

Co-operative Capitalism – increasing prosperity for everyone.

Executive Summary

We cannot deny the benefits of pre millennium capitalism. Free market capitalism has created developments that have been enormously beneficial to the living standards of mankind. That entrepreneurs are more creative, inventive, industrious, tenacious, risk averse or more philanthropic has benefitted living standards in countless ways.

Economic theory has traditionally worked on the assumption that human behaviour could be explained largely in terms of 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.

The capitalist world is at an evolutionary turning point. The old carrot and stick approach can be replaced with a collaborative co-operative capitalism, a tax refinement to the capitalist business model, which will still encourage entrepreneurs and wealth creation.

Introducing co-operation into capitalism will improve overall productivity.

So how can we create an employment framework that builds trust and that sense of motivated co-operative effort whilst also retaining the positive aspects of free enterprise and the potential of wealth creation for entrepreneurs?

A framework is proposed that provides a common bond, a focal point in which all employees participate equally.

The Common Bond

The common bond I am suggesting that we call 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 payments' or 'team payments', or within any country a label that is unique to that country.

The UNCCP framework introduces a tax innovation that is constructive rather than punitive.

The United Nations can only support such a project, as they did when declaring 2012 as the 'Year of Co-operatives'. Whilst not being able to implement a UNCCP framework, United Nations' support for the concept will be a catalyst for enlightened Finance Ministers to introduce this into their national tax structure as an option for progressive enterprises within their economy. The initial target audience is the Finance Ministers of emerging and third world economies. The ensuing economic and social benefits of this new framework will see the concept become self proliferating.

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. Performance related remuneration will be reflected in an employee's contracted or baseline remuneration, although exceptional specific bonuses, e.g. sales, may coexist with UNCCP payments.

Another innovative aspect is that annual payments arising from a UNCCP framework are recorded separately from normal remuneration on the employee's tax return and are taxed at a fixed lower rate for all employees regardless of their current tax rate (possibly 5% less than the lowest tax rate). This will not equate to lower tax revenue as there will be higher productivity and much improved enterprise performance. Research findings have shown average profit improvements of 40% in co-operative culture workplaces.

There are those who would label this concept as socialist, but socialism involves ownership and ownership is rightfully created through enterprise and market value purchase. Others will see a smart capitalism and an affirmation of the benefits of free enterprise. What entrepreneur would not want all employees working actively together for the success of the enterprise? The proposed concept is a transitional progression from neo-liberal capitalism.

Benefits of a Common Bond

Economic Benefits:-

1. Reduction in costs
 - a. Reduced supervisory staff
 - b. Reduced staff turnover, reduced hiring and training
 - c. More regard to the cost benefit for the business
 - d. Less pilfering and abuse of company property
 - e. Reduction in absenteeism and sick days
 - f. Reduction in accident rates
 - g. Elimination of unnecessary work
 - h. Reduction in non work related activity
 - i. Reduction in product call backs and replacements
2. Promoting Enterprise
 - a. More employee engagement fosters creative ideas on improving operations
 - b. Avoiding production problems before they arise
 - c. Willingness to meet delivery deadlines
 - d. Employee promotion of employers business
 - e. Increased self responsibility to colleagues

- f. More adaptable for changing market conditions
- 3. Improved Sense of Participation within the Enterprise
 - a. Improved workplace morale and ethics
 - b. Attracting and retaining highly motivated employees who see a positive creative work environment as fulfilling and a necessary work benefit.
- 4. Non- tangible Benefits
 - a. Positive public perception of the company/enterprise
 - b. Increased morale and maintenance of ethics
 - c. The greater sense of purpose of contributing to an ‘era of co-operation’ for the benefit of mankind

All of these benefits will significantly improve performance and the bottom line. This will give management ample flexibility in deciding the amount of UNCCP payment, a decision that will influence the ongoing synergetic contribution of all employees.

More detailed benefits are listed under 'Benefits of Common Bond' in the 'In Depth Proposal' document.

Trust

Trust is of course an important ingredient in any 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.

Benefits of Co-operation

The wider social benefits will be in lower levels of mental illness, criminal activity, medication, obesity and illegal drug use whilst seeing more community involvement, less alienation, increased voluntary endeavours and very significantly more hope, pride and happiness.

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 co-operative groups – small clans to hunt, gather, and collectively protect one another from starvation and predators. 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 another’s shoes and care what it feels like to be there.

Empathy

Empathy underlies virtually everything that makes society work – like trust, altruism, collaboration, love and 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’.

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

Climate Change

Global warming is occurring and when certain thresholds are crossed there will be no reverse options.

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 policy 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.’

The collaborative effort of 196 countries in Paris (November ’15) in setting targets to limit global warming is very admirable. The recent accord is an example of collaboration by many highly diverse countries. The UNCCP project as a policy initiative for an ‘era of co-operative capitalism’ will dovetail neatly with the motivational sense of a purpose larger than ourselves. If we all work together we all win.

It is not overly optimistic or grandiose to suggest, in this increasingly uncertain world, that mankind can enter an 'era of co-operation'. Research findings on motivation, beneficial social frameworks, productivity benefits and investor returns actually makes the UNCCP project a reasoned, soundly based proposal, or more succinctly ‘good sense’. This proposal will reduce insecurity and unpredictability. We have just seen this recent Paris accord as an example of collaboration for the benefit of all mankind versus self interest. Furthermore, it has a relatively simple implementation with universal application.

An era of co-operation 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.

We acknowledge the existing co-operatives and other business models that have a co-operative culture and their admirable productivity and social benefit. The real elephant in the lounge, however, is the multiplicity of owner/shareholder traditional capitalist businesses, and how do we include them in the fold of an 'era of co-operation'. Traditional capitalism will evolve as businesses, shareholders and employees realise the benefits and improvements of co-operative capitalism. Co-operative capitalism following the guidelines of the UNCCP framework can realise an 'era of co-operation' and even more so with the support of the United Nations.

More co-operation in an enterprise will be evidenced in higher productivity, improved social frameworks and investor returns accompanied by many, many more non-tangible benefits and not least to the long term political standing of a party that first introduced this concept to a national economy.

That the majority of mankind would enter into an 'era of co-operation' would, of itself, have a significantly positive effect on geopolitical, religious, alienation, health and poverty differences around the world.

Further Information

This executive summary is a description of a more in depth paper that contains the major body of research evidence and commentary which forms the basis of this proposal, that paper is downloadable at