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# Justice Rising

Grassroots Solutions to Corporate Domination

## Building an Economy for People and Nature

**Solidarity Economy enterprises are born out of the need & aspirations of the community.**

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**We are removing economic resources from the capitalist circuits.**

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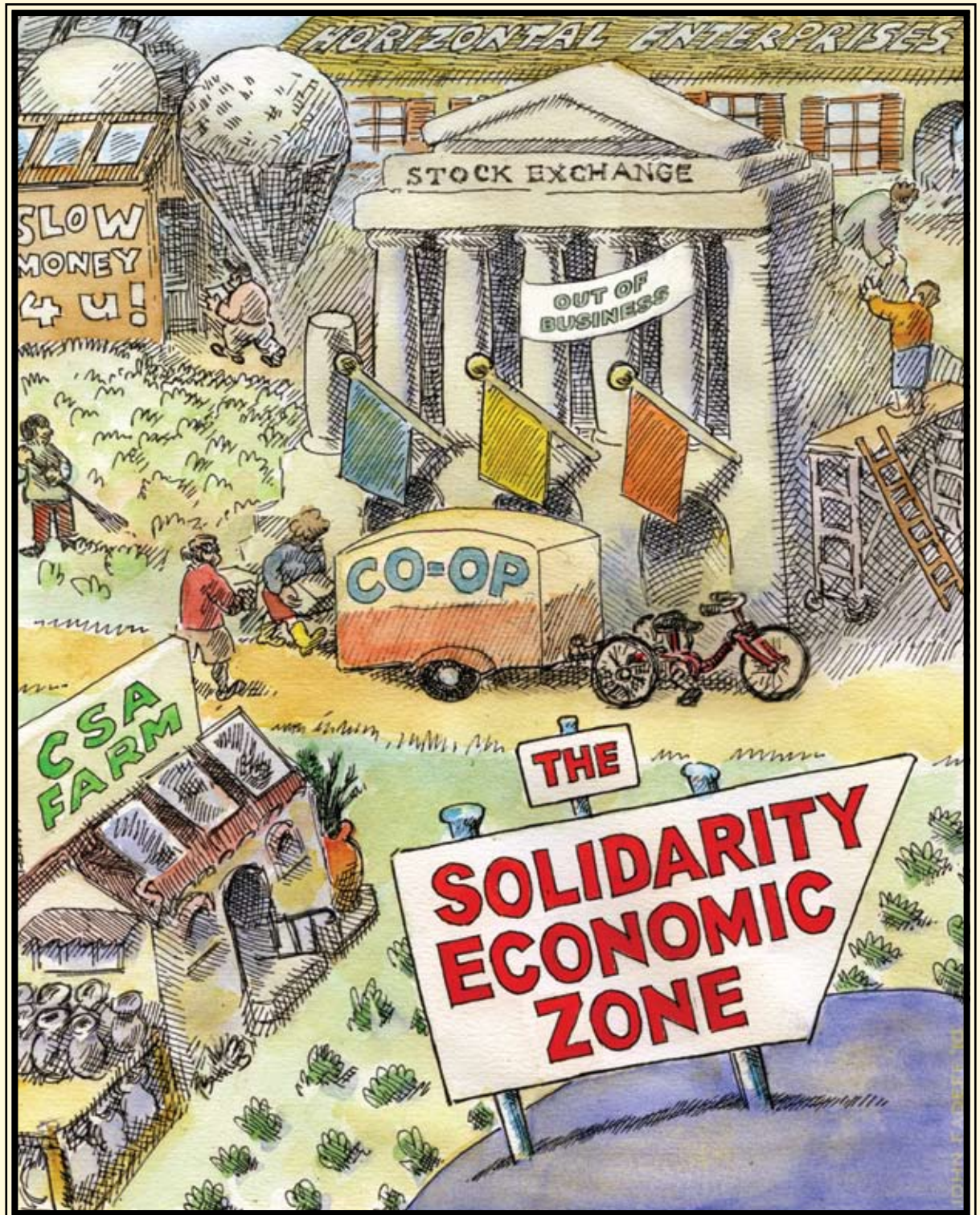
**In each continent there has been a steady growth of Solidarity Economy movements.**

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**The model takes us beyond both traditional capitalism and traditional socialism.**

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**A Publication of Alliance for Democracy**







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# Building an Economy for People & Nature

by Jim Tarbell

Critique of our economic system is not new. Almost 40 years ago, E. F. Schumacher, an economist for the British Coal Board, started out his seminal book *Small is Beautiful: Economics as if People Mattered* with the admonition that “One of the most fateful errors of our age is the belief that ‘the problem of production’ has been solved.” He goes on to point out that one of the big errors is “if we squander...living nature...we threaten life itself.”

Then he goes back another forty years and quotes John Maynard Keynes, the founder of modern capitalism, who wrote of this economic system that “fair is foul and foul is useful... Avarice and usury, . . . must be our gods.” Schumacher then observes that “If whole societies become infected by these vices, they become increasingly incapable of solving the most elementary problems of everyday existence. . . people find themselves oppressed by increasing frustration, alienation, insecurity and so forth.”

Eighty years later, what is new is the recognition that an economy that eschews greed, envy and competition in favor of cooperation, democracy and generosity is all around us. It is thriving in cooperatives, worker-owned businesses, listener-supported radio stations, non-profit health clinics and any number of other community benefit enterprises that abound in our cities and towns.

The new recognition is that these institutions are not isolated entities but part of a thriving, expanding Solidarity Economy. This expansion becomes geometric as these institutions recognize their affinity with each other and purposely support each other through the buying and selling of economic products and services.

This issue of *Justice Rising* explores this new world of the growing Solidarity Economy. It includes voices from around the world where Solidarity Economy networks are sharing experiences and information to vitalize this movement.

These changes are happening at all levels of the economy, from local farms that are practicing community-supported agriculture (CSA) to the Mondragón industrial co-ops that have become one of the ten largest enterprises in Spain. In the process, they are constantly dealing with the dominant economy, which as Keynes points out, is driven by “avarice and usury.” One of the main questions in this process is will participants be able to maintain their cooperation, democracy and generosity in the midst of dealing with a sys-



tem where “foul is fair and fair is foul.” In this issue, Daniel Tygel of the Brazilian Solidarity Economy Network calls working within the dominant corporate-capitalism economy “getting your hands dirty.” He sees it as an essential part of building a new economy out of the current economy.

But other serious problems exist for alternative economic institutions functioning in the capitalist economy. Where is the investment capital going to come from? These institutions are committed to not selling shares that turn the economic gain earned by the workers over to anonymous shareholders, and not giving control of their enterprise away to venture capitalists. They have to invent new financial mechanisms and twist their heads around into a whole new way of thinking about the economy. The people of Quebec have done this and generated a thriving Solidarity Economy. Can the evolving concept of “slow money” also be part of the answer to these problems?

Finally, public policy has to recognize the societal benefits of the Solidarity Economy and promote its expansion. Mechanisms like participatory budgeting (see page 12) could be used to move local governments toward supporting local Solidarity Economy enterprises. Taxation and spending policies should benefit enterprises that help people and nature, while also recouping some of the costs from businesses that are not beneficial to our lives.

All of this is in this issue of *Justice Rising*. Absorb it all and then look around your community. Find out what institutions are embracing the values of the Solidarity Economy, and how you can support them. Maybe you can help map and network them all together. That is in this issue too. As Immanuel Wallerstein says, “History is on no one's side. It all depends on what we do.”

**Look around your community. Find out what institutions are embracing the values of the Solidarity Economy, and how you can support them.**

# Growing The Solidarity Economy

by Nancy Neamtan, excerpted from her talk at the USSF



photo: Jim Tarbell

**Nobel Prize winner Elinor Olstrom points out that the best way to manage resources is not through the private sector and not through the government bureaucracies, but by democratic organizations controlled by users.**

The Solidarity Economy—what we call the social economy in Quebec—refers to cooperative, collective and non-profit, democratically-controlled enterprises, that emphasize the primacy of people over capital and embrace a philosophy of empowerment, equality and inclusivity. Their goods and services respond to the needs of the community. These enterprises do not move away, sell out, or lay off masses of workers in order to maximize return to shareholders. They are born out of the need and aspirations of the community, which will not let them fail. Even conservative politicians want to keep jobs in their community.

We used to define our institutions as a community radio station, or a fair trade organization, or a co-op with no common umbrella for defining institutions as part of the economy. Then in 1996, we came together to establish the *Chantier de l'économie sociale*. Our first victory was for the government and the private sector to recognize that we are part of the economy, which gave us the standing to engage in the policy dialogue.

## Economic Twists

- The economy is the work people do every day. The economy is not the stock market
- The financial crisis shows that private enterprises are more dependent on government support than non-profits and co-ops.
- Why is it that private companies that provide public services get government contracts that pay high wages and a tidy profit, while non-profits providing public services only get grants that pay low wages and allow no year-end surplus?
- Solidarity Economy enterprises should pay lower taxes and receive subsidies because they produce social benefits.
- Private businesses that harm the public good should pay higher taxes and receive no subsidies.
- Nobel Prize winner Elinor Olstrom points out that the best way to manage resources is not through the private sector and not through the government bureaucracies, but by democratic organizations controlled by users.
- Private enterprise thinks that market share belongs to them. But many things are better done by the Solidarity Economy.
- When a co-op fails, it is not because the model is not good.
- When a private business fails, it may well be because the model is not good.

As a result, the *Chantier* or its allies proposed every piece of successful public policy in the last 15 years. The old top-down approach does not work, because you cannot force programs on people. Having useful public policy means that the priority has to come from the bottom up. You have to find out what the needs are.

We have done a lot of work around access to capital. We raised private money and a government match to create a \$10 million fund that made non-guaranteed loans up to \$50,000 to co-ops and non-profits. Everybody thought we were crazy. But, we were able to

show that this was one of the most solid ways of investing in job creation. Now lots of local funds have opened up to collective enterprise.

The next issue became access to equity, because as our projects grew, we cannot just be borrowing millions of dollars and then have to pay it back the next day. That is not the way General Motors or any other big corporation works. If they need money, they sell you shares on the market. And if you want your money back the next day, you can sell it back on the market, but the enterprise does not have to pay it back. So, of course they can develop.

But the Solidarity Economy mission is not to give return on investment to outside shareholders. On top of this, when venture capital comes in to finance an enterprise, they will share the risk, but they also share the power. We cannot do that with democratically controlled enterprises. So we needed to create democratically controlled tools for investment.

As a solution, in 2006 we were able to negotiate seed money from the Canadian government and leveraged some other capital to create a \$52 million investment fund controlled by the *Chantier* Trust. Now we have financial instruments responding to the needs of the Solidarity Economy actors and enterprises.

In Quebec, the biggest venture capital investors now belong to the movement. Unions negotiated with the government to create a \$7 billion pension fund that gives a tax credit if you put money into it. In return, the fund has to invest 60% of their money to create and maintain jobs in small and medium-size businesses. And there is a similar fund with a billion dollars that invests in self-management, environmental or Solidarity Economy enterprises.

Now we have the venture capitalists running after us, because we came out of the crisis on a smooth economic rise. When comparing risk to margin of return, we come out smelling like a rose. The circle just grows and grows and grows.

*Nancy Neamtan is President and Executive Director of the Chantier de l'économie sociale. For the past 20 years, she has been involved in various organizations devoted to community economic development and labor force development and training.*



# Democracy, Economics and Termites

by Daniel Tygel

We struggle to defend democracy as a core value in the various dimensions of our social life. Sadly, democracy's viability is tenuous in our society, particularly when we talk about economics. Applying democracy to the economy requires us to concentrate our efforts on the heart of our system. It forces us to examine the pillars that sustain our present development model.

This brings several questions to mind: During the recent economic crisis, was there any public debate and democratic input into the decision to use billions of taxpayer dollars to bail out big corporations and banks? Is there any democratic input into the policies of the Federal Reserve, World Bank or the development of our money supply? Can civil society exercise any social control on these institutions?

It is normally said that businesses are the engines of development. But often we don't look at how these institutions function internally. Are they controlled by society? Are they democratic in their production processes? Who owns the power to direct their economic activity? Is there any democratic citizen control over their manipulation of markets?

The Solidarity Economy addresses these issues and builds alternative economic institutions and networks to create a new way of producing and consuming. In Brazil, our movement defines the Solidarity Economy in three ways:

- Economically, it promotes democratic and cooperative mechanisms for manufacturing, providing services and financial transactions, operating retail institutions, and acquiring our daily needs. We call this self management, where there are neither employers nor employees. All members of the enterprise (association, cooperative or group) are at the same time workers and owners and make decisions democratically about economic activity.
- Culturally, it's a way to create and consume (at home, at events or in the workplace) healthy, local products, which do not harm the environment, contain genetically modified organisms, or benefit large corporations. Through this method, which is also symbolic and value centered, we are talking about changing the present paradigm of competition to one of cooperation and free, collective and shared information.
- Politically, it's a social movement, which struggles for social change, by creating an economic



model not based on big corporations run by owners and stockholders. Its struggle is for an alternative form of development centered on people and built by people on the basis of solidarity, democracy, cooperation, environmental preservation and human rights.

The Solidarity Economy expresses itself in real life through collective initiatives of production, finance, commerce and consumption, which we call Solidarity Economy enterprises. Although we are talking about different sorts of enterprises, we are still talking about enterprises. That's why we say that we, as protagonists of Solidarity Economy, have "dirty hands." While we struggle to change the present economic model, we also need to function on a daily basis inside the corporate-capitalist system. So, it is not a perfect and beautiful theoretical concept removed from reality. It is, rather, a lively process, full of contradictions, lessons and transformative power.

One of the strategies for strengthening the Solidarity Economy is to set up networks among Solidarity Economy enterprises and their consumers to broaden supply chains and economic collaboration. As these networks and chains get stronger, we are removing economic resources from the capitalist circuits to a networked system that doesn't concentrate capital nor political and economic power.

We are like termites. As you look at the capitalist house from the outside, it is still intact. But inside its walls, we termites are eating away at its structural underpinnings, so that one day this house will suddenly fall, because we have undermined its pillars.

*Daniel Tygel is the Executive Secretary of the Brazilian Solidarity Economy Forum ([www.fbcs.org.br](http://www.fbcs.org.br)).*

**We termites are eating away at capitalism's structural underpinnings, so that one day this house will suddenly fall, because we have undermined its pillars.**

# The Global Solidarity Economy Movement

by Emily Kawano

In a surreal twist, right-wing conservatives—whose neoliberal policies of deregulation and laissez-faire brought us this latest economic crisis—seem to be riding a groundswell of support in the world of domestic electoral politics. However, a different truth is gaining traction in the global economic grassroots. Long-term economic distress, concerns about climate change and rising oil prices, and dissatisfaction with business-as-usual have led many people and communities to engage in economic practices that put people and planet ahead of profit maximization. The US Solidarity Economy Network has formed to strengthen and connect the myriad unconnected alternative economic enterprises that have grown out of this historic moment.

One example is in Port Clyde, Maine, where fishermen broke with hundreds of years of staunch individualism to form a co-op. Instead of going for the biggest haul—overfishing—which had led to the decline of the fishing industry, they now make do with smaller catches and get better prices by cutting out the middleman, selling directly to local residents, and starting their own fish processing plant.

In each continent there has been a steady growth of Solidarity Economy movements. These networks and economic enterprises are connected through RIPESS (*Réseau Intercontinental de Promotion de L'Économie Sociale Solidaire*), the Intercontinental Network for the Promotion of the Social Solidarity Economy.

RIPESS North America has brought together Solidarity Economy organizations from the US, Canada and Mexico at various meetings including the US Social Forum in June 2010. This past summer, RIPESS LAC (Latin America and Caribbean) held a meeting in Medellín, Colombia that brought together 350 people from 18 different countries. In October, the African Solidarity Economy network,

which is still in the formative stage, will be coming together in Morocco. In Europe as well, many Solidarity Economy organizations are working towards forming a RIPESS-Europe network. The recently formed Asian Alliance for the Solidarity Economy has taken on the considerable task of hosting the next RIPESS Globalization of Solidarity Forum in 2013.

The labor movement is beginning to engage with the Solidarity Economy,



which it sees as a way to create jobs and address poverty. The International Labor Organization (ILO) is running a training this fall on the social Solidarity Economy in Turin, Italy. It is also working with *Chantier* (see page 2) in Quebec to organize an international conference in October, 2011 on policy and the role of the state in the social Solidarity Economy.

The crisis of climate change is driving economic and political shifts that the Solidarity Economy supports. For example, in April, 2009 the Declaration on the Rights of Mother Earth that emerged from the People's Summit on Climate Change in Cochabamba, Bolivia, was heavily influenced by indigenous world views and calls for a whole new, non-exploitative relationship to land, water, resources, other creatures and among each other. We welcome the strong emergence of this perspective.

With so much good work going on, it is critical to foster economic integration so that these pieces work together in order to grow and strengthen the Solidarity Economy. The global mapping process is a key piece to accomplishing this goal. There are some great mapping platforms that serve a number of functions including, 1) enabling consumers to find Solidarity Economy goods and services; 2) enabling Solidarity Economy producers and suppliers to connect to build solidarity supply chains; 3) collection of data for research that can identify best practices and be used for the construction of supportive policies; and 4) the promotion of linkages between individuals, organizations, networks and movements involved in the Solidarity Economy through social networking. This kind of multi-functional mapping and economic integration is crucial in the next and necessary stage of building an economy for people and nature.

*Emily Kawano is the Coordinator of the US Solidarity Economy Network.*

**In Port Clyde, Maine, fishermen broke with hundreds of years of staunch individualism to form a co-op.**



# Mapping Your Solidarity Economy

by Djar Horn and Maliha Safri

The US Solidarity Economy Network provides invaluable assistance for beginning the process of identifying existing alternative economies in your region that can function as bases of support for new SE projects (see [www.populareconomics.org/ussen](http://www.populareconomics.org/ussen)).

The Jersey Shore Neighborhood Cooperative (JSNC) pulled together a diverse group, paying special attention to those who are already engaged with alternative economies and dispossessed populations. Our mapping project itself generated new relationships and crossed demographic boundaries: Haitian youth interviewing Haitian elders; African American youth dialoguing with white working-class seniors; African-American and Latino youth learning from women ex-prisoners. The committee consisted of community researchers and conducted educational outreach with possible interviewees. Community researchers included seniors, day laborers, youth enrolled in a carpentry class in the local church, and other local activists.

JSNC engaged in one-on-one conversations to assess people's interest in and understanding of the project and began to identify community researchers. Community researchers had multiple reasons for participating. The Mexican day laborers participated because they had a strong desire to organize a carpentry cooperative. The youth participated because the first conversation allowed them to reflect on the important contributions they make to their family and friends especially as caregivers. Our discussion of economy recognized their experiences and contributions as ex-prisoners, students or low-wage labor.

JSNC organized a set of workshops which addressed the goals and benefits of a collective mapping project: Who should we map? How do we define some boundaries for the Solidarity Economy (SE), without fixing them in stone? What sectors of the economy already exist?

The survey development is an intricate process which often changes during the course of the research. We recommend a GIS-experienced supporter (someone who works with Geographic Information Systems, a way of overlaying data and other information on a map, ed.), who can facilitate the process of data collection and map creation.

The supporters and researchers planned and presented a third workshop to share the experiences from interviews, help others practice interview skills and receive feedback on the survey. Participants expressed a need to move past research into "action." Reflection,

action and knowledge are circular processes. A result of the workshop was a list of SE projects that could develop from the research.

Participants better understood the research process once they imagined themselves organizing their own SE activities.

Community Researchers (CR) must be trained in research techniques to become comfortable asking questions about demographics, money, governance and participation levels in an enterprise or organization. The lead researcher should attend the early interviews to model and aid the CR in their techniques. It was important to take the time to develop leadership skills: set up the interview; start the conversation (get consent); engage the interviewee in a discussion about economic activity; complete the survey and record the interview.

Document, tabulate and record everything. Consider whether the work needs to be multi-lingual. Create a timeline to gauge how much time commitment is expected of everyone involved. Decide whether to fundraise for the mapping project and if stipends are necessary for the CRs.

The final product is a map which helps us to network within our community and nationally. Since the mapping project, we have begun a worker cooperative and developed a committee to support community gardens. Reflection on and discussion of the results allow CRs and interviewees to have the "Aha" moments when they realize the economic value of their work and their lives beyond surplus or profit value.

*Djar Horn is coordinator of the JSNC. She is a graduate student at Monmouth University School of Social Work with a concentration in International and Community Development. She is also a carpenter and former union organizer.*

*Maliha Safri is assistant professor in the economics department at Drew University. She has been working with Djar Horn in the JSNC and is writing a chapter on the project for the upcoming book entitled Performing Diverse Economies.*



photo: Djar Horn

**Our mapping project itself generated new relationships: Haitian youth interviewing Haitian elders; African American youth dialoguing with white working-class seniors; African American and Latino youth learning from women ex-prisoners.**



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**JUSTICE RISING** is a publication of **the Alliance for Democracy**, whose mission is to end the domination of our politics, our economics, the environment, and our culture by large corporations. The Alliance seeks to establish true economic and political democracy and to create a just society with a sustainable, equitable economy.

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### Nancy Price and David Delk

Co-Chairs of the AfD National Council  
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**John Fadeff**, cover maestro for this issue of *Justice Rising*, is a multi-talented print artist, book illustrator, painter and animator living in San Francisco. His animation of Ralph Branca's lament after throwing the losing pitch to Bobby Thompson, who hit

the home run heard around the World, can be seen at [www.youtube.com/watch?v=QozDkplns-Q](http://www.youtube.com/watch?v=QozDkplns-Q). You can also see John discuss his recent art opening in Madeira, Portugal at [www.youtube.com/watch?v=pe9USndKhNs](http://www.youtube.com/watch?v=pe9USndKhNs). He is now putting together a website of his art and creativity, which will be ready soon.

# Justice Rising

by Jim Tarbell



The world is on the move. People are making changes in our economic system that will be necessary to live on our planet in a peaceful and sustainable future. Each one of us has to seize the moment and get on board the Solidarity Economy Express.

In Appalachia, where the natural resources have been extracted and the society has been left in poverty, people are climbing on board and creating a new resilient economy. According to Anthony Flaccoveto in his article "Appalachia in Transition" in *Solutions Journal* "there is a new culture emerging in Appalachia and the nation, one focused on restoring connections between farm and table and utilizing the market to create ecologically healthy rural economies. This sustainable Appalachian economy is emerging through the efforts of several key entrepreneurial non-profit organizations and hundreds of small businesses in food and farming, forest management and wood products, energy efficiency and green building, and other sectors. These enterprises use asset-based strategies, building on the ecological, cultural, and human strengths of the region. They are developing cooperative networks to overcome isolation and problems of scale, and cultivating self-reliance and community wealth."

On an industrial level, Gar Alperovitz (see pages 8-9) notes that "the nascent Cleveland effort points to the possibility of an important new strategic approach. It is one in which economic policy related to activities heavily financed by the public is used to create, and give stability to enterprises that are more democratically owned, and to target jobs to communities in distress." He then goes on to declare that a whole new industrial economy could be built to deliver the mass transit infrastructure that will be needed as the world's fossil fuels are depleted.

There needs to also be a transition in our lives, which Japanese scholar Norihiro Kato calls the "new maturity." In the wake of decades of economic recession, he now sees in Japan "a new breed of youngster: the nonconsumer. Japanese in their late teens and early 20s do not have cars. They don't drink alcohol. They don't spend Christmas Eve with their boyfriends or girlfriends at fancy hotels downtown the way earlier generations did... These are the Japanese who came of age after the bubble, never having known Japan as a flourishing economy. They are accustomed to being frugal... They seem not to feel the urge to grow outward. Look, they say, 'Japan is a small country. And we're okay with small'... Japan now seems to stand at the vanguard of a new downsizing movement, leading the way for countries bound sooner or later to follow in its wake. In a world whose limits are increasingly apparent, Japan and its youth, old beyond their years, may well reveal what it is like to outgrow growth."

It is time for all Americans to also have a new maturity about our culture and our lives. We have to support the movement for a new Solidarity Economy. We have to think about our money: What is it doing? Does it have to move around so fast? Can it provide more benefit for the world if it moves slowly? Is it better to have it in a credit union or a community bank than in a transnational financial conglomerate? We have to think about what we are buying and the effects of its production, packaging and transportation on all living things and the planet. We must channel our purchasing dollars to support enterprises that fit into the Solidarity Economy. We also have to think about the impacts of working in a system where "fair is foul and foul is fair." Can we change that into a system where "fair is fair and foul is foul?" In a world of decreasing consumption, increasing automation and a dwindling of jobs, are we willing to work less, earn less and consume less? Are we ready to outgrow growth and achieve a new maturity that will ensure that humans, other plants and animals and our planet will survive together in a bountiful future? The time has come for us all to become part of the Solidarity Economy.



# Lessons of Mondragón

by Ruth Caplan

The Mondragón family of cooperative enterprises started during Spain's fascist regime. From this unlikely beginning, it has grown to 256 cooperative companies employing 85,066 workers at the end of 2009. These co-ops survived and grew even as Spain was drawn into the European Union, faced severe recessions, and the world economy globalized. We have much to learn from this as we examine the challenges of building a Solidarity Economy network here in the US.

Mondragón was inspired by a local priest who saw young boys with little hope for the future. First he brought the community together to establish a technical school. Then he addressed the lack of jobs by helping graduates form a cooperative to produce electrical and mechanical products for home use. This focus on job creation became a driving force in the growth of the cooperatives and has been an important factor in their entry into the global marketplace.

The founders did not want to be a capitalist enterprise that raised capital through stockholders. Instead, all capital was raised by reinvesting a percentage of workers' pay back into the enterprises. The growing co-ops upheld fundamental cooperative values including worker involvement in decision-making.

A cooperative bank financed new cooperatives and helped cooperatives in financial difficulty. It became the largest savings bank in the Basque region, loaning over \$100 million to other cooperatives in its first 13 years.

The core cooperatives produced household goods and machine parts. Problems arose as they saturated the local market and then needed to compete in the global market opened up by the EU and free trade agreements. These realities, combined with their commitment to job creation and their large capital investments, drew the growing co-ops more and more into the global marketplace.

By the early 1970s, Mondragón included an applied technology lab for research and development; and managers began visiting other countries learning how to make production more efficient. This set up tensions between workers as full participants in the cooperatives and their contribution to labor productivity. This tension grew with the challenges of competing in the global marketplace.

A co-founder of the co-ops said in *Trabajo y Union* in 1995 that they needed to learn from the successes of multinational corporations to adjust their own practices to meet new needs. In his view, they could not afford to remain a "medium-sized" organization in a world of giants. His view

also included treating everyone as customers, including the workers themselves. Mondragón's focus on the worker, apart from the community, made it easier to transition to a capitalist-style focus on the individual and on ever-increasing consumption.

However, Felix Ormaechea, director of the Mondragón federation of education cooperatives, challenged this view saying, "I believe that the future of the cooperatives will never be a happy one if we renounce values like participation, solidarity, and consensus decision making... Capitalism as a system prioritizes certain values. If because of money and the market, I have to stop being a creator—stop being truly free—then I and the cooperatives are changing for the worse.....it is not the economic outcome alone that should measure the success of the whole process but also the fact that I have participated in it, shared in its execution, and felt like a person through these activities."

*Ruth Caplan is the national coordinator of AfD's Defending Water for Life Campaign and was the first AfD Co-Chair with Ronnie Dugger. She has contributed extensively to the production of this issue of Justice Rising.*



**It is not the economic outcome alone that should measure the success of the whole process but also the fact that I have participated in it, shared in its execution, and felt like a person through these activities.**

## Questions about Mondragón

Mondragón's achievements are inspiring, yet their focus on the worker, apart from the community, made it easier to transition to a capitalist-style focus on the individual and on ever-increasing consumption.

What if Mondragón hadn't changed its structure from regional groupings often in distinct valleys to clusters based on business sectors? Could Basque traditional ties to the land and one's community of birth have led Mondragón away from the global economy toward sustainable local communities?

Can such a movement be grounded in a steady-state economy rather than a growth economy, where the community as workers and consumers can develop an ethic of sufficiency, allowing less expansion of production and more leisure time to engage in family and community activities? Could it survive without the economies of scale of mass production?

Mondragón includes a worker/consumer food cooperative, now the largest supermarket chain in Spain. What if this cooperative had focused on local production/consumption and on building community? Slow money—slow food.

Would workers be willing to forego some salary to share jobs with others so that everyone could work and still fully participate in their community? Would you be willing?

# Giant Co-ops US Beyond Capitalism

by Gar Alperovitz, Ted Howard & Thad Williamson  
Excerpted from *The Nation*, February 11, 2010

Something important is happening in Cleveland: a new model of large-scale worker- and community-benefiting enterprises is beginning to build serious momentum in one of the cities most dramatically impacted by the nation's decaying economy. The Evergreen Cooperative Laundry (ECL)—a worker-owned, industrial-size, thoroughly "green" operation—opened its doors late last fall in Glenville, a neighborhood with a median income hovering around \$18,000. It's the first of ten major enterprises in the works in Cleveland, where the poverty rate is more than 30 percent and the population has declined from 900,000 to less than 450,000 since 1950.

The employees, who are drawn largely from Glenville and other nearby impoverished neighborhoods, are enthusiastic. "Because this is an employee-owned business," says maintenance technician and former marine Keith Parkham, "it's all up to us if we want the company to grow and succeed."

"The only way this business will take off is if people are fully vested in the idea of the company," says work supervisor and former Time-Warner Cable employee Medrick Addison. "If you're not interested in giving it everything you have, then this isn't the place you should be." Addison is excited about the prospects: "I never thought I could become an owner of a major corporation. Maybe through Evergreen, things that I always thought would be out of reach for me



might become possible."

These are not your traditional small-scale co-ops. The Evergreen model draws heavily on the experience of the Mondragón Cooperative Corporation in the Basque Country of Spain, the world's most successful large-scale cooperative effort (see page 7).

The Evergreen Cooperative Laundry, the flagship of the Cleveland effort, aims to take advantage of the expanding demand for laundry services from the healthcare industry, which is 16 percent of GDP and growing. After a six-month initial "probationary" period, employees begin to buy into the company through payroll deductions of 50 cents an hour over three years (for a total of \$3,000). Employee-owners are likely to build up a \$65,000 equity stake in the business over eight-to-nine years—a substantial amount of money in one of the hardest-hit urban neighborhoods in the nation.

Thoroughly green in all its operations, ECL will have the smallest carbon footprint of any industrial-scale laundry in northeast Ohio, and probably the entire state: most industrial-scale laundries use three gallons of water per pound of laundry; ECL will use just eight-tenths of a gallon to do the same job.

A second green employee-owned enterprise also opened this fall as part of the Evergreen effort. Ohio Cooperative Solar (OCS) is undertaking large-scale installations of solar panels on the roofs of the city's largest nonprofit health, education and municipal buildings. In the next three years it expects to have 100 employee-owners working to meet Ohio's mandated solar requirements. OCS is also becoming a leader in Cleveland's weatherization program, thereby ensuring year-round employment.

Another cooperative in development (\$10 million in federal loans and grants already in

**"Because this is an employee-owned business," says maintenance technician and former marine Keith Parkham, "it's all up to us if we want the company to grow and succeed."**





# s in Cleveland

## m and State Socialism



hand) is Green City Growers, which will build and operate a year-round hydroponic food production greenhouse in the midst of urban Cleveland. The 230,000-square-foot greenhouse—larger than the average Wal-Mart superstore—will be producing more than 3 million heads of fresh lettuce and nearly a million pounds of (highly profitable) basil and other herbs a year, and will almost certainly become the largest urban food-producing greenhouse in the country.

Organizers project that an initial complex of ten companies will generate roughly 500 jobs over the next five years. The co-op businesses are focusing on the local market and the procurement needs of large hospitals and universities that provide a partially guaranteed market. Evergreen Business Services has been launched to support the growing network by providing back-office services, management expertise and turn-around skills should a co-op get into trouble down the road.

Significant resources are being committed to this effort by the Cleveland Foundation and other local foundations, banks and the municipal government. The Evergreen Cooperative Development Fund, currently capitalized by \$5 million in grants, expects to raise another \$10-\$12 million—which in turn will leverage up to an additional \$40 million in investment funds. Indeed, this may well be a conservative estimate. The fund invested \$750,000 in the Evergreen Cooperative Laundry, which was then used to access an additional \$5 million in financing, a ratio of almost seven-to-one.

An important aspect of the plan is that each of the Evergreen cooperatives is obligated to pay 10 percent of its pre-tax profits back into the fund to help seed the development of new jobs through additional co-ops. Thus, each business has a commitment to its workers through liv-

ing-wage jobs, affordable health benefits and asset accumulation and to the general community by creating businesses that can provide stability to neighborhoods.

The overall strategy is to position all the worker-owned co-ops as the greenest firms within their sectors. Even more crucial is getting the business of hospitals and other anchor institutions trying to shrink their carbon footprint.

Strikingly, the project has substantial backing, not only from progressives but from a number of important members of the local business community as well. Co-ops in general, and those in which people work hard for what they get in particular, cut across ideological lines—especially at the local level, where practicality, not rhetoric, is what counts in distressed communities. There is also a great deal of national buzz among activists and community-development specialists about "the Cleveland model." Potential applications of the model are being considered in Atlanta, Baltimore, Pittsburgh, Detroit and a number of other cities around Ohio.

What's especially promising about the Cleveland model is that it could be applied in hard-hit industries and working-class communities around the nation. The model takes us beyond both traditional capitalism and traditional socialism. The key link is between national sectors of expanding public activity and procurement, on the one hand, and a new local economic entity, on the other, that "democratizes" ownership and is deeply anchored in the community.

*Gar Alperovitz is Professor of Political Economy at the University of Maryland and author of America Beyond Capitalism: Reclaiming our wealth, our liberty, and our democracy (2004), and most recently (with Lew Daly) of Unjust Deserts: How the rich are taking our common inheritance and why we should take it back (2008). He is an expert on democratic regional economies.*

**Organizers project that an initial complex of ten companies will generate roughly 500 jobs over the next five years. The co-op businesses are focusing on the local market and the procurement needs of large hospitals and universities that provide a partially guaranteed market.**



# Groups—Building an Economy-



**New England Alliance for Democracy's** website on Localization and Local Democracy [www.newenglandalliance.org/localization](http://www.newenglandalliance.org/localization) has connections to conferences and roundtable discussions on localizing New England economies. Website includes a video of AfD's Popular Governance Roundtable on participatory budgeting plus clips of speakers at the 2009 Massachusetts Relocalization Conference including Boston City Council member Chuck Turner, Alliance Chapter Chair Dave Lewit, and ever vigilant climate change/localization activists Bill McKibben and Frances Moore Lappé.

**The US Solidarity Economy Network** came together in 2007 and is an alternative development framework that is grounded in the principles and practice of: cooperation; equity; social well-being over profit and the unfettered rule of the market; sustainability; social and economic democracy; and pluralism. It is driven from the bottom-up and connects a diverse array of individuals, organizations, businesses and projects in the shared work of building and strengthening regional, national and international movements for a Solidarity Economy. It is part of the **International Network**



**for the Promotion of the Social Solidarity Economy** known as RIPESS and the movement to establish an international Social Solidarity Network. The best place to checkout this effort is at [http://aloe.socioeco.org/article922\\_en.html](http://aloe.socioeco.org/article922_en.html) the website for **ALOE Alliance for a Responsible Plural and Solidarity Economy**.



**Institute for Local Self Reliance** provides innovative strategies, working models and timely information to support environmentally sound and equitable community development. ILSR helps communities design systems, policies and enterprises that meet local or regional needs; to maximize human, material, natural and financial resources; and to ensure that the benefits of these accrue to all local citizens. Their project areas include community banking, democratic energy and hometown advantage.

**The Center for Community Based Enterprise** in Detroit supports and connects entrepreneurs, community and resources to grow “community-based enterprises” (CBEs): companies that are sustainable; locally-rooted; intentionally structured to provide community benefit; and committed to paying living wages. They are working to translate the Cleveland Evergreen Co-op experience to Detroit and have helped establish a whole neighborhood of Solidarity Economy businesses in downtown Detroit.



**Slow Money Alliance's** mission is to build local and national networks, and develop new financial products and services, connecting investors to their local economies; and to build the “nurture capital industry.” It is an alliance of people who are committed to funding a locally-based green economy beginning with farming. Their goal is growing the Slow Money Alliance into a major national network that provides strategic and financial assistance to local initiatives around the country.

**The Participatory Budgeting Project** works with local governments and organizations to open up public budgets to democratic community participation. It provides support and technical assistance to elected officials, public agencies, and community groups that are interested in developing participatory budgeting processes in the US and Canada. Their website has an overview and a history of participatory budgeting, as well as examples of where it has been used and links to other organizations involved in participatory budgeting.



**The Jersey Shore Neighborhood Cooperative** in Asbury Park, New Jersey aims at building a community and economy where people and planet are first, with economic enterprises controlled by the workers and volunteers who make it happen. If you check out their Facebook page, you can see videos of their workshops around mapping their local Solidarity Economy.

**The JED Collective** in Green ME stands for Justice, Ecology and Democracy. They are working towards creating a sustainable intentional community, an organic farm and orchard (Giant's Belly Farm), and an education, retreat and resource center to support work for social change in Maine and beyond. This evolving enterprise serves as a model for the Solidarity Economy.





# for People and Nature—Books

by Jim Tarbell and Ruth Caplan

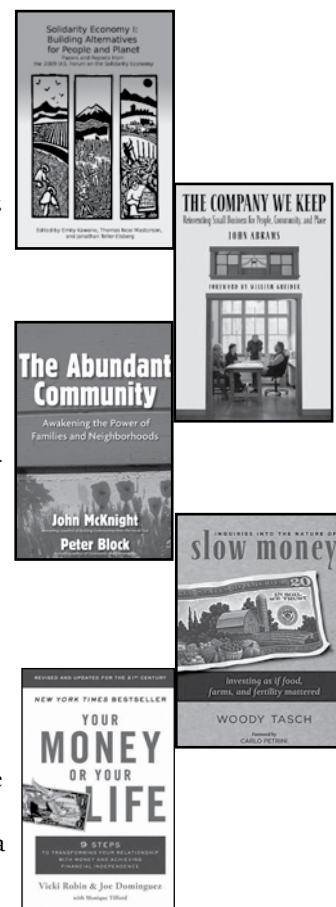
The best overview of the Solidarity Economy is *Solidarity Economy I: Building Alternatives for People and Planet, Papers and Reports from the US Forum on the Solidarity Economy*. Its editors, Emily Kawano et al., have organized the contributions into eight sections including: Finance, Production, Environment, Food, Movement Building, Commons and Wealth. The 356 pages of articles cover a variety of specific topics from organizing the newly foreclosed homeless into Bank Tenant Associations to using eminent domain to establish worker-run factories.

One of the best books on worker-owned businesses is John Abrams' *The Company We Keep: Reinventing Small Business for People, Community and Place*. This gem covers eight principles that coincide with the values of the Solidarity Economy including workplace democracy, balancing multiple bottom lines, committing to the business of place and community entrepreneurialism. He not only relays his experiences from 30 years in a worker-owned business, he also presents a broad overview of wise minds that are working on various aspects relevant to the right livelihood of the Solidarity Economy. He has now expanded on this theme in his most recent book *Companies We Keep: Employee Ownership and the Business of Community and Place*.

Meanwhile, John McKnight and Peter Block have combined their genius in *The Abundant Community: Awakening the Power of Families and Neighborhoods* to both critique the perils of corporate-capitalism dominated consumerism and to provide a road map for choosing a satisfied life and creating abundance. They say the neighborhood is "the natural nest for hatching new enterprise" and offer resources from their Asset-Based Community Development Institute.

Of course, the big question is how community benefit economic institutions can find financing in a world run by Wall Street and the short-term bottom line. The answer may be part of "the growing epiphany" coming out of Woody Tasch's mind and laid out in his book *Inquiries into the Nature of Slow Money*. This book, by a man who has been involved in venture capital and philanthropic foundations most of his life, reconnoiters the world of both fast and slow money. It has also led to the development of the Slow Money Alliance that supports creating financial strategies for localizing food systems and sponsors national gatherings that bring together financial, business and activist gurus to further explore the magic of slowing money down so that it does not wash away our planet and our lives.

Back to the nuts and bolts of our personal lives, *Your Money or Your Life* by Joe Dominguez and Vicki Robin focuses on the basis for individual decisions related to consumption and hours worked. It provides a methodology to evaluate how much of your income is spent on expenses related to your job and how much on various categories of consumption. Then it shows you how to determine whether these things are worth the time spent away from family, friends and more fulfilling activities in order to afford all this stuff and the hidden costs of your job. This do-it-yourself style book is not overtly value-driven as the premise is that each person must decide for themselves how much they want to work once they've followed the steps laid out for a full evaluation of how they have used their time and money; however, the stories told point to a lower consumption/less work/higher life satisfaction paradigm. For those who believe they can't get off the treadmill, the book's methodology allows for a fresh look and a fresh start; and then, maybe a move to a more satisfying life in the Solidarity Economy.



## Plenitude

reviewed by Ruth Caplan

"In the ashes of the corporate meltdown, let's reconstruct locally." Economist Juliet Schor in her new book *Plenitude, the new economics of true wealth* goes far beyond just a call to action by laying the foundation for how, both locally and systemically, a new economics can be set in motion.

Building on her critique in *The Overworked American* (1992), Schor lays out the premise that our unemployment crisis will not be solved without going to a shorter work week. This provides the space/time for many people "to engage in low-impact, self-providing activities that reduce their dependence on the market. These include growing food, generating energy, building housing, and making small-scale manufactured goods, such as apparel and household items." From tinkering in the garage to building a straw-bale home, leisure-time activities can and are being leveraged into new small businesses.

Her second premise is that small-scale enterprises, with their low capital requirements and ease of replicability, will be more economically efficient in the evolving global economy where sharing of information and networking is facilitated by the computer age. She elaborates this in discussing the economics of knowledge, saying we must "move away from proprietary systems of information and technology toward open-source mechanisms of knowledge transfer."

These fundamentals in turn build the social capital and networking which allow new local economies to grow. And as people gain more satisfaction from their social networks, the drive to consume diminishes, an essential feedback loop in creating a new economics that will sustain the earth.

While not mentioning the Solidarity Economy, Schor is very much in sync with this movement; and as she travels the country on a book/speaking tour, her thinking is being enriched by the local dialogues which take place. See her talk at Seattle Town Hall <http://vimeo.com/12034640> and her blog at [www.julietschor.org/blog/](http://www.julietschor.org/blog/)



# Participatory Budgeting Today:

## Proliferation, Compromise, Diversification

by Dave Lewit



Participatory Budgeting in Chicago photo: Alison Fairbrother

**In the past 16 years, participatory budgeting's successes (e.g., ending local corruption, redressing inequality) rang bells in hundreds of municipalities**

Over 25 years, the great democratic participatory budgeting (PB) experiment has spread from southern Brazil to more than a thousand municipalities all over the world. It has been adopted by cities, schools, housing colonies, student governments—wherever there are large constituencies who want their organizational money to be spent fairly. And yes, poor as well as middle class people turn out by the thousands to decide how to spend public money. Even children have participated (see box below).

In the past 16 years, participatory budgeting's successes (e.g., ending local corruption, redressing inequality) rang bells in hundreds of municipalities in much of Latin America and parts of Europe, Canada, Africa, Asia, and even Polynesia, thanks in part to the United Nations' Habitat program. Toronto Community Housing, for example, has been using PB for nine years to generate projects and distribute \$9 million (in 2009) for upgrading hallways, kitchens, and bathrooms; a computer resource center; playground improvements; and so on. A school district in British

Columbia and the cities of Guelph and Montreal have also used PB.

The classic case of Porto Alegre, Brazil, involving 50,000 residents and \$200 million per year peaked around 2004. Then the sponsoring Workers Party (PT) was voted out of the mayoralty locally because of corruption at the national level and disappointment with President Lula da Silva's bows to the market system. The incoming neoliberal "Socialist Popular Party" watered down and partially privatized the city's PB, renaming the process for "good government" and hoodwinking many poor participants by tying benefits

to limited "entrepreneurship."

The first municipal PB in the United States was undertaken this year, with 1600 residents of Chicago's 49th ward (northeast corner) deliberating and voting infrastructure innovations to spend \$1.3 million. This was the sum allocated to the ward's alderman, Joe Moore, to do with what he wanted—and he wanted the people to decide. There was much committee activity and research on this project that was limited to dealing with infrastructure. Like most PB programs so far around the world, neither revenue inputs (taxes, fees, state enterprises) nor planning were authorized as part of the process. The city also ruled out adding services and personnel to the citizens' spending authority.

A conference earlier this year in Berlin, Germany, revealed great variations in PB in different places. Seville, Spain, sought social justice and empowerment, sticking pretty much to the Porto Alegre model. Seeking modernization, Germany's project was mostly online, risking abuse, bypassing real (face-to-face) deliberation, and largely deferring decisions to city officials (budget "consultation"). Africans sought "good government" (minimizing corruption) and new ways of raising revenue. In Spanish cities, PB decisions were binding, not mere recommendations to the city government. Providently, most projects have welcomed evaluation and improvement in process from year to year.

In any event, a big determinant of PB success is the amount of money the participants have to work with—\$1 million versus \$200 million makes a difference in participation—as does whether the participants' decision is binding and implemented. Nevertheless, PB is giving millions of people around the world the experience that can turn hope into living democracy for hundreds of millions of their compatriots.

*Dave Lewit is a social psychologist, visionary, and editor of the BCA Dispatch.*

## Participatory Budgeting in a Nutshell

Jo Walkden, one of the teaching staff at the Walkergate Children's Centre in Newcastle, England asked Sebastian, Bethan, Chloe and Kieron—all under 5—"if they would like to design and choose the equipment for an outside play area for babies in the nursery." The process was broken down into small steps. First the children took photos of the equipment they liked. Then they took photos of the babies playing and observed the toys and types of play they liked. The children visited the Babies' Garden, which at that point was just a grassed area. Next they looked at their photos and thought about what the babies might like in their outdoor area. They looked at the catalogues and chose equipment they thought the babies would like to play with. They counted out the money for the equipment—an innovative way of dealing with the spending' side of the project. The equipment and structures for the garden were then ordered and installed. The children were able to see their project become a reality." (—Jez Hall, UK)



# Financing the Solidarity Economy

by Ruth Caplan

While successful community currencies like Ithaca Dollars and BerkShares are making a difference for small local enterprises, they do not represent a scale of capital needed to create an alternative economic system like Mondragón. Is it possible to take on Wall Street and fund Main Street in a way that does not depend on an ever-increasing consumption of goods, but rather on local enterprises that meet local needs through services, repairs, local food, production of durable goods and regional trade networks? How would these be financed?

Local financing is not a new idea. Since 1974, the Institute for Local Self-Reliance has been working to “provide for local ownership of the infrastructure and resources essential for community well-being.” Recently ILSR helped open a local bookstore in Brooklyn despite the Great Recession, thanks to \$70,000 in loans from prospective customers (and a larger sum from the World Trade Center Small Business Recovery Fund.)

Today, with banks and corporations sitting on cash because they are unsure whether demand will grow to justify investments in production, there is a real opportunity for local financing of local needs like the bookstore. The question is whether this will be just a temporary uptick or whether deep roots can be established that will allow local financing to be sustained and grow when corporate capital comes roaring back.

Some institutions evolving to fill this need fit under the umbrella of “slow money.” Woody Tasch, the author of the book *Slow Money* and one of the founders of the non-profit Slow Money Alliance, calls slow money “a growing epiphany” and contrasts it with the “three trillion a day [which] goes through currency markets.” He continues, “In the 21st century that idea of just letting money go as fast as it can, taking some of the surplus and trying to clean up the problems is no longer appropriate for the 21st century. We must find ways to invest with much more realistic return expectations for the benefit of future generations.”

Right now, Slow Money focuses on the food system because the depletion of our soil is symbolic of the destruction caused by our monopoly-capitalist economy. It has an impressive group of 80 founding members from private investors and bankers, to organic farmers, philanthropists, foundation board members to people incubating alternative businesses. The founders include Simon Rich, former CEO of Louis Dreyfus Natural Gas, and Robert Zevin, a founder of Calvert Social Investment Fund, which invests in

corporate stocks as well as bonds.

While not fast money venture capitalists, many of these Slow Money advocates are very much part of today’s corporate capitalist economy. Can they really create the change we are looking for? And how dependent is this movement on Wall Street for injecting the needed capital?

Another question is whether in a capitalist economy small local businesses will remain small. Recent history is not encouraging. Ben and Jerry’s (acquired by Unilever in 2000), Bert’s Bees (acquired by Clorox in 2007), Tom’s of Maine (acquired by Colgate-Palmolive in 2006), Odwalla (acquired by Coca Cola in 2001) are all local enterprises which, when they became successful, were sold to large corporations. How will slow money initiatives be any different?

Community loan funds such as Forge, which finances rural development in Arkansas, provide a model which does not depend on Wall Street, but they lack the commitment to networked worker-owned cooperative enterprises associated with the solidarity economy. Equity Trust comes closer in their focus on land tenure and financing farm land trusts. For the most well-developed example of solidarity financing in one sector we need look no further than the dairy section of our grocery store, while the most promising diversified model is to be found in Cleveland and hopefully soon other cities, inspired by Quebec’s *Chantier* and Spain’s Mondragón Cooperatives.



**We must find ways to invest with much more realistic return expectations for the benefit of future generations.**

## Organic Valley

George Siemon, CEO of Organic Valley Family of Farms, is a founding member of Slow Money, along with Ben Cohen of Ben and Jerry’s. Will Organic Valley go the way of Ben and Jerry’s or does it make a difference that Organic Valley is a cooperative? As they say on their website: “the key to our success is our cooperative business model. The 1652 farm families who produce our premium quality food products share a voice in the future of our business—because they own it!”

How about scale? Can 1652 farms still be considered local? Maybe so. Again on their website they say: “In an era where corporations dominate all facets of business including government, global energy, agriculture and global food supply, Organic Valley serves small farmers and rural community health by combining two alternative business models—the family farm and the cooperative. Our cooperative was founded to nurture local communities by keeping farmers on the land, farming. We understood from the beginning that we would need to pool our product in a cooperative fashion to accomplish that goal.”

Organic Valley is also in sync with the Solidarity Economy principles in that they do not have shareholders. Farmer members establish equity when they join the cooperative. There is a democratic structure in place and profits are divided: 45% to farmers; 45% to employees; 10% to community.

# Beyond Capitalism: A Revolution of Values

by Nancy Price

Martin Luther King, Jr.'s most revolutionary 1967 speech "Beyond Vietnam: A Time to Break Silence" marked his movement, from civil rights to a critique of capitalism, a year before he died.

Looking "beyond Vietnam," King questioned a US policy of interventions in foreign countries to defeat not only "Communist tyranny," but any opposition to the corporate-capitalist system of imperialism and oppression that protects corporate interests and the wealth and power of the ruling classes. "When machines and computers, profit motives and property rights are considered more important than people," he said, "the giant triplets of racism, extreme materialism, and militarism are incapable of being conquered."

He called for a "revolution of values," a shift from a "thing-oriented" society to a "person-oriented" society. King envisioned "a worldwide fellowship that lifts neighborly concern beyond one's tribe, race, class, and nation." He cautioned: "a nation that continues year after year to spend more money on military defense than on programs of social uplift is approaching spiritual death."

While "spiritual death" may be true for today's ruling, corporate and military elite, there is a vibrant spirit in the global ecojustice movement, which is calling for a revolution in values to rectify the climate and ecological crises as a matter of life over death.

Today's US ecojustice movement has rejected the regulatory approach of the traditional environmental movement that "permits" corporate harm to people's health and the environment. It includes the 1980s environmental justice focus on race and class that criticized siting toxic dumps, incinerators, and factories in low-income and minority communities.

The ecojustice movement advocates that solutions to climate change can not be only technical

(the reduction of atmospheric concentrations of CO<sub>2</sub>), but must replace the economic system King deplored with a system based on human rights, equity and democratic participation.

The values of this new economic system are embodied in the concept of "living well" adopted in the new 2009 Bolivian Constitution and the "People's Accord" of the World People's Conference on Climate Change and the Rights of Mother Earth (Bolivia, April 2009).

The "Declaration" adopted by the Ecojustice People's Movement Assembly at the US Social Forum, June 25, states: "We support the conclusion that only by 'living well,' in harmony with each other and with Mother Earth, rather than 'living better,' based on an economic system of unlimited growth, dominance and exploitation, will the people of this planet not only survive but thrive."

We realize that our global climate and local neighborhoods are both important parts of "the commons" and a vital part of our natural world. Recognizing and reclaiming our "commons" is fundamental to King's revolution in values and the ecojustice movement's call for "living well."

It is not just the climate and ecological crisis that brings new focus to the concept of "the commons" as it applies to nature. At this stage of globalization, when corporate CEOs and others want to commodify, privatize and profit from almost every aspect of nature and cultural creation, people are asking: What should be part of "the commons"? There is a long legal and cultural history concerning what aspects of nature are considered public or private property or "held in common" for common use. We must ask ourselves: "What legal and other strategies can we use to "reclaim" the commons that have been "enclosed" or taken for private use by corporations and the wealthy for profit? How do we return these "commons"—for example oil fields, forests, and water resources—to the public, while conserving them for future generations? What principles apply to the use, the sharing, or the distribution of income from "the commons"?

These are all aspects to consider as we undertake a non-violent revolution of values to move beyond capitalism.

*Nancy Price is the Co-Chair of the Alliance for Democracy and Western Coordinator of AfD's Defending Water for Life Campaign. She also offers workshops on the Tapestry of the Commons Project (see inside cover). To arrange a Teacher Workshop, or a presentation at your school or for your community organization, email [nancytprice@juno.com](mailto:nancytprice@juno.com) or call Barbara Clancy at the AfD office: 1-781-894-1179.*

**Only by 'living well', in harmony with each other and with Mother Earth, rather than 'living better,' based on an economic system of unlimited growth, dominance and exploitation, will the people of this planet not only survive but thrive.**







graphic: Matt Wuerker

## Great Idea! But will Corporations Claim it's Illegal?

In *Justice Rising* (and many other places) we have read hundreds of creative ideas for how citizens can work locally to improve the environment, living conditions and local economies. In many cases these terrific, innovative ideas are "illegal" or "impossible" under current legal interpretations.

I may sound like a broken record, but let me repeat: corporate constitutional rights block many of these ideas from taking flight . . . or at least clip their wings. First off, many things cannot be done locally under our legal matrix. Even doing things at the state level is difficult and/or expensive.

Suppose your town wanted to support small local merchants and protect them from being underpriced by big box competitors. What are the possible means? Banning, taxing, restricting, limiting or otherwise "discriminating" against chain stores? You would be in violation of the 14th Amendment and the Interstate Commerce Clause. But what if your town wanted to encourage a big box store to build in your community by giving them a big, fat tax incentive? Isn't that "discrimination" against the local merchants? Apparently not. You would just be doing what most towns in America have done. The laws do not cut both ways. Apparently, you are free to discriminate against those who can't afford to sue you.

So the law says you can't discriminate to stop the building of a big box store, a vineyard, or cell tower. Could the voters in your town at least do something smaller like require labeling of genetically modified foods? Sorry, even that small step violates the corporation's right not to speak.

To encourage organic farming practices, Mendocino County, CA citizens voted to ban the growing of genetically modified organisms and

the measure is still in effect, but always one lawsuit away from danger. At any point our cash-strapped county could face challenges on 14th Amendment, Interstate Commerce and/or questions of jurisdiction. What would our supervisors do if faced with an expensive court defense?

Gutless local officials are a familiar problem. Citizens of Humboldt County, CA voted to pass a measure preventing corporations based outside their county from contributing money to local elections. It was county law until some corporations threatened to sue for their 1st Amendment rights, and the Board of Supervisors invalidated the law. The corporate lawyers didn't even need to go to court. The elected representatives of the people buckled immediately.

It's just as hard to expand something desirable as restrict something harmful. As the rest of the world experiments with hundreds of small cooperative banking models, in the US commercial banks scream about credit unions cutting into profits and the Government responds by throwing up roadblocks making it very difficult for alternatives to the big banking interests to emerge. The giant healthcare and pharmaceutical corporations lobby to prevent people forming groups to buy insurance and negotiate lower drug prices like big companies can.

Many of us dream of a day when all power is produced through wind or solar. But sustainable energy is a nightmare to oil companies and coal producers. They fight these good ideas with all the campaign bribes and lawsuits money can buy, maximizing their First Amendment right to lobby the government.

The concept of the commons "that the gifts of nature are for all life to share" strikes at the capitalist heart. If your community wants to give rights to an ecosystem, prepare for a battle. The takings clause of the Fifth Amendment (where a regulation is considered to be "taking" of private property for public good without just compensation) is a popular corporate weapon for these sorts of environmental disputes.

The Community Environmental Legal Defense Fund and others have found that before they could help local communities stop harms like bottled water grabs, factory hog farms, or the spreading of toxic sludge, they had to remove corporate claims to rights in the constitution. We are finding out now that good ideas often face these same barriers. Corporate rule must end before we can fully realize our green future.

*Jan Edwards is the creator of the "Tapestry of the Commons," which is online at [www.thetapestryofthecommons.org](http://www.thetapestryofthecommons.org). She is a member of the Redwood Coast Chapter of the Afd.*

**The concept of the commons "that the gifts of nature are for all life to share" strikes at the capitalist heart.**



graphic: Peter Veres

## Response to Hardship The Farmers Alliance Cooperative

**Farmers started to think of themselves as a group of cooperating people, consciously rejecting the capitalist philosophy of every man for himself.**

The most widespread cooperative system in United States history was organized by the Farmers Alliance during the 1890s. The farmers in the Alliance had suffered from widespread changes in the American economy following the Civil War. By 1890, a system had been perfected by industrial capitalists and their allies that got sufficient agricultural products out of the land while each year leaving most farmers poorer than the year before.

The Homestead Act of 1862, which allowed settlers to claim 160 acres of land for \$10, had mainly illustrated that all easily workable agricultural lands had already been claimed before the Civil War. Remaining lands were mostly too dry; farmers could no longer flee West to escape their troubles. Large scale factory farms were increasingly mechanized and able to produce profits while prices paid for grains slid. The fall of prices meant any farmer in debt would be unlikely to get sufficient crop income to pay the debt down. By 1890, Nebraska alone reported more than 100,000 farms were struggling to keep up mortgage payments. Many farmers were forced to become sharecroppers, getting a share of the crop in return for farming land owned by others, a system not very different from serfdom. As early as 1880,



one-fourth of all American farmers were tenants, with the proportion much higher in the southern states.

The deflation of the era was caused by a static money supply spread among a rapidly growing population, the limited supply of gold, and adherence to the gold standard, resulted in decades of economic misery. Railroad corporations added to the misery by carefully setting rates to take all the profit out of commodities being shipped. Indebted tenants could get credit only at owners' stores that charged high prices designed so that debts could never be fully paid off. Tenants' shares of crops were bought at extra low prices, often by the same landlord merchants.

The first phase of the farmer rebellion, in the 1870s, centered on the Grange, a self-help social organization that succeeded in passing laws to protect farmers in some states, only to have them overturned in the courts.

The Farmers Alliance was better thought out. Although formed earlier, the Alliance really started in 1883 when S.O. Daws, appointed Travelling Lecturer, changed the organization's vision and tactics. In 1884 the Alliance was advocating replacing the exploitative agricultural business structure with its own system for selling crops at fair prices, fair interest rates on loans to farmers, and cooperative buying of farm supplies like seed, fertilizer, and equipment.

The Alliance "learned in 1884-1885 that cooperative buying and selling was easier to plan at country meetings than to carry out . . . The entire commercial world was hostile to the concept." The first actual economic success came when cotton farmers in Texas pooled their cotton in warehouses before selling it. They received an additional five cents per hundred pounds for their efforts, a lot at the time. This spurred further efforts.

As important as the co-op system was to become, it paralleled a shift in culture. Farmers started to think of themselves as a group of cooperating people, consciously rejecting the capitalist philosophy of every man for himself.

Co-ops of all kinds were founded, particularly in the South, during the late 1880s. "Farmers in a dozen states competed with one another in pioneering cooperatives that could be constructed to defeat money-lenders and wholesale and retail merchants." But small farmers were in debt, and debtors cannot issue credit. Capitalists can, as can government. To succeed in their plan to fix the farm economy, the Alliance needed the cooperation of government. Thus the next logical step was the formation of the Peoples Party, better known as the Populists. Their rise and fall can be found in *The Populist Moment* by Lawrence Goodwyn.

*William P. Meyers is the author of America: Republic or Democracy?, which can be read on-line at [www.williampmeyers.org/republic.html](http://www.williampmeyers.org/republic.html)*



# United Steelworkers Ally with Mondragón Co-ops

*Excerpted from a speech by Rob Witherell of the United Steelworkers on March 6, 2010*

In the middle of the worst recession in the past 70 years, conservative politicians in Washington are putting the purity of their ideals before the reality of the painful consequences. People need help, not talking points.

Wall Street executives, who were part of creating this crisis, were the first ones asking for help from Main Street taxpayers. We gave them billions of dollars. In response, corporations cut pay, laid off workers, and closed operations—too often as the first option rather than the last.

Our manufacturing sector has been hollowed out and our standard of living stagnated or declined. We need to rebuild from the ground up. But how?

Let's imagine the Spanish Basque region in 1943—devastated from the Spanish Civil War, and then punished by Franco's regime. Thousands were murdered for supporting the Republican forces, leaving high unemployment, no social safety net, no pensions and little access to capital and investments.

In this context Father José María Arizmendiarieta started up a polytechnic school that was the seed for the phenomenon we know today as the Mondragón Cooperatives (see page 7). I visited Mondragón in September 2008. We found our organizations shared many key principles and ideas. Over the year that followed, more conversations involving more people began to turn to specific ideas on how we might work together on projects in the U.S. and Canada.

I've heard people wonder openly about whether such an idea could take root in an American culture steeped in individualism. I would reframe such ques-

tions in a different way. In the midst of economic devastation and oppression, the people who originally formed and supported the Mondragón Cooperatives did so out of necessity to feed and provide for their families. They started their own schools, created their own jobs, provided their own health care and met their own banking and financing needs. Theirs is a story about self-reliance and pragmatism, not just idealism. Shared values such as self-reliance and ownership have deep roots in our culture and history. In the middle of this economic crisis, people are desperate for answers. Since announcing our work with Mondragón, I've gotten emails and phone calls almost every day from people asking, pleading, for help.

We have an opportunity to rebuild our economy from the ground up, in a way that is sustainable and creates good jobs. We cannot afford to wait for someone else to do it for us.

With Mondragón's assistance, we will seek to implement their worker-owner model in combination with our collective bargaining model in a way that makes the workplace more participatory and more accountable to the workers, but also protects the interests of the workers and establishes guidelines to ensure that all workers are treated fairly.

Ownership means more than just the value of a share. We must ensure a dynamic labor-management relationship rooted in partnership, understanding the needs of both the business and the workers, and respect for the advocacy roles each must take on. We are in this alliance with Mondragón because we believe there's got to be a better way to run a business that is sustainable and accountable to its workers and its communities.



**We have an opportunity to rebuild our economy from the ground up, in a way that is sustainable and creates good jobs.**



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## Why You Should Care

### **“Fair is foul and foul is fair” in our economy**

Currently, people are dependent on a foul economic system to meet their essential needs. Unfortunately, in societies that have accepted this fate “people find themselves oppressed by increasing frustration, alienation, insecurity and so forth.” As Martin Luther King, Jr. said “When machines and computers, profit motives and property rights, are considered more important than people, the giant triplets of racism, extreme materialism, and militarism are incapable of being conquered.”

### **Economic problems have not been solved**

Despite rosy predictions by Wall Street pundits, the market has not solved our economic problems. It is only making them worse. The wonderful resources of nature that we are consuming at a horrendous rate are not replaceable. Our economic thinkers treat these phenomena of nature as if they will never come to an end. However, when they do come to an end, we will all be sorry. On top of that, the market failure to account for the poisoning of our air and water will ruin the basis for all life on earth.

### **The Solidarity Economy works better**

Community benefit enterprises of the Solidarity Economy provide more long-term good for society. They care more for people and nature. They are better at providing needed goods and services to a broader section of the population. They do not sell out or leave town. They do not succumb to cycles of boom and bust. They get steadily more efficient and effective at what they do and they have a good time doing it.

### **Fast Money is wrecking our world**

With \$3 trillion dollars rushing through currency markets everyday, financial resources are being ripped out from under projects and communities around the world, devastating any hope of a sustainable future. The drive for higher profits in corporations that must maximize their bottom line has led to a ruthless savaging of our environment, atmosphere and the complex intricacies of nature.



## What You Can Do

### **Join the Solidarity Economy**

In the Solidarity Economy “fair is fair and foul is foul.” The Solidarity Economy emphasizes fair by promoting “cooperative, collective and non-profit, democratically-controlled enterprises, emphasizing the primacy of people over capital and a philosophy of empowerment, equality and inclusivity.” It eschews the foul notions of greed, envy, usury and money-as-power, while looking after the welfare of the community, nurturing the health of the planet and preparing for the long-term sustainability of our life on planet earth.

### **Map Your Solidarity Economy Network**

Connect and maximize the solidarity network in your community. It will: enable consumers to find solidarity economy goods and services; help Solidarity Economy producers and suppliers build mutual supply chains; collect data for research that can identify best practices and construct supportive policies; and promote linkages between individuals, organizations, networks and movements.

### **Promote Participatory Budgeting**

Learn how participatory budgeting works. Get your local government to institute participatory budgeting to establish priorities for public policy. Use participatory budgeting to encourage a fair Solidarity Economy and discourage a foul monopoly-capitalist economy.

### **Encourage Slow Money**

Slow money down by starting a slow-money institution in your community to amalgamate local capital or invest your money in an existing slow-money institution to “reorient capital away from endless cycles of consumption and a relentless focus on markets, towards a new economy that is focused on quality and human relationships to one another and to the land.”

*Building an Economy for People and Nature*

*A Publication of the*

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