

*ANTONI MAGDOŃ*

Uniwersytet Rzeszowski w Rzeszowie

antoni.magdon@gmail.com

ORCID: orcid.org/0000-0002-2113-4628

MODERN COOPERATIVES – A CHALLENGE FOR THE MODERN ECONOMY

DOI: <http://dx.doi.org/10.12775/SPLP.2025.012>

NOWOCZESNE SPÓŁDZIELNIE – WYZWANIE DLA WSPÓŁCZESNEJ GOSPODARKI

Streszczenie

Osoba ludzka jest podmiotem i celem wszystkich instytucji społecznych i ekonomicznych. W odniesieniu do ekonomii personalizm przedkłada osobę nad rzecz, być nad mieć, etykę nad technologią, wymiar moralny nad wymiar ekonomiczny, pracę nad kapitał oraz miłosierdzie nad sprawiedliwość. Prezentowana praca przedstawia szereg argumentów na rzecz rozwoju spółdzielczości w ramach gospodarki rynkowej, w tym również w kontekście globalizacji. Zasady i wartości spółdzielcze mogą być realną pomocą w upodmiotowieniu pracowników. terminem przedsiębiorstwa społecznego określa się inicjatywy spełniające kryteria ekonomiczne (produkcja dóbr, autonomia działania w ramach rynku, ryzyko ekonomiczne i in.) oraz społeczne (rozwój społeczności lokalnej, demokratyczne zarządzanie przedsiębiorstwem, charakter partycypacyjny, ograniczona dystrybucja zysków).

Słowa kluczowe: personalizm, ekonomia, nowoczesna spółdzielczość, gospodarka rynkowa

Abstract

The human person is the subject and goal of all social and economic institutions. In economics, personalism prioritizes the person over the thing, being over having, ethics over technology, the moral dimension over the economic dimension, labor over capital, and mercy over justice. This work presents a number of arguments for the development of cooperatives within a market economy, including in the context of globalization. Cooperative principles and values can be a real help in empowering employees. The term “social enterprise” refers to initiatives that meet economic criteria (production of goods, autonomy of action within the market, economic risk, etc.) and social criteria (development of the local community, democratic management of the enterprise, participatory nature, limited profit distribution).

Keywords: personalism, economy, modern cooperatives, market economy

THE HUMAN PERSON AND THE ECONOMY

The human person is the subject and purpose of all social and economic institutions. This means consciously considering both economic reality and the personal, moral dimension in every economic system or enterprise. An impersonal economy is the result of a lack of respect for the human person. The financial crisis stems from a profound human crisis, which signifies the negation of the ontological dimension of the human person, caused by an impersonal economy. Therefore, society should be “organized so as to give each person the best possible opportunity for physical, mental, and spiritual self-development, because the person is the fundamental essence of democracy, hostile to all types of totalitarianism.”¹

Michael Novak notes that “those trained in the disciplines of economics and business will immediately recognize the significance of this theological discovery. Schumpeter, Hayek, and Kirzner taught that the wealth of nations is due to invention, discovery, and entrepreneurship. In a significant way, human capital is therefore prior to physical capital. Thus, by turning to the creation story of Genesis as a guide for his reflections on economics, John Paul II found a way to bridge the divide between religion and economics. This allowed him to emphasize the creativity of the human person and, in a sense, the priority of human capital over

¹ R.T. Flewelling, *Personalism*, in: *Twentieth Century Philosophy. Living Schools of Thought*, ed. Dagobert D. Runes, New York 1943, p. 341.

material capital.”² Personalism stems from Judaism and Christianity, as well as from the Greek and Roman traditions, which developed the concept of man understanding himself as a person.³

Man is a social being. Without relationships with other people he can neither live nor develop his talents. The social nature of humankind is not based on external dependence on others, but is rooted much more deeply, in the very nature of personal existence. Man is distinguished by his openness to relationships, and the relationality of the human person expresses man’s similarity to God.

All people, though different from one another, possess equal dignity. Personalist economics is based on the equal dignity of every human person. The human person is the subject and purpose of all social institutions, and each person is the image of the Creator (cf. Gen 1:27). Europeans are united by a belief in the inalienable dignity of every human being. In accordance with this belief, we should shape economic life by creating a kind of global “anthropological coalition” recognizing the primacy of the human person.

Liberal capitalism has negative characteristics such as excessive individualism, materialism, hostile takeovers, and excessive concentration of economic power, which are in no way in harmony with the structure of the human person.⁴ Individualism and collectivism are two anthropological errors, both ontologically and socially. A theory that makes profit the exclusive norm and ultimate goal of economic activity is morally unacceptable. The disordered desire to maximize profit cannot but produce disastrous consequences, both for the profit-maker and for the exploited. In a company that exploits a human person, the exploited will sooner or later refuse to bear the burden of this exploitation, and the company or enterprise ultimately collapses when people cease to trust them. Therefore, a company that wants to function and be successful in the long term must respect the reality of the human person’s structure. This does not mean that making a profit is wrong. However, making profit the exclusive norm and ultimate goal is wrong. This is because it is not in harmony with the reality of being a person.

In 2020, Anne Case, professor of economics and public affairs at Princeton University, and Angus Deaton, winner of the 2015 Nobel Prize in economics, professor of economics and international affairs at Princeton University, and Presidential Professor of Economics at the University of Southern California, published the book *Deaths of Despair and the Future of Capitalism*. “Deaths of Despair”—caused by suicide, drug overdoses, and alcoholism—are rising dramatically in the United States. In 2018, 158,000 deaths of despair were recorded in the United States, the same number as in 2017. The authors call these deaths an “epidemic of

² M. Novak, *The Catholic Ethic and the Spirit of Capitalism*, New York 1993, p. 106.

³ Ibidem, p. 104.

⁴ Ibidem.

despair.” Long before COVID-19, American lives were falling apart due to year-on-year increases in deaths from suicide, drug overdoses, and alcoholic liver disease. The epidemic of despair and the COVID epidemic pose a challenge to American capitalism. COVID is a global pandemic, affecting rich and poor countries alike, while deaths from desperation, while not uniquely American, are far more common in the US than in other rich countries.⁵ Why is capitalism failing so many? What does economics have to do with it? Could a fragmented approach to the human person be the cause of this phenomenon? A. Case and A. Deaton note: “Capitalism is an immensely powerful force for progress and good, but it must serve people, not the other way around.”⁶ America is experiencing a catastrophe, which is why capitalism must be better monitored and regulated. M. Novak also notes: “At the very heart of the capitalist system, for example, lies the belief in the creative capacity of the human person. As Catholic theology teaches and experience confirms, such a belief is entirely justified. Every person is created in the image of God, the Creator. Everyone is called to be a co-creator and endowed with a vocation to creative action. Every co-creator is free, that is, expected of them both responsibility and initiative.”⁷ It is clear, then, that regulated capitalism is not inherently evil. Capitalism that honors human dignity can be a good thing.

The fragility of world systems in the face of the pandemic has shown that not everything can be solved by the free market and that, in addition to restoring sound policies that are not subject to financial dictates, we must put human dignity back at the center and on this pillar we must build the alternative social structures we need. An economic policy aimed at promoting an economy that fosters productive diversity and business creativity is necessary.

Christian personalism, which recognizes a personal God and the inalienable dignity of the human person, places the person over the thing, being over having, ethics over technology, the moral dimension over the economic dimension, work over capital, and mercy over justice.⁸

For a long time, I have been examining cooperative forms of entrepreneurship in my economic research. Over time, I have become convinced that this form of entrepreneurship corresponds to the postulates of a personalistic approach to economics, or—in other words—personalist economics. In the work presented here, I intend to present a number of arguments in favor of the development of cooperatives within a market economy, including in the context of globalization.

⁵ A. Case, A. Deaton, *Deaths of Despair and the Future of Capitalism*, Princeton 2020, p. X.

⁶ Ibidem, p. 262.

⁷ M. Novak, op. cit., p. xv.

⁸ Cf. B. Gacka, *Personalizm chrześcijański św. Jana Pawła II*, “Studia Theologica Var-saviensia” 1(2014), p. 57–58.

*MODERN COOPERATIVES AS A PROPOSAL
FOR PERSONALIZING THE ECONOMY*

At this point, the so-called personalist argument⁹ comes to the fore as a necessary postulate in relation to economic life, and this postulate is particularly implemented in cooperative entrepreneurship.

The principle of the priority of labor over capital is a postulate belonging to the order of social morality. In a sense, labor is inseparable from capital and does not assume in any form the antinomy—the separation and opposition from the means of production—that has burdened human life in recent centuries as a result of exclusively economic assumptions. If a person works with the help of a set of means of production, he simultaneously desires that the fruits of this work serve himself and others and that in the process of work itself he can act as a co-responsible and co-creator of the workshop at which he works.

This gives rise to certain specific rights for workers, corresponding to the obligation to work. This will be discussed below. But it must be emphasized here in general terms that workers desire not only fair remuneration for their work, but also the inclusion of opportunities in the production process itself, enabling them to feel that, even while working in a shared economy, they are also “working on their own.” This feeling is extinguished in a system of excessive bureaucratic centralization, in which workers feel more like cogs in a vast mechanism, driven from above, as mere tools of production, rather than true subjects of labor endowed with their own initiative. Hence arises the deepest conviction that human labor relates not only to economics but also, and above all, possesses personal values. The economic system and the production process themselves benefit when these very personal values are fully respected. This, above all, justifies the private ownership of the means of production itself. If we accept that exceptions to the principle of private property may exist for various legitimate reasons—and, moreover, if in our era we are witnessing the implementation of a system of “socialized” property—the personalist argument nevertheless retains its fundamental and practical force. Any purposeful and fruitful socialization of the means of production must take this argument into account. Otherwise, incalculable losses must arise throughout the economic process—not only economic losses, but above all, human losses. This method of “socializing” the means of production lies at the heart of the cooperative enterprise.

Contemporary business economics encompasses a number of positive aspects rooted in individual freedom, which is expressed in many areas, including the economic sphere. Economics is one of the domains of human activity, and like all

⁹ Cf. B. Gacka, *Personalizm w ekonomii. Personalism in economy*, Warszawa 2012.

human activity, it is governed by the right to freedom and the obligation to exercise it responsibly. However, it is important to emphasize the specific differences between these trends in contemporary society and those present in societies of even the recent past. While land was once the decisive factor in production, and later capital, understood as machinery and goods serving as tools, today the decisive factor is increasingly the individual himself, that is, his cognitive abilities, expressed in scientific training, the ability to participate in a cohesive organization, and the ability to sense and satisfy the needs of others.¹⁰

Man's primary resource, along with the earth, is man himself. It is his intelligence that allows him to discover the earth's productive potential and the diverse ways of satisfying human needs. It is his disciplined work and solidarity with others that enables the creation of ever-wider and more trustworthy work communities, designed to transform the natural and social environment. This process requires the involvement of such important virtues as reliability, diligence, prudence in taking justified risks, credibility and fidelity in interpersonal relationships, and courage in implementing decisions that are difficult and painful, yet necessary for the collective work of the enterprise and for preventing potential catastrophes.

From both an economic and a socio-moral perspective, profit should be recognized as a positive indicator of a company's well-being: when a company generates profit, it means that production factors have been properly employed and the corresponding human needs have been satisfied. However, profit is not the only indicator of a company's well-being. It may happen that, despite accurate economic calculations, people, who constitute the company's most valuable asset, are humiliated and their dignity insulted. This is not only morally unacceptable but, in the long run, must also negatively impact the company's economic effectiveness. The purpose of a company is not simply to generate profit, but its very existence as a community of people who, in various ways, strive to satisfy their basic needs and constitute a special group serving society as a whole. Profit is not the only regulator of a company's life; alongside it, human and moral factors must be considered, which, in the long run, prove to be at least equally important to the company's life.

The structure and functioning of a cooperative enterprise are aimed at ensuring that profit is an important, but not the only and dominant, regulator of its activity; in cooperatives, attention is paid to the above-mentioned human and moral factors, i.e. to the very fact of the existence and functioning of a cooperative as a community of working people.

¹⁰ This argument was precisely presented in John Paul II's social encyclical *Centesimus annus* (1991), especially nos. 32–36. See also: T. Gruszecki, *Współczesne teorie przedsiębiorstwa*, Warszawa 2002.

*MODERN COOPERATIVES: NOT UTOPIA,
BUT A CHALLENGE WITHIN THE MARKET ECONOMY*

In this context, what cooperative principles and values can we distinguish that can be of real help in empowering employees?

A significant positive experience of the cooperative movement was the introduction of a kind of “decatalogue”—universal principles upon which cooperatives based their activities. It is believed that the success of the Rochdale Association of Righteous Pioneers was, among other things, the result of adopting such principles. These principles concerned, in part, very pragmatic matters, such as selling only high-quality products and using accurate weights and measures, but also more general ones. There were eight of them, and in their final form they proclaimed: voluntary and open membership, maintaining democratic control in the cooperative, in which one member always had one vote, limiting the interest rate on share capital, because the cooperative was not a bank and served common purposes, not investing money, allocating surpluses remaining after paying all the cooperative’s costs for its development or common benefit, and if a portion of these surpluses were to be returned to members, it would be in proportion to the volume of their purchases, the need to educate members and employees, cooperation with other cooperatives at all levels, sales only for cash, and political and religious neutrality.

Similar principles were used by cooperatives of the Schultze-Delitzsch and Raiffeisen models. These principles became the basis for the formulation of principles that became widely popular and, with some modifications and additions, have survived in the global cooperative movement to this day. They are very close to the fundamentals of operation commonly attributed to all social enterprises.

The current version of the Cooperative Principles was adopted at the International Cooperative Alliance Congress in Manchester in 1995 in a document known as the “Declaration of Cooperative Identity.” It states, among other things, that: “A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural aspirations and needs through a jointly owned and democratically controlled enterprise. Cooperatives base their activities on the values of self-help, self-responsibility, democracy, equality, justice, and solidarity.”

In keeping with the traditions of the cooperative movement’s founders, cooperative members embrace the ethical values of honesty, openness, social responsibility, and caring for others. The cooperative principles are the guidelines by which cooperatives put their values into practice. These are: 1) the principle of voluntary and open membership, 2) the principle of democratic member control, 3) the principle of member economic participation, 4) the principle of autonomy and independence, 5) the principle of education, training, and information, 6) the

principle of cooperation between cooperatives, and 7) the principle of concern for the local community.

Following J. Defoury, a researcher on social entrepreneurship, I would like to highlight a number of arguments of an economic and social nature. According to the definition by the EMES¹¹ research group, the term social enterprise refers to initiatives that meet the following economic and social criteria:

Economic criteria:

1. Permanent activity directly aimed at producing goods and/or selling services (however, to a lesser extent than traditional third sector organizations, they engage in advocacy or redistribution activities).
2. High degree of operational autonomy: social enterprises are voluntarily established and managed by groups of citizens (they are not managed directly or indirectly by public authorities or other institutions, such as private companies or federations), although they may benefit from public subsidies. Their shareholders have voting rights, the right to exercise their own position, and the right to exit the organization.
3. Bearing significant economic risk in running a business (the financial basis of social enterprises depends on the efforts of their members and employees, who are responsible for ensuring adequate financial resources, unlike public institutions).
4. The operation of social enterprises requires a minimum of paid staff, although, as with traditional social organisations, social enterprises may rely on both financial and non-financial resources and base their activities on paid and voluntary work.

Social Criteria

1. The activities of social enterprises are explicitly aimed at supporting and developing the local community and promoting a sense of social responsibility at the local level. One of the primary goals of social enterprises is to serve the development of local communities or selected communities and to produce goods and services that are not met by either the market or the state.
2. Social enterprises are also distinguished by the fact that their activities are local in nature and are the result of collective efforts involving citizens belonging to a given community or group that shares common needs or goals.

¹¹ Cf. J. Defoury, M. Nyssens, *Social Enterprise and Social Entrepreneurship*, EMES Roskilde Seminar 2007.

3. Democratic governance in social enterprises is based on the principle of 1 seat – 1 vote. Decision-making is not subordinated to equity stakes. Although equity owners play a significant role in these enterprises, decision-making rights are shared with other shareholders.
4. The participatory nature of social enterprises is characterized by the fact that users of their services are represented and participate in their structures. In many cases, one of the goals of these enterprises is to strengthen democracy at the local level through economic activity.
5. Limited Profit Distribution. The concept of social enterprises encompasses both organizations that are characterized by a complete prohibition on profit distribution and organizations, such as cooperatives, that can distribute profits only to a limited extent, thus avoiding activities aimed at maximizing them.

In the light of the criteria presented above, it can be assumed that cooperatives today are not a social utopia (which indeed happened to some of their protagonists in the 19th century), but a well-argued and balanced proposition within the framework of a market economy.

Bibliography

Case A., Deaton A., *Deaths of Despair and the Future of Capitalism*, Princeton 2020.

Defourny J., Nyssens M., *Social Enterprise and Social Entrepreneurship*, EMES Roskilde Seminar 2007.

Flewelling R.T., *Personalism*, in: *Twentieth Century Philosophy. Living Schools of Thought*, ed. Dagobert D. Runes, New York 1943.

Gacka B., *Personalizm chrześcijański św. Jana Pawła II*, "Studia Theologica Varsaviensia" 52(2014) no. 1, p. 29–58.

Gacka B., *Personalizm w ekonomii. Personalism in economy*, Warszawa 2012.

Gruszecki T., *Współczesne teorie przedsiębiorstwa*, Warszawa 2002.

John Paul II, Encyclical Letter *Centesimus annus*, 1991.

Novak M., *The Catholic Ethic and the Spirit of Capitalism*, New York 1993.