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THESES ON THE DEMOCRATISATION OF THE ECONOMY

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ABSTRACT

We see the characteristics and memorials of an economic and social development in which several crises overlap and mutually reinforce each other: the explosive indebtedness of governments, companies and private households, rampant speculation without any benefit for the general public, continuing impoverishment of large marginal parts of the population, manifold environmental problems, calls from extreme and sometimes fanatical circles for a policy of the hard hand, with which these crises are supposedly to be overcome. We see these signs of a severe storm and ask ourselves where such undesirable trends will lead.

Our goal is the establishment, promotion and further development of all forms of solidarity-based economic activity. The association Denknetz Schweiz with its organization, its statutes and its digital library is a suitable platform to bring our thoughts and plans closer to broader circles.



Since the outbreak of the great debt crisis (2007/08), which brought the global financial system to the brink of collapse, the concentration of wealth in a few hands has reached even more extreme proportions than before. The leading banks, industrial and commercial groups have now become even bigger and even more powerful. The subordination of the economy to the dictates of the financial world has been cemented. This aberration is taking society further and further away from the goal of socially and ecologically balanced development. The government measures to contain the worldwide pandemic in 2020, which were mostly decreed by emergency law, with their serious economic and social consequences, have also ruthlessly exposed the structural weaknesses and contradictions of the globalized economy.

The search for profit in economic activity must no longer be the main driving force of our existence. Only with the help of radical reforms will it be possible to find a way out of the impasse into which neoliberal policies have led us. Instead of the systemic pursuit of profit at the expense of the common good and the environment, the principles of solidarity and environmental justice should be the core ideas.

The main concern of a solidarity-based policy is the democratization of ownership structures and decision-making mechanisms in the economy, so that all participants can exercise their democratic right to a say equally without existential fear. To make this possible, companies should no longer belong to individuals, but should be transformed into common rights of use, indivisible ownership and possession of all employees of the respective company.

This requires a policy framework that limits the unequal accumulation of individual wealth while promoting the sustainable development of the common good. Specifically, financial markets need to be restructured and the tax system fundamentally reformed. However, the market as a flexible system of distribution of goods has proven itself to some extent in the past and is to be preserved in a limited way. The goal of radical reformist policies is the distribution of economic, financial, and political power to all, not just to those with substantial property.

Of similar importance to the principle of solidarity is that of emancipation. We want to organize the economy in a way that also excludes the various forms of non-legitimized domination of people over people and of people over nature. Instead of the systemic pursuit of profit at the expense of the common good and the environment, solidarity and the liberation of human beings and nature from non-legitimized and non-legitimizable domination of all ideological origins should take place.

Our political project is designed for universal reach and applicability. We present it here in a series of theses that will serve as a compass to stimulate public debate in political and social circles. Each of these theses will require in-depth discussion of its specific implications, risks, and possibilities for execution. The associated democratic learning process has already been initiated in many places on the occasion of the current economic and financial crisis and in view of the prevailing injustice in the distribution of wealth worldwide. In this process of consciousness and opinion formation, various ways of social action will be found to achieve the goals of a radically democratic development.

The present theses require a fundamental revision of the prevailing legal system. We believe in the power of arguments and non-violence and consider Mahatma Gandhi as a role model in this attitude. We unreservedly reject violence of any kind, because it contradicts the intention of our project.

Basics

1

The principles of solidarity and environmental justice in political and economic action should be anchored in the constitution and decisively shape our living environment.

2

Solidarity-based forms of economic activity, such as production, consumption and service cooperatives, employee associations, self-managed enterprises and commons, have proven their usefulness in all areas of the economy, provided they are based on solid ethical foundations. In the future, they should be promoted by all means.

3

Human and social rights are to be fully implemented. In addition, the participation of employees in the economic product in a society organized on the basis of solidarity is postulated as a binding universal human right.

4

Economic democracy can only be realized within the framework of a representative and directly democratic state in which the population is granted genuine opportunities for political co-determination in all important matters. The decentralized organization of decision-making structures should be striven for as far as possible. The separation of powers between the legislature, government and judiciary must be guaranteed.

5

The democratization of political and economic events is based in principle on various forms of popular decision-making (plebiscites and the right to put constitutional and legal changes or innovations to a vote by means of initiatives).

6

The most important bodies for democratic decision-making are elected councils, in which people should sit who are suitable for this on the basis of their education, experience and achievements in the service of the common good or their ethical authority in science and society. The declared aim of such councils must be to place the economy at the service of people and nature - and not vice versa.

7

The existence of and respect for the rule of law are indispensable prerequisites for a real economic democracy. Equality of rights and thus the prohibition of any kind of discrimination must be enforced regardless of gender, nationality, origin, religion and social class.

Economic democracy

8

Democratization of the economy means the right of all employees of a company to co-decision, co-responsibility and participation. They decide jointly - and along the entire value chains - on all important matters of the company according to the democratic principle: one person - one vote. In particular, they decide on issues relating to production and distribution, fair wages, and expenditure on research and development. Internal company decisions take into account the impact of production processes, goods and services on the health of people, nature and society, even outside the company itself.

Basically, companies organized on the basis of solidarity have one thing in common: they manage themselves according to democratic rules. Decision-making and production processes are organized as decentrally as possible. Where necessary, the execution of jointly made decisions can also be delegated to representative groups within the company. Where appropriate, members of supplier companies, customers and other stakeholders can also be involved in the decision-making process. This is especially true for consumers of goods and services. They can be part of associative networks of self-managed enterprises and have the right to bring their needs into the decisions of the enterprises.

9

The company's financial and fixed assets are transformed into indivisible property of the community of employees. The company's property is therefore no longer tied to individual persons and cannot be divided among individuals. The capital is thus „neutralized“ *. Community self-managed companies are more efficient if their size is limited upwards. In this sense, self-management is also a departure from gigantic nationally or globally organized enterprises. Accumulation of capital for the purpose of private enrichment and concentration of power, which are incompatible with the essence of democracy, are thus prevented.

* The concept of the neutralization of capital comes from the Czech economist Ota Sik, who decisively inspired the Prague Spring in the late 1960s as a member

of the Dubcek government. This model is described in detail in his two most important works, *Humane Economic Democracy* (Hamburg, 1979) and *An Economic System for the Future* (Berlin, 1985).

10

With its public service, the state makes an indispensable contribution to the common good of the entire population. Among their most important real needs is the expansion, improvement and humanization of care activities and health policy (care economy) with predominantly public funds. Private initiative should be subject to democratic management and control. Public service companies must be co-determined and controlled according to democratic principles.

11

The principle of education and training accessible to all must be given top priority. Learners should receive an education based on humanistic values. The aim is to prepare them for a democratic society based on the principles of solidarity, environmental orientation, emancipation and tolerance. They should be empowered as citizens to actively participate in this process. Education should also enable them to find good gainful employment that provides meaningful activity and a dignified existence.

The dual education system, which combines manual and technical training with theoretical education, as has been successfully applied in some European countries for many generations, can be the key to economic success, especially for less developed countries.

12

The trend toward economization of education and training, as well as the increasing influence of capital interests (e.g., through sponsoring) on academic operations, must be stopped. Particularly in poorer countries, targeted efforts to improve the training of teachers at all levels and to improve their remuneration are urgently needed. The financial resources required for this are generated by a socially and ecologically just tax policy, as outlined in theses 29 to 34.

Market and planning

13

We consider both the absolute market faith of neoliberalism and a dogmatic persistence in planned economic concepts to be aberrations. Capitalism is not the same as market activity, because capitalism implies compulsion to grow and concentration of power, which cannot be reconciled with the true needs of people and nature.

On the other hand, a simultaneous operation of market mechanisms and planning at both macro- and micro-economic levels is useful and necessary. In this way, companies and individuals can develop their activities autonomously and offer their products in the market, which is regulated and contained by the criteria

mentioned in the following theses (14 to 18).

14

In order for the decisions of all those who participate in the market to be oriented toward the common good, democratic framework planning (macroeconomic planning) is needed, which primarily focuses on environmental policy, the development and maintenance of infrastructure, the avoidance of unilateral market power, an orderly economic cycle and the improvement of the quality of life of the entire population. In principle, it is the responsibility of public authorities at the global, national, regional or municipal level. The interests of individual sectors of the economy are given due consideration, but are always subordinated to the common interest. The active participation of citizens must provide an effective counterweight to the power and influence of business associations and their lobbies in the democratic decision-making process.

15

Ecological management requires that the natural cycles of water, nitrogen, carbon, etc. are not disturbed and that no harmful waste is released into the environment through production and consumption. Environmentally friendly energy production must be given the highest priority in scientific research. Waste of resources, especially energy as well as food of all kinds, must no longer be tolerated.

A sustainable environmental policy means first and foremost respect for nature. This is the deeper meaning of the philosophy of the good life (buen vivir), as it is striven for by various indigenous peoples. In complete contradiction to this is the myth that there can only be progress with the help of economic growth and the accompanying plundering and pollution of the environment. A distinction must be made between the vital needs of economically disadvantaged societies and the claims of privileged sections of humanity until humane living conditions are guaranteed for all.

16

The state can intervene in price formation to secure the basic needs of the population. However, the financial possibilities for granting subsidies to the local economy differ from country to country. In general, one must beware of excesses in stimulative measures. They can sooner or later break the financial budget and thus upset the price structure.

Thanks to protectionist measures, today's rich countries have been able to develop industrially and technologically. What was right for them must also be allowed for poor nations whose resources are still exploited by foreign economic powers. Consequently, the underdeveloped and emerging countries must be granted the right to protect their local production with trade policy measures. For their part, the highly developed nations must no longer apply export subsidies that ruin the economies of the target countries. The wealthy nations commit themselves to fair trade and to international development cooperation that promotes democratic structures in the state and the economy.

17

To prevent the emergence and proliferation of monopolies, oligopolies and overpowering business associations, competition and antitrust laws will be tightened and enforced with full force. In extreme cases, companies can be nationalized.

18

Patent law must be rewritten with a focus on promoting commons models, free exchange of knowledge (open source) and collaborative work. To promote free knowledge, the registration of processes or products as open patents should be fiscally encouraged. This authorizes all interested parties worldwide to use such knowledge freely, as long as all further developments of such goods or processes are in turn made available to all as open patents.

19

Under the conditions of a dominance of solidarity-based forms of economic activity, generally binding environmental policy and framework planning, limitation of private economic power and a central role of the public sector in basic services as well as in all essential sectors of the public service, the market can function sufficiently freely and at the same time in the service of the common good. In this sense, a regulated market is more efficient and humane in the long run than the so-called free market as it currently exists. Solidarity-oriented economies do not tolerate the production and trade of armaments.

Common Good

20

Under the current power relations, globalization has led to an ever more extreme concentration of wealth. In contrast, we call for a globalization for all that is based on ethically founded legal norms and the principles of global justice, including the free movement of persons. At the same time, we see the possibility of adapting the present theses to national circumstances, provided that the principles of solidarity-based politics are not overturned in the process.

21

Digitization, automation and robotization are transforming more and more jobs. While specialized workers are gaining ground, jobs for low-skilled workers in particular are being rationalized away. Those affected by this must not be shunted into precarious employment. Automation-oriented development can only make sense for society as a whole if it is accompanied, first, by a reduction in working hours with real wages remaining more or less the same and, second, by a strengthening of democratic mechanisms. Where technological progress leads to production becoming more and more capital-intensive, i.e. with fewer and fewer employees, a transformation of the company into a non-profit enterprise with solidarity-based structures makes sense and is fair.

22

The evaluation of personal data allows an extensive and differentiated behavioral analysis of individual persons. The possibility of targeted influence that results from this considerably undermines the necessary independence to make free decisions. Every person should be able to decide for him/herself to whom he/she hands over which data; in any case, he/she should have unrestricted rights to access and delete his/her data. Data collected without the explicit consent of the person concerned must be deleted. Databases in which personal data are stored must be clearly separated from each other by law and may not be subsequently linked. No dossiers may be created on individuals without their consent unless there is sufficient suspicion under criminal law.

Both state-ordered and privately organized mass surveillance is a dangerous instrument of political power in the hands of a few. It places everyone else under general suspicion, contradicts the principle of the presumption of innocence and must therefore be fought as contrary to fundamental rights.

23

Private property claims in the personal sphere of life, insofar as they concern consumer goods and residential property (excluding land) to a socially and ecologically acceptable extent, are legitimate, provided they are not based on the exploitation of other people, do not cause relevant environmental damage and have not come about in disregard of elementary ethical standards, in particular by means of corrupting practices.

24

Private land ownership encourages land speculation with dire consequences for those segments of the population who need to rent housing. Large-scale land ownership in private hands is one of the main causes of violent conflict worldwide. Therefore, the private ownership of land must be abolished. Those who want to use it for productive purposes can conclude a long-term lease agreement with the competent public authority. Those who need it for residential purposes can apply to the same public authority for the use of it in building rights for an equally appropriate period of time. From this arises the necessity of publicly accessible cadastral offices, which are subject to the control of democratically appointed authorities. Lease agreements must provide all beneficiaries with guarantees similar to ownership documents.

Like land, water (especially drinking water), clean air, forest resources and biodiversity are considered common goods to which no private claims of ownership can be made. Mineral resources remain state property at all times. If they are granted for exploitation, the corresponding leases or concession agreements must contain high fiscal constraints. In this way, non-renewable resources such as oil, natural gas and minerals should yield substantial benefits for the population as a whole in the present and possibly - through investments in jointly managed funds - also in the future. Government revenues from the use of non-renewable resources will

be used to shift economic activities to the decentralized use of renewable natural resources.

25

The question of ownership of the means of production arises with particular urgency with regard to the mass media, because they exercise a key role in the democratic formation of opinion. All media enterprises must be organized democratically and freedom of the press must be guaranteed. Entrepreneurial power and private wealth must not be allowed to determine which opinions can be disseminated. The role of the advertising industry and its relationship to the media must be redefined and adapted to the real needs of society.

Finance and tax policy

26

Wild speculation, bankruptcies of corporations and banks as well as reckless central bank policies are driving large parts of the population into ruin. Therefore, a systemic restructuring of finance is an indispensable prerequisite for a democratization of the economy. Banks and companies that have become too large and too complex must be broken down into smaller units. Each unit must have a sufficiently large equity base and be able to go bankrupt without serious consequences for the economy as a whole. The primary function of all financial institutions is to finance productive investments with the investment money of the public and of companies, in compliance with the framework planning. Speculative operations beyond hedging future commercial transactions will be prohibited. The future belongs to cooperative, alternative and democratically controlled state banks. All commercial banks will be placed under especially strict supervision. Corruption creates privileges that are diametrically opposed to the essence of the democratic order. It must be fought with all vigor and punished in an exemplary manner.

27

Payment transactions are defined as a public service and organized as such. Cash must be preserved as an instrument of democratic freedom of movement.

28

Money creation currently takes place primarily through central bank money from national or central banks and secondarily (but to a much greater extent in most countries) through lending by commercial banks. Thus, in reality, the money supply can hardly be controlled by the state anymore. The regulations currently in place will therefore not be able to prevent the next global financial crisis. We therefore need a new, democratically controlled monetary policy that makes private money creation through unsecured loans impossible. In the future, all interested parties should have direct access to the solely legal central bank money. Regional currencies may be useful as alternatives. Crypto money of any kind is inadmissible.

Bankruptcies must be regulated at all levels, including for insolvent states, with

the help of clear, globally agreed legal injunctions that do not privilege any side.

29

Tax policy is a powerful instrument for shaping social conditions. The transition to an economy based on solidarity is inconceivable without radical simplification and transformation of the tax system, oriented toward justice. These primarily concern the abolition of all exemptions that allow the rich drastic reductions in the tax bill on salaries and other income as well as on their assets. Capital gains of any kind and bonus payments are to be taxed more heavily than ordinary wage income, without exception. Lump-sum taxation and other similar privileges for the wealthy will be abolished nationally and globally.

30

Initiatives for financial transaction taxes should be supported. However, they are not sufficient to eliminate global debt and the proliferation of speculative securities. Micro-taxes in the per mille range on all financial transactions decided by individual nations or in a group of several countries are a practical, efficient and socially just source for financing public tasks.

31

Also indispensable is the principle of a strong progression in the taxation of income, wealth and/or inheritance, as practiced in Scandinavian countries from the mid-20th century onward with excellent results for society as a whole. The same principle of progression is to be applied to corporate taxes. Large banks and corporations will thus be effectively slowed down in their trend toward gigantism through progressive taxation in the transition phase to a society structured on the basis of solidarity.

32

The maximum tax rate on personal income, assets and/or inheritances will be drastically increased and reached in several progression levels. In social terms, just as important as a consistent skimming of the largest wages and capital gains is the tax exemption of the lowest incomes, because the bureaucratic effort in these cases is hardly justified.

33

Consumer taxes are socially unjust and should be kept as low as possible, especially in poorer countries. On the other hand, products that come from non-sustainable resources such as fossil fuels or that are harmful to health, such as alcohol and tobacco, should be subject to high special taxes. Transport taxes should act as a barrier against nonsensical, environmentally damaging production processes and trade sequences. Short food chains organized on a regional basis and on the basis of solidarity are the most forward-looking solutions, both socially and ecologically.

34

The fight against all forms of tax evasion will be pursued permanently and rigorously through digital networking of the tax authorities of all countries and auto-

matic exchange of information, as well as by drying up all tax havens. National and international tax harmonization in the essential aspects must prevent ruinous tax competition.

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