PHYLES: ECONOMIC DEMOCRACY IN THE NETWORK CENTURY

by David de Ugarte

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Introduction: What This Book Is About

This work is the last instalment in a series of books[1], written by half a dozen authors besides me, that try to describe and understand, from a common logic although from different angles, the vast social changes which took place in the wake of the fall of the Berlin Wall.

In the last twenty years, we have seen how the division of the world into two great blocs gave way to globalisation, while the emergence of the Internet produced a deep change in the fundamental structures of power, always dependent on the management and social control of information.

This substantial change converged and merged with a new paradigm of conflict as apparently distributed and ungraspable. This new expression of an emerging

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[1] *El poder de las redes* (2007), by David de Ugarte; *La sociedad de control* (2008), by José F. Alcántara; *El capitalismo que viene* (2008), by Juan Urrutia; *Guerras posmodernas* (2009), by Jesús Pérez; and *De las naciones a las redes* (2009), all of them published within the public domain by Ediciones el Cobre in the *Colección Planta 29* series.

world cohering around distributed networks (the web, the blogosphere, SMS networks) became apparent in its civic dimension when, all over the democratic world, waves of cyberthrongs influenced political processes which had apparently been under the full control of the powers that be: from the fall of Estrada in Manila in 2002 to the Athens riots in 2008, through the 2004 13M in Madrid and the 2005 French swarming. This was a distributed paradigm which, on the other hand, could be glimpsed in conflicts since the 90's, and which was given a label with the advent of al-Qaeda: what are known as the post-modern wars.

In less than two decades, the whole world started to inculturate a fundamental change in the shape of the great social network. The idea of belonging was changing. The cohesive, explanatory power of nationality was shrinking. Nations were starting to become both too small and too large to explain who we are. The mass experience of virtual socialisation, de-territorialised but personal, as well as the changes in the economic system leading, in the face of the onslaught of networks and globalisation, to

what Juan Urrutia has called the coming capitalism, opened a period characterised by the search for identity, by identitarian experimentation.

We are in the process of going from a world of decentralised networks to a world of distributed networks. This is evidenced in communication as a crisis in the information systems of agencies and newspapers; in the cultural sphere as a crisis in the current industrial model for films, books, and music; in democracy as citizens' cyberthrongs; and in war as a new paradigm. This shift leads us to a new paradigm, seen in the complex world of collective identities in the increasingly important role of a new kind of community, communities which are closer to the old real, contiguity-based communities than to the great nationalistic imaginaries of Modernity. We are experiencing, in that area, another shift, one taking us from nations to networks.

Studying this latter dimension, the changes in the identity patterns of our time, we discover a new kind of socio-economic organisation: the phyle. The phyle is much more than a kind of business; it has, among its main

features, all the elements that articulate our time – it is born from the experience of socialisation in virtual communities, it is transnational, and it vindicates new forms of economic democracy which, in turn, link it to traditional cooperativism.

Even more interesting: we find how organisations as distant from the hacker world as some of the largest Sufi brotherhoods in Senegal, scourged by immigration and the impact of distributed communications, plunged into a crisis and developed new, identity-based forms of commercial networks, which brought them closer and closer to phyles.

The study of phyles is not, at least today, the study of a mass phenomenon, nor is it leaping onto the bandwagon of an uncertain prophecy of social reform. It is the discovery, through the experience of a budding world, of the limitations of economic democracy and its forms.

It is not at all a question of discarding the traditions and values of cooperativism. For a century and half, cooperativism has been living proof that, even under industrialism, it is possible to organise production

differently, making people its centre. But the distributed network society can go even farther. Among other things, because the incentives it is based on in order to innovate and generate cohesion are different from those in industrial society.

In this book, we will discover how, paradoxically, the first phyle replicates forms whose origins lie in the first trade revolution, which took place in the Mediterranean between the 10th and 12th centuries, during the apogee of the Sea Republics and the great trade networks that linked the Muslim and Christian worlds. We will discover how much the new forms of democratic business organisation, which distinguish between community and demos, owe to medieval guilds.

And above all we will see how the concepts of equality and fraternity are redefined and permeate the production and trade space creating a new kind of collective identity which takes personal freedom as its basic structural criterion.

The new world, which we are all exploring every day, sends us many signs of social and economic

decomposition. This is not exactly an idyllic world. However, it still is an open world where the only path that is closed is turning back. The study of phyles is a bet on all that is cohesive and democratic in the new world of networks: a bet because the models on which we shall build our future will not be overly contradictory of those which still have a libertarian optimism about progress.

Part I: Hierarchy vs. Community

Shoemakers, Barbers, and Other Libertarians

The shoemakers' guild, together with the printers' guild, was the most highly politicised European guild in the frenzied 19th century. Shoemakers constituted a noticeable minority among the supporters of Baubef, Proudhon, and Bakunin, but also in democratic movements, from Iberian cantonalism to British radicalism to British radicalism. In a famous article,[2] Hobsbawm and Scott wondered about this fact:

> Perhaps the most plausible explanation for the intellectualism of the profession derives from this factor: the shoemaker's work both was sedentary and required little physical strength [...]
>
> Maybe that provided an incentive to acquire other kinds of prestige. And maybe here the semi-routine nature of a large part

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2   E. J. Hobsbawm y Joan Wallach Scott, "Political shoemakers", *Past and Present,* 1980; 89: 86-114. My italics.

of the work, which could be easily combined with thought, observation, and conversation, suggested intellectual alternatives.

In the history of Spanish anarchism there is a guild that is similar to shoemakers when it comes to its political role: the barbers' guild. Like shoemakers, and unlike factory workers, group work was for them not a collective process, and their environment was suitable for commentary and conversation. Moreover, in both cases, their work tools were portable, which made them, in every wave of repression, a nomadic tribe.

The world of 19th-century radical shoemakers and 20th-century anarchist barbers was a world in which everyday life was hardly or not at all hierarchical, a world of not exclusively monetary motivations and of periodic migrations. Surrounded by a world which was experiencing mass production and the de-centralisation of communications, with everything this involved[3], they truly went against the flow of social stratification and the

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[3] Cf. David de Ugarte, *El poder de las redes*, El Cobre, 2007.

implacable development of the division of labour in their time. Their horizontalising democratism was as coherent with their way of life as it was alien to a world where the workers' movement itself was represented by means of intricate hierarchies of first, second, and even third secretaries, commissioners, and liaisons.

What is interesting, from today's view, which is inseparable from the social emergence of communication in distributed networks, is that the new ways of life and work bring us closer to those libertarian guilds than to their radical contemporaries.

In 2003, I wrote in *Like an Ivy, Not Like a Tree*[4]:

The world increasingly tends to organise itself like a free software community, and there is a deep economic reason for this: as the scientific and creative components tend to become more and more valuable, the organisation of production tends towards the forms proper to

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4   http://www.ciberpunk.info/desvan/enredadera.pdf

academia and artistic work, the Academe and
the Republic of Letters.

But I probably should have said that it brought us closer
to the world of the last travelling guilds, in which no great
physical strength was required.

That was, at least, the impression that Luis Pérez,
CEO of the software company Szena, got from the first
Meeting of Entrepreneurs and Enterprises on Economic
Democracy which 38 people from about 20 technological
companies held, in a practically spontaneous way, on 20th
March 2009.

– The question is not the pros and cons of
economic democracy, but rather discovering judicial
modes and strategies that lend themselves better to what
most of us try at least to experience – he commented
while sipping his coffee in the dining room of the Sociedad
de las Indias Electrónicas, in front of about ten Indianos.

– The question that needs to be answered is why
hierarchies are no longer perceived as necessary – Juan
Urrutia replied.

For the author of *The Coming Capitalism*, the current economic crisis should serve to broaden the social space of more horizontal, open, and, even though it may seem paradoxical, more communitarian and thus more identitarian organisations.

The conversation then became livelier. Sonia Carbajal, an Indias apprentice, pointed out that everyday use of distributed communication technologies such as the Internet in one's work leads almost automatically to the inculturation of abundance logic. "Hierarchies are necessary to manage scarcity, to rationalise bottlenecks in the access to information. But when work is necessarily organised, almost obviously, in a distributed way, everything makes you think in at least highly democratic terms, with minimal hierarchies and very horizontal structures."

Abundance logic is a seminal concept introduced by Juan Urrutia in 2002[5] as the basis on which to understand what was then known as the "new economy".

The classic example is the comparison between newspapers and the blogosphere. In a newspaper, with a limited paper surface, publishing one more line in an article entails suppressing a line somewhere else as in a zero-sum game. By contrast, in the blogosphere, a space where the social cost of an extra post is zero, any blogger's publishing his or her information does not decrease anyone else's publication possibilities. The marginal cost is zero. The need to collectively decide what is published and what is not simply disappears. As opposed to scarcity logic, which generates the need for democratic decision, abundant logic opens the door to pluriarchy.[6]

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[5] Juan Urrutia, "Redes de personas, Internet y la lógica de la abundancia: un paseo por la nueva economía", *Ekonomiaz: Revista Vasca de Economía*, 2001; 46: 182-201 (ISSN 0213-3865).

[6] Véase VV.AA, *De las naciones a las redes*, El Cobre, 2009.

In such a universe, every collective or hierarchical decision on what to publish or not can only be conceived as an artificial generation of scarcity, a decrease in diversity, and an impoverishment for all.

For a generation and a professional domain whose work tools work under such a logic, even economic democracy must be seen as a lesser evil, a truce with reality in those social spaces – such as business – where scarcity still prevails. In that way, innovators in the domain of social networks or Internet design rediscover traditions as old as cooperatives from a new perspective.

They have been called "knowledge workers", "the new Internet class", or simply "netocrats",[7] but actually very few of the assumptions about them are based on the essence of their work itself. They are, in many aspects, the new barbers and shoemakers in the distributed network world. But, as we shall, see, perhaps it would be

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[7] Cf., *De las naciones a las redes*, 2009. This is a term coined by the Swedish authors Alexander Bard y Jan Sodevirsq to define the social set that plays the main role in, and makes profitable in terms of influence and community building, the distributed network society. Put very briefly, netocrats are the heirs to the hacker culture, who have created their own informative sphere.

more appropriate to define them as context weavers and elaborators.

Context Weavers

Nothing has changed so radically in the last twenty years as the process of social generation of knowledge.

Before the social extension of the Internet, even in every network and social environment, new knowledge was the result of a fairly manageable conversation between specialised agents, articulated by established institutions in charge of ordering and filtering social discussion.

The general model was given by the parliament and the press: a few nodes represented large orientations and at the same time constricted them, giving them internal coherence. Every field of knowledge fractally reproduced this model: for instance, in academe, through journals and the debate between schools which were more or less confused with disciplines.

But the Internet boom has eroded both the mainstream press and the journals. By directly and globally interconnecting millions of agents who, prior to this, only appeared in the social space after being institutionally filtered, the system of social generation of knowledge, in each community, resembles a complex system such as meteorology, rather than the ordered world of parliaments and the Baroque scientific ideal. The resulting diversity burst has confirmed the prophecy made by Juan Urrutia in the eighties: the Internet is post-modernity.

And it has been precisely that fractalisation and that overlapping of knowledge, which is increasingly linked to identity, which have led to the question, more

urgent now than ever, of what that which we call knowledge amounts to, and how it is formed.

The canonical definition – which has its origin, significantly, in the world of art criticism and cultural studies – tells us that **to know is to give meaning, to generate meaning**, to explain a set of facts by means of a narrative that fulfils certain rules of internal coherence and satisfies certain epistemological conditions.

The meaning which we attribute, the narrative which we create from a set of facts, do not come out of the blue, nor do they appear as the result of applying a given function. Meanings are not generated as if a mathematical operator were applied to a set of data. Information is given a meaning from a previous, broader context.

Such contexts are themselves sets of linked meanings. They are structured narrative matrices with the capacity of generating other narratives, which sustain each other, forming their own legitimising structure. Catholic theology, Neo-Classical economic theory and psychoanalysis are instances of such knowledge-

generating knowledge, even though their respective products do not acknowledge each other as valid. Each one, even if they invoke common principles, will oppose its own epistemology, its own reality-ordering principle.

These interpretative, meaning-generating frameworks are in turn worlds resulting from a sustained interaction within a community which self-identified by means of its own knowledge system. For, in fact, **knowledge exists only in community**, to the extent that it is often the community which adjectivises knowledge: scientific community, scientific knowledge; faith community, theological knowledge, etc.

What goes for a kind of supposedly universal knowledge also goes for identitarian knowledge: from art to the particular knowledge of the imaginary communities of nation, ideology, or sex, through the meaning-generating narratives of real communities, enterprises and families.

What the Internet has done is multiply the visibility and facilitate the generation of new knowledge spaces, identities, and communities, making it increasingly hard

to homogeneously represent the map of social knowledge. Where there used to be a four-piece puzzle, we now have a jigsaw made up of millions of tiny pieces, the sea of flowers. Diversity makes us complex by making us face the mirror of the very diversity of our environments.

So-called netocrats are really context gardeners, information processors, communicators, hackers, bricoleurs who develop, transmit, or give value to contexts: who overlap them or break them in the organic dance of the great social digestion of information.

They have been professionally born and raised in a world in which the irreducible nature of diversity is obvious, where everything is both collaborative and identitarian, but where value is after all given by the coherence of the community they are members of and the recognition they obtain from it.

Recognition and hierarchy do not go well together. Forced cohesion tends to dissolve in a world where nothing is easier than jumping from one network to another own, than identifying with and plunging within an alternative context. Netocrat companies tend towards

horizontality and the almost complete lack of hierarchies, as these are counterproductive when it comes to attaining the kind of incentives which motivate netocrats. For this reasons, Juan Urrutia proposes

> differentiating them from entrepreneurs and seeing them as we see scientists. They intend to make a living, but that is not their final goal. What they really want is recognition and the possibility of continued learning.[8]

In the midterm, netocrats feel more comfortable with the idea of living in an economically autonomous business community than creating communities around companies whose deep structure will still follow the industrial and hierarchical logic of the old world.

Those business-empowered communities are what are known as phyles.[9] To begin with, all that is common to them all is the idea of the pre-eminence of communities

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[8] http://juan.urrutiaelejalde.org/acumulad-acumulad
[9] See *De las naciones a las redes,* El Cobre 2009.

over their companies and their translational definition. A phyle is not a subset of the imaginary national identity. As a political space, if something defines its frontiers, it is the languages in which the internal debate takes place. There are no Spanish, Cameroonian, or Chinese phyles. There are phyles working in Latin, Bantu, or Chinese languages, but the frontiers of the community are not determined by belonging to a nationality or a state.

In principle, phyles need not have a democratic economy or be fairly unhierarchical. However, even if the oldest among them, horizontalising and democratising tensions have been observed, which conceal their abundance logic background.

A particularly interesting example is that of the Muridi or Murides, a Wolof-speaking transnational community with more than two million members spread out through a dozen countries, based on small trade and the textile industry.

All of us who have spent our holidays in Europe in recent years have occasionally come across them. These were those new peddlers who could be found on European

beaches and opened bazaars and small shops selling typical African fabrics, clothes and products.

The Muridiyya or Muride was originally a Sufi brotherhood founded by Ahmadou Bamba, a Marabout who preached pacifism and the doctrine of sanctification through work in Senegal in 1883. As opposed to the Sufi tradition of modesty through begging, working on the community lands plays a central role in the Muridi path of spiritual perfection. Hence the Murides were often called móódu-móódu (peanut-peanut), as they worked in the harvesting and processing of peanuts for export.

In 1912, the Murides started to settle in the grazing lands outside the Wolof country, in Fula[10] areas only nominally under the control of the French colonial government. The Talibes, followers of the Marabout, were given food and lodging during the rainy seasons. After ten years, they were entitled to ownership of a land plot, due to which Muridi communities provided the basis for the urbanisation and Wolofisation of Senegal.

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[10] The Fula are a nomadic pastoralist people spread out from Mali, throughout the Sahel, to Senegal.

When in the seventies the international price of peanuts dropped and production fell, the Muridi economy came to depend on trade. By then, the Muride had already spread to the Ivory Coast, Cameroon, Gabon, Congo, Chad, and had reached the Maghreb.

In the nineties, the Muridi trading networks reached South Africa and Southern Europe. A significant portion of the community being already transnational, Muridi institutions mutate and develop a new form, content and structure for the daïras, the traditional Koranic schools which constitute the centre of everyday life for Sufi brotherhoods in West Africa.

Daïras have become, in the diaspora, communities in which housing, work, savings and resources are shared, constituting an economic unit for shelter and empowerment. Daïras accumulate and generate capital through no-interest credit systems based on established immigrants with a good economic position. Their start-up and functioning do not require a centralised planning. Every Muridi has the duty to give shelter, work, and tools to any brother who comes to him. Then,

the newcomer takes the lowest rung in the guild structure, from which he will be able to prosper thanks to his work and dedication to the brotherhood. There is a similarity between the initiation rite into adulthood and the migration process. In the first stage, the móodu-móodu is a daxar (a tamarind, in Wolof), who undergoes economic hardship, clandestineness, and socioeconomic exploitation: an apprenticeship in living outside his community of origin in an unfavourable environment. Having passed these tests, he earns the status of goulou, an established immigrant with the knowledge and means for moving and being a reference for other immigrants: that is, an adult man (Fall, 1998:29). This is the level of Muridi entrepreneurs, who deal mostly in international import-export trade between their places of residence (Spain, France, Italy,

Saudi Arabia, and the United States) and Senegal. Some of them include in the names of their companies the word "Touba," the sacred city where Amadou Bamba, the founder of the brotherhood, is buried.[11]

The Marabout thus becomes a keeper of the network, among whose functions is taking care of the movement of goods and of the generation of business flows and opportunities among the different Muridi nodes.

The Muridi network was gradually transformed. From the rigorous hierarchical and decentralised model, with the Caliph at the apex, the model has become one of distributed relations between nodes which still retains that internal hierarchical model – which apparently is what generates most doubts among its youngest members.

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[11] Rafael Crespo, "Los 'móodu-móodu' y su impacto en la sociedad de origen", en *Empresariado étnico en España,* CIDOB, Barcelona, 2007.

These internal transformations are also reflected in the identitarian aspect of the model. The Muridi imaginary has gradually mutated from the ethnic Wolof imaginary, through the (national) Senegalese imaginary, to finally rely upon its own history and features within the universalistic view of the Muslim *Umma.*

The European and American daïras, completely different from those in Senegal, feel less and less identified with the conservative reality of their Senegalese counterparts, and yet the latter constitute the main source of income of the former, due to which no significant breaks seem probable. The Murides change and will change more from the periphery towards the centre, that is, from guild to phyle.[12]

What is most striking is that we are not talking about an Internet-based group of hackers, but about an

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[12] Something, by the way, which Europeans find disconcerting as it breaks the stereotype of the Murides as mere immigrants undergoing a nationalising assimilation process and useful for the so-called development and cooperation because of their charity-like structure.

old Sufi brotherhood, more than a hundred years old, and with more millions of followers – and yet their respective development periods are the same, practically year for year, and their results are parallel. Which leads us to point us what is common to both groups: a powerful **work ethic based not on accumulation, but on community recognition.**

And even if that ethic was always present in the European academic tradition, it also appeared – and in fact, it survived to our day – in certain outstanding parts of a social movement which is as traditional as it is insufficiently acknowledged: cooperativism.

Cooperating and Producing

It is a rather striking fact that in the English-speaking world, and especially in the United States, economic alternatives are conceived from the point of view of consumption. In a quasi-continent where radicals plan

their campaigns as consumer boycotts and distribute their leaflets outside supermarkets and cafés, the great political utopia is a consumer-managed society.

It is probably because of this that the official history of the cooperative movement starts in 1844, with the Rochdale Pioneers, the first consumer cooperative. Nowadays the United States National Cooperative Business Association defines cooperatives as companies

> owned and democratically controlled by their members – the people who use the co-op's services or buy its goods – not by outside investors; co-op members elect their board of directors from within the membership.

The Latin tradition, by contrast, focuses on production. Gerald Brenan has located the development of the cooperative movement in the Iberian Peninsula in the framework of a long tradition of agriculture and grazing on communal land, as well as of organised fishing, which had lived on in the lands to the North of the Tagus since

the Reconquest. The weakness of local capitalism, which was incapable of taking advantage of the 19ᵗʰ-century expropriation of Church lands by the Government to create an agrarian capitalism, reawakened the interest in communalism until it became one of the foundations of the Spanish Cantonalist revolution.

The communalist tradition would prove a fertile soil for the cooperativist movement, which was founded in 1860 by the Fourierist Fernando Garrido, who modernised and provided a legal framework for cooperative-village such as Port de la Selva, which were regarded by their contemporaries as little libertarian republics.

> What is interesting is to see how naturally these co-operatives have fitted into the Spanish scene. For Port de la Selva is one of the old fishermen's communes of Catalonia which have existed from time immemorial. Cadaqués, a few miles away, is shown by contemporary documents to have been organized in a similar manner early in the

sixteenth century: other documents speak of the Port de la Selva community and its communal nets which were kept in the church. (See Costa, Colectivismo Agrario, pp. 579-582.) Another exactly similar fishing community at Tazones, near Villaviciosa in Asturias, is described by Professor Antonio Camacho in the Revista Nacional de Economía.

Here then we have a modern productive co-operative grafted on to an ancient communal organization and functioning perfectly. And what has been done at Port de la Selva in Anarchist surroundings has also been done at Ansó where the ambience is Carlist, whilst at Llánabes the co-operative organization dates from the eighteenth century and thus precedes the European co-operative movement by at least sixty years.[13]

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[13] Gerald Brenan, *The Spanish Labyrinth.*

This continuity accounts for the strength of cooperativism in the Northern half of the Iberian Peninsula, and the parallel cooperativist demands in all Southern regions on both sides of the Portuguese border throughout the 20th century.

A similar substrate and orientation can be seen in the French-speaking world. If Cabet's and Saint-Simon's works and Fourier's failed attempts to found a phalanstery served to create the imaginary of production among equals, it was really the boom of ideas and social subjects following the 1848 revolution which propelled and materialised cooperativism in the French-speaking world, especially in Belgium.

On 16th April 1849, Nicolas Coulon founded in Brussels the Fraternal Association of Textile Workers, and in 1856 Jean-Baptiste Godin, a disciple of Fourier, founded in France the Guise Familistère, which in 1880 would formally become a cooperative which lasted until 1968. In 1867 variability of capital was authorised in France. Cooperativists were allowed to travel in and out of the country. There were an estimated 300 cooperatives in

France in that decade, between consumption, credit, and product.

In the 20th century, and under the influence of Charles Gide, French cooperativism established its autonomy from political debate by formally grouping in 1913. The influence of Gide's thought made the movement grow to 800,000 members before the Great War, a trend which persisted between the wars.

The autonomy of the cooperative movement is another constant in the Latin world. In general, in the Iberian Peninsula cooperativism was not absorbed by the socialists or the anarchists, maintaining its own tradition and message, even though – especially in repressive times – it lent its facilities to, and provided coverage and funds for, the activities of the libertarian trade unions and left-wing parties.

The cooperative movement in Southern Belgium preceded and was autonomous with regard to the International workers' movement. Even though they claimed to share a common utopia and the left tried for

decades to explain cooperativism as a sort of demo of a socialist society, both spaces were never confused.

This autonomy was perceived not only by trade unions and parties, but by the Church, which during the dictatorships in the Peninsula became the main propeller of the cooperative renaissance. In 1956, under the aegis of Father José María Arizmendiarrieta, the seed was sown of what today is Mondragón Corporación Cooperativa, the largest cooperative world in the world. Catholicism became stronger and more militant after the encyclical *Mater et Magistra* (1961), whose explicit vindication of cooperatives would inspire many young people, encouraged by the idea that cooperatives *create real goods.*

The dream of cooperative production, partly because it entailed the continuity of ancestral forms of production and communal organisation which had been idealised by traditional Catholicism, partly because of its historical ties with the Socialist ideal, and partly because of its voluntary, open, apparently non-ideological nature, could be found in all political movements during the

democratic transitions in the Peninsula. The Iberian right and left created new constitutions including regulations which explicitly protected and propelled cooperativism.

Under that aegis, cooperativism developed by also generating a distinct identity, even among those who maintained ideological or party affiliations.

"The problem with people in Mondragón, even with those who are party members," says an ex-leader of the Basque Government, "is that they think of the Basque Country as though the Basque Country were only Mondragón. The impression you get is really that they are nationalists, true, but cooperative nationalists". Similar claims, and variations thereon, can be found wherever there are strong cooperatives, from Costa Rica to Andalusia.

Though hard, these claims are not completely without truth. There is an underlying material cause for it. Cooperatives are political communities. They can be more or less based on assemblies, but in general there is a high degree of management interaction and participation.

"Many people say that we used to want to change the world, but now we have become selfish by taking this path, because what we do is no longer aimed outwards. Unlike the immense majority of those who reproach us, we really tried to change the world back then, and still do. It is just that we simply have too much to do and learn to mess around with the state, political parties, and so on."

The issue is not only that politics takes up too much time, but also that, as in any real community, community politics is an everyday matter, much closer, and producing tangible results within the framework of a fraternity which is not merely rhetorical, even though the *homo oeconomicus* theory cannot comprehend it.

And that fraternity, together with a generally flexible and favourable legislation, is the most solid legacy that cooperativism has made to economic democracy in general.

The great old industrial cooperatives such as Mondragón were successful because they turned solidarity among cooperatives into a tool which reflected

the solidity of their commitment to the democratic community within which they lived and worked.

In an industrial world, however, business management was not regarded as just one dimension of citizenship among others, but rather it was a highly qualified and specialised activity. Managers were then regarded as a species of necessarily external technicians, and, in the cooperative world, to a certain extent, as alien to the political-societal process.

This idea is reflected in the very structure of the Mondragón cooperatives, whose internal democracy is indubitable, but similar to that of a country where the Parliament could only elect foreign ministers. To compensate for this, Mondragón has relied, since its origins, on the training and empowerment of its own people. Managers may not be cooperativists, but it is assumed that they must have a certain common spirit instilled by the group's university and business school. The result has been on the whole successful; the logic of management incentives based on salaries, options, etc., seems to have worked reasonably well without stretching

too much the salary gap. Whereas the ratio between the highest and the lowest salary in a cooperative was 3:1 in the eighties, nowadays it sometimes is 12:1, by contrast with any large company, where a 500:1 ratio has been regarded throughout as moderate.

Despite this, relationships within the income index persist as a reiterated topic of debate in the cooperative world, all the more so since some cooperatives have become leaders in their respective sectors in a manner striking enough for their directors to be tempted by offers from rival companies.

Frictions between the market and the cooperative world take place, on certain growth levels, in the space where the latter accepts the former's logic of incentives with all it entails: from the managers' alienation from the democratic space to the implicit mystique of the management sect, with their business schools, their case method, their self-help pamphlets and their pathetic gurus.

We must go back to Himanen's hackers, Urrutia's bricoleurs, or Bard's netocrats to understand why it is precisely **that friction that is now disappearing.**

In a world where the largest portion of any product's value arises from innovation, and therefore from the creative part of the production process, value-generating incentives are not those aimed at managers, but those which nurture community interaction and recognition.

This friction has now moved to the world of traditional business, as **every restructuring of the incentive system ends up modifying the property structure.** A business must be valuable to those who work, live, and trade with it. And its value derives, above all, not so much from bonuses and incentives as from a way of life.

Netocrats, Neo-Venetians, regard business management as one more duty of their community citizenship. Just as time is no longer split between work time (divine punishment) and life time (leisure), community and management are no longer mutually

alienated, but rather are fused in a space that can only be described as fraternity.

The misunderstood Pope John Paul II once said that, while the 19th century had been the century of liberty and the 20th century had been that of equality, the 21st century would be the century of fraternity.

Juan Urrutia, in *The Coming Capitalism,* analysed the reasons for this. Fraternity, which provides the foundation, beyond liberty and equality, for economic democracy, is based precisely on what business organisations need to survive in a global market which is undergoing a crisis and is, moreover, doomed to change: **an identity** *which makes it possible to attain assignations otherwise unattainable in its absence* and **a taste for work in common** *which makes the existence of a balance easier.*

As we shall see, it is no longer a matter of moral admonition, but something which companies themselves are increasingly willing to pay for. Teaching, preparing, and organising economic democracy as a path and as an experience is already a successful product.

The ball is in their court now.

Business in Community, Community in Business

Businesses are great social machines. They were neither designed nor organised to adapt, but to efficiently run a program which turned them into banks or consultancies, into electricity suppliers or lottery organisers.

Ultimately, this is the franchise model: knowledge is external and licensed, and all that is left for people to

do is to fulfil their roles as described in the manuals, instructions and protocols sent down from the headquarters. Business-hardware, knowledge-software, people-energy.

As in good Industrial Age machines, the values, the corporate aesthetics and the very buildings required solidity. Their agility was measured in processing times, and their efficiency was measured in terms of their capacity to focus and specialise. What was valid for the whole was valid for each worker.

The business world in the old mechanical age was a well-ordered world with well-defined domains for each person and for the business itself. Companies were, let us remember, national.

When they became international they tried to hold on to traditional logic. But traditional logic was additive. The direct benefit of expanding amounted to doing the same in more places. If there was a growth factor in the generated value, it was the growth derived from bringing better management techniques to one more machine, and benefiting from a growth context which might be larger.

But the real benefits could not lie there. Particularly as, when they became organisationally consolidated, the various excellence levels were equalised across branches. Benefits could be intuited in the mingling, the grafting of experiences onto new contexts. But machines have no knowledge network economies.

The reengineering, the reorganisation of processes which used to be sold to companies as the answer to the adaptation needs, was oriented towards the creation of internal knowledge communities, the appropriation by the company of the knowledge dwelling in its own corners, which, in theory, was to be nurtured, encouraging the transition from internationalisation to transnationalisation which was already giving rise to the first forms of Neo-Venetianism.[14]

But when a trend turns into a slogan, words start to name wishes and, in general, to cover up rather than describe. After 2005 communities were everywhere. Anyone who had a database, a list of partners or a payroll claimed to have one.

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[14] Cf. *De las naciones a las redes*.

We started to hear the continual complaint, *My community won't take part.* Nobody seems to realise that this is an oxymoron. If there is no interaction, it is simply because there is no community. Of course, the machine came up with its own bureaucratic answer, as useless as it was stuffy: the figure of the *community manager*.[15]

One again they were forgetting the very foundations that define a community:

- **The set of users of a service does not constitute a community.** For a group of people to form a community, there must be a common identity, a clear definition of who is part of the demos and a mutual knowledge among them (they must form a distributed network). The community may grow afterwards, but what is clear is that

[15] The creation of English labels for tasks which can be perfectly named in Spanish is representative of a colonial mentality that implicitly equates "international" with "English-speaking", in complete attunement with what has been called the "management sect" and the discourse of its business schools.

human communities are not formed around services, and even less, around webs.

- **Communities use services, but are not defined by them.** In the same way as there is no community of National Health Service or public transport users, there is no community of feevy, flick, or bloggers users, or of users of any service we can create, even bearing a very specific profile in mind.

- **Participation is not the same thing as interaction.** Interactivity among its members can be a measurement of the power of a community, or the adequacy of a service for given network, but it has nothing to do with participation. One interacts with others, but participates in the host's offers. Interaction has a distributed logic, participation has a centralised logic. When interacting we are

owners, but when participating we are followers. The culture of participation has nothing to do with the interaction way of life. The obsession with polls not only can involve not the artificial generation of scarcity, but can easily generate a perverse logic in which one-off expression replaces deliberation and exchange, which is very far from community logic.

- **Voting is for solving conflicts and nothing else.** Voting mechanisms are the essence of participation: you participate in what belongs to others, but do not make it your own, you do not interact with others, no common life experience which strengthens your ties to others is generated. If voting is our way of relating to others, those others will never have a face and name of their own for us. Voting alienates from the interpersonal human relationship: it neither generates nor

strengthens the community; on the contrary, voting represents the community as something abstract and alien to people. Let us not forget that, in a community, what is essential is not the mechanism for solving conflicts (occasional polls), but the definition of the demos. We are not equal because we take part in the same assembly – rather, we take part in the same assembly because we previously acknowledge each other as equals.

- **Platforms are a success or a failure in relation to a community, not in the abstract.** If I have a community, a small network of equals who know each other and interact every day, arguing, exchanging messages and links, and I start a service to make what they already do easier for them, it will most likely be a success. But what does success mean in

this context? Just that it will be useful for them when it comes to interacting with each other. What is expected is not to have many users, bringing many people into the same framework, creating cattle-like fences: rather, the aim is to aid in the development of a previously existing interaction. If our link website suddenly attracts many new users, people who try it or use it for themselves or to share with their own networks, but it does not work properly or is not used by the members of the original community, the service will fail.

- **People don't exist.** Things are not done for people, there is no such demos as "people". If we open up a space for people or invite people to vote or decide on a given topic, we will really be inviting any previously organised group or network to present their own interests or viewpoints

as those of the whole of society, if not to break the limits of a community which really exists. This is the usual trap of scarcity generation. Not defining the demos is the most typical way of passing as communitarian and democratic what in reality is their complete opposite. For example: making polls on the future Monopoly game or the Eurovision representative open to people yields paradoxical results because what we are doing is precisely breaking the limits of the demos of Monopoly players or Eurovision fans.

- **A community is not an interest.** Offering services or contents for a specific interest profile does not generate a community. At the very most, it will attract one, or, with luck, several already existing communities, although it probably won't integrate them.

- **Communities do not spring artificially just because we had the idea of providing a platform for them.** If we want to *create a community*, it isuseless to start creating services, because it won't work. Services *serve* a community, they don't generate it. To create a community is to create an identity. It has to do with shared values and experiences, something which develops and grows through interaction. Only then are services useful, not before. Want to create a community? Then go offline again and find a specific cause so powerful that after a virtual campaign those taking part in it feel so emotionally and intellectually linked to each other as to want to keep on doing things together every day.

In *The Residence,* a classic horror film made by the Spanish director Narciso Ibáñez Serrador in 1969, a serial

killer hacks his victims to pieces, in an attempt to rebuild, using the best bits of every woman he kills, the woman he misses. He thinks that, once all the pieces are put together, the gory jigsaw will come to life. Nowadays the film could be understood as a metaphor for many corporate initiatives.

Like Ibáñez Serrador's jigsaw, we no longer find ourselves before a social machine, but before a social creature. A group of people constitutes a network when there are flows between them. If there are no flows, there is no network.

Introducing life and its spontaneity into a machine is in now way obvious: bringing people together or getting technological tools is not enough. In order to create social life, in order to give birth to a community, more complex engineering is required: a biochemist, not a coroner.

That's why, even though grumbling and spouting horrid things for hooligans to chant may be cathartic, it is neither logical nor intelligent to reject innovation, especially organisational innovation, only because our attempts have failed over and over and have only led to

losses. Innovation is not about great brands and empty messages. It is about being able to rethink organisation within its historical context, to listen to it and respect it as if it was a living being. In order to innovate one must not fear transparency, but being able to develop within it.

This is the message of a new generation of small consultancies which are mushrooming all over the world. An example of this which has found a certain echo in the web has been Worldblu[16], an American consultancy which advises companies on how to incorporate these mechanisms and modes of economic democracy. Its very existence is a sign of the new kind of demand which companies had started to make even before the burst of the 2008 financial crisis.

Worldblu's discourse is striking inasmuch as it states that economic democracy does not amount to universal consensus, but to conversation. This statement expresses an insight about the separation between the community (which is a distributed, deliberative network where abundance logic operates and which therefore lives

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[16] http://worldblu.com

in a pluriarchy) and the collective economic activity, where there irremediably is scarcity and for which economic democracy is therefore a practical, useful and enriching alternative when it comes to top-down decision-making.

This separation between the domain of community organisation – pluriarchy – and that of the community management of scarcity – democracy – reproduces the distinction between spaces which is the basis for phyles and which we had already seen among the Murides.

In reality, the quest of community by transnational companies, what is known as Neo-Venetianism, and the building of companies by Neo-Venetianist communities are two movements which are only apparently convergent.

Both take as their starting point the distinction between the respective spaces and social rules of community and business. Nonetheless, while companies subordinate the community to the increasingly empty generation of value for stockholders, Neo-Venetianists

subordinate their economic tissue to the space of greater personal freedom: community life.

No two more different attitudes could be found. In the widespread text "How to become a hacker",[17] Eric S. Raymond lists the five defining features of the *bricoleur* attitude.

1. The world is full of fascinating problems to be solved.
2. No problem should ever have to be solved twice.
3. Boredom and drudgery are evil.
4. Freedom is good.
5. Attitude is no substitute for competence.

Even though it was soon incorporated to the new editions of his famous book *The Cathedral and the Bazaar*[18], this article was originally written in 2005, eight years after the book's first edition. At that time, the modes and values of hacker culture had already far exceeded the domain of

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[17] http://www.catb.org/~esr/faqs/hacker-howto.html

[18] Eric S. Raymond, *The Cathedral and the Bazaar*, Oreilly 2001.

elite programmers. Linux was already a mass social movement with a discourse which, from the underground, had managed to infiltrate all sorts of institutions; the blogosphere – heir to the hacker ethic described by Himanen[19] in the domain of communications – was already the first great distributed medium for social communication.[20]

Otherwise put, this text by Raymond is more an epitaph than a program for the old, strictly English-speaking and computing hackerism, the child of the American '68 and the military funding for Ivy League universities.

And that's exactly why the fifth point is particularly striking: attitude is no replacement for competence. Or put in the terms used in this book: identities are not taken, but developed as a continual demonstration. As proven by the experience of conversational communities, a network environment where the cost of changing nodes

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[19] Pekka Himanen, *The Hacker Ethic and the Spirit of the Information Age.*
[20] Cf. David de Ugarte, *The Power of Networks.*

or creating new ones is relatively low generates a continual bubbling of communities and initiatives, an ecosystem which, in William Gibson's words, behaves like

> a deranged experiment in Social Darwinism, designed by a bored researcher who kept one thumb permanently on the fast-forward button.[21]

When the social interaction level is so high, a node's persistence in time is something valuable in itself. It makes it possible to face midterm projects and locate the work within a lifestyle perspective. And yet there is no room for the illusion of a work post. With information flowing from all to all, with a demos taking on collective management, there is no room in the business for invisibility or dependence on the organisation. Bottlenecks last as long as it takes for the email reporting the existence on one to be read and absorbed by everyone

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[21] William Gibson, *Burning Chrome.*

else. The world of the coming capitalism is a world in which, in Juan Urrutia's words, *income dissipates.*[22]

Success is a statistical ratio. The more you play and the more you explore, the more certain it is that a contribution of yours will join the community history as part of its identity. It is not only the attitude (learning, experimenting, persevering, making new things with old tools). It is a matter of casting the dice of your wit and perseverance as many times as it takes for a season not to go by without results, without a new concept, a new product or a new organisational or administrative improvement. Competence is knowledge.

Knowledge is interaction and intelligence within a context. Technical skills can be outsourced. The skills sought are those which arise from looking at the available tools in a new way. That's why they are shared, because they cannot be integrated without being shared.

In this sense, the defining features of the hacker ethic (conception of work, valuing of money, liberation of information and knowledge) are projected through

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[22] Juan Urrutia, *The Coming Capitalism.*

aggregation as a part of the political identity of the democratic business. The democratic business brings the business mode of technical organisation into the service of information and knowledge sharing. It allows itself to be permeated by its community, it promotes itself by sharing and freeing ideas, tools, and techniques.

From Specialisation to Interconnection

Industrial-age business was based on specialisation. The magic words were scale, expertise, and so on. By contrast, phyles are based on interconnection and innovation. We know that innovation increases when

there are more interconnections in a network, making it more distributed. And phyles are communities which generate value by commercialising it through businesses.

The distance between both worlds is that between classic capitalism and the *coming capitalism* described by Juan Urrutia.

In the former, all innovation would generate a temporary monopoly, sometimes even a stable industry. There was time. Specialising was the best way to improve within a product paradigm, to become more efficient. This was an engineers' world.

In the coming capitalism, on the other hand, past profits tend to dissipate, as speed and ease of copy are so high that the only way to maintain a certain advantage over competitors is to *allow oneself to be seized by change*, to continually innovate, and thus, when many agents behave like this, to complete markets, to make in turn a world where past profits dissipate even more quickly.

In their little phyle, the Indianos believe they have optimised their structure for such a world.

Precisely because there is a *phyle awareness* – that is, the awareness of being a community with business and not a business community or a community of people working in that business – all Indianos are partners in the two cooperatives which constitute the cooperative group.

As a result, interconnections and ideas multiply and fly: if you follow the Indianos throughout their blogs, you can see how one season they take up the tasting of natural wines as an inspiration to think about new activity lines, or how they rethink their own myths in order to talk the reasons for a new clothing offer.

Thinking about the ideas of community and interconnection, Sonia Carbajal, while commenting on her experience as a group apprentice, pointed out that one of the things which this period of reading and living alongside other had led her to was the discovery that at the end of the road lay not her incorporation not into a specific business or activity, but integration, from personal autonomy, within a community.

This means that it no longer makes sense to think "I'm a lawyer, I'll be a lawyer in the phyle", because what I will be is an Indiano. If fishing is what comes up, what we feel like, or what must be done simply because there is a good opportunity to fish, then I will fish for a while. And in any case I will probably take care of judicial matters on a sporadic basis only. That's why the question is not whether I want to work with the Indianos as a lawyer or as anything else, the question is whether I want to be an Indiano and live the Indiano life, without expecting to define myself again as a specialised worker as long as I am part of the community.

And the truth is that this is an important idea which must be brought across to whomever approaches a phyle. The question is not that a job or a way of working associated with a specific task may appeal to you and you want to join in in order to develop it. You will integrate within a

community and the question should be: if the task that now defines my cv is never called for again in the community, would I want to join it as much, even if it was to do something completely different?

Obviously, from a static point of view, some of us are better consultants, better designers or better managers than others, but in a world like the world previously described Ricardo's theory of specialisation does not apply. Nowadays, in order to be a good consultant you must learn how to manage, how to design, how to sell, or how taste wines, and the same goes for any other activity. Value lies in unexpected crossings, in new applications, in the recycling and cross-breeding of knowledge. This is not an engineers' but a hackers' world.

Creativity is not a gift but a practice, an experience which is earned by exploring new fields, de-specialising in order to become what Juan Urrutia calls *plurispecialists.*

In this way, the hacker ethos finds the way to become phyle politics, a transformation that demands a profound rethinking of the categories from which interaction in virtual networks had been understood.

The Pillars of the Community

The Indianopedia[23] defines "community" as:

> any social cluster or network that is perfectly
> distributed, that is, where all members are
> related to all other members, in a non-
> hierarchical domain which shares a interaction

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[23] http://lasindias.net/indianopedia

sustained over time, and on the basis of which an identity develops.

As we were saying, even though communities can be articulated around a topic, a business or a person, they cannot be artificially constructed nor, in principle, must they have an aim. Communities are distributed networks, and thus are defined by interaction, not by participation (you participate in what is others', but you interact with others).

What is essential to the existence of a community is not the mechanism for solving conflicts (eventual polls), which in conversational communities usually entails either the absence of community or the artificial generation of scarcity, but an interaction which is powerful enough for an identity to emerge in a spontaneous and sustained way.

Communities develop in a social space (the Internet for deliberative communities, the market for phyles) which is defined as a function of the **freedom** it

gives people to go in and out, create new communities or businesses, sell, buy, etc.

Communities are deliberative spaces which are by their very nature pluriarchical, and as such are based on the two features which define **fraternity:**

- a taste for being together
- a shared real identity.

Within a community there is a subset, the **demos,** defined by the **indifference principle**, that is by the **equality** between its members. The demos constitutes an optimal cluster for the management of scarcity, that is, an optimal space for democratic decision making.

In the practice of economic democracy, this stratification entails clearly distinguishing spaces and concepts. A business must be owned and managed by its demos, as it is the core of the community which, when interaction consolidates, will define the limits and growth of the common identity.

Allowing the number of members to grow when partners do not really consider themselves equal to each other, when it is not the case that they do not mind who

will be the manager, does not strengthen but rather weakens a community.

But that does not mean that economic democracy must tend towards egalitarianism or die: rather, it has the choice of taking as its starting point the assumption of a previous equality within its original core or collapsing, opening a cycle of internal struggle over the identitarian definition. This is the well-known internal warfare that roils so many social initiatives, projects and cooperatives in their early days and which, by the way, puts an end to most of them, either through their implosion and the exit of their members, or through their artificial hierarchisation.

Both cases are the result of an insufficient definition of the demos, normally caused by the embarrassment of having to acknowledge that we are not equal in everything, much less in the management of the common life which a shared identity involves. If this is not made clear when a community emerges, the results will be inevitably dramatic: the demos will try to split away from the rest of the community by taking the form of a

hierarchy – and thus kill its community – or else different demoi will try to prevail by defining the collective identity and de-legitimising the others. By contrast, when the demos is well established, that internal equality will be projected as a fraternity onto the community life and the participation domain.

The rest of the community is an extension of the demos: apprentices, external collaborators and even those who take part in their conversation from a common identity, be it as intellectual inspirations or friends who provide capital and ideas as collaborating members in a cooperative.

They are the frontier of the community, which is nothing but the frontier of the _We_, all those who speak from a common identity. That's why, in the logic of _inter-cooperation_, cooperating businesses and groups with similar values might share a community and take part in a common language, identity, and interests. This is a **fraternity** space, articulated by what Juan de Urrutia calls the taste for being together, and founded on _mutual recognition_, that is, on identity.

Beyond this, customers and suppliers are not part of the community, but of a common social space: in principle, the market. That space is defined for each of the nodes by the degree of freedom it has when it comes to selling and buying, but also, for each person, by the effective freedom he or she enjoys when it comes to leaving a node, joining another one, or creating a new one.

Clearly separating the spaces of liberty, fraternity, and equality, and those who participate in each of them, is the key for a community to work.

Demos: the Equality Space

Originally, a demos was something rather similar to a parish in traditional territorial orderings, but with Kleisthenes's democratic reform, the demos (δημος) became the basic unit of social organisation, a micropolis

constituted by the real community surrounding each person.

The demos gave those of its members who wanted to be its representatives in the boulé – a sort of Senate which had executive power – a pinakion, a piece of bronze with his name and that of the demos. The pinakion was a sign of belonging and guaranteed that its bearer would be recognised as a citizen by the rest of the demos, that is, by the polis as a whole.

One could not be elected without a pinakion. That's why the demos, the institution which distributed them, is used nowadays as a synonym for the group of people who have full citizenship within a organisation. But what's really interesting is how.

The demos was really something that went much deeper than a list of candidates.

The Athenian democratic system was not based on representation and voting, but on random election: in order to represent his demos in the boulé, a citizen had to drop his pinakion into a slot of his choice in a matrix called kleroterion. The kleroterion would then

release either a white or a black ball according to the slot chosen. If on entering the pinakion a black ball was released, the citizen was entrusted with representing the demos.

Belonging to a demos was thus synonymous with attaining the rights – and duties – of full citizenship, but, more importantly, **in accepting someone into the demos, what was accepted was that he could become part of the executive power independently of whether most of the community members would prefer someone else.**

That is, **accepting the incorporation of a citizen to the demos entailed accepting his effective equality,** as it amounted to a declaration that, independently of his specific political views, **it was a matter of indifference to any citizen whether he was part of the executive power.**

The demos entails a high degree of identity because it is really based on the **indifference principle**: to consider myself part of a demos means that I don't care which one of the other members carries out any

given representation or administration task on behalf the community, even if it affects my safety or welfare. That's why originally **"democracy" meant a draw, not a vote.**

Learning From the Old Guilds

In school we were taught the history of guilds from the point of view of their critics in the 18th and 19th centuries, when they were an impediment to the development of the freedom of movement and the homogenisation of the workforce required for the success of industrialisation.

Nonetheless, the guilds were much more than those privileged structures that monopolised the crafts in the cities. **Every guild was really a knowledge community.** The entire structure of the community revolved around knowledge transmission. That knowledge was partly technical and specialised, but it was also **linked to a particular work ethic, to the construction of a moral discourse from the symbolism of tools and daily life.**

A recent book[24] has described the initiation ceremonies of weavers, dyers, stonemasons and blacksmiths in British guilds which were still being performed in the 20th century. The parallelisms are striking: in the initiation, the apprentice was identified by the object and tools of his profession, which was represented in the manner of a psychodrama, e.g. by means of a piece of iron being forged, a stone being struck for the first time, or a canvas about to be painted.

Apprentices were not regarded as part of the profession. Only the passage from apprenticeship to *fellowship* – with the experience of fraternity evoked by the very term – allowed the neophyte to become part of the community. Whereas an apprentice was taught the use of tools and was told about the guild history and myths, a fellow was expected to contribute in a practical way. And in the case of stonemasons, for whom mathematics was a fundamental part of guild knowledge, geometrical demonstrations were also expected, such as

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[24] Jorge Francisco Ferro, *La masonería operativa*, Kier, Buenos Aires, 2008.

the famous "five points of fellowship", which were used to calculate the central point in the layout of a building to be raised.

Such institutions as *itinerancy* are particularly striking. When an apprentice was being trained but couldn't be guaranteed a job, instead of being incorporated as a fellow, he was invited to travel, visiting different workshops, for some time. Workshops with pending orders would temporarily accept him, and continue his training while learning new techniques from him. At the end of the itinerancy apprentices would become fellows in their original workshop or else in a workshop sprung from it. This system not only served to optimise workforce distribution, but also to spread innovations within the same guild, homogenising the "state of the art".

Likewise, limiting the maximum number of masters in a given workshop encouraged the geographic spread of the guild, in the same way as the right to segregation previously discussed nowadays encourages sectorial expansion from an economically democratic business.

The statutes and texts of the guilds were a natural mingling of practical questions, such as salaries, with specialised technical knowledge and moral metaphors constructed from daily practice.

All this sounds tremendously freakish nowadays, when hearing the word "professional" does not make us think of someone who professes[25], who has a job linked to a specific group knowledge which he or she has accessed by taking certain vows and undergoing a personal transformation which is above all moral. But it is crucial to understand the logic of social cohesion in the Old Regime.

That cohesion logic constituted a clear impediment to the development of the industrial, national world. The identities generated by the guild tradition were dense and inhabited a universe of full meanings and a real-community logic which would not take easily to a flat world of abstract markets and homogenisation.

Two witnesses of the final stage of this transitional time have left us a priceless narrative of the social

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[25] The verb "to profess" comes from the Old French *profes*, to takes a vow, as in a guild or religious order.

violence which had to be done in order to destroy that work ethic. The first one was Karl Marx, who in his 1848 Manifesto explicitly refers to the ascent of the bourgeoisie and the destruction of the guild system:

> It buried personal dignity beneath money and reduced all those countless registered and well-gained freedoms to one single freedom: the unlimited freedom to trade.

The other one is Pope Leo XIII in his famous encyclical *Rerum novarum*:

> In any case we clearly see, and on this there is general agreement, that some opportune remedy must be found quickly for the misery and wretchedness pressing so unjustly on the majority of the working class: for the ancient workingmen's guilds were abolished in the last century, and no other protective organization took their place. Public institutions and the

laws set aside the ancient religion. Hence, by degrees it has come to pass that working men have been surrendered, isolated and helpless, to the hardheartedness of employers and the greed of unchecked competition. The mischief has been increased by rapacious usury, which, although more than once condemned by the Church, is nevertheless, under a different guise, but with like injustice, still practiced by covetous and grasping men. To this must be added that the hiring of labour and the conduct of trade are concentrated in the hands of comparatively few; so that a small number of very rich men have been able to lay upon the teeming masses of the labouring poor a yoke little better than that of slavery itself.

Both quotes remark on what really hurt and destroyed identities: the passed from the guild master to the qualified worked basically entailed the breakdown of the relationship between a worldview (values, religious

beliefs, moral system, sense of one's own life, that is, all that constitutes a community culture) and the fact of work, now reduced to the mere exchange of work time for money.

For this reason John XXIII and the social doctrine on the Church repeatedly used craftsmen and cooperatives as examples of

> **creators of real goods** [who] contribute efficiently to the progress of culture.

Visiting companies is a sad business today. It is sad to take in their moral view, to see how the sense of work of people who devote their lives to the company betrays an exhausting emptiness which is only avoided by those who have understood that the only valid morality to prosper in a large company lies somewhere between *Falcon Crest* and Lucrezia Borgia. This is what is usually thought of as a *company*: the company which, despoiled of a sense of community, tries unsuccessfully to retrieve it in a society

that misses it and searches for ways of turning work into a form of social cohesion.

Maybe the time has come for companies and jobs to *profess* again, the time for us to retrieve the social sense of everyone's work, for us to finally assume that knowledge only grows in community and that this knowledge cannot be only technical, for – to give it an adjective – it is "human", that is, it must have a social meaning, a work ethic, and a worldview.

But that also entails a break with the 60s' iconoclasm. If work is something valuable, if it really provides something more than money at the end of the month, if it takes place fundamentally between equals, its social space must acknowledge that symbols are more than trademarks, that celebration is more than the company party, and that the solemnity which reaching certain professional landmarks deserves far surpasses a mere toast.

The simple symbols and modest ceremonies of pre-modern guilds teach us that the intellectual journey demanded by the construction of a demos requires the

deliberative process to be valued. Taking knowledge seriously, celebrating it and distinguishing it. Providing spaces for value affirmation, for serious reflection out loud. In all those guild ceremonies the question was not to replicate, but to relive – with each new fellow as the protagonist – the historical experience of the community, for only from personal (but not individual) experience is it possible to re-appropriate knowledge.

In and Out, Up and Down

Separation between demos and community, between community and market. Distinction between apprentices, collaborators, and partners. Re-appropriation of the taste for ceremony, for the separation of spaces of the old guilds and crafts. Having taken the rejection of hierarchies as our starting point, are we not re-inventing them now?

The answer is both easy and complex: **in is not the same as out, down is not the same as up**. Clearly defining the limits of the community is the best antidote against its hierarchisation. Separating and distinguishing the decision environment from the deliberation environment – which can be much broader – and clearly establishing the ways by which one can move from the one to the other is the only sensible way of avoiding the ravages of faux egalitarianism. Not everyone has to be in the demos of the same community. On the contrary, dispersion, the development of diversity in the form of multiple community and even more demos is the only final guarantee of the existence and persistence of a space of freedom sustainable in time.

Funnily enough, this also happened in the clash between the guild world and the emerging intellectual universe of the bourgeoisie. We were taught in school that guilds were hateful because of their hierarchisation – following the old discourse of the factory versus the artisan's workshop which today seems, to say the least, rather cynical.

Even when Modernity valued re-appropriated guild forms through speculative societies such as the Freemasons or the Carbonari, those involved replied in all naturalness that:

> The Degrees of Apprentice, Fellow, and Master constitute an advance in knowledge, not a hierarchy for the imposition of orders and authority as in an army.[26]

In fact, as we have seen, it is the confusion of the fraternity and equality spaces that turns liberty into a utopia, instead of a right which can be guaranteed. In the

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[26] http://www.geocities.com/fmasoneria/pr2.html#pr30

demos, where liberty is a real right, guaranteed by the indifference principle, which is the tangible definition of political and economic equality, not only liberty but equality itself becomes more profound.

And thus we return to the figure which Juan Urrutia has called the *plurispecialist*[27], a typical member of a demos within an economic democracy in the distributed networks world. A professional who, contaminated from many sides, in communication with many sources, rejects the conception of personal development as specialisation and understands his own life journey as a continual learning, not limited to any one field. And, in practice, as a series of different kinds of knowledge different kinds of learning within the community. Because, following an old utopian prophecy by Marx, the real equality of the demos actually amounts to the assumption that

> nobody has one exclusive sphere of activity
> but each can become accomplished in any
> branch he wishes, society regulates the

[27] Juan Urrutia, *The Coming Capitalism.*

general production and thus makes it possible for me to do one thing today and another tomorrow, to hunt in the morning, to fish in the afternoon, rear cattle in the evening, criticize after dinner, just as I have a mind, without ever becoming hunter, fisherman, shepherd or critic.[28]

Those who have only known traditional companies will still see this as something merely poetic and immaterial. However, it will evoke everyday situations in those who have experienced the launch of a cooperative group or a democratically-based technology business will. In fact, given the current productivity and average degree of education, it would almost be the natural reaction, were it not for the usual corporate stiffness. Juan Manuel Almodóvar, a young entrepreneur and the head of a technology cooperative in Alicante, says:

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[28] Karl Marx, *The German Ideology.* Full text at http://www.marxists.org/archive/marx/works/1845/german-ideology/

> When the business belongs to everyone, you feel better when others stop strapping you into the straitjacket of the "engineer", "designer", or whatever. Personal development thus seems to rid itself of the notion of "what's expected of you"... and then we start to allow ourselves to flirt with other disciplines, then we have the intuition that sooner or later the whole range of possibilities of the engineer-poet and the designer-programmer will be more useful to the community than those of the expert who knows more and more about less and less. "Specialisation is for insects!"

The key is to think from abundance, from diversity: anything which today looks like a game, an experiment, a hobby, tomorrow may be a product that is profitable for the community, if the community is used to digesting innovation as part of its metabolism.

That's why the key is, once again, deliberation.

– What mechanism do you use for collective decisions? Do you vote? Do you generate a consensus? – asked Anton, from Kibbutz Yovel[29], a small community which sprang from the nineties kibbutzim movement.

– I don't remember having voted more than once in the last 4 years – said María, from the Sociedad Cooperativa del Arte de las Cosas – and then the result was unanimous – she pointed out.

It was a trick question. Anton's kibbutz was one of the first to theorise about the need for deliberative spaces[30] which turn consensus into the basis for collective decisions.

Deliberation is a social machine for the creation of common contexts which by itself generates many instances of consensus and removes a large part of the inhibiting risk of decision making in scarcity.

But we must not fool ourselves: even though a permanent deliberative process generates many instances of consensus and makes decisions on scarcity

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[29] http://www.kyovel.org
[30] http://www.kyovel.org/resources/consensus.htm

easier and more shared, deliberation follows abundance logic and produces diversity, not homogeneity.

In a phyle, everything is deliberated in common, without expecting or needing consensus on most things. Common decisions are only made with regard to what is scarce, basically economic matters. And given that what is scarce constitutes natural grounds for conflict, it requires an even more documented and powerful deliberation.

Deliberation is a sign and a materialisation of that taste for being together among those who share an identity which we call fraternity, and which delimits a community.

One does not deliberate in order not to have to decide: one deliberates to reduce the scope of democratic decision – and thus of the weight of the economic in management – to a minimum, keeping the margins of individual decision as broad as possible, encouraging diversity, and, at the same time, encouraging cohesion. It is this equilibrium that we call "politics" in phyles.

It is a particular form of politics, whose main aim is not to generate personal income or external recognition, but to ensure a space of freedom and cohesion where people can develop and share their knowledge while free from the straitjacket of having to specialise in tasks that are always the same.

As Bruce Sterling says in an inspiring dialogue in *Islands in the Net*:[31]

- ... Some kind of hotel manager?
- We have no jobs in Rizome, doctor Razak. Only things to be done and people who do them.
- My esteemed colleagues in the Popular Innovation Party might call this inefficient.
- Well, our idea of efficiency has more to do with personal realisation than with, um, material possessions.
- I understand that a high number of Rizome employees don't work at all.

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[31] Bruce Sterling, *Islands in the Net*

- Well, we take care of our own. Of course, a large part of this activity lies outside monetary economy. An invisible economy which is not quantifiable in dollars.
- In ecus, you mean.
- Yes, sorry. Like housework: you don't pay any money for doing it, but that's how families survive, isn't it? Just because it isn't a bank doesn't mean that it doesn't exist. Just one thing: we are not employees but associates.
- In other words, your bottom line is playful joy rather than profit. You have replaced work, the humiliating phantom of forced production, with a series of diverse pastimes like games. And replaced the motivation of greed with a network of social links, reinforced by an elective power structure.
- Yes, I think so... if I understand your definitions.
- How long until you completely eliminate work?

Taking ourselves seriously, taking advantage of the power of social networks suffices. It is enough to stop for a minute and wonder whether old assumptions, such as hierarchies and their reverse – specialisation – are truly indispensable nowadays, given the immense potential, the surprising productivity, of network cooperation.

PART II: INTER-COOPERATION AND GROWTH

Mondragón: Growing from the Land

In *The History of an Experience*, an electronic book published by Mondragón Corporación Corporativa which tells the story of the cooperative's evolution, it is striking to find out that between 1956 and 1970 there were dozens of cooperatives, but no real articulated industrial group.

In 1970, fourteen years after their start, there were already 40 cooperatives, which in total employed 8,743 people and had a turnover of 7,059 million pesetas. Mondragón and Alto Deba are now regarded as a local social and economic model, promoted from the Enterprise Division at the Caja Laboral state bank, founded, following Arizmendarrieta's suggestion, in 1959. This division was in charge of the promotion and financing of new cooperatives, many of them headed by alumni of the polytechnic founded in 1943 as a Professional School.

Also in 1959, Lagun-Aro, the pension fund – in fact, an entire alternative Social Security system – had joined this primitive tissue – the cooperativists' response to the State's refusal to grant them the coverage given to freelancers.

As a whole, the system created by Arizmendarrieta was constituted by a series of independent nodes, coordinated by a common training structure and its own financing system, which attracted resources from the savings not only of the cooperativists, but of the entire

area. This relationship with the territory would determine the very shape of structural growth.

It is worth pointing out the proliferation of people worried about the development of their village or country who approach the organisation with the aim of studying the search for products which, after the corresponding viability study, will result in the constitution of a cooperative.

In the terms defined in previous chapters, we are dealing with a territoriallydefined or at least a territorially limited community, with different cooperative demoi which share common references and, above all, a common training itinerary. Demos and community are defined in territorial terms, which in the first forms of inter-cooperation were *county groups* displaying a tendency towards growth and spontaneous inter-cooperation on the basis of physical proximity.

In the first twenty years of Mondragón, the cooperative played almost exactly the same role as the demos did in Greek democracy: a real community of equals when it came to decision making, linked to a

physical territory through coordination with the other small demoi in it, and whose members knew each other *from Adam*, as they were also neighbours, when not more or less close relatives.

This form of growth proved hugely cohesive, with fast, effective informal forms of coordination. Thus, although institutionally invisible, the tissue promoted by Arizmendarrieta was able to react in a way as decisive as it was innovative to the ravages of the economic crisis at the beginning of the 80's, turning the set of independent nodes into a great confederation which first took a global institutional form in 1984.

But this movement turned out to be contradictory, as corporate rationalisation could not but end up imposing its own logic. When the group faced its *corporisation* in the 90's, i.e. the possibility of being organised by sectors, not by counties, resistance was extremely strong:

> The sectorial organisation logic met with strong resistance, because the proposal was evidently harsh in that it would modify deeply

personal and societal relationships which had become deeply rooted over the years. The worst consequence was the split of some cooperatives which regarded the new organisational model as unsatisfactory.

In the Meeting on Economic Democracy held in Madrid in March 2009, Julen Iturbe, a well-known consultant and technologist, and an ex-partner at Mondragón, surprised us all when he said: "The key is to learn how not to grow".

No doubt, that sentence expressed a significant part of the dissatisfaction historically generated by the loss of the proximity criterion, and the anguish of sharing a broader demos which people one no longer knew and which, in fact, were increasingly physically, when not culturally, distant.

The 2008 split from the corporation of Ampo and Irizar, the second largest European enterprise in the automobile sector, was understood by many as a loss of solidarity, or at least as the result of the erosion of

fraternity within the group.[32] But actually, if you listen to the main participants,[33] one can perceive something deeper: the absence of a community. Sectorialised organisation has not been able to replace the closeness of the county origins, and the management and lifestyle models have come apart. An Irizar cooperativist commented: "It's been hard for me, because years ago, at the time of the crisis, I was taken to work in a Mondragón cooperative. But now their way of working is very different from ours, very pyramid-like, and we need to be fast."

Even though MCC had created a specific division for Irizar, Ampo and Ugola – the three cooperatives which followed the shared leadership model – the break-up of the community and thus of the identity supporting inter-cooperation, must end in the generation of parties within the enterprise. In the words of the current Iriza manager:

[32] "All in this together: How is the cooperative model coping with the recession?", *The Economist,* 26 de marzo de 2009. Available at http://www.economist.com/business/displaystory.cfm?story_id=13381546

[33] "Irizar decide desligarse del Grupo Mondragón con el 75% de los votos", *Diario Vasco*, 30th May 2008.

"What we do is develop our ideas bottom-up, from the people to those of us who have to lead, and not impose ourselves. This model makes us faster and more flexible. Whenever we find ourselves out of our model, we feel uncomfortable."

The Mondragón group of cooperatives, inside or outside MCC, has been the first to face many new problems derived from growth: from the surpassing of the territorial identity model to the creation of different organisational cultures – i.e. identities – within the current corporation.

In the end, the key to inter-cooperation and the development of societal networks for mutual support is to manage community growth and the multiplicity of demoi without a degradation of interaction. If intra- and inter-community interaction becomes degraded, identity will fade away or the community will break up.

Phyles: Growing from the Network

Mondragón is an atypical case of inter-cooperative success. One just has to take an informal sampling of any cooperative federation of associated work to realise that the industrial sector is not the medium where the emergence of inter-cooperation is most predictable.

On the contrary, it is in socio-cultural industries (social integration and intervention, cultural and leisure activities, training and education, etc.) and, more recently, free software circles, where it is most frequent for cooperatives to emerge, or for them to reach stable agreements between each other. They are, after all, *ideological* activities with a strong tradition of theoretical reflection on their own meanings, which in turn are often framed in terms of wider social and political worldviews.

It is rather meaningful that, ten years after the appearance in Spanish law of the notion of *cooperative group*, conceived to enable inter-cooperation in a simple and flexible way, this kind of association as yielded so few results that it doesn't even appear in institutional reports on the issue.

Inter-cooperation becomes feasible where there is a community, where there is a certain previous common identity. Or, otherwise put, if we want to explain why there are no communities of small to midsize business and cooperatives in large cities, we must take a look at how people socialise in them.

The ultimate cause for Mondragón's being an anomaly would therefore lie in the scarce coherence and small size of real communities in an urban world less articulated less and less in spaces of face-to-face public socialisation. Mondragón, with its county and neighbourhood life, simple cannot be replicated in Madrid, Buenos Aires, São Paulo or Porto, because in these cites physical space does not constitute an interaction environment that generates identity and distinct knowledge. It is not by chance that there is more inter-cooperation in rural environments, whether rural or industrial, than in large cities.

But let us return once more to the world of distributed conversational networks. Internet socialisation

takes the shape of a great sea of community flowers.[34] The very blogosphere is an ocean of identities and conversation in perpetual cross-breeding and change from among which the great social digestion periodically distils stable groups with their own contexts and specific knowledge.

These conversational communities which crystallise, after a certain point in their development, play the main roles in what we call digital Zionism[35]: they start to precipitate into reality, to generate mutual knowledge among their members, which makes them more identitarially important to them than the traditional imaginaries of the imagined communities to which they are supposed to belong (nation, class, congregation, etc.) as if it were a real community (group of friends, family, guild, etc.)

Some of these conversational networks, identitarian and dense, start to generate their own

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[34] http://exploradoreselectronicos.net/e4pedia/Mar_de_flores

[35] Cf. *De las naciones a las redes.*

economic metabolism, and with it a distinct demos – maybe several demoi – which takes the nurturing of the autonomy of the community itself as its own goal. These are what we call Neo-Venetianist networks. Born in the blogosphere, they are heirs to the hacker work ethic[36], and move in the conceptual world, which tends to the economic democracy which we spoke about in the first part of this book.

Unlike traditional cooperativism, as they do not spring from real proximity-based communities, their local ties do not generate identity. In the Indianos' foundation, for instance, there are residents in two countries and three autonomous regions, who started out with two companies founded hundreds of kilometres away from each other.

In the conversational community which emerged from the Meeting on Economic Democracy which we mentioned before a virtual debate was started – which still lasts to this day – between some thirty people in small demoi-businesses whose headquarters are distributed

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[36] Cf. David de Ugarte, *The Power of Networks.*

between five different Spanish autonomous communities, plus the leader of a small business in Concepción, Chile.

It is still too soon to say whether this specific conversation will serve to create an inter-cooperation network, but it seems clear that it consciously leans towards a pattern which has already been inculturated: the establishment of conversational communities in which experimenting, play, theorisation and commercial opportunities mingle in one single idea of community which ignores territorial frontiers and even values that kind of diversity as part of what the network brings to each of us.

Through this kind of experience we can glimpse the scenario for future phyles: identitarian communities with their own economic metabolism, based on an internal democratic system and surrounded by a network of other similar communities in conversational meta-identities which are, in turn spaces for trade, innovation, and knowledge generation.

New Venices weaving new *hansas*. New maps for a relational world that ignores territories. If the old world of

telegraphs and nations corresponded to the microcosm of the hierarchical enterprise, phyles, a form of economic democracy, emerge naturally from this world of distributed networks and the Internet.

Its superiority comes from the fact that it doesn't need to be the hegemonic form in any market, from that "knowing how not to grow" put forward by by Julen Iturbe. Abundance logic: as a member of the network of enterprises for economic democracy put it in its mailing list, "if it is good for us, it is good enough".

The future belongs to no one, but it probably has a niche for economic democracy networks, for community magmas – a space more comfortable, more in sync with the social, historical, and technological environment than that of large corporations.

The *Hawala*: Network Myelin

The *Arte di Calimala* was the name of the main Florence guild. They were dyers and drapers, and their guild was first documented in 1181. Little by little, they extended their network of suppliers from the Northern Italian local market to the large fairs in Champagne and Flanders. The *Calimala* merchants bought there large bales of wool of all kinds. These bales, *torselli*, weighing about 170 kg each, were then taken to Florence, where wool was washed and dyed. Hence the provocative eagle in their blazon – a symbol until then reserved to royalty and power – carried a *torsello*, a wool bale.

Many of the payments were at first made in jewellery, easy to transport and hide. Jewellery was soon followed by many other small-sized valuables, such as spices or the more expensive dyes.

In this way, the *Calimala* gradually became the continental distributor of the overseas goods brought by

the Sea Republics, and created a network that enabled it to further broaden their field of trade: from the more expensive clothing and silks arrived from the Far East through Genoa and Venice to the wheat that ensured supplies in Northern Italy. As the trade network grew, so too did the quality and sophistication of their work techniques and original woollen products. At the beginning of the 13th century, silk fabrics and clothing were incorporated to the Florentine catalogue.

A growing trade requires new means for payment and financing, and the *Calimala*'s network of relationships enabled it to set up the first great European financial network. In a quite short time, banking would become their main business.

The *Calimala* gradually focused on banking and exchange, soon becoming one of the main moneylenders in Europe. In a market as young as it was risky, royal houses, the Papacy and shipbuilders would gladly pay 30% interest rates. The eagle claws which had carried wool bales now squeezed the neck of the social classes in

the Old World. But finances and exchange rates[37] are precarious if political power is unstable. The eagle would soon demand to reign.[38]

The Florentine system, generally regarded as the origin of banking, translated and sophisticated the

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[37] Whereas silver had been the most widespread international exchange standard until then, the golden florin, coined from 1252 on in the *Zecca*, a workshop next to the Palazzo Vecchio which would name mints all over the world, would become the first Euro-Mediterranean global currency since the fall of Rome.

[38] From 1250 to 1260 firstly, and from 1267 on afterwards, the seven great Florentine *Artes* would seize power. These were the *Calimala* (workers in wool, cloth merchants, banking), the *Arte del Cambio* (bankers), the *Arte della Seta* (silk weavers), the *Arte della Lana* (wool merchants), the Arte *dei Medici e Speziali* (physicians, pharmacists, drugs, spices), and the *Arte dei Vaiai e Pelliciai* (furriers), and the *Arte dei Giudici e Notai* (judges, lawyers, and notaries). In 1289 fourteen minor *Artes* were further acknowledged. In 1293 the *Ordinamenti di Giustizia* were passed. The demos of the city, the definition of citizenship, openly became a community of about a thousand members of the *Artes*. The Great Council became an open assembly for them. Beneath them, following the Venetian model, the Council of Eighty was in charge of everyday matters concerning the government of the city. The head of state, the *Signoria*,

internal system of fund movement which the Venetians had learnt from Muslim merchants in the Near East and Egypt: the *hawala*. Despite its *criminalisation* by European states in the last ten years, it was really a system created in the very heart of the Islamic juridical tradition:

> The *hawala* has been documented since the time of the Abbasid caliphate (9th century). International trade then had as its centre the nowadays ravaged Iraq. Merchants would trade from Sub-Saharan Africa to China. In order to solve the problem of money transport,

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was constituted by nine representatives of the *Arti Maggiori*, elected by the Council and the *Gonfaloniere di Giustizia*. The latter performed the functions of the head of State, and the position rotated every two months among the nine members of the *Signoria*. It is particularly interesting that this is appears as an articulation of the indifference principle, it being an aim that the largest possible number of citizens hold, at least one, one of the highest positions in the Republic, either in the Council or in the *Signoria*. By that logic, probably inspired in the Classical tradition, lots were drawn to determine which candidates could be elected in the assembly.

jurists came up with the *hawala* system. It consisted in an individual A trusting B with a letter requesting C, who lived in another city, to advance A a given amount of money on his arrival. The *hawala* is parallel to the invention of the *shakk*, from which our cheque comes from.[39]

What happened during this period on both sides of the religious divide was that the first global trade networks were appearing: from the 9th century among the different regions of the Muslim *umma*, then among the trading republics, and the Southern and Eastern Mediterranean. Finally, the trade creeper would extend inland, covering the European continent and connecting a space even larger than that of the ancient Roman world.

The *hawala* system not only has survived through the modern finance system but, with the development of immigration flows and the transnationalisation of family

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[39] See http://www.webislam.com/?idt=276

enterprises and patrimonies, it has developed and improved.

The system is a simple one, based on the trust which can only be created by belonging in a common identity. In fact, it generates interesting incentives to transnationalisation, turning it into a cumulative process.

Let us imagine that someone in our network, ideally someone in the same phyle as us, lives in another country and has a small business there. She sells our applications and we provide our support through the Internet. However, instead of transferring money for the value of our share in her business to us, she opens for us an account in her business. Thus, if we ever go there or wish to invest in the country, we won't have to send money, with all that entails (bureaucratic controls, bank commissions, etc.) Tickets might even be bought in the destination, should we wish to visit her.

But if we don't have a clear intention of investing in our friend's city, as money accumulates in our account in her business, we will have more incentives to also sell our correspondent's products or services, and open, in

turn, an account in our business for her, and compensating our account with her account.

What's interesting about this system is not only that we avoid the high costs and commissions for international transfers and payments, but the fact that it tends to generate links which promote trade across frontiers by means of a system which we might well call distributed transactional banking. The kind of economic relationships that arise from such a practice look more like the relationships between the different sections in an enterprise than international trade. Of course, applicable taxes are paid only once, in the country where each income is generated.

Until the end of the 20th century, this mechanism was frequently used in Mediterranean sea trade, and kept important trade routes alive in the middle of all kind of wars and political storms. The cooperative competition among the nodes to keep their accounts balanced and the discretion this afforded when it came to identifying foreign partners made it invincible in the face of

blockages and controls. **The *hawala* is the myelin of trade routes.**

This kind of practice contrasts with the national view of democratic enterprises which underlies cooperative legislation. Some countries, such as Portugal, place severe restrictions even on the internationalisation of this kind of business; other countries, such as Spain, do not allow non-resident foreigners to become members of them. Even though there is serious ongoing debate on the issue, which will probably result in a legal reform, the fact is that while 20th-century cooperatives were local businesses, closely linked to the territory, the phyles emerging nowadays are now burn in a network because they are the direct result of twenty year's social experience of the Internet.

The modes of the first great global trade networks are reinvented as the expression of a new kind of organisation, flexible and reticular, which does not interiorise state frontiers into its modes. The conversational creeper is becoming a trade creeper.

The *Passagium*: the Nomad's Seasons

International real estate in the Eastern Mediterranean was already vibrant back in the 11th and 12th centuries. In the weeks or months of the trade season, Pisans, Genoese and Venetians would rent buildings to create a *fondaco*. A *fondaco* was a residential and work compound which included houses, apartments, warehouses and shops. The aim was for the *passagium*, the period of time which ships spent in port, to be more profitable and for the organisation of a market of their own to be as efficient and quick as possible.

In time, Venetians reversed the trade relationship: they bought entire blocks of houses which they would rent out for nine months and recover when they were back in port. Their growing political weight, which increased with the establishment of the Crusader Kingdoms – whose logistics depended on marine communications –enabled them to obtain tax relief, a certain political autonomy, and commercial freedom in *fondachi* which had grown to occupy up to a third of cities like Accre.

The *fondachi* reproduced, with regard to their hosts, the relationship which guild neighbourhoods had with European burgher cities. They soon obtained the freedom to use their own weight, measurement and payment systems, and above all to establish trade tribunals to whose jurisdiction trade agreements with members and non-members would be subject: the Venetians' tribunal.

Every trade season, like mushrooms after the rain, dozens of little Venices, Pisas and Genoas would spring up in the hearts of the main Middle Eastern ports. Many of them became permanent and built their own churches (dedicated to Saint Mark, in the case of Venetian churches), but the *passagium* model remained hegemonic for almost two centuries.

Even though most of the Venetian *fondaco* population had been born in the metropolis and returned there at least once a year, a minority started to live between the Venetian neighbourhoods in different Middle Eastern and Northern African cities. The correspondence preserved in Venetian archives is rich in examples. A

branch of the Morosini family – which would give Venice great ambassadors in the following centuries and whose family house is today a small luxury hotel in the historic centre – lived almost exclusively in different cities in what is today Lebanon, Syria and Israel over four generations in the 11th and 12th centuries. These were lives in which, generation after generation, the trade cycle ruled the years as regularly as the seasons ruled peasant life.

Nothing is more relevant to contemporary phyles than the institution of the *passagium*, those months in a nomadic life which were devoted to weaving networks, seeking customers, suppliers and alliances, sometimes tens of thousands of kilometres away.

Neo-Venetians become the gardeners of creeper which is all the more valuable the more diverse it is. Once the distinction between trader, manufacturer and diplomat is blurred, each *passagium* feeds and determines the catalogue of projects and offers for the year, the map of the network of partners, allies and representations which will determine the course of the commercial year.

Whereas in the past it was markets and the arrival of caravans that were the attraction, in the era of cheap transport and distributed communications it is congresses, fair, meetings and conference cycles organised by enterprises and local and academic institutions, eager to import new ideas and technological usages, that order the Neo-Venetian flows.

In this way language now holds the place which used to be held by the seas in the great map of pre-Modern trade networks. Languages delimit recognition ranks and interaction capacity. Today it is not about establishing conditions and haggling over prices, it is about building relationships. The commercial creeper is still a conversational creeper in which nuances and cultural proximity are crucial to reach agreements and generate the trust without which networks as complex as they are distributed would become dysfunctional.

In fact, the circuit of international meeting related to the network world every year, the basis for the *passagium*, which originally valued above all the presence of English-speaking gurus, has gradually splintered, in the

course of these last ten years, as a function of the different linguistic spheres.

If the English-speaking world, which is represented in a rather autistic way as *globalisation*, was the first to establish its own field for interaction, the Latoc world has not trailed behind when it came establishing its own conversational and commercial sphere.

After all, Latoc – short for *Latín Occidental*, Western Latin – is the second largest linguistic group in the world, with about 600 million native speakers, most of them in America. It is only surpassed in extension by Chinese. Two of its varieties – Spanish and Portuguese – are the second and fifth most spoken languages in the world.

"Western Latin" is an alternative name for the Iberian-Romance linguistic family. Its 16 varieties not only have common origins and very similar grammars, but also a high degree lexical similarity. For example, Spanish would have, according to Ethnologue, 89% lexical similarity with Portuguese and 85% with Catalan. By contrast, with French, the language with which Latoc

languages have had the most social and historical contact, there would only be 75% similarity. Latoc languages have a much higher degree of mutual comprehensibility than many of the so-called dialects of other great languages, such as French, Chinese, Japanese, or English.

In the case of Portuguese and Spanish, this is due to the fact that they underwent very early normalisation processes: Nebrija's grammar (1492) is, in fact, the first modern grammar, soon followed by Oliveira's (1536). In this way, while the early normalisation established, on the one hand, clear distinctions where they were not quite so clear, on the other hand it fixed them, avoiding a greater deepening of the differences than in other linguistic groups.

In any case, the final historical result is the most economically valuable linguistic space in the world (1,016 million dollars as opposed to the 957 million of Chinese and the 774 million of English).[40]

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[40] http://exploradoreselectronicos.net/e4pedia/Valor_económico_de_una_lengua

For a phyle, being a native speaker of a Latoc variety – be it Portuguese, Galician, Spanish or Catalan – is like having a port in the Mediterranean in the 12th century.

Like those ports, their rhythms and seasons are determined from the *passagium*. Thus, the new *fondachi,* small and discreet, of the tireless nomads who bring news and proposals from the new world of networks keep growing.

Shapes of the Creeper

Few papers have been as interesting and intensely discussed in the last decade as those written by the economist and Stanford professor Avner Greif.[41] In his research, collected in an interesting book,[42] Greif picks up the idea of the need for the pre-existence of international institutions for trade to develop.

The traditional idea in International Trade Theory was that it is precisely the existence of a legal framework

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[41] http://www.stanford.edu/~avner/

[42] Avner Greif, *Institutions and the Path to the Modern Economy. Lessons from Medieval Trade*, Cambridge University Press, 2006.

that reduces the risk of the principal-agent relationship, making it possible for costs to drop and exchange to develop.

However, Greif after carefully studying historical sources[43], bravely argued that the trade revolution which took place between the 10th and 13th centuries pointed towards exactly the opposite conclusion.

Greif focuses on the Jewish merchants in the Maghreb (that is, in Western Islam), who reached the region in the 10th century, fleeing the conflict and political persecution in Baghdad, then the turbulent capital of the Abbasid caliphate. These merchants would set up shop in Al-Andalus and the Maghreb as well as in the emergent Italian republics, and in general, in the Christian Mediterranean, capitalising on a significant part of interregional trade. They established a dense social network, in which some members worked as agents for

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[43] There is a growing bibliography in Spanish on this topic, such as for example Enrique Cruselles Gómez, *Los comerciantes valencianos del siglo XV y sus libros de cuentas,* Universitat Jaume I. Servei de Comunicació i Publicacions, 2007.

other members in dozens of European ports, fairs, and markets.

What Greif points out is that the identity shared by this group, originally based on the experience of mutual support and exile, discouraged treason even if commercial relationships were not expected to last. Maghribi Jews constituted an identitarian community. They preferably hired other members of the network, previously tested, as agents, and fluently shared the information, for after all they constituted a distributed and dense network, aware of sharing a common economic metabolism. A distinct, increasingly dense group culture contributed, among them, to reduce transaction costs and the need for extended and complex regulations:

> The coalition was supported by a set of cultural rules of behavior that obviated the need for detailed contracts and coordinated responses by indicating what constituted *cheating.*[44]

[44] Avner Greif, *"*Institutions and International Trade: Lessons from the Commercial Revolution", *American*

This internal operation raised costs for any possible new member who wanted to cheat another member or abuse his trust. Who would want to lose the chance of working and trading with *his own people*, that is, with the entire network, and forever?

But while this system discourages dishonest behaviour even in those cases in which the agency relationship is sporadic, its weak point is that:

> The volume of trade was limited by the coalition's size, which had been determined by an immigration process and not by the needs of trade. Although this deficiency could have been remedied by an appropriate coordinating organization, such an organization did not emerge. Further, the multilateral reputation mechanism led the Maghribis to forgo efficient relations with non-Maghribis in favor of more

profitable but less efficient agency relations among themselves.[45]

This system can be compared to its equivalent on the other side of the Mediterranean, the one which enabled the creation of the great Venetian, Genoese and Amalfian trade and sea routes. Working as an agent for one of these network-cities during the *passagium*, or even in more distant or minor places where there was no stable base, was in Venice part of the political and professional career of any promising young merchant. Carrying out his work honestly and efficiently multiplied his possibilities of later joining a *commercial firm,* whereas the denunciation of his peers and elders could bring about the end to his expectations, if not permanent exile.

Greif points out that, in Genoa, with the end of the public monopoly over overseas trade, the system went into crisis, and gradually evolved towards a system similar to the Venetian one. The starting point for this Genoese stage was patronage, similar in all aspects to the *hawala*,

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[45] Ibid.

which ended up generating in turn new identitarian-commercial networks. These were the origins of the Genoese *family firm*, based on reputation and one-to-one trust and which, as in the Venetian case, fed also on the networks and support of the Republic agents.

These *family businesses*, according to Greif, are characterised by their employing "agents whose essence is preserving wealth under common ownership",[46] by becoming networks of mutual support with each other and with the network of the city-state itself, would become the bases for the Sea Republics during their golden age, the first phyles.

The commercial success of the Venetians and the Genoese would be explained, according to Greif, not by a supposed technological superiority but by the greater organisational power of this kind of firms, based on collective property and democratic identity and management. For *family firms*, in turn, tend to strengthen the network which binds them together, strengthening the phyle – Venice, Genoa or Amalfi – as a whole:

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[46] Ibid.

> A family firm, whose lifespan is "infinite" and which is less likely to go bankrupt than an individual merchant, reduces the wage that has to be paid to keep agents honest. Within a coalition based on multilateral punishment, however, a family firm does not reduce wages, since the wage required to keep an agent honest is independent of the expected length of the relations with any particular merchant. The rise of the family firm in Italy led to the development of a market in family firms' shared and bonds which enabled an expansion of trade investment.[47]

That is, we find here the very origin of the phyle which we nowadays see spring up again, a set of nodes – *family firms* – that support each other and constitute a common political structure – the *Serenissima*, for instance – devoted to supporting them all and establishing the

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[47] Ibid.

trajectory of individual careers from apprenticeship and community service to integration in one of the nodes, or eventually to the creation of a new one.

It is, after all, a growth system based on *knowing how not to grow*, on network knowledge, the exploratory drive, in a system for the creation of demoi which is carefully regulated both for individuals and for nodes. The Neo-Venetian metaphor goes much deeper than it seems.

Like An Ivy, Not Like a Tree

The title of this chapter was the title of a 2003 collaborative book in which the Spanish cyberpunks tried for the first time to reflect about what made the world which arose from the development of the Internet and the emergence of distributed social networks different.

The metaphor, years later, is still perfectly valid to explain the mode of growth of phyles. Like a creeper, each node, every small business in the phyle is itself an economic democracy with its own community and demos; each one is autonomous and could reinitiate by itself the original process which gave rise to the creeper-phyle as a whole. That is, each node has a limited growth horizon in itself, but can result in new shoots. The creeper, like the ivy, grows reproducing nodes and connecting new nodes to previous ones.

Wondering about the size limit for each node actually amounts to wondering whether **there is a maximum size at which a distributed social network loses effectiveness**.

In 1993, the University of London anthropologist Robin Dunbar published the first draft of a paper in which he argued that

> there is a cognitive limit to the number of individuals with whom any one person can maintain stable relationships, that this limit is a direct function of relative neocortex size, and that this in turn limits group size.[48]

By comparing data about different primate species, Dunbar extracts a function which links group size and cortex size. When used to predict the maximum size of a human herd, the result is 147.8, or, in round numbers, **150**, the famous **Dunbar number** which would mark the

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[48] *Co-Evolution of neocortex size, group size an language in humans*, R.I.M. Dunbar, Human Evolutionary Biology Research Group, Department of Anthropology, University College London, available at http://www.bbsonline.org/documents/a/00/00/05/65/bbs0000056500/bbs.dunbar.html

limit of the size of a perfectly distributed and cohesive human community.

Dunbar remarks that this figure constitutes a limit, and that any reduction in the time and intensity of the interaction, due for example to geographical dispersion, will generate a reduction in the real number of active members of the community.

On comparing different anthropological studies, from Neolithic tribes to peasant communities of Christian fundamentalist, through military organisations throughout history, he repeatedly finds empirical results that approximate this figure, independently of the time and economic substrate of every community:

Indeed, an informal rule in business organisation identifies 150 as the critical limit for the effective coordination of tasks and information-flow through direct person-to-person links: companies larger than this cannot function effectively without sub-

structuring   to   define   channels   of
communication and responsibility

According to many studies and examples which Dunbar
later expounded in different papers[49], the maximum limit
for a distributed conversational community in which
collaboration emerges spontaneously from interaction and
information flows transmit in an efficient way the state of
the group to each member, keeping the community
cohesive, seems well established at 150.

However, as seen before, when we organise
ourselves as economic democracies a necessary division
is created within the community between those who are
part of its demos and those who are not. The demos,
unless we speak about completely isolated communities
will be, by definition, smaller than the community. Is there
and objective, even a physiological limit, as for the
optimal community size?

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[49] Cf. for example Hill and Dunbar, "Social network size in
humans", *Human Nature*, vol. 14, nº. 1, págs. 53–72,
2003; available at
http://www.liv.ac.uk/evolpsyc/Hill_Dunbar_networks.pdf

Chris Allen[50] has suggested, in a well-known blog post, that there is, beneath the Dunbar number, a range of lesser orderings with optimals and crises which would be coherent both in conversational communities and in working groups and business. Grounding his argument on a small, though not necessarily erroneous empirical basis, he hypothesises that there are two previous optimals when the group is constituted of between 5 and 12 members and when it is constituted by between 15 and 80 members. Allen, however, thinks at all times, when talking about business organisations, about groups in which the functional organisation is clearly hierarchical, and he does so from the logic of coordination between managers, not from the logic of a distributed network.

Nonetheless, something also seems to indicate that. The available information on the operation of Taliban bands and the al-Qaeda[51] groups in Iraq and Afghanistan

[50] "The Dunbar Number as a Limit to Group Sizes" at http://www.lifewithalacrity.com/2004/03/the_dunbar_numb.html
[51] "The optimal size of a terrorist network", in http://globalguerrillas.typepad.com/globalguerrillas/2004/

suggests that the viable size per cell is between 5 and 12 people, and that there exist cohesive guerrillas which lack developed command structures, of between 50 and 80 members.

These data are coherent, on the other hand, with corporate experience (which has an optimal number of 7 people per coordination meeting, and of between 25 and 75 people for collaboration in working groups), and analyses by social psychologists indicate that our *trust network* seems to oscillate between 70 and 80 people. A striking fact also is that the only anomalies in the historical military organisations examined by Dunbar are those which preserve a single command over 80 soldiers. It is also interesting to see how in the workshops of various medieval guilds the number of masters oscillated between 3 and 7 and the number of officials-fellows was around 12, for workshops of between 60 and 80 people at their peak.

Are 80 and 150 the maximum limits for demos and community, respectively? We cannot tell for certain, of

03/what_is_the_opt.html

course, but what is true is that certain group sizes seem to consistently repeat themselves, and no doubt we intuitively understand that, beyond certain limits, a human community cannot remain cohesive without a bureaucracy, which are probably related to the intensity of the interaction and the degree of coordination required to reach certain efficiency levels.

What is crucial is understanding that not to grow beyond certain levels (and 80/150 seems a sensible maximum level) is also an efficiency objective. The creeper does not grow stronger if some of its leaves suffer from gigantism, but if new shoots spring strongly, linking up with previous branches.

PART III: A WORLD WITH PHYLES

Transnational Is Not International

One of the most important characteristics of phyles is their transnational nature. Phyles don't think, or are thought, from the nation or from the state.

The *We* in a phyle has no national adjectives. The cohesion born within the fraternity of a community and, even further within it, from the equality of the demos ignores the dividing lines between imaginary national communities.[52]

If there is something a full member of a phyle is very clear about, it isthe phyle demos and its origins, which lie not in any nation but in the free interaction among a group of specific people, in a real community, in a material process of knowledge generation. A knowledge that is closer, more tangible, practical and identificatory than any national imaginary which might want to absorb it.

Whereas nations are what we invented to understand the material origin of our lives in the intangible and distant world of the emergence of national markets and early capitalism, phyles explain it all over

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[52] For this chapter, cf. *De las naciones a las redes.*

again in the specific terms of the real community, of the people we know by their names and surnames and whom we come into contact with, even if only virtually. Whereas nations turned us into the product of a national spirit, the democracy of phyles makes us the main characters in a History that is no longer a parody of classical theogonies (deified nations, heroic leaders), but a little Bible for domestic use, the tale of the origins of a tribe that decided to be its own tutelary deity. From the constructs which are the product of nations we move on to a world of phyle creators and protagonists.

Whereas nations represented the world as a jigsaw made up of many flat pieces, each one in its own colour, phyles narrate it as a series of alliances, routes and journeys through time which leave a sediment of consensual, open knowledge.

Phyle business and strategy are not thought of in national terms. To do so would be to align ourselves with the point of view of the taxman, whose final accountability lies with the accounts of a territorial state. A phyle represents itself as a single common metabolism in a

world in which the flow of information and knowledge makes it possible to locate the centre whenever it is most efficient in minimal time. It is not a question of exporting to and fro, it is about materialising production itself at different times and places, in each of the *passagia* the Neo-Venetian year. It is not a matter of consolidating the accounts of an internationalised activity. It is about quartering, for tax purposes, the operation of a single economic metabolism into accounts which are taxable by each state.

From this point of view, a phyle is transnational even if its trade does not go beyond the frontier of a single state at one point, and even if at that point all members of its demos have the same passport.

The national limit is, in any case, just a mere conjuncture. There are no implicit genealogies, there is no historical *We* prior to the specific will of one's own adhesion and integration. There is no intermediate imaginary between the hyperproductive tribe – living in the pluriarchic fraternity of permanent deliberation – and the generic empathy towards the human.

The question *Where do I come from?* loses its meaning, as there are no specific ties to any physical territory. Am I a potato that in the soil? Does one belong to a place or, in any case, do the memories and experiences of many belong to one? Are we the necessary product of a national culture which constituted us as an exception among the rest of human beings or, on the contrary, are those particularities that bind me to others the cultural objects which each of us appropriates in the course of a shared experience and in our own conversation? Am I less *me* when I move beyond the range of a specific taxman? Do I return to my true being when I go through the customs of the state that certified my birth?

The quotidian nature of phyles makes all these questions, which nations repeatedly pose us, childish. When you live in an itinerary, when your equals, those with whom you govern the common metabolism for the manufacture of your welfare and with whom you share the generation of the knowledge that gives you your own meaning, may or may not have the same passport as you,

it is obvious that the territory that defines you identitarily is a specific and material social territory, describable in terms of its elements and interaction. The *We* can be always and at all times specified in terms of a shorter or longer list of people. The *We*, unlike the national *We*, is not an imaginary sprung from the soil, like a dew which infiltrated our being on evaporating.

The international is, in the world of phyles, as false and alien as the national. It is not national origins that do the talking when I speak to an equal with a different passport. There is thus no relationship between people from different collective entities, but rather an interaction between peers who build a common knowledge within a structure of shared welfare. I don't export any goods when I put my knowledge to work in a city under the jurisdiction of another state. Likewise, when I tally the accounts at the end of the trimester, I don't care in which port I sold or bought, but for how much and how successfully, in what way and quantity that affects the results of my community and its economy. Inside or outside the community, my community: that is the only

dividing line that affects my real accountancy, not inside or outside the state where we legally start a business.

And no – there is no genealogy other than that of the myths which enable us to share a space of values, certain contexts which make it possible for us to keep on regarding ourselves as equals.

Nobody knows very well what the so-called national fraternity consists in and what the obligations it places on us are – beyond paying taxes. Nationalists often invoke feelings in the face of historical landscapes, mass phenomena or injustices, imaginary subjects and forces which are personalised under pressure because to us they really lack a real face and biography. Nationalism, any national identity, makes us the children of gods with whom we will never be able to speak or interact. It replaces our biological genealogy with a mythological genealogy, constraining our intellectual genealogy in an education process which, in the best scenario, we will leave as mediums of the national being, the spirit of the national history, and not as true subjects, as the original protagonists of our contributions.

The fraternity of the phyle, of a real community, the equality of the demos through which we organise the material production of our needs, send us back, by contrast, to the humbleness of workshops, to the personal, distinct and small contribution of the guild master, to the permanent learning of the context weaver, the arranger of experiences and knowledge.

And that's precisely why it sends us back to our real size: that of gods in the tribal pantheon in which fraternity daily materialises into complicity and small objects, whether material or not; in which being retrieves its true nature: doing. Doing together.

A World With Phyles

At the time of writing this chapter, unemployment figures in Spain are the object of all comments. The speculative and Europeanist dream which has constituted the basic political consensus since the eighties seems to be breaking into pieces: after the largest percentage increase in a single trimester and the largest absolute number of unemployed (more than four million), Spain has generated, all on its own, half of European unemployment. As soon as the hard phase of the crisis started, in the last trimester of 2008, the number of public-sector employees surpassed that of private-sector employees.

One doesn't have to have a Nobel Prize in economics to diagnose why. On the one hand, the development model is not exactly focused on innovation, entrepreneurialism and technological development. On the other hand, after almost 25 years in the EU, Europe is still not a market for the small businesses, which create most of the employment. Cultural and linguistic frontiers join a local model based on the generation of dependence towards public administrations, and a European model thought from and for large corporations, many of them old large public companies which were privatised in the last decades.

In the midst of what is possibly the worst economic and social crisis in the last 30 years, there is a small fact that attracts our attention: the old work cooperatives are resisting making people redundant. And in places like Madrid, they even increased the number of their employees, which they keep at 6.123%. If we check the list of new cooperatives, we will find that the great majority are in the service sector, and within these there

is a growing trend towards hegemony in the technology and audiovisual fields.

This is a small but significant fact. Even at the darkest point of the crisis, the network culture is permeating through the new businesses, and the cooperative is the most flexible juridical structure for a generation of people who start their own business with a new kind of incentive.

It is not the only symptom in the midst of the storm. We started this book talking about how the emergence of a world of distributed networks was bringing about the appearance of new post-national identities. These new identities demanded an economic basis, a material metabolism. Phyles emerged from their fusion with the netocracy and the entrepreneurial environment. That's why the nuclei which first promoted phyles were, almost of necessity, businesses directly linked to the extension of technological culture: innovation consultancies, software developers, graphic designers or providers of highly specialised services.

But that too is changing despite the economic disaster. At the March 2009 Meeting for Economic Democracy one of the most striking coincidences was the interest in spimes.

Spimes are the highly informationally contextualised objects that can transmit data about their own situation or history to whomever wishes to interact with them. Examples of spimes are a piece of clothing with an automated micro-blog which tells about its production and distribution conditions, a toy which interacts with the environment by learning new games, or a wine bottle which tells about its origin and production process, and which, if we allow it to, will even include itself, all on its own, in our personalised web wine list.

These examples, which correspond to products being currently developed by the Sociedad Cooperativa del Arte de las Cosas, the Sociedad Cooperativa de Akyera, and Somosene, are the spearhead of the spime mark in Europe. But above all they are the spearhead of a magma of small initiatives consciously oriented towards

phyle creation in the world of the production of objects, of tangible things.

In other words, the emerging phyles are coming into the world of intangible things with a high added value, and presenting themselves as a system for the social organisation of work which is valid in any market. That is, of course incorporating in new domains not only the form of organisation, but also the technological component and the logic of the distributed world.

The final results of this seminal moment remain yet to be seen. The global economic crisis is doubtlessly decreasing the mobility and agility of the demand both for advanced services and for transnational trade. There are even those who compare this crisis to the 14th-century Black Plague[53], and maybe they are right in more than one sense.

The immediate economic result of the plague, basically the abandonment of the fields, the shrinkage of

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[53] Cf. a recent paper by Joseph Nye, http://www.hks.harvard.edu/about/facultystaffdirectory/josephnye

trade and the deflation, can be seen, in a way – even if only as a metaphor – as equivalent to what we are seeing today in this crisis.

But the plague also had its social winners. Cracks started to open all over the solid edifice of feudal property. In Germany, two thirds of agricultural property lost their previous owners between 1348 and 1352. In England and Scotland, a new emerging class of landed gentry introduced cattle breeding in the old farmlands.

In Castile, the *mesta* – the medieval association of sheep holders – was the great winner. In the Kingdom of Aragon, where the plague had killed almost three quarters of the population, the peasants of the *remensa* – peasants who had paid to abandon their overlords' lands – became definitely emancipated, and cities ended up opening their governing bodies to the lower classes, despite the parenthesis of John I's reign.

And as Barcelona became increasingly irrelevant, weakened by the non-resolution of the conflict between the Biga (the rentier burghers' party) and the Busca (the merchants' and artisans' party), the Valencian burghers

finally managed to establish the city as a Mediterranean power while at the same time acquiring a large portion of the land. This was a growing power whose traces could already be seen in the reformation of the cathedral by Master Andreu Julià, and which in the following century would display its autonomy in the construction of the largest and most beautiful building in European Gothic civil architecture, the Llotja de Mercaders.

To sum up, it was the Black Plague crisis that oriented the bourgeoisie in the Mediterranean countries towards a destiny which would eventually take the values of the trading world from the Sea Republics to the great feudal states. The plague was the historical link that linked the trade revolution and the Renaissance.

If we accept this metaphor, the industrial world, the production of things, is the contemporary equivalent of those lands which were left empty. It is still too soon to assess the result, and the Black Plague metaphor is possibly slightly over the top or at the very least premature, but the fact is that if the crisis provides opportunities for anyone, it is for those who embody

innovation. I don't think it too risky to predict a horizon in which these new economic democracies will develop in new productive fields and extend their activities all over the world.

The prospect for this decade will probably not be, as Bruce Sterling told us[54], a world of great transnationalised economic democracies. In the same way as thirty years ago the prospect was not a Basque Country articulated around the Mondragón cooperatives, even though a huge economic potential could already be glimpsed, the world of 2019 will probably not be a world articulated by phyles, but a world with phyles.

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[54] Bruce Sterling, *Islands in the Net.*

Why A Phyle

It is Monday and I get up early. I turn on the computer and go and make some coffee. Thunderbird is one of the programs which I have set to execute automatically on start-up. When I return from the kitchen, my mail and newgroups will have already unloaded, spam-free.

I come back with my coffee and go into assembly, the main newsgroup. Only members of the Indiano phyle – and therefore partners in the two cooperatives of the group – can enter. It is, in effect, a permanent electronic assembly. The topic today is not exactly a vibrant one: new accountancy regulations in the ministry web. The next thread is the Monday distribution of tasks. Nat, the governor, is obviously more of an early riser than me. In the longest thread, which I haven't entered since Friday, the prices of vineyards are already being discussed within the framework of a business plan for a possible cooperative natural wine vineyard which we are working on. Better leave it for later.

I change groups. In the REDE group (Business Network for Economic Democracy), an idea seems to be taking form: the development of a prototype between two businesses, one from Extremadura and one from Valencia, in order to jointly offer it to a large corporate client which we offered to introduce them to. I send them an message of encouragement.

Another leap. The limits of Facebook are being discussed in community. None of us really like it, but there is always a tension between its possible usefulness for diffusion and the general analysis of its meaning. I get some ideas for a post. I think that I will have time to write something before I go out. I sketch it out in my thread response. I copy, paste, and explain it in more detail in my blog.

When I'm done, the coffee is cold and I'm late. I have skipped a Jabber message from Nat's key ring telling me that the office is already open. I drop by Sonia's block of flats and ring on the intercom to see if she's ready to come down.

On my way to the office I call two other co-workers. Either they're all oversleeping or I'm the last to arrive.

Mondays are the best day at the office. Everyone reads the blog and newsgroup posts of the last days, and the conversations in the kitchen are the most interesting. It seems that they liked my post, even though nobody brings out the pom-poms either. Normal. During the morning I work on the latest project with Nat, and comment the posts in the training itinerary with the newest apprentice.

At noon, María joins the instant messaging service from Montevideo. We have a collective room for these things in our server. The chat has a voice synthesizer, so those who go on with their own work can listen to the news in the other room in a robotic voice. We call it Marvin, like the paranoid android in *The Hitchhiker's Guide to the Galaxy.* María tells us that the Casa de Indias is practically ready. Fer and Leti connect from Buenos Aires and announce that they will go over on Thursday to lend a hand and spend the weekend with her.

It is a normal day. A business simply doesn't require much kerfuffle regarding positions and responsibilities in order to function. It doesn't even need as many formal assemblies as the old cooperativism. It is enough for everyone to follow the internal activity and contribute whatever he or she thinks relevant in every debate. It is simple, humble, and there are always open discussion threads where you can make a comment.

When there is the opportunity to open up a new line of work, those who promote it become responsible for it and form their own work space which, little by little, will surround and involve us all, reproducing the system once more and ensuring that the growth of each node doesn't turn into gigantism.

You change tasks periodically, you learn new things and take part enthusiastically in the common activities, which you never stop feeling as your own. After a while it is *passagium* time. You travel, you change your scenery and working desk, you visit different clients, you discover new places. And, as always, you go back home at the end of the day.

Life in a phyle is simple, but also thrilling. The main motivation to work is work itself. Whenever a job starts to go wrong, you make up a new one. It is true that in a short time, and unless your work forces you to read the papers, you start spending more time on the internal politics of the phyle than you do following the political repositories of anecdotes which all the National sections in newspapers have turned into all over the world.

Why a phyle? Because no traditional business would have given us the chances to learn that we have had while building ours. But, above all, because there is no going back. Once your life has come together, once work and life cease to oppose each other, there is no way to think of a different life. Not that it is idyllic: there are still differences, conflicts and annoyances, but they are to do with your own stuff in a territory which is your own and within a group of people whom you really regard as your equals.

Why a phyle? Because you can leave. Because you can do different things if you don't leave. Because you shape it as much as anyone else. Because both if things

go well and if they go wrong, your effort matters and makes a difference. Because all that put together means that phyles offer more freedom than any other form of work organisation I have ever known.

And above all because, as any Neo-Venetianist would say, *it works for us.* It is not imposed, it is not even offered. It is made and built. In community. From a real community, with the specific names, faces and gestures of people we know and to whom we are bound by the manufacture of welfare and abundance.

The phyle is the most radical and simple of all materialisations of the new distributed world, as well as the one that owes most to all the others. It is the child of free software, of the blogosphere, of cyberactivism, of virtual communities, of the globalisation of the small. The phyle is a lifestyle that makes it possible for hackers, bricoleurs and libertarians to go on being what they are and to grow. To leave a legacy. A legacy of knowledge, yes, but also a legacy of maps – the maps of the new world, the maps that are drawn not to describe what

cannot be moved, but to be built by people and inhabited by their lives.