

## The Democratic Economy: Beyond Globalisation and Neoliberalism

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**ABSTRACT:** An alternative economy is being built that goes beyond globalisation and neoliberalism. It draws on but breaks with previous paradigms and is complex, detailed and practical. It is based in pluralities, governmental and civil society, political and economic, and in its regenerative capacities can appeal across the political spectrum. It is being discussed and implemented by local governments, think tanks, academics, and national political parties. This article asks whether something localised and beyond global capital can avoid parochialism, inequality and the negative effects of competition, stretch to representing the interests of the public as a whole and work at national level. Can its embeddedness across institutions and plural actors protect it from reversal or does its shift to community power and interests and away from neoliberalism mean global capital will undermine it? The paper discusses what the new democratic economy is and how it can be implemented and maintained in the face of opposition.

**KEYWORDS:** Democratic Economy; Labour Party; Jeremy Corbyn; Social Ownership; Community Wealth Building

### Introduction

In 1945 the Labour Party came to power in the UK. It nationalised major industries and utilities and established the public National Health Service (NHS). The state institutions it set up were run top-down. Thirty-four years later Margaret Thatcher became Prime Minister. She instigated widespread privatisation, carried on by her successor John Major and opened public services up to the private sector

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and marketisation. This was continued by Tony Blair, who removed the commitment to public ownership from the Labour Party constitution.

Subsequent Labour leader Ed Miliband made leftward tweaks to the party's policies but with the 2015 leadership victory of Jeremy Corbyn the Blair era came to a close, at least for now. Where the private sector and market had become default policy choices, Corbyn brought back public ownership as mainstream rather than marginal. Socialism and social democracy have long espoused social ownership of production, especially in Marxist strands, and greater equality in distribution of income and services, the latter more in social democratic approaches. Corbyn's Labour combined both, and proposals for social ownership discussed in this chapter see ownership of production and equality of distribution as linked. Furthermore, social ownership can ensure that public rather than private goals are achieved, including environmental objectives, greater accountability to society, long term over short term thinking, and more economically efficient operations in a number of ways.

The Labour Party's 2017 and 2019 election manifestos (Labour Party, 2017b; 2019) proposed socially owned local energy companies and nationalisation of the main energy providers in the UK, the National Grid, water, the Royal Mail and part nationalisation of British Telecom so that the government could provide free broadband for all. Labour argued for insourcing of council services, municipal social ownership, assistance for the growth of the co-operative sector, and transferring company shares to workers (on inclusive ownership funds, also proposed by Bernie Sanders, see Lawrence, 2019). There is an emphasis on decentralised local forms of social ownership; and where national ownership then in a democratised form. A report for Labour on alternative models of ownership discusses co-ops, municipal and national state ownership, community wealth building, procurement by anchor institutions and the Preston model (Labour Party, 2017a; discussed by Guinan and Hanna, 2018 and *New Socialist*, 2017). Corbyn and his shadow Chancellor, John McDonnell, have been interested in experiments in social ownership and local economic regeneration made by Preston's Labour council (Beckett, 2019; McDonnell, 2016; Reynolds, 2017). Labour lost the 2019 UK general election and Corbyn subsequently announced his resignation as leader. But the electoral result was less to do with the unpopularity of policies than demonisation of the leader and Brexit (see Davies 2019, Goodwin, 2019 and Melloni, 2019).

This article, though, goes beyond party policies. Proposals for social ownership and local wealth building are being pursued by think tanks like *The*

*Democracy Collaborative* in the USA and the UK *Centre for Local Economic Strategy (CLES)*. They do not just suggest policy but are hands on and guide implementation. Much talked about sites for the implementation of social ownership policies, with the assistance of such action-oriented think-and-do tanks, are in Cleveland, Ohio in the USA and Preston, U.K. (*CLES* and Preston City Council, 2019; O'Neill, 2016; 2018; Howard, 2018a). Key values and principles of such approaches are: community and collaboration; place and locality; inclusion, good work and the workforce; democratic ownership and systemic and institutional change; multiplier effects; and sustainability and ethical finance (see Kelly and Howard, 2019; Kelly, McKinley and Duncan, 2015). Policies pursued are often quite localist, but debates about ownership raise the question of the role of the centralised state and public ownership, whether the latter can be democratised, and of the viability of such approaches at national and public-wide levels (Beckett, 2019; *The Economist*, 2018; Howard, 2019).

This article is a critical but sympathetic assessment of democratic economy proposals in Corbyn's Labour and beyond. It argues that the democratic economy involves a return to Old Labour, but a new Old Labour, brought back to the mainstream of politics for more than a passing phase. I argue that the approach needs to marry local decentralised initiatives with national ownership for all and its supporters should not be complacent about the potential for reversal by fierce opposition. Old insights about the worth of national public ownership and the power of capitalist opposition remain vital.

### **Community Wealth Building: From an Extractive to a Circulatory Economy**

Democratic economy initiatives involve community wealth building, where wealth is generated and retained in localities, through political intervention to support socially owned companies and links between community business and anchor institutions (Brown et al., 2018; *CLES* and Preston City Council, 2019; Guinan and O'Neill, 2019b; Kelly et al, 2015). Anchor institutions are ones like hospitals, universities or councils that are more or less tied to the locality. They can be encouraged to shift the outsourcing of services from large capitalist corporations to local, sometimes socially owned, providers and require social objectives from contractors, for instance the payment of a living wage. The result is that rather than money flowing outside the area to big corporations and their shareholders, an extractive economy, it stays in the hands of community members and their socially and privately-owned businesses, a circulatory economy.

Retaining money in the local economy generates jobs there. For Mathew Brown, leader of Preston Council, it is about creating an alternative economic system at the local level. It is also a method of responding to local government cuts because it takes remaining wealth in the community and tries to keep it there. By the economy being tied increasingly to the locality rather than international investors it is more insulated from global economic shocks like the financial crisis (O'Neill, 2016). There is an equality element in wealth being captured for workers or other community owners and reinvestment, rather than being allowed to disappear away to capital and shareholders. In this sense, community wealth-building is not just a technical approach to foster local economies but is also about power, re-balancing this away from international capital to local more democratic entities, be they local government or local enterprise socially owned by community actors in various ways (O'Neill, 2018).

Brown et al. (2018) argue that key questions are who owns the wealth, influences it, benefits from it and where does it go? The system that community wealth is trying to get away from concentrates capital, while the place-based economy invests it. Brown et al. argue, furthermore, that finance focuses on property and land rather than employment-rich investments like manufacturing and services, and investment in automation means wealth is held less by society through employment than returns to capital extracted by investors. Proponents of the foundational economy argue investment should focus on basic infrastructure industries like energy distribution systems, education and health rather than areas such as property and tech (see Foundational Economy Collective, 2018).

Preston Council's assessment is that between 2012/13 and 2016/17 procurement spending in the city rose from £38.3m (5%) to £112.3m (18.2%), and within surrounding Lancashire from £288.7 million (18.2%) to £488.7m (79.2%), despite overall declining by 15%. Four thousand extra employees started to receive the living wage, and Preston won awards for its improvement on various social and economic indicators, moved its position up on an index of social mobility, was lifted out of the 20% most deprived areas in the UK, and unemployment dropped and fell below the national average (CLES and Preston City Council, 2019; Manley, 2018; Guinan and Hanna, 2018).

These approaches fit with a trend towards municipal ownership and remunicipalisation where services are run by and returned to the local public sector. This is often reversing outsourcing and replacing privatisation and public-private partnerships of the sort favoured by New Labour. For the Transnational Institute (2017), municipal ownership offers cost advantages for the public, a likely

greater commitment to worker welfare and social and environmental objectives, and greater accountability especially as a local form of state ownership (see Kishimoto, 2018).

### **Institutional, Ownership and System Change: A Road to Socialism?**

*The Economist* (2018) argues that Corbyn's monetary and fiscal policy was moderate and that it was in structural reform that radical change is envisaged. For Guinan and O'Neill (2018), proposals for a democratic economy involve an institutional turn, the focus on structural design and system, a predistribution and asset-based as much as redistributive approach to equality. Rather than income inequalities growing and being corrected by redistribution, more equal ownership of assets and distribution is encouraged from the start and equality is pursued through wealth as much as income, the reason for social ownership (Brown et al, 2018; 126. Howard, 2018b). This involves a shift of power as well as income, because ordinary people are empowered in ownership which is not always the case in social democratic redistribution (Kelly et al., 2015; Labour Party, 2017a).

This has connotations of Miliband's advocacy of predistribution when Labour leader. However, his more modest focus was on labour market measures rather than ownership (*New Socialist*, 2017). Piketty (2014) identifies the importance of capital ownership as key to inequalities globally but is for regulating and taxing capital rather than systemic change. Advocates of the democratic economy argue that what are needed are systemic changes, not regulatory fixes to a bad system and after-the-fact redistributive corrections (Guinan and Hanna, 2018, 110-13).

Part of the case for this approach is on democracy and participation grounds, that we do not have democracy unless it is widened to the economy as well as politics and that political democracy is undermined if economic power can influence or determine political decisions so reducing accountability to voters (see Beckett, 2019; Guinan and O'Neill, 2019a; Labour Party, 2019a; *New Socialist* 2017). The form of democracy envisaged here is also often participatory with people playing a greater role in the governance of businesses and utilities. One issue is how to build support for the democratic economy, and the incorporation of people into its democratic structures and ownership is seen as a way of fostering this (Berry and Guinan, 2019).

A question is whether there is enough participatory consciousness in UK or other societies for this to work (Beckett, 2019). The pressure group *We Own It* argues that people will participate if they have the chance to in an inspiring way

(2019, 9). But participation may be biased to those with agency, time and money (Heslop, Morgan and Tomaney, 2019). There have been problems motivating, for example, parents and members of the community to participate in school governance, and research on co-operatives suggests that offering meaningful participation does not necessarily lead to it being taken up (Carter, 2006). Greater democratic participation may need more than the available structures, but also consciousness change, a cultural and not just political change. Furthermore, there is a question mark over whether individual participation in collective democracy can mobilise people behind the democratic economy, as Berry and Guinan (2019) propose, in the way that direct individual ownership stakes in capitalism may be able to. It involves people seeing their stake in a collective rather than individual sense which will require a hegemonic narrative to mobilise people behind this, as Thatcher's popular capitalism of individual ownership did (see Hall, 1988).

For some the systemic asset-based approach gives democratic economy proposals like Corbyn's a socialist rather than social democratic identity (Financial Times, 2019). Brown et al. (2018, 134-5) describe it as consistent with social democracy (Mason, 2019) and for Finlayson (2019) Corbynism is mild reformism. It is not an approach to overthrow capitalism, at least not yet, so in that sense it is social democratic as much as socialist. But it is about replacing international corporate control where it can with local socially owned democracy and Guinan and O'Neill (2018) see Corbyn's democratic economy proposals as more than social democracy and as socialist as do Guinan and Hanna (2018). The democratic economy may include social democracy but has aspects beyond it because it is structural and involves a shift in power and equality through social ownership as under socialism. This is as much as after the fact redistribution and regulations of a social democratic approach which accept a privately owned capitalist economy but tries to control and correct for its maldistributions. Berry and Guinan (2019) see the proposals as revolutionary or non-reformist reforms; changes within capitalism that gradually replace capitalism by the extension of democratised economic forms.

If such proposals are partly socialist this raises the issue of the status of capitalism in them. Community wealth proposals do not amount to a dismantling of capitalism so much as a stepping away from contracting international capitalist companies in some places in favour of local community procurement. This does not systematically go after capital but sidesteps or excludes it to create parallel social ownership. It competes with international capital and creates democratic capital, selectively nationalising public services and spreading inclusive ownership,

rather than widely nationalising the economy. But the democratic economy excludes international capital, builds social ownership, and tries to enhance the direction of capital to social ends. It lives with capitalism but changes it in a way that builds in non-capitalist forms and aims alongside continuing capitalism. Beckett (2019) asks whether community wealth policies regenerate capitalism and allow it to regroup and come back in a harsher manifestation. This is a fair point but a key point of this article is that democratic economy proposals coming out of places like Preston and Cleveland should not be seen in isolation as they are compatible with approaches that do nationalise private companies and so complement a politics that does not just dilute capitalism but in part takes it over collectively.

### **Plurality of Institutions: Complexity and Reversibility**

The democratic economy involves a plurality of institutions: socially owned enterprises of various sorts, some community-created co-ops but others local government set-up, with local and national government input to promote social ownership and build relations with anchor institutions. The local and national state facilitate leadership, tax breaks, loans, investment, procurement support, and shelter organisations that will fund, promote and support social ownership (Labour Party, 2017a). There are the anchor institutions themselves and their procurement policy. Think tanks are involved as they have been in Preston and Cleveland. Institutions include municipal enterprise, land trusts, public trusts, public banks and participatory budgeting. Initiatives may rise out of social movements (Milburn and Russell, 2019a) and support comes also from philanthropy and trade unions (Brown, 2018). The democratic economy is a pluralist approach and involves networks of agencies and complexity. Brown et al (2018, 135) describe the approach as social democracy plus plurality. There are pluralist networks of actors in the co-operative regions of Mondragon in Spain and Emilia Romagna in Italy (Guinan and Hanna, 2018). A lot is involved which is complex but also makes it more systemic and institutional and so potentially more effective.

One hope is that such institutional and system interrelatedness makes the democratic economy more difficult to reverse and dismantle in the way nationalised industry and utilities were in the UK. Embedding change in society, it is hoped, is more likely to outlast changes of government and reversals by subsequent unsympathetic politicians. For Beckett (2019, 5), democratic economy proposals are for something more systemic and permanent than nationalisation

and tax. If less centrally linked to the state, as tax and nationalisation are, then it is more difficult for a new government to reverse them (Wainwright, 2017; *We Own It*, 2019). Difficulty to reverse may also come from plurality, of forms of ownership, actors and approaches, and potential attractiveness across the political spectrum (CLES and Preston City Council, 2019).

But how far is this the case? As publicly owned companies could be sold off what is the difference here? Local and municipal social ownership is reversible as is procurement policy by competition regulations or changes in control of a local council. The democratic economy may be more complex to unravel than simple nationalisations or regulations but still do-able by a new government willing to change policy and dismantle relations and support. The question of reversibility is not clearly answered by characterisations of the changes as systemic and institutionalised because systems and institutions can be politically changed. Furthermore, discussion of reversibility is often focused on changes of government allowing democratic economic systems to be rolled back, an answer to this being that subsequent governments may like the local regenerative effects of the circulatory community wealth building approach and keep it. But key actors who are disadvantaged are international capital. Even if the local economy stays a capitalist for-profit one by and large, international capital gets side-lined by such an approach. Global capital may be as much a threat to the community wealth building economy, economic power as much a threat as political changes of government. And governments may find the appeal of local wealth retention less compelling when faced with the opposition of corporate influence and power.

Berry and Guinan (2019) discuss the prospective resistance of finance and big business to Corbynist economic plans through measures like capital flight and investment strikes. They advocate controls on the movement of capital and international co-operation in response, although McDonnell denied capital controls were planned under a Labour government (Pickard and Shrimley, 2019). They propose social value mandates on finance, transactions taxes, regulation and reforms of banking and the building of democratic finance and public banks. Berry and Guinan discuss opposition from the civil service, and reforms to deal with this such as: changing personnel and non-executive participants from the corporate sphere; creating units supportive of the government and exploiting pockets of sympathy in the civil service; and introducing new norms of decision-making, a more pluralist economics and more social criteria for directing the civil service's operations. Berry and Guinan argue that a left government should democratise the system to more participatory forms, which may require

devolution in some areas, so the shift is not from one set of technocratic experts to another but away from technocratic elite control.

For some Corbynism needs to build coalitions with wider liberal and left political actors to carry out its aims (Gamble, 2019 and Lawson, 2019). This, however, would require giving up many already historically modest aims. But a strategy for maintaining community wealth and social ownership initiatives beyond reliance on systemic embeddedness will need to include a basis in social movements and popular consciousness. The editors of *New Socialist* (2017) put a strong emphasis on values, culture and movements being important in supporting such changes in the face of opposition from international capital, from within government institutions, and within the Labour Party. They argue that questions of culture and socialisation are as important as those of economic control and planning, echoing Labour's report on alternative models of ownership. In fact, the importance of culture and consciousness is not just in defending such approaches against dismantling but behind them working in the first place, their development and realisation, for instance in ensuring the take up of participation in democratic structures. *New Socialist* also mention the importance of values such as co-operation, solidarity, empathy and charity. They argue that democratic structures are important not just in themselves but for bringing in and sustaining support for what is democratised, giving people a stake in new structures so that they will want to hold on to them. But it will take more than democratic structures to build culture and values that will make the democratic economy work and protect it from reversal.

Berry and Guinan (2019) emphasise the role of social movements in supporting democratic economy proposals against opposition. Movements can hold the left government to account while also being tolerant of the need for political compromises. In addition to building alternative democratic mass media that, unlike some left media, is viewed by those beyond the converted, social movements, alongside party members, can be part of mass political education. This needs to be to the public, beyond meetings for members and activists, and beyond the limits of social media, putting bodies on doorsteps and in workplaces directly explaining political policies that are distorted and misrepresented in the media. It involves mass party membership, registered member schemes to expand the volunteer base, volunteer and non-member participation, 'big organising', millions of doorstep 'persuasive conversations' that go deeper than data-gathering canvassing, and community organising mobilised not just around the electoral cycle. Some of this has been initiated under Ed Miliband, by *Momentum* and in

Democrat organising in the USA (Garland, 2019; Hilder, 2019; Klug and Rees, 2019). It requires policy knowledge on the part of party members and activists for when they talk to the public, so relies on political education and training within the party and movements.

Movements can also be forces of resistance in the face of establishment opposition, through protest, education or disruption, for instance by trade union action (German, 2019). With a high party membership, the group *Momentum* in place and links with trade unions the Labour Party has blocks of a movement basis in place. Alongside the top-down use of social movements, new agendas and narratives that frame peoples' experiences and give them causal explanations and solutions (*New Economics Foundation*, 2013) and practical initiatives and experiments, such as alternative economies, often come from bottom up (*New Economics Foundation*, 2015). So that is a role for social movements, although new ideas are less the issue for the left in the current phase than mobilising understanding of and support for them.

### **Social Change and Scaling Up**

One issue may be that experiments like Preston and Cleveland are too small scale, piecemeal, incremental, localist, and do not involve large-scale transformation. A question is whether these can be widened and scaled up (Guinan and O'Neill, 2019a; Howard, 2018b). However, the local approaches can be experimental, seeing whether the approach works, and if it does then demonstrative, showing the way for others. There is a prefigurative element (Wainwright, 2017), building alternatives now as a basis for a wider economy along the same lines. Initiatives like those in Preston can spread across Labour authorities; and have been doing so in the UK (Leibowitz and McInroy, 2019). That such approaches were in Labour's 2017 manifesto is a sign of cases like Preston widening outwards and rising vertically.

The pursuit of change in democratic economy proposals can be not just through experiment and demonstration but also by active political leadership at government level and the involvement of mainstream anchor institutions. They can be pursued not only through showing things can work, thus encouraging adoption and scaling up, but also positively led, facilitated and built by the state, local and national, and by public sector institutions creating public-commons partnerships (Milburn and Russell, 2019a; 2019b). The Preston Model is more political than other social alternatives and so more open to being developed by means other than just prefiguration; a political and not just social basis for change.

It is less extra-political, more in politics and public-public relationships, and more in the mainstream of society than on the margins of it or separate spaces.

Cumbers and Hanna (2018) discuss the scaling up of local initiatives and the role of government in this process. Government can pursue change through top down nationalisations, remunicipalisation, economic incentives and public funding for social ownership, allowing first refusal for employees to buy companies at risk of closure or takeover, and public procurement policies that favour social and environmental goals and local co-ops, a number of these Labour Party policy under Corbyn. This is built on on-the-ground experimentation promoted more widely at national level by government. A Community Wealth Building Unit being established in Corbyn's office shows the potential for the approach being pursued at national level. Guinan and O'Neill (2018) discuss how community wealth building can be widened from Preston and have taken shape in Labour Party policy. They suggest the NHS could be the 'mother of all' anchor institutions with enormous procurement power. Labour's 2017 manifesto contained democratic economy proposals as does its report on *Alternative Models of Ownership*. Labour's proposals have shifted the political agenda to re-incorporate public ownership (Guinan and Hanna, 2018; Hanna, 2018a) and *The Economist* (2019) notes that the ideas of Corbynomics may survive when the Corbyn leadership has gone.

As a significant element of the approaches being discussed concerns funds being reinvested locally rather than disappearing out of the area they can appeal also to Conservative authorities, locally and nationally, interested in local economic regeneration (O'Neill, 2018). *New Socialist* (2017) argues that approaches discussed by Labour have a 'sober practicality' to them and that social ownership is popular with the public, as noted below. The approaches do not necessarily involve raising tax, increasing public spending or nationalisation, off-putting from a right-wing perspective, so can appeal across political divides. Mathew Brown (O'Neill, 2016) sees them as common sense (although also ideological). This can make it easier to implement by the left because they may encounter less right-wing opposition, and to sustain across changes in government as the right may be happy to allow local wealth building to continue. Guinan and Hanna (2018) argue the approach overcomes simplistic binaries of pro- and anti-business as it is about promoting local small business against big corporate capital.

However, the emphasis on the political right and capital agreeing with democratic economy proposals puts a lot of faith in rational persuasion about policy and overcoming polarisation between groups that are historically opposed

and have conflicting interests. Furthermore, the appeal to the political right may be to one that sees merits in place-based wealth building and local economic development. A right seen in more class terms as representatives of international capital will be less convinced as global capital is undermined by this approach. It loses business to local contractors and some on the right will be put off by some of this being to co-operative, i.e. non-capitalist, enterprise, which they may view as eroding the place of private capital and as less efficient. Despite *New Socialist* (2017) seeing democratic economy proposals as practical and crossing over left-right divides they also warn that they could be frustrated in their formulation and implementation.

### **Localism and its Limits? Community, Competition and Inequality**

There may be limits in the localism of democratic economy proposals. They may be best suited to areas with a strong local identity, attachment to place and social infrastructure (Heslop et al, 2019). The case for the approach can be made on the basis of a supportive culture and consciousness but less so for places that lack this. Furthermore, it depends on place-based institutions that serve as anchor institutions and is not so useful for places where these are less prevalent (O'Neill, 2016).

The proposals discussed are based in community wealth creation and its retention locally so that it circulates there rather than being displaced outside. This raises issues to do with localism. Retention of wealth by the community rather than its extraction by corporate capital who have contracts with local institutions will be welcomed by most with left-wing and community concerns. A more contentious issue is the keeping of wealth locally at the expense of its displacement to a broader community. Proposals can be seen to be concerned with local interests and so parochial and insular, and not concerned with the interests and welfare of the wider community in society nationally and globally.

For poor areas localism may be defensible. In such cases retaining wealth for local regeneration makes sense. But more widely this could mean in better off areas wealth is retained when redistribution to less well-off areas would be desirable. One solution is pursuing such policies within the context of a more regionally redistributive approach at national or supra-national levels. So, areas where wealth builds up could have some redistributed to poorer areas. This would require local wealth generators not losing the incentive to create and retain wealth locally if they know some will be redistributed. However, this is do-able and is done under many redistributive structures.

O'Neill (2018) in discussion with the Democracy Collaborative's Ted Howard raises the issue of the 'beggar thy neighbour' approach of community wealth building. Howard rejects the criticism for this stage in the process of building community wealth strategies which he says concerns resetting the balance between local communities and international capital, as much as it is about localities versus localities. O'Neill makes a similar circumstantial point and says that local government has to step up in the absence of other approaches and interest from national government. He argues this is a non-ideal situation and if national government was more interested in inequality then local economic development strategies could be different. Furthermore, what the local community wealth approach replaces is, for Howard, itself protectionism where each city competes to attract investment at the expense of another. The difference is that competing for extractive capital allows profits to go out of the area to international shareholders and is not committed in an ongoing way to the local area.

O'Neill (2016) suggests two paths: one is favouring institutions that are local and another those that have more ethical standards. Of course, the two can go together but the emphasis on more ethical and social business would suggest supporting alternative economic structures as much as, or even rather than in some cases, local regeneration. Favouring social business over the local business where the two do not coincide would be hard for a local authority but it does give an ethical rather than a localist slant to the approach. CLES and Preston (2019) say that choosing suppliers based on social value in Preston has not always meant the local one. Furthermore, the Preston policy has led to a shift in contracts away from London and the south-east but not from the rest of the country so has not necessarily meant abandoning a commitment to a wider community beyond the local one.

This raises a related issue that such an approach can lead to competition and perhaps inequality between localities. In locally focused wealth creation and retention approaches, areas may be focused on their own interests and become competitive with other areas and in competition there are winners and losers, so inequalities grow. Competition can also lead to wasteful duplication and reluctance to share resources or information, such as research and design. This can be the case with local authorities leading and supporting community wealth creation or with local co-ops competing. Hanna (2018a) says competition is as much an issue as ownership. A further dimension is that co-ops run the risk of being biased to the sectional group that owns them, for instance workers, as localism is towards the locality. Wider forms of ownership may help to counter

sectional interest or competitive inequality that arises from sectional ownership or localism.

These problems echo issues raised by theories for market socialism where the transformatory element is seen as co-operative ownership of companies but within a market context (LeGrand and Estrin, 1989). The market socialist argument is that ownership is the significant issue for socialists and a switch from private to social ownership the key thing in the transition from capitalism to socialism. The hostility of socialism to markets is seen to be misplaced while an economy with socially owned enterprises operating on a market achieves socialism. However, while some definitions of socialism, for instance Marxist ones, do put the priority on collective ownership many socialists also emphasise co-operation and equality. While an economy of co-ops involves co-operation internal to the co-ops it can involve the opposite between co-ops unless specific measures are made to build external co-operation, which is of course possible. And competition on a market leads to economic inequality which for many socialists is undesirable.

### **National and Public Ownership**

More national public ownership may be desirable, so there is less replication of activities and more sharing of information than under decentralised forms (Hanna, 2018ab). This need not replace local ownership, as pluralism is desirable for various reasons, and in many cases greater local accountability and participation is positive. The experience of state ownership itself has suggested that greater democratisation and decentralisation is desirable. Another possible route is networks between co-ops and local authorities where agreements are made not to compete or conceal resources and information. This is a feature of the co-operative landscape in places like Mondragon and Emilia Romagna.

Hobbs (2018) argues that public ownership represents the public as a whole and all who are affected by a company's actions so not just particular groups (such as workers in worker's co-ops) or communities (as in community wealth building). As such it can overcome insularity, sectionalism and localism, and oversee equality between local areas so some do not grow better off at the expense of others. For her, this is mostly relevant for public services. The *New Socialist* (2017) also stresses national public ownership as an approach that can guard against geographical inequalities, not just economically but also in equality of service nationally. *We Own It* (2019) argue for local, regional and national levels in social ownership. Relatedly *Common Wealth* (2019) advocate pluralism in

ownership against a monoculture of ownership. For Hobbs and *We Own It* (2019), we should not denigrate state ownership too much. It works or has worked for rail internationally and the NHS, for example. It would be a mistake to go too far the other way. Public ownership allows economies of scale, consistency, equality and cross-subsidy.

Cumbers and Hanna (2018) also argue that local and national state public ownership is better for distributing benefits more equally. For them, other forms, such as local and workers ownership, build wealth for specific groups, so can exacerbate inequality and create new forms of vested interest. Municipal ownership is better because it covers all local groups. Also, sectional groups face greater market pressures so may externalise environmental costs. State ownership can be better on environmental grounds. Because of its scale it can have a large impact if pursuing green policies.

The Labour Party's report on alternative models discusses national ownership and arguments for it; as well as acknowledging its pitfalls and the case for its greater democratisation, via the inclusion of plural involved and affected stakeholder groups in governance, for example local and national states, workers, consumers, managers, experts and community groups (Berry and Guinan, 2019 and *We Own It*, 2019). This involves the incorporation of industrial democracy into public ownership (Berry and Guinan, 2019). Public ownership may need to be reformed from forms it has taken in the past. But problems of public ownership, such as they have been, could have been due to types of management as much as ownership itself and could be addressed by investigating new forms of management (Hobbs, 2018) as much as by a shift to private ownership. Reform of public ownership can involve both democratising it and reforming its type of management and these may be related and go hand in hand.

Polling data shows support for public ownership (Hanna, 2018a; Kishimoto, 2018; *We Own It*, 2019). The *Legatum Institute* found in 2017 that three quarters of the UK public believe that water, electricity, gas and rail should be publicly owned, across generations and party allegiance, and 50% feel the banks should be nationalised (Elliott and Kanagasooriam, 2017). A 2017 Yougov poll shows lower level but still majority support for nationalisation of Royal Mail, water, rail, and energy, across age, class and region (Smith, 2017). For *We Own It*: 'Public services are the best things humans have ever invented' (2019, 9) and beyond the UK public ownership is not so outlandish, even in the free market USA where it is widespread (Guinan and Hanna 2018; Hanna, 2018ab). It has been equated too

easily with centralised, bureaucratic, inefficient top-down organisation, despite evidence for efficiency (Hobbs, 2018; Cumbers and Hanna, 2018).

Murphy (2019) raises the issue of tensions between international, national and decentralised levels and argues that Corbynist Labour do not deal with these. But an approach that combines decentralisation with central state power may be doing exactly that as central state power can be an overarching context for decentralisation, taking on those things that decentralisation cannot do so well (e.g. public services and environmental protection) and overseeing inequalities and coherence between decentralised units, not to mention linking upwards from them to the international level (Adler, 2019). At international levels, however, democratic economy proposals may have implications for trade and globalisation that have been less explored, but within the context of a left that is sceptical about international trade deals (Berry and Guinan, 2019; Pickard and Shrimmsley, 2019).

### **The Alternative Economy: Beyond Globalisation and Neoliberalism**

There is an alternative economy being built, place-based and democratic, beyond globalisation and neoliberalism. The democratic economy is about local value, both economic and social, not international corporate value; the creation and retention of wealth in the community rather than the making and extracting of it from the outside and for shareholders rather than citizens. This is less about trickling down than trickling up (Howard 2019). The democratic economy involves the marrying of political and civil society, and of the mainstream and margins. It includes the role of the entrepreneurial state rather than rejection of active government, a local state but also national, and a view of it working in alliance with various institutions rather than on them or by widescale appropriation of private ownership. The theme of reinvestment in the local economy can appeal to local communities and those who may not be socialist. This is part of its practical edge, although it is in a way that may appeal to parochial local self-interest which has negative dimensions.

It involves an institutionalisation of the alternative and change via a system, institutions and assets rather than leaving these as they are and compensating by redistributive correction. It is maybe not socialism replacing social democracy, but socialist as well as social democratic. And it is more Old Labour than New Labour, rejigged to give greater emphasis to the local and decentralised. A big question with social alternatives outside politics is how far they can be realised more widely; political alternatives raise issues of entrenchment

and institutionalisation. And local decentralised social ownership needs to be allied, as under Corbynite Labour, with national public ownership if it is to be equally for all: new Old Labour but still Old Labour.

The democratic economy is not just utopian but also practical, involving think and do actions, mainstream and political as well as alternative and social. It involves pluralism in various different ways. There is a re-politicisation of alternatives: beyond extra-political alternatives to more public-public political-society links. So extra-political alternatives built on but allied with political intervention and the mainstream public sector; a place for the political in social alternatives. It involves formal as well as informal sectors. It is a channel for scaling up using methods including but beyond experiment and demonstration; also politically designed and facilitated, linked to politics and party. It involves moving to an alternative not just in isolated experiments on the fringes of society but via conventional local and national politics, set up downwards and scaled across as well as scaled up from below.

The democratic economy involves the materialisation, politicisation and pluralisation, through institutions and broad support, of an alternative economy. As such, its potential for scaling up is good compared to some other radical alternatives. But even if the political right can be convinced, this new economy will face opposition from international capital as it is them that are disadvantaged. Complacency over parochialism and over resistance and the potential for reversal needs to be avoided. Embeddedness in society in the face of opposition from international capital and other vested interests will require going beyond just institutionalisation. There will need to be responses and reforms to capital, the civil service and media, and a popular consciousness and social movement basis behind the democratic economy.

So, the democratic economy needs to be for all of society equally as well as localised; and geared to a fight back against powerful opposition and not complacent about its wider appeal. It also raises the question of the international regrouping of the left. Returning economic power to the people and democratic accountability, and a politics for the many against the few has been on the upsurge elsewhere: in Spain where Podemos is in alliance with the centre-left in power, Portugal where an anti-austerity left has been governing, and with support for Sanders in the USA, for example. The experience of Syriza in Greece, though, has indicated the perils for the left when faced with elite power and a divorce from social movement support.

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