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Economic democracy: A path for the future?

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ABSTRACT

As opposed to political democracy and its attempts at power control in the public sector, the concentration of economic power, and its antidote, the concept of *economic democracy*, has received much less attention. In the paper, we first offer a definition of economic democracy as a "a system of checks and balances on economic power and support for the right of citizens to actively participate in the economy regardless of social status, race, gender, etc." Based on our definition, we suggest six possible faces of economic democracy and look at their implications for the vision of a sustainable, equitable and non-growing society, as discussed within the degrowth movement: (1) *Regulation of market mechanisms and corporate activities*. Regulation is one of the most obvious paths to curbing economic power, hence we highlight the issue of deregulation vis a vis possible degrowth policies. A revision of the free-market paradigm is suggested. (2) *Support for social enterprises.* We discuss different forms of democratic governance within enterprises and suggest that co-operative approaches, common in social enterprises, are better suited to a degrowth economy. (3) *Democratic money creation processes*, including pluralist community currencies, are suggested to counter economic power caused by the practice of fractional banking. (4) *Reclaiming the commons* (especially in their original sense as communal land stewardship systems) both conceptually and physically is seen by us as an important aspect of enhancing economic democracy. (5) *Redistribution of income and capital assets* is discussed as another approach to achieving economic democracy. (6) Finally, inspired by Vandana Shiva, we suggest that a broader view of economic democracy would involve a *diversity of production scales and modes, including small-scale, subsistence and self-employment.*

> "In politics we will be recognising the principle of one man one vote and one vote one value. In our social and economic life, we shall, by reason of our social and economic structure, continue to deny the principle of one man one value. How long shall we continue to live this life of contradictions?" Ambedkar [1].

1. Introduction

We are living in times of quickly shifting paradigms, propulsed by a multiple crisis with environmental, social and economic dimensions (for an overview of its roots see [2]). One of the aspects of this paradigm shift is growing doubt about the "grand narrative" of our times, rooted in the European enlightenment period. In this story, still prevailing in much mainstream understanding, human society moves, via progress, economic growth and development (often used as

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synonyms), along a single trajectory from poverty to wealth, from prejudice to rational understanding, and from power imbalances to democratic decision-making.

Today, we can see the shadows of this "grand narrative". Wealth, when redefined to include natural and social capitals, can be seen to be actually receding despite continued GDP growth [3], and even in strictly financial terms disparities between the haves and the have-nots are growing [4 (p. 28–44),5]. Rational understanding has arguably been deficient in grasping the world's complexity.

As regards the transition to democratic decision-making, pressures to make governments accountable and limit their political power have in many countries indeed resulted in the checks and balances embodied in democratic political systems and in the rights of citizens to actively participate in politics regardless of economic/social status, gender, etc. While the democratisation process has often been linked exclusively to modernity and the liberal paradigm [6], there has also remained, in many traditional or semi-traditional societies, a significant and often unmarked system of local democratic decision-making structures, especially where land ownership has remained communal and external colonial imposition minimal [7,8] (see also Section 2.4).

The loci of power, however, originally centred in state bureaucracies and/or local communities and municipalities, have been gradually shifting to corporations and, more impersonally, to world markets, their power unleashed by free-trade ideology, information technology and economic de-regulation [9]. In this dynamic process entailing the concentration of power in ever-fewer hands, companies make decisions based not on the public good, but on their own need to survive in an unforgiving capitalist system. Pushed by debt to banks and shareholders to grow and to maximise profits, they pander to and create "effective demand" for spurious products, thus often missing real and basic needs in communities, if unbacked by purchasing power. At the same time, they squander resources and cripple communities by operating world-wide and externalising their costs. Thus growth continues while basic needs go unmet (see e.g. [10]). Within the monetary and banking system, Lietaer [11], Douthwaite [12] and others discern another power shift as commercial banks consolidate, grow and create an ever-larger percentage of money in circulation, leading among others to a massive hidden subsidy [13]. Finally, the process of enclosure of the commons and of commodification [14 (p. 72–74),15–17], can in a radical perspective be seen as an economic power shift from communities to corporations, from women to men, from South to North and from subsistence to urban provisioning systems.

A scrutiny of the reality behind the enlightenment narrative of an ongoing democratic progress thus reveals a disquieting process whereby political democracy is eclipsed and eroded by the concentration of economic power. The current crisis of political democracy can to a large extent be attributed to this discrepancy: political parties and the media (and increasingly even the judicial system in countries like the Czech Republic) are hostage to economic interests and shape their agendas, procedures and decisions in abeyance to them.

Economic theory has so far cast a blind eye at this process and has in the last thirty years favoured a laissez-faire market model which exacerbates the problem. Ostensibly, this has been on the grounds that, though this model may foster concentration of economic power, it also fosters economic initiative, activity and growth, leading to a rising tide which raises all boats – the well-known trickle-down hypothesis.[1] However, not only is the trickle-down hypothesis debatable [18, pp. 16–17], but the very concept of economic growth has been increasingly challenged as a viable strategy for the future in the last several decades [19]. In fact a new, "grand narrative" is being suggested by academics and activists involved in the *degrowth* movement, which would aim explicitly at changing institutions, mindsets and infrastructures to pave the way for an economy which would no longer depend on economic growth as a *sine qua non* condition of its existence, a "sustainable degrowth" economy. In such an economy, which would reduce and eventually stabilise the rate of resource use, both incomes and profits are likely to decline (see e.g. [20]). The challenge is to achieve such a "smooth landing", while retaining and enhancing democracy at many levels.

A first draft of this paper appeared as an on-line steering paper by one of us [N.J.] at the 2nd Conference on Economic Degrowth in Barcelona [21] with the explicit aim to answer the question: *What forms of "deep" democracy for a society that degrows?* In the present paper this is still our main goal. We try to expand the concept of democracy, arguably colonised and narrowed by the prevailing "grand narrative", to include its hitherto less-discussed economic aspects and to encompass the concerns and values of the emerging new vision of a sustainable, equitable and non-growing society. In Section 2, we first offer a brief overview and our own definition of the concept of "economic democracy" as a goal to strive for in such a future society and then go on, as a prerequsite to wider discussion, to describe and discuss what we believe might be different aspects of economic democracy in existence today, although they may not always be thus labelled. While the concept of *economic democracy* has so far usually been linked to democratic governance and participation by workers in different types of enterprises, in Sections 2.1–2.6 we attempt to broaden the economic democracy discussion to include regulation of market mechanisms and corporate activities, support for social enterprises, democratic money creation processes, the traditional institution of the commons, redistribution of income and capital assets and support for a diversity of production scales and modes. Our aim in suggesting these aspects is to spark a discussion on what the concept might entail and to try to link up disparate streams of thought which, in our opinion, would benefit from mutual dialogue.

[1] In this context, Novak [6, p. 15] goes so far as to say that political democracy is only feasible in tandem with economic growth: "A democratic system depends for its legitimacy…not upon equal results but upon a sense of equal opportunity. Such legitimacy flows from the belief of all individuals that they can better their position. This belief can be realised only under conditions of economic growth".

2. Economic democracy and some of its manifestations

Like liberty or degrowth, democracy is an ambiguous if inspiring term with many facets and definitions. Most often, the unqualified concept of democracy implies political democracy. This latter can narrowly be defined as a social decision-making mechanism on a national (but also supranational or local) level, where each citizen/stakeholder/member has an equal voice [22]. From a wider standpoint, political democracy can be seen as a system of checks and balances on political power, and the exercise of the right of citizens to actively participate in the political arena regardless of race, gender, asset ownership, etc. Nederveen Pieterse [23] has mapped more recent trends in democracy discussions, raising issues of individual vs. group democracy, of attempts to include other-than-human beings in democratic decision-making, of the role of decentralisation, of non-government organisations etc. He does not however expressly speak about *economic democracy*. The term *economic democracy* can be found in the more mainstream and left-leaning political literature intermittently since the 1920s [24], mostly focussed on different approaches of democratising the production process within enterprises (more on this in Section 2.2). For our purposes, we define economic democracy more widely as *a system of checks and balances on economic power and support for the right of citizens to actively participate in the economy regardless of social status, race, gender, etc*. In the following six sections we suggest different aspects of economic democracy which might help to give the term a tangible content derived from the real world, and link the different aspects to one another and to the vision of a sustainable degrowth economy.

2.1. Regulation of market mechanisms and corporate activities

Many attempts to *regulate market mechanisms and corporate activities* may arguably fall under the heading of *economic democracy*, since their important aim is to regulate and diffuse economic power. As mentioned in the introduction, the last decades have seen the very opposite of this trend, leading to unprecedented power of the multinationals and further blurring of the political/economic democracy line. While the bias towards deregulation seems to be weakening slightly in the wake of the current economic crisis as regards capital flows and speculation, there has been no significant rethinking of the commitment of the global political and economic elites to economic globalisation as a project, despite ever-stronger opposition from the grassroots (see e.g. [25]).

However, as pointed out e.g. by Hines [26, pp. 19–20] and, more recently, Latouche [27, pp. 72–76], in a deregulated international economic framework, where governments are to a large extent held hostage to capital markets, radical economic changes are next to impossible to implement in a single country. This includes reforms envisioned by degrowth proponents, such as ecological tax reform. Ecological tax reform (which entails higher taxation of material and energy capital consumption and lower taxation of work) could help internalise the environmental externalities of large corporations as well as change consumer behaviour [28]. As a policy suggestion, it has been with us for decades [29], but meaningful implementation has been stalled by fears of ‘‘reduction in competitiveness’’: in an economically deregulated world, higher ecological taxation might just drive corporations to greener pastures elsewhere [30, pp. 10–11]. Similarly, other needed reforms on a national level, such as attempts to introduce shorter working hours [28 (p. 883),27 (pp. 81–88)] or regulation and reform within the financial sector (especially urgent from a degrowth standpoint – see Section 2.3) could trigger an exodus of capital from the country in question, paralysing the initiative, and/or render products and companies uncompetitive both in their country and globally. Desai and Riddlestone [31, pp. 40–42] describe the impact of a green tax in Great Britain[2] which increased manufacturing costs. British paper manufacturers passed the costs down to the consumer, which led to British recycled paper becoming more expensive than imported virgin paper, and predictably to the imports increasing, along with the British consumer's ecological footprint.

The fact that policymakers are to a large extent rendered helpless by markets (or by the ‘‘plutocratic oligarchy that rules the world’’ [27, p. 76] demonstrates the vulnerability of political democracy in the absence of economic democracy. It can also be seen as a facet of the modern phenomenon known as the race to the bottom.[3]

One solution is international harmonisation of environmental, social and trade regulations, which would provide a floor against the race to the bottom. Current attempts at legislating a minimum wage in Southeast Asia or a minimum corporate tax in the EU are steps in this direction. Another solution would be a return on the part of governments to a more balanced look at the neoliberal free trade dogma and to take back some of their regulative powers in this respect. For example, to counter the problem of ecological dumping mentioned above, Desai and Riddlestone [31] suggest an embodied energy tax.[4] While it seems clear that judicious regulation of capital and commodity flows would help both economic democracy and degrowth policy implementation, the current political and ideological climate so far precludes a meaningful mainstream discussion on this topic.

[2] The climate change levy, a tax on industrial energy consumption.

[3] A race to the bottom [10, pp. 229–237] is a process whereby corporations compete to achieve the lowest price of their products through externalisation of their manufacturing costs onto nature and communities, e.g. relocating their production to countries with weak social and environmental legislation. A race to the bottom is also evident when governments compete for foreign investments by e.g. cutting their corporate tax rates.

[4] However, the calculation of embodied energy in imports might prove a nightmare. For many reasons it is next to impossible to calculate the exact costs of externalities, so ecological taxes will always have a normative aspect.

2.2. *One important strand of a search for economic democracy might be the moral, political and practical support of social enterprises*

As mentioned above, the term *economic democracy* has been in use since the 1920s to describe and discuss democratic governance within enterprises operating in a market setting. In the more mainstream versions of this approach, workers are encouraged to become share-owners in the company where they work. To the extent that they own the shares of a company they then have governance rights in their company. However, while the enterprise will have become more democratic in this sense, it remains undemocratic in the sense that it is still based on a "one-dollar-one-vote" principle: those who own more equity shares have more decision-making power. Also, in a company limited by shares, there is no upper limit on the shares one shareholder can own, which, together with the "one-dollar-one-vote" principle, can and does lead to power concentration in few hands, negating the democratic ideal.

In addition, in a company limited by shares, equity shares can appreciate and depreciate in value depending on the success of the company, and they are tradable: the shareholder can sell them at any time to anybody else for the financial value they have at a given moment. According to Paul Sander-Jackson [32], this type of organisational structure makes growth (both of the financial value of the shares and of the size of the company itself) an attractive goal for the shareholders, as they can reap the benefits not only as dividends (i.e. annual share in the profits), but through selling their shares or the entire company. One of the mechanisms pressurizing our economic production system to grow can thus arguably be traced to the organisational structure of the mainstream (or "capitalist") type of limited company.

A deeper form of economic democracy is exemplified by players in the market which espouse a co-operative structure. This type of enterprise often differs in several key respects from the mainstream company limited by shares, as described above. First, it has a governance structure of "one-member-one-vote". This gives equal decision-making power to all the stakeholders or members of the organisation (these can be e.g. the workers of a producer co-operative, the staff and consumers in a consumer co-operative, etc.). Second, there is usually an upper limit to the financial value of share capital any one member can invest in the organisation, further strengthening the democratic governance aspect. Third, while in principle a member can receive dividends if the organisation shows a profit, the equity shares in this type of organisation can be redeemed (if at all) only at their face value (so called "par value shares"). This is the value at which the stockholder bought them originally. Fourth, though the shares may be withdrawable, they as a rule are not tradable: the member cannot sell them on to somebody else.

Another aspect of the co-operative structure favourable to degrowth is the fact that authentic co-operatives[5] do not exist primarily to make a profit, but to deliver benefits to their cardinal stakeholder group [35, p. 42]. While, as mentioned in the Introduction, profit-led companies are pressured into creating demand for often spurious products or services, co-operatives (for whom profit is not a primary goal) can more easily satisfy real needs. When needs are satisfied, the call for growth is less.

It is important to keep in mind that co-operatives do not exist in a vacuum. If they depend on a global market instead of developing localised provisioning patterns, they are in danger of being sucked into the race to the bottom (see Section 2.1), and must compromise on their principles, as has been the case with the Mondragon Co-operatives [36,12 (pp. 338–341)]. Other problems include co-optation by governments [34, pp. 52–79], by secondary structures and umbrella groups [37], and dilution of member commitment with growing scale [38].

We nevertheless believe that the democratic governance structure and the other structural and ideological differences described above make the co-operative type of enterprise potentially less vulnerable to a one-sided focus on maximizing returns on (potentially spurious) production, growth of production and the scale of its operations. It is thus arguably better suited to a sustainable degrowth economy. The co-operative model can help redeem even political democracy, crippled today by corporate media ownership, as in the case of the German independent co-operative-owned daily, Die Tageszeitung, in existence since 1978 with approximately 11,000 members and a readership of 60,000 [39].

It is important to note here that many other mutual, democratic and co-operative provisioning models besides the classic co-operative type discussed above have existed at different periods in many regions of the world (see e.g. [40]). These include village seed banks, burial societies or ROSCAS (Rotating savings and credit associations), and the commons regimes discussed in Section 2.4. Mainstream economics, as a child of the enlightenment paradigm, has taken next to no notice of them.

The useful term *social enterprise* has emerged in the last decades as a blanket term designating organisations which have often, although not always, subscribed to the co-operative structure described above. Other institutional forms of social enterprise include non-profit organisations, often with trading arms, and small businesses. Definitions vary [41 (pp. 3–24),42 (pp. 20–24)], but typically social enterprises are owned and managed locally or at least have some commitment to a specific region, have a one-member-one-vote governance structure and have an explicit ethical goal in their founding documents. For example, they may provide some much needed service to members and/or community.

[5] An authentic co-operative is one which abides by the seven co-operative principles, as defined by the International Co-operative Alliance [33]. These include the aspects mentioned above, such as the one-member-one-vote principle, as well as autonomy of co-operative governance. In Communist Czechoslovakia, co-operatives were heavily dependent on the state, and thus not authentic co-operatives [34]. As mentioned in the main text, some co-operatives have lost their autonomy to their umbrella organisations.

Examples of social enterprises include housing co-operatives, community-supported agriculture, organic farmers' buying groups, fair-trade organisations, communal public transport schemes, farmers' markets, mutually-owned children's nurseries, communal gardens and many more. In the banking sector, they might include credit co-operatives, ethical banks with charitable status, or owned by municipalities and foundations, and, importantly, non-interest banks, which try to challenge one of the basic roots of economic growth: the charging of interest (in the sense of interest as profit, rather than interest charged to cover running costs).

The concept of social enterprise is in danger of being co-opted by the business-as-usual approach (or by the prevailing grand narrative) as a stop-gap to address what are controversially called market failures (such as poverty and social exclusion) [43].

However, we believe that social enterprises have a bigger role to play in a new, more democratic and degrowth-oriented economy, for reasons similar to those given above for co-operatives (which comprise a substantial part of their number). It would thus be useful if the social enterprise, co-operative and degrowth discourses aimed for greater dialogue, synergy and congruence.

2.3. *An often ignored aspect of economic democracy concerns money creation [44]*

In the past, money was often minted into circulation by local sovereigns, and later printed by central banks linked to governments. This type of money circulated and was debt-free, i.e. its creation was not dependent on someone going into debt, and it thus did not cease to exist with the repayment of a debt. Paper money and coins are examples of debt-free money. However, today most money, at least in the industrialised world, is created by commercial banks via debt, and then again disappears as the debt is repaid. Typically, a bank will give a loan to a customer, but this loan will remain on its balance sheet, classified as an asset, until the loan is repaid. It will not be written off any individual bank account lodged with the bank. In effect, then, the money thus lent out is money multiplied by two until it begins to be repaid. The money supply accordingly increases with each new loan. Once the debt has been repaid, the money supply will have decreased again, and since the debt has presumably been repaid with interest, it will have decreased to an even lower value compared with the money supply in existence before the loan had been given.[6] To sum up: most of the money in circulation today is there because someone (government, bank, business, family, etc.) took out a loan. When this loan is repaid, the money supply will shrink by the amount repaid (plus part of the interest), unless the bank lends out the same amount of money again (plus part of the interest).

This mechanism of money creation, known as fractional reserve banking, has several implications relevant both to the economic democracy and to the growth/degrowth debate. As regards economic democracy: the ability to create money gives economic power to the banks. First, the fact that banks now create money instead of the state (in effect, the privatisation of money creation, [44]) means that the state has lost the prerogative to issue legal tender, and thus has lost the seignorage income that used to arise from issuing it.[7] Second, banks (which as companies limited by shares have an obligation to maximise shareholder value) shape our investment landscape by deciding (via granting or withholding loans) which areas, industries, and projects will go ahead. As opposed to the social enterprises mentioned in Section 2.2, the criterion here is return on investment rather than social or environmental benefit [45].

As regards the links of money creation by banks to economic growth, the first problem is the instability caused by the fact that for money to remain in circulation, ever-increasing debt is an imperative: if governments, individuals and businesses stopped borrowing (but would continue to repay their debts), the money supply would decrease quickly. This is one of the factors of the growth imperative [20 (p. 875),46]: economies need to keep growing because otherwise contraction of the money supply would lead to a reinforcing feedback loop (unemployment, deflation, etc.) with grave economic consequences. The second problem is that with a systemic pressure on ever-increasing debt, there is pressure on businesses to borrow and expand production (i.e. grow) to be able to pay back their debt including interest, thus contributing in their turn to the growth imperative. The current system of money creation is thus one of the factors of the systemic pressure to grow which makes a degrowth scenario so difficult to achieve [44, pp. 23–32].

Fractional reserve banking can thus be seen as a threat to both economic democracy and to progress toward sustainable degrowth. Money creation by commercial banks and its alternatives are still not a mainstream topic, although the literature has been growing recently [45,47]. Huber and Robertson [13] make a convincing case for phasing out money creation by banks (i.e. banks would not be able to use money in clients' current accounts for loans). New ("debt-free") money according to them should be spent into circulation by central banks on behalf of the government. Lietaer [11] and Douthwaite [12] are more radical, suggesting a plurality of currencies, including currencies created by communities. Many such community currency systems, known variously as LETS, scrip, time dollars/time banks, etc. are already in existence in many countries, though they may be circumscribed, as in Great Britain, by institutional barriers such as tax liabilities or impact on benefits payments [12 (pp. 61–120),48 (pp. 247–253)]. According to Mellor [45], recent bank bailouts have clearly shown that money is a social and public resource, ultimately relying for its legitimacy on the state. She therefore argues for a new, public bank system, run on a non-profit basis via municipal, co-operative or national banks.

We will not attempt to discuss the implications of alternative currency scenarios for a degrowth future as so many possible combinations exist. However, it seems clear that the current system is strained to the limit. The issues of current

[6] This is because while part of this interest returns into circulation as e.g. rent payments or bank salaries, part is retained as profit by the bank.

[7] Huber and Robertson [13] have suggested a method of calculating banks' seignorage using sight deposit and repo rate data.

money creation, its implications and alternatives need to be reframed as an issue of crucial importance for society and discussed more fully in the context of both economic democracy and sustainable degrowth.

2.4. Economic democracy may also entail a right to reclaim or re-create the commons

Such commons are most often understood to be local resources (terrestrial or marine ecosystems) held in communal ownership, or rather in stewardship [16, p. 125].[8] Rights to use the commons are allocated by custom, they may be invested in families, clans, whole villages, etc., and the system usually has some way of excluding outsiders and punishing locals if they abuse the commons [50]. Ownership patterns can be quite complex [51]. All group members have both rights and responsibilities within the system, and all have some share in the benefits provided by the commons. They actively participate in the economy regardless of their economic/social status and gender. The culture of shared responsibilities means that no one group or individual can usurp economic power – a natural system of checks and balances exists [16, str. 129]. Commons or semi-commons regimes remain a reality in parts of the global South. In their analysis of land tenure and social organisation in Mexico, Sarukhán and Larson [52] reveal that 80% of agricultural land and 70–80% of forests in Mexico are communally owned. They link small scale and communal ownership with low energy and material throughput and high ecological efficiency. The commons are not geared towards growth, prioritising permanence, environmental sustainability, power balance, non-commodified (non-market-based) production and satisfaction of basic needs.

For these very qualities, the use of the commons as a source of provisioning has remained largely invisible within the mainstream economic discourse, and so has the process of expropriation of the commons. As Martinez-Alier [14, Chapter 3] has pointed out, the process of economic growth has been intimately linked to this expropriation process: a systematic appropriation and degradation of ecosystem resources, both by governments and by private companies, making inroads on communal ownership and contributing not only to environmental degradation but to the growing disparity between rich and poor. This process has been called "the enclosure of the commons" according to the term for privatisation of common land in England in the 16th–19th centuries [16,49].

Garret Hardin's influential article *The Tragedy of the Commons* [53], which wrongly equates commons regimes with open access property regimes, where no-one has the right to exclude anyone from using the resource, has caused much misunderstanding, as discussed in Ostrom [51,54]. These and other works by Elinor Ostrom and colleagues have helped balance and nuance the discourse on the commons (or common property regimes) vs. private property, to show that many successful commons regimes have existed and still exist, and to map conditions under which it is possible to re-create commons in self-organised, bottom-up processes [54,55]. They have legitimated the commons within the mainstream economic discourse.

While Ostrom indirectly rejects some of the assumptions of mainstream economics (e.g. those about human character implicit in the *homo economicus* model [54]) which stand behind its emphasis on the private ownership mode, her approach remains within the constraint of the mainstream positivist economic approach, which tends to downplay power relations and shuns explicit value judgements (e.g. in [54]). Other authors writing about the commons explicitly describe struggles to retain or create commons regimes as an expression of resistance to development projects marginalising local communities [49] or as a move to safeguard not only natural resources, but also democracy, which is eroded by the "profit-maximising algorithm [56, p. 50]. Barnes makes the important link between traditional commons regimes and modern Western local initiatives such as land trusts, community gardens, or the "commercial commons" of farmers' markets (see also [57]).

Traditional commons regimes, often seen by the economic mainstream as inefficient (see [51] for a polemic with this view) have historically been progressively dismantled in the name of economic growth. Their potential link to the degrowth movement stems from the fact that the goal of traditional commons regimes in fact is not growth of production, nor even monetisation of their produce. Instead, their goals tend towards sustainability (i.e. stewarding resources for future generations) and equity (distributing resources equitably to the current one). Of course, there may be a sharp antagonism between these two goals, and as Ostrom has pointed out, real tragedies of the commons have occurred [54].

Nevertheless, we believe that struggling commons regimes, often marginalised because of their non-market character, deserve to be recognised and supported as well as studied more thoroughly. For their relevance to economic democracy and de-growth aspirations, we suggest reframing traditional commons regimes as harbingers of the future rather than just vestiges from the past.

2.5. Redistribution of the economic pie in terms of both income and capital assets is arguably another aspect of economic democracy

As economies cease to grow, so do economic pies, and the issue of redistribution of wealth once more emerges as a crucial issue. Wealth however in a wider sense entails not only income (as in government transfer payments: pensions, unemployment benefits, and the like), but also access to capitals such as land, credit, buildings and knowledge. All these are

[8] The commons concept can fruitfully be and often is extended to other assets and spheres, such as air or seeds [see e.g. [49]].

needed for citizens to actively participate in economic processes and not be excluded as producers and investors.[9] We want to stress that simply to redistribute the product of an economy, the income, is insufficient to create economic democracy, even though it constitutes an important aspect. But if control over capital is kept in the hands of a few, these few will have the means to influence the actual redistribution of income. Therefore, as long as capital is not dispersed as well over the population, income redistribution remains a power struggle between the ‘‘haves’’ and the ‘‘have-nots’’.[10] If everyone has control over at least some capital, however, it leads to empowerment and arguably less dependence on often humiliating government handouts. In this perspective, we meet again with the commons/communal property mentioned in Section 2.4, which can include such varied assets as communal arable and grazing land, forests and fisheries, but also community buildings, with community kitchens or store houses, non-profit sources of business information, business incubators, accessible organically-certified slaughter-houses, local seed-saving centres, etc.

We see links here also to Section 2.2, since an important idea in the Co-operative tradition (which is a major root of the modern social enterprise movement) was non-violent re-distribution of capital (land, physical capital and finance) from the haves to the have-nots achieved via self-help and mutual help in co-operative enterprises [58, Chapter 2]. Intelligent and equitable land-reform can in this light be also seen as a tool of economic democracy.

As regards the struggle to achieve a stabilised de-growth society, the redistribution of capitals (including energy, food supply sources and financial institutions) might mitigate the current dependency on centralised infrastructures which will, according to some authors, become very vulnerable and prone to sudden instabilities and even collapses in the upcoming post-oil-peak era [59]. To the extent that capital redistribution is likely to enhance localised production, it might contribute to less environmental externalities linked to greater ecological efficiency [12], a goal which will be increasingly relevant as our natural resource base continues to dwindle even in a degrowth society. Finally, decentralisation of capital ownership in the shape of e.g. land reform would arguably contribute to higher economic security of vulnerable groups, weakening urbanisation pressures as well as the argumentation that economic growth is needed to help the poor.

Despite many encouraging small projects featuring de-centralised and communal capital projects, unbridled market competition tends towards the opposite, concentrating assets in ever-fewer hands as weaker players are subsumed by the stronger. Also the current tendency to higher capital-intensity, driven by tax incentives for machinery as well as by the fact that the true costs of energy are not included in its price, plays against the equitable distribution of capitals.

2.6. The last aspect of economic democracy which perhaps merits attention has close links to Indian thinker Vandana Shiva's concept of economic freedom

According to Vandana Shiva [60], an *economically free person can decide for her/himself how she/he will consume and what she/he will produce.* This would entail, as consumer, access not only to large supermarkets, but also to small shops and local/fair trade/organic merchandise. As producer, it might involve the possibility of being self-employed and doing meaningful work, including crafts or work on the land. Such a re-framing of economic freedom expands the economic discourse from the human being as producer/consumer to the human being as citizen, with a right to ethical consumption and meaningful work. According to Shiva, we have a right to chose not only *what* we consume and produce, but *how* we do it.

A system is envisioned here which would maintain and actively support a diversity of scales and a plurality of production modes, including self-employment and subsistence: the non-commodifed economy of direct needs satisfaction without the mediation of money, which, as in the case of the commons regimes (Section 2.4) is often invisible from a mainstream economic perspective. The emphasis is shifted from quantity of output (growing economic product) to quality of process (the work and provisioning process itself). There are links to Sections 2.4 and 2.5 (access to capitals) as well as Section 2.1 (regulation of markets and corporations).

The idea of economic freedom in this sense sounds innocuous, but is potentially deeply subversive because it rejects several assumptions in standard economic theory, which has championed freedom in another sense: in the sense of ‘‘free trade’’ of enterprising entities, a process which, linked to economic growth, leads to the gradual extinction of the small shops, crafts and work on the land, activities which Shiva champions. It also leads to extinction of non-human species and the degradation of ecosystems [3,61]. In the sense that economic growth involves a shift from subsistence provisioning and localised craft production to across-the-board industrialisation, an approach verbalising a right to non-industrial lifestyles

[9] An interesting and controversial issue in this context is ‘‘(unconditional) basic income’’. One argument is that such a general transfer could alleviate the need for people to seek growth-promoting positions in the labour market, hence reducing the growth pressure of the economic on the aggregate. The problem with an unconditional basic income might be the huge socio-political turmoil its introduction most probably would create. Additionally, the above discussion indicates that money alone is not a sufficient condition for democratic participation in the economy: dissipated ownership of property yielding an income might be one alternative.

[10] One major aspect is how far capital concentration is necessary for efficiency reasons. Large undertakings like railway systems cannot be realized under conditions of complete capital dispersion. This fact must not be neglected but taken into consideration when discussing different scales of economic enterprise. While for example one should not expect conflicts with economic democracy when individuals hold private capital as small shop keepers or crafts(wo)men, increasing scale creates increasing potential for exploiting economic power. But in principle, nothing speaks against public, democratically controlled enterprises which provide rail networks or other large scale industries. The crucial question then becomes how to effectively control the economic power of agents running such companies.

resonates with the degrowth narrative as well as with environmental concerns. Another Indian thinker, Ashish Kothari, puts it this way [61, p. 77]:

> To conclude, I urge that any fundamental challenge to today's destructive economic globalisation process has to embrace a diversity of ways of producing and consuming, and related lifestyles; as also respect for a diversity of life forms. One may then envisage not even one alternative path, but perhaps a variety of paths, to suit the enormous diversity of local ecological, cultural, economic, and political situations humans find themselves in.

3. Conclusion

In today's world, ideals such as economic growth and political democracy, which have been with us for centuries, are failing and losing their appeal in the face of the multiple crises our societies are facing. In this paper, we have tried to link the new potential "grand narrative" of degrowth with an expanded definition of economic democracy as an antidote to economic power. Economic power in many forms is an often unacknowledged actor in shaping our world, and this includes the often opaque pressures for aggregate economic growth. Frequently used but seldom defined, economic democracy as a concept has the potential to give common meaning and mutual ground for discussion to disparate areas of thought and action in the struggle against economic power concentration and its manifestations in many parts of the world. Concurrently, as a normative goal to strive for, it can be an important part of the degrowth discourse.

Our main aim in this paper has been to take some of the mentioned streams of thought and action out of their respective boxes, to draw out some of their common characteristics as regards economic democracy and to look at their potential in weakening, on an institutional and systemic level, some of the drivers behind economic growth. A crucial aspect which emerges from the analysis is democratisation of access to capital (or means of production), which is explicitly or implicitly involved in the last five of the six approaches above. As regards the degrowth implications of economic democracy, it seems that implementation of the approaches discussed would enable e.g. easier implementation of degrowth policies, weaken calls for growth by satisfying real needs of often marginalised groups, mitigate growth pressures caused by exclusively profit-oriented enterprises and by fractional reserve banking practices, help insulate societies against shock in an increasingly unstable society, and lead to more effective safeguarding of natural support systems and non-industrial modes of production.

However, we see our analysis of economic democracy and of its links to a degrowth society as necessarily a very preliminary attempt at mapping new ground. More discussion and expansion of the concept and its manifestations is needed, ideally in an interdisciplinary setting.

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