

# Toward a more democratic economic system

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An examination of the concepts of *ownership* and *commercial value* clearly shows that they are psycho-social constructions and that they, consequently, should not be treated as isolated attributes of human beings and objects (a common “fallacy of misplaced concreteness”, to use the words of a process philosopher<sup>1</sup>). Considering the human society as a flexible and integrated *system*, closely interacting with its environment, one may arrive at something like the presented idea of a possible, if not easy, way toward a democratic society with less social injustices, and probably more sustainable, than our dominating kind of society.

The original version of the text below is written for a Swedish debate, but since we live in a global economy, it may be of some relevance also to the rest of the world. As it is very concentrated, one should be careful not to interpret it too rigidly. Instead, try to find different interpretations, and perhaps better and more elaborated formulations of its ideas.

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Perhaps the most important question, which any society aspiring to be democratic has to solve, is the rules that regulate the behaviour of its enterprises. To that end the following points may be worth consideration:

To be able to take *local initiatives* for the common good – not for the sake of competition – enterprises must be able to buy their means for production and to sell their products in a sufficiently *free market*. But the enterprises themselves

(1) *should not be bought or sold by external shareholders* (since this would leave other stakeholders without influence on decisions of vital importance for their lives, which would, per definition, violate democratic principles) and should pay decent salaries to its employees (or members) rather than dividends;

(2) *should be democratically governed*, internally and externally, by all those who are appreciably affected by and involved in the activities of the enterprises (when necessary, for practical reasons, through a democratically elected board), with a special concern for minorities, the environment and other species;

(3) *should be included in a democratically controlled social distributive system* designed to avoid poverty, unnecessary bankruptcy and excessive wealth, to make important services like health care, schools and communication accessible to anyone, and reduce large scale harm caused by local activities.

1. Alfred North Whitehead in *Science and the Modern World* (1925).

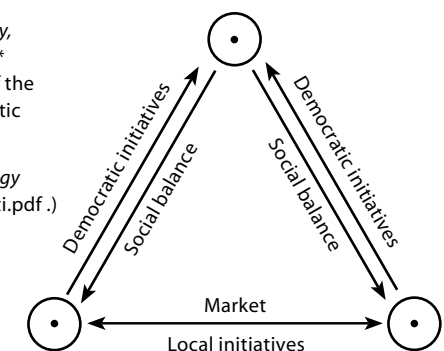
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Since these points are mutually dependent, a process toward a better attainment of all of them might for instance start with efforts to improve the democracy according to point 2, which would, ideally, end in the liberation of the enterprises from the dominance of their owners, satisfying point 1 – whereby economic aid according to point 3 should guarantee their survival. But since it is probable that a distributive system according to this point would not be well developed before a more general attainment of point 1, it would be necessary to try to establish a *positive feed-back process* with gradual changes. To this end a strong support by *personally engaged participants* would be necessary. It should be a *creative process*, where the points 2 and 3 gradually become more elaborated and developed (and where already working democratic institutions, like well functioning law and educational systems, have to be defended).

Even if experience shows that a well functioning democratic system is incompatible with a centrally planned production and market, it may be necessary that a global, fairly centralized, distributive system according to point 3 contributes to an acceptable moderation of the uneven distribution of wealth that may be the result of a free market. The attainment of this point may be facilitated, for instance, by the establishment of a growing number of non-profit organizations *without (external) owners* – governed according to point 1 and 2. A socially integrated, democratically governed, (system of) non-profit bank(s), which may guarantee a financial support to such organizations (together with some agreement(s) that uninvested profits is to be redistributed to the society), could be an embryo of a new, social distributive system. As a start, it would be wise to *stimulate a general interest* in the kind of organizations that may belong to such a system.<sup>2</sup>

• = An individual, deeply felt *stabilizing activity*, hypothetically sustained by an “active past”, \* especially when stimulated by the culture of the society (e.g. philosophy, literature, undogmatic religion, etc.), *preventing vicious circles*.

\* (See my paper *Transactional Process Ontology* [http://home.swipnet.se/bo\\_herlin/pdf/tpo-ti.pdf](http://home.swipnet.se/bo_herlin/pdf/tpo-ti.pdf).)



Important relations on *every level* of the society to be balanced in a democratic economy. (Especially ‘*democratic initiatives*’ and ‘*social balance*’ may need careful attention.)

2. A proposal that seems very close to the above is given by Joel Magnuson in his book *Mindful Economics: How the U.S. Economy Works, Why it Matters, and How it Could Be Different* (New York, NY: Seven Stories Press, 2008). In my view an excellent and very readable popular introduction.