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# P2P, Cooperatives, and the Counter-Economy

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There's been a lot of discussion at P2P lately on the relation of p2p to the cooperative movement. Issue 88 of Integral Visioning included a themed subsection on cooperatives. In it, Michel Bauwens linked to an article at Grassroots Economic Organizing comparing the hierarchical conglomerate structure of Mondragon (apparently unfavorably) to the decentralized, bottom-up style of Emilia-Romagna.

Anyway, it sounds like it coincides with some of my own views of Mondragon. Certainly, Mondragon is far better than nothing: the Mondragon system as a whole is worker-owned and -controlled, and it's a lot more congenial environment for workers than the typical capitalist enterprise. But internally, it is not organized along libertarian or decentralist lines. It's organized as a typical top-down enterprise, with the board responsible to the workers of the system as a whole, but with authority running downward from the board to the plant managers to the foremen. So the average worker in the Mondragon system has about as much say in the decisions of his foreman or the way his

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department is run as, say, voting for mayor gives you over the Street Department crew that's wrecking your neighborhood.

The article prompted Michel to make an observation of his own.

I must share a certain skepticism about the cooperative movement... It has existed for over 200 years now, and it has always remained marginal. The reason is that, however socially more desirable it may be in terms of creating more cooperative human relations, it is out-competed by for-profit firms. And that is the big difference with peer production: peer production is more productive than its for-profit alternatives, and socially more desirable.

In fairness to cooperatives, I should say that when they are out-competed, it's because they're competing in a state capitalist system where the large corporate enterprise is the dominant form of organization and the structural foundations of the system as a whole are designed to support the large corporation. One reason p2p is at less of a competitive disadvantage is that it operates predominantly in sectors of the economy where the traditional state capitalist subsidies and privilege are less effective.

The so-called "Rochedale cul-de-sac," by which successful cooperatives take on the characteristics of capitalist enterprises and even become subject to hostile takeover and demutualization, has been remarked on before (I'm currently reading Race Matthews' *Jobs of Our Own*). The answer is 1) for consumer cooperatives to network with producer co-ops and other countereconomic institutions in a coherent countereconomy, aimed at supplanting the capitalist one, instead of trying to succeed by imitating it; and 2) for the countereconomic movement to engage and roll back the state, to reduce the state-conferred competitive advantage of the state-capitalist model of enterprise.

In other words, our strategic goal should be for producers' and consumers' co-ops, LETS systems, p2p, and the barter and house-

hold economies to coalesce, so that these individual components function within a coherent and increasingly self-sufficient countereconomy of their own, rather than floundering about individually in a larger system organized on a hostile basis. I addressed these issues in my post “Building the Structure of the New Society Within the Shell of the Old.”

Despite his reservations, Michel says, there is a great deal of complementarity between p2p and cooperatives.

P2P and the cooperative movement share the desire for equality and autonomy, but also differ in significant respects.

- P2P is based on cyber-collectives that are organized on a global scale; it is strongest in immaterial production; Cooperatives are mostly local groups; and they are perfectly geared for physical production
- P2P is a form of common property that ‘belongs to all’; cooperatives belong to the collective of specific producers
- P2P produces use value, not exchange value; Cooperatives are geared towards the marketplace and many of their decisions are dependent on that marketplace; they create exchange value. While P2P is emerging and growing and is proving to be ‘more productive’ than for-profit alternatives, that does not seem to be the case with cooperatives, who have always been marginalized in a capitalist market.
- P2P is a form of communal shareholding: anyone contributes and uses freely; Cooperatives are a form of Equality Matching: work and income

are distributed in a formal way to insure equality.  
Cooperatives are based on reciprocity, P2P not.

It seems to me that the two can only strengthen each other in a networked relationship. The peculiar advantages of each in its own sector (p2p in information, cooperation in the production and retailing of physical goods, and integration of both in some multi-stage processes) complement the corresponding weaknesses of the other. And the two together double the “footprint” of the movement as a whole, and reduce the need for each to participate in the capitalist economy where the services of the other are available as an alternative. The more specialties that are networked together in the counter-economy, the more of its needs can be met internally, and the less vulnerable its members are to being contaminated or coopted by the state capitalist model.

Marcus Moltz, who took Michel’s observations as excessively critical, remarked that he was creating a false dichotomy between cooperatives and p2p. In clarification, Michel wrote:

My aim in the issue 88 entry on cooperatives, was not to denigrate cooperatives however, but to make a distinction between reciprocity-based schemes, market-based schemes, and non-reciprocal P2P production. Despite the corrections by Marcus, I believe they are still important, but they should not be read as denigrating the cooperative movement, or ‘hard dichotomies’ denying the hybridity of real practice. Reciprocity-based schemes, and fair trade or market schemes, share the ‘spirit of gifting’ and fairness, and in terms of the search of more just modes of production, they form part of a continuum of alternatives. Now, do I think that ‘peer to peer’ is in the end ‘superior’ to other schemes. To the extent that one finds that production for no gain, and with no direct

expectation of a material return, may be morally more desirable than schemes based on reciprocity or exchange. Yes. But also knowing that where there is no abundance, full P2P cannot develop because it is based on the “wastage” of surplus resources. The swarming inherent in P2P production is in fact ‘very costly’ in terms of human resources, and is predicated on abundance...

I would think it likely that in a future civilisational model, both gift economy and Commons-based models would be complementary. P2P will function most easily where there is a sphere of abundance, in the sphere of non-rival goods, while gift economy models may be an alternative model to manage scarcity, in the sphere of rival goods and resources. As my own preliminary ideal in this research project, I envision the future civilization to have a core of P2P processes, surrounded by a layer of gift and fair trade applications, and with a market that operates based upon the principles of ‘natural capitalism’, as outlined by authors such as Hazel Henderson, David Korten and Paul Hawken, i.e. a market which has integrated ‘externalities’ (environmental and social costs) to arrive at true costing.