



The Cooperative Society

E.G. Nadeau & Luc Nadeau

The Cooperative Society

The next stage of human history

E.G. Nadeau, Ph.D., and Luc Nadeau, M.S.

Graphics by Luc Nadeau

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Introduction

Humans have always cooperated in order to survive – survive despite competition and conflict in our relationships with one another, with other species and with our physical environment. Just look at the bloody trail of wars, violence and oppression that have characterized our relationships with one another throughout recorded history.

However, we may be on the verge of moving beyond our conflict-filled past toward a society in which cooperation is the predominant way we relate to one another and to our planet. Why? It could be that humans no longer feel compelled to fight over scarce resources, because we now have the means, organizational skills and technology to meet everyone's basic needs.

In this book, we present the hypothesis that humans may be on the threshold of a new historical stage, one characterized by cooperation, democracy, the equitable distribution of resources and a sustainable relationship with nature.

The Cooperative Society is organized in three parts: a description of the hypothesis; a “test” of the hypothesis based on measurement of seven broad variables; and a set of observations and recommendations for how we can increase the likelihood of moving toward a more cooperative society during the next several decades.

We consider this book a pilot for articulating and measuring what may be a major transition in human history. Much more research and analysis must be done to thoroughly examine whether this is indeed taking place.

We also believe that a cooperative transition would be a momentous, positive step forward for our species. At the same time, we have attempted to objectively report and analyze the data for and against this transition, playing the role of both scientific observers and advocates.

The Cooperative Society is a call to action, not simply the preliminary testing of a hypothesis. We, as humans, have the ability to shape our society. Our purpose for writing this book is to motivate and assist readers in restructuring our economic, political and social behavior and institutions in ways that are better for humanity and for our planet.

E.G. Nadeau, Ph.D., and Luc Nadeau, M.S.
September 2016

Chapter 1

Hypothesis

The cooperative society

The cooperative society is a potential new stage of human history, characterized by economic and political democracy, cooperative international relations and a symbiotic relationship with nature. The cooperative society would replace our current stage of history, which is characterized by a small number of large, for-profit corporations that dominate the world economy; a mix of authoritarian and democratic governments; a low quality of life

for many of us; a high level of conflict-based interaction within and among nations; and a destructive relationship with the environment.

We already may have begun the transition to the cooperative society in the latter half of the 20th century and the beginning of the 21st.



If such a transition is occurring:

- This emerging society would be a major paradigm shift, on a scale that has occurred only a few times since we evolved as a species over 200,000 years ago.¹
- For the first time in over 5,000 years,² we would have a society that is not dominated by religious, military, political and/or economic elites.
- Our society would be based on cooperation and democracy rather than conflict, control by the few and extreme inequality.

The Cooperative Society examines the premise that humans are at the threshold of such a momentous historical change, making possible the realization of our most broadly and deeply held social values.³

The book sketches the major stages of human history to date; outlines the key characteristics of how a cooperative society would differ from these prior stages; defines, “tests” and scores seven measures related to the cooperative transition; and recommends ways for us to make this transition.

In the future, this pilot exercise to define and measure movement toward or away from the cooperative society will need to be followed by more detailed, systematic and periodic research in order to rigorously measure changes over time. The ultimate goal is to set the stage for an ongoing measurement process and to present a set of recommendations to help us make the cooperative transition a reality.

Stages of human history

There are many ways to characterize the history of Homo sapiens – technology (Stone Age, Bronze Age, Iron Age, etc.); social organization (migratory bands, villages, cities, etc.); economic activities; or a combination of traits.

From the perspective of economic activities, the major stages of human history can be classified as: hunting and gathering, simple agriculture and an age of increasingly complex and diversified economic activity.

Our **hunting and gathering** past is by far the longest period in our history, estimated by many scientists at more than 200,000 years. Through both archaeology and by examining the behavior of isolated groups of hunter-gatherers and other primates today, we can conclude that these ancestors lived in relatively small groups – usually 30 to 100 people; they were fairly egalitarian in social behavior and distribution of resources; they had mixed levels of conflict; and their relationship with nature was primarily symbiotic.⁴

Simple agriculture began in a number of locations between 10,000 and 15,000 years ago. Some scientists conclude that the primary reason for the emergence of agriculture was increasing population density and the concurrent limitations on a hunting and gathering lifestyle. Farming permitted higher concentrations of people, required a less-nomadic way of life and led to the establishment of permanent or semi-permanent villages.

With more humans living close to one another, many scientists believe that society became more hierarchical, although not dramatically so. Because of fixed villages, the potential for conflict with other agricultural groups and nomadic bands also increased. The small number of humans and the limited scale of agricultural production meant that negative impacts on the environment were minor.⁵

The age of increasingly **diversified economic activity** can be roughly estimated as beginning about 5,000 years ago with the emergence of larger concentrations of people in and around cities. As agricultural techniques improved, farmers produced greater surpluses that could support

more non-farming activities. This allowed some members of society to specialize in other types of work or become political, economic and/or religious elites. Also with increasing concentrations of people in and near cities, the potential for conflict increased – both within these urban-based settings and between them and other city-states and nomadic groups.

As these population centers grew in size, they had a greater negative impact on the environment.⁶ These broad stages of history do not include a separate category for capitalism. We consider capitalism as part of the age of increasingly diversified economic activity. The patterns that characterized the growth of cities a few thousand years ago – the stratification of society, the heightened levels of conflict and the increasing negative impacts on the environment – can be seen as a continuum leading up to our present “capitalist” world.

However, in the late 20th and early 21st centuries, we may be entering a new stage of human history – **the cooperative society**. The beginning of this potential new stage is characterized by a mostly urban population, which may become more decentralized in the future as some opt for more rural, agriculturally based lives.

At the early part of this stage, political and economic power remains highly concentrated, but democracy appears to be increasing. Resources are distributed very inequitably, but there are some signs that distribution is improving. Conflict is high within and among many of the world’s countries, but the number of deaths resulting from this conflict appears to be decreasing. Humans continue to degrade the environment, but efforts are increasing to remediate unsustainable practices.

Chapter 2

Measurement

Measuring transition to the cooperative society

In analyzing the transition, we separated the major components of the cooperative society and used or adapted currently available measures to gauge progress – or lack of progress – evaluated each component measured, and then created an aggregate “score” encompassing all the measures.

We evaluated seven measures representing economic, political, social and environmental components of a transition to the cooperative society:

- 1. Growth or decline of cooperative businesses**
- 2. Increasing or decreasing economic power of large, for-profit businesses**
- 3. Increasing or decreasing inequality in household income and wealth**
- 4. Greater or fewer deaths from domestic and international conflicts**
- 5. More or fewer people living in democratic countries**
- 6. Improving or deteriorating quality of life**
- 7. Improving or deteriorating environmental conditions**

These measures were selected based on several criteria: representation of the most important characteristics associated with the transition to a cooperative society; clarity and simplicity of the measures; and availability of reliable data. Following is our analysis of each of the seven measures.

1. Growth or decline of cooperative businesses

Cooperative businesses are owned and democratically controlled by their members. (We included mutually owned businesses and credit unions within this definition of cooperatives.) Cooperatives are owned by producers, consumers, workers, businesses and other organizations, and by combinations of the above. They operate in all business sectors and in almost every country in the world.⁷

Unlike for-profit businesses, in which profitability is the primary measure of success, service to members is the first priority of cooperatives, but they also must maintain a level of profitability that allows them to operate sustainably over time.⁸ By definition, the for-profit business model is radically different from the co-op model. To the extent that cooperatives become more dominant in society, the very nature of economic relations changes – from the primacy of profits to the primacy of service to members.

From a measurement perspective, the growth or decline of cooperatives is problematic, because there is no worldwide, longitudinal data set encompassing the many different kinds of cooperatives.

The United Nations sponsored the world’s first global cooperative census in 2014,⁹ providing benchmark data for future co-op censuses. The data in the current census are from 2008 or later.

Following are some key results:

- Almost 3 million cooperatives have about 2 billion memberships and clients – equivalent to over one-fourth of the world's population.¹⁰
- \$20 trillion in cooperative assets generate \$3 trillion in annual revenue¹¹ – equivalent to about 4 percent of the gross world product (GWP) or to the gross domestic product (GDP) of the United Kingdom.¹²

There are several longitudinal data sets for segments of the cooperative universe. Euricse¹³ and the International Co-operative Alliance annually publish the *World Cooperative Monitor*, which provides information on the largest 300 co-ops and mutuals. These reports indicate that between 2010 and 2013, the revenue generated by the top 300 increased from about \$2 trillion to \$2.4 trillion – averaging a 5-percent increase per year over the four-year period.¹⁴

The two co-op sectors with the largest numbers of memberships – insurance and financial services – also have experienced impressive growth in recent years.

To the extent that cooperatives become more dominant in society, the very nature of economic relations changes – from the primacy of profits to the primacy of service to members.

The International Cooperative and Mutual Insurance Federation (ICMIF) publishes annual data on the state of its industry. According to ICMIF, “The number of people protected by mutual and cooperative insurance (as members or policyholders) grew to 955 million in 2014, up from 923 million in 2013. As employers, mutual and cooperative insurers collectively employed

1.11 million people worldwide in 2014, a figure that has increased by more than 20 percent since before the global financial crisis (.92 million) in 2007.”

ICMIF added, “Mutual and cooperative insurers reported record aggregate premium volumes for the seventh consecutive year in 2014, writing \$1.3 trillion in insurance premiums. Since the onset of the financial crisis, mutual and cooperative insurers grew their premium income by 30 percent between 2007 and 2014, while the total insurance market increased by only 13.6 percent during the same period. As a result, the global market share of the cooperative/mutual insurance sector grew from 23.7 percent in 2007 to 27 percent in 2014.”¹⁵

Credit unions, which comprise part of the financial cooperative sector, also have shown impressive growth in recent years. Worldwide, memberships grew from about 172 million in 2006 to 217 million in 2014 – an increase of about 26 percent or more than 3 percent per year. The increase in loan volume over the same period was 59 percent, an average growth of over 7-percent per year.¹⁶

Even though there is not yet comprehensive longitudinal data on cooperative performance, we can piece together a period of growth over the past few years. The infographic Figure 1 displays key information from these various data sets. Some of the most important takeaways are:

- Co-ops are a significant and growing part of the world economy – equivalent in economic power to the sixth-wealthiest country in the world.
- They are growing in the insurance sector at a faster rate than their for-profit competitors.
- We don't yet have a systematic, comprehensive means for measuring the growth or decline of global co-op business activity over time.

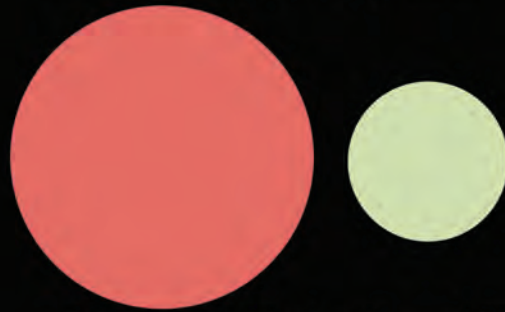
Growth of Cooperative Businesses

Cooperative revenue is equivalent to almost 4% of gross world product.

There are at least 2 billion cooperative memberships and clients, equivalent to about 28% of the world population.



■ Cooperative Annual Gross Revenue
■ Gross World Product



■ Cooperative Memberships and Clients
■ World Population

From 2010 to 2013, revenue of the top 300 cooperatives increased 19%, slightly outpacing gross world product, which increased 16%.

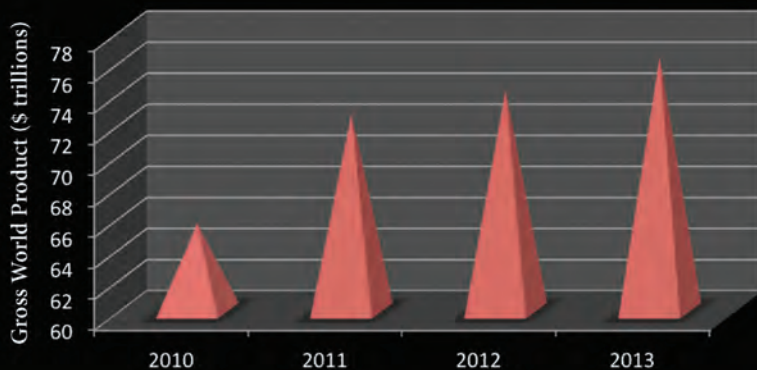
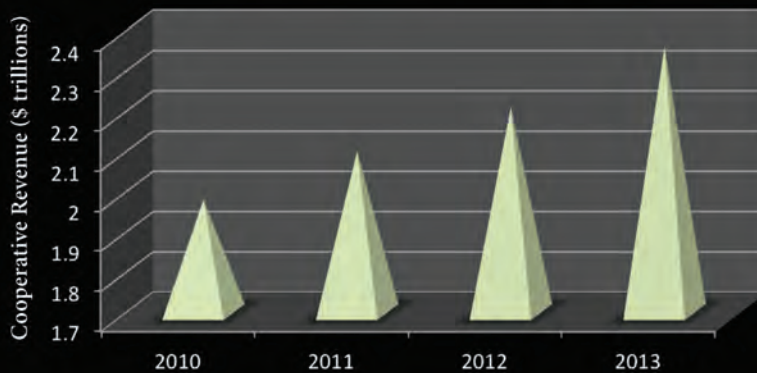


Figure 1

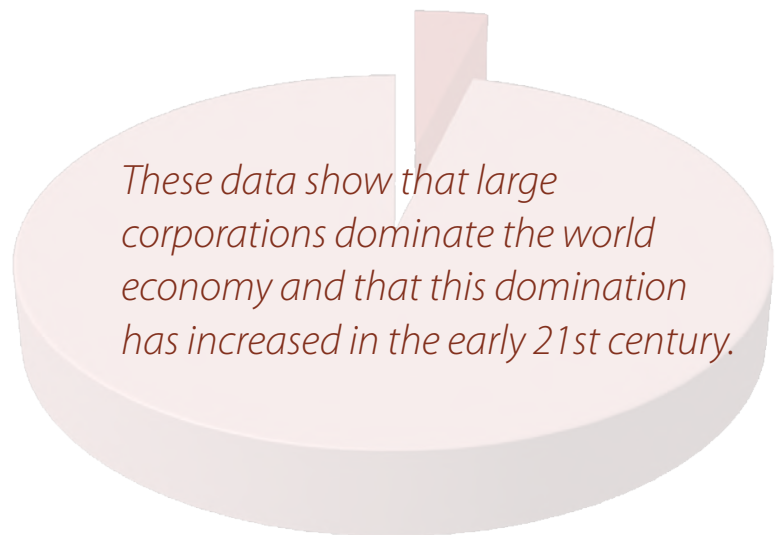
2. Increasing or decreasing economic power of large, for-profit businesses

As the graphic indicates, the largest 2,000 publicly traded companies had revenue of over \$38 trillion in 2014.¹⁷ This is equivalent to almost half of the gross world product (GWP), despite the fact that these businesses account for only 4 percent of all listed companies.¹⁸

The graphic Figure 2 also shows that, between 2003 and 2014, these large companies grew at a slightly

faster pace than the GWP – an average annual increase of 6 percent over the 12-year period vs. 5.2 percent for the GWP.¹⁹

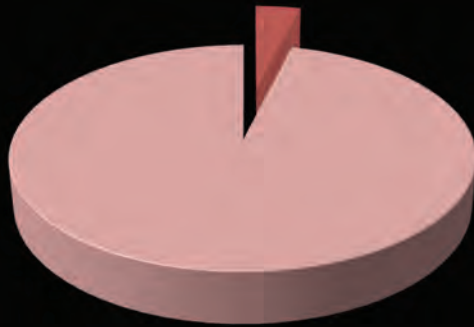
These data show that large corporations dominate the world economy and that this domination has increased in the early 21st century.



Concentration of Economic Power

The largest 2000 corporations in the world make up about 4% of all listed companies....

...yet their revenue is equivalent to almost half of the gross world product



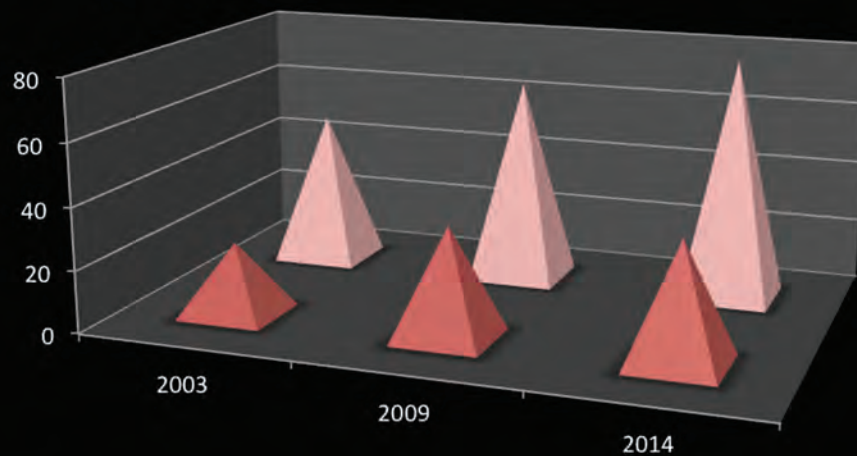
■ Global 2000 Companies
■ Other Listed Companies



■ Global 2000 Revenue (2014)
■ Gross World Product



From 2003 to 2014, global 2000 revenue, adjusted for inflation, increased 66%, whereas the gross world product grew 57%.



■ Global 2000 Revenue (\$ trillions) ■ Gross World Product (\$ trillions)

Figure 2

3. Increasing or decreasing inequality in household income and wealth

The adage that “the rich get richer and the poor get poorer” appears to be only partly true in the past several decades.

As the pyramid charts Figure 3 indicate, the world’s wealth is concentrated in a small percentage of households. Ten percent of households own almost 90 percent of the world’s wealth. One percent holds 50 percent.²⁰ By Oxfam’s calculation, 62 individuals owned as much wealth as the poorest 50 percent of the world’s population in 2014.²¹

On the other hand, the cone chart Figure 3 shows that all income levels experienced gains between 1988 and 2011. The global middle class gained

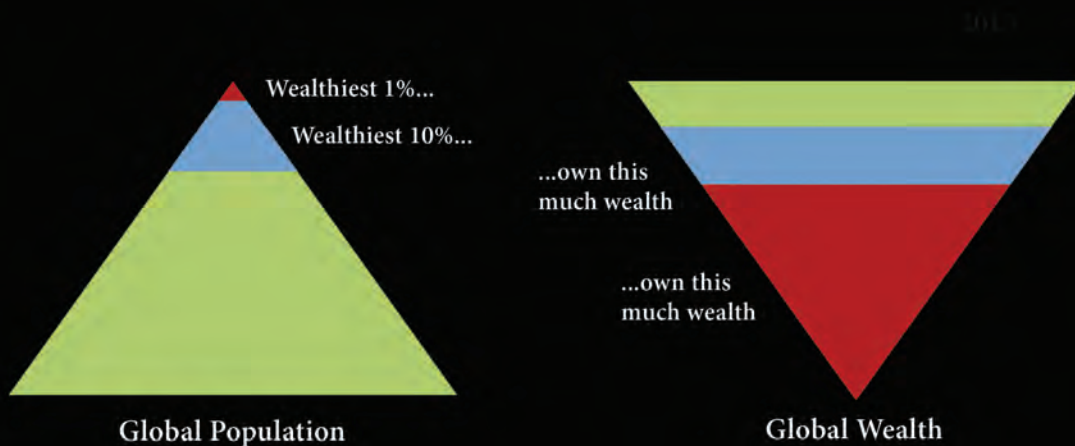
115 percent – from about \$800 to about \$1,800 per year – a faster growth rate than the top 5 percent or the top 1 percent. The first-world middle-class – those in the 85th to 99th percentile globally – had the lowest percentage gains, below 25 percent. The poorest 5 percent had the second-lowest income growth rate at 30 percent.²² High-income earners continue to dominate the world stage, but their margin of dominance is decreasing relative to the global middle class.

Even though these data indicate some lessening of the dominance of high-income households in the world economy, the current reality is still one of extreme inequality.



Economic Inequality

The world's wealthiest 10% own almost 90% of the wealth. The wealthiest 1% own 50% of the world's wealth. And the world's wealthiest 62 individuals have as much wealth as the bottom 50% of the population.



From 1988 to 2011, all income levels saw real per capita income gains. At the high end, the global middle class saw gains of almost 120%. At the low end, those with incomes at the five-percentile level saw gains of only about 30%, and those in the 95th percentile saw gains of under 20%. The top 1% saw gains of over 40%.

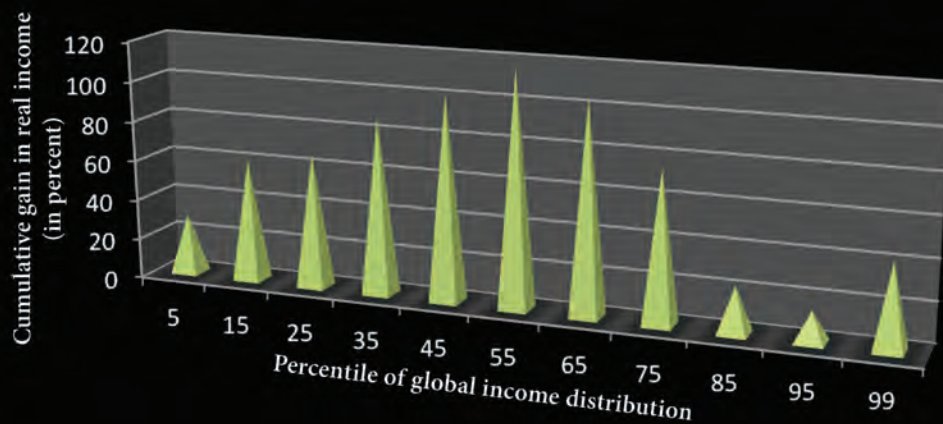


Figure 3


4. Greater or fewer deaths from domestic and international conflicts

There have been far fewer deaths per year from domestic and international conflicts in the second half of the 20th century and the beginning of the 21st than there were in the first half of the 20th century. There were about 22 deaths annually per 100,000 during World War II; fewer than 10 per 100,000 following the war; and on average, fewer than one death per 100,000 in the early part of the 21st century. Figure 4²³

We were not able to find comprehensive, global data on deaths from homicide – another form of extreme violence – prior to 2000. There are,

however, fairly reliable data that show the world-wide homicide rate dropping from about nine per 100,000 to six per 100,000 between 2000 and 2012.²⁴ In comparison, some historians estimate the homicide rate in the 14th century at about 50 per 100,000.²⁵

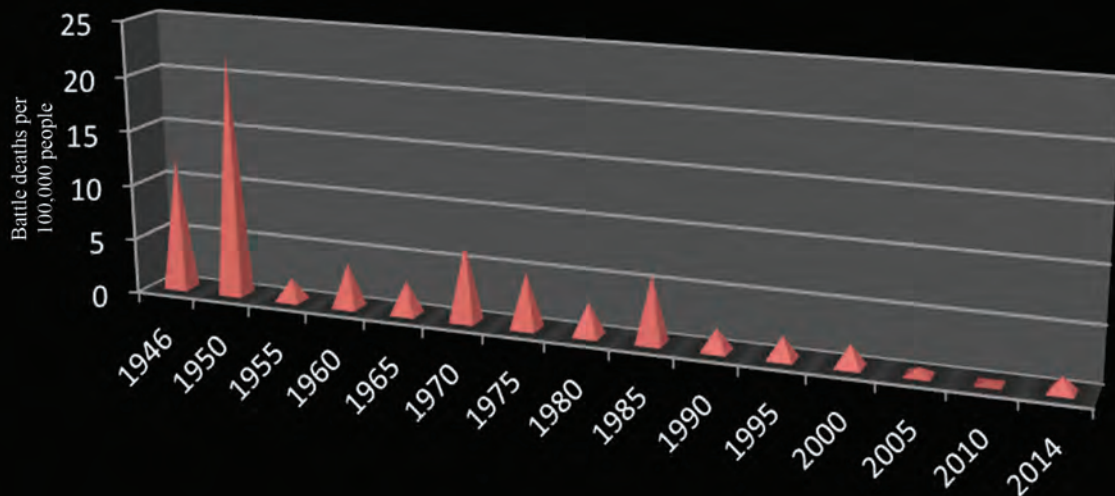
The evidence on domestic and international conflicts indicates a significant decrease in deaths from these sources in the past 60 to 70 years. Based on more limited data, there appears to be a decline in the number deaths from homicide in the first part of the 21st century.



The evidence on domestic and international conflicts indicates a significant decrease in deaths from these sources in the past 60 to 70 years.

Conflict

Battle deaths have dropped from 22 per 100,000 during World War II to less than 10 per 100,000 through the latter half of the 20th century to less than one in the first decade of the 21st century. Since 2011, this has risen to over one per 100,000, largely as a result of the Syrian conflict.



Homicide kills many more people than wars. In the 21st century, global homicide rates have dropped from about nine per 100,000 in 2000 to about six per 100,000 in 2012. In the Middle Ages, by comparison, homicide rates were about 50 per 100,000.

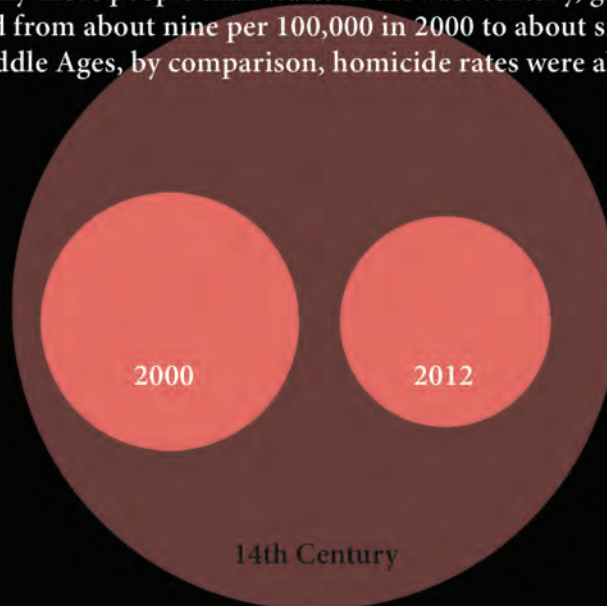


Figure 4

5. More or fewer people living in democratic countries

The Polity IV Project has analyzed data on democracy in the world all the way back to 1800. Their findings from 1900 to 2014 are presented in Figure 5. The number of democracies has risen from 10 in 1900 to 94 in 2014. The combined number of autocracies and anocracies (countries that are neither fully democratic nor fully autocratic) stood at about 71 in 2014.²⁶ About 57 percent of the countries included in this analysis were democracies at that time.

The number of democracies accelerated after World War II, and again in the 1980s and early 1990s with the establishment of democracies in

developing countries and countries that had been part of the Soviet Union.

The population of democratic countries was about the same as that of all non-democratic countries in 2014.²⁷ In the second graph in Figure 5 indicates that the extent of democracy in the world, as measured by *The Economist*, has fluctuated over the past decade.²⁸

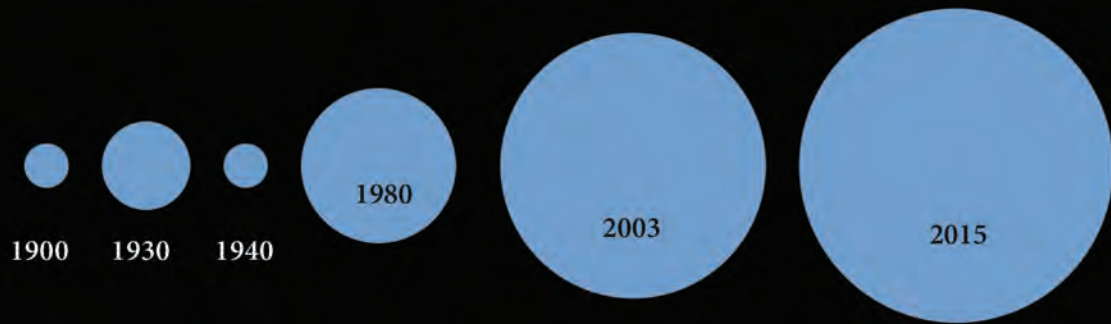
Despite the political instability of recent years, the long-term trend in democratization is clear. However, we have a long way to go before the world is predominantly democratic.



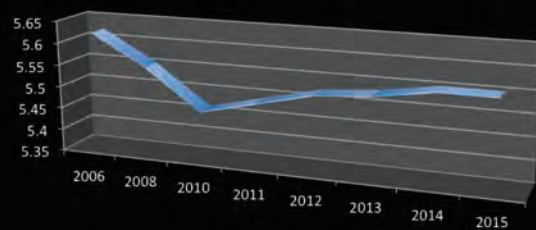
Despite the political instability of recent years, the long-term trend in democratization is clear.

Democracy

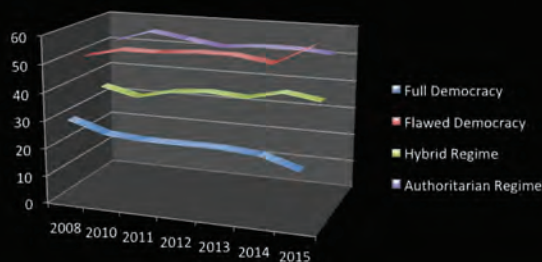
Democracy in the 20th and 21st centuries has grown in fits and starts. In 1900, there were about 10 countries with a polity score of 8 or above. This number grew rapidly at the end of the 20th century, and in 2015 there were over 70 such countries.



In the last 5-10 years, the previous growth of democracy seems to have stagnated. On a 1-10 democracy scale created by *The Economist* magazine, the average world score dipped from 5.62 in 2006 to 5.46 in 2010, and then rose to 5.55 in 2015.



Using these same measures, the number of full democracies has dropped from 2008-2015...



...as has the percentage of people living under full democracies. Still, about 50% of the world's population live in a full or flawed democracy.

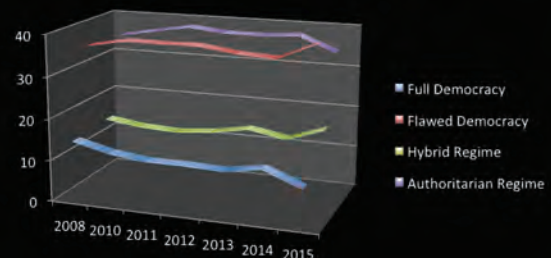


Figure 5

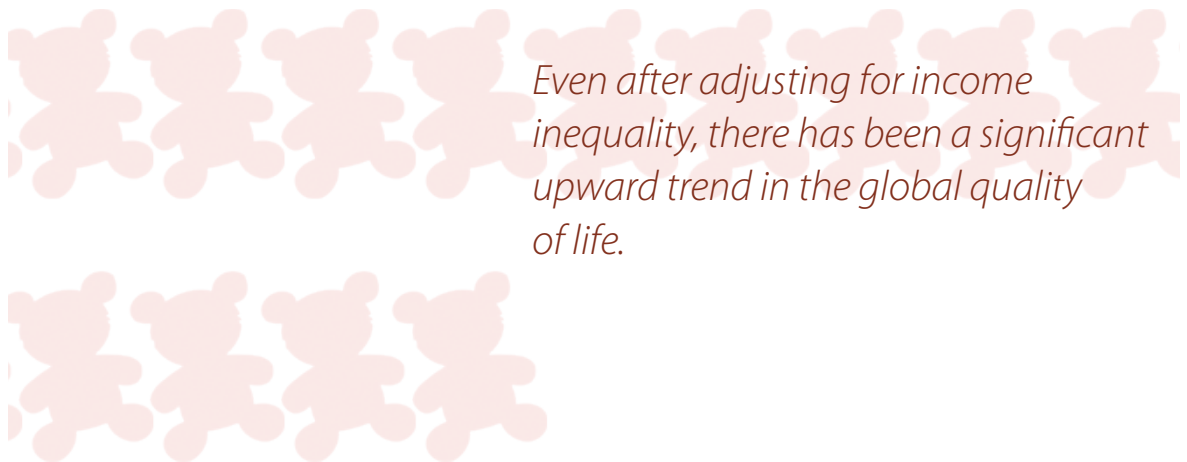
6. Improving or deteriorating quality of life

The United Nations Development Programme has been calculating an annual Human Development Index (HDI) since 1990. The index is a composite statistic of life expectancy, education and income-per-capita indicators. We used the HDI as the primary measure of worldwide changes in the quality of life. As Figure 6 shows, the HDI has improved from about .57 to .71 over the past 25 years – about a 25-percent increase. Even after adjusting for income inequality, there has been a significant upward trend in the global quality of life.²⁹

As a supplemental measure of change in the quality of life, we looked at several measures from the

United Nations Millennium Development Goals over the same period. Figure 6 shows that both extreme poverty and the number of deaths of children under five were reduced by 50 percent between 1990 and 2015. In addition, the number of children not enrolled in school decreased from 100 million to 57 million. The global maternity mortality ratio dropped from 382 to 210 per 100,000 live births during the same period.³⁰

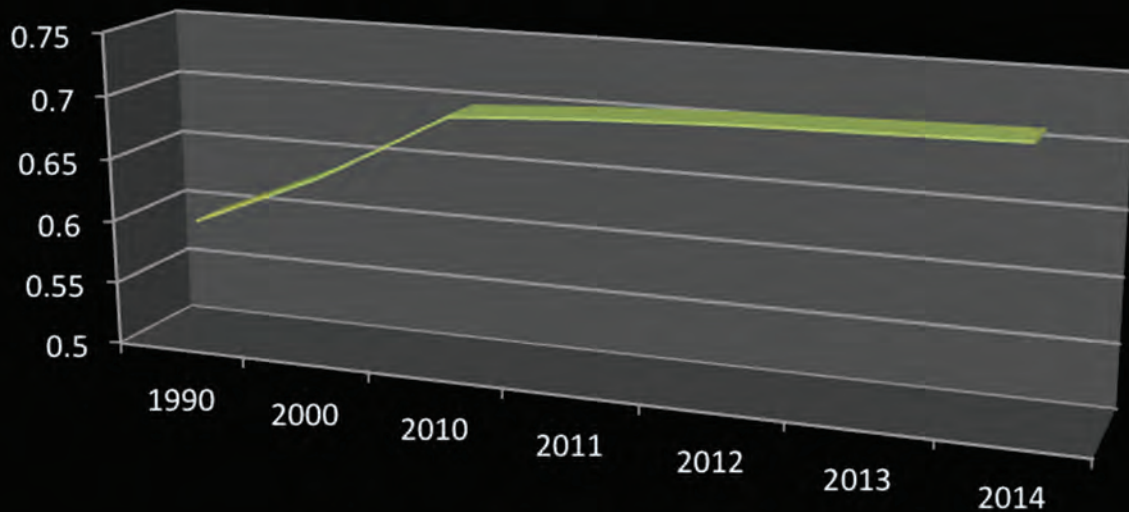
Despite these improvements, nearly half of the world's population – more than 3 billion people – still live on less than \$2.50 a day.³¹ Nonetheless, we are making significant progress toward improving quality of life.



Even after adjusting for income inequality, there has been a significant upward trend in the global quality of life.

Quality of Life

The Human Development Index (HDI) world average has grown since 1990. From 1990-2000 it grew at 0.71% per year. From 2000-2010 it grew at 0.85% per year. This slowed to 0.47 % per year from 2010-2014.



Millennium Development Goals



Extreme poverty dropped from 47% to 14% from 1990 to 2015.



From 2000 to 2015, children not enrolled in school dropped from 100 million to 57 million.



Even as population increased, global deaths of children under five decreased from 12.7 million to 6 million from 1990 to 2015.



From 1990 to 2015, the global maternity mortality ratio dropped from 380 to 210 deaths per 100,000 live births.

Figure 6

7. Improving or deteriorating environmental conditions

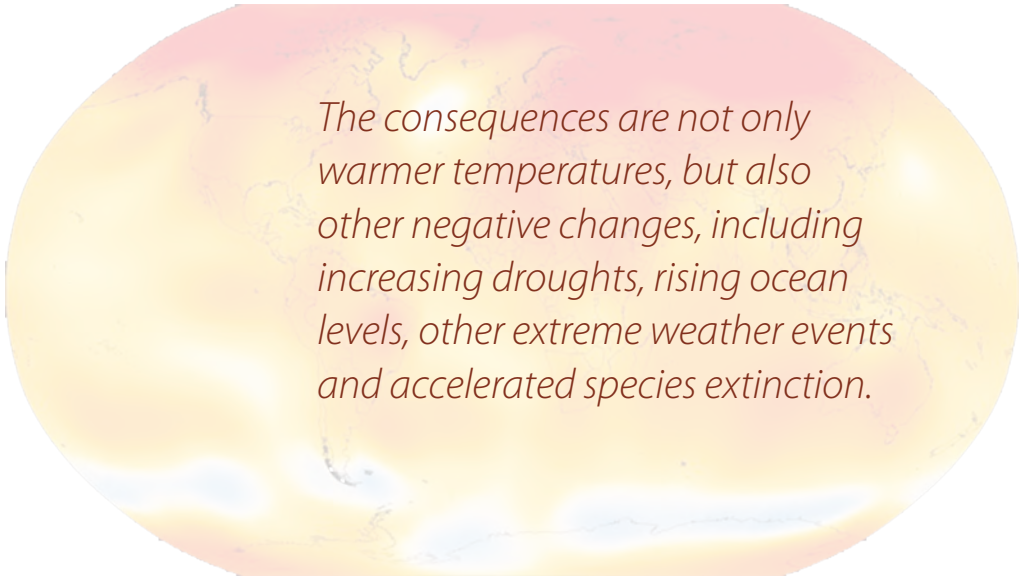
There are many options for measuring the impacts humans have on the environment, the large majority of which indicate that our negative impacts far outweigh our positive ones.

We could have measured a range of ways in which human activity has increasingly degraded the planet's land, air and water over the past couple of centuries. Or, we could have focused on what is sometimes referred to as the “sixth great extinction,” that is, the human-created demise of the world's species – estimated by one study to be 1,000 times higher than would have occurred without human involvement.³² The last great extinction occurred about 66 million years ago.³³

However, we chose to depict the warming of the earth's surface from 1890 (soon after such data first

were reliably collected) to 2015 as the most straightforward way to illustrate what could become, in the 21st century, the worst human-made environmental disaster in the history of our species.

The changes in temperature over the past 125 years, as shown in Figure 7, provide a stark illustration of how quickly and exponentially we are heating up the surface of the planet.³⁴ The biggest culprit in creating this pattern is the burning of fossil fuels, which spews carbon dioxide and other greenhouse gases into the atmosphere. The consequences are not only warmer temperatures, but also other negative changes, including increasing droughts, rising ocean levels, other extreme weather events and accelerated species extinction.



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Environmental Impact

The following NASA figures show average temperatures in each year compared with the 5-year average in different parts of the globe. Warmer-than-average temperatures are represented by yellows and reds. 2015 was the warmest year on record.

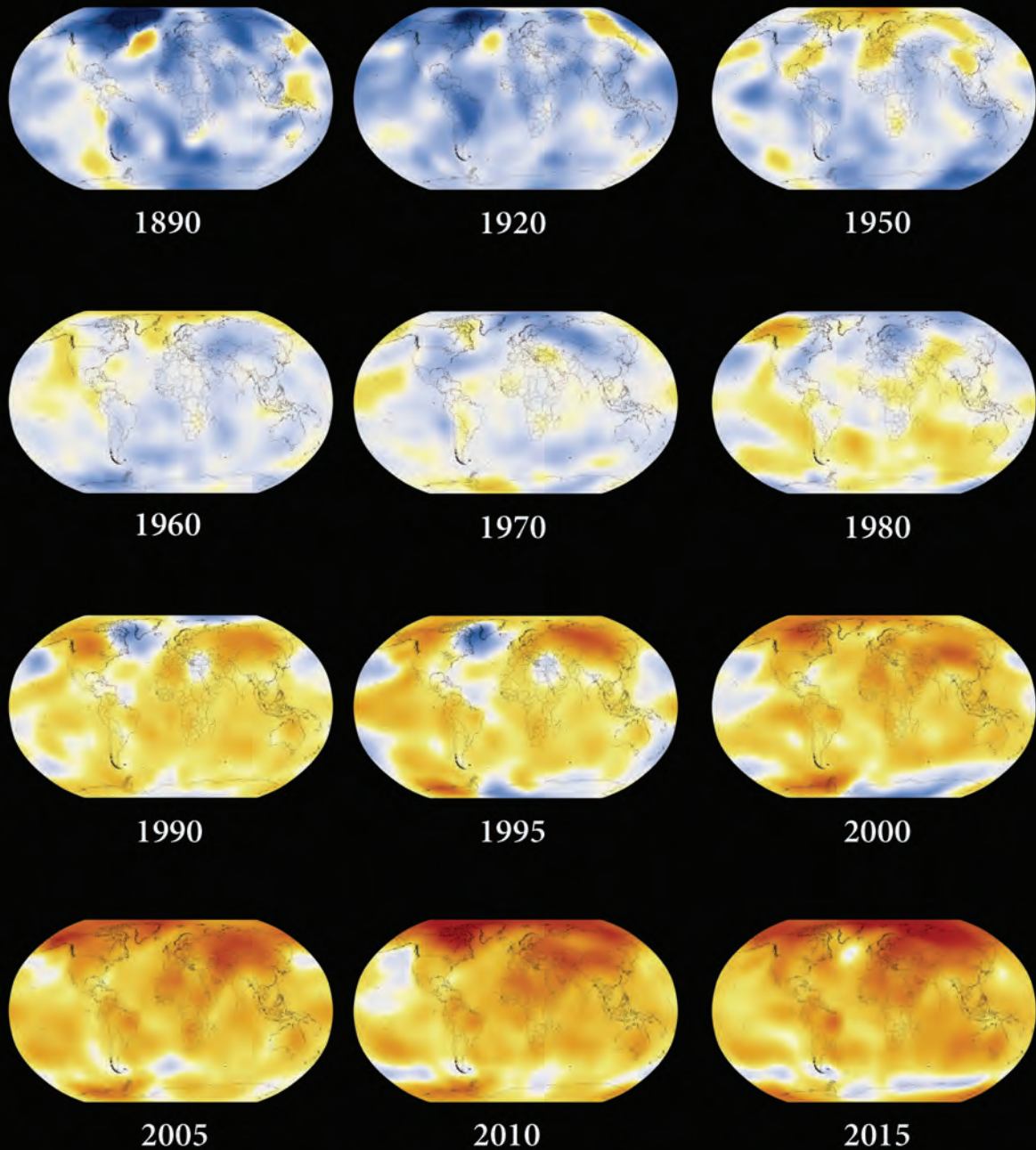


Figure 7

Cooperative Society Scorecard

The measures presented provide mixed evidence for whether or not we are transitioning to the cooperative society.

Despite the fact that there isn't comprehensive, longitudinal data related to the **growth of cooperative businesses**, we rate this variable as *positive*, because of the growth in the past few years of the largest 300 co-ops and mutuals, and the growth of two large co-op sectors – insurance and financial services.

The data on **concentration of economic power by large, for-profit businesses** and related information on **concentration of income and wealth** are both rated as *negative*.

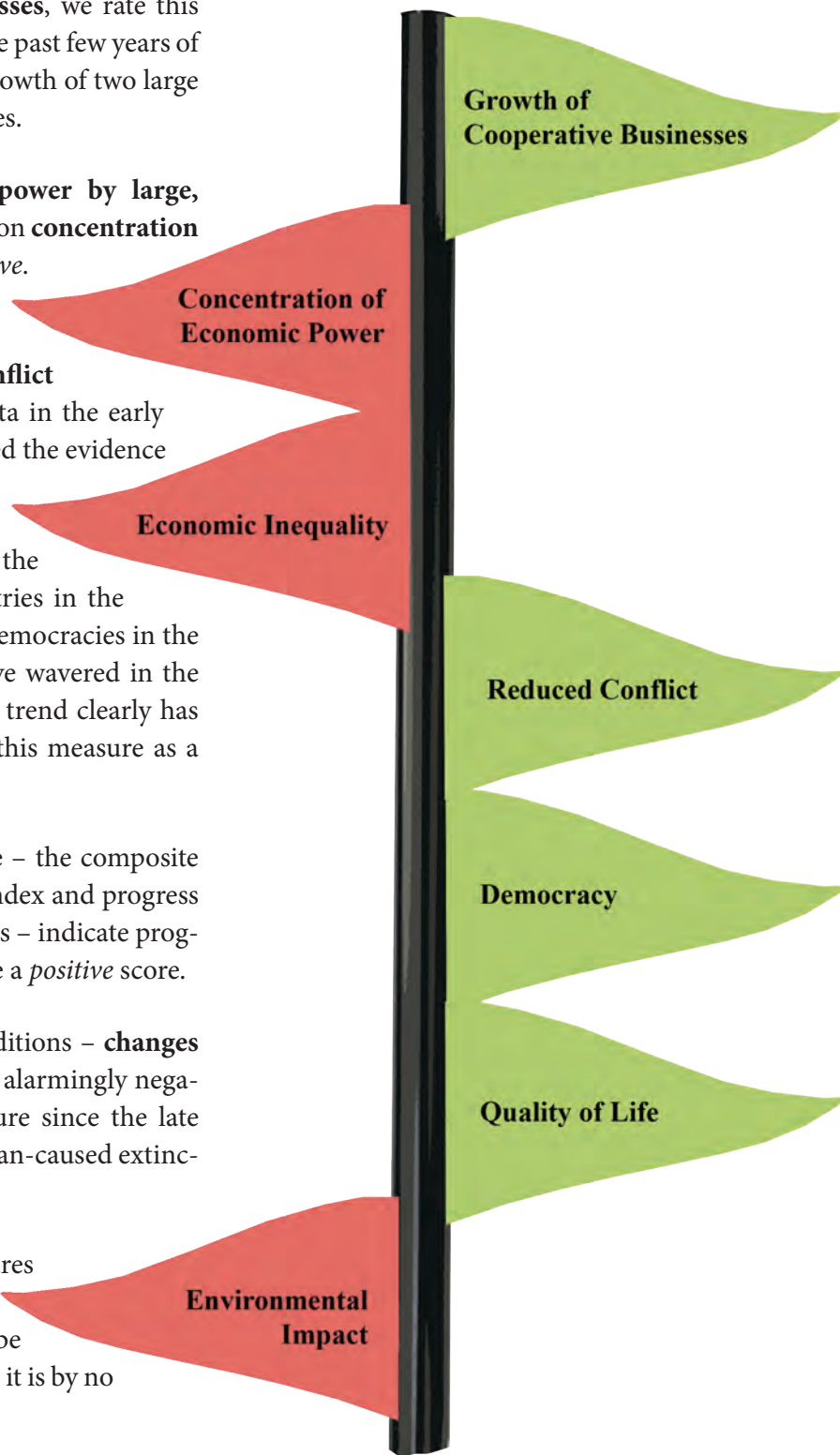
There has been a dramatic **reduction in deaths from international and domestic conflict** since the end of World War II. Homicide data in the early 21st century also shows improvement. We rated the evidence on conflict as *positive*.

There have been significant increases in the number and proportion of democratic countries in the world and in the number of people living in democracies in the 20th century. Even though these patterns have wavered in the early years of the 21st century, the long-term trend clearly has been toward increasing **democracy**, scoring this measure as a *positive*.

Our proxies for changes in the **quality of life** – the composite data contained in the Human Development Index and progress on several key Millennium Development Goals – indicate progress over the past 25 years, giving this measure a *positive* score.

Our primary indicator of environmental conditions – **changes in the temperature of the earth's surface** – is alarmingly negative, with exponential increases in temperature since the late 1800s. The secondary indicator related to human-caused extinction is also a *negative*.

Tallying the findings from these seven measures produces an ambiguous result: three negative trends, and four positive ones. So we may be moving toward a more cooperative society, but it is by no means a smooth and consistent trend.





Chapter 3

Recommendations and Observations

Becoming a more cooperative society

We humans shape the world in which we live. We can act strategically to improve our performance on the seven measures and make progress toward becoming a more cooperative society.

We evaluated whether several key variables were trending toward or away from a transition to the cooperative society. The results of this analysis were mixed. In some ways – the growth of co-ops, fewer deaths from conflict, increasing democracy and improved quality of life – we are becoming a more cooperative society. However, in other ways – the dominance of the world economy by large, for-profit corporations; inequality of income and wealth; and a destructive relationship with nature – we are moving in the wrong direction.

We can take actions to reinforce the positive trends and to counter the negative ones. These recommendations primarily focus on changes that we can make by 2030, the target dates for both the Paris Accord on Climate Change and the UN's Sustainable Development Goals. The recommendations do not constitute a comprehensive strategy for transitioning to the cooperative society. Rather, they are intended to contribute to the development of such a strategy.

1. Grow cooperative businesses

The data we've presented indicates that the number of cooperatives in the world is approaching 3 million, and the number of co-op memberships is about 2 billion. We believe that there are numerous opportunities to create additional co-ops and to double the number of cooperative memberships by 2030. To achieve this expansion, we've identified five opportunities:

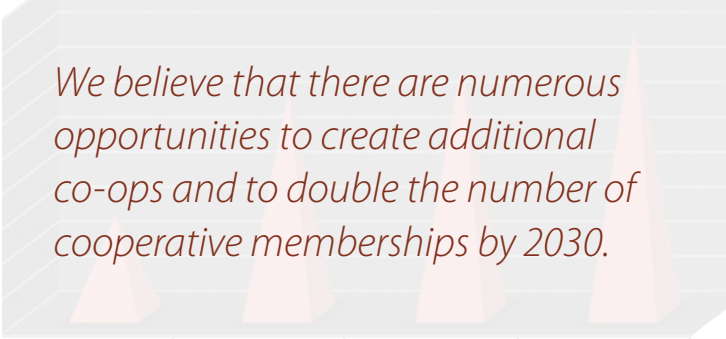
1. Improve measurement of co-ops and co-op performance. Without systematically measuring the number of cooperatives and related variables over time, it is not possible to tell whether the co-op movement is increasing or decreasing in size and sustainability. This lack of information creates a fundamental problem. How can we increase the role of co-ops in the world, if we don't know how many there are or what they are doing? Good data and analysis are prerequisites to good planning. Research on co-ops, including a periodic, global census, is a necessity for effectively planning their long-term growth.

A high priority for the co-op movement must be the support, development and use of such measures. The Committee for the Promotion and Advancement of Cooperatives (COPAC) recently has begun a process to fill this measurement gap.³⁵

2. Improve the legal and regulatory environment for co-ops. The quality of cooperative laws, regulations and regulatory systems varies dramatically from one country to the next. All countries should have co-op laws, regulations and enforcement practices that are consistent with the seven cooperative principles.³⁶

The Cooperative Law Committee of the International Co-operative Alliance explores ways to improve co-op laws and regulations throughout the world. It holds international forums and other activities on this topic.³⁷

3. Strengthen community-level, national and international support for cooperatives. Because co-ops are democratically controlled businesses that are designed to meet the needs of their members and their communities, one would think they would be treated as a strategic complement to government programs and community development initiatives. However, there is tremendous variation in the extent to which this complementary relationship exists in practice. Strengthening the connection between co-ops and their communities is already one of the seven cooperative principles. However, improving this community connection needs to become a higher priority of co-ops and their apex organizations in the years ahead, building on such initiatives as the International Co-operative Alliance's "Blueprint for a Cooperative Decade."³⁸



We believe that there are numerous opportunities to create additional co-ops and to double the number of cooperative memberships by 2030.

4. Improve cooperative development and financial assistance. Cooperatives don't start themselves. They usually need outside help in order to develop business plans, secure financing and operate effectively. However, there are far too few cooperative development organizations and co-op-oriented financial institutions, especially in developing countries, to carry out these startup and support services.³⁹ Technical assistance providers themselves need organizational, legal, financial and training support. Some of this can come from within the established co-op community, but there is an important role for governmental and foundation support, as well. Development assistance is often the missing link between a good co-op business opportunity and the establishment of a co-op to address that opportunity.

5. Develop targeted strategies for co-op sectors, countries and job-creation opportunities.

Doubling the number of co-op memberships by 2030 can happen only if the factors – better measurement, improved legal environments, community, governmental and international support, and ongoing cooperative development assistance – all increase dramatically.

In addition, we need to think strategically about where to focus development resources. For example, insurance co-ops and mutuals and financial cooperatives have shown systematic development strategies that have resulted in significant growth over the past few years. The same type of approach should be applied in other co-op sectors.

The expansion of cooperative businesses – especially the doubling of cooperative memberships – won't just happen. It has to be planned, funded, implemented, evaluated and revised between now and 2030. For this to happen, the International Co-operative Alliance and others in the co-op community must take the lead development role.

(See Appendix on Cooperative Business Opportunities on page 35.)

2. Decrease the economic and political power of large, for-profit businesses

When it comes to big corporations and politics, money talks – and it has a very loud voice. The business lobby in Washington, D.C., has a budget that is greater than those of both the U.S. Senate and House of Representatives combined.⁴⁰ Ultimately, the voices of voters and their elected representatives are the best way to counterbalance the economic and political power of big business – within countries and internationally.

To what extent is this likely to happen in the next 15 years?


One encouraging fact is that something similar has happened before. At the end of the 19th and beginning of the 20th century, the U.S. economy was dominated by what were then called “trusts” – monopolies and oligopolies of large corporations that distorted the operation of the market. Beginning with the Sherman Antitrust Act of 1890, and followed by additional legislation over several decades, “trust busting” broke up and reduced the power of these corporations.⁴¹

Today, the U.S. Federal Trade Commission is charged with preventing “mergers and acquisitions that are likely to reduce competition and lead to higher prices, lower-quality goods or services, or less innovation.”⁴²

The challenge is different today from what it was 100 years ago. Anticompetitive behavior is still a problem around the world. But the domination of the world economy by large corporations in the early 21st century is not just a matter of unfair competition. The primary threat comes from the simple fact that the profit-motivated decisions of these giant businesses often wreak havoc on our social, economic and environmental well-being.

We saw in the Great Recession, which officially lasted from December 2007 to June 2009, how a few large banks had the power to put the entire

international economy into crisis because of their reckless behavior in creating highly leveraged investment instruments tied to subprime mortgages. When the housing bubble burst in the United States, the value of these instruments plummeted, leaving the banks and global investors holding worthless or near-worthless paper.⁴³ For example, the banks of Iceland virtually bankrupted



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the country's economy, in large part because of their heavy investment in subprime-mortgage derivatives.⁴⁴

Also, in order to protect their profits, many large fossil-fuel companies consistently have downplayed the impact of carbon dioxide and other human-caused greenhouse-gas emissions on global temperatures and related adverse climate changes. These denials, and the lobbying that has accompanied them, have slowed the response of the U.S. and the international community to the climate-change crisis. This slow response has meant greater damage to the planet's ecology and much higher costs for remediating that damage. The primary reason for the delays and higher costs: bolstering the short-term profits of fossil-fuel companies.

This is not unlike the denials by the tobacco companies during the last half of the 20th century that cigarettes and other tobacco products cause

cancer. These decades of stonewalling have resulted in tens, possibly hundreds, of millions more deaths than would have occurred had regulatory actions and warnings to the public begun earlier.⁴⁵

The underlying problem is that basing decision-making in the world economy on the self-interest of large corporations has the effect of bombarding us with one environmental, social and economic crisis after another.

This paradigm has to change – which takes us back to the question of how to curb the size and power of these corporations. We need a new set of anti-trust laws on a country-by-country basis and on a world scale. And we need enforcement of these laws.


Wresting control of the international economy from big business will not occur in one sweeping action. It will take hundreds of small steps – popular protest movements, country-by-country legislation and international agreements – to put the well-being of people and the planet ahead of profits.

All of the following mechanisms will need to come into play:

- **More stringent regulations** that prevent and punish anti-competitive behavior and require corporations to internalize costs of doing business that now are dumped on the rest of us, such as greenhouse-gas emissions and other pollutants; health costs related to smoking, obesity and other unhealthy problems fostered by some companies; and financial consequences of disrupting international markets.
- **Elimination of tax havens and other international tax-avoidance schemes.** These actions, which will require international cooperation to address, apply to wealthy individuals, as well as corporations.

- **Graduated corporate income taxes based on the size and profitability of businesses.** This would serve as a disincentive for businesses to become too large.
- **Strict limits on corporate involvement in lobbying and the electoral process.** The structure of these limitations will vary from country to country. In the United States, one of the most egregious problems is the ability of large businesses and other incorporated entities to pour virtually unlimited amounts of money into influencing political campaigns. For example, the 2010 Supreme Court ruling in favor of Citizens United, a conservative organization that had challenged limits on political advertising, affirmed this kind of corporate spending as a right of “free speech.” Overturning this Supreme Court decision will require either a reversal by a future Supreme Court or a constitutional amendment.⁴⁶

We also can learn from the lessons provided by countries that historically have done a better job of keeping economic and political inequalities at a low level – the Scandinavian countries, for example.⁴⁷ In addition, on an international scale, trade and aid policies by more-progressive countries can be used to provide incentives to, and impose sanctions on, countries that foster inequality, authoritarian rule and/or carry out other domestic policies harmful to their citizens.



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3. Reduce inequality in household income and wealth

In 2015 and 2016, Bernie Sanders centered his campaign to become the Democratic candidate for president of the United States on the issue of inequality. He didn't win the nomination, but he did have a significant influence on shifting the political dialogue in the U.S. toward a much greater concern about the level of inequality.

Thomas Piketty received broad international attention for his book, *Capitalism in the Twenty-First Century*, first published in 2013, in which he analyzed wealth and income around the world, especially during the latter half of the 20th century and the beginning of the 21st century. His analysis concluded that the main cause of worsening inequality is the greater ability to increase future wealth through the investment of current wealth, rather than through wages and salaries. He recommended that the best way to reduce the concentration of wealth would be to tax it uniformly in all countries of the world.⁴⁸

Such a joint world-wide taxation scheme does not appear to be a realistic option. However, on a country-by-country basis, voters and elected officials could institute progressive tax reform that eventually would approximate the kind of worldwide impact that Piketty calls for.

There are two main issues related to wealth and income: within-country inequality and international inequality. Each has to be looked at very differently.

Within a country, the taxation system and the array of economic and social support programs are the key factors that influence income and wealth inequality. Progressive income and wealth taxes reduce the gap between the rich and the rest of us. At the same time, they generate revenue that can be used to improve the economic conditions of a large majority of citizens through a variety of means: access to affordable health care; education;

food and housing assistance payments; and retirement benefits. Several northern European countries have done a very good job of creating societies with relatively low inequality and a high quality of life, with progressive taxes playing a key role.⁴⁹

International inequality is a more difficult problem to address. How do we go about reducing the inequality between the citizens of France and those of Burkina Faso? Part of the answer derives from trade and aid policies between the two countries. Does their trade agreement provide reasonable access by Burkina Faso to French markets? Does the aid relationship better prepare Burkina Faso and its citizens to compete in the international marketplace?



An international development certification program could be used to provide incentives and sanctions based on each country's Commitment to Development Index rating.

These types of questions need to be asked for all kinds of bilateral and multilateral relationships between and among poor countries and wealthy ones. There is no "one-size-fits-all" answer.

The Commitment to Development Index ranks 27 of the wealthiest countries in terms of a variety of aid- and trade-related measures. In 2015 the Scandinavian countries ranked most highly in terms of the overall impact of their policies on developing countries. France was tied with the UK at 6th and the U.S., the richest country in the world, was a lowly 21st. Japan was the worst at 27th.⁵⁰

This kind of index measures and reports comparative performance. There is no enforcement power behind the evaluations, although the ranking system can be used to shame the poor-performing countries into increasing their fairness, generosity and effectiveness.

It is worth considering a more robust use of this and similar rating systems. An international-development certification program could be used to provide incentives and sanctions based on each country's rating. The program could be divided into several categories based on the development level of the country being evaluated, for example, using

a measure of gross domestic product (GDP) per capita. The ratings of high-GDP countries would emphasize measures similar to the Commitment to Development Index.

Countries with low GDP per capita would feature variables that indicate how effectively they use trade and aid assistance. These measures would include past performance on development projects, level of corruption, level of democracy and similar measures.

4. Decrease the number of deaths from domestic and international conflicts

As the data show, there is a significant trend toward fewer deaths from conflict since the end of World War II. This is despite the Rwandan genocide in 1994 and the wars in Afghanistan, Iraq and Syria in the first part of the 21st century. The average number of deaths per year since 1950 is far below the average number during the first half of the 20th century.

Much of the violence in the world centers on the Middle East and Afghanistan and involves a combination of sectarian conflict, primarily between Sunni and Shia factions, within and between countries; a proliferation of terrorist organizations; and popular protests to move from authoritarian to more-democratic rule.

Developed countries, most notably the United States, have been active in attempting to assist the Afghan government to defeat or reach a political settlement with the Taliban; have invaded Iraq and then attempted to help transform that country into a democracy; and have played a support role in attempting to oust the Assad regime in Syria. As of this writing, none of these interventions are going very well, although ISIS appears to be losing ground in Syria and Iraq.

Outside military intervention clearly has not yet led to increased stability or democracy in this region. What will? Following are three ideas on this question:

- Political and religious reform must be led from within the region and within specific countries of the region, not imposed from outside.
- As democratically oriented protests transition into fledgling democracies – Tunisia, for example – they need to receive economic and political support from developed countries.
- Middle Eastern countries with authoritarian regimes should receive incentives from the West to increase human rights and democracy, coupled with trade and aid restrictions if they continue to operate as internally oppressive regimes and/or as aggressors against other countries.

The sanctions against Iran by European Union countries and the U.S. played a major role in securing a commitment by Iran to suspend its development of nuclear weapons.⁵¹

Similar incentives and sanctions can help reduce conflict and increase democracy in other parts of the world as well, for example, the end of apartheid in South Africa in the early 1990s.⁵²

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5. Increase the number of people living in democracies

From the data, we learned that more than half the countries in the world have full or “flawed” democracies. About half the world’s population lives in these countries. This represents a huge increase in democracy from the beginning of the 20th century.

There has been a groundswell of populist movements in the past few years calling for increased accountability by political leaders and economic elites. These include the Arab Awakening in over a dozen countries in North Africa and the Middle East in 2010 and the decades-long democracy struggle in Myanmar. There have been similar, if less visible, movements worldwide. But it has not proven easy to transition from protest movement to the formation of a democratic government. Of the 12 or so movements that were part of the Arab Awakening, only the one in Tunisia has resulted in the formation of a democratic government, to date.

History shows that the transition from authoritarianism to democracy usually is not quick or easy. On the other hand, it also shows that, measured over the past century, the transition has occurred on a dramatic scale.

Most of us are unaware that China has had a national policy since 1998 of having villagers elect their local councils through secret ballots. About two-thirds of Chinese adults are eligible to vote in these elections. This local-level democracy by no means indicates that China is on the verge of democratic elections at the national level. However, during the next 10 to 20 years, this local electoral process may lead to a greater role for democracy in the country.⁵³ Since China is home to almost 20 percent of the world’s population, such a transition would be an extraordinary leap forward for democracy.



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6. Improve the quality of life

The quality-of-life data reveal that there has been significant worldwide progress on several key measures in the past 25 years. The Human Development Index has improved by almost 25 percent since 1990. Even when adjusting for inequality by country, there has been substantial improvement. Performance on the Millennium Development Goals over the same period also has been very positive. For example, both extreme poverty and deaths of children under five years old were reduced by about half.

Even though these data indicate genuine progress, there is still a long way to go to achieve an adequate quality of life for the world's 7.4 billion inhabitants.

In 2015, the members of the United Nations unanimously approved the 2030 Agenda for Sustainable Development as a follow-up to the Millennium Development Goals.⁵⁴ This UN initiative runs from 2016 to 2030. It contains 17 goals divided into 169 measurable targets. For example, the first and probably most ambitious, is “to end poverty in all its forms everywhere.” The measurement of this goal is based on the elimination of extreme poverty, which currently is defined as \$1.90 per day.⁵⁵

Even though these goals are ambitious, the successful track record with the achievement of many of the Millennium Development Goals provides a good indication that this approach works to improving the quality of life on a worldwide scale.



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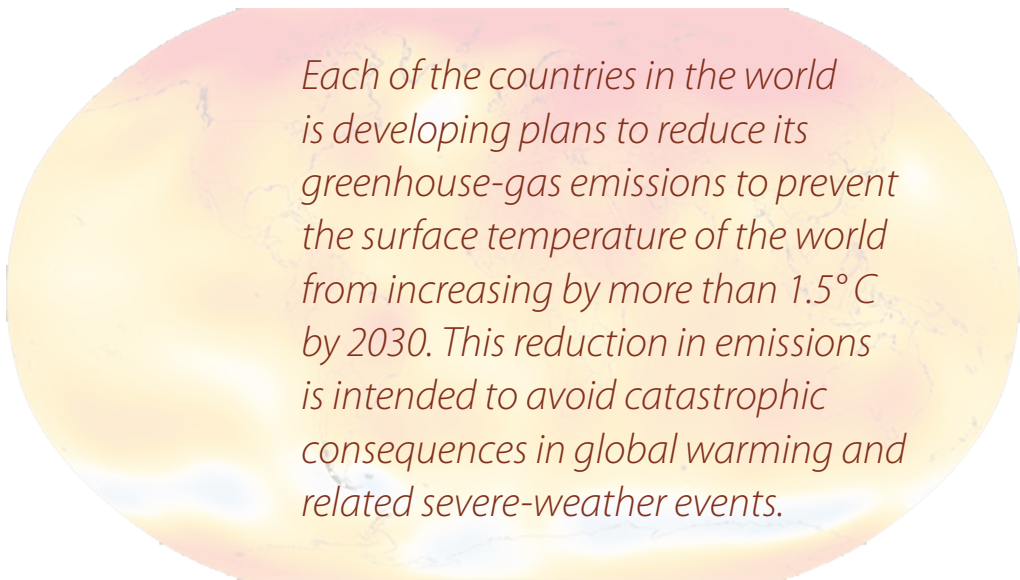
7. Improve environmental conditions

The Agenda for Sustainable Development wasn't the only historic agreement reached by the United Nations in 2015. UN members also adopted the Paris Agreement on Climate Change in December 2015.⁵⁶ Scheduled to take effect in 2020, each of the countries in the world is developing plans to reduce its greenhouse-gas emissions to prevent the surface temperature of the world from increasing by more than 1.5°C. This reduction in emissions is intended to avoid catastrophic consequences in global warming and related severe-weather events.

This agreement is a decentralized one with which each country is planning and implementing its own set of strategies for reducing and offsetting emissions. There are risks in such an approach, because there is no guarantee that all countries will make

good-faith or effective efforts to address climate-change problems. On the other hand, given the international politics surrounding issues related to global warming, this agreement was probably the only option that could have received unanimous approval.

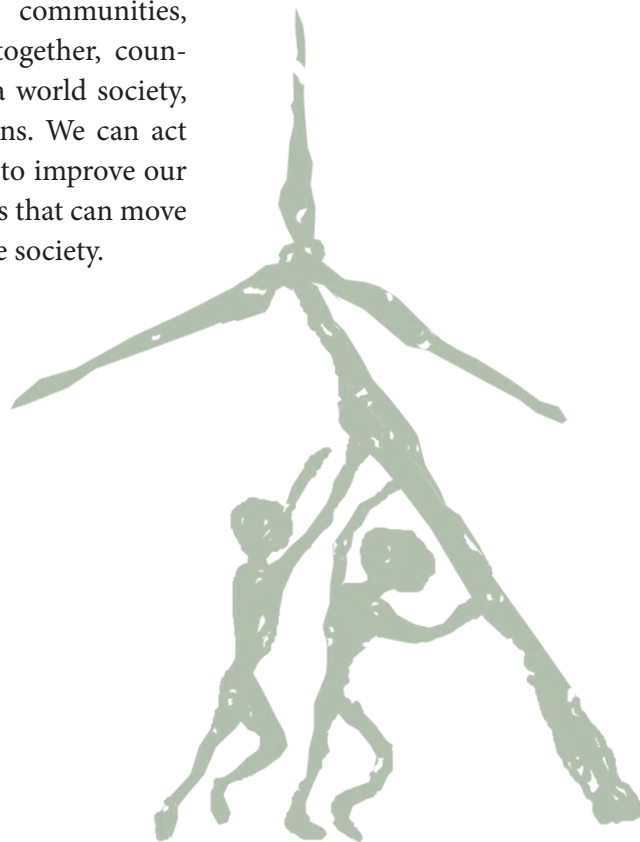
On the positive side, there will be careful international monitoring of the effects of each country's climate-change strategy, and in 2023 and 2028 national climate-change plans will be revised to increase the likelihood that the goal of limiting the increase in world temperature to 1.5°C will be achieved by 2030.



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Concluding comments on recommendations and observations

We have presented recommendations consistent with the theme that we, as humans, shape the world in which we live. We do this as individuals and small groups, geographical communities, other groups of people working together, countries, groups of countries, and as a world society, such as through the United Nations. We can act strategically at each of these levels to improve our performance on a range of activities that can move us closer to becoming a cooperative society.



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Conclusion

We have presented the hypothesis that human beings may be on the verge of a new stage of history, which we refer to as the cooperative society. After elaborating on the stages of history to date and what this new stage might look like, we analyzed seven broad economic, political, social and environmental measures to determine whether they are tending toward or away from a transition to the cooperative society. We made a series of observations and recommendations that either build on progress toward a cooperative transition or counter current trends away from such a transition.

Our main conclusion is that at this point in human history, there are divergent trends, some moving toward increased cooperation and others undermining it. On the plus side, cooperative businesses appear to be growing in number and global influence; the number of deaths from conflict around the world has dropped sharply since the end of World War II; the number of democracies and people living in democracies has risen dramatically since the beginning of the 20th century; and the quality of life in both developed and developing countries has shown significant improvement in the last 25 years.

On the negative side, a relatively small number of for-profit corporations dominate the global economy; income and wealth is inordinately concentrated in the hands of a very small percentage of the world's population; and the most ominous environmental indicator, the temperature of the

earth's surface, has risen to its highest level in 11,000 years due to human-generated emissions of greenhouse gases.⁵⁷

The jury is still out on whether or not we are transitioning to the cooperative society. However, we are not merely passive observers of these trends and counter trends. As humans, we can shape our own history.

We can be active participants in this transition: from protest movements to participation in electoral politics; from championing the growth of cooperative businesses to increasing regulation; from taxation of large for-profit companies and the wealthy; from rewarding and sanctioning countries around the world based on their levels of conflict, commitment to democracy, the quality of life of their citizens and actions related to climate change.

That is the ultimate message of this book. We as a species are not destined to destroy ourselves and our planet. We can make the transition from a destructive society to a cooperative one. And we can make major progress on that transition between now and 2030.

Appendix on Cooperative Business Opportunities

Following is a series of questions that should be explored in order to identify co-op opportunities over the next couple of decades.

What is the potential for co-op growth in the world's largest countries?

The global co-op census estimates that India has about 265 million co-op memberships, equivalent to approximately 20 percent of its population. There are 136 million co-op memberships in China, equivalent to about 10 percent of its population. The same data set shows only about 2 million co-op memberships in Indonesia, about 1 percent of its population.

What explains these differences? Are there co-op sectors in China and Indonesia (e.g., finance, insurance, farming, and/or others) that are ripe for rapid expansion? If so, how best can these opportunities be realized? China is the most populous country in the world and has one of the fastest-growing economies. Indonesia is the fourth most populous country, and its economy also is growing at a fairly rapid pace. Significant growth of the cooperative movement in these two countries would translate into hundreds of millions of new co-op memberships.

Systematic analysis of the potential for cooperative growth should be done for other countries and regions of the world as well, not just those with the largest populations.

What economic sectors have high potential for co-op and mutual growth?

It appears that both financial co-ops and insurance co-ops and mutuals have been growing rapidly and have compelling potential to continue to doing so.

Almost 90 percent of the world's 570 million farms are located in low- and middle-income countries. Agricultural supply, marketing and service co-ops have a long history of success in developed countries and in some developing countries, such as India and Kenya.

Many examples over the past few years have shown the ability of co-ops to help farmers transition from subsistence and subsistence-plus farming to small-scale commercial farming. Tens of millions of farmers could become new members of co-ops in the next 15 years. What is the potential for increasing the number of agricultural co-ops and co-op members in developing countries during this time? How should it be accomplished?

How can the role of employee-owned cooperatives and multi-stakeholder co-ops be expanded over the next 15 years?

In a few countries, such as Spain, Italy and France, employee-owned cooperatives are a significant part of the co-op movement, but on a world scale, they account for a very small percentage of co-ops and co-op memberships. Co-ops with multiple membership categories are present in quite a few countries, but, as with worker co-ops, represent a small minority of co-ops.

At the same time, there is tremendous potential for growth in these two co-op categories. For example, about 15 million employees in the United States work for companies that have employee stock ownership plans (ESOPs) or similar plans. This gives them ownership shares in their companies, but limited voting rights.⁵⁸ A change in ESOP legislation could open the door for these employees to become voting shareholders, and in some cases to restructure their companies as co-ops.

In many sectors of the co-op economy, including services, retail and agriculture, the opening up of membership to various combinations of consumers, employees and producers has the potential to increase co-op memberships and also increase the number of co-ops. Home-care services is just one example of a co-op model in which providers and consumers could have joint decision-making power.

How should co-ops be involved in implementing the Paris Climate Change Agreement and the UN Sustainable Development Goals?

Here are just a few possibilities:

- **Agricultural and forestry co-ops** can be a means to mobilize rural people to adapt farm and forestry practices to droughts and other changes in weather patterns resulting from climate change and to reduce carbon going into the atmosphere.
- **Energy co-ops**, especially those providing solar and other renewable services, can meet the increasing needs of urban and rural communities for affordable energy, and, at the same time, reduce reliance on fossil fuels and wood energy.
- **Community-based health cooperatives** can play an important front-line role in meeting important sustainable development goals, such as reducing child and maternal mortality and addressing AIDS-related problems, including access to anti-retroviral drugs, condoms and education.

These are just a few examples of cooperatives related to energy, climate change and health. If implemented on a large scale, they could create or expand tens of thousands of co-ops and tens of millions of co-op memberships by 2030.

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Needless to say, the authors take responsibility for the book's content, including any errors it may contain.

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Endnotes

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10. Keep in mind a couple of things about these data: The results of the global census are adjusted to include mutual insurance policyholders. "Memberships" include some people who are members of more than one co-op or mutual. Therefore, an individual or organization may have more than one membership

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"The Cooperative Society provides a very encouraging approach and view of the future, one I believe rightly identify how ripe the mood is of people around the world for qualitative change. This book does an outstanding job of explaining the context for change and, just as importantly, the urgent need for such a change."

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writer
Bowen Island, British Columbia, Canada*

"The Cooperative Society lays out major drivers of our socio/political/economic environment, but it also develops a useful framework for measuring and monitoring these factors over time."

*Walden Swanson, founder and Director Emeritus
CoMetrics*

"This is the ultimate message of this book: We as a species are not destined to destroy ourselves and our planet. We can make the transition from a destructive society to a cooperative one. And we can make major progress on that transition between now and 2030."

From the Conclusion