

**CO-OPERATIVE CAPITALISM –increasing prosperity for everyone,
more co-operation worldwide and a practical framework for a collective
goal of combatting climate change.**

Dedicated to my son Jamie, now 7yrs old and his friends,
and to children everywhere that they grow into a more co-operative
world and are free to enjoy the wonders of this creation.

CO-OPERATIVE CAPITALISM

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CO-OPERATIVE CAPITALISM

Introduction

The 'All Blacks' are the national rugby team of New Zealand. They are the top ranked national team of over one hundred rugby playing nations.

In 2015 the All Blacks won the World Cup, backing up their win in the previous (2011) World Cup. A British journalist questioned the All Blacks coach Steve Hansen on how he had managed to create such a winning teamwork culture both on and off the field. Steve Hansen replied "Actually a lot of it is just common sense, but then, he commented..... common sense should not be called common sense because these days it is not that common".

A tax innovation is proposed creating an employment framework that realises both the benefits of free enterprise and wealth creation for entrepreneurs and also the productivity and social benefits of co-operative endeavours. It is common sense to explore such a proposed innovation. This websites 'Summary' pages encapsulate the key points of the tax innovation and the benefits.

Read on.

In-Depth Proposal

This paper explores the evidence for, and the practicality of, an innovation to remuneration tax which will be conducive to creating an 'era of co-operation'.

I realise that to propose the possibility of an 'era of co-operation' will be seen as an overly optimistic and grandiose objective. However, on seeing a window of opportunity, it is worthwhile exploring that possibility. The proposal draws on the research findings on human motivation and beneficial social frameworks.

We are living in increasingly uncertain times. There are currently, according to website¹ 65 countries involved in wars, with a total of 638 conflicts of militias-guerrillas and separatist groups involved. We have the spreading threat of terrorism. We have millions of children living in poverty, increasing numbers of refugees (boat people) and abhorrent persecutions and genocide. We are recovering from a global financial crisis. Some commentators are questioning the practicality of Capitalism, as we know it, as a sustainable business model for mankind's future. Research shows that increasingly unequal societies are less socially healthy. International corporates, with the connivance of 'professionals', have sequestered tens of billions of dollars in tax havens. The 'trickle down theory' of the Thatcher-Regan era has been discredited. There is the increasingly pressing concern of global warming, an issue that impacts on all of us. Furthermore, political leaders and policy makers appear to be stuck in an

impasse of just how to address some of these issues. An impasse, by its nature, blocks progress and frustrates hope.

These are not only uncertain times but challenging times. There is a groundswell movement for transformative systemic change to the capitalist business model to democratize the ownership of businesses, e.g. 'The Next System'² movement in the USA, championed by Guy Alpervitz and Gus Speth, proposing another economy, one built from the ground up by democratically owned organizations like cooperatives, community land trusts, and municipal institutions.

The Swedish documentary 'Can We Do It Ourselves'³ is questioning why we have democracy in our politics but we do not have democratic businesses. Economic democracy means that the participants in economic institutions (e.g. factories, stores and universities) decide on the policy of their institution.

Proposing an 'era of co-operation' from these uncertain times, as mentioned, will be seen as an overly optimistic and grandiose objective, but when you have the conviction that an idea is actually feasible, what else but to persevere. My objective is to show that having a co-operative culture in workplaces throughout the world is not only possible, but the social benefits are beyond quantifying, and the tax idea is not a rejection of capitalism but a supplement to capitalism. I will show that the concept of 'co-operative capitalism' is based on motivational and social benefit research findings and could be applied universally.

My grounding for proposing a framework that encourages a co-operative culture is that I have worked in over 30 types of employment, in companies comprising three and up to thousands of employees and also self-employment. I have been part of highly productive, innovative teams within non-profit and profit-making organisations. This background has shown me that collective co-operative endeavours are productive and have additional social benefits. The paper does not attempt to meet an academic rigorous examination and is more of an autoethnographic approach. I have the conviction that the ideas expressed here are the 'bones of something good' and are worth exploring. Furthermore I am the father of a seven year old boy and I have real concern for his generation and the environment we bequeath to them, their future quality of life and ability to enjoy this amazing creation.

Proposal

At the outset, this concept is not proposing a different business model to capitalism but rather a refinement to capitalism. The tax innovation is constructive rather than punitive and the first ten paragraphs of the 'Summary' page have captured the essence of the proposal.

Free market capitalism has created developments that have been enormously beneficial to the living standards of mankind. The fact that some people are more creative, inventive, industrious, tenacious, risk averse or more philanthropic has benefitted living standards in countless ways.

To quote Daniel Pink in his book ‘Drive’⁴

‘Let me give a rousing, heartfelt and grateful cheer for these capitalist business forms and the far-sighted countries that enable their citizens to create them. Without them, our lives would be infinitely less prosperous, less healthy, and less happy.’

There is a growing movement for transformative change to replace capitalism with democratic business models. This paper does not suggest that capitalism has reached a threshold that requires new business models, but rather suggests a tax innovation to create co-operative capitalism. Co-operative capitalism retains free enterprise and the potential of wealth creation for entrepreneurs. We can acknowledge and admire existing co-operatives and other co-operative culture business models for their productivity and wider social benefit. Worldwide, however, the elephant in the lounge is the multiplicity of owner/shareholder traditional capitalist businesses, and how we can include them in the fold of an ‘era of co-operation’. There is a window of opportunity to initiate a remuneration framework starting in third world and emerging economies. Progressively, traditional capitalism will evolve as businesses, shareholders and employees realise the benefits and improvements of co-operative capitalism, eventually leading to an ‘era of co-operation’. The benefits arising from this will not be ‘trickle down’ but upwardly and outwardly growing giving us wide-ranging social and economic benefits. Furthermore the tax framework to achieve this is comparatively simple.

We know that innovations that are readily understood, readily implemented and are ‘right’ in their motivation have a higher probability of acceptance. The concept behind our tax idea is supported in recent years by the following research findings regarding human motivation and beneficial social frameworks.

Research Findings on Motivation

Daniel Pink’s book ‘Drive’ - an international bestseller, looks into research findings on human motivation, the science of motivation and particularly the dynamics of extrinsic and intrinsic motivators.

To summarise Pink’s findings the most effective human motivators are:

Autonomy – Our desire to be self directed

Mastery – Our urge to get better and better at what we do.

Purpose – Our yearning to be part of something larger than ourselves.

The importance of ‘purpose’ as a motivator has proven itself repeatedly, and its power has changed the course of history. The significance and power of this latter research finding has not been fully grasped and utilised by economic and social policy makers in our modern times. In contrast the push for deregulation and unfettered markets that drove the

establishment of neo-liberal capitalism in the early nineties facilitated extremes of greed and self serving, often resulting in the wanton disregard for the welfare of others. Whilst deregulation has been hugely beneficial to a minority, millions have suffered the consequences, particularly from the global financial crisis.

From Daniel Pink's book Drive

'The research shows that the secret to high performance isn't our biological (survival) drive or our seeking-reward-and-avoiding-punishment (carrot and stick) drive (which has been essential to economic progress around the world for the past two centuries), but our third drive - our deep-seated desire to direct our own lives, to extend and expand our abilities and to live a life of purpose, to have a purpose greater than ourselves.'

Economic theory is traditionally based on the assumption that human behaviour could be explained largely by an inherent tendency to maximise self-interest, and yet we have evolved successfully by being collaborative.

Furthermore, research findings on motivation have shown that being part of something larger than ourselves is an even more effective motivator than self-interest.

Daniel Pink comments –

'This is one of the most robust findings in social science – and also one of the most ignored. Despite the work of a few skilled and passionate popularisers – in particular, Alfie Kohn, whose prescient 1993 book "Punished by Rewards", lays out a devastating indictment of extrinsic incentives – and yet we persist in trying to motivate people this way.' This indictment is highlighted by numerous reports of high levels of employee disengagement within workplaces. Employee disengagement within workplaces and the absence of feeling part of a common goal can contribute to dis-ease in individual lives which can manifest as disease and an avoidable burden on our health budget.

'Motivational research findings are highlighting the mismatch between what science knows and what business does. Our basic nature is to be curious and self-directed i.e. autonomous. The opposite of autonomy is control. Control leads to compliance; autonomy leads to engagement. And this distinction leads to the second element – mastery, the desire to get better and better at something that matters. Autonomous people working toward mastery perform at very high levels. The most deeply motivated people, however, not to mention those who are most productive and satisfied, hitch their desires to a cause larger than themselves.'

With purpose as motivator productivity, worker engagement, and work satisfaction go up while personnel turnover goes down. The traditional rewards, using money as a motivator are not always as effective as we think. On the contrary, intrinsic motivators are much stronger and more efficient, and should be used as the foundation of how we run our businesses.

‘The capitalist world is at an evolutionary turning point. Maybe the old carrot and stick approach can be replaced with a collaborative co-operative capitalism which still encourages entrepreneurs and wealth creation.’

Daniel Pink suggests that maybe we can change the world.

‘It's in our nature to seek purpose. But that nature is now being revealed and expressed on a scale that is demographically unprecedented and, until recently, scarcely imaginable. The consequences could rejuvenate our business and remake our world.’

From the moment that human beings first stared into the sky, contemplated their place in the universe and tried to create something that bettered the world and outlasted their lives, we have been purpose seekers. Psychologist Mihaly Csikszentmihaly⁵ stated in an interview ‘Purpose provides activation energy for living. I think that evolution has had a hand in selecting people who had a sense of doing something beyond themselves.’

‘As an emotional catalyst, wealth maximization lacks the power to fully mobilize human energies,’ says strategy guru Gary Hamel⁶. Those staggering levels of worker disengagement in the United States and other OECD countries have a companion trend that companies are only starting to recognise: an equally sharp rise in volunteerism, especially in the United States. One example is the massive growth in software and information systems now widely used throughout the world on the internet that have been created voluntarily and continue to grow only on donations. When people get the opportunity to contribute to the common good they often do so beyond expectation. These diverging lines – compensated engagement going down, uncompensated effort going up – suggest that volunteer work is nourishing people in ways that paid work simply is not. Many psychologists and economists have found that the correlation between money and happiness is weak – that past a certain (and quite modest) level, a larger pile of cash does not bring people a higher level of satisfaction.

Daniel Pink’s book ‘Drive’ describes motivational research findings as robust. These findings particularly the finding that people are most highly motivated by being part of something larger than themselves, are surely of immense significance to workplace engagement and productivity.

A quote from Tim Flannery’s book ‘Here On Earth’⁷ has relevance here:

‘If competition is evolution’s motive force, then the co-operative world is its legacy. And legacies are important for they can endure long after the force that created them.’

Research Findings on Beneficial Social Frameworks

From Richard Wilkinson and Kate Pickett’s book *The Spirit Level*⁸

‘People’s sense of identity used to be embedded in the community to which they belonged, in people’s real knowledge of each other. Now, in increasingly mobile and fast changing times, it is cast adrift in the anonymity of mass society. Familiar faces have been replaced by a constant flux of strangers. People used to grow up knowing, and being known by, many of the same people all their lives. Although geographical mobility has been increasing for several generations, the last half century has seen a particularly rapid rise. At the beginning of this period it was still common for people – in rural and urban areas alike – never to have travelled much beyond the boundaries of their immediate city or village community. Married brothers and sisters, parents and grandparents, tended to remain living nearby and the community consisted of people who had often known each other for much of their lives. But now that so many people move from where they grew up, knowledge of neighbours tends to be superficial or non-existent. As a result, who we are, identity itself is endlessly open to question.’

‘It is a remarkable paradox that at the pinnacle of human material and technological achievement, we find ourselves anxiety ridden, prone to depression, worried about how others see us, unsure of our friendships, driven to consume, with little or no community life, and an alienated sense of not being part of a larger purpose. Lacking the relaxed social contact and emotional satisfaction we all need, we seek comfort in over-eating, obsessive shopping and spending, or becoming prey to excessive alcohol, psychoactive medicines and illegal drugs.’

For most of the employed population it is at work that they interact most closely with people other than family and have the potential to feel part of a community.

At work there is the potential for people to find a nucleus of friendships and to feel valued. This potential is usually undermined by the hierarchical stratification of people into various gradations of order-givers and order-takers, which ensure that employees act not as a community, but as property, brought together and used to earn a return on other people’s capital.

‘A very important source of the close social integration in an egalitarian community is the sense of self-realisation that we can get when we successfully meet other’s needs. This is often seen as a mysterious quality, almost as if it were above explanation. It comes of course from our need to feel valued by others. We gain a sense of being valued when we do things which others appreciate. The best way of ensuring that we remain included in the hunting and gathering group and reducing the risk of being cast out, ostracised and preyed upon, was to do things which people appreciated. A sense of self-worth comes less from status but from mutual interdependence and co-operation, in which each person’s security depends on the quality of their relationship with others. Rather than the overt pursuit of material self-interest, affiliative strategies depend on mutuality, reciprocity and the capacity for empathy and emotional bonding.’

‘Experiments have shown how the sense of co-operation stimulates the reward centres in the brain. The experience of mutual co-operation, even in the absence of face-to-face contact or

real communication, reliably leads to a stimulation of the reward centres. The researchers suggested that the neural reward networks serve to encourage reciprocity and mutuality while resisting the temptation to act selfishly.’

‘Many people are seriously worried about the multiple signs of social failure in our societies and search for explanations. Long before the financial crisis which gathered pace in the later part of 2008, British politicians commenting on the decline of community or the rise of various forms of anti-social behaviour, would sometimes refer to our ‘broken society’. The global financial collapse shifted attention to the broken economy, and while the broken society was sometimes blamed on the behaviour of the poor, the broken economy was widely attributed to the rich. Stimulated by the prospect of ever bigger salaries and bonuses, those in charge of some of the most trusted financial institutions threw caution to the wind and built houses of cards which could stand only within the protection of a thin speculative bubble.’

David Erdal⁹, former chair of the Tullis Russel Group and Director of the Baxi Partnership, once studied the effects of co-operative employment on the communities in which they were situated. He compared three towns in northern Italy: Imola, which has 25 per cent of its workforce employed in co-operatives, Faenza, where 16 per cent work in co-operatives, and Sassuolo where there are no co-operatives. On the basis of a rather small survey and low response rates he concluded that health, crime and social participation were all better in the towns with a larger percentage of the population employed in co-operatives.

Benefits of Co-operation

Almost everyone, regardless of their politics, would prefer to live in a safer and more friendly society. Everyone will agree that a good society would have fewer of all health and social problems. The wider social benefits, whilst not readily quantifiable, will be in lower levels of mental health illness, criminal activity, medication and illegal drug use, obesity, increased community involvement, less alienation, increased voluntary endeavours and, significantly, more hope, pride and happiness.

Our need to feel valued and capable means that we appreciate positive feedback. Just how corrosive is alienation in our modern societies – that sense of having no contribution to the common good?

Commentary from the Swedish documentary 'Can We Do It Ourselves' -

'One thing attractive about a co-operative workplace culture, worker co-ops in particular, is the emerging social capital. They have a raft of social benefits which we are just learning how to talk about ,.....people involved in co-operative workplaces – learn how to work with other people, be a leader when you need to be a leader but stand back when somebody else can be a leader. So what we are finding out is that people who can be involved in co-ops also tend to be much more involved with their communities. They take on other leadership roles maybe on a board or some other local organization, maybe participate in a credit union, they might if they are a parent be more involved with a parent organisation, they might get more socially involved, they get used to speaking up, they get used to the transparency in the co-op and they get to expect that in the rest of their lives.'

Trust

Trust is of course an important ingredient in any society, but it becomes essential in modern developed societies with a high degree of interdependence.

Both Robert Putnam¹⁰ and Eric Uslaner¹¹ make the point that trust leads to co-operation. Uslaner shows that, in the USA, people who trust others are more likely to donate time and money to helping other people. 'Trusters' also tend to believe in a common culture, that America is held together by shared values and that everybody should be treated with respect and tolerance, furthermore, they are also supportive of the legal order.

Trust affects the wellbeing of individuals, as well as the wellbeing of civic society. High levels of trust mean that people feel secure, they have less to worry about, and they see others as co-operative rather than competitive. A number of convincing studies in the USA have linked trust to health - people with high levels of trust live longer. In fact, people who trust others benefit from living in communities with generally high levels of trust, whereas people who are less trusting of others fare worse in such neighbourhoods.

Shared Vision

'For several decades progressive politics have been seriously weakened by the lack of any concept of a better society. People have argued for piecemeal improvements in different areas of life, campaigned against new environmental threats or for better treatment of asylum seekers, and have demonstrated against military interventions. But nowhere is there a popular movement capable of inspiring people with a vision of how to make society a substantially better place to live for the vast majority. Without that vision politics will rarely provoke more than a yawn.' The Spirit Level – Richard Wilkinson and Kate Pickett

'Mainstream politics no longer taps into these issues and has abandoned the attempt to provide a shared vision capable of inspiring us to create a better society. As voters, we have

lost sight of any collective belief that society could be different. Instead of a better society, the only thing almost everyone strives for is to better their own position - as individuals - within society.'

'Having come to the end of what higher material living standards can offer us, we are the first generation to have to find other ways of improving our real quality of life.'

Stress

'Given the unprecedented material comfort and physical convenience of modern societies, it might seem sensible to be sceptical of the way everyone talks of stress, as if life was barely survivable. However, Jean Twenge, a psychologist at San Diego University, has put together impressive evidence that we really are much more anxious than we used to be. By reviewing the large number of studies of anxiety levels in the population carried out at different dates, she has documented very clear trends. She found 269 broadly comparable studies measuring anxiety levels in the USA at various times between 1952 and 1993. Together the surveys covered over 52,000 individuals. What they showed was a continuous upward trend throughout this forty-year period. The rising trend across so many studies is unmistakable. Whether she looked at college students or children, Twenge always found the same.'

'Low social status, lack of friends and stress in early life all have been shown to be seriously detrimental to stress and subsequently to health and longevity.'

'Much the most plausible interpretation of why these keep cropping up as markers for stress in modern societies is that they all affect – or reflect – the extent to which we do or do not feel alienated or at ease and confident with each other. Insecurities which can come from a stressful early life have some similarities with the insecurities which can come from low social status, and each can exacerbate the effects of the other. Friendship has a protective effect because we feel more secure and at ease with friends. Friends make you feel appreciated, they find you good company, enjoy your conversation – they like you.'

Interestingly studies of life expectancy of civilians in Britain during the two World War decades were twice those seen throughout the rest of the twentieth century. In those decades, life expectancy increased between 6 and 7 years for men and women, whereas in the decades before, between and after, life expectancy increased by between 1 and 4 years. Although the nation's nutritional status improved with rationing in the Second World War, this was not true for the First World War, and material living standards declined during both wars. However, both wartimes were characterised by full employment and considerably narrower income differences – the result of deliberate government policies to promote co-operation with the war effort. During the Second World War, for example, working class incomes rose by 9 per cent, while incomes of the middle class fell by 7 per cent; rates of relative poverty were halved. The resulting sense of camaraderie and social cohesion not only led to better

health – crime rates fell.

No man is an island, entire of itself, every man is a piece of the continent, a part of the main.
John Dunne, Meditation XVII

So we have social strategies to deal with very different kinds of social organisation. At one extreme, dominance hierarchies are about self-advancement and status competition. Individuals have to be self-reliant, and other people are encountered mainly as rivals for food and mates. At the other extreme is mutual interdependence and co-operation, in which each person's security depends on the quality of their relationship with others, and a sense of self-worth comes less from status than from the contribution made to the wellbeing of others. Rather than the overt pursuit of material self-interest, affiliative strategies depend on mutuality, reciprocity and the capacity for empathy and emotional bonding.

Existing Co-operative Business Models

Existing co-operatives and employee buy-outs may have originated either through a founding initiative, or as a response to desperate circumstances in which traditional systems of ownership and management have failed. Employees have used them to avoid closures and unemployment in the most difficult market circumstances. Even then they have sometimes succeeded beyond expectations – as did Tower Colliery in South Wales when, in 1995, miners used their redundancy money to buy the pit and ran it successfully until the coal was worked out thirteen years later. Many fully employee-owned companies have a proud record. Examples include, or have included, the London Symphony Orchestra, Carl Zeiss, United Airlines, Gore-Tex, the Polaroid Corporation, and the John Lewis Partnership (one of Britain's most successful retailers with 68,000 employee-partners and annual sales of 6.4 billion pounds). In the USA, among the largest majority employee-owned companies are Publix Supermarkets, Hy-vee Supermarkets, Science Applications International (SAIC), the international engineering and construction company CH2M Hill and Tribune which among other media operations, publishes the Los Angeles Times and Chicago Tribune. These companies average 55,000 employees each.

Encouragingly, the United Nations General Assembly declared 2012 as the International Year of Cooperatives, highlighting the contribution of cooperatives to socio-economic development, particularly their impact on poverty reduction, employment generation and social integration.

With the theme "**Cooperative Enterprises Build a Better World**", the International Year of Cooperatives had three main objectives:

- 1. Increase awareness:**

increase public awareness about cooperatives and their contributions to socio-economic development and the [achievement](#) 🏆 of the Millennium Development Goals

2. **Promote growth:**

Promote the formation and growth of co-operatives among individuals and [institutions](#) to address common economic needs and for socio-economic empowerment

3. **Establish [appropriate](#) policies:**

Encourage Governments and regulatory bodies to establish policies, laws and [regulation](#) conducive to co-operative formation and growth.

By raising awareness about cooperatives, the Year will help to encourage support and development of cooperative enterprises by individuals and their communities.

According to the UN, nearly one billion people worldwide are co-op member-owners, that's one in five adults over 15, and the co-op is expected to be the world's fastest growing [business model](#) by 2025. Worker-owned cooperatives provide for equitable distribution of wealth and genuine connection to the workplace, two key components of a sustainable economy.

UN Secretary General Ban-Ki Moon calls cooperatives “a unique and invaluable presence in today's world. Cooperatives are a reminder to the international community that it is possible to pursue both economic viability and social responsibility.”

There are different types of co-operative culture business models in operation and they are covered in more detail in **APPENDIX B**.

Capitalism

Bo Rothstein ¹²- commented in the Swedish documentary ‘Can We Do It Ourselves’:

‘Today's capitalism is very different to how it used to be back in the day. Back then there were hard working individuals who owned the capital, had the skills, the initiative and the abilities, and who also helped to run the business. Today for example, more than 80% of the Swedish stock exchange is owned by investment funds, pension funds and so on. They lack the interest, ability or control of production and they do not really care. No doubt there are similar statistics on other share markets.’

‘There is a difference between how capitalism is marketed and how capitalism actually works. It is marketed with these models ... the idea of the free market, the choosing consumer and the idea that the consumer is ultimately in charge. In reality, however, many corporations strive for monopoly. Many corporations want exclusive power over the market and will do

whatever it takes to get that power, sometimes Governments stupidly give it to them. Historically, striving for that power has led to war, plundering and colonialism. Today corporations try to manipulate governments to enforce particular rules that suit certain interests, and thus invest heavily in persuasive lobbying. Advertisement is another way and also buying up competing companies taking them out of the market. The free market can be a means for certain capitalists to take over the market in order to abolish the free market because they want monopoly power.'

'Businesses work really hard not to have competition and free markets. The really big money is to be made in markets that are not free, that are not competitive. This is the single idea that we really have to understand. Free markets and competition are really good things but businesses will move heaven and earth not to have to operate in such environments.'

'Power becomes the dominating principle not efficiency, not social well-being, not environmental concern for our planet, and not life fulfilment for individuals.'

Global Corporates

According to the United Nations Conference on Trade and Development (UNCTAD), numerous corporations are now bigger than many nation states. Some measures suggest that half of the world's largest economies are multinational global corporates, and that General Motors is bigger than Denmark, that DaimlerChrysler is bigger than Poland; Royal Dutch /Shell bigger than Venezuela, and Sony bigger than Pakistan. We are informed that some corporations use professionally conspired mechanisms to sequester massive profits in tax havens, thereby avoiding company tax.

Bo Rothstein - commented again on the Swedish documentary 'Can We Do It Ourselves':

'Like the aristocratic ownership of huge tracts of land, which in 1791 Tom Paine attacked in his book 'The Rights Of Man', these productive assets remain effectively in the hands of a very few, very rich people, and make our claims to real democracy look pretty thin. In Tom Paine's lifetime the capitalist system was in its infancy. As an advocate of equality and democracy, he focused his attack on the landed aristocracy, the nobility, the monarchy, and on their ownership of huge swathes of land. He seems to have assumed that the market system, then involving mainly small traders and craftsmen, would remain small-scale, fairly egalitarian, and so compatible with democracy. Had he foreseen how the development of huge multinational corporations would surpass the concentrations of wealth and undemocratic power of his day, he would surely have included them in his sights. The classical figure John Stuart Mill, a leader of classical liberalism, took it for granted that the workplace would be under the control of the people that worked there. Go back further to Adam Smith (or David Hulme), they argued that a fundamental feature of human nature is sympathy for others. He also took for granted along with other classical liberals that a society should be designed so that it provides the most extensive possible support for the fulfilment of individual capacities. The creation of opportunities for people to live their creative and fulfilling lives, and so on, and I think if you trended it – if you go beyond what they were

talking about and asked what sort of society they envisaged. I think it is quite consistent with the conclusion that Mill drew explicitly – a kind of economic democracy’.

The failed experiment with state ownership in the centrally planned economies of the former Soviet Union and Eastern Europe was intended, among other things, to provide a solution to the problem of the growing concentration of productive power in private hands. But concentrating that power into the hands of the state was not only hugely inefficient, but invited corruption and led to the denial of basic human freedoms and harmed public life. That failure seems to have made us feel there are no workable alternatives to the standard capitalist model and prevented us from thinking creatively about other more democratic and egalitarian methods. We blinker ourselves to the fact that there are lots of alternatives, many of which are already part of our lives and flourishing all around us.

There is no alternative (shortened as TINA) was a slogan often used by the Conservative British Prime Minister Margaret Thatcher. In economics, politics, and political economy, it has come to mean that ‘there is no alternative’ to economic liberalism – that free markets, free trade, and capitalist globalisation are the best or the only way for modern societies to develop. It is sad that such an influential person in the world should make such a strong pronouncement, which may well have contributed to the damaging Global Financial Crisis in 2008 and the ensuing detrimental effect on millions of lives.

The neoliberal campaign of the 1990’s was very successful in removing most constraints on the operations of capitalism, allowing for less regulated more predatory, more extractive capitalism.

‘Turning corporations loose and letting the profit motive run amok is not a prescription for a more liveable world’Tom Scholz¹³, interview with the Sierra Club.

As stated earlier, this paper is not proposing a different business model to capitalism but rather a refinement to capitalism, a tax innovation that is constructive rather than punitive, to create a co-operative capitalism.

Given the ‘motivational’, ‘social’ and co-operation benefit research findings how can we bring these together to make an ‘era of co-operation’ a realistic goal? How do we achieve a co-operative culture in workplaces whilst also retaining the positive aspects of free enterprise and the potential of wealth creation for entrepreneurs? How can we create an employment framework that builds trust and that sense of willing co-operative effort?

We need a framework that provides a common bond, a focal point in which all employees participate equally.

It is suggested that the common bond be called the **UNCCP (United Nation’s Co-operative Capitalism Project)**. The acronym UNCCP has been suggested to reinforce that this innovative tax framework has universal application. The annual payments could simply be called 'co-operating payment' or within any country a label that is unique to that country e.g. within New Zealand the Maori word 'Kotahi' loosely translates to teamwork or co-operating together as one. Therefore, here in NZ, 'Kotahi Payment' is a possible label.

Co-operative Capitalism

All employees qualify for UNCCP Payments equally. This becomes a common bond for all employees throughout an enterprise from CEO down. The transparency of its application is one facet of building enterprise wide trust and co-operation.

The important differing aspect of an UNCCP payment is that it is not an individual performance bonus; it is a cooperative culture common bond – the cement that binds the co-operative team together. Employees are respected as co-partners in success and all employees participate in the benefits of success in an equitable manner. In these co-operative workplaces performance related remuneration will be reflected in an employee's contracted or baseline remuneration although the possibility of some employees being on performance bonuses (e.g. sales targets being met) can coexist with UNCCPP's.

Another innovative aspect is that UNCCP annual payments are recorded separately from normal remuneration on the employee's tax return and these UNCCP payments have a fixed low tax rate (possibly 5% less than the lowest tax rate) for all recipients, regardless of their normal remuneration tax level. This will not equate to lower tax revenue as there will be higher productivity and much improved enterprise performance and consequently more tax revenue .

Of course, the starting point for any discussion of motivation in the workplace is a simple fact of life: People have to earn a living. Salary, contract payments, some benefit, a few perks are what I call 'baseline rewards'. If someone's baseline rewards are not adequate or equitable, their focus will be on the unfairness of their situation and the anxiety of their circumstance. The result is neither the predictability of extrinsic motivation nor the weirdness of intrinsic motivation. You will get little motivation at all.

My life experience tells me that if people know they are respected and trusted, they live up to expectations. The laggards will cease to be part of the team and lose employment as a consequence of choosing not to be a collaborative team member.

Remuneration for qualifications, responsibilities, management and performance are already in place and additionally, all employees are qualifying equally for the UNCCP payments. This transparency of qualification criteria and ensuing benefits for all employees at this one level of the remuneration package, creates a culture where UNCCP payment prospects become a talking point throughout an enterprise from CEO to shop floor, and a real sense of being a 'part of' the co-operative team for enterprise success.

A Successful New Zealand Company

The national airline 'Air New Zealand' is a very highly regarded well managed company from both passenger and business perspectives. In 2001 the company was on its knees and saved from bankruptcy by the then Labour government.

No one can doubt the outstanding performance of Air New Zealand, from our own small domestic market, against tough international competition, since those times of imminent bankruptcy.

In 2017 once again Air New Zealand gave an equitable distribution of bonus (this year \$1700) to each of all 8500 employees who are not currently on an incentive scheme. I believe that Air New Zealand has given an equitable distribution of bonus to all employees on at least eight possibly nine occasions since the imminent bankruptcy of 2001.

It would be very interesting to measure the financial and social benefit of the co-operative culture that has become a feature of the company's operations. It is interesting also to see that the Auckland Airport company is now giving an equitable distribution of bonus to all employees.

Government has been the recipient of healthy growing dividends from their shareholding in Air New Zealand, therefore, why not encourage that management style in other businesses.

No better way to encourage that management style than to cater for a fixed low tax rate on the annual equitable bonus for ALL employees on Kotahi payments (Mahi Tahī payments, Team NZ payments, Co-operating payments - whatever they are to be called).

If, as suggested above, these payments are to be taxed at a fixed 15% for all employees, then government will be encouraging co-operation and teamwork. Government will also reap the benefit of higher productivity and more social cohesion, whilst retaining free enterprise.

This tax innovation, facilitating a co-operative workplace culture, is constructive rather than punitive.

Following Air New Zealand's management lead a NZ government may be the first to implement the low tax innovation and thereby be the catalyst for the growth of co-operative capitalism.

Benefits of a Common Bond

A common bond amongst all employees can create a co-operating culture within a workplace which will have the following potential benefits:-

- Elimination of the 'them' and 'us' negative attitude between management and other employees.....adversarial attitudes between management and employees will progressively be consigned to history.
- Reduction in the need for supervisory staff primarily employed to make sure that work is done
- Reduction in staff turnover and therefore a reduction in hiring, general procedures and staff training overhead
- Employees in their work will feel an increased responsibility to their work colleagues
- Decisions taken either by groups or individually will have more regard to the cost benefit for the enterprise
- Attitudes will arise that will foster engagement, creativity and enthusiasm within the enterprise
- More positive ideas from employees on how the operation can be improved
- Enterprises that have adopted the UNCCP initiative will attract and retain highly motivated employees who see a positive creative work environment as more fulfilling and a necessary work benefit
- Less pilfering of company property or stock
- Employees drawing attention to potential production problems before they eventuate
- Reduction of the abuse of company property, vehicles, facilities etc
- Employees will be generally more inclined to promote their employing enterprise
- A willingness by employees to put in the extra time in situations where it will be of benefit to the company (meeting delivery deadlines etc)
- A reduction in absenteeism and sick days (as it is suspected that many sick days arise from a negative work attitude)

- A team approach amongst employees may see a reduction in accident rates
- A reduction in non-work-related activity
- Elimination of unnecessary work
- Reduction in 'call backs' and replacements
- Shareholders are now investing in a company where the whole workforce is investing in themselves
- Employees can manage a crisis a lot better because of their flexibility.
- Management is accountable to the other employees - it will be far more challenging and satisfying to manage engaged synergetic colleagues than keeping a disengaged workforce compliant.
- The business will be quicker on its feet to adapt to new markets and changing trends and also in adapting to new imperatives e.g. global warming.
- An enlightened government can support the UNCCP initiative by allowing the lower tax rates on UNCCP payments. They can also encourage the move to co-operative culture enterprises by allowing for a marginally lower company tax for those enterprises that had registered to be UNCCP companies.
- Additionally there is the potential refinement of allowing a lower slightly UNCCP payment tax rate for any enterprise that could demonstrate a reduction in their carbon footprint during the year, thereby raising the awareness of a need for a collective effort to combat global warming.
- Reaffirm New Zealand's reputation as a politically innovative country.
- The success of their employing enterprise will be satisfying the significant human motivator – our yearning to be part of something larger than ourselves but, wider still, is the knowledge of contributing to an era of co-operation for mankind.
- There is no wider sense of purpose than playing our part in halting global warming and protecting this paradise planet for future generations.
- More socially enjoyable yet productive work environments

- It is very ironic that negative attitudes in a work situation can be more energy draining than getting in with a positive attitude and doing a reasonable day's work. The worker who has spent the day disengaged, avoiding work, trying not to be seen, being deceptive, being uncooperative, finishes the day feeling less satisfied and with less energy than the person with a positive attitude who has done a reasonable day's work. The former attitude is not doing the individual any good, nor the company's productivity and profit.

These summarise some of the economic benefits of a co-operative workplace culture and, as stated earlier, the ensuing wider social benefits are beyond quantifying.

All of the above savings will go straight to the bottom line of increased performance, and research findings are showing that for profit making enterprises average increases of 40% in profit can be anticipated. Mondragon co-operatives are **TWICE** as profitable as comparable Spanish firms and have the highest labour productivity in the country.

Non-profit making enterprises can operate within a UNCCP framework by employees achieving pre-determined performance goals.

Productivity improves, enterprise success occurs, individual pride, satisfaction and motivation increases. The social environment is more inclusive and healthy, individuals feel less alienated, the national health budget drops - mankind wins.

The UNCCP would be given a massive impetus if the Finance Minister of just one country would see the economic and social value of this readily implemented scheme and allow for UNCCP payments recorded separately on tax returns at a fixed lower tax rate as an option for enlightened enterprises.

And again in a London Financial Times article by Brian Groom following the global financial crisis in 2008.....'Companies that learn how to make the most of their human capital are likely to be the winners. There is no greater challenge facing the corporate world than the need to unlock the productive power of people' ... 'It will be the employers that best harness the skills of their employees that will succeed'.

Climate Change.

John Kerry 'USA Secretary of State'

'Ninety seven per cent of peer reviewed climate studies confirm that climate change is happening and that human activity is largely responsible. That is a dramatic statement of fact

that no one of good conscience has a right to ignore.

Future generations will judge our effort not just as a political thing but as a collective moral failure of historic consequences. They will want to know how world leaders could possibly have been so blind or so ignorant or so ideological or so dysfunctional, frankly so stubborn that we failed to act on knowledge that was confirmed by so many scientists and so many studies over such a long period of time, documented by so much evidence.

John Kerry argues against the thought that people cannot afford to cut back carbon dioxide emissions by saying that we cannot afford not to. The stakes have never been higher, if we fail future generations will not and should not forgive those who ignore this moment, no matter their reasoning.’

In this age of climate change, Naomi Klein¹⁴ in her book ‘This Changes Everything’¹⁵ argues that - ‘a system based on ever-expanding capital accumulation and exponential economic growth is no longer compatible with human well-being and progress—or protecting our environment, or even with human survival in the long run’. Nature is very resilient but global warming effects on ice melt, ocean currents, water levels and meteorology will cross thresholds that do not have a ‘reverse’ option. Finding solutions to the capitalist juggernaut contributing to global warming has become more pressing than before.

This concept of co-operative capitalism within traditional capitalist businesses was developed long before the issue of global warming became more mainstream. However, if we manage to establish an era of co-operation, this will enable us to perceive huge issues such as the struggle against climate change as collective issues. Together, we do have the power to tackle any problem, however huge, and work out solutions to pressing problems that affect us worldwide.

From the critical reviews of Naomi Klein’s book ‘This Changes Everything’ we can see viewpoints that are very polarised, with a spectrum range from ‘we must stop fossil fuel extraction and replace capitalism’ to ‘we cannot stop the use of fossil fuels, our very lifestyles will be seriously impacted, businesses grinding to a halt, recessions, curtailment of trade, transport restrictions and massively reduced food production’. The ‘must stop camp’ do not know exactly how it could be achieved, although they do concede that it will take decades, and the ‘we cannot stop camp’ seem alarmingly resigned to a defeatist attitude of capitalism is the end of history. People who have become bereft of hope have no place to be advising or lobbying policy makers. Policy makers are faced with finding solutions for how we reel back this capitalist juggernaut, an issue that can leave them in an impasse of just not knowing.

This paper carries a conviction that an ‘era of co-operation’ is achievable and when achieved the solutions will be for all of us, not just policy makers. If powerful people are unwilling to loosen the reins on their belief in an outdated capitalist ideology then we are in a situation of impasse. An impasse, by its nature, blocks progress and frustrates hope.

One reviewer's comment on Klein's book is that '*This Changes Everything* is heavy on numbing information and sparse on suggestions about how to deal with it'. A reading of 'The Liberal Attack' on Naomi Klein and her book '*This Changes Everything*'

<http://climateandcapitalism.com/2015/02/01/liberal-attack-on-naomi-klein-and-this-changes-everything/>

.....the above article shows just how extreme the responses are to a book raising awareness to climate change. That influential people would countenance that liberalised capitalism is the end of mankind's evolving is frightening to the father of a seven year old boy, surely very ignorant, and morally obscene. Belief systems that are bereft of empathy have the potential for antisocial or evil acts. The ethical problem of capitalism is that it has legitimised selfishness and normalised injustice at the global level.

Observe the alarming alacrity and urgency of the response to the collapse of the banks in 2008. Whether the issue is saving the planet from global warming, saving millions of innocent children from starvation, providing medicines and affordable treatment to relieve the suffering of millions of people in the Third World – all of these can wait a while.

The saving of the banks (many of whose reckless gambling on financial markets and bad investments had caused the crisis), however, was regarded as an unconditional imperative and something that required immediate attention. Emergency legislation was passed and in the USA alone, more than 750 billion dollars was spent on saving the banks. Just think of what this money could have done to eradicate curable and preventable diseases or alleviate the hunger of the millions starving in Third World countries.

How could this blatant injustice arise? How could it be supported by every government in the world and go relatively unchallenged by popular protests? The only possible answer is that our moral sense has been so submerged under the dominant ideology of capitalism that we are no longer able to perceive the stark injustices that pervade our world economic systems.

Interdependence

'Interdependence is an inevitable product of our biology. For the naked, clawless, and not-exactly-fiercely-toothed human species to survive, we had to be able to form cooperative groups – small clans to hunt, gather, and collectively protect one another from starvation, predators, and unfortunately, other human tribes. To reproduce and to keep our vulnerable infants alive, we needed one another. The resulting ability to read other people's intentions and to care about their plight – to empathise – helped us to become one of the most successful species on earth, the only one with the capacity to control its own environment. Humankind would not have endured and cannot continue without the capacity to form rewarding, nurturing, and enduring relationships. We survive because we can love. And we love because we can empathise – that is, stand in one another's shoes and care what it feels like to be there.' Maia Szalavitz¹⁶ and Bruce D. Perry¹⁷ co-authors of '*Born For Love*'¹⁸.

Empathy

'Empathy underlies virtually everything that makes society work – like trust, altruism, collaboration, love, charity. Failure to empathise is a key part of most social problems – crime, violence, war, racism, child abuse, and inequity, to name just a few. Difficulties with

empathy or misperceptions of another's feelings also cause problems in communication, relationships, and business and are key parts of many psychiatric and neurological conditions like autism, depression, and antisocial personality disorder' Maia Szalavitz¹⁹ and Bruce D. Perry²⁰ co-authors of 'Born For Love'²¹.

Rob Hoskins²² – Transition Network

'Although the movements that led to the end of slavery all contained economic arguments to support their fight as part of building their case for justice, they did not win by putting a monetary value on granting equal rights and freedoms. They won by asserting that those rights and freedoms were *too* valuable to be measured and were inherent to each of us.'

.....'Similarly, there are plenty of solid economic arguments for moving beyond fossil fuels, as more and more patient investors are realising. But we will not win the battle for a stable climate by trying to beat the bean counters at their own game – arguing, for instance, that it is more cost-effective to invest in emission reduction now than disaster response later. We will win by asserting that such calculations are morally monstrous since they imply that there is an acceptable price for allowing entire countries to disappear, for leaving untold millions to die on parched land, for depriving today's children of their right to live in a world teeming with the wonders and beauties of creation.'

Klein'There is no more potent weapon in the battle against fossil fuels than the creation of real alternatives. Just the glimpse of another kind of economy can be enough to energise the fight against the old one'.

Ted Sorensen – Speechwriter, friend and biographer of John F Kennedy.....

'A young country needs young blood, young people, and young ideas – to have tired old men in charge is not good. It leads to a kind of petrification that is inconsistent with the whole idea of moving forward'.

'A lot of young people want to do good, they want to be optimistic – they want their lives to matter in a positive way. Our legacy for them must not be a planet in crisis. We need hope and optimism of the spirit and their belief that they can change the world'.

'Meaning comes from making a contribution' - JFK 'The dream has never died' – Obama

Summarising UNCCP's

UNCCP (United Nations Co-operative Capitalism Project) is suggested as a United Nations initiative to create an 'era of co-operation' worldwide.

Global warming is mankind's greatest threat and an 'era of co-operation' will encourage all people to protect our environment, halt global warming and transition to more democratic co-operative business models.

United Nation's Co-operative Capitalism Project Payments (UNCCPP's) are a second tier of remuneration and are recorded separately from normal remuneration income on Tax returns. All employees of an enterprise qualify equally for UNCCP payments - the transparency of qualification and benefit creates a workplace culture of collective effort, satisfying one of the most significant human motivators.

A UNCCPP is an annual payment dependent on improved enterprise (or divisional) performance and it is suggested that the tax rate on UNCCPPs is a fixed (15%) rate for all recipients regardless of their normal remuneration tax level. A UNCCP payment is dependent on improved performance, it does not form part of an employment remuneration contract and is not guaranteed.

There is a graduated qualifying time to attain the maximum benefit (three qualifying units) from the UNCCPP scheme. An employee gains a qualifying UNCCP unit for each of his first three years of employment. This encourages loyalty and commitment to the ongoing success of the enterprise. In turn, an employee's career can be more aligned with the employing enterprise's success.

The lower tax rate on UNCCPPs does not undermine tax revenue as a UNCCP payment only occurs upon improved productivity, growth and therefore increased IRD revenue from company tax. On introduction a government can announce a new low tax rate without actually risking revenue loss or subsidising business in any way. A government could even announce a new low tax rate on UNCCPP's whilst simultaneously increasing incrementally P.A.Y.E. (Pay As You Earn), should it be fiscally prudent to do so.

Within a large corporate enterprise there are very likely quite distinct operational divisions. Employees within those divisions could be on separate UNCCP schemes, thus introducing a competitive element between divisions of an enterprise. Within enterprises, conventional bonus payments may be available for individual employee's e.g. sales targets being exceeded. Specific bonuses can coexist within a UNCCP company.

Cynics may see this concept as socialist and undermining capitalism – they are wrong. Socialism involves ownership and ownership is rightfully created through enterprise and market value purchase. This concept is pro-capitalism - an inclusive capitalism with the probability of significant wealth creation for successful entrepreneurs. What entrepreneur would not want all employees working actively together for the success of the enterprise? Additionally, research studies show that investments in these enterprises give greater investment returns.

This concept will create a culture where more entrepreneurially-minded people will be prepared to commit to an enterprise knowing that there will be a team effort for success.

Furthermore, employees of a growing successful enterprise will be more inclined to become shareholder owner investors and could use their annual UNCCPP for that purpose, or possibly go for ownership and set up enterprises themselves.

Employees looking forward to the prospective level of UNCCP payment have to recognise, however, that Enterprise Success is not always directly related to workplace productivity but is also subject to the vagaries of capitalism e.g. commodity prices, competitors, downturns in markets. Business cycles are a reality of the marketplace, but UNCCP enterprises will weather the downturns and prosper in the good times.

At times of economic downturn the UNCCP payments level can act as a remuneration buffer to maintain the viability of the business and minimise the need for redundancies.

A UNCCP scheme can be a part of non-profit making enterprises by 'improved performance' being measured by the achievement of predetermined performance goals and UNCCP payments distributed accordingly.

The UNCCP scheme is a co-operative inclusive framework, arising from attitudinal changes both by management and employees. The initiative has to come from management, and on implementation it will be apparent that management now sees employees as co-partners, and that all are working for the success and prosperity of the enterprise.

There is the possibility of employees collectively agreeing to combine their UNCCP payments to progressively purchase ownership shares in their employing enterprise and this could facilitate transition to a democratic business whilst exchanging fair value to existing shareholders.

UNCCP enterprises are more likely to attract and retain highly motivated employees who see a positive creative work environment as fulfilling and a necessary work benefit

There is a propensity to find loopholes in systems to maximise personal or corporate benefit (e.g. to maximise the benefit from the lower tax rate on UNCCP payments). A detailed guideline document on how the framework will operate can follow. One of the safeguards of the concept is that the maximum UNCCP payment cannot exceed 20% of basic baseline remuneration and the UNCCP framework cannot operate in enterprises of less than three employees.

An eight year research study comparing the performance of 113 publicly listed companies using some form of co-operative enterprise culture with comparably sized conventional companies found on average 40% improvement in overall profit and 78% improvement in investor returns in co-operative enterprises. Appendix C summarises those findings in more detail.

As there is a graduated three year qualifying time for an employee to attain the maximum benefit from UNCCP payments, the effect on the I.R.D. revenue stream will be neutral for

three years, within which we will already have higher productivity, more profitable enterprises and more company tax for the government.

The UNCCP framework is proposed as being an available option for a progressive management enterprise to opt into. It is not a mandatory new tax framework for all businesses.

Co-operative capitalism enterprises will be more adaptable to economic trends or imperatives in the future, and there will be that wider sense of contributing to the common good.

How long before the robust findings of motivational research and the findings of socially beneficial research become part of how business operates?

An often voiced criticism of economic plans is that continued growth is unsustainable – whilst this may be true, surely a less alienated, more socially cohesive society, together with a robust economy, is going to be far better placed to face whatever changes in economic direction or imperatives may be necessary for our future generations. The multiplicity of conventional capitalist businesses is not going to disappear overnight but an ‘era of co-operation’ will greatly ease the transition we have to take and without necessarily replacing capitalism.

This UNCCP project, in itself, is not answering all issues but it does give us a gateway away from an impasse, and, as stated, an impasse by its nature, blocks progress and frustrates hope. If a transformative vision to widespread global democratic businesses does become a reality, then the UNCCP payment concept is adaptable to any business model.

Daniel Pink ‘Drive’’So, in the end, repairing the mismatch and bringing our understanding of motivation into the twenty first century is more than an essential move for business. It is a reaffirmation of our humanity’.

APPENDIX A is a draft attempt at how management may introduce the UNCCP framework to employees.

Implementation

The finance ministers of emerging and third world economies are encouraged, with little fanfare, to incorporate the ‘UNCCP’ project into their national employee’s tax framework as an option for any enterprise within their economies. Any other country can recognise the value of this scheme and seize the opportunity to incorporate the framework into their own economies. Furthermore, the UNCCP would be given added impetus if a government was to

legislate for a marginal reduction in company tax for any company registering to be an UNCCP employer.

Predictably, the first countries to encourage this co-operative framework will outperform other countries; they will have more competitive economies and a happier people. There will be a threshold where the UNCCP framework will become self proliferating.

Following the initiative of the United Nations General Assembly to declare 2012 the Year of Co-operatives, is it possible that the United Nations declares 2020 as the Year of Co-operative Capitalism? The initiative would be accompanied by UN guidelines documents.

Conclusions

Co-operative endeavours are inclusive, productive and satisfying. The Mondragon co-operatives in Spain produce TWICE the profits of other Spanish businesses.

A co-operative workplace culture, resulting in the benefits listed (under the section ‘Co-operative Capitalism’), will result in significantly improved social outcomes.

Co-operative endeavours are satisfying the significant human motivator - having a purpose larger than ourselves.

Co-operative capitalism could promote changes in society which further support a collective response to global warming and there can be no wider sense of purpose.

All employees of an enterprise contributing to a workplace culture of co-operation with a core focus on enterprise success makes good sense, dovetailing with research findings on work and social motivators, and giving improved economic and social outcomes.

The simplicity of the tax innovation, along with the ease of its universal implementation, convinces us that UNCCPP’s are a practical framework for making an ‘era of co-operation’ a realisable objective.

That the majority of mankind would enter into an era of co-operation would, of itself, have a dramatically positive effect on cultural, religious and geo-political differences.

The Challenge

Following the collapse of the socialist regimes in the 70's, an increasingly strong wind of 'market fundamentalism' blown from New York and Washington deeply influenced the approach to economic policy around the world (Ferri, 2012). This culminated in the push for the neo-liberalism in the early nineties.

The investor-owned enterprise in a deregulated laissez faire market was commonly taken to be the ideal form for organizing the production of all goods and services, and efficiency is measured exclusively by the ability to create value by maximizing profits for the enterprise's shareholders. The main implications of this approach have been the adoption of privatisation policies that aim to create more space for markets and the underestimation of entrepreneurial forms that differ from the deregulated capitalist model.

The research evidence on motivation, social factors and financial output show that co-operative workplaces are more efficient, productive and profitable, and have improved social outcomes, so, what is the motivation to sustain neo-liberalism?

Influential people helped the push to establish an 'era of neo-liberalism' in a surprisingly short timeframe. If things can change so rapidly, then there are good reasons to feel confident that we can create a society in which the real quality of life and human relationships is far higher than it is now. The challenge now is that influential people help the push to establish an 'era of co-operation' in a similar timeframe to that of the 'era of neo-liberalism'.

Alan Harding and friends,
Nelson, NZ
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January '16

APPENDIX A

Guideline suggestions for a document informing employees of the company's intention to implement the United Nations initiative.

The Board of Directors and managers of the company are in support of a United Nations initiative to create a worldwide 'era of co-operation'.

Apart from the United Nations initiative, management recognizes the 'inherent rightness' of all employees being a 'part of' the success of an enterprise and receiving a tangible meaningful return during successful years. The 'them and us' attitudes that have prevailed for so long can be consigned to history. If we all work together we all win.

The United Nations initiative is known as the UNCCP (United Nations Cooperative Capitalism Project). This United Nations initiative has an objective of creating an era of co-operation for mankind. The project allows for an annual low taxable payment for each employee dependent on enterprise success. These payments are known globally as UNCCPP's (United Nations Cooperative Capitalism Project Payments).

This is a second tier of remuneration aimed at creating a culture of teamwork and co-operation within the company, and also has a wider sense of purpose in people universally sharing the burden of transitioning from the use of fossil fuels and halting global warming.

All fulltime employees of the company will qualify equally for the UNCCP payment which unifies all employees and is entirely transparent. This common interest in company performance can be a talking point throughout the financial year.

There are three levels of qualifying units for UNCCP payments and this recognises employee loyalty and commitment

- e.g. one qualifying unit after first year of employment
- two qualifying units after second year of employment
- three qualifying units after third year of employment

We envisaged at this stage a guideline objective, depending on company performance, of from \$400.00 to \$1,500.00 for each qualifying UNCCP unit. These UNCCP payment amounts may be exceeded dependant on company performance with the proviso that no employee's total UNCCP payments can exceed 20% of total remuneration.

Considering if each qualifying UNCCP unit was in the order of \$1500 and an employee was on the maximum of three qualifying units, the proviso that total UNCCP payments cannot exceed 20% of total remuneration may limit the amount of UNCCP payment received by lower paid employees. The intention is not to penalise those employees but rather that they gain greater skills and take on more responsibility to gain the maximum available UNCCP payment.

One of the company's aims in common with the global U.N. aim is to reduce our carbon emissions and any suggestion from employees on this or any improvements in efficiency are very much encouraged.

Not only is your company supporting the United Nations initiative but our government has agreed that UNCCP payments will have a fixed tax rate of 15%. Furthermore if our company succeeds in reducing its 'carbon footprint rating' during the year The Inland Revenue Department will reduce the UNCCP payment tax by an additional 2% and this will be available as a tax refund.

It should be pointed out at this stage that the UNCCP payment does not form any part of the employment contract and the payments made do not constitute any part of basic remuneration.

Employees looking forward to the prospective level of UNCCP payment have to recognise that enterprise success is not always directly related to workplace productivity and is also subject to the vagaries of capitalism e.g. commodity prices, competitors or downturns in markets. Business cycles are a reality of the marketplace, but with all employees working as a team, UNCCP enterprises will weather the downturns and prosper in the good times.

Part-time employment may qualify for UNCCP payments on a pro-rata basis of employment duration although UNCCP payment is only available for those currently employed.

Employees are not to assume either that the accrual of UNCCP qualifying units will also confer a greater security of employment for employees. Companies cannot remain in business if they are no longer viable and business decisions regarding staffing may still be necessary. However, this new concept will strengthen our whole enterprise and, hopefully, job losses will occur even less commonly. Rather, new opportunities may open up for employees to work in other areas or new directions of the company's operation.

New employees who have previously been with another UNCCP company will have a starting number of qualifying units determined by our own employees after consultation.

Management intends to improve communication with all employees regarding the company's performance during the year, providing that this is not divulging information of strategic importance to a competitor.

The amount of the qualifying unit will be determined upon the following considerations:

Maintaining the confidence of investors who may be called on for more capital

Short term business prospects

- Long term growth, creating wealth for ongoing distribution and providing employment in the long term
- Some people might suggest that all the additional profit created by the introduction of a UNCCP scheme should be allocated to UNCCP payments' distribution. This should not be the case. The commitment in human terms and in capital as well as the business management have been significant contributions to the establishment and success of this business. It cannot be claimed that all additional profit arising from the UNCCP payment scheme are returned in full to the employees.

There also has to be recognition by employees of the need to look to the future so that the enterprise is able to be successful and provide employment in the future for young people joining the workforce (and therefore capital must be used in the best way for changing market conditions).

- Employees should be more aware of the need for such decisions or at least have full trust in their Board of Directors making decisions that have both the employees' interests, immediate and long term, as well as investors' interests as guidelines.
- It is the Board of Directors or company owner(s) who will decide on the level of UNCCP payment' to be paid from profit. As mentioned before there are many factors influencing decisions on the judicious use of profits. Regarding the determination of the amount of profit share distribution, there are difficulties in setting hard and fast guidelines that will cover all businesses and the stages of growth of those businesses.
- The Board of Directors or company owner(s) with due regard to the improved performance within the company determine a fair distribution when deciding on dividends for shareholders, and now must determine a fair distribution for UNCCP payments. Their willingness to implement the UNCCP payment scheme indicated their awareness of the ongoing benefits that can arise from the UNCCP payment concept applied fairly, for their own company and nationally.
- In reaching their decision, the Board now has another consideration i.e. to maintain the commitment and synergetic contribution of its employees, - a competing company may also be offering UNCCP payments to its employees, and may be looking for additional highly motivated staff.

APPENDIX B

One of the best-known co-operative groups is the Mondragon Corporation in the Basque region of Spain. Over half a century it has developed into a group of over 120 employee-owned co-operatives with 40,000 worker-owners and sales of \$4.8 billion US dollars. Mondragon co-operatives are **TWICE** as profitable as other Spanish firms and have the highest labour productivity in the country. It is hard to explain some of the success unless a combination of ownership and participation does indeed have the potential to improve productivity by reducing the conflict of interests.

The Co-operatives described above are one of several business models currently existing that have strong employee co-operation cultures; others are 'For Benefit' organisations, B Corporations and low-profit limited-liability corporations. They all recast the goals of the traditional business enterprise. All are becoming more prevalent as a new breed of businessperson seeks purpose with the kind of fervour that traditional economic theory says entrepreneurs seek profit. Even co-operatives – an older business model with motives other than profit maximisation – are moving from the shaggy edge to the clean cut centre. According to Marjarie Kelly, author of the book 'Owning Our Future: The Emerging Ownership Revolution' in the last three decades, worldwide membership in co-ops has doubled to close to a billion people. In the United States, more than 130 million people are members of a co-op or credit union. More Americans hold membership in a co-op than hold shares in the stock market. In Colombia, Kelly notes, 'SaludCoop provides health-care services to a quarter of the population. In Spain, the Mondragon Corporation Co-operative is the nation's seventh largest industrial concern.'

As a way of creating a more egalitarian society, economic democracy or employee-ownership and control has many advantages. First, it enables a process of social emancipation as people become members of a team. Second, it puts the scale of earning differentials ultimately under democratic control: if the body of employees want big income differentials they could choose to keep them. Third, it involves a very substantial redistribution of wealth from external shareholders to employees and a simultaneous redistribution of the income from that wealth. In this context, that is a particularly important advantage. Fourth, it improves productivity and so has a competitive advantage. Fifth, it increases the likelihood that people will regain the experience of being part of a community. And sixth it is likely to improve sociability in the wider society. The real reward however, is not simply to have a few employee-owned companies in a society still dominated by a hierarchical ideology and status-seeking, but to have a society of people freer of those divisions. And that can only be achieved by a sustained campaign over several decades.

The concept of a company being owned by outside investors has implications which look increasingly anachronistic. A smaller and smaller part of the value of a company is the value of its buildings, equipment and marketable assets. It is instead the value of its employees. When companies are bought and sold, what is actually being bought and sold is, above all, its staff as a group of people, with their assembled skills, abilities, and knowledge of company systems and production methods. Only they have the ability to make the company tick. And

of course the concept of a group of people being bought and sold, and belonging to anyone but its members, is a concept which is the very opposite of democratic. Should employees not have full control over their work and distribution of its earnings? And should external shareholders really receive unearned income beyond agreed interest on capital? Participation, commitment, control and profit-sharing would be maximised if companies were 100 per cent employee-owned. Companies could raise capital through loans or mortgages, retaining control themselves. At the moment, only a tiny proportion of the money invested on the Stock Exchange makes any contribution to helping companies buy productive assets. Indeed, over time the payment of dividends to external shareholders is a major drain on company profits which might have been used to improve technology and equipment.

Robert Oakeshott, a British authority on employee-ownership, says that employee-ownership 'entails a movement from business as a piece of property to business as a working community. Companies change from being property to being communities when employees own a majority of shares and so control the business. That is when management becomes responsible, not to outside shareholders with little interest in the company beyond returns on capital, but to the body of employees. Then company meetings become occasions when management reports back to employees and has to deal with questions and discussion among people who have an intimate knowledge of what has gone right and what has gone wrong in the preceding period, and what the remedies might be. The transformation after an employee buy-out from the usual top-down mentality can involve a long slow process of people's emancipation from the usual assumptions round class and ability.

Within the USA there is a growing movement to democratise business. The movement 'The Next System' is championed by Guy Alperovitz and Gus Speth.... (a former adviser to Presidents Carter and Clinton, one time administrator of the UN Development Program and the recently retired dean of the Yale School of Forestry and Environment Studies).

They talk of cracking the capitalist ideology and forming a transformative vision.

Guy Alperovitz article.....

'Efforts to democratize the ownership of our economy are becoming an increasingly mainstream part of our national conversation. The [Next System Project](#), which I co-chair along with Gus Speth, is an attempt to do what we feel is necessary as a next step — take all these elements, promising local models and isolated policy proposals, and begin the careful work of knitting together broad, pluralistic conceptions of what a transformed system might look like. Without a systemic approach, acknowledging and aiming squarely at the basic ownership patterns that underlie the inequality we see manifesting in so many tragic ways, we run the risk of just tinkering around the edges. Ultimately, the clarification of a new systemic direction is also critical to political organizing and other activist strategies. A new momentum is quietly building, and it's not a moment too soon.'

“For the most part, advocates for change have worked within the current system of political economy,” says Gus Speth, who has emerged as one of the new-economy movement’s leading figures. “But in the end,” Speth declares, “this approach will not succeed when what is needed is transformative change in the system itself.”

“From climate change to a medieval level of wealth disparity, what we face in this country is no longer a regulatory crisis,” says Alperovitz. “We face a systemic crisis. And if you begin there, you begin to wonder: Is capitalism itself in profound trouble?” Alperovitz believes it is. The author of several books on the subject, including *America Beyond Capitalism*, and a professor of political economy at the University of Maryland, he points to capitalism’s increasing dysfunction as the impetus for the rise of another economy, one built from the ground up by democratically owned organizations like cooperatives, community land trusts, and municipal institutions. Obviously, any movement that urges changing the system faces major challenges. It is also a challenge to the priorities of most elements of the progressive coalition that has long based its economic hopes on Keynesian strategies aimed at increasing growth. Democratic businesses can be encouraged wherever possible but what to do about the power of large private or public corporations, or for the multiplicity of traditional capitalist businesses and their shareholders, in the long term is an unresolved question facing all parties. Developing a democratically oriented alternative to capitalism can’t be done overnight. This work requires a different sense of time and a deep sense of commitment—the bargaining chips are decades of our lives.

Decades of our lives may not be a timeframe that global warming is giving us.

Alperovitz’s most recent book, *What Then Must We Do?: Straight Talk About the Next American Revolution*, which explores whether the cooperative economy can provide the seeds for a system that isn’t capitalism and isn’t socialism, but something entirely new.

APPENDIX C.

In their book “Profit Sharing and Profitability” – (subtitled – How Profit Sharing Promotes Success) published November 1987 by Kogan Page, Messrs Bell and Hanson detail the results of a survey comparing profit sharing companies with non-profit sharing companies.

“Based on extensive research comparing the economic performance of 113 market listed profit sharing companies with that of 301 non-profit sharing companies, the authors give a convincing answer. Using nine standard financial ratios, measuring profitability, growth and investor returns, they show that between 1978 and 1985 the profit shares outperformed the non-profit shares by a significant margin on every ratio, including 40.2% average outperforming on profit and 78% outperforming on investor returns”.

“Their selection of companies specifically required them to have full stock market quotations throughout the period 1976 to 1985. Companies that became takeover victims in that time were excluded, otherwise investor returns would be higher than the quoted 78% outperformance of investor returns.”

Summarised Survey Results

| PROFIT SHARING AND NON-PROFIT SHARING COMPANIES FINANCIAL PERFORMANCE 1978-1985 | | | | |
|--|-----------------------------|---------------------------------|----------------------|------|
| | Profit Sharing Companies | Non-profit Sharing Companies | Difference Actual | % |
| Profitability | | | | |
| Return on equity % | 25.1 | 19.9 | 5.2 | 26.1 |
| Return on Capital % | 20.6 | 15.5 | 5.1 | 32.9 |
| Earnings per share (p) | 16.3 | 12.8 | 3.5 | 27.3 |
| Return on Sales % | 8.4 | 5.6 | 2.8 | 50.0 |
| Growth | | | | |
| Sales – Annual % | 125.5 | 13.7 | 1.8 | 13.1 |
| -- Cumulative % | 214.7 | 178.5 | 36.2 | 20.3 |
| Equity – Annual % | 17.6 | 16.0 | 1.6 | 10.0 |
| -- Cumulative % | 262.1 | 223.2 | 38.9 | 17.4 |
| Profit – Annual % | 13.6 | 9.7 | 3.9 | 40.2 |
| -- Cumulative % | 161.8 | 105.9 | 55.9 | 52.8 |
| Investor Returns | | | | |
| Dividends per share (p) | 5.2 | 4.9 | 0.3 | 6.1 |
| Total Annual Return % | 474.1 | 266.0 | 208.1 | 78.2 |
| | | | | |
| | | | | |

The book published by Kogan and Page gives full details on statistical data collected.

Bibliography

‘Capital’ - Thomas Piketty

‘Drive’ - Daniel Pink

‘This Changes Everything’ - Naomi Klein

‘The Spirit Level’ – Richard Wilkinson and Kate Pickett

‘Born To Love’ – Maia Szalavitz and Bruce D. Perry

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⁴ Daniel Pink ‘Drive’ published by Riverhead Hardcover 2009

⁵ Mihaly Csikszentmihalyi, is a Hungarian psychologist. He created the psychological concept of flow, a highly focused mental state. He is the Distinguished Professor of Psychology and Management at Claremont Graduate University.

⁶ Dr. Gary P. Hamel is an American management expert. He is a founder of Strategos, an international management consulting firm based in Chicago.

⁷ Tim Flannery book ‘Here on Earth’ published by Text Publishing 2010

⁸ Richard Wilkinson and Kate Pickett’s book ‘The Spirit Level’ first published by Allen Lane 2009, with revisions by Penguin 2010

⁹ Dr David Erdal BA (Oxon), MBA (Harvard), PhD (St Andrews) Honorary Senior Research Fellow

¹⁰ Robert David Putnam is a political scientist and Malkin Professor of Public Policy at the Harvard University John F. Kennedy School of Government and author of ‘Bowling Alone’.

¹¹ Eric M. Uslaner is Professor of Government and Politics at the University of Maryland. He is the author of seven books and over 150 articles in professional journals and edited volumes. His research focuses on trust and corruption.

¹² Bo Rothstein is an internationally acclaimed Swedish political scientist who holds the August Röhss Chair in Political Science at University of Gothenburg, Sweden.

¹³ Donald Thomas "Tom" Scholz is an American inventor, engineer, philanthropist and musician, best known as the founder of the band Boston.

¹⁴ Naomi Klein is a Canadian author, social activist, and filmmaker known for her political analyses and criticism of corporate globalization and of corporate capitalism.

¹⁵ ‘This Changes Everything’ by Naomi Klein published by Simon and Schuster 2014

¹⁶ Maia Szalavitz is an American reporter and author who has focused on science, public policy and addiction treatment. Raised in upstate New York, Szalavitz graduated from Monroe-Woodbury High School in 1983 and attended Columbia University.

¹⁷ Bruce D. Perry, M.D., Ph.D. is an American psychiatrist, currently the Senior Fellow of the ChildTrauma Academy in Houston, Texas and an Adjunct Professor of Psychiatry and Behavioral Sciences at the Feinberg School of Medicine in Chicago, Illinois.

¹⁸ Born for Love - Why Empathy Is Essential--and Endangered by [Bruce D. Perry](#), [Maia Szalavitz](#) published by Harper Collins 2010

¹⁹ Maia Szalavitz is an American reporter and author who has focused on science, public policy and addiction treatment. Raised in upstate New York, Szalavitz graduated from Monroe-Woodbury High School in 1983 and attended Columbia University.

²⁰ Bruce D. Perry, M.D., Ph.D. is an American psychiatrist, currently the Senior Fellow of the ChildTrauma Academy in Houston, Texas and an Adjunct Professor of Psychiatry and Behavioral Sciences at the Feinberg School of Medicine in Chicago, Illinois.

²¹ Born for Love - Why Empathy Is Essential--and Endangered by [Bruce D. Perry](#), [Maia Szalavitz](#) published by Harper Collins 2010

²² Rob Hopkins is an independent activist and writer on environmental issues, based in [Totnes, England](#). He is best known as the founder and figurehead of the [Transition Towns](#) movement, which he started in 2005