

Civil Power and the Partner State

John Restakis, March 2015

[...] I come to you today from Greece where I have been living since last summer. I was invited there by Syriza 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 where 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 out 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 in this context? 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 absolutely prevent any such possibility?

Having been in Greece during this time, I have also been asking myself what does this crisis mean for social change in Europe? Or rather, is progressive social change even possible today? What would this change look like? What would it take?

I believe that the social economy and a mobilized civil society are central to this process. But so also is a new conception of the State. The two are necessary and essential aspects of a single process. They are also at the heart of what it means now for a leftist movement to have any meaning and relevance for progressive change. [...]

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 in fact playing the same role that co-operatives and mutual aid societies played at the beginning of the Industrial Revolution in the 1800s when the consolidation of capitalism was enclosing, dispossessing, and exploiting people and communities at that time. The rise of the social economy today is in large measure social self-defense against the new enclosures - mostly in the form of privatizations of public goods and services - but also the theft of natural resources - land, water, minerals. [...]

As elsewhere, the social economy in Greece is growing - but compared to other European nations, it lags far behind. This weakness is due to many factors. One reason is the absence of institutional supports such as sources of social investment, of professional development and training, of representative organizations to unite, develop, and give voice to the sector. Outdated, fragmented, and inadequate legislation is another reason.

A third, more complex reason, has to do with the manner in which civil society and the state have evolved in Greece. Unlike other Western European nations that underwent the revolutionary processes of the Enlightenment and the Industrial Revolution that provided the seedbed from which modern political, social, and economic institutions emerged, Greece remained relatively untouched by these developments while under Ottoman rule. I suspect the same is true of the other Balkan nations, including Croatia.

Today, Greece is still struggling to establish a political culture that has moved beyond the autocratic clientelism that characterized the political system that reigned immediately 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.

The inheritance of 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 in the PASOK era of the 80s when state support and subsidization of co-operatives produced a corruption that not only failed to achieve legitimate economic ends, but more disastrously, 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 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 sought 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 all the former Soviet nations, in many nations of Africa, and throughout Latin America where 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 traditionally viewed the state as the sole legitimate engine of social and economic reform. In this, it is the mirror image of the Right that sees legitimacy for economic and social development only in the market. Both make the same tragic mistake in ignoring or manipulating the very 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.

And this, in very large measure, will be the true test of the character of Syriza in power. How will it relate to the broader civil society, and to the fledgling organizations and institutions of the social economy as it tries to rebuild the economic and political complexion of Greece? Will it revert to the traditional statism of the Left, a command and control government, or will it seek to expand and re-imagine a leftist program for change that mobilizes the institutions of civil society and the social economy as meaningful partners in nation building?

Moreover, will it understand and utilize the social and economic principles of co-operation, of mutuality and the common good, as central to the re-building of the economy and the society? In short, will the Greek government recognize and mobilize the vast potential of civil power in realizing a new vision? If it does, it will be the first in Europe to do so.

In Greece, as everywhere else, one of the things that distinguish contending parties is their relation to the social economy. That Syriza 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.

But it is for this reason too, that many of these groups want little or nothing to do with political parties, or the state. This is not good news for the parties of the Left, both inside Greece and across Europe, as they struggle to articulate a vision and a method for a new political economy. They need a new approach if they are to build a leftist vision for a new age. The old ways of party and state control have been discredited and rejected.

The rejection of representative democracy and the withdrawal from formal politics by many social activists is understandable. But it is also a tragic mistake and a delusion. The beneficiaries of this attitude will be the status quo, and if things get bad enough through the economics of austerity, the parties of the extreme right. You may be sure that if progressives don't take part in politics, the fascists will. Golden Dawn in Greece, Le Front Nationale in France, UKIP in the UK, – they are all waiting for their chance at power. If they do win power, it will be through the ballot box. Our task is to fashion a political vision, and a political narrative, that is a compelling answer to neo-liberalism and the ideology of 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.

For a truly effective political party of the Left today, the social economy represents a crucial resource and ally. [...] This is where communities are learning to work together to recover a portion of 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 grace 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.

What then, must a progressive government do with respect to the social economy?

- First, it must move beyond traditional leftist 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 non-paternalistic and non-clientelistic paradigm 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.
- Second, it means the creation of institutions, both legal and social, that can sustain the development and growth of the social economy independently of any political 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 social and economic development.
- Third, it means the application of these principles beyond the non-profit and community service 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.

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. It is a State whose primary orientation is the promotion of the common good, not private gain. And, in contrast to a view of the citizen as a passive recipient of public services, the Partner State requires a new conception of productive citizenship. Of citizenship understood as a verb, not a noun. In today's representative democracies, citizenship is passive.

What is required is generative democracy – a democracy that is regenerated and re-created constantly through the everyday mechanisms and decisions that go into the design, production, monitoring, and evaluation of the goods and services that citizen's 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 has no option but to try new approaches to solve its social, economic, and political problems. At the macro level, a Syriza government will have to do everything it can to address the fundamental questions of debt restructuring, of trade relations and export policy, of increasing revenue through tax policies aimed at capital, of resurrecting agricultural and industrial production, and of addressing the humanitarian crisis.

The social economy can help. But it is obviously not able to act as an engine of recovery on its own and without the support of an astute 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, particularly since basic institutional supports are still lacking. The building of these institutions is crucial. This is true whether a new government succeeds in re-negotiating the debt and its relations to its European counterparts, and even more so if it does not.

[...] Greece can learn from the wealth of experience that has already been accumulated in other countries [...]. It can learn from the experience of others. For example:

In the region of Emilia Romagna in Italy, the principles of co-operation and mutual help are the reason why its small and medium enterprises have been able to flourish in a global marketplace. It is among the top ten performing economic regions in Europe. Italy's 40,000 social co-ops have succeeded in remaking and expanding social care in that country while working in close partnership with local municipalities. They employ over 280,000 people.

In Argentina, following an economic crisis in 2001 that was almost identical to what Greece faces now, over 300 abandoned factories were taken over by their workers to

restart production. Nearly all are still in operation. Schools, day cares, clinics, libraries, and community centres were also taken over and run by the people who use them. Even in Cuba, the archetype of state socialism, the government is supporting the growth of autonomous co-operatives to breath new life into its agricultural sector and to stimulate the growth of new enterprises and new services.

The reform of government is a central theme in this movement. In Brazil, Columbia, Spain, Italy, and a growing list of countries and cities around the globe, participatory budgeting, shared policy making, and civilian monitoring of budgets and public programs is a key role that the social economy is playing in reforming the way in which governments operate - making them more transparent, more accountable, more democratic, and more responsive to the real needs of citizens.

[...] 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. [...] How tragic and shortsighted therefore, that the policies and prescriptions of Greece's masters, its servile political class and the European powers that have supported it, are destroying the very institutions that are most needed to reform and remake Greece - its public and civil institutions. This is not accidental - the regrettable casualties of austerity. Their destruction is precisely the aim of austerity. [...]

Thankfully the models and the ideas already exist for a viable alternative, for a co-operative political economy in which capital serves the common good instead of the other way round. The time has come for a convergence of movements to unite around a common agenda for a political economy of the common good. The dynamics of such a movement have begun in the rise of Syriza, in the success of Podemos, in the growing resistance in Portugal, Italy, Ireland, and yes, even in Germany. Austerity is fueling a new radicalism. [...] What our radicalism needs is both a vision for a new political economy, and the political movement to implement it. [...]

I would like to finish my talk by reflecting on the origins of democracy.

Everyone knows that democracy was invented by the Greeks in ancient Athens. But not everyone knows the relation of debt to the origins of democracy. In the 6th Century BC, debt slavery had become the condition for many poor Athenians who had to use themselves as collateral for the credit they needed to survive and to work their small farms. These unpayable debts had been incurred to wealthy landowners and the oligarchy that ruled Athens at that time. Over time, unable to pay their debts, many small farmers became debt slaves, having sold themselves and their children into bondage.

But then the people rose up. A series of debtor revolts in Athens threatened the city with revolution. Fearful for their wealth and power in the face of this revolt, the oligarchs appointed Solon to devise a new constitution for the city. Among the most important of Solon's laws were the cancellation of all debts, the abolition of the practice whereby a person can become a slave, and the granting of political rights to the poorest of Athens' citizens. This was the beginning of democracy.

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 in Europe today. And just as in ancient Athens, what is needed for a rebirth of democracy today is a new form of debtor's 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 centres of capital abroad. [...]