays local. This con-
trasts with our globalized economy’s indifference to place, where cor-
porations view places primarily as either better or worse for financial
extraction.”\textsuperscript{139} Cooperatives stabilize the volatility of market shifts and
technological change because the primary owners are mostly “on-site”
instead of far away.

Fourth, worker ownership not only incentivizes greater care of the
firm, but of what’s produced. The quality and care of products tends to
reflect the level of commitment of those producing them. Equity Shoes is
one such example. In 1886, the workers of the Leicester-based shoe fac-
tory asked management to share company profits. Management declined, 
so the workers went on strike and eventually formed a cooperative.

From the very beginning the co-op established a reputation for quality. The *Boot and Shoe Trade Journal* reported in 1888 that the shoes produced by the coop “show an amount of care and finish not often surpassed...The quality of the tops leaves nothing to be desired, and the bottoming reflects the greatest credit upon the workmen who finished them for they have expended upon them an amount of artistic skill, combined with quality of workmanship, deserving of the highest praise.” A cen-
tury later, with annual turnover in excess of £4 million, Equity’s president, S. W. Pepper, could afford to speak with pride about the co-op’s history and with confidence about its future: “Not in their wildest dreams could those brave men in 1886 have though the Society would celebrate its Centenary.”

Fifth, cooperatives also exhibit a particular kind of reciprocity—something the average investor-owned corporation can only try to imitate:

Reciprocity — entering into a relationship of mutual benefit on the basis of equality — is the basis for the type of care where both caregiver and recipient share in the generation of care as a human relation, not as a purchased commodity or a charitable offering. Reciprocity in social care entails sharing among equals of information, responsibility, and power. It is the source of dignity for the user, of vocational gratification for the caregiver and of mutual accountability for both. Without the democratization of care through the sharing of power and the reordering of relationships on the basis of equality none of this is possible.

The trust, cooperation, and reciprocity found in cooperatives — where the actual structure and policies establish community and economic justice — are not like the trust, cooperation, and reciprocity found in market capitalism — where some of the goals may be community and economic justice, but the actual structure and policies continue to favor the powerful and capital-owning class. It is one thing to reflect about economic equality, and another thing to actually establish a system of decentralizing, equity-distribution.
It is no wonder that “corporations with more extensive employee ownership and profit sharing [have] higher scores on the Trust Index©,” and that cooperative firms are growing around the world. They most effectively serve the common good — both consumers and producers. They energize workers by giving them skin in the game. This crucial subject of ownership and distribution of power rarely enters the vocabulary of uncritical advocates of capitalism, despite a rhetorical veneer about “serving the common good, trickle-down or “supply side” economics, and reductionist moral praise heaped upon increased pursuit of profit.

What About the Environment?

“Today, the link between economic democracy and the struggle for sustainable ecological communities is a matter of life and death for the entire planet.”

—Gary Dorrien

Because the entire ethos of cooperatives is not one of extracting as much profit from labor and natural resources as possible, they are also more inclined to preserve the environment. Long-term sustainability is a value that undergirds the whole idea of a firm that seeks the common good of its members.

The environmental crisis is largely a capitalism-created crisis. Indigenous peoples never destroyed millions of acres of rain forest, dumped millions of tons of plastic in the oceans, or harmed their communities with acid rain and smog. Economists and policy-makers today hopelessly try to convince the corporate state to make economic actors pay for negative externalities and to care about long-run effects that don't immediately affect them. A 2020 UN Report noted: “Combined emissions of the richest 1% of the global population account for more than twice the combined emissions of the poorest 50%.” But there is no incentive for the capitalist class to care, because the 1% can afford to deal with the most devastating of consequences (via special protections, mobility, etc.), while the majority of others cannot.

If the masses of people own the means of production themselves, however, they are (1) more inclined to avoid environmental catastrophe to begin with because maximizing shareholder profit isn't the main goal, and (2) be more empowered and prepared to face those devastating consequences because of their better financial position and economic well-being. As one article on this subject summarizes:
The generation of self-employment, creation of production chains, vitalization of local markets, inclusion of marginalized population groups into the production system, participation in the entrepreneurial running of the community and ease of transfer of collective awareness of the need for environmental care are all characteristics of cooperative associations and, as such, provide millions of impoverished people with a realistic means of substantially improving their social and economic condition and of participating in the building of a model that is inherently sustainable.

The promotion of the cooperative model as an instrument to eliminate poverty, one of the greatest destroyers of the environment, would ensure a better management of natural resources, the conservation of wildlife and the rational use of natural forests.¹⁴⁹

Cooperatives across the ocean have successfully preserved wild fish populations for generations.¹⁵⁰ Indigenous peoples, insofar as they have been unstained by capitalist colonialism, have created large cooperative movements for the restoration of the environment. Consider IPAs in Australia:

One of the movement’s major goals is to replace the colonial model of wilderness conservation, dominant since the creation of Yosemite National Park, with a cooperative model that would both keep indigenous people in control of their lands and satisfy the concerns of international conservation organizations. The Indigenous Protected Area (IPA) concept, invented by Australian Aboriginals, is one example of the cooperative model. According to IPA values, conservative reserves are not thought of as “wilderness” areas but as country—a term including both land and the sea it borders—that is cared for by the native peoples who already inhabit it or by indigenous evictees who have been resettled in their ancestral homelands. IPAs in Australia are created voluntarily by Aboriginal communities who designate an area they want to protect within or bordering their ancestral lands. They map the proposed area; draw up rules of operation, which they will be responsible for enforcing; and submit a management plan to the Australian government for the conservation of biodiversity.¹⁵¹
What of Society and the State?

“The state can only be what it is: the defender of mass-exploitation and social privileges, the creator of privileged classes and castes and of new monopolies. Whoever fails to recognize this function of the state does not understand the real nature of the present social order at all, and is incapable of pointing out to humanity new outlooks for its social evolution.”

—Rudolph Rocker

Associates of cooperatives are interested in the well-being and long-term success of workers because they are the workers (laborers); they tend to behave like responsible, informed, interested business-owners because they are business owners (equity-holders); they receive the profits of accumulated capital like capitalists because they are “capitalists” (accumulating “capital”); they preserve the environment and ecological home in which they work because that environment is their own home. The entire gamut of labor policy and effort—strikes, unions, minimum wage, paid leave and vacation, overtime, etc.—and perhaps most of environmental law—none of these complicated, state-empowering interventions in the economy would be necessary if workers themselves have sovereignty over their own workplace.

We should then go further: associates of cooperatives, within a cooperative governance structure, would behave like responsible, informed, and interested citizens because they are citizens of such a power-distributed democracy. In other words, a full expression of cooperative values would eventually include non-state organization between cooperatives (i.e., “government”).

In some ways, democratic states already function this way with voting rights for all citizens, and wealth distribution mechanisms (via taxation and federal programs) for a particular geographical region. Public office is not limited to certain economic classes (at least on paper). The state-as-cooperative was what some activists and theorists in the 1800s envisioned and attempted to pursue. However, the major challenge was the same at the “higher” level as it was for the “lower” level: capitalist power called the shots, and the workers found themselves ruled over by yet another employer intoxicated on power and wealth. These problems were only amplified at the national level. Instead of exploiting the worker via the corporation and wage suppression, the
worker was (further) exploited via the state and taxes. This is the case today. Taxpayers paid for the billion-dollar bailouts of Wall Street executives in the Great Recession, pay for endless subsidies towards big oil, and pay billions to war factories to sell American weapons overseas. Again, the state-citizen relationship is parallel to the employer-employee relationship: legally established, economically exploitative, and coercive in varying degrees). Thus, the Rochdale moment on the level of geographic jurisdictions and stateless political governance has not yet happened—though there have been close attempts.

It is beyond the scope of this brief article to unfold various models of a “cooperative society,” or at least a governance structure of a geographic and legal jurisdiction based on cooperative firms. But a few remarks are in order.

Many thinkers rarely get beyond theory and the publicly-respectable (but often useless) platitudes of “more regulation,” “better welfare,” “higher taxes,” etc. This is somewhat true in the intersection of Christian thought and socialism:

1. Max Stackhouse of Princeton “hopes for a modified, democratic socialism.”
2. Daniel Bell Jr., formerly of Lutheran Theological Southern Seminary, calls for a Christian “socialism.”
3. Gary Dorrien of Union Theological Seminary advocates “social democracy.”
4. John Milbank of the University of Nottingham advocates “Christian socialism” and “a new paradoxical infusion” of democracy and “parentalism.”
5. Lew Daly of Dēmos advocates a “Christian democracy” and Kees van Kersbergen of Aarhus University “Social Capitalism,” as embodied in modern Germany and Holland.
6. Luke Bretherton of Duke University, calls on others to embrace a “Broad-Based Community-Organizing” (a “consociational democracy” which is also interfaith-supporting).
7. Philip Clayton at Claremont advocates “organic Marxism.”
8. Daniel Finn of Saint John’s University is one of many advocates of “Catholic social thought,” which “rests on the threefold cornerstones of human dignity, solidarity and subsidiarity” (John Paul II).
9. Brent Waters in *Just Capitalism* calls for a “market-state,” which is essentially democratic socialism.\(^{166}\)

It is typical for authors on this subject to talk about principles and explicitly distance themselves from real-life models (though there are exceptions). Part of this is for good reason: there are many possibilities, and not every model is appropriate for every community. But on the other hand, this absence allows ideas to remain within the walls and theoretical debates of academia, which allows the status quo of economic exploitation to continue unmoved. Regardless, what’s clear is that (a) few of the above proposals really question the legitimacy of capitalism’s employer-employee relationship and other micro-level dimensions of power; (b) few question the legitimacy of the state’s monopoly; (c) they do, however, all strongly realize the need for and encourage decentralized power (“power to the people”), particularly through democratization, in one form or another.\(^{167}\)

Thus, two underlying premises tend to determine the trajectory of this conversation, and they affect one’s thinking about cooperatives — but they are rarely discussed.\(^{168}\) They are (1) the legitimacy of the nation-state, and (2) the legitimacy of wage labor.

Regarding (1), the most frequent assumptions about the nation-state in contemporary economic discourse are the following:

1. The modern nation-state is a given; it is a unique, permanent institution of society that will always exist, should always exist, and must not be replaced.
2. As such, the state has its own distinct goals, purposes, and limitations; its purpose must be contrasted to other “spheres” like “church,” “school,” “family,” etc.
3. The state should be controlled by representative politicians who have the hearts and wills to do what’s best for everyone, not controlled by laborers directly emerging from productive institutions.
4. The state and the law-enforcing, justice-seeking agent(s) of society are (and should be) one and the same.

Cooperative models of society (anarchist, syndicalist, anarcho-socialist, democratic confederalist, etc.) do not necessarily grant these assumptions. Higher level (or regional) governance need not terminate in a
Furthermore, what happens in a higher-level association of cooperatives is not necessarily qualitatively different than what cooperative managerial boards are already doing. Size and scope are perhaps the biggest differences. Even if it was different, a society-wide governance structure need not be identical to that entity(s) with a monopoly on physical violence. The western intellectual tradition has ingrained tasks like “justice,” “policy enforcement,” “protection from thieves,” etc., to the state, as if cooperative firms and contemporary corporations do not already effectively perform these functions for themselves or for others. They do. In fact, each sphere does what (allegedly) only the state does (e.g., parents teach theirs kids, discipline their children and settle disputes; schools do this as well, in addition to fostering the arts, and sports; churches often do all of this, and also enact social justice by caring for the poor, etc.). Subcontracting out specific tasks like law enforcement or dispute settlement to a separate entity (and then giving additional powers to that entity, which trump the wills of individuals) is a choice, a human construction. Law enforcement and regional governance is necessary for civilization, but the nation-state is not. The only real, proprietary aspect(s) of the state is acting as the highest authority, over a person’s body and society as a whole (the ultimate monopoly), public trust in this political authority, national mythology to induce this trust, and the (frequently) oppressive results that follow. This is why all states must continually “search for legitimacy” — they constantly risk being replaced by something better or fading into irrelevance.

Cooperative-based “government” (i.e., syndicalism, where a Community Council is comprised of coop managers/directors) would simply address the legal relations, policies, and needs of the community of cooperatives as a whole. Such a Council would serve as a national liaison, special jury for high level cases between cooperatives and other social units, issues passports, distributes allocated funds across cooperatives, proposes modifications to existing common law, sets international trade standards, and functions as nodes for the jurisdiction’s distributed ledger (currency and record-keeping system). A non-state governance structure in a fully cooperative society is emergent and (thus) integral—a “standing-committee” or “democratic confederation.”

Regarding (2), it is an assumption in contemporary discourse that profits in a capitalist economy are inherently moral (even godly). That is, profit-sharing is not morally required (i.e., just). This issue stems from
the long debate between labor theory of value (LTV) vs. utilitarian subjective theory of value in economic thought. Broadly speaking, in the labor theory of value LTV tradition, workers have the right to business profits because those profits (or the “value” of those profits) originate mostly or entirely from their labor. It is not enough to simply “own” a profit-making asset (hence arguments on why it is or is not immoral for landlords to collect rent, and arguments against “private property” entirely). In the utilitarian and “subjective” school (with its emphasis on the “pure” or “title theory” of property rights), however, profit goes solely to the owner (unless they choose otherwise) because (a) they are the owner (title holder), which is what matters most, and (b) if applicable, they have performed labors in connecting consumer demand with supply, resulting in positive revenue (“entrepreneurship”).

In some ways, these two traditions are looking at different dimensions, so the degree of contradiction or overlap is debatable. Perhaps labor value and exchange value are simply two different values and can peacefully coexist. Whatever the case, it is evident enough that cooperatives can successfully exist within a property-rights framework — and indeed, might only function within one (broadly conceived). But it is also evident enough that profits and revenue are the result not of ownership or simply capital reallocation, but primarily of mass labor (from which capital originates). Is it such a stretch, then, to suggest that workers ought (yes, the moral ought) therefore have majority ownership of the means of production (i.e., all firms with employees ought to be majority-owned by workers), entitling them to the majority of the firm’s profits? When combined with a more robust ethical framework oriented around the common good, distributed wealth, decentralized power, and equity, this hardly seems unreasonable. Indeed, it appears necessary.

Conclusion

“While there are always clergy members and theologians swift to assure us that the New Testament condemns not wealth but its abuse, not a single verse (unless subjected to absurdly forced readings) confirms the claim.”

— David Bentley Hart
This article was written during the most difficult economic conditions since the Great Depression. Millions of tenants are on the edge of evict- 

ion.187 Suicide rates are skyrocketing.188 Hospitals are overwhelmed by COVID-19.189

And yet, for privileged capitalists, (who have more than just labor to exchange), March 2020 to December 2020 has been the greatest wealth boon in human history. Aside from funneling much of the $2 trillion Cares Act, billionaires saw their wealth increase by $1 trillion190 Jeff Bezos could give every one of his 876,000 employees a $105,000 bonus, and he would still be as wealthy as he was before the pandemic.191 If Amazon was a cooperative, this wealth distribution would happen automatically. One can only imagine all the evictions that could be avoided, hospital bills that could be paid, cavities fixed, cars repaired, counseling sessions provided, or diverse capital re-invested by this massive labor force. This would seem to be a more humanizing (and marginally effi- 
cient) outcome than one person’s purchase of (say) another yacht.

Thankfully, we don’t have to imagine the dividends of economic jus- 
tice. By 2010, the 81-year-old Bob Moore had built up a booming whole- 
grain natural food company with over $30 million a year in sales. Would he sell the company and let his family inherit his riches? Would he hold on until death? He would do neither:

I’ve spent some time with the Bible and a couple of statements in there have moved me to change the way I think about things. There’s one that says the root of all evil is the love of money. If there’s any pressure I see in the world or felt in myself, it’s this intense pressure to see how much money we make and how many dollars we can have in our pockets when we die—even though we can’t take it with us.

And then there’s also the Golden Rule: Do unto others as you would have them do unto you. It’s the opposite of the love of money...192

This was Bob’s explanation of why he gave 100 percent of his company to his employees.193 Disregarding one-time bonus or an incremental raise, this was long-term equity distribution — the whole cash cow, based on the same principles of the Hebrew Jubilee or the Homestead Act.
And the firm has grown ever since — into 600 employees and more than $50 million in sales. But best of all, hundreds of employees and families are now better protected against the risk of falling into poverty. Christian scholars writing on economics are gradually giving more attention and merit to worker-owned cooperatives — and rightly so.

In conclusion, putting “people before profit” is not a trite slogan of empty progressivism. It is a social and economic reality. Decentralized, distributed equity at the workplace is perhaps the most effective way of achieving that end — and so many others. “Power corrupts,” said Lord Acton; we must avoid being “subject to the wretched spirit of monopoly,” remarked Adam Smith. Surely these principles apply to both economics and politics. However, governance reform, public policy, and entrepreneurship are all incapable of addressing systemic change so long as most workers have labor but not capital, and are systematically denied the full fruits of their toil.

**Postscript: What Now?**

“I believe in holding up a looking glass before you, so that you can see and know yourselves. When you are educated, when you realize your power, you’ll need no bombs, and no dynamite or militia will hold you.”

—Emma Goldman

If (a) cooperatives are truly a more desirable, more effective, and more sustainable way of doing business than contemporary capitalism, and if (b) the current system normalizes exploitative economic relationships that, despite being normalized, must eventually be abolished for the sake of justice (the “Kingdom of God” in early Christian discourse), and (c) if readers are wondering what can be done (other than strikes and revolution), below are three practical suggestions.

First and foremost, one can support cooperatives from the consumer end—buying their products and use their services, and becoming a member—whether a local grocer or credit union. Press pause on the corporate west and love one’s neighbor as themselves by prioritizing cooperative, worker-oriented production. Many products have clear “employee-owned” labels to make this easier. Instead of staying with Airbnb, one might consider staying at Fairbnb. Instead of shopping online
at Amazon.uk for deliveries in London, consider Naveo Commerce (https://shop.coop.co.uk). Countless housing cooperatives by displaced peoples seek financial support to decolonize and de-capitalize.202

Second, one can support cooperatives from the producer end. For a sole business-owner or entrepreneur wanting to do something good for the world (instead of just benefiting yourself) and do this in the process of production instead of just the final product,203 they may consider converting to a cooperative in whatever model is most ethical, effective for their firm and local community. This process is not new and can take many achievable forms.

Third, one can support cooperatives politically—to whatever degree one’s conscience allows. While the view presented in this paper is largely “anarcho-socialist” (or “anarcho-syndicalist,” or “distributist”)—seeing both traditional political authority and the current regime of capitalism as “cancers with benefits,” there are endless possible policy changes that advocates might (cautiously) pursue in the meantime. One would be tax incentives comparable to or better than ESOPs and non-profits, or any variety of non-coercive, non-subsidizing supports. If Congress can pass a plethora of highly-influential labor regulation, it can certainly make more room for cooperative growth.204 (But like labor laws—it will require more than a little effort.)

Notes

1. Special thanks to Robert Ward (McMaster Divinity College) for reviewing the manuscript last minute.
is often linked to the so-called ‘Washington Consensus’ (privatization and deregulation; trade and financial liberalization; shrinking the role of the state; encouraging foreign direct investment) and to the structural adjustment programmes promoted by the IMF and World Bank. More recently, it has been used (for example, by the anti-globalization movement) to characterize the economic ideology behind capitalist globalization. Whilst all of these usages are related, the economic use of the term neoliberalism is somewhat general and imprecise.” Cf. Letitia Campbell and Yvonne Zimmerman, “Christian Ethics and Human Trafficking Activism,” in M. J. Iozzio and P. B. Jung (Eds), Sex and Gender: Christian Ethical Perspectives, ed. (Washington D.C.: Georgetown University Press, 2018): 191; Joerg Rieger, No Rising Tide: Theology, Economics, and the Future (Minneapolis, MN: Fortress Press, 2009): 12-13, 191; Adam Kotso, Neoliberalism’s Demons: On the Political Theology of Late Capital (Stanford. CA: Stanford University Press, 2019); David Harvey, A Brief History of Neoliberalism (New York: Oxford University Press, 2007); Richard D. Wolff, Understanding Socialism (New York: Democracy at Work, 2019), 20-21; Daniel Bell, The Economy of Desire: Christianity and Capitalism in a Postmodern World (Grand Rapids, MI: Baker Academic, 2012): 24 “‘neoliberalism’…has since become a common way of referring to the neoclassical vision of capitalism associated with the University of Chicago and especially Friedrich von Hayek and Milton Friedman. Politically, it is associated with the economic agendas of Ronald Reagan and Margaret Thatcher, as well as Bill Clinton and Tony Blair. At its most general level, neoliberal capitalism is about the complete marketization of life. In particular, it is about overcoming the obstacles to and inefficiencies introduced into the market by the Keynesian or welfare-state economics of the previous generation and increasing the integration of the entire globe into the capitalist market. Although it is frequently cast as ‘antigovernment’ by both its advocates and proponents, it is in fact fond of a lean, strong state that is ‘small’ with regard to its interference in market processes while nevertheless retaining and even enhancing its strength for the sake of security, particularly in the face of threats to the market.”

4. Anarchists and anarcho-socialists would add “anti-hierarchical” to these central goals and values; see Murray Bookchin, Post-Scarcity
Anarchism (Chico: AK Press, 2018), x-xiii. The more specific values of libertarian socialists are noted in Alex Prichard, Ruth Kinna, Saku Pinta, David Berry, Libertarian Socialism: Politics in Black and Red (Oakland: PM Press, 2017), 298: “If one were to exclude from consideration, on the one hand, individualist, anti-organizational, market-oriented or non-socialist currents from the broad anarchist tradition, and on the other, reformist, electoralist or state-centric approaches most often associated with the two dominate expressions of Marxism in the twentieth century (social democracy and Bolshevism), the grey area between these positions—what has sometimes been referred to as ‘libertarian socialism’ or ‘libertarian communism’…display a number of common commitments and considerations: the role assigned to the working class as the social grouping most clearly associated with carrying out the task of human liberation; an anti-parliamentary disposition, rejecting the formal political democracy (as opposed to, and distinct from, economic democracy) of bourgeois parliaments or participation in the electoral activity as effective methods for advancing social change; working-class self-activity and direct action as both a method for circumventing mediating bureaucracies, argued to stifle initiative and channel grievances into acceptable areas, and as a way to forge solidarities and create a sense of collective workers’ power.”

5. Cf. Otto von Gierke’s produktivgenossenschaft (“producers’ fellowship”). Wolff distinguishes cooperatives (worked-owned) from WSDE’s (worker-managed) (Democracy at Work, 6.3; 8.2), and sees ownership as somewhat trivial. Cf. John E. Roemer, A Future for Socialism (Cambridge: Harvard University Press, 1994), 6-7. I digress, seeing ownership of capital (one-share one-vote) as more empowering to workers than worker-management. Within a general property rights perspective, it is because workers own the firm that they are entitled to its profits (and it is because workers are workers that they are entitled to ownership). Wolff is right, nevertheless, to recapitulate in saying that “WSDEs [and cooperatives] can coexist with planning or markets or combinations of both. From Yugoslavia to Mondragón and beyond, there are historical examples we can learn from” (143).

6. Wolff, Democracy at Work, 122. (As noted in previous footnote, I consolidate worker-managed and worker-owned firms into one
category for this article). The remaining equity is bought and sold on the market owned by (1) investors in public market (as public stock), (2) private investors (as private stock) (3), the Community Council/Confederation (as community capital), or (4), least desirable, by the state (i.e. nationalized). This is why I do not advocate for strictly 100% employee-owned firms: it eliminates most of the investment market (i.e., financial sector)—a sector that, while radically corrupt today, is nevertheless valid and important to a healthy economy because of its role in integrating savings, investment, lending and capital re-allocation. A cooperative-society, examined more below, would also include radical changes to finance and banking beyond (for example) the Glass-Steagall act of separating investment from commercial banks, enforcing such simple rules like: (1) 100% equity-based reserve lending (lending based on the total value of a financial institution instead of fractional reserve banking with fiat currency and unlimited money-creation), and (2) no person or group is allowed to lend or borrow more than that person or group’s net worth. Such rules constitute “sound finance” without the legalism of purely “100% reserve banking” or Dave-Ramsey style “all debt is bad.”


8. As I will note later, this radical alternative in its fullest manifestation does not mean (as it does with other anarcho-socialists/anarcho-syndicalists of, say, a Proudhonian flavor) a complete abolishment of contract law, private property, and/or markets. What it does mean is (among other things) the abolishment/replacement of
employer-employee (and landlord-tenant) relationships, and of the state.


though not all, of these works unfortunately suffer from a subconscious, or sometimes explicit, reactionary posture born out of 1970s-1980s anti-communist rhetoric, and/or uncritically assume that “if you don’t support ‘capitalism,’ then you must support statist collectivist communism.” This type of binary reductionism is as needless and distracting as red vs. blue rhetoric in contemporary American politics.

13. Regarding the idea of colonialism as a “wrong turn” versus an extension of existing western values, note the remarks of Jamin Andreas Hübner in “Critical Reflections on Claar and Forster’s The Keynesian Revolution and Our Empty Economy.” Faith & Economics 75 (Spring 2020): 51-68, at 55.


18. Ibid., XIV-XV.


23. Kenneth J. Barnes, *Redeeming Capitalism* (Grand Rapids, MI: Eerdmans, 2018), similar to Victor V. Claar and Greg Forster, *The Keynesian Revolution and Our Empty Economy: We’re All Dead* (London: Palgrave Macmillan, 2019), argues that one of the chief problems with capitalism today is its unmooring from moral authority and a religious framework, and they evaluate it from a historical perspective. While I agree that there have been negative effects from secularism, I think this argument is overstated, and that the historical framework presented in such analyses (which think positively of western civilization in general) fails to take seriously the capitalist nature of 500 years of slave trade, colonialism, systemic racism, ingrained patriarchy and misogyny, etc., thereby creating an illusion of “moral capitalism back then” versus “immoral capitalism now.” Barnes is right, nevertheless, in saying that “Wealth disparity of this magnitude is unprecedented and unsustainable, and if it is not addressed it will result in social upheaval on an equal scale. This has been obvious to social commentators and philosophers since the first millennium BCE when Plato warned against both the evils and the dangers of great wealth disparity and the Buddha, the Tao Te Ching, and the Old Testament prophets all railed against the greed and conceit of the rich and called for justice for the poor” (*Redeeming Capitalism*: 70).

24. George Bernard Shaw, “Economic,” in *Fabian Essays in Socialism*, ed. George Bernard Shaw (No location; Pantianos Classics, 1891,
orig. 1889), 103. He goes on: “Exchange value itself, in fact, has become bedeviled like everything else, and represents, no longer utility, but the cravings of lust, folly, vanity, gluttony, and madness, technically described by genteel economists as ‘effective demand’.”

25. Varoufakis, Talking to My Daughter About the Economy, 180. Cf. William Clarke, “Industrial,” in Fabian Essays in Socialism, 64-65: “Thus capitalism is apparently inconsistent with democracy as hitherto understood. The development of capitalism and that of democracy cannot proceed without check on parallel lines. Rather are they comparable to two trains approaching each other from different directions on the same line.”

26. Just as the merchant capitalists (today’s CEOs) displaced the nobility when feudalism gave way to industrial capitalism, so the banker and financial sector has displaced both the state and the CEO when industrial capitalism gives way to “financial capitalism.” Cf. Bell, Economy of Desire, 74: “Not only does economy escape the state, but it also returns to capture its former master. The state now finds itself immersed in a social field that it had previously sought to contain and control.”


30. E.g., Barnes, Redeeming Capitalism.


33. A 10% increase in the price of groceries is not a big problem to the middle class, but it is a huge problem for the poorer classes (whose income goes entirely towards survival needs), and means more malnutrition and, eventually, starvation more expenses for healthcare.

35. Rudolph Rocker, *Anarcho-Syndicalism: Theory and Practice*, foreword by Noam Chomsky (Chico, CA: AK Press, 2004, 6th ed, trans. Ray E. Chase; orig. 1934): 14: “[Social institutions] do not arise arbitrarily, but are called into being by special social needs to serve definite purposes. In this way the modern state was evolved after monopoly economy, and the class divisions associated with it, had begun to make themselves more and more conspicuous in the framework of the old social order. The newly arisen possessing class had need of a political instrument of power to maintain their economic and social privileges over the masses of their own people, and to impose them from without on other groups of human beings. Thus arose the appropriate social conditions for the evolution of the modern state, as the organ of political power of privileged castes and classes for the forcible subjugation and oppression of the non-possessing classes.” Cf. Michael Harrington, *Socialism: Past and Future* (New York, NY: Arcade Publishing, 1989, 2011): 144: “this brief summary of the Reagan and Thatcher policies points to a central paradox of the times: that even ‘laisser-faire’ has now become statist, that in practice ‘free market’ policies have been the work of strong, militaristic, socially authoritarian, and debt-financed regimes. Conservative governments are, in short, unwitting but dirigiste agents of an antisocial socialization, not the obedient servants of the law of supply and demand. And the choice for the future is not between an Adam Smith idyll or government intervention, but between top-down and bottom-up socialization.”; Varoufakis, *Talking to My Daughter About the Economy*, 84.


42. Martin Wolf, “Milton Friedman was wrong on the corporation,” *Financial Times* (December 8, 2020).

43. Marjorie Kelly and Ted Howard, *The Making of a Democratic Economy* (Oakland, CA: Berrett-Koehler, 2019): 68, thanks to the authors and publisher for granting permission to reproduce this figure.

44. Peterson Institute for International Economics, “How Do We Fix Inequality?” (2020) Available online at: https://www.piie.com/sites/default/files/documents/how-to-fix-economic-inequality.pdf. We thank the Peterson Institute for granting us permission to reproduce this figure.


46. Cited respectively from: Economic Policy Institute, “The Productivity Pay-Gap” (July 2019), available online at: https://www.epi.org/productivity-pay-gap. We thank the EPI for permission to reproduce this figure.

globally were left up to worker-owned firms (who care about their own lives) instead of tycoons who treat workers simply as productive inputs that can be legally discarded at will, the harmful effects of (otherwise beneficial) globalization would not be as severe. Cf. Peter S. Goodman, “Co-Ops in Spain’s Basque Region Soften Capitalism’s Rough Edges,” *New York Times* (December 29, 2020).


Economy and Defending Liberty (Dexter, MI: Dunlap Goddard, 2012): 5-7. The only qualifications for such “free exchange” are typically such things as (a) adequate information and (b) being bilaterally voluntary. It rarely occurs to any such authors that if the alternative to the exchange is death (whether due to market conditions, social conditions, or environmental conditions) it isn’t genuinely “free” or “voluntary.”

50. E. K. Hunt and Mark Lautzenheiser, A History of Economic Thought, 3rd ed. (New York, NY: Routledge, 2011): 158. Hunt and Lautzenheiser, A History of Economic Thought, 158. Thompson did believe such exchange was mutually-beneficial. The degree to which one party benefits over another—and how these dynamics produce aggregate outcomes—however, is also rarely discussed. In many cases, of course, one party may hardly “benefit” at all (as those selling themselves into slavery, child prostitution, etc.). Libertarians typically respond to this argument by saying “it’s not truly a problem of coercion if no individual directly committed it,” but (a) there is no immediate reason to categorically restrict all “coercion” to personal acts (though the category might prove useful in some contexts), and (b) this doesn’t change the limitation of choice. To relegate a woman’s “free choice” of (a) prostitution or (b) starvation in the same category as my choice to (a) eat at McDonald’s or (b) eat at Burger King, is absurd. It is also the kind of ideology that could only emerge from the privileged minds of those who have never faced such situations of death and labor.

51. Harrington, Socialism, 221.

52. On such issues of social justice, note the book of Amos in particular, but also Ezekiel 34: 2-6. In addition to the works of Walter Brueggemann on this subject, see H. Jacques Ellul, On Being Rich and Poor, trans. Willem H. Vanderburg (Toronto: University of Toronto Press, 2014) and H. G. M. Williamson, He Has Shown You What Is Good: Old Testament Justice Then and Now (Eugene Wipf &and Stock, 2012; originally published by Lutterworth Press). Thanks to Kyle Greenwood for this reference. Note also: I realize that there is little, if any evidence, that ancient Israel actually performed the Year of Jubilee. This does not change, nevertheless, the principle for it.

perhaps the most concise and valuable work that I have read on the
intersection between the contents of the Bible and the socio-eco-
nomic conditions of the ancient world.

54. The relationship is often something of “mutual sabotage” (Veblen),
or, in Smith’s words: “The workmen desire to get as much, the mas-
ters to give as little as possible. The former are disposed to combine
in order to raise, the latter in order to lower wages of labour” (cited

Smith wisely recognized the asymmetrical relationship, contending
that employers had more power in three ways: (1) greater wealth
allowed them to hold out longer during disputes; (2) employers are
more able to manipulate and control public opinion; (3) the state
virtually always sided with business over employees. Similarly,
Proudhon remarked in Joseph Pierre Proudhon, Property is Theft!,
ed. Ian McKay (Oakland: AK Press, 2011), 128: “it is superior
strength...which enables the manufacturer to reduce the wages of
his employees, and the rich merchant and well-stocked proprietor
to sell their products for what they please. The manufacturer says to
the worker, ‘You are as free to go elsewhere with your services as I
am to receive them. I offer you so much.’ The merchant says to the
customer, ‘Take it or leave it; you are master of your money, as I am
of my goods. I want so much.’ Who will yield? The weaker.”

justice tends to perpetuate whatever division of property existed
before the exchange; distributive equity cannot therefore result
from exchanges (Cf. Pareto optimality). But for the Distributist, dis-
tributive justice is prior to corrective justice (as it was for Aristotle
and Aquinas), just as production is prior to exchange. Thus equity
is prior to equilibrium, and equity will depend on the distribution of
the means of production. Equity is not the by-product of equilibrium
but its cause; indeed, equity and equilibrium are practically the same
word and very nearly the same thing.”

56. To his credit, Von Mises gets close to observing something like this
in Human Action, 198, but only to criticize the state. He first frames
exchange “in human society“ where there exists a dualism between
cooperative exchange (symmetrical and voluntary) vs. hegemonic
(asymmetrical, violent) exchange, and then elaborates on the soci-
etal ethos of the latter: “Faced with the choice between the con-
sequences of obedience and of disobedience, the ward prefers the
former and thus integrates himself into the hegemonic bond. Every new command places this choice before him again. In yielding again and again he himself contributes his share to the continuous existence of the hegemonic societal body. Even as a ward in such a system he is an acting human being, i.e., a being not simply yielding to blind impulses, but using his reason in choosing between alternatives. What differentiates the hegemonic bond from the contractual bond is the scope in which the choices of the individuals determine the course of events. As soon as a man has decided in favor of his subjection to a hegemonic system, he becomes, within the margin of this system’s activities and for the time of his subjection, a pawn of the director’s actions.” This is profound insight about the aggregate effects of everyday actions, but his individualism and uncritical eye towards any variant of socialism prevents him from seeing the possibility that this “director” could be a monopolized corporation or the “free market” itself. Having power and control over a person or people need not take the explicit form of personal physical violence; the absence of political tyranny may be a necessary condition for “freedom,” but it is hardly a sufficient condition.

57. Cf. Luigino Bruni and Stefano Zamagni, Civil Economy, trans. N. Michael Brennen (Newcastle upon Tyne, UK: Agenda Publishing, 2016): viii: “Actual markets, different from those described in most textbooks, are never ethically neutral; they are either civil or uncivil (tertium non datur, i.e., ‘no middle ground’). If finance and markets do not create values, if they do not create work, if they do not respect and care for the environment, they are simply uncivil; they destroy the economy and civilizations, as we continue to see in this time of crisis. The market economy will survive only if it is able to move beyond this form of individualistic, financial capitalism, towards a civil and civilizing economy.” To get a grasp at how the legal system determines economic outcomes for certain groups, see Michelle Alexander, The New Jim Crow (New York, NY: The New Press, 2010); Clair, Privilege and Punishment; Richard Rothstein, The Color of Law (New York, NY: Liveright, 2018).

and Protestant theologians, that theological work must begin with Christian faith, that it is essential to accept the Bible as God’s revelation in order to do Christian theology, that the church’s fundamental affirmations must be regarded as authoritative for faith and life. I want to argue, however, that all such authoritarian moves actually express not the vitality of faith but its threatening breakdown. It is necessary to make an authoritarian demand of this sort only when a conceptual frame no longer makes sense of experience, and has thus begun to seem useless or meaningless. Appeals to divine revelation as the ultimate authority in theology, therefore, should be regarded as a warning flag: they are made when the theological conceptual frame is not working as well as it should.”

59. Wolff, Understanding Socialism and Democracy at Work, 109-10, argues that the USSR and PRC experiments were examples of state capitalism as much or more than state socialism, because it maintained the employer-employee relationship by making the state the employer.


61. These three problems were laid out in Ludwig von Mises, Socialism: An Economic and Sociological Analysis (New Haven, CT: Yale University Press, 1951), iterated in various forms by F. A. Hayek (especially the knowledge problem), and recently popularized in Thomas J. DiLorenzo, The Problem with Socialism (Washington, DC: Regnery, 2016).


63. PIIE, “How Do We Fix Inequality?”

64. It is not true, however, to say “bigger government means less freedom,” as the CATO Freedom Index demonstrates (see https://www.cato.org/human-freedom-index-new).


66. A helpful but frequently neglected resource on the history of economic thought is The History of Economic Thought website (http://www.hetwebsite.net/het/). Regarding such “Alternative Schools,” see http://www.hetwebsite.net/het/thought.htm


69. I should also add that this loose category was often socially progressive in terms of things like women’s rights, sexual ethics, understandings of the family, etc. Cf. Bookchin, *Post-Scarcity Anarchism*, x-xiii.

70. As was the whole theory of “natural law” according to such wide-ranging theorists, from Marx to Bentham to Hume.

72. Varoufakis, *Talking to My Daughter About the Economy*, 84: “How do you think the landowners managed to get rid of the serfs so efficiently? The answer is: with the help of the state. The king and his government lent the landowners a hand, sending their soldiers in to put down any rebellion by the peasants. And how do you think the new order, underpinning market society was maintained? How were the majority living under conditions of abject dehumanization in the slums of Manchester, Birmingham, and London kept under control when a few streets a way the minority lived in the lap of luxury? To put it simply, private wealth was built and the maintained on the back of state-sponsored violence.” Many thinkers since Marx have made this argument—potentially overstating it as if the production of all wealth requires violence (which is not the case in my view, though it all depends on what “wealth” and “capital” means). Nevertheless, when those oppressed by the capitalist system (even before the entrapments of market society have fully come into being) have no escape from their toil but to collectively revolt in strikes, the true nature of the economy system comes out: physical violence by either capitalist’s own force of arms, or (usually) the state in defense of the employer. See, for example, the histories of the Belgium General Strike of 1902, Lena Massacre (1912), Novocherkassk Massacre (1962), Mold Riot (1869), The Spanish Restoration (1888 and 1901), UGT Strike (1932), *Represión franquista*, Day of the Galician Working Class, Vitoria massacre, Adalen shootings (1931), Rosvall and Voutilainen (1929), Río Blanco strike, Patagonia Uprising (1920-1922), Catavi Massacre (1942), COB protests (1979), Santa Maria School massacre (1907), Banana massacre (1929), Salvadoran Civil War (1979-1983), Rand Rebellion (1922), Marikana Massacre (2012), Rothbury Riot (1929), etc. Ongoing violence against workers by employers is not included in this list of episodic events. For further reading, see Immanuel Ness, *New Forms of Worker Organization: The Syndicalist and Autonomist Restoration of Class-Struggle Unionism* (Oakland: PM Press, 2014). Or, watch the Monty Python episode on various YouTube locations (“Constitutional Peasants scene,” “Repressed Citizen,” etc.), especially the final remarks of the peasant, “Now you see the violence inherent to the system!” It’s humorous, but also true.

73. The critiques of those as ideologically far apart as Marx and Bastiat are nearly identical on this point; both saw the state as the tool of
oppression in the hand of others (usually the wealthy). Similarly, the guild socialist George Cole insightfully remarked (quoted in Dorrien, *Social Democracy in the Making: The Political and Religious Roots of European Socialism* (New Haven: Yale University Press, 2019), 343): “The state is a machine that reflects the social structure of the community in which it exists. Feudal communities created feudal states in their own image; capitalist society did the same thing... political power in itself, Cole reasoned, is nothing. It matters only as the expression of social power, whether military, ecclesiastical, industrial, economic, or whatever.” Apologists of capitalism frequently respond to the horrors of industrial capitalism by saying something to the effect of “well they had to be better than conditions on the farm in agriculture, otherwise they wouldn’t have moved into the factory,” failing to understand that the social and economic conditions of industrialism (e.g. machine mass production) rendered pre-industrial production methods unprofitable and unsustainable, leaving millions with the new options of (a) starve, or (b) work in the factory. Refer back to the brief discussion of “voluntary exchange” above.

74. Cf. Rocker, *Anarcho-Syndicalism*, 2: “The economic dictatorship of the monopolies and the political dictatorship of the totalitarian state are the outgrowth of the same social objectives, and the directors of both have the presumption to try to reduce all the countless expressions of social life to the mechanical tempo of the machine and to tune everything organic to the lifeless rhythm of the political apparatus.” Cf. Emma Goldman, *My Disillusionment With Russia* (Mineola: Dover Publications, 2003, original 1923-24), 257; Bell, *The Economy of Desire*, 65, “All states serve capitalism, regardless of the particular modes of production present within their territory. Because capitalism is no longer simply a matter of an economic mode of production but is instead a generalized axiomatic of production for the market, capitalism is like a megapolis of which all the nations constitute neighborhoods”; Giddens, *The Consequences of Modernity*, 57: “the autonomy of the state is conditioned, although not in any strong sense determined, by its reliance upon capital accumulation, over which its control is far less than complete... From its early origins capitalism is international in scope. A capitalist society is a ‘society’ only because it is a nation-state.” Though,
note, Bell, *Economy of Desire*, 63: “Capitalism, however, is not territorial. Capitalism, Deleuze writes, oversees an ‘enormous, so-called stateless, monetary mass that circulates through foreign exchange and across borders, eluding control by the States, forming a multinational ecumenical organization, constituting a de facto supranational power untouched by governmental decisions.’ Examples of nonterritorial character of capitalism includes the transnational corporation.” Cf. the “Special Economic Zones” (SEZs) described in Tom W. Bell, *Your Next Government?: From Nation States to Stateless Nations* (Cambridge: Cambridge University Press, 2018).

75. Bruni and Zamagni, *Civil Economy*.


77. As later socialists would reflect, much of socialism was a failure because of its inability to get out of the realm of theory and into central social and economic realities. See, for example, the first chapters of Harrington, *Socialism*.

78. See the history of the Paris Commune, for example, in Dorrien, *Social Democracy in the Making*, and McKay, *Property is Theft!*, 1-82, as well as the English communes of Robert Owen in Restakis, *Humanizing the Economy*., 27-40.

79. E.g., Harrington, *Socialism*, 223: “…even though Marx in one persona clearly rejected markets altogether, his methodology allows room for the assumption that the markets of a socialist future need not be anything like the markets of the capitalist past. And, more important, his basic political values, his commitment to freedom and human emancipation, are simply at odds with the consequences that follow from his own analysis of socialism as a centrally planned society, as a progressive monopoly. When Karl Kautsky concluded that in the good society the workers would not have the right to change their jobs at will—because there would be no labor markets—he had solid grounding in Marx and was contradicting the latter’s vision of a truly free and communitarian association of the direct producers.” These critiques of Marxism are similar to those of Cole’s

These critiques of Marxism are similar to those of G. D. H. Cole’s The Meaning of Marxism (Routledge, 1948), summarized in Dorrien, Social Democracy in the Making: 358. Marx (and others) were also too busy obsessing over the mechanics of a distinctly Marxist revolution and what constitutes a “true German nation” to be interested in the role of worker-owned firms in bringing about socialist outcome.

80. Cf. Rocker, Anarcho-Syndicalism: 56-58. Cf. Rocker, Anarcho-Syndicalism, 56-58; H. G. Wilshire in Fabian Essays in Socialism, vii: “It requires but slight intelligence to comprehend that neither a high nor a low tariff, nor free trade, would appreciably affect Vanderbilt’s income. Fiscal legislation, whether it takes the form of free coinage of silver, lending money on crops, or increasing paper money until the circulations is $50 or $5,000 per capita, will never divert the Pactolian stream which flows into Mr. Gould’s reservoir.”

81. Bruni and Zamagni, Civil Economy, 14.

82. It is true that if workers owned the corporations that own the state, this would be some degree of improvement. But even better — as I suggest below — is that workers co-own the corporation (the firm) whose leaders (elected leaders at random from a pool of directors) comprise a third level (e.g., “community council”) for a particular jurisdiction which simply is “the government,” with no state.

83. Cf. Proudhon in McKay, Property is Theft, 116: “A man, by soft and insinuating words, discovers the secret of taxing others that he may establish himself; then, once enriched by their united efforts, he refuses, on the very conditions which he himself dictated, to advance
the well-being of those who made his fortune for him: and you ask how such conduct is fraudulent! Under the pretext that he has paid his workers, that he owes them nothing more, that he has nothing to gain by putting himself at the service of others, while his own occupation claim his attention,—he refuses, I say, to aid others in getting a foothold, as he was aided in getting his own; and when, in the impotence of their isolation, these poor workers are compelled to sell their birthright, he—this ungrateful proprietor, this knavish upstart—stands ready to the put the finishing touch to their ruin. And you think that just? Take care!"

84. Wolff, *Understanding Socialism*, 123.
85. The U.S. is one of the few (it not only) industrialized countries in existence without a socialist political party, socialized healthcare or socialized higher education.
88. Ibid.
89. Robert Owen (1771-1858) was a textile manufacturer, social reformer, and philanthropist who promoted better working conditions in the factory. He experimented with socialist communes and communal ownership though none were ultimately successful.
“An introduction to Distributism,” *The Distributist Review* (January 11, 2021): “Distributivism, also known as Distributism, is an economic theory formulated by Hilaire Belloc and G.K. Chesterton largely in response to the principles of Social Justice laid down by Leo XIII in his encyclical *Rerum Novarum*. Its key tenet is that ownership of the means of production should be as widespread as possible rather than being concentrated in the hands of a few owners (Capitalism) or in the hands of state bureaucrats ([state] Socialism). Belloc did not believe that he was developing a new economic theory, but rather expounding an old and widespread one against the novelties of both Capitalism and Socialism.”

93. Rocker, *Anarcho-Syndicalism*, 62

94. Bruni and Zamagni, *Civil Economy*; 12. Restakis, *Humanizing the Economy*, also has an excellent chapter on Italy’s cooperative movement.


96. Bruni and Zamagni, *Civil Economy*, 9, note that “not all forms of cooperation are good.” This is particularly pertinent to colonialism and the development of the joint-stock company. Trading slaves and committing genocide of indigenous peoples frequently involved trust, reciprocity, and cooperation. Less obvious is the subtleties of market cooperation and reciprocity. See footnote 141.

97. A discussion of white supremacy and colonialism would be appropriate here. But until then, I’m reminded of this quote by Paul Heyne, cited in Christina McRorie, “Property and Ownership,” in *The Routledge Handbook of Economic Theology* (London: Routledge, 2020),123: “as Paul Heyne’s famous text *The Economic Way of Thinking* suggests, we would have a clearer sense of things if ‘we substituted for *property rights* [“or capitalism”] the phrase *what people think they can get away with’ (Heyne 2014:256, italics in original).”


100. This remains true for some of today’s most prominent definitions and ideas of socialism. E.g., Wolff, *Understanding Socialism*, 84: “Socialism is about democratizing workplaces, making them worker cooperatives rather than hierarchical places where small minorities of employers dominate and exclude from major decisions [and surplus profits] an employee majority...If this new definition strikes readers as unexpected, that is because the anti-socialism campaigns over the last 75 years led many to disconnect from the topic of socialism altogether.” Cf. the earlier words by Richard Crossman (Dorrien, *Social Democracy*, 449): “The main task of socialism today is to prevent the concentration of power in the hands of either industrial management or the state bureaucracy—in brief, to distribute responsibility and so to enlarge freedom of choice.” Compare and contrast with “democratic socialism” as defined by Dorrien (ibid., 468-9), “Economic democracy is the heart of democratic socialism and the test of its ambition for social justice. Historically, the guild socialist and revisionist traditions have been the most creative in exploring forms of socialization besides nationalization, with patchy records of stubborn persistence. Democratic socialism at its best expands the cooperative, public bank, and social market sectors, mixes various modes of social ownership, dismantles white privilege, male privilege, and heterosexual privilege, repudiates Eurocentric presumptions, and upholds ethical commitments to freedom, equality, community, and ecological flourishing.”

101. For more on this religious dimension, see Dorrien, *Social Democracy in the Making*.


103. See Blasi et. al., *The Citizen’s Share*, and John Nichols, *The “S” Word: A Short History of an American Tradition...Socialism* (London: Verso, 2015). Bruni and Zamagni, *Civil Economy*: 9, wisely note that “not all forms of cooperation are good.” This is particularly pertinent to colonialism and the development of the joint stock company. Trading slaves and committing genocide of indigenous peoples frequently involved trust, reciprocity, and cooperation.

104. Poverty is cyclical (or “interest”-accumulating) partly because of its costs. If one cannot afford to take care of a toothache now, it may
require a more expensive root canal later. If one cannot afford a reliable car, the costs of operating an unreliable car will accumulate. If one cannot afford mental health counseling, this will probably develop into more serious psychological problems down the road. Etc. Rising living standards and rapidly growing expectations of progress often exacerbate this problem. (The Affordable Care Act is a perfect example, which penalized the poor for not being able to afford the luxury of healthcare). In combination with all the realizations of economic unfairness and exploitation, this the wisdom of the poor—the personal and profound insight about life, death, and struggle that is inaccessible to those who have unconsciously (or consciously) isolated themselves in wealth and luxury. It is likely that for this reason (and others) Jesus and the early church made efforts to “mix” social and economic classes, for it is only in such encounters that the predicament of the poor and privilege of the privileged can personally reveal themselves. Note, for example, Alan Kreider, *The Patient Ferment of the Early Church* (Grand Rapids: Baker Academic, 2016), 216-220.

105. In addition to the remarks in the previous footnote, many have made this observation. For example, Proudhon in McKay, *Property is Theft!*, 125: “It is when the workers whose wages are scarcely sufficient to support them from one day to another, are thrown out of work, that the consequences of the principle of property [or at least the capitalism that embodies it] become most frightful. They have not been able to economize, they have made no savings, they have accumulated no capital whatever to support them even one day more. Today the factory is closed, tomorrow the people starve in the streets. Day after tomorrow they will either die in the hospital or eat in the jail.”

106. Ibid., 35. Cf. McKay, *Property is Theft!*, 227. Note that “capitalist” here is not synonymous with “entrepreneur.” What pro-cooperative socialists, advocates, and Marxists understand that state-socialists and classic Marxists do not is the role of entrepreneur (now codified in economics textbooks as the fourth “factor of production” alongside land, labor, and capital). This was noted by the first President of the American Economic Association, and President of MIT, Francis Walker; “Walker wrote that the ‘simple cooperation’ experiments sometimes failed because they attempted to
‘eliminate’ management, ‘the entrepreneur,’ the person who put the capital and the administrative discipline of the firm together, make it work, and took responsibility for building the firm…Whether companies were set up as cooperatives or stock companies, with profit sharing or worker stock ownership, they had to have serious management talent” (Blasi et. al., The Citizen’s Share, 135). One of the blind spots of socialism (early, twentieth-century, and contemporary) is the distinctive role of entrepreneurship for and in production.

107 Note that “freedom” is a socialist value, not simply a neoliberal, capitalist or “libertarian” one. (E.g., Rocker, Anarcho-Syndicalism, 14, “Socialism will be free, or it will not be at all,” and “capacity for sympathy with others in which all social ethics, all ideas of social justice, have their origin, develop best in freedom”). Note also the curious use of “libertarian”; “Socialist use of libertarian dates from 1858 when it was first used by communist-anarchist Joseph Dejacque as a synonym for anarchist for his paper La Libertaire, Journal du Mouvement Social. This usage became more commonplace in the 1880s and 1895 saw leading anarchists Sabastien Faure and Louise Michel publish La Libertaire in France (Max Nettlau, A Short History of Anarchism)…By the end of the 19th century libertarian was used as an alternative for anarchist internationally. The right-wing appropriation of the term dates from the 1950s and, in wider society, from the 1970s. Given that property is at its root and, significantly, property always trumps liberty in that ideology, anarchists suggest a far more accurate term would be ‘propertarian’” (McKay, Property is Theft!, I-2).


109. Kelly and Howard, The Making of a Democratic Economy, 64.


112. Some of the following figures include firms that are minority instead of majority-owned by workers, and member-owned cooperatives.


114. The Tax Reform Act of 1984 paved the way for today’s ESOP structure (with its unique tax advantages). ESOPs essentially create an equity trust fund for employees’ retirement out of company revenues, not employee wages. The principal and interest going towards the fund are also tax-deductible. It’s a creative way to help employees, although I sympathize somewhat with Harrington in *Socialism* (which was written during the late 1980s when ESOP legislation cluttered contemporary business discourse), that it is not designed to deal with the major economic problems discussed earlier in this article. I think ESOPS are an improvement compared to no employee ownership, nevertheless.


119. Ibid., 167.

120. Blasi et al., *The Citizen’s Share*: 10: “A 2010 Pew Survey revealed that, when asked about the positives or negatives about large corporations, 64% said their effect was negative compared to 25% who said it was positive. 69% viewed major financial institutions and banks negatively. By contrast, 71% of citizens had a positive
view of small business, and 68% had a positive view of technology companies — which...share profits and stock ownership with their workers much more than companies in other sectors.” Blasi et. al., *The Citizen’s Share*, 10.


122. Rosen et. al. *Equity*: 5. This is not to suggest, of course, that all cooperatives or corporations with significant employee -ownership are successful. These failures (Enron, United Airlines, etc.) are addressed in both Rosen et. al., *Equity* and Blasi et. al., *The Citizen’s Share*.


124. Rosen et. al., *Equity*; Blasi et. al., *The Citizen’s Share*.


129. Contemporary behavioral and mainline economists, in my view, are overly protective of neoclassical orthodoxy in their assessment of behavioral economics, virtually falling over themselves to ensure they aren’t questioning various consensus’. In any case, key works on behavioral econ include Sanjit Dhami, *The Foundations of Behavioral Economic Analysis* (New York: Oxford University Press, 2016); Nick Wilkinson and Matthias Klaus, *Behavioral*
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130. Blasi et. al., The Citizen’s Share, 137.

131. Ibid.

132. Cf. Roemer, A Future for Socialism, 3: “Large capitalist firms are centrally planned organizations (in which internal transactions are not mediated by a price system), and they are usually run by managers hired to represent their interest to shareholders.”


134. On the unequal relationship between employer and employees, see footnote 52. Also, simply listen to the thousands of victims of sexual abuse by their employers, where there is no shortage.

135. Wolff, Understanding Socialism, 121.

136. Blasi et. al., The Citizen’s Share, 140. I realize the controversial use of the word “designed” here, and that apologists of industrial capitalism do not see capitalism exhibiting design at all, but as simply the result of “freedom.” My problem with this is (1) the conflation of markets (which have existed since ancient Greece and parallel what is found in pre-human biological phenomena) with capitalism (a novel system where the majority of workers make a living by wage-labor under the power of a capital-accumulating employer), and (2) also the false assumption that capitalism is ideologically neutral (as if legal definitions of “property” or “family,” which remain disputed — and directly impact economic states of affairs — are ideologically neutral). When the capitalist system started recognizing the validity of women’s property, the modern corporation (which is treated as legally as a single person), Afro-American’s hereditary land wills, and the right of women to sign
their own loan without a male co-signer, something was, indeed, being “redesigned.”

137. Shaw, *Fabian Essays in Socialism*, 101 (emphasis mine): “The matter is deplorably simple. Suppose that horses multiplied in England in such quantities that they were to be had for the asking, like kittens condemned to the bucket. You would still have to feed your horse—feed him and lodge him well if you used him as a smart hunter—feed him and lodge him wretchedly if you used him only as a drudge. But the cost of keeping would not mean that the horse had an exchange value. If you got him for nothing in the first instance—if no one would give you anything for him when you were done with him, he would be worth nothing, in spite of the cost of his keep. That is just the case of every member of the proletariat who could be replaced by one of the unemployed day to day. *Their wage is not the price of themselves; for they are worth nothing: it is only their keep.* For bare subsistence wages you can get as much common labor as you want, and do what you please with it within the limits of a criminal code which is sure to be interpreted by a proprietary-class judge in your favor.”


competitive environment, individuals will form cooperative relations. What distinguishes capitalist cooperative relations is that they are decidedly contractual—limited, temporary, and voluntary... When we learn that the children of the persons who caught the seafood we see in the supermarket case died of malnutrition, we can protest sincerely, 'I did not know.'"

144. I have not had the time or space to elaborate — and it is a shame to relegate this subject in a single footnote, but it is important to note that freedom is a central value in anarcho-socialism and always has been. Cf. Rocker, *Anarcho-Syndicalism*: 14: “Socialism will be free, or it will not be at all,” and “capacity for sympathy with others in which all social ethics, all ideas of social justice, have their origin, develops best in freedom.” Cf. Eugene Callahan and Alexander William Salter, “Dead Ends and Living Currents: Distributism as a Progressive Research Program,” *Christian Libertarian Review* 1 (2018): 118-139, at 138: “these avenues are hypothetical, in the sense that the proposed policies within existing institutions, and proposed changes to the institutions themselves, may not result in more widespread ownership of what is traditionally conceived as capital.”


148. Hence the types of class-oriented warnings in the US Global Change Research Program, *The Climate Report: National Climate Assessment-Impacts, Risks, and Adaptation in the United States* (Brooklyn, NY: Melville House, 2019) —that is, the authors rightly stress how the negative effects of climate change will hurt the poor classes the worst.


150. Ostrom, *Governing the Commons*.


152. Rocker, *Anarcho-Syndicalism*, 15. For a Christian non-anarchist argument that politics cannot be reduced to statecraft, see Bell, *Economy of Desire*, 40-42 and Scott H. Moore, *The Limits of Liberal Democracy: Politics and Religion at the End of Modernity* (Downers Grove: InterVarsity Press, 2009). The last paragraph of the book concludes (p. 158): “In the midst of our culture of death, what is demanded of Christians today is an extraordinary politics which will enable us to escape ‘the thrall of the state’. Such a politics does not celebrate independence but rather dependence—dependence on God and God’s people, the body of Christ.”
153. I put capital in quotes here precisely because, in the critical tradition (i.e., anarchist, socialist, Marxist), capital is distinctively monopolized and accumulated by the capitalist and not by the worker. Perhaps this distinctive kind of wealth should be given a different name.


157. E.g., The Rebel Zapatista Autonomous Municipalities in Chiapas (Mexico), or Rojava in Northern Syria. See Abdullah Öcalan, *Democratic Confederalism* (Honolulu, HI: Transmedia Publishing, 2015). It is difficult to stress the profundity and remarkable success of Rojava in the history of human governance and civilization until, of course, President Trump gave Turkish Prime Minister Erdogan the green light to crush the Kurds in October 2019 (notably this was the single most widely-condemned decision in all of Trump’s administration, including rebukes from virtually every Democratic and Republican leader, and many prime ministers and presidents throughout the world besides the Capitol takeover of January 6, 2020). For a brief but excellent insight into “the Kurdish experiment,” see Carne Ross, “Power to the people: a Syrian experiment in democracy,” *Financial Times* (October 23, 2015).


167. Even the conversations of those trying to be subversive can function as legitimation for maintaining the status quo (“keep the conversation going,” which is frequently code for those in power to ensure nothing ever arrives). I’ve witnessed this personally in every school and church I’ve been a part of. I recall one of my college professors calling faculty meetings with administration “Kabuki theatre” (where the outcome is already known and determined beforehand). Mark T. Mitchell and Jason Peters, *Localism in the Mass Age: A Front Porch Manifesto* (Eugene: Front Porch Republic Books, 2018), represents a school of thought by conservatives who appeal to localism in response to centralized political power, but without paying much attention to challenging private/corporate concentrations of power.

168. This unfortunately true for some books on Christian economic ethics, where the equity structure and cooperatives are hardly even addressed. In evangelical volumes, typically virtue ethics, proverbs from the Bible, and tropes about generosity and greed (important topics) serve as a veneer on the more fundamental and consequential subjects. E.g., Craig Blomberg, *Neither Poverty nor Riches: A Biblical Theology of Possessions* (Downers Grove: InterVarsity, 2000); idem., *Christians in an Age of Wealth: A Biblical Theology of Stewardship* (Biblical Theology for Life) (Grand

169. This is why sound definitions and summaries of “civilization” include not “government” or “the state,” but “governance structures,” “organized government bureaucracy,” or “new political and military structures.” E.g., Jackson J. Spielvogel, *Western Civilization*, 11th ed. (Boston: Cengage, 2021), 5. African, Lakota, and Medieval Icelandic civilizations had governance structures (sometimes with or without bureaucracy) without a state.

170. Daniel Bell, Scott Moore, and other Christian philosophers are keen to criticize the reduction of politics to statecraft and the hegemony of the nation-state, but strangely do not (as I do and other anarchists) directly question the legitimacy of the state, no matter how coherent that conclusion may be.

171. The policy enforcement of today’s corporations are also often far more rigorous than federal law.


175. The most straightforward arrangement would be a 21-person community council, each (co-equal) seat corresponding to the ISIC Revision 44th rev (International Standard of Industrial Classification of All Economic Activities). Each council member already serves as a board member or director of a cooperative within their particular industry. Members of the cooperative choose which board member is to serve as a candidate for council (by majority vote), who are entered into a pool with others within that industry. Actual candidates are then chosen at random, serve 4-year terms, and rotate
throughout the pool. The council serves as a national liaison, issues passports, serves as a special jury for high-level cases between cooperatives, and distributes community funds where needed. Community funds are collected by a 10% membership fees based on a wealth (asset)-based sliding-scale through a single blockchain currency (e.g., gold-backed cryptocurrency, or something else with either fixed limits, or GO/GDP automatically-determined inflation rate, and unable to be controlled and monopolized by a central bank), half of which goes to the council to be redistributed (directly or as vouchers) to cooperatives for various purposes and industries most needed (legal fees for court, law enforcement, food, shelter, healthcare, etc.), and the other half to any welfare-oriented cooperative of an individual’s choice (typically pre-programmed on one’s phone app). If this sounds utopian, recall that (a) all these technologies, in many forms, already exist; (b) that the citizens of Estonia have been doing their taxes on a phone app (usually in less than a half hour) for years, and; (c) that the organizational and financial complexities of a single transnational corporation far exceed those of specific proposals like this; (d) it is far more simple than the model proposed in Albert and Hahnel’s *The Political Economy of Participatory Economics*. On this topic, see also Hahnel, *Of the People, By the People*, and contrast with the anarcho-capitalisms of Bell, *Your Next Government?*; Edward Stringham, *Private Governance* (New York: Oxford University Press, 2015); Friedman, *The Machinery of Freedom*; Benson, *The Enterprise of Law*; Joe Quirk, *Seasteading* (New York: Free Press, 2017).

176. All industry—including those providing legal services (i.e. courts) and rights-protection (i.e. “police”) would be part of the private-enterprise market economy like everything else. As noted above, funds from membership fees go towards funding such services as individuals and the Council decides to ensure affordability of such services for those who need them (a just society is not one where courts, rights-protection, healthcare, etc. is contingent solely on ability to pay). If the people are unsatisfied with the economic impacts of redistribution, they can (a) simply increase membership fees via direct majority vote, and (b) change the recipient of their membership fees. Unlike other models, I digress that the economic distribution program must entail generous positive rights and
entitlements, because wealth cannot be created simply by making it legally mandatory, nor can poverty be eradicated simply by making it illegal. Utopian socialists failed almost entirely because of a lack of understanding scarcity, opportunity costs, incentives, and other basics of economics—which eventually come home to roost one way or another.


178. The “utilitarian tradition,” in Hunt and Lautzenheiser’s perspective, is far more inclusive than those typically deemed “utilitarian” (including all of the Austrian and neoclassical schools, for instance).

179. One of the most notorious defenses of collecting labor-free rent was Nassau Senior’s “abstinence” theory (i.e., it is painful for a person to use capital to make a profit instead of doing other things with it, therefore landlord is justified). The labor of maintenance and cultivating the earth were (are) also used, but do not apply to landlord proper, since maintenance can be subcontracted to others and only the “original” landlord, who homesteaded land, mixed her/his labor with the property. A full extension of the cooperative model envisioned in this article would forbid rent exploitation (i.e., permanent long-term housing would be majority-owned by tenants), just as all productive firms are majority-owned by workers.

180. One of the most notorious defenses of collecting rent was Senior’s “abstinence” theory (i.e., it is painful for a person to use capital to make a profit instead of doing other things with it, therefore landlord is justified). The labor of maintenance and cultivating the earth were (are) also used, but do not apply to landlord proper, since maintenance can be subcontracted to others and only the “original” landlord, who homesteaded land, mixed her/his labor with the property. A full extension of the cooperative model envisioned in this article would forbid rent exploitation (all permanent long-term housing is majority-owned by tenants). E.g. Proudhon in McKay, *Property is Theft!,* 113-128.

181. Note the insightful critique of Prouhon in McKay, *Property is Theft*, 120-124: “Now, to say that farm-rent is a monopoly sanctioned by law, is to say that injustice is based on justice—a contradiction in terms...The proprietor, producing neither by his own labour nor
by his implement, and receiving products in exchange for nothing, is either a parasite or a thief. Then, if property can exist only as a right, property is impossible... According to Quesnay and the early economists, all production comes from the land. Smith, Ricardo, and de Tracy, on the contrary, say that labour is the sole agent of production. Say, and most of his successors, teach that both land and labour and capital are productive. The truth is, that neither land nor labour nor capital is productive. Production results from the cooperation of these three equally necessary elements, which, taken separately are equally sterile.”

182. An economy that does not absolutize exchange value over human labour might attach two prices to every product—one the value in terms of human labor (e.g., hours) and another for remaining exchange value—each with its own currency. It would be similar to simultaneously implementing “proof-of-work” cryptocurrencies with “proof-of-stake” cryptocurrencies into a unified monetary system.

183. Cf. “Without labor there is no wealth.” William Thompson, cited in Hunt and Lautzenheiser, History of Economic Thought, 156. “Wealth,” as he goes on to explain, is here defined specifically as something valuable due to human labor; raw goods like trees and gold are not “wealth” per se.

184. “With employees” is an important qualification because (a) association with a cooperative should not be absolutely mandatory, as advocates of cooperatives agree (coercion defeats one of its purposes); (b) a robust economy must not prevent part-time and contract workers, as well as (i.e., those working on-demand not exclusively for a single client) or sole -proprietors and partnerships to adequately serve various essential demands. A cooperative-based society would only forbid exploitation (e.g., employer-employee, master-slave relations, etc.); only businesses with full-time employees should exhibit majority-owned employee -ownership.

185. If so, then the labor surplus equation of contemporary Marxists, $EL + LL = TL$ (capital labor + human labor = total labor), might be modified to incorporate the role of the entrepreneur in creating firms that produce (perhaps, $EntL + EL + LL = TL$, or some other formulation that distinguishes between employee labor and entrepreneurial labor ($EntL$), without giving majority value
to entrepreneurial labor); cf. McKay, *Property is Theft*, 114, 122). Proudhon (in *Property is Theft*, 117), also notes the exponential effects of collective labor: “A force of one thousand men working twenty days has been paid the same wages that one would be paid for working fifty-five years; but this force of one thousand has done in twenty days what a single man could not have accomplished, though he had labored for a million centuries. Is the exchange an equitable one? Once more, no; when you have paid all the individual forces, the collective force still remains to be paid.” Thus, a further modification might be something like \( \text{EntL} + \text{EL} + (\text{LL})^2 = \text{TL} \).


193. It seems to find parallel inspiration in the spirit of the early church: “All the believers were united and shared everything. They would sell pieces of property and possessions and distribute the proceeds to everyone who needed them. Every day, they met together in the temple and ate in their homes. They shared food with gladness and simplicity. They praised God and demonstrated God’s goodness to everyone” (Acts 2: 44-47); “The community of believers was one in heart and mind. None of them would say, ‘This is mine!’ about any of their possessions, but held everything in common. The apostles continued to bear powerful witness to the resurrection of the Lord Jesus, and an abundance of grace was at work among them all. There were no needy persons among them. Those who owned properties or houses would sell them, bring the proceeds from the sales, and place them in the care and under the authority of the apostles. Then it was distributed to anyone who was in need” (Acts 4: 32–35); “It isn’t that we want others to have financial ease and you financial difficulties, but it’s a matter of equality. At the present moment, your surplus can fill their deficit so that in the future their surplus can fill your deficit. In this way there is equality. As it is written, The one who gathered more didn’t have too much, and the one who gathered less didn’t have too little” (2 Cor 8: 13-15).


195. See footnote 166.


197. Adam Smith, The Causes of the Wealth of Nations, IV, 4. It is no coincidence that Smith made this famous remark in the context of favoring a spirit of cooperation over greedy competition: “Country gentlemen and farmers are, to their great honour, of all people, the least subject to the wretched spirit of monopoly. The undertaker of a great manufactory is sometimes alarmed if another work of the same kind is established within twenty miles of him. The Dutch undertaker of the woollen manufacture at Abbeville stipulated that no work of the same kind should be established within thirty
leagues of that city. Farmers and country gentlemen, on the contrary, are generally disposed rather to promote than to obstruct the cultivation and improvement of their neighbours’ farms and estates.”


199. I have much more to study and think about regarding workers unions, strikes, organization, etc. before commenting on it more fully. But for the moment, two brief remarks: (1) I think organizing with only short-term goals of improving working conditions makes as much sense as southern slave rebellions organizing for the same purpose. Achieving shorter working hours or longer vacation pay may be practical steps needed in certain circumstances—just as demanding adequate food and water for slaves was needed in some circumstances, but neither changes really challenge some of the fundamental causes for those conditions in the first place; (2) as long as employees do not own part of the firm they work for, they *ipso facto* have the right to strike.

200. In his Soho Forum debate with Richard Wolff (November 5, 2019), Gene Epstein repeatedly responded to Wolff’s proposals to advance cooperatives with remarks such as “go for it,” “do it,” “there’s nothing stopping you,” etc. This is right on the one hand—there is nothing legally in place to keep cooperatives from being established (as noted earlier in this article). But on the other hand, it misses the fundamental premise behind cooperatives: that the wage-labor employer-employee relationship inherent to capitalism is economically exploitative; workers have a *right* to profits they generate, not just a right to an hourly wage. It also ignores the systemic prejudices and power dynamics of capitalist economies oriented against cooperatives, profit sharing, and capital decentralization. Again, as iterated at the beginning of this article, the principles undergirding cooperatives means they are not a supplement, but an alternative to neoliberal, neo-colonialist capitalism.

201. I should mention, in lieu of Emma Goldman mentioned at the beginning of this section and recent portrayals of “anarchists” by the U.S. government, the empathetic center of anarchism that is
virtually never acknowledged in mainstream political discourse (Emma Goldman, 1:157): “There are some that, if asked why they are Anarchists, will say, ‘for the good of the people.’ It is not true, and I do not say it. I am an Anarchist because...it pains me to see others suffer. I cannot bear it. I never hurt a man in my life, and I don't think I could. So, because what others suffer makes me suffer, I am an Anarchist and give my life to the cause, for only through it can be ended all suffering and want and happiness.” (Cf. Godwin, An Enquiry Concerning Political Justice, xi, “we should love our neighbors as ourselves.”) It seems that the radical atheist and Jesus-following Christian can (not for the first time in history) heartily agree.

202. E.g., the Indigenous Housing Initiative of COUP (Community Organizing for Unified Power), available at: http://coupcouncil.org. There are endless local initiatives like these.

203. Critics of “woke-capitalism,” such as Samuel Gregg, “How Woke Capitalism Corrupts Business,” Public Discourse (October 2, 2019), reduce production and the role of business in society to their end product, while attempting to push “social justice” issues out of relevant discussion. On the contrary, I think it is the responsibility of business-owners to ensure humanizing ideologies (instead of simply “traditional” or “normal” ones) edify the workplace, and that firms should look to provide for the well-being of people by treating them as people and not another input of production.

204. One of the most recent proposals is the British Labour Party's “Alternative Models of Ownership,” though it includes movements towards nationalization in addition to workers-cooperatives.