

## TOWARDS A COMMONS TRANSITION POLICY: RE-ALIGNING ECONOMICS AND POLITICS FOR A COMMONS-CENTRIC SOCIETY

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### Abstract

The P2P Foundation is a observatory of and a trans-national network of researchers and activists around the emerging practices around peer production, peer property and peer governance. In the last ten years we have developed a set of integrated proposals for a set of transition policies towards a commons-centric society and economy. The following essay aims to bring an overview of this approach which combines both politics and economics. These proposals and strategy are outlined in figure 1 and this text aims to systematically explain this summary graphic. We explain this in two parts, corresponding to the horizontal blocks in the graphic representation, i.e. we first discuss the economics of the commons, and then proceed to its politics. The third part is a dynamic and short summary of our transition proposals in the context of a 'society-in-movement' through both prefigurative practices and progressive political majorities aligned around a commons transition program.

### Keywords

P2P Foundation. Peer production. Peer property. Peer governance. Commons-centric society.

## ***EM DIREÇÃO A UMA POLÍTICA DE TRANSIÇÃO PARA OS COMUNS: REALINHANDO ECONOMIA E POLÍTICA PARA UMA SOCIEDADE CENTRADA NOS COMUNS***

### Resumo

*A Fundação P2P é observatório e rede transnacional de pesquisadores e ativistas em torno de práticas emergentes de produção peer, propriedade peer e governança peer. Nos últimos dez anos desenvolvemos um conjunto de propostas integradas para um conjunto de normas de transição verso uma sociedade e uma economia centradas nos comuns. O presente ensaio visa a uma perspectiva geral sobre o enfoque que combina tanto política quanto economia. Estes propósitos e estratégias encontram-se no esboço da figura 1 e este texto objetiva explicar sistematicamente este gráfico resumido. Explicamos em duas partes, correspondentes aos elementos horizontais desta representação gráfica, i.e. primeiramente discutimos a economia dos comuns, e então seguimos com sua política. A terceira parte é um resumo curto e dinâmico de nossos propósitos de transição no contexto de uma 'sociedade-em-movimento' através de práticas pré-figurativas e maiorias políticas progressistas alinhadas a um programa de transição dos comuns.*

### Palavras-chave

*Fundação P2P. Produção peer. Propriedade peer. Governança peer. Sociedade centrada nos comuns.*



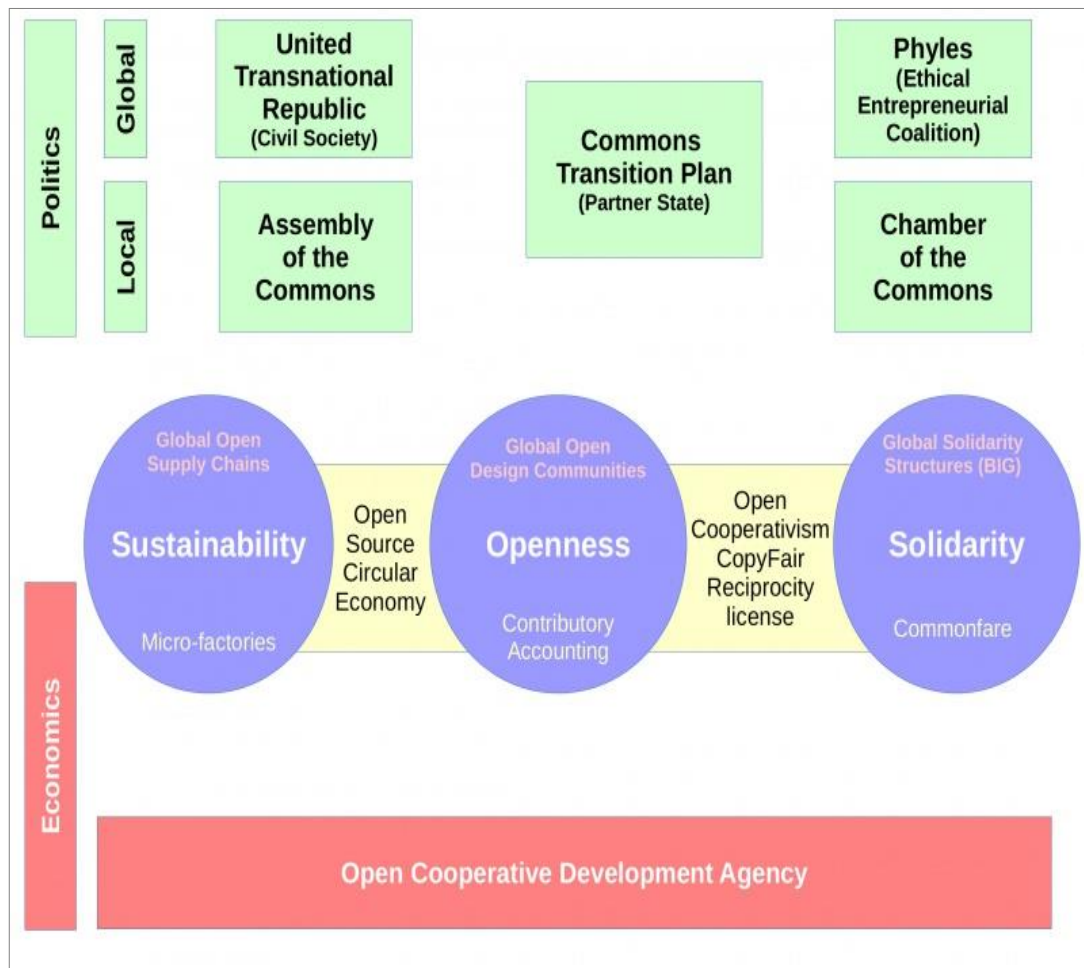


Figure 1: [http://p2pfoundation.net/File:P2pCommons\\_slide\\_corrected2.jpg](http://p2pfoundation.net/File:P2pCommons_slide_corrected2.jpg)

The P2P Foundation is an observatory of and a trans-national network of researchers and activists around the emerging practices around peer production, peer property and peer governance. In the last ten years we have developed a set of integrated proposals for a set of transition policies towards a commons-centric society and economy. The following essay aims to bring an overview of this approach which combines both politics and economics. These proposals and strategy are outlined in figure 1 and this text aims to systematically explain this summary graphic. We explain this in two parts, corresponding to the horizontal blocks in the graphic representation, i.e. we first discuss the economics of the commons, and then proceed to its politics. The third part is a dynamic and short summary of our transition proposals in the context of a ‘society-in-movement’ through both prefigurative practices and progressive political majorities aligned around a commons transition program.

## **PART ONE – INFRASTRUCTURES FOR A COMMONS ECONOMY**

Our analysis starts with the observation and hypothesis that our political economy is already experiencing a important transition to a new model, where commons-centric value creation will be a very important aspect of value creation and distribution, but that this transition is embedded in a dominant political economy of capitalism which doesn't do justice to the huge potential that a commons-centric society has, to solve the basic contradictions and issues of capitalism.

Peculiar and characteristic of our approach though is that we focus on the necessity of a prior change in the mode of production and relations of production, as a condition for a systemic and structural shift to a new type of political economy. We believe that next to the social and political expressions of discontent, through direct social action and political and social mobilisation and representation, it is equally important to work at the core of the economy itself, by changing the very logic of how value is created and distributed.

Our analysis is based on challenging the three basic systemic flaws of the current political economy:

- negative environmental externalities: our system is based on infinite compound growth and on the underlying assumptions that natural resources are 'infinite', i.e. they can be extracted and dumped at will. **We call this feature 'pseudo-abundance'.**
- negative social externalities: the system creates increased inequality both within nations and between nations and there is an active build-down of solidarity mechanisms under neoliberalism.
- negative knowledge externalities: the current system believes that non-rival goods that are naturally abundant, should be kept scarce artificially, through ever stronger intellectual property protections which privatize vital knowledge and hamper the flow of innovation. **We call this feature 'artificial scarcity'!**

Capitalism is not just a market mechanism that uses pricing to allocate resources for production, i.e. a scarcity-allocation system, it is in fact a active scarcity-engineering system, which seeks to create artificial scarcities not just in knowledge, but everywhere, so as to guarantee a steady stream of rent-extraction possibilities, i.e. surplus profits.

In other words, the system creates a huge amount of environmental and social externalities, but then hampers the diffusion of knowledge that is needed to solve them.

The answer must be a reconfiguration of the very DNA of the next political economy, which must minimally:

- ensure the respect of ecological balance, i.e. be sustainable
- ensure the diffusion of knowledge to solve social problems, i.e. it must allow for the co-construction of open knowledge commons
- it must combine this respect for realistic scarcity of nature and the recognition of the abundance of immaterial goods, while ameliorating social justice

Finding solutions to these challenges is what many people are doing today, but in fragmentary ways.

One of the preconditions for a successful transition will be to do these same efforts in an integrative way, so that they mutually reinforce themselves, and can become the new system.

Figure one shows three basic 'productive' responses to the structural crisis of capitalist society:

- the answer to the ecological crisis is a global effort towards more sustainable production methods expressed in efforts such as the circular economy, the blue economy, and many more similar initiatives
- the emergence and growth of the solidarity economy, and the rebirth of cooperativism address social justice concerns, the fair distribution of the rewards; and democracy in production itself
- the core concern of the P2P Foundation however is to limit the privatization of knowledge, as without access to knowledge, no changes in the other spheres is possible; this is the specific sphere of commons-based peer production, in which productive communities mutualize knowledge by creating new digital commons of knowledge, software and design which directly affect , and create new possibilities for physical

production; this is the sphere of the open movement on the one hand, focusing on immaterial value creation, but also related to the efforts called the 'sharing economy', which pertain to the mutualization of physical infrastructures.

Our core understanding is that peer production is the most important and crucial condition for change, because it represents a new mode of production and create new post-capitalist relations of production.

Our reading of history indicates that no realistic phase transition is possible, if the mode of production and relations of production are not changed. This change does not follow a complete phase transition or change in the balance of social and political power, but must precede it!

But why exactly is peer production an alternative mode of value creation and distribution, which we dare to call 'post-capitalist' ?

In peer production, contributors can freely co-create shared resources, at first immaterial resources, and peer production has a fundamentally different logic than capitalism. In capitalism, private labor and capital co-create value, which is captured by corporations, redistributed in the forms of wages to labor; but because the capitalist market does not by itself recognize environmental and social externalities, it requires the state form to regulate the market from the outside, and to play a role in the redistribution of value through taxation and welfare mechanisms.

In peer production however, it is contributions, not labor, which is at the core of the value creation, and it is these contributions that create a commons, i.e. they do not directly create market goods. Indeed, what is abundant, as digitally reproducable knowledge is, cannot itself be a market good, as there is no tension between supply and demand. This means in practice that while commons production is collectively able to reproduce itself by a continued influx of contributions, the individual contributors themselves cannot autonomously create livelihoods and reproduce themselves so that they can continue to contribute to these common goods. So peer producers aka commoners today are still dependent on the capitalist marketplace in order to be able to participate over time in peer production.

To state this very clearly: peer production today is a prototype of a mode of production, in a situation of co-dependence with the capitalist market, and vice versa. A historical analogy is the

situation of capitalism before 1834, when the English Poor Laws were abrogated to create a 'real market in labor'.

Before that date, merchants had to sell raw material and lend machinery to the craftsmen, and buy the finished product, i.e. capitalism was still dependent on the old models based on the existence of crafts and guilds. It only became an autonomous mode of production when labor itself was fully commodified. Similarly for peer production, it can only become an autonomous, self-reproducing mode of production, if it can ensure its own 'self-reproduction', i.e. create livelihoods for its contributors in a way that removes it substantially from the sphere of capital accumulation.

To repeat, this is the key issue: a commoner needs to perform commodity-labor or freelance market activity in order to be able to participate in peer production communities. This means that while use value is created in the commons, the market value is still extracted and serves the accumulation of capital.

Hence the key strategy must be one that focuses on rendering peer production autonomous, which requires a convergence with the solidarity economy or cooperative model.

Why does the commons need this cooperative economy? The answer lies in the different logic of reproduction for non-rival immaterial goods, and for rival material goods. Physical production requires investment in buildings, raw materials, machinery, in addition to creating income for its participants.

The answer therefore is to create, between the processes of commons accumulation and capital accumulation, an intermediary sphere of cooperative accumulation. In short, as a commoner, the producer co-creates commons; while as a cooperator, he/she creates added value for the market, and creates livelihoods in the process. Committed commoners will use this transitional process to also transform physical production into a commons, but we will return to this later. The key here is to differentiate 'social market' forms, from capitalist market forms. In social markets, cooperative entities still use market mechanisms to sell products and services, but they do not do so according to a logic of capital accumulation.

Today, the solidarity economy and cooperatives who do not use peer production models, are not fundamentally able to out-cooperate private capital. Traditional cooperatives, often with a for-profit structure, work exclusively for their consumer or producer membership, and compete in the marketplace under a capitalist logic, and thereby subjected to the same constraints as

capitalist firms. They do not naturally produce common goods and end up taking on the same solutions and forms than the firms they compete with.

Hence our proposal for a convergence between the two models through what we call 'open cooperativism' or an open solidarity economy.

This means the requirement that cooperatives structurally and legally commit themselves to the creation of commons and the common good. The advantage for existing cooperatives, and the resources they are already able to marshal, is that 'openness, participating in open knowledge commons, renders them 'hyper-competitive' through the access to permanent innovation at scale. The advantage for commoners who can join or create their own cooperative vehicles, is that they can create their own livelihoods, and that the surplus value created, can serve not just for the self-reproduction of the commoners, but also for re-investment in commons production.

Hence this convergence creates a model whereby the core of value creation lies with productive communities of contributors to common goods, surrounded by an ethical entrepreneurial coalition which produces added value for the market, co-dependent on the commons, but they are also co-producing the commons. The commoner is therefore also a 'cooperator'. Through the merger and convergence of these two basic models, we can now socially reproduce the commons, and make it autonomous vis a vis the dominant capitalist economy. To the post-capitalist logic of the commons is added the cooperative logic of democratic production of physical goods and services. The commoner/cooperator produces both commons that are outside the market sphere, and 'rival' market goods and services that are sold on the market.

We call these new entities that converge both models 'open cooperatives', or a 'open solidarity economy'.

Open cooperatives therefore, have in our view four fundamental requirements:

- the first one is the common good orientation, i.e. a not for profit orientation towards the realization of a social good, which is at the same time a common good and potentially a commons. This means surplus profits do not go to shareholders but are invested in the social goal.

- the second one is the multi-stakeholder aspects of its governance and property mechanisms; every stakeholder is represented in the management of the entity.
- the third one is a specific commitment to co-create commons, immaterial or material (the *Allianza Solidaria* housing coop in South Quito creates common public parks for example)
- the fourth condition we would like to add to his proposal is a global orientation to material organization

Indeed, peer production can be usefully seen as obeying the following principle: if it's light, it's global, if it's heavy, it's local.

This means a combination between global open design communities where the global knowledge base is co-produced and shared; and a model of distributed local manufacturing where local coops produce goods and services through microfactories 'on demand'. But we argue that these local coops, when they are connected through a global commons, should strive for the creation of global 'phyles', i.e. global business eco-systems that support communities and their commons. We believe that we need both the global open design communities as global civic power based on contributions, but also global ethical economy players, that can build counter-hegemonic power vis a vis the private multinational players that dominate the global economy.

To strengthen the above convergence we also propose a new form of licensing, i.e. reciprocity-based licensing, through the 'copyfair' principle.

Here is why this is necessary:

Today we have indeed a paradox. The mainstream 'copyleft' licenses, which allow for everyone to share and benefit, naturally attract private firms who can easily dominate the new commons-oriented economies through their access to vast resources. Hence, the emerging free software and open design dependent economies, although they have a commons at their core, are fully subsumed under the logic of capital accumulation. This is in part by design, licenses like the General Public License are radically liberal, they aim to create general rights, but are not concerned with the real material conditions necessary to actually carry out those rights on an equal playing field. It is the classic rift between liberal and more emancipatory approaches. Hence the paradox of the domination of 'liberal-communist' licenses, which through their rule,



'from everybody according to their contributions, to everybody according to need', actively allow sharing with big multinational firms. While this may not be seen as a huge problem for software, this becomes a more serious issue once we move to physical production. Actors of the cooperative and solidarity economy may want to create protection mechanisms to preserve the equity of their commons. Hence the copyfair license 'reciprocity-based' logic, it simply adds the requirement that for-profit firms which want to profit from a commons without contributing to it, must pay for the license. This is not to insure a capital flow, but essentially also a technique to re-introduce reciprocity in the marketplace. In other words, it's a technique to create non-capitalist marketplaces surrounding the commons.

So here is the situation we would achieve:

- at the core of the new mode of value creation, is the contributive economy, following a post-capitalist logic of creating commons through open and free contributions
- surrounding the commons, are ethical entrepreneurial coalitions, which add value to the commons to the non-capitalist marketplace, through open coops and similar forms, creating livelihoods for the peer producers
- democratically run for-benefit associations, which already exist and are the norm, in the free software economy, maintain and protect the infrastructure of cooperation.

Let us return to the explanation of the graphic above.

We also note the need for a convergence between the sustainability-driven and the commons-driven models, hence the need for an open-source circular economy.

We believe the open model, based on sharing knowledge and eventually mutualizing physical infrastructures is essential to transform to a truly sustainable economy.

As we argued before, transitioning to a globally networked 'open' distributed production, would follow the logic of 'what is light (knowledge) is global, what is heavy (material production) is local', and it would have the following strong sustainability effects:

First in terms of the redistribution of value to the direct producers:

- as calculated by Margrit Kennedy, interest-free money would remove 38 percent of production costs that now go directly to the financial elite and is unavailable for investment in a sustainable transition:

- abolishing IP taxes as well would also have a huge redistributive effect, by removing the rent that goes to IP holders and allowing a faster distribution of environmental innovations
- creating commons-producing open cooperative models would keep the surplus value within the hands of primary producers as well, causing the same re-investment potential

The direct effects of networked local production, financed by the above models, would then be:

- the location of design into open design communities would remove the incentive for planned obsolescence and artificial scarcity characteristic of the scarcity engineering model of capitalist market production
- relocalizing production into a network of local microfactories would remove 75% of production costs by eliminating transport
- local production 'on demand', with the designs available on the global and local networks, would eliminate overproduction but also the massive need for promoting consumption through mass advertising and communication
- open supply chains would make the transformation possible towards a massive adoption of circular economy principles (impossible to achieve with secret production chains) and cradle to cradle design as well as mutual coordination between the commons-producing ethical entrepreneurial coalitions who could not only adapt to the holoistic information available but also make common agreements
- together with open book accounting this would ensure also a massive ethical shift towards fair distribution of value, since the investment streams and value transfer models, as well as ethical treatments of workers and consumers, would become visible to all
- collaborative consumption models would greatly diminish the cost of different infrastructures, such as transportation, by mutualizing their usage

Thus, we should consider this as the 'open source circular economy' stack. None of its individual elements would be sufficient on its own, but the addition and integration of these various policies would have dramatic effects on the 'thermodynamic efficiency' of production.

This means humanity would still be achieving a substantial amount of products and services needed for contemporary social needs, at a dramatically reduced cost in matter and energy.

In conclusion what we need is a convergence of the three models, the commons model, the sustainability model and the solidarity economy model, in order to create a mode of production that is at the same time: 1) open and commons oriented 2) sustainable and solidary. When we achieve this, commons-based peer production would have become a full mode of production, able to reproduce itself and expand.

We still have to explain one last element of the graphic at figure 1, nl. The “open development investment agency.

This is a summary of the necessary efforts to find adequate funding mechanisms. Today, an open source car like Wikispeed, which is five times as fuel efficient than any existing industrial car, does not easily find funding. There are two reasons for this. One is the absence of intellectual property, which deprives venture capital and other forms of for-profit oriented capital of easy processes for 'extra' rent extractions, but in truth the second one is that even ethical finance requires IP-based collateral, which open projects refuse to have. Hence the need for investment strategies that specifically can fund 'open, sustainable and solidarity' production. Today, it is possible to find for-profit funding for sustainable and open production models, and it is possible to find ethical finance for solidarity-based and sustainable models, but it is nearly impossible to find funding for open projects that want to be sustainable and commons-oriented at the same time. Hence open hardware for example is more easily funded by for-profit capital than by ethical finance. To change this reality is a very important priority.

## **PART TWO: POLITICAL CONDITIONS FOR THE CHANGE TOWARDS A COMMONS-CENTRIC SOCIETY**

This second part discusses the upper part of the graphic, which deals with commons-oriented political change.

Our economic model also implies a model of society, and requires us to think about transition strategies, in other words, to think about 'politics', and this both from a bottom-up view but also from the point of view of using the public sphere of 'relative' democracy, i.e. the state, as

a place where commons interests can be advanced. While bottom-up peer to peer initiatives can achieve a lot, we do believe there is an important role to play by the public sector in facilitating and scaling those efforts. But what we propose is a triangular transformation of both civil society, the sphere of peer to peer dynamics; the ethical market, the sphere of generating livelihoods, and the state itself.

On the graphic, the three columns represent these three spheres. They represent the micro-economical and social organization of peer production, but transposed to the level of the whole of society.

The contributory communities, where every citizen can freely and permissionlessly contribute to commons and the common good, represents a new form of civil society, where the civic sphere has become productive as contributing to the commons.

The entrepreneurial coalitions which are linked to the commons, represent the new form of the market, which is now co-producing commons and livelihoods for the commoners, and has integrated in its working the externalities that the capitalist market form refuses to take into account.

The for-benefit associations, which maintain the cooperative infrastructure of peer production communities, is a new form of the polis, i.e. the state, which in this vision, facilitates the meta-infrastructures that are needed for peer production and the commons to thrive and to expand.

Achieving those big transformative goals requires new forms of mobilization and self-organization.

We propose three new civic, political and economic 'institutions', to carry forward the vision of the commons transition.

In the civic sphere, we propose the creation of Assemblies of the Commons at local, regional, national and transnational levels (through federation). These Assemblies bring together all citizens who are concerned with creating, defending and expanding the sphere of the commons. They operate under a social charter outlining their key values, and connect civic commons initiatives in their area. They can also formulate propositions and demands to the political sphere.

In the economic sphere, we propose the creation of Chamber of the Commons, these are coalitions of commons-centric entrepreneurial entities, which create livelihoods for the

commoners. They also organize themselves under social charters that express their key values, and can similarly propose and demand measures from the political sphere.

In the political sphere itself, this is not represented yet in the graphic above, we propose the creation of Commons Transition Circles, these are groups of people who want to actively promote the Commons Transition in the political sphere. They may support the creation of assemblies and the chambers, and identify social and political forces that can advance the Commons Transition process.

One of their key activities is to consult with the Assemblies and the Chambers around the creation of Commons Transition Plans, and to try to advance their adoption. The Commons Transition Plan synthesizes the goals, strategy and proposed implementations of measures that realize a more commons-centric society and economy. (the first one was produced in Ecuador for the FLOK Society project (see <http://commonstransition.org>).

In contrast with the Assemblies and Chambers, which have a representational role, we see the circles are pluralistic activist organisations, focusing on the advanced of the commons as one of the core organizational principles for society.

We now move to a more utopian and transnational level, the top layer of the graphic above. Here we introduce two important concepts.

One is the concept of United Transnational Republics. We believe this is the 'commons alternative' both to global NGO's, which represent organizational civil society, and multinational corporations. We see them as vehicles for allances between the peer to peer commons organizations, so that they can operate and coordinate at a global scale, and project the influence on the commons at the planetary level.

Phyles, a concept introduced by lasindias.net, are 'global business eco-systems that support communities and their commons". Today, there exist ethnic and religious phyles but we need affinity-based phyles that can create cooperation between ethical entrepreneurial coalitions at the global scale.

If the United Transnational Republics represent the civic and political role of commons and their communities, then the Phyles represent the commoners in their economic role.

This ends our overview of the graphic above, but it is of course important to understand this not as a blueprint, but as a proposed process that can stimulate a diverse array of adaptations

in various contexts. We believe that next to the need for local diversity, there is an equal need for mutual coordination, and hence for a discussions of transition strategies that can scale.

### **PART THREE: DYNAMIC SUMMARY**

To conclude, we show here the dynamic version of our proposals for changing the sphere of both the state and the economy:

#### **Transforming the Market State into a Partner State**

- The State becomes a Partner State, which aims to enable and empower autonomous social production, which it also regulates in the context of common good concerns
- The State strives to maximal openness and transparency
- The State systematizes participation, deliberation, and real-time consultation with the citizens
- The social logic moves from ownership-centric to citizen-centric
- The state de-bureaucratizes through the commonification of public services and public-commons partnerships
- Public service jobs are considered as a common pool resource and participation is extended to the whole population
- Representative democracy is extended through participatory mechanisms (participatory legislation, participatory budgeting, etc.)
- Representative democracy is extended through online and offline deliberation mechanisms
- Representative democracy is extended through liquid voting (real-time democratic consultations and procedures, coupled to proxy voting mechanisms)
- Taxation of productive labour, entrepreneurship and ethical investing is minimized; taxation of the production of social and environmental goods is minimized; taxation of speculative unproductive investments is augmented; taxation on unproductive rental income is augmented; taxation of negative social and environmental externalities is augmented

- The State sustains civic commons-oriented infrastructures and ethical commons-oriented market players
- The State reforms the traditional corporate sector to minimize social and environmental externalities
- The state engages in debt-free public monetary creation and supports a structure of specialized complementary currencies

### **Transforming the extractive for-profit economy into a generative Ethical Economy**

- Creation of a commons and common good oriented social / ethical / civic / solidarity economy
- Ethical market players coalesce around commons of productive knowledge, eventually using peer production and commons-oriented licenses to support the social-economic sector
- Ethical market players integrate common good concerns and user-driven and worker-driven multi-stakeholder in their governance models
- Ethical market players move from extractive to generative forms of ownership; open, commons-oriented ethical company formats are privileged
- Ethical market players practice open book accounting and open supply chains to augment non-market coordination of production
- Ethical market players create a territorial and sectoral network of Chamber of Commons associations to define their common needs and goals and interface with civil society, commoners and the partner state
- With the help from the Partner-State, ethical market players create support structures for open commercialization, which maintain and sustain the commons
- Ethical market players interconnect with global productive commons communities (open design communities) and with global productive associations (phyles) which project ethical market power on a global scale
- The ethical market players adopt a 1 to 8 wage differential and minimum and maximum wage levels are set

- The mainstream commercial sector is reformed to minimize negative social and environmental externalities; incentives are provided that aim for a convergence between the corporate and solidarity economy
- Hybrid economic forms, like fair trade, social entrepreneurship, B-Corporations are encouraged to obtain such convergence
- Distributed microfactories for (g)localized manufacturing on demand are created and supported, in order to satisfy local needs for basic goods and machinery
- Institutes for the support of productive knowledge are created on a territorial and sectoral basis
- Education is aligned to the co-creation of productive knowledge in support of the social economy and the open commons of productive knowledge