## The potential of heterodox economic spaces and of commons regimes in a no-growth economy

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1. Introduction

The times we live in are characterised by ever-more rapid changes in many areas, including social and environmenal changes fuelling a shift in the prevailing paradigm. An accompanying phenomenon is a plurality of views and preanalytical visions as the paradigm shifts, leading to a lack of shared values and ensuing misunderstandings among those with opposing or diverging values and interpretations of the world.

A case-in-point is the Call for papers for the 16th Conference of the Association for

Heterodox Economics in Greenwich, London (2014), for which this paper is written. The call is for papers on "The Triple Crisis of Finance, Development and Environment" and the organisers expect the conference to address "integrated solutions", such as "the plea for a 'steady-state' economy, the development of the 'circular' economy or 'prosperity without growth'." At least two of these solutions involve an explicit rejection of economic growth. However, both the texts mentioned in the Call for papers, a recent address by labour leaders to the Davos forum and a speech by the managing director of the IMF, despite emphasising the magnitude of the crisis, continue to invoke economic growth as a policy target and indeed as a solution to the crisis they decry.

This paper rests on the assumption, supported by a growing body of literature (eg. Douthwaite 1992, Jackson 2009, Kallis 2011) that aggregate economic growth, entailing growing material and energy throughput, has either caused or exacerbated all of the issues of the triple crisis (which can be seen as multiple and argued to include other areas such as food and energy) and that being a cause it can hardly be a solution. At the same time, there are indications that the system is nearing the end of its tether: like it or not, the economy of stable economic growth may be a thing of the past due to the growing complexity and thus vulnerability of its manifold infrastuctures (Korowicz 2010) coupled with the fact that we are reaching limits in the availability of many key resources (Heinberg 2007)

If we accept the view that economic growth, for whatever reason, is not sustainable, we come to another quandary: growth may not be such a good idea, but we may have lost the power to regulate or end it. There is a seemingly unstoppable impetuus of current economic systems towards ever more production and growth, with the spectre of unemployment, economic recession and social disruption as their (ostentibly only) alternative.

Little attention has been paid so far to the causes of this inherent pressure to grow, and those who have disussed it remain for the most part outside academia. It has variously been called "the accumulation of capital"(Marx), the growth imperative" (Douthwaite 1992), the "lock-in" within the system(Korowicz 2010) or the "grow or

die syndrome" (Liegev et al. 2014: 22). The deeper causes of the growth imperative are complex and many and are beyond the scope of this paper. They include mutually interacting systemic processes involving automation (leading to job loss leading to calls for more growth) and the debt-based process of money-creation (leading to the money-must-grow syndrome as described by Hoogedijk 1991). For a sophisticated analysis see the work of Alan Schneiberg on the "treadmill of production" as described e.g. in Bell (2004: 53-64). This is linked to "treadmills of consumption" fuelled by advertising, belief in work as a virtue as well as by the inequality and environmental degradation which are systemically exacebrated by the production treadmill (Bell 2004:56, 63-65, see also Jackson 2009). An important factor of the growth imperative is the for-profit company (e.g. the private or public limited company,). The organisational structure and aims of such companies make them a central factor and actor of the production treadmill described above (Johanisova and Wolf 2012: 565). Seen from their vantage point, it is a struggle for survival that they must submit to despite its problematic social and environmental consequences. This is sometimes called "the race to the bottom" (Korten 1996). As Richard Douthwaite (1992: 18) has said: "It is not just that firms like growth because it makes them more profitable. They positively need it if they are to survive". In this paper we focus on existing enterprise types (and, in a wider sense, provisioning projects) that differ in their goals and structures from the typical only-forprofit, privately owned, one-share-one-vote company. This may render them less vulnerable to the "grow or die" vortex. For this and other reasons they may thus have a role to play in the needed transition to an economy where growth would cease to be an imperative.

## 2. Heterodox economic initiatives vs. social enterprise: different pre-analytical visions?

Pluralistic alternatives to the unimodal "firm" as conceptualised in mainstream economic textbooks have always existed and exist today, but they have aroused little interest within mainstream and heterodox economics. The topic,however, has been taken on in the last decades by some radical social geographers and sociologists. From a different perspective, much work has also been done on certain kinds of alternative to the mainstream, conceptualised as "social enterprise", by researchers with an interest in the Third sector and the social economy.

As regards social geography, the pre-analytical vision has been a predominantly neo-Marxian and postmodernist critique of mainstream economic thinking and of the current economic system conceptualised as capitalism (Leysholn et al. 2003, Williams 2005, Harvey 2000, Gibson-Graham 2008), Within the discipilne, there is an active search going on for "heterodox economic initiatives", "economic geographies produced by non-capitalist social relations", alternatives to a hegemonic "global capitalist economy", "alternative economic spaces", etc. (Leysholn et al. 2003:1,6). Many of the authors are keenly aware of current inequalities in power relations, including the power of neoliberal economic thinking to shape the world in its image. Although as a rule they do not see the environment as a primary issue, nor do they always take a clear position on economic growth, they are radically opposed to the current economic system and articulate the need for a different vision, which they feel they can support with their research (Gibson-Graham 2008). This research aims to show that there are or may be other economies (or "economic geographies") that are invisible to a scholar viewing the world throught the lens of mainstream economics. Such economies are not based upon capitalist social relations and the accumulation

of capital, but instead upon "for example"1, mutuality, ecological sustainability and social justice"(Leysholn et al. 2003:8). A similar pre-analytical vision including the radical rejection of the current economic system is apparent in a recent book and book chapter by a group of sociologists researching alternative economic practices in Catalonia (Conill et al. 2012a,b).

Scholars working within the social enterprise discourse, on the other hand, though they may not always be economists, often tend to write from a (not explicitly acknowledged) mainstream economic position (Borzaga and Defourny 2001, Borzaga et al. 2008)². They then tend to see the enterprises they research not as harbingers of a radical alternative economy, but as complements to mainstream enterprises within the existing system, mitigating poverty and inequality, offering a path to paid employment to the disadvantaged and enhancing economic growth that is implicitly seen as the tide that raises all boats. This influences both their definitions of social enterprise and the choice of social enterprises that they actually study. For example, they may exclude enterprises that lack a formal organisational structure or that do not aim for the formal employment of their members or co-workers, like some Catalan co-operatives that explicitly see themselves as alternatives to mainstream employment logics and pay their co-workers in local currencies. For more on the radical vs. mainstream dichotomy within the social enterprise discourse and its implications see Johanisova and Fraňková (2013:116-118).

There are other streams of thinking as well as difficult-to-pigeonhole individual authors (such as Cahn 2000 and Douthwaite 1996) that touch upon or even embrace heterodox economic spaces. While both the more mainstream literature on social enterprise and (to a certain extent) the radical social geographers (e.g. Gibson-Graham 2008: 614) tend to present the heterodox enterprises they study as something new,innovative and emerging, there is a literature on co-operatives going back to the 19th century, with co-operative enterprises themselves emerging in both rural and industrial European settings even earlier as an alternative to mainstream economic enterprise (see e.g.Hilson et al. 2012, Feierabend 1952). Similarly, traditional communal stewardship of ecosystems, often referred to as the commons, has been a prevailing form of direct provisioning for most of human history, and has increasingly been re-conceptualised from both a mainstream economic (Ostrom et al.1999, Bromley 1992) and a more radical political ecology perspective (Goldsmith et al. 1992. Robbins 2012:51-54) as a valid alternative to mainstream economic ownership logics, especially in global South countries (Johanisova et al. in print). Repeated allusions to heterodox economic practices such as communal gardens, cohousing and local currency systems as forming a part of the transition to a no-growth economy can be found in texts of the degrowth movement (e.g. Liegev et al. 2014). Similarly, Fraňková and Johanisova (2012)have identified a strong bias towards local money circulation and local individual and communal ownership in literature concerned with economic localisation.

There appears therefore to be a growing convergence of interest in alternatives to the mainstream economic model of the firm from various perspectives both within and without academia. However, these perspectives don't appear to include heterodox economics. In addition, the different streams of thought do not really

<sup>1</sup>The inverted commas around the word "for example", used by the authors in question, indicate my surprise at the reluctance with which they, though writing in a post-modern vein that rejects the objective-normative dichotomy in the sciences, reveal their own values.

<sup>2</sup>There are of course exceptions, such as Amin et al. (2002).

seem to be communicating with each other, which may be caused partly by their diverging and often unacknowledged preanalytical visions. It is also a pity that only a minority explicitly connect their discussion of alternative economic initiatives to deeper environmental concerns and to the impasse of the growth imperative and treadmills of production and consumption as discussed in the introduction. Drawing on our previous work, in the next section of this paper we will present several arguments to support our thesis that, even when unacknowledged by researchers and the actors themselves, many of the economic entities described above have qualities that can help them to avoid the growth imperative and function as an important factor in the transition to a sustainable, equitable and non-growing economy.

3. Heterodox economic initiatives as a bridge to a no-growth economy? For lack of a better expression, we will use the concept of "heterodox economic initiatives" as a blanket term encompassing existing economic entities that fulfill some economic function of production, exchange, safekeeping of capitals (such as valuable landraces of plants) or provisioning, but differ from mainstream enterprises in at least some of the aspects discussed below. Typical heterodox economic initiatives would be authentic co-operatives (i.e. co-operatives functioning according to the seven co-operative principles as agreed by the International Co-operative Alliance), social enterprises (defined by their limited distribution of profit, explicit commitment to other-than-profit goals, and communal ownership) and functioning commons regimes (here defined as local environmental resources held in communal ownership and used for provisioning ). However, many initiatives without a formal structure and many others not necessarily covered in the list above, such as local currency systems, village seed banks, occupied factories and some squats, mutual insurance societies, ethical banks, co-housing projects, traditional markets of local produce, community-supported agriculture schemes, etc., can also be seen as heterodox economic initiatives if they fulfill at least some of the criteria discussed below, despite a varying or non-existent formal structure<sup>3</sup>.

Democratic and localised ownership and governance patterns: As opposed to the mainstream enterprise, governed by non-elected management and espousing the one-euro-one-vote principle, many heterodox economic initiatives are owned communally and have a democratic decision-making model on the principle of onemember-one vote. This is typical especially for co-operatives and functioning commons regimes. From the perspective of escaping the growth imperative, this can mean that members and other stakeholders can have a say in the direction that the enterprise is going, making it potentially less vulnerable towards a one-sided emphasis on "maximizing returns on (potentially spurious) production, growth of production and scale of its operations" (Johanisova and Wolf 2012:565). When serving all its members and stakeholders rather than powerful management or shareholder groups, a consumer co-operative can, for example, make a decision to benefit its more vulnerable members even though this will mean less profit, by e.g. retaining and cross-subsidising a service such members need (such as a shop in a small village), even though it may not be financially profitable, or by supporting small local producers. As has been pointed out by Cato (2013:6) co-operative members may also not want their enterprise to grow due to concerns with accountability and commitment, both of which are likely to be weakened by growth beyond a certain

3In this section we draw on our former and ongoing empirical research of heterodox economic initiatives (e.g. Johanisova 2005) and on some more theoretial recent texts (Johanisova and Wolf 2012, Johanisova t al. 2013, Johanisova and Fraňkova 2013).

measure. Growth can then take the shape of networking or spinoffs (see also Johanisova and Fraňkova 2013, Johanisova 2005).

In addition, economic democracy (Johanisova and Wolf 2012) exists in co-operatives and commons regimes in the sense of emphasis on a just and regulated distribution of assets. In commons regimes access to land (eg for grazing) is in addition often regulated in order for the land to remain fruitful even for future generations (the goal is integenerational equity). In the case of co-operatives, there is very often a cap on the amount of capital shares any one member can own in the co-operative, limiting informal power and dependency within the organisation. There also tends to be an upper limit on the dividends one member can receive on his or her capital shares (provided the co-operative has made a profit and the profit is to be distributed to members). Instead, members who have actively engaged with the co-operative as consumers, workers, volunteers, etc., may get a share of the profit instead. In terms of the growth imperative, this mechanism puts a brake on accumulation of capital and re-distributes assets in a manner that is perceived as more just: investment of labour into the enterprise is seen as equal in value to investment of financial assets. A concern with justice and sharing of risks between producer and consumer is equally apparent in community-supported agriculture schemes, where the consumer gets less produce if the harvest had not been good (Cato 2013).

As mentioned in the introduction, the consumption treadmill is fuelled by unequal distribution and environmental degradation, therefore emphasis on equity, including direct access to environmental assets to satisfy real and vital needs (as enabled by the commons systems) can be expected to curb the thirst for consumption and thus to slow down the consumption treadmill.

Non-market production, exchange or provisioning patterns: Many heterodox economic projects operate partly or even wholly in the non-market economy. For example, commons regimes enable their members to satisfy their (basic) needs directly within the ecosystem (e.g. wood or stone for house construction, pasture and water for animals). In Catalonia, some alternative organisations (especially the Cooperativa Integral Catalana) aim to opt out of the mainstream economic system and build instead a parallel system, independent both of the economy and of the state and able to satisfy their members' basic needs. An important role is played here by communal (local) currencies (Johanisova and Fraňková 2013). In a less radical vein, as mentioned in the previous sub-section, a consumer co-operative can (and some have done so) decide to source from local producers and to positively discriminate small local suppliers in other ways, such as waiving of some payments and organising box-schemes. Other examples of non-market approaches within heterodox economic initiatives might be emphasis on fair price (to producers as well as consumers), sliding-scale fees for tuition, the rejection of built-in obsolescence or long-term relations of trust and reciprocity taking the place of going for the lowest price.

In the first two cases, the mainstream system with its reinforcing feedback loops of a "grow or die syndrome" (see introductory section) is sidestepped, providing a true alternative. <sup>4</sup> In the third case, the organisation implements non-market exchange patterns while financially remaining a part of the mainstream. This goes against the

<sup>4</sup>However, both approaches face risks. In the case of the commons, there is the neoliberal bias potraying the commons as inefficient and downplaying or denying its true goals of sustainability and equity (Johanisova et al. in print). In the case of the Catalan initiative wishing to opt-out of the system, there is the limitation of the local currencies and other concerns.

grain of the current systen and can be risky in terms of surviving financially in terms of the race to the bottom (see introductory section). However, to manage these risks, heterodox economic initiatives have developed coping strategies, including cross-subsidising, community markets and non-market capitals (see below).

Use of non-market capitals: As discussed more fully in Johanisova et al.(2013: 11-13) and based on work by Bruyn, we define non-market capitals as capitals (e.g.land, finance, workspace, knowledge) that are taken out of the market logic of profit maximisaton and provided or made accessible to heterodox economic initiatives at less-than-market rates, often by the local community or an umbrella group, in order to support the goals of equity and environmental sustainability. Examples might include shopspace provided at reduced rates by the local authority, accessible and cheap loans from an ethical banking institution, workspace in a business incubator or management or marketing expertise provided by an umbrella group to organisatons who are its members. Provision of non-market capitals, seen from a mainstream economic perspective, is a deformation of the fee market and should be minimised. From the perspective espoused by this paper, non-market capitals enable heterodox economic initiatives to avoid the treadmill of production and race to the bottom and still survive as viable economic entities. They are thus an important building-block of a sustainable degrowth economy (Johanisova et al. 2013). Another aspect is the issue of equitable distribution of capitals, such as land and workspaces, including support for commons regimes in global South countries. Access to capitals can give individuals more security and less dependence on salaried work, thus de-intensifying pressure on growth of the economy(Johanisova and Wolf 2012: 568).

Other-than-profit goals: Most heterodox initiatives explicitly express their goals as being primarily other than (just) profit. For example, the goal of authentic cooperatives is to serve their members (or another pre-defined stakeholder group), and this gives it a certain resilience vis a vis stadard market logic. A co-operative may thus continue to provide a certain service that is important to its members even though it may not be as profitable as some other options. It then serves real rather than spurious needs, reducing the call for more growth (Johanisova and Wolf 2012: 565). Similarly, there is the emphasis of funcioning commons on equity and permanence rather than on success in market terms, and social enterprises are partly defined by having a "triple bottom line" and usually explicitly state their other-than-profit goals in their founding documents.

In the case of co-operatives, two procedural aspects must be mentioned here that have a bearing on the growth imperative. As opposed to companies limited by shares, the equity shares of co-operative members can often be redeemed only at their face value (so-called "par-value shares"). In addition, the typical share of a co-operative member is not transferrable, i.e. he or she cannot directly sell it to someone else. This attracts members who are interested in the co-operative and its activities on a long-term basis—rather than those who wish

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on a long-term basis rather than those who wish to make an easy profit, and leads to less emphasis on the side of the co-operative on growth of the organisation, since growth will not lead to added share value.

Rootedness in place and time: As mentioned in the previous section, the organisational stucture of co-operatives including the fact that shares typically do not increase in value with time or growth of the organisation selects for members with a long-term commitment to a heterodox economic initiative. Many co-operatives thus have a predominantly local membership, rooting the organisation in one place. Serving the local community is indeed often an explicit goal with social enterprises and some types of co-operatives. Commons regimes, in addition, tend to be rooted in time as well since their goal is to safekeep a certain area in order to obtain their members' livelihoods from it indefinitely. Again, a concern for and focus on the local community goes against the grain of the mainstream economic discourse. It also goes against the goal of growth beyond a certain measure, where serving the local community wold no longer be practicable.

Community markets: Some heterodx economic initiatives have managed to secure "a community market" (Douthwaite 1996) for their products. This means they have customers who have themselves exited the market logic and buy their product not because it is cheapest, because they wish to support the local economy, buy fair trade or good quality products, etc. In this case the customer often steps out of the role of customer/consumer and seeks to take a more active role in the production proces. A case-in-point would be a community-supported-agriculture scheme, where consumers often become members and partners within the project, sharing the risks of a bad harvest with the farmer (s). An organisation that is able to at least partly access its own community market has a good chance of evading the "grow or die" syndrome and race to the bottom pressure, since it will not need to compete with other enterprises on the basis of price alone, but may count onlong-term loayalties.

## 4. Conclusions

We have tried to look at how heterodox economic initiatives ae conceptualised within different discourses and how they relate to the growth imperative and the degrowth imaginary more generally. Based on our previous work, we discussed several aspects of the functioning of heterodox economic initiatives in more detail from this perspective. One aspect not covered here, but deserving of more attention, is the topic of heterodox economic initiatives focused on savings and credit and their implications for the growth imperative. This text has been written in haste and has many imperfections, for which we apologise.

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