

O: OCCUPY WALL STREET

Andrea Bernardi

Introduction

The 2008 financial crisis triggered economic recession and an ideological crisis of western capitalism. After the outbreak of the crisis a series of protest movements and organisations came to be collectively called Occupy Movements, with the eponymous Occupy Wall Street symbolising the most inspiring form. The key inspiring events are commonly said to have been the establishment of Democracy Village in 2010 outside the British Parliament in London, the protests in Spain that started in May 2011, the earlier events of the so-called Arab Spring, and the Occupy Dataran movement in Kuala Lumpur of July 2011.

The apex of the crisis was reached in 2012, which was also the United Nations international year of co-operatives. From the establishment of the first modern co-operative in Rochdale, the international co-operative movement has prided itself on its seven core inspiring principles. The inspiring principles are 'Voluntary and Open Membership', 'Democratic Member Control', 'Member Economic Participation', 'Autonomy and Independence', 'Education, Training, and Information', 'Co-operation among Co-operatives', and 'Concern for the Community.' We argue that these principles should make co-operatives a natural choice of ally for members of the protest movements as they have main points of approach in common.

The worldwide protest movement has been ineffective in delivering impact on policies and in providing a feasible alternative. The co-operative movement and the protest movements have several points in common, and, despite their lack of dialogue, it is argued that credit unions, workers' and consumers' co-operatives, are a feasible model for sustainability, fairness, and growth. The Occupy Wall Street movements should pragmatically support the co-operative model of ownership, rather than focusing their efforts on naive methods and radical proposals.

The 2008 Financial Crisis

The crisis started in the United States of America, the symbolic centre of world capitalism. A few causes are commonly recognized as the triggers



to the 2007-2008 US financial crisis, whose consequences have been spreading around the globe ever since. The roots of the crisis (Crotty, 2009) were subprime lending, the existence of excessively easy credit conditions and the consequent housing bubble, predatory practices of negligent lending and the after-effects of fraudulent underwriting. Additional causes (Goodchild, 2012) are financial deregulation (as occurred under both Democrat and Republican administrations), the negative effects of over-leveraging (which started as early as in the mid-90s), and the over-complex financial-management regulatory system. The American debate reached not only the media but also resulted in a series of high-profile judiciary and parliamentary inquiries. Great expectations were placed on these events, but, despite the initial clamour, disappointment followed when it came to policies, legislation and court sentences. In Europe the targets of resentment shifted early on to criticism of government austerity policies, singling out distinct European and international institutions such as the IMF, ECB, and the European Commission, as the responsible culprits.

The Occupy Wall Street Movements and antecedents

The origins of the protest have been historically traced (Castells, 2012). The last decade of the 20th century and the first decade of the 21st century were characterized by periodical protests organized at the G8, later G20, meetings. In a similar vein, the World Economic Forum meetings in Davos, an informal gathering of world financial and political leaders, found itself to be a favourite target for protests against globalization and neoliberal policies. Criticisms have also increasingly appeared in print. The beginning of the new century has seen a proliferation of publications about non-proprietary standards, anti-globalization, about the ethical dilemmas of consumerism, social conflict, and sustainability. Examples of these sorts of publications are numerous, but include *Empire* by Toni Negri and Michael Hardt (2000), *No Logo* by Naomi Klein (2001), and *Petit Traité de la Décroissance Sereine* by Serge Latouche (2007). Several national variants belonging to the same root exist.

Sweden and Germany can be regarded as pioneers of the direct political involvement and action of the protest movements. The first Pirate party was the Swedish *Piratpartiet*, founded in 2006. Other parties were subsequently formed in Austria, Denmark, Finland, Germany, Ireland, the Netherlands, Poland, and Spain. In some countries their electoral success was tangible for a while.



Spain was disturbed in May 2011 by a protest movement that is still alive and active. This was the Indignant Movement, alternatively known as Take the Square. The street protests, which occurred during 2011 against the political class, paradoxically helped the conservative party to win the 2011 general election. All the blame for unemployment, state debt, the real-estate bubble, was fully piled at the feet of the socialist government of José Luis Rodríguez Zapatero, who had been in power since 2008.

USA was also the scene of similar discontents. In September 2011 the first Occupy protest that gained national and international media attention was Occupy Wall Street, in New York. Suggestively, gatherings, talks and camping took place in Zuccotti Park, in the heart of New York's financial district (Chomsky, 2012). Showing the power of such movements, in less than a month related gatherings were organized in dozens of other American cities (including even the occupation of the Wisconsin State Capitol building), as well as in about 80 other countries around the world (Gamson and Sifry, 2012).

An inspiring event occurring on American soil was 'Bank Transfer Day'. This was a consumer-activism initiative that called for 'a voluntary switch from commercial banks to not-for-profit credit unions'. In the spirit of the times, everything started on Facebook as an event planned for the November 5th 2011. In a few days, the event was joined virtually by tens of thousands of people and was replicated in other places and times in North America. The basic idea behind this collective action was to complain about the fees and service quality of the Bank of America, suggesting that those members of the public in agreement with the protestors should collectively swap their bank accounts to a co-operative bank, or a credit union as it is defined in USA and Canada. The participants of Occupy Wall Street supported the event, although it did not satisfy every one of their members, as a few radicals complained that co-operative banks should still ultimately be considered a bank, one of the foremost villains of the Occupy Movement.

Italy has not seen massive street protests such as those that occurred in Spain or Greece. Even the peaceful gatherings that have occurred can be seen to have been very limited if compared to their counterparts in France or USA. It seems that the anger of citizens and their participation has been diverted to a political movement, the *Movimento Cinque Stelle* which in 2013 gained third place in the general elections and in 2016 is considered to be the second largest party by intentions of vote.

China has been only softly awakened by minor events that followed the inspirational Arab Spring, in what has been described as the failed Jasmine



Chinese revolution, started in February 2011. Nevertheless, the Special Administrative Region of Hong Kong hosted a very interesting protest, the Occupy Central. The protest took place in a square, Central, in front of the headquarters of the international bank HSBC, near the Hong Kong Stock Exchange. Protesters added to the traditional global economic issues an additional local topic: the request for a reform blueprint towards universal suffrage in Hong Kong. The protest camp stayed in place between 15th October 2011 and 11th September 2012 and was removed after court rules and police intervention. The movement is still active as intellectuals and activists worked on the political manifesto of the so-called Occupy Central 2014 'to press the government for a democratic reform blueprint to achieve universal suffrage.' This led to the hugely participated Umbrella-Movement protests of winter 2014.

The Co-operative Firm

The co-operative firm is a very old institution. Co-operatives are representative of an alternative-ownership model and should be seen as successfully operating in market economies and contributing to the plurality of the market actors, despite the fact that they are fundamentally non-capitalist in orientation (Hansmann, 1996). A true co-operative is owned by either its workers or consumers or users and this intrinsically makes them more socially responsible and participatory than their capitalist counterparts. Apart from the system of ownership rights, the diversity of co-operative firms can be mapped in a different way in each sector (Bernardi, 2007) and the advantages of co-operatives have been empirically observed by a number of scholars. The workers' co-operatives have been argued, for example, to represent in both theory and practice an alternative to traditional capital-labour conflict (Jossa, 2005; Bernardi *et al.*, 2011). Being owned by the consumers or the user they represent a more transparent and fair business model. In the event of market failure they have been shown to be more efficient (Olsen, 2002; Jussila *et al.*, 2008) and resilient under difficulties (Zanotti, 2013). Furthermore, co-operative enterprises represent worldwide-distributed alternatives to the investor-owned limited company model (Spear, 2000; Chaves and Monzòn, 2007). They respond to the expectations of consumers or workers better than firms driven only by the need to remunerate the investment of their owners (Jussila *et al.*, 2008). It is also possible to argue that co-operatives offer better health and safety conditions to workers. Research by Guiol



and Muñoz, (2007) has demonstrated the existence of a strong relationship between safety, well-being, and workers' participation (see chapter S in this book). Co-operatives are rooted in their local communities and therefore often represent a respected and powerful institution at local level. It is much more likely that a firm owned by the community (for instance an electric co-operative owned by the whole village) will produce positive externalities (such as social capital and investments in corporate social responsibility) rather than negative ones such as pollution.

In the 19th and 20th centuries the mission of establishing a co-operative was primarily to provide a job or a shop or a service, whereas today the rationale has been subtly refocused to provide good jobs, socially and environmentally responsible products and alternative services which the State or the Market were commonly perceived as having failed to provide. The co-operative sector has not been immune from the current financial crisis. Nevertheless, it is still possible to argue that the co-operative sector has shown itself to be remarkably resilient during times of crisis (Birchall and Ketilson, 2009).

Reform or revolution?

As Noam Chomsky has argued, the demands of the protest movements have been either very moderate (so much so that even *Financial Times* columnists have welcomed them) or they have been too vague and implausible (overthrow capitalism, establish direct democracy, etc.) meaning they do not appear seriously to contest the existing capitalist interests and power systems (Chomsky, 2012). As Graeber has argued, the occupy movements have failed to suggest feasible actual alternatives to the model they have been opposing (Graeber, 2013). The emphasis on method (transparency, information, direct democracy) is not enough if it is not supported by a strong policy platform. Even Joseph Stiglitz has publicly argued that the Occupy Movements have failed to deliver because of lack of organization (Haug, 2013) and of a pragmatic approach. Even the few formal political attempts of organisations belonging to the protest movements have been disappointing. The Italian case, *Movimento Cinque Stelle*, has proved unable to work effectively in parliament despite the several seats gained. The German Pirate Party did not reach the minimum threshold in the 2013 federal elections and will not enter parliament. Contemporary history offers cases of successful and unsuccessful anti-corporate protests. How success is affected by the relationship between degree of ideological



radicalism, institutional environment, targets and tactics has been studied (Yaziji and Boh, 2013; Schneiberg, 2013).

Certain conceptual and political weaknesses are fairly common among the Occupy protest movements. For example, the common depiction of the market as a public enemy could be a dangerous over-simplification of a complicated economic situation with few absolute heroes or villains (Roberts, 2012). Similarly, the idea that the State, by definition, would be a better supplier of services than the market, regardless of the sector, the service, and the efficiency could be regarded as excessively reductionist. Another big taboo for the protestors centres on the idea of profit, which is generally characterised by members of these movements as evil, dangerous or wrong. Advocates of co-operatives, though, would argue that profit is actually good, if achieved in a fair and sustainable way. Most co-operatives see profit as a measure of their efficiency and financial sustainability, allowing the organization to keep offering services and goods to their members and providing its workers with employment.

Another example of a recurrent oversight of the Occupy Movement is their anger towards and attacks on banks and financial systems, which are in reality institutions as neutral as the market. Indeed, it seems limiting to reduce banks to public enemies. As explained by advocates of the Bank Transfer Day movement, there are alternatives to the traditional actors of that market. Savers should be aware of the diversity and make informed and wise choices (Michie and Llewellyn, 2010).

Ownership Not Occupation

If the Co-operatives and the Protest Movements work together, there is a great potential for synergy between the two groups. The Occupy movement has the energy, youth and participation to reinforce the Co-operative Movement. The Co-operative sector has the organization and the infrastructure to support the Occupy Movement and it provides a historically tried-and-tested practical alternative to current market fundamentalism. Such a collaboration between the Co-operative and the Occupy movements requires effort and dialogue between the two parties and many observers feel that this is not likely to happen (Shepard, 2012), especially because of the international and informal nature of the latter (de Bakker *et al.* 2013). Nevertheless, several projects at national and local level may be deployed to start such a dialogue. The finance and banking sector could be a very powerful starting point, if only the protest movement would formally consider



co-operative banking (Birchall, 2013) as a model of sustainability, fairness and ethics. The consumer co-operative sector might also be promoted to protest-movement supporters as a model of ownership, responsible consumer behaviour and fairness. Together, both movements could pool their many common concerns and raise a common voice. Where possible co-operative ownership should be supported as a model of transferring utilities, services and public goods infrastructures from the State to the community, rather than to a large capitalist corporation.

Conclusions

The Occupy Movement needs a feasible and pragmatic action proposal to make protests constructive and consequently more effective. Their emphasis to date on methods rather than on solutions has proved to be largely ineffective. Without a feasible and sound proposal, the Occupy movement either will decline (Roberts, 2012) or will end up reinventing itself more radically.

The Co-operative Movement needs to attract a new generation of members with motivations different from those of the previous generations. The old ideological membership (either Socialist or Christian) of fathers and grandfathers is gone forever and a new set of reasons to join needs to be written and promoted, which resonates with the young and the socially aware.

The protest movement needs the pragmatic experience of the co-operative sector. The co-operative movement needs the energy and youth involved in the occupy movements. Citizens and consumers of the North and the South of the world need both a competitive alternative actor for the market and a strong advocate against the excesses of capitalism (Stiglitz, 2009). This can be achieved through ownership, not occupation.

References

- Bernardi A., Greenwood A., (2014), 'The co-operative firm a non-capitalist model for the Occupy Movement,' in *Economic Policy and The Financial Crisis*, L. Mamica and P. Tridico, eds., New York: Routledge.
- Bernardi A., (2007), 'The Co-operative Difference. Economic, organizational and policy issues,' *International Journal of Co-operative Management*, 3, pp. 11-23.



- Birchall J., (2013), *Finance in an Age of Austerity: The Power of Customer-owned Banks*, Cheltenham: Edward Elgar.
- Birchall J., Ketilson L.H., (2009), *Resilience of the co-operative business model in times of crisis*, Geneva: International Labour Office.
- Castells M., (2012), *Networks of Outrage and Hope: Social Movements in the Internet Age*, Cambridge: Polity Press.
- Chomsky N., (2012), *Occupy*, London: Penguin.
- Crotty J., (2009), 'Structural causes of the global financial crisis: a critical assessment of the "new financial architecture",' *Cambridge Journal of Economics*, 33(4), pp. 563-580.
- de Bakker F.G.A., den Hond F., King B., Weber K., (2013), 'Social Movements, Civil Society and Corporations: Taking Stock and Looking Ahead,' *Organization Studies*, 34(5-6), pp. 573-593.
- Gamson W.A., Sifry M.L., (2012), 'The #Occupy Movement: An Introduction,' *The Sociological Quarterly*, 54(2), pp. 159-163.
- Goodchild P., (2012), 'What is wrong with the global financial system?,' *Journal of Interdisciplinary Economics*, 24(1), pp. 7-28.
- Graeber D., (2013), *Democracy Project: A History, a Crisis, a Movement*, New York: Spiegel & Grau, Random House.
- Graeber D., (2011), *Debt: The First 5000 Years*, Brooklyn: Melville House.
- Guiol P., Muñoz J., (2007), 'Management, participation et santé des salariés: des médecins et des salariés parlent,' *RÉCMA*, 304, pp. 76-96.
- Hansmann H., (1996), *The Ownership of Enterprise*. Cambridge, Mass.: Harvard University Belknap Press.
- Haug C., (2013), 'Organizing Spaces: Meeting Arenas as a Social Movement Infrastructure between Organization, Network and Institution,' *Organization Studies*, 34(5-6), pp. 705-732.
- Jossa B., (2005), 'Marx, Marxism and the co-operative movement,' *Cambridge Journal of Economics*, 29(1), pp. 3-18.
- Jussila I., Tuominen P., Saksa J.M., (2008), 'Following a different mission: where and how do consumer co-operatives compete?,' *Journal of Co-operative Studies*, 41(3), pp. 28-39.
- Klein N., (2000), *No Logo*, London: Harper Collins Publishers.
- Latouche S., (2007), *Petit traité de la décroissance sereine*, Paris: Mille et Une Nuits.
- Michie J., Llewellyn D.T., (2010), 'Converting Failed Financial Institutions into Mutual Organisations,' *Journal of Social Entrepreneurship*, 1(1), pp. 146-170.
- Negri T., Hardt M., (2000), *Empire*, Cambridge, Mass.: Harvard University Press.



- Olsen O.J., (2002), 'Consumer Ownership In Liberalized Electricity Markets. The Case Of Denmark,' *Annals of Public and Co-operative Economics*, 73, pp. 69-88.
- Roberts A., (2012), 'Why the Occupy movement Failed,' *Public Administration Review*, 72(5), pp. 754-762.
- Schneiberg M., (2013), 'Movements as Political Conditions for Diffusion: Anti-Corporate Movements and the Spread of Co-operative Forms in American Capitalism,' *Organization Studies*, 34(5-6), pp. 653-682.
- Shepard B., (2012), 'Labour and Occupy Wall Street: common causes and uneasy alliances,' *Working USA, The Journal of Labour and Society*, 15(1), pp. 121-134.
- Spear R., (2000), 'The co-operative advantage,' *Annals of Public and Co-operative Economics*, 71(4).
- Stiglitz D.J., (2009), 'Moving beyond market fundamentalism to a more balanced economy,' *Annals Of Public And Co-operative Economics*, 80(3), pp. 345-360.
- Yaziji M., Boh J., (2013), 'The Role of Ideological Radicalism and Resource Homogeneity in Social Movement Organization Campaigns against Corporations,' *Organization Studies*, 34(6), pp. 755-780.
- Zanotti A., (2013), *Le performance delle co-operative di servizi durante la crisi: un'analisi nel periodo 2009-2011*, Euricse Working Paper no. 51.

