

Extractive vs. Generative Ownership

From P2P Foundation

Discussion

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"Many of the great social struggles in history have come down to the issue of who will control land, water, and the essentials of life. Ownership has been at the center of the most profound changes in civilization—from ending slavery to patenting the genome of life.

Throughout the Industrial Age, the global economy has increasingly come to be dominated by a single form of ownership: the publicly traded corporation, where shares are bought and sold in stock markets. The systemic crises we face today are deeply entwined with this design, which forms the foundation of what we might call the extractive economy, intent on maximum physical and financial extraction.

The concept of extractive ownership traces its lineage to Anglo-Saxon legal tradition. The 18th century British legal theorist William Blackstone described ownership as the right to “sole and despotic dominion.” This view—the right to control one’s world in order to extract maximum benefit for oneself—is a core legitimating concept for a civilization in which white, property-owning males have claimed dominion over women, other races, laborers, and the earth itself. In the 20th century, we were schooled to believe there were essentially two economic systems: capitalism (private ownership) and socialism/communism (public ownership). Yet both tended, in practice, to support the concentration of economic power in the hands of the few.

Emerging in our time—in largely disconnected experiments across the globe—are the seeds of a different kind of economy. It, too, is built on a foundation of ownership, but of a unique type. The cooperative economy is a large piece of it. But this economy doesn’t rely on a monoculture of design, the way capitalism does. It’s as rich in diversity as a rainforest is in its plethora of species—with commons ownership, municipal ownership, employee ownership, and others. You could even include open-source models like Wikipedia, owned by no one and managed collectively.

These varieties of alternative ownership have yet to be recognized as a single family, in part because they’ve yet to unite under a common name. We might call them generative, for their aim is to generate conditions where our common life can flourish. Generative design isn’t about dominion. It’s about belonging—a sense of belonging to a common whole.

We see this sensibility in a variety of alternatives gaining ground today. New state laws chartering benefit corporations have passed recently in 12 states, and are in the works in 14 more. Benefit corporations—like Patagonia and Seventh Generation—build into their governing documents a commitment to serve not only stockholders but other stakeholders, including employees, the community, and the environment.

Also spreading are social enterprises, which serve a social mission while still functioning as businesses (many of them owned by nonprofits). Employee-owned firms are gaining ground in Spain, Poland, France, Denmark, and Sweden. Still another model is the mission-controlled corporation, exemplified by foundation-owned companies such as Novo Nordisk and Ikea in northern Europe. While publicly traded, these companies safeguard their social purpose by keeping board control in mission-oriented hands.

If there are more kinds of generative ownership than most of us realize, the scale of activity is also larger than we might suppose—particularly in the cooperative economy. 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. Worldwide, cooperatives have close to a billion members. Among the 300 largest cooperative and mutually owned companies worldwide, total revenues approach \$2 trillion. If these enterprises were a single nation, its economy would be the 9th largest on earth.

Often, these entities are profit making, but they're not profit maximizing. Alongside more traditional nonprofit and government models, they add a category of private ownership for the common good. Their growth across the globe represents a largely unheralded revolution.

What unites generative designs are the living purposes at their core, and the beneficial outcomes they tend to generate. More research remains to be done, but there is evidence that these models create broad benefits and remain resilient in crisis. We've seen this, for example, in the success of the state-owned Bank of North Dakota, which remained strong in the 2008 crisis, even as other banks foundered; this led more than a dozen states to pursue similar models. We've seen it in the behavior of credit unions, which tended not to create toxic mortgages, and required few bailouts.

We've seen it in the fact that workers at firms with employee stock ownership plans enjoy more than double the defined-benefit retirement assets of comparable employees at other firms. And we've seen it in the fact that the Basque region of Spain—home to the massive Mondragon cooperative—has seen substantially lower unemployment than the country as a whole.

Together, these various models might one day form the foundation for a generative economy, where the intent is to meet human needs and create conditions in which life can thrive. Generative ownership aims to do what the butcher, the baker, and the candlestick maker have always done: make a living by serving the community. The profit-maximizing corporation is the real detour in the evolution of ownership, and it's a relatively recent detour at that." (<http://monicaminguez.com/2014/09/21/how-cooperatives-are-leading-the-way-to-empowered-workers-and-healthy-communities/>)

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