

***Knowledge, Research and the
People-Centred Economy***

by

Ian MacPherson

Professor Emeritus of History

Co-director, the National Hub

The Canadian Social Economy Research Partnerships

University of Victoria

2010 National Summit on the People-centred Economy

Carleton University

Ottawa, Ontario

May 2010

“The knowledge-based economy” is one of the more curious clichés of our times. It is a juxtaposition of words that create what should be seen as an obvious tautology, similar to “new innovation”, “free gift”, “forward planning” or the ever popular “going forward”, so beloved by the business t.v. channels. An innovation must be new. A gift must be free. One can only plan for the future (unless you are a mischievous historian). You can only “go” forward.

In the same way, the economy is always a manifestation of knowledge, though it might better be called “ways of knowing”, a much more transitory form of comprehension than what is traditionally ascribed to “knowledge”, a word suggesting aspirations to greater levels of certainty.

That is true in Canada as everywhere else. The trade undertaken by Indigenous peoples on these lands long before Jacques Cartier arrived, the trade that developed between them and the French settlers after he came, the trade that flowed up and down the river close to us here, the economic activities that emerged and grew as settlements developed, the local, regional and national economies that were opened up throughout the interior by French and other settlers, the flowering of what became the Industrial Revolution, the great economic transformations that are today shaping our lives – they were and they are all made possible by increased understandings widely and successfully applied. They are the fruitful results of the application of immediately useful knowledge.

And so it has been throughout the world since complicated economic activities began millennia ago on the shores of the Euphrates, the Nile, and the Yangtze – and in the Andean highlands not too long afterward. Human beings have

always developed their economies in keeping with what they know and what past experiences have suggested can reasonably be anticipated.

I would argue though that the link between the economy and what we are today calling the people-centred economy has never been widely or satisfactorily made: that is, in fact, the main point I want to make today – that and to offer some ideas about the nature of that relationship and research and knowledge about it must be considered more seriously.

But why is it that the idea of a knowledge-based economy, first studied seriously by Marc Uri Porat in the 1970sⁱ and popularly associated with the work of Peter Drucker starting in the same decade,ⁱⁱ should suddenly create such a stir? I suggest it is because it is frequently associated with what many people, especially in the world of business and government policies, have come to think about what drives economic growth. It comes from the growing and diverse benefits that individuals and organisations they have received from expanding research and knowledge building activities.

For generations, the tendency was to think of capital and labour as the two most important determinants – the main drivers – of economic growth. That perception has had profound ramifications for societies throughout the world, past and present. It has led adherents of those two drivers to call out for preferred treatment of their “side” in the public square, for greater levels of support among its beneficiaries, and for increasingly favourable treatment by the state. For centuries, humankind has endured amid the social, political and economic warfare – the class and ideological struggles – caused by advocates of capital and advocates of labour

competing, often viciously and in complex ways, for supremacy. It is one of the great themes of modern human history, a story until recently appearing to be without end and perhaps in some ways it does not have one.

One reason, I would argue, why the Social Economy emerged is that it was part of many efforts to cope with the rival claims of capital and labour. It was, if you like, a people-centred effort to restrain the unreasonable demands of capital – but to treat it fairly – and to acknowledge the reasonable claims of labour – but within a recognition of the importance of general community interest. It is not an accident that the Social Economy – and the institutional formulations associated with it (co-operatives, mutuals, women’s movements, voluntary organisation, friendly societies, etc.) emerged during the heightened crises emanating from struggles between capital and labour. To a significant extent, most of them are legacies of the 1840s, when the tensions became particularly intense. They were part of a search for a better way. That cause and its inherent vision remain.

The pursuit of the Social Economy, the people-centred approach to civil peace and responsible growth, took place within an uneven use of the knowledge that was available and that which was being produced. Over the course of the nineteenth and twentieth centuries, both capital and labour developed impressive concentrations of knowledge; they were crucially important weapons in their fights with each other and in their drives to influence public opinion. They created strong internal research and promotional activities within many organisations they controlled directly, within universities, and in organisations – chambers of commerce, trade associations, trades union assemblies, congresses and labour

temples – devoted largely to fostering their expansion. They influenced the public in organized and sophisticated ways through media and public events. They influenced existing political parties – or created new ones – to promote their views, often very successfully within the political process. They became the lenses through which the media saw the world, a common way in which it interpreted debates, though that was hardly ever a fair framework for debating, the media and research base overwhelmingly being influenced by the perspectives of capital.

In contrast, the Social Economy or People-centred Economy languished in relative obscurity, though its causes were occasionally championed and absorbed by capital and labour, its institutional forms sometimes copied. Its strength lay scattered in communities, often among less educated people with fewer ways to influence public opinion, and with dramatically less capacity to create the sophisticated bodies of thought needed to compete seriously in the world of ideas and policies or even to undertake sustained, incremental action. They were the also-rans in the Age of Ideology as the period of time from the mid-nineteenth to the later twentieth century has been called.

The Social Economy world in those years, even among the successful economic and social organisations it spawned, was usually caught up in what might be called the politics of poverty. Individuals and institutions, though advocating collaboration and unity, rarely achieved it. Institutional and local loyalties – as well as the shortage of funds – always limited what was possible. Leadership in the early phases of development typically fell on the shoulders of charismatic leaders, many of whom were not good at building institutional frameworks, many of whom loved

more the prophet's mantle than the mason's trowel. Many of the leaders who emerged within the more successful institutions became concerned essentially only with them, their loyalties growing smaller as their institutions expanded. Too much time was spent on the luxury of debates over definitions, priorities and shallow differences. No less than for others, it has always been easier for some within the Social Economy traditions to argue rather than to think, more alluring to promote an apparently new framework than to use most effectively what is already available. The visions often became blurred because there were too many visuals, not enough vistas, too many bishops, not enough worker-priests.

We stand, however, on the brink of new and enlarged possibilities in part because of expanded access to information, knowledge and communications, what is popularly called the information age or the information economy. The Organisation for Economic Co-operation and Development as long as some fifteen years ago proclaimed:

The OECD economies are increasingly based on knowledge and information. Knowledge is now recognised as the driver of productivity and economic growth, leading to a new focus on the role of information, technology and learning in economic performance.ⁱⁱⁱ

By 1999 the *World Development Report* of the World Bank was commenting,

For countries in the vanguard of the world economy, the balance between knowledge and resources has shifted so far towards the former that knowledge has become perhaps the most important factor determining the standard of living - more than land, than tools, than labour. Today's most technologically advanced economies are truly knowledge-based.^{iv}

I would argue that this recognition of the centrality of knowledge is long overdue. Its historic roles have, I think having been downplayed, part of the eclipse

of intellectual history, a consequence of the notion that only materialism matters – a view held with almost equal vigour on both extreme sides of the political spectrum.

Some of the reasons why research and knowledge creation appear more important today are simple and straightforward. Capital and, to a lesser extent, labour have embraced “knowledge” and control over its production as central to their thriving in the unfolding market place. Accessing useful, timely information is crucially important in many business sectors, notably for best use of financial markets, expanded marketing opportunities, and the management of multi-national firms. Computer workers are often much more numerous and important than factory workers; the web more significant than the assembly line.

For example, the importance of what is called knowledge today as a direct creator of jobs is remarkable. Its capacity to facilitate trade is abundantly obvious. The distribution of knowledge through the communication revolutions of the last thirty years has transformed relationships near and far, including business relationships. Knowledge has fed the “easy globalisation” of recent years, the globalisation based on rapidly expanding information systems, easier access to national economies almost everywhere, and multiple avenues for increased human contact, formal and informal, around the world. For better or worse, it has helped produce a frenzy of profitable global expansion, meaning that certain kinds of knowledge and skills related to it can be very profitable; the accumulation of certain kinds of skills widely learned can transform at least segments of communities and even communities themselves. The expanding needs for research into cultural differences, marketing operations, competitor practices, and financing opportunities

have increasingly verged on the “necessary”, not just the desirable, an extension of the relatively straightforward forms of knowledge referred to above. Indeed, social economy organisations, to a limited extent have engaged in this kind of expansion, most obviously through Fair Trade and the fostering of new forms of energy.

Even more pragmatically, governments have recognized the value of large concentrations of research capacities in building local, regional, and national economies. Every jurisdiction, it seems, envisions the expansion of the knowledge economy as crucial for their future. Despite difficult economic times, governments do not cut the academic areas that are concerned with information and “high tech” industries. There are more opportunities for organisations, including many social economy organisations, to pursue research opportunities connected to the knowledge economy.

In short, all kinds of organisations can benefit from what might be called the instrumentalist approach to research and knowledge creation: the examination of specific issues that obviously require careful study, the integration of research activities within business activities, and the funding of immediately useful, practical research for economic development.

Beyond these instrumentalist benefits, however, are ultimately more important considerations. I think it is generally true that institutions traditionally associated with capital first glimpsed the possibilities that the new vast clusters of knowledge provided. Thus they created think tanks and supported sympathetic academic researchers so they would have the integrated intellectual vigour to seriously shape public opinion and influence government policies. The roles of the

Fraser Institute in Canada and of the Heritage Foundation, the American Enterprise Institute and the Cato Institute in the United States come immediately to mind. Their contributions to the political and socially conservative movements in recent years have been remarkable.

Increasingly, one finds think tanks of various kinds around the world, and they are now more frequently tied together, promoting the forms of internationalism, economic development, and social policies they support. In a recent book, *Shadow Elite*, Janine Wedel describes how a relatively small number of “movers and shakers” use networks emanating in part from such think tanks to significantly affect foreign policy, military engagements, economic development and regulatory regimes, nationally and internationally.^v Whether one accepts completely the conspiratorial message of her book or not, there can be no doubt that she has demonstrated how concentrations of knowledge, harnessed within one general perspective can profoundly affect what happens in the world around us – indeed, can shape our times. She has provided vivid pictures of how the “movers” roam flexibly between governments and concentrated centres of research and thought, influencing public policy, creating economic opportunities, and brokering deals across international boundaries. They play multiple roles in governments, businesses, think tanks, and informal associations, but their ultimate resources are the kinds and depth of knowledge they possess.

Research and knowledge, therefore, cannot only provide instrumentalist benefits for those who see and seize them; they also can be harnessed to forge a consistent and strongly founded view of what is needed in the contemporary world

and how our most pressing needs can be met. They can provide the intellectual depth (whether one agrees entirely with what is created or not) and the research validation that makes it possible to access the levers of power and influence. It is a lesson that we who are engaged in the people-centred or social economy need to take to heart, one we should be going away from here thinking about.

Having taken you through this tortuous route, I hope for some benefit, I now want to single out ten of the main distinguishing features of research into the field of people-centred economies or the Social Economy. There are others, but if ten is good enough for David Letterman, it will suffice for me..

I am not arguing that any one of these characteristics is without parallel in other research fields, but I think that cumulatively they create a special kind of valuable if challenging enquiry. Finally, Then I will try to suggest why this kind of enquiry offers remarkable possibilities – if we can rise to the occasion and grasp them.

First, the knowledge we create – or should create – is concerned with communities and groups. The organisations we study and the thought that nurtures them are strongly rooted in communities. A key measure we should always pursue is to understand how people-centred enterprise contributes, directly and indirectly, to communities: their impact cannot be measured simply in terms of shareholder benefits and compliance with the laws. We are concerned with how they involve the communities they serve, in many instances through the democratic processes they seek to employ but in other ways as well. Nor ultimately can we be entirely satisfied

with summaries of their corporate social responsibility, though that is a very useful way to measure some aspects of their impact, just as it is for capital-driven firms.

We need to understand the sustained and subtle ways in which the organisations we study engage their communities, how the bodies of thought associated with people-centred activism view and harness communities. These are much more demanding tasks than is generally recognized.

Further, we have a responsibility to hear communities because they offer an alternative perspective than the boosterism common to the mainstream globalisation discourse. Communities can be more aware of limits, social and environmental, and more cognizant of the full costs of economic development. That is not always the case, of course, but community perspectives enhance the possibilities of fully considered growth.

Second, the community base invites different views and understandings. The most obvious of these is that we have within the traditions we share an almost supply of observers: participants, organizers, academics, women's groups, indigenous People's organisations, youth organisations, government officials, religious leaders – the list is endless. It grows.

We have, in short, numerous ways to reflect upon, to study and to activate communities. That can produce discord and lead to paralysis through incoherence. Like most people, we too have tendencies to argue rather than think. We also often use different languages and different modes of research; they create walls that should not exist.

All of this may sound simple, but it is not. We have made special efforts throughout CSERP to bridge this divide, which has very deep social, institutional, and traditional roots. No one has said it has been done perfectly, but one can see signs of significant progress across the project, and, at the very least, some of the obstacles have been identified; hopefully, we can find ways to lessen perhaps even remove them.

I would be less than truthful, however, if I did not express some regret that more progress has not been made. All I will say is that all the players (and I recognize that many peoples span more than one world) still have to work hard to understand each other's needs. We all need each other. The work demands it. We owe it to each other.

Third, people-centred approaches invariably raise issues of culture. This becomes increasingly obvious, for example, when one examines the development of the Social Economy in Europe over the last twenty-five years. Unlike the discussions around the creation of NAFTA, where cultural issues were relatively muted, the discussions in Europe about the creation of the Common Market attracted considerable debate over the roles of culture and different ways to ensure social stability in the new Europe. One of the answers to these issues was to think about and to institutionalize the Social Economy as a way to foster social cohesion, use the social and economic power communities can command, and protect cultural diversity that is why European Parliament passed new and comprehensive legislation and established Social Economy Europe to serve the sector. It is also why one can readily make connections between the Social Economy and the Knowledge

Economy, particularly through the work of the Lisbon Agenda, established by the European Parliament in 2006.^{vi}

The possibilities and options become even more arresting as one thinks of other parts of the world. Their diverse roles in Central and South America have brought to the fore wide-ranging and fundamentally important debates for people in those regions and elsewhere. How do people-centred organisations fit into the incredible diversities of Europe: given the size and importance of that region, the answers to that question will profoundly affect all our futures. We need to open up more dialogues with like-minded people in Africa.

Within Canada, the importance of culture is obviously crucial, evident as it within our Francophone and Anglophone duality, our Indigenous peoples, our immigrant communities, and regional or local identities. To the extent one might want to see divides between generations as reflecting different cultures, for example on environmental issues, a more complex but interesting case might be made. Many people-centred organisations have a strong basis in culture, broadly defined. We cannot ignore it.

Fourth, our research must be fundamentally concerned with values. Because of their origins, those involved in the people-centred economy, as well as the institutions they create, are generally strongly imbued with value systems. Most of them support and seek to implant organisational structures and democratic practices that reflect those values. Most of them utilize whatever resources they can for the general good.

One of the most commonly cited statements on the values of the Social Economy might be usefully applied to the people-centred economy. It is the one adopted by the European Council of Associations of General Interest and it lists the following values.

- the primacy of the individual and social objectives over capital;
- voluntary and open membership;
- democratic control by the members;
- the combination of the members' interests, the users' interest and/or the general interest;
- the defense and implementation of solidarity and responsibility principles;
- the self powered management and the independence from public authorities
- the use of essential surplus to carry out sustainable development objectives, services to members and services of general interest.^{vii}

It is a list that correlates well with the statement of values to be found on the *Co-operative Identity Page* adopted by the international co-operative movement in 1995.

This concern for values, of course, should not be taken lightly. For many kinds of researchers, enquiry into activities based on values is problematic because of the difficulty in developing reliable data. They cannot easily be measured; motivations are difficult to assess; and people holding contrary value systems will tend to debunk what they do not agree with. Nevertheless, one cannot escape considering values issues when examining institutions and movements within the people-centre/social economy world.

Fifth, various groups, organisations, and movements in any society consciously and unconsciously already use the tools of the people-centred economy and they could employ them more. I am thinking primarily of the various strands of the women's movement, the institutions of Indigenous Peoples, the organisations of

immigrant communities, and the activities of young people. All of them use the resources provided by voluntary efforts, often to startling degrees; they seek to create organisations that conform with the values they espouse; they place the common good before individual benefit; they evince a deep concern for community, however they might define it; and they seek alternative systems of organisational management.

Sixth, the research should recognize and treasure organisational differences. The people-centre economy consists of many types of organisations – some of the most common include volunteer societies, co-operatives, and mutuals. It is crucially important to value these differences. They have developed over time and they have required different kinds of legislation and regulation from the state for good reason. Each contains within them almost infinite capacity for diversification and renewal. Cumulatively, they present an array of possibilities for communities, choices of institutional form that are valuable.

We need to develop understandings that are rooted in those different kinds of initiatives. We need to resist the temptation to cast a blanket of conformity over them, to range so far over so much that it becomes vague and the issues become more associated with a drive for hegemony than a search for understandings of differences. We need to resist the tendency in the western intellectual tradition to establish hierarchies: for example, one that places the people-centred economy or the Social Economy at the top of the pyramid and the institutional forms below it. Rather, we need to think of the institutions and the less formally structured activities as forming interconnected efforts at social and economic development and

activism. Each form deserves its own serious and sustained enquiry based on its own history, needs, and value systems: for example, the field of Co-operative Studies in which I have spent much of my life.

Seventh, we must genuinely honour and respect the different modes of research, of amassing knowledge. Researchers, academic disciplines, and private researchers tend to migrate to the kinds of research and knowledge that they believe provides the most reliable information, if not truth. Such truth as exists, however, is not contained within any one or two approaches within the customary research channels; knowledge exists where you find it. We within the people-centred or social economy must recognize and honour the understandings, the ways of knowing, that flow from communities, what can be called informal learning. Indigenous people living in specific and traditional land have learned much about it and that kind of knowledge is immensely valuable. They and some women's groups have learned the art of consensus decision-making, a form of governance practice inherently useful in a people-centred economy, a form of decision-making that can have much to recommend it.

It is a challenge to take seriously and view with respect the great variety of approaches that can be used in understanding the thought and practice of the people-centred economy. It is difficult within the academy where competition in method, funding, and disciplinary ownership remains strong despite the many interdisciplinary and multi-disciplinary efforts of recent years. Academic-based researchers tend to criticize research that is not cumulative, built theoretically on what has been established and employs the kinds of methods they sanction. Non-

academic researchers criticize their academic colleagues for not being more involved in community activism, for appearing to believe that the process ends with the publication of a peer-reviewed article after the successful conference presentation. They criticize them and for writing in styles that are not easily accessed by people outside the specific university circle to which they belong.

We need to put that kind of critique behind us and to honour wisdom, information and knowledge wherever we find it.

Eight, we must embrace international perspectives. We present a way in which knowledge from around the world can be sought out and, as far as possible, integrated within new ways of thinking. We stand in contrast to those tendencies, evident for centuries to assume that the flow of knowledge is essentially from the North Atlantic outward. Thought can be as imperialistic as war ships, armies, surveyors and missionaries.

Nine, we must aspire beyond instrumentalism to create a vision and broad, inclusive sense of purpose. As we look at these “top ten” aspects of kind of knowledge we create, the kinds of research we can undertake, I think it is obvious that we can create an integrated, larger view of how people in communities can reshape the economy. This will not be done in a piecemeal fashion. It will require extensive collaboration across institutional forms, geographic expanses, cultural divides, and historic differences. All of us will be needed. To some extent, we will have to expand our horizons beyond the search for institutional advantages or even some of the glory of individual aggrandizement. We will have to walk the walk in the direction that our values point out to us.

Ten, we can engage with others. This may sound a little heretical, but I think we should try to carry out our agenda as much as possible through collaboration with the traditional centre of economic power and influence, capital and labour. We should applaud those efforts of capital-driven firms to expand their social contributions through community, environmental and charitable activities. We should emulate them when it fits our values and our resources to do so. The concept of social entrepreneurship obviously is of interest to us, though for me good practice without structural protections will always be suspect, no matter how immediately beneficial.

The connection with labour, as we heard last night, is particularly promising as it has been for over 150 years and, in fact, at times has been very productive. It is encouraging when organized labour turns to the institutions of the people-centred economy to meet some of its economic and social goals. For me, it is even more encouraging when I hear what I think may be at least slightly a turn away from what has historically been called Gompersism, after the powerful American labour leader, Sam Gompers; in other words, the kind of trade unionism that stressed the centrality of wages, hours, pensions, and workplace rights. I think I hear a growing recognition that social issues are also within the purview of unions. That is the kind of thinking that forged powerful alliances between labour and co-ops in so many countries in the nineteenth century. It accomplished much in the past. There is no reason what it could not do more for the common good in the future.

Conclusion

In all of this, I have come to accept even to welcome the idea that knowledge should be seen, along with capital and labour as one of the most important drivers of the economy, one of the most important determinants of how we and our children live. I have tried to argue that the ways in which we accumulate knowledge – who is involved, where it comes from, how and for what purposes it is applied – have the possibility of contributing to the creation of a powerful new intellectual paradigm, an integrated set of new and forceful ideas based on sound research and a strong resource base. We need to continue pursuing the development of instrumental knowledge, but, even more, we need to reach beyond that. The kind of knowledge we develop will not be created by any one group, be they academic, activist or participant, but rather is the accumulated, best wisdom of them all. It is, I think, qualitatively different from other forms of social and economic knowledge but it is not unconnected. It will require some sacrifice, working across barriers that have too long impeded, and mutual respect on a level we have not yet achieved. In the end, though, we have the opportunity to contribute to the forging of a better world, indeed, perhaps the only one we have. I know of no other collectivity that could do more. And, on another level, we have no choice if we wish to adhere to the values we say we endorse, the values we preach to others.

Endnotes

ⁱ See Porat, Marc U and Rubin, Michael R. 1977, *The Information Economy* (9 volumes), Office of Telecommunications Special Publication 77-12 (US Department of Commerce, Washington D.C.) and Porat, Marc U and Rubin, Michael R. 1977, *The*

Information Economy (9 volumes), Office of Telecommunications Special Publication 77-12 (US Department of Commerce, Washington D.C.).

ii See Peter Drucker, *The Age of Discontinuity; Guidelines to Our Changing Society*. New York: Harper and Row, 1969 and *Post-Capitalist Society* (Oxford: Butterworth Heinemann, 1993).

iii OECD, *The Knowledge-Based Economy* (Paris: OECD, 1996)

iv See

<http://web.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTRESEARCH/EXTWDRS/0,,contentMDK:22295143~pagePK:478093~piPK:477627~theSitePK:477624,00.html>

v Janine R. Wedel, *Shadow Elite: How the World's New Power Brokers Undermine Democracy, Government and the Free Market* (New York: Basic Books, 2009).

vi See *Culture, the heart of a knowledge-based economy*.

www.kulturparlament.com/pdf/ecpeuculture.pdf

vii See http://www.cedag-eu.org/index.php?page=social-economy&hl=en_US