



Civil Power and the Partner State

A social solidarity economy response to austerity in Greece

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I want to speak today about a crisis that has gripped Europe, and the Western democracies, over the last 30 years. I describe the crisis as the inability of our governments to protect the interests of their citizens. It is a crisis of legitimacy that is undermining the foundations of liberal democracy. Its most recent manifestation are the doctrine of austerity and the rapid destruction of democratic civic life...

The control of societies through debt—the imposition of austerity, the privatization of public wealth, the destruction of democratic institutions, and the criminalization of dissent to these policies—are all essential aspects of the new order that has spread across Europe and, increasingly, the globe. It has not gone unchallenged. But how effective has the challenge been?

I come to you today from Greece, where I have been living since last summer. I was invited there to help develop a national strategy for strengthening the social and solidarity economy as an alternative to the neo-liberal paradigm I have been describing.

Debtocracy is the name of a Greek documentary on the origins of the debt crisis in Greece. But not only Greece—Argentina, Ecuador, and all the periphery countries of the European Union such as Portugal, Ireland, and Spain—are infected. Debtocracy is a powerful word. It describes a situation wherein a nation loses its sovereignty to its creditors.

Greece is the classic example of a debtocracy. The debt crisis in Greece and the attempt by Greece to challenge the roots and the rationale of this debt is a very visible drama that is being played on the European stage—but its implications are global.

For example, what will the results of this struggle mean for the creation of alternative

visions for political economy? What role does the social/solidarity economy have to play? What is the role of the state? Can state and civil society find common cause, or must they always be at war? Does the reality of Europe today prevent such a possibility?...

Like other parties of both the Right and Left in Europe, Syriza is paying attention to the role that the social and solidarity economy can play in the current crisis. This is natural when traditional polices and resources, such as taxation and public investment, are no longer available.

Even the Conservative Cameron government

This is a travesty of the nature and purpose of co-operatives whose memberships must always be voluntary, whose governance is democratic, and whose purpose is to serve their members and their communities for their common benefit—not the ideological aims of government. It's a lesson that few governments understand.

For the Right, the social economy is often viewed as a refuge for the discarded of society and the victims of the capitalist economy. It is one reason why the Right always chooses charity as the proper response for the poor, never solidarity or justice. Charity perpetuates dependence and inequality. Solidarity promotes empowerment and equality.

More recently, the rhetoric of the social economy has been used to expand the reach of capital into civil spaces. For these reasons co-operatives and social economy organizations in the U.K., and elsewhere, have condemned the distortion of social economy principles for vested political interests.

Greece, co-operatives, and us:

For background to the excerpts below, see p. 4, "The Editor Notes." Find the full text at the author's blog, <http://www.johnrestakis.net/blog/> (originally published on the P2P Foundation blog).

—Ed.

in the U.K. has promoted the social economy as a sector with a role to play in job creation, in improving public services, and in reforming the role of government.

Co-operative travesty

It all sounds very nice, until it becomes evident how little right wing governments understand, or care about, what the social economy is and how it functions. For the Cameron government co-operatives and the social economy became a cover and a way to promote public sector privatizations, for weakening job security, and for reducing the role of government.

Thousands of public sector workers have been coerced into joining pseudo-co-operatives to save their jobs. The same was happening in Greece with the last government through Social Enterprise Co-operatives.

But what are these principles?

The social economy is composed of civil organizations and networks that are driven by the principles of reciprocity and mutuality in service to the common good—usually through the social control of capital. It is composed of co-operatives, nonprofit organizations, foundations, voluntary groups, and a whole range of associations that operate both inside the market, as many successful co-operatives do, or in non-market provision of goods or services. These include cultural production; the provision of health or social care; and the provision of food, shelter, or other necessities to people in need. In its essence, the social and solidarity economy is a space and a practice wherein economics is at the service of social ends, not the other way round.

It is not hard to see why Greece today is ►

experiencing an unprecedented growth in the size and diversity of its social economy. Here, as elsewhere, co-operatives and social benefit enterprises have arisen as a form of social self-defense against economic recession and austerity.

The co-operatives and solidarity organizations of today are playing the same role that co-operatives and mutual aid societies played at the beginning of the Industrial Revolution in the 1800s when capitalism was enclosing, dispossessing, and exploiting people and communities at that time. The rise of the

has to fight this false and negative public image of co-operatives as inherently corrupt.

Greece is not alone in this. This has been the case everywhere “leftist” governments have tried to use the co-operative model to pursue government aims without regard to the purpose and nature of co-operatives as autonomous civil associations whose primary role is to serve their members and their communities. Just as in Greece, the co-operative model has had to be retrieved from a ruined reputation in the former Soviet nations, in many nations of Africa, and throughout Latin America where

competition, free markets, and the primacy of capital. We need a political economy of co-operation, of solidarity, of mutual benefit. And we need to show that it is only an economics of co-operation and shared benefit that can save Europe from its continuing decline in the face of Asian competition and the global race to the bottom.

This must be a vision that does not pit one region against another, Europe against the world. It must be an economics of co-operation, of sustainability, of local control, and of global collaboration and responsibility. If ruthless competition and corporate greed are destroying our planet, it is only co-operation and mutual responsibility for our common fate that can save it.

For a truly effective party of the Left today, the social economy represents a crucial resource and ally. The principles of economic democracy in service to the common good are practiced here. The most innovative, entrepreneurial, and socially productive young leadership is active here. The organizational forms and practices that have the potential to reform the closed, bureaucratic, dysfunction of government services are also being developed here.

This is where communities are learning to work together to recover what has been lost in these past years—of community clinics, of food markets and mutual help between farmers and consumers, of residents collectively preventing a neighbor’s electricity or water from being cut off. And this points to an unlooked for light in the midst of this crisis—that these hard times have sparked a renewal of community and genuine human connections between people. The social economy is where these connections are flourishing.

Supporting the social economy

What then, must a progressive government do with respect to the social economy? First, it must move beyond traditional statism to develop a role for government that understands how to democratize and share power with its citizens. This means understanding that the primary role of government in a new model is the empowerment and support of civil society for the production of social value—the creation of goods and services that place social needs ahead of private profit.

A vibrant and mobilized civil society is essential for this. We must learn from the experience of so-called progressive governments that came to power through the radicalization and mobilization of civil society, only to co-opt and destroy the leadership and organizations of civil society once they had

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social economy today is in part, a self-defense against the new enclosures. These include the privatizations of public goods and services and the theft of natural resources—land, water, and minerals....

Beyond clientelism

Today, Greece is still struggling to establish a political culture that has moved beyond the autocratic clientelism that characterized the political system after the Ottoman era. Autocracy breeds hierarchy, individualism, and relations of dependence, not mutuality and social solidarity. The emergence of a healthy civil society, of democratic civil institutions and a democratic culture, has been undermined by this fact.

Clientelism has been deadly in Greece, and it has been catastrophic for the healthy evolution of the social economy, as has been shown in the case of its co-operatives. Just as the Right uses the social economy as a proxy for the promotion of capital and markets, so does the Left consistently view the social economy as a vehicle for the advancement of the aims of the state.

When a culture of clientelism is added, it is a recipe for failure on a grand scale. This is what happened during the ’80s when state support and subsidization of co-operatives produced a corruption that not only failed to achieve legitimate economic ends, but also destroyed the image and reputation of co-operatives among the public. Today, the work of promoting co-operation as a viable strategy for economic and social development

governments see co-ops, and the broader social economy, as instruments and extensions of government power.

Ironically it is the Left and “socialist” governments, in their manipulative “support” for the co-operative model, that have done most to ruin the image and reputation of co-operatives in the minds of millions.

The reason for this is that the Left has often viewed the state as the sole legitimate engine of social and economic reform. It is the mirror image of the Right that sees legitimacy for economic and social development only in the market. Both views make the same mistake in ignoring or manipulating the institutions of civil society that are essential to realizing the radical changes that are needed if any alternative to the present paradigm is to succeed....

In Greece, as everywhere else, one of the things that distinguishes political parties is their relation to the social economy. That the government is taking the social economy seriously is a good sign. The social economy represents one of the very few bright spots in Greece, with hundreds of new groups being formed to provide goods and services in a way that is entirely new. Often rejecting organizational hierarchy, promoting inclusion and democratic decision-making, focusing on service over profit, these organizations see themselves as models for a new economic and political order. And they are.

...Our task is to fashion a political vision, and a political narrative, that is a compelling answer to neo-liberalism and the ideology of

political power. This is the familiar pattern of political events in Ecuador, in Brazil, in Venezuela—in fact everywhere civil society expects representative democracy, on its own, to change the patterns of power.

For this to be avoided, it means the creation of institutions, both legal and social, that can sustain the development and growth of the social economy and civil society—independently of the party that is in power. This means the reform of co-operative and social economy legislation, the creation of financial instruments for the social and ethical financing of social economy organizations, the establishment of educational and training institutes for the study of the theory and practice of co-operation, reciprocity, and service to the common good that are fundamental for a new political economy and the advancement of a new social contract.

Third, it means the application of these principles beyond the nonprofit sector to the support and development of the wider economy, in particular for the small and medium firms that form the bedrock of most national economies. The principles that animate the social economy are a framework for the recovery and reform of the whole economy.

And fourth, it means the reform of public services through the provision of control rights, transparency, accountability, and decision-making power to the citizens that are the users of these services. The insular, autocratic power of bureaucracy must be broken.

Generative democracy

What we are talking about is a new conception: The idea of the Partner State. At its essence, the Partner State is an enabling state. It facilitates and provides the maximum space and opportunity for civil society to generate goods and services for the fulfillment of common needs....

What is required is generative democracy—a democracy that is re-created constantly through the everyday mechanisms and decisions that go into the design, production, monitoring, and evaluation of the goods and services that

citizens need to construct and live a truly civic life. For this, the organizational models of the social economy—the co-operative, reciprocal, and democratic organization of relationships and decisions—are the prototypes of a new political economy.

Greece, like the other indebted nations, has no option but to try new approaches to solve its social, economic, and political problems. At the macro level, the government must do everything it can to address the questions of debt restructuring, of trade relations and export policy, of taxing capital, and of addressing the humanitarian crisis.

The social economy can help. But it cannot be an engine of recovery on its own. It needs the support of a government that understands its strengths—and limitations. The danger here is that false expectations of the social economy will set the stage for failure and disappointment.

In the past, unrealistic expectations arising out of ignorance of how social economy organizations work, and to what ends, have provided ammunition to those who like to criticize the “inefficiency” and “utopianism” of co-ops and the social economy when they fail to do what they were never meant to do. (They conveniently ignore the fact that the survival rate of co-ops is more than twice as high as that of private companies).

What the social economy offers are the ideas, the methods, and the models by which an alternative paradigm may be built. The social economy is the experimental ground of a new political economy, and its organizations are the social antennae of a possible, and more humane, future. Today, this prefiguring of another paradigm is perhaps the most important contribution that the social economy can make in Greece and elsewhere....

The social economy is a model of political economy in which economic democracy places capital at the service of society.

Much has been written about the origins of the debt crisis in Greece. Some point to the availability of cheap money and unethical lending that followed Greece's entry into the

Eurozone. Some point to the lack of oversight and lax regulations. Some point to the role of corruption and the huge waste of public funds. All contributed to bringing Greece to the precipice. And exactly the same pattern has been evident in the other debtocracies—in Argentina, in Ecuador, in the countries of the European periphery. But few point to the fundamental lack of democracy and public accountability that has made all this possible.

What are most needed today are the building of democratic culture and the strengthening of civil institutions that generate and expand democracy—in politics, in social life, and above all in the economy. This is the role that an enlightened state should play, in partnership with civil power. It is a delicate and difficult role to get right. But that is precisely why it is so urgently needed. It is a way forward that won't perpetuate the negligence and wrongdoing of the past....

In the end, the lack of democracy in economics will always destroy democracy in politics. This is the hard lesson that liberal democracy—and the modern age—is teaching us....

Some things don't change. The power of a small minority to enslave the majority through the control of credit, through the creation of unpayable debt, and through the monopolization of political power is the perpetual pattern of oligarchy and plutocracy.

It was true in ancient Athens in the 6th century and it is true today. And just as in ancient Athens, what is needed for a rebirth of democracy today is a new form of debtors' revolt. This is what is happening in Greece today against the oligarchs and the plutocrats at home and in the boardrooms and government ministries of the centers of capital abroad.

The debtor's revolt and the rise of democracy in ancient Greece spread and became the foundation for a new conception of politics in which people matter more than money. Civil power became the foundation of political power. Perhaps the same can happen today. ■

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