Ecological Economics 131 (2017) 551–556

Contents lists available at ScienceDirect

Ecological Economics

journal homepage: www.elsevier.com/locate/ecolecon

Commentary

Decommodification as a foundation for ecological economics

Jean-David GERBER [a,*], Julien-François GERBER [b]

[a] Institute of Geography & Center for Regional Economic Development (CRED), University of Bern, Hallerstrasse 12, Bern, Switzerland
[b] International Institute of Social Studies (ISS), Erasmus University Rotterdam, Kortenaerkade 12, The Hague, Netherlands

ARTICLE INFO

Article history:
Received 9 April 2016
Received in revised form 21 July 2016
Accepted 26 August 2016
Available online 23 September 2016

Keywords:
Decommodification
Property
Possession
Cooperative
Public land
Forest
Switzerland

ABSTRACT

Ecological economists have emphasized the study of commodification (i.e., the development of market-based exchange and valuation) rather than decommodification processes (i.e., the degree of immunization from market dependency). This is surprising given the fact that large-scale decommodification may be our best option for a post-growth transition so dear to many ecological economists. Based on Heinsohn and Steiger's theory of ownership, we seek to provide an institutional foundation to processes of (de)commodification. These two authors distinguish between 'property' and 'possession', two bundles of rights generating different logics and consequences. We illustrate this approach with three cases taken from an advanced capitalist economy, Switzerland, showing how commodification and decommodification processes may appear together or vigorously oppose each other. Cooperatives, forests and municipal land are examples of (partial) decommodified assets that follow a logic of possession and are therefore more likely to be sustainable. It is high time that the study of decommodification becomes central to ecological economics.

1. Introduction

The word 'decommodification' (or 'decommoditization') seems to have appeared only three times in the entire journal *Ecological Economics*: once in passing in a book review by Limburg (2001) and twice in Nierling (2012). This lack may symbolize a disregard for decommodification processes and an overemphasis on the opposite phenomenon, on commodification. The prime example of the latter is of course the large number of articles devoted to payments for ecosystem services, an approach that has gained prominence in ecological economics despite the growing critique (Gomez-Baggethun and Ruiz-Perez, 2011; Schröter et al., 2014). In contrast to this tendency, and in agreement with the heterodox roots of ecological economics, we argue that the study of decommodification should occupy a central position in the field, normatively as well as analytically, in the global South as well as in the global North. We argue that commodification cannot be understood independently of decommodification: both processes simultaneously take place in any market economy, if only because the contradictions produced by the commodification thrust continuously generate new counteraction movements.

The concept of 'commodification' – i.e. the process of considering utilities as a commodity that must be paid or traded for rather than as an entitlement – is of course a very old one but it is perhaps with the writing of Karl Marx (1859) that it acquired its notoriety. Marx denounced the 'commodity fetishism' of capitalist relationships and argued that the commodification of labor could not form the basis of socialism (Burkett, 1999). More generally, he advocated for the disappearance of exchange values in a mature socialist system. On a similar vein, Karl Polanyi (1944) named land, money, labor and natural resources 'fictitious commodities', essentially calling for their decommodification (albeit without using the word).[1] Around the same time as Polanyi, Karl William Kapp – 'the first modern ecological economist' according to Söderbaum (2008: 5) – developed his own critique of commodification processes that he saw as bound to generate social and environmental costs. Taking Marx's ideas seriously, Kapp (1950) came to the conclusion that a decommodification of the economy – either partial or wide-ranging, through democratic planning – was the best candidate for overcoming the incapacity of generalized commodities to meet basic human needs for all: 'planning and the translation of social goals into an internally consistent development process call for a *calculation in real terms rather than in terms of prices*' (Kapp, 1963: 195, our emphasis). This idea can be related to Otto Neurath's *Naturalrechnung* (accounting in kind) which argued in favor of the decommodification of economic decision-making, a line of thought that is in many ways foundational to ecological economics (Gerber J.-F., 2016; O'Neill and Uebel, 2015).

In contrast to ecological economists, the concept of decommodification has, for quite some time, been explicitly used by political scientists studying the welfare state (e.g., Esping-Andersen, 1990) and by critical geographers studying urban processes (e.g., Brenner et al.,

* Corresponding author.
E-mail address: jean-david.gerber@giub.unibe.ch (J.-D. GERBER).

[1] Wherever goods have not been commodified yet, it would be misleading to talk about "decommodification". Referring to non-commodities is more appropriate.

http://dx.doi.org/10.1016/j.ecolecon.2016.08.030
0921-8009/

2010). In this context, often in the global North, decommodification has been defined as the strength of social entitlements and as the citizens' degree of immunization from market dependency. Commodification has direct impacts on individual and collective decision-making processes because it changes the setting in which actors make their choices. Consciously or not, a shift in management practices and objectives takes place. Goods and services that are considered commodities become exposed to a form of rationality that incorporates monetary cost/benefit considerations. The relation that individuals and communities maintain with these goods and services is changed, decision-making processes are redefined, and governance reshaped.

In the present Commentary, our objective is twofold. We would like, firstly, to draw attention to the central relevance of decommodification for ecological economics, and secondly, to strengthen the institutional dimension of the study of (de)commodification. More precisely, we argue that Gunnar Heinsohn and Otto Steiger's theory of ownership provides a valuable starting point for understanding the foundation of (de)commodification processes and their relationship to social and ecological sustainability (Heinsohn and Steiger, 1996, 2013; Steppacher, 2008; Steppacher and Gerber, 2012).[2] Heinsohn and Steiger's approach explains what type of ownership rights generate (de)commodification and with what consequence (see also Hodgson, 2015). Very briefly, these two authors distinguish between what they call 'property' – fostering credit transactions in all their variety – and 'possession' – regulating the material reproduction of all societies. Property is a historical 'oddity', born (or reborn) in early modern Western Europe, and always exists *in addition to* possession. Property – whether individual, collective or state – is characterized by the emission of state-enforceable titles that, ultimately, allow the 'deep' commodification of the economy through sale, lease, credit and debt transactions.[3] While the tripartite distinction between individual, collective or state ownership – as used by most common property theorists – can be relevant for understanding (de)commodification, the distinction between property and possession is even more fundamental. Without property (or with possession only), there can be no deep commodification of the economy. This commodification process has generated its own economic logic, a logic that has had profound effects – often negative – on social and ecological sustainability. It is high time, we will argue, to explore and support ways of going back to a logic of possession through processes of decommodification. Such conversion might be the only way to achieve a post-growth transition that is so dear to many ecological economists.

After some further theoretical explorations, we discuss different empirical cases of decommodification taking place in the quintessential property-based economy, Switzerland, before concluding with some broader implications.

2. Linking Ownership and (De)commodification

While possession refers to the physical control of resources, property allows the construction of an abstract world of monetarily-evaluated commodities (Heinsohn and Steiger, 1996, 2013; Steppacher and Gerber, 2012). Property 'fixes the economic potential of assets', as Soto (2000: 47–48) put it, which means that 'a formal property representation such as a title is not a reproduction of "a thing", like a photograph, but a representation of our concepts about [the thing]'. 'Specifically, it represents the non-visible qualities that have potential for producing [exchange] value'. Focusing on the title of a house and not on the house itself means entering an abstract conceptual world that Marx denounced as 'commodity fetishism'. It means concentrating 'on the economic potential […] by filtering out all the confusing lights and shadows of its physical aspects and its local surroundings' (Soto, 2000: 48). The shift of economic attention to financial value instead of use value (Harvey, 2008) may allow creative growth, but at the same time it also implies a Faustian bargain where other key aspects are sacrificed (Binswanger, 1985). Property thus entails the capacity of transforming natural resources, land, water, goods, services and even pollution, into commodities subject to sale, rent and other contractual arrangements (Steppacher and Gerber, 2012). It is this strength (or danger) of abstraction that enables the process of commodification.

Besides selling, there is another key activity that reaches dramatic proportions under a property-led economy like capitalism: borrowing (Heinsohn and Steiger, 1996, 2013). Once an economic actor – whether rich or poor – has engaged his or her property as collateral in a credit contract, he/she must fully focus on the potential demand of money-holders (Gerber, 2014). He/she is compelled to generate *commodities* that, from the very beginning, are not produced for personal consumption (use value) but for their exchange value. Furthermore, '[t]he demand for a rate of interest forces upon [the debtor] a value of production, expressed in terms of quantity, time, money or price, which must be greater than the money proper advanced as capital. This demand thus necessitates a value surplus in the production of commodities, the rate of *profit*' (Heinsohn and Steiger, 2003: 511, emphasis in the original). What is crucial for the present discussion is that the constraints generated by indebtedness – i.e., to remain solvent and to grow – force economic actors to carry out monetary cost/benefit evaluation of all transactions and resources, based on current market prices, while surrounding (non-monetary) sociocultural and ecological considerations remain secondary (Steppacher, 2008). Large-scale commodification is thus rooted in the logic of property-based economies.

The logic of possession, on the other hand, does not foster the same pressures. Of course, possession-based systems can take a huge variety of forms, ranging from traditional agrarian societies to possible post-growth economies.[4] But let us try to identify some overarching principles (Gerber and Steppacher, 2016). (1) Under possession only, it is not possible to conceptually 'extract' resources from their sociocultural and ecological context. As a result, possession typically goes hand in hand with the 'embeddedness' of the economic in the social (Polanyi, 1944). Weak sustainability (implying the substitutability of different forms of 'capital') is thus the prerogative of property-based economies but it is at odds with the logic of possession. (2) In possession-based systems, moreover, one's own work tends to create use right (i.e., possession). This principle was already put forward by John Locke in his 'labor theory of ownership' (1689).[5] (3) But above all, possession-based arrangements lack any inbuilt growth imperative. Nowhere is this more evident than in Chayanov's (1925) well-known study of the Russian farms evolving under possession. Chayanov, and many analysts after him, realized that the labor of farmers increased only until it met the needs of the household, without accumulation. This phenomenon has also been documented in the informal (i.e., possession-based) sector of modern cities in the

[2] G. Heinsohn (1943–) and O. Steiger (1938–2008) are two German heterodox economists who have often worked together on ownership questions. They are still little discussed within ecological economics, probably because their work has been translated relatively late and only partially. However, the number of their followers seems to be increasing (e.g. Hodgson, 2015).

[3] Like most civil law scholars and practitioners, Heinsohn and Steiger define property rights as de jure claims (Gerber et al., 2009). More specifically, property rights entitle their holders to the capacity of (1) burdening property titles in issuing money against interest, (2) encumbering titles as collateral for obtaining money as capital, (3) routinely alienating and leasing, and (4) enforcing contracts by state forces (see Heinsohn and Steiger, 1996, 2013; Hodgson, 2015). Heinsohn (2008) goes as far as saying that it is the phenomenon of debt that created markets and hence launched a large-scale process of commodification already observable some 5000 years ago in Mesopotamia.

[4] In Heinsohn and Steiger's terminology, many of the 'common property' systems studied by Ostrom (1990) and her followers are in fact 'common possession' systems (i.e. they are without formal property titles and their associated potentials). The definition of 'property' used by the neoinstitutionalists (e.g., Schlager and Ostrom, 1992) is less precise on the consequences of the different ownership rights. It appears therefore less suited to shed valuable light on the (de)commodification debates.

[5] In his argumentation, Locke goes further by arguing that invested labor legitimizes not only possession (direct control) but also property, opening the way to capital accumulation at a time when interest was still widely held to be immoral.