

our economic future

ACHIEVING A MORE
EQUITABLE SOCIETY BY
RADICALLY RETHINKING OUR
GUIDING ECONOMIC IDEAS



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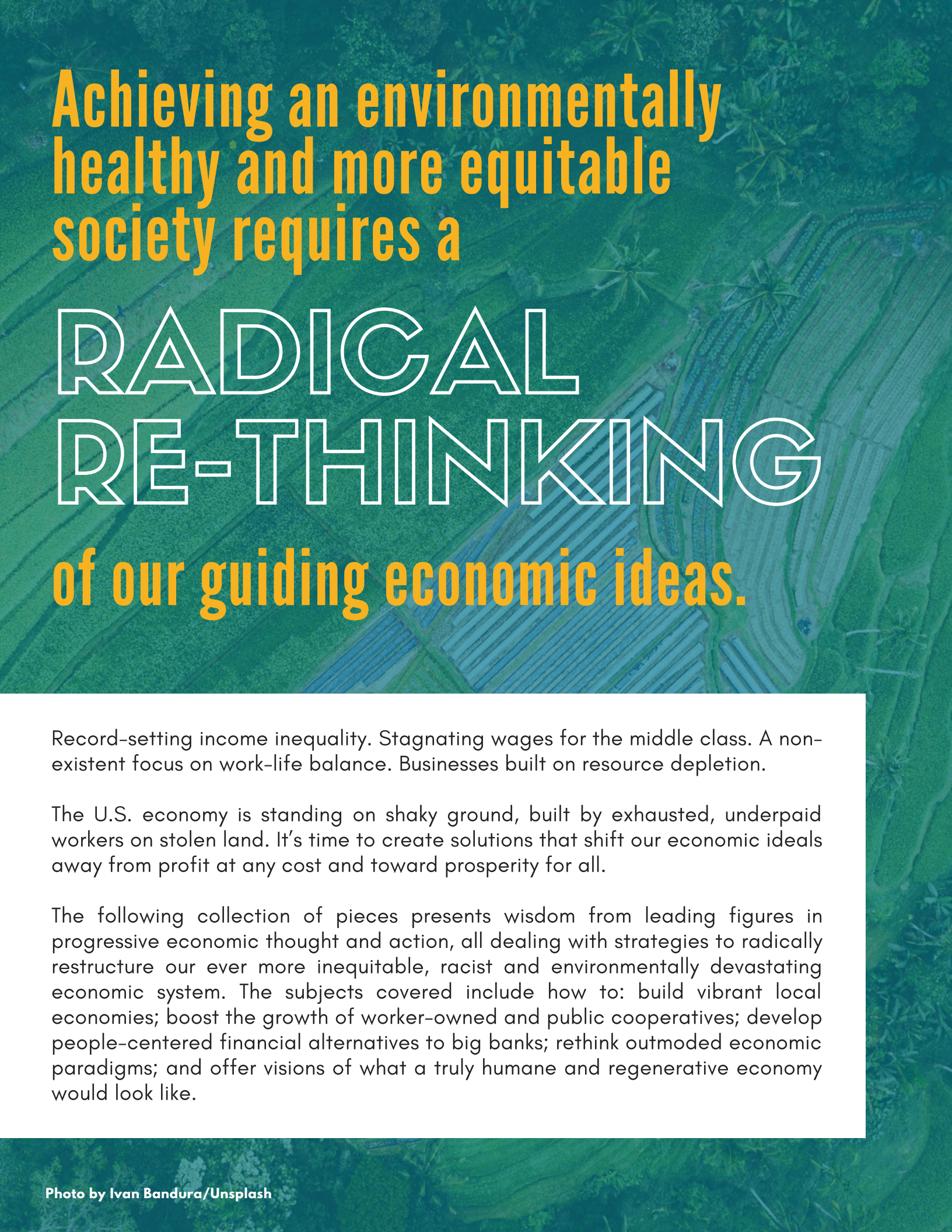
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OWNING OUR FUTURE AFTER COVID-19

From the Democracy Collaborative & the Next System Project



Achieving an environmentally
healthy and more equitable
society requires a

RADICAL RE-THINKING

of our guiding economic ideas.

Record-setting income inequality. Stagnating wages for the middle class. A non-existent focus on work-life balance. Businesses built on resource depletion.

The U.S. economy is standing on shaky ground, built by exhausted, underpaid workers on stolen land. It's time to create solutions that shift our economic ideals away from profit at any cost and toward prosperity for all.

The following collection of pieces presents wisdom from leading figures in progressive economic thought and action, all dealing with strategies to radically restructure our ever more inequitable, racist and environmentally devastating economic system. The subjects covered include how to: build vibrant local economies; boost the growth of worker-owned and public cooperatives; develop people-centered financial alternatives to big banks; rethink outmoded economic paradigms; and offer visions of what a truly humane and regenerative economy would look like.



CO-OPS, CAPITAL AND INCLUSIVITY: THE BLUEPRINT FOR BUILDING AN ECONOMY FOR ALL

Democracy isn't just for politics — it's for the workplace, too. And it's desperately needed in an economy that exploits the wellbeing of workers and the environment just to maximize profits, where we all end up footing the bill. That's why **Ted Howard**, co-founder and President of the Democracy Collaborative, is leading a national conversation on

developing a more inclusive, just and equitable economy.

In this interview with Bioneers Senior Producer Stephanie Welch, Howard discusses the power of worker cooperatives, examples of what a new economy could look like, and how society can make these practices stick.



COULD YOU DESCRIBE YOUR WORK AT THE DEMOCRACY COLLABORATIVE?

At the Democracy Collaborative, we think of ourselves as a laboratory for the birth of a new economy in America, beyond state socialism and beyond the kind of hyper-casino capitalism we have. We're an action-oriented think tank, so we conduct policy research, publish reports, and do a lot of work on the ground. At any one time, we're working with 25 cities around the country.

We're living through a time when there's a lot of pain in our communities. At another time in our history, the Great Depression, we also went through an economic crisis and then, as now, that pain generated a number of economic experiments. Historians talk about that period when Hoover was president from the crash in October 1929 until March of 1933, before Roosevelt came in. Nothing was being done by the national government because of the ideology of the Republicans at the time, which was to let the market take care of things. So communities began experimenting because they had to. In California and Alaska, people started pooling their money to take care of seniors, because there was no safety net.

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When Roosevelt came in and the politics changed, there was an opening for new solutions. They looked at those experiments in Alaska, California and elsewhere, and they scaled them up and turned it into the Social Security system. The Tennessee Valley Authority (TVA) came out of earlier efforts for rural electrification, and there were many other local experiments that became part of the fabric of the country at the highest level.

WHAT ARE SOME EXAMPLES OF THE INITIATIVES THAT YOU AND OTHER GROUPS HAVE CREATED IN CLEVELAND?

The Cleveland Foundation, the oldest community foundation in the country, came to us and said, We know you're not from Ohio, but we like your ideas about the basis of a new economy that's more equitable, more inclusive, more place-focused, more sustainable environmentally. Would you come here to Cleveland and help us create a strategy? They gave us a grant, and I headed up a team that worked for about six months to devise a new form of economic development strategy for Cleveland.

Most economic development in cities is a partnership between local businesses, mostly large businesses, and the city government. Usually businesses are the priority and the relationships tend to be based on subsidies and tax benefits as incentives to attract them from another city. The problem is that companies aren't very loyal. When those tax breaks go away in six or seven years, they get up and move somewhere else. So economic development tends to be a zero sum game.

We at the Democracy Collaborative suggested that instead of trying to attract businesses to leave other cities and throw their people out of work, let's



Photo by Dragana991/Getty Images

leverage the resources we already have that are underutilized. Many cities have a legacy of a strong manufacturing base and what are called anchor institutions that persist over time – large hospitals, universities, cultural centers – what economists call “sticky capital.” They’re rooted in the community, while most businesses come and go.

WHAT ROLE DOES DEMOCRACY PLAY IN THE COOPERATIVE AND THESE OTHER INITIATIVES?

The idea of democracy in the workplace is very, very important to the future of the country. The problem is that no one’s born knowing how to be a democratic actor. We have to learn the arts of democracy. I remember when we actually taught civics in school, but that’s no longer the case, which is a detriment to the country. Fortunately there are a lot of other places you can learn about democracy, or the lack of it. One of those is in the workplace.

In most companies, we tend to hang our democratic rights at the door when we punch in. We’re there for eight or nine hours and we’re working for someone else. It’s a very top-down, hierarchical system. We don’t have a stake in the company, we work for someone else and we don’t really have democratic participatory rights.

A worker cooperative is a very different kind of company. Every person who works in the company has an equal share of the company. In Cleveland, Ohio we’ve created two very large scale industrial laundries that provide goods and services to the hospitals. Every person who works in there either has one share of the company or is on a trajectory to be voted into the company and become a shareholder. This means the workers who work in the company can elect members of the board of directors. They determine who gets accepted into the company. They have access to the open-book financial management so they can



see how their company is doing. They can vote themselves profit shares over time.

Another benefit is that it addresses the problem of companies leaving the city. If 50 or 100 people own the company they work in, it's very unlikely they will get together and say: "Let's send our jobs to Phoenix and cash out."

“Another reason cooperatives work well is that they provide a good way to generate jobs for people who’ve been left out of the economy.”

For many people, it's very difficult to be part of the economy. People who have been unemployed for years, or who are on public benefits, or who've dropped out of school in eighth grade, or a single mom, or someone who's come out of prison — it's very difficult for them to get into the economy, and if they can, they usually get a very minimal wage.

When we created Evergreen, our mantra was "a job alone is not enough." If you're hiring people from a really asset-poor background, you need to not only pay them a living wage, you need to find a way to supplement their income so they can start to build their own household wealth. In a worker cooperative, outside investors aren't siphoning off profit. The profits stay in the company and workers get bonuses.

For example, the laundry workers in the Evergreen Cooperative who've been there the longest received a bonus this

year of \$5,000. In a community where the median household income is \$18,500, that amount of money can change lives.

HOW DOES THE EVERGREEN COOPERATIVE RECRUIT THEIR FELLOW EMPLOYEES TO ENSURE THEY ARE REACHING OUT TO THE PEOPLE WHO CAN BENEFIT MOST FROM THE STRUCTURE?

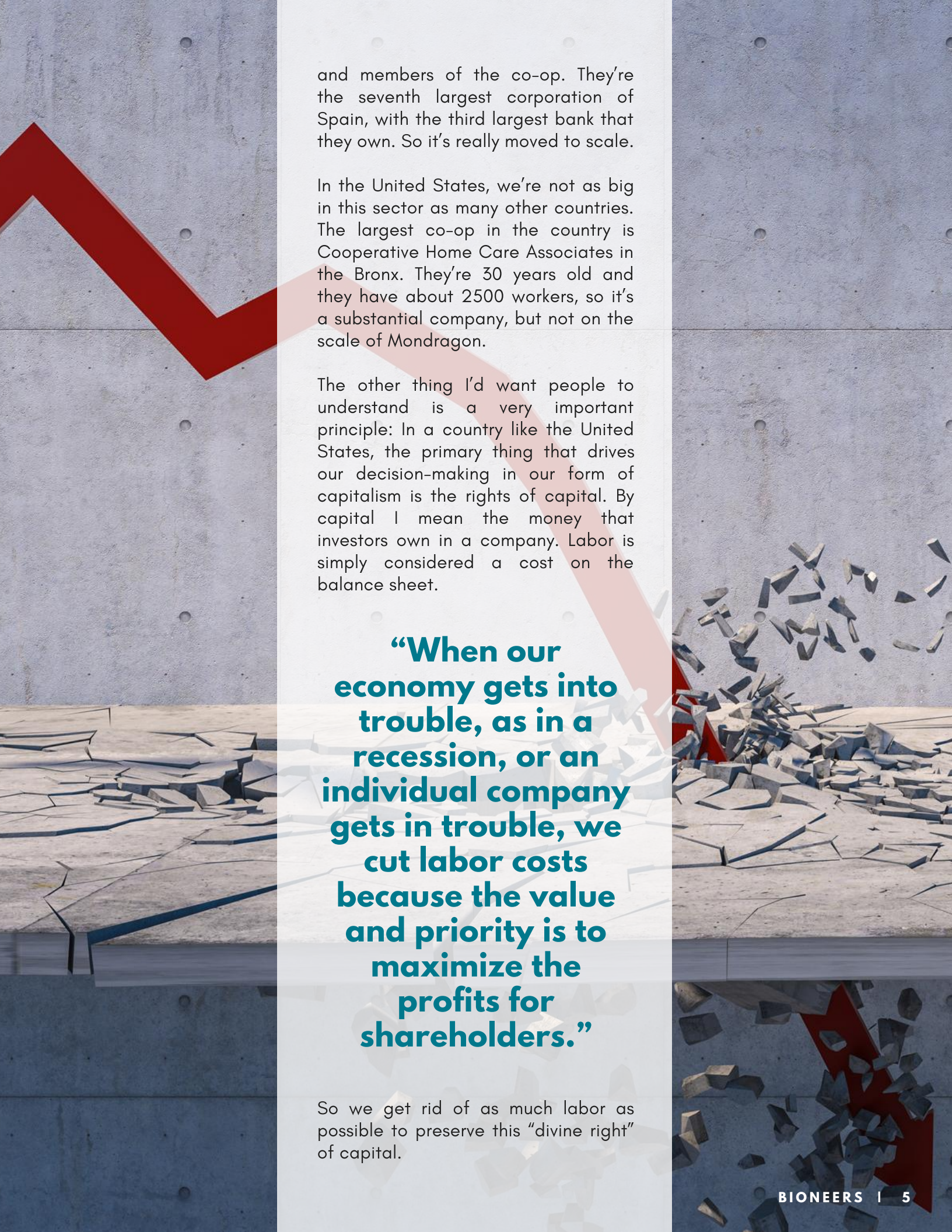
There's such a desperate need for work in our community. When we opened the laundry a number of years ago, we didn't advertise, we just opened the facility. But this was one of the only new businesses that had come into the community in years. Within one month of opening, we had 500 people apply for work.

They now work with a group called Towards Employment, which is a community nonprofit. Their tag line is "From Poverty to Paycheck." It trains workers from the local neighborhoods to be ready to work in a cooperative environment, and we've had a very, very good experience with them.

WHAT WOULD YOU WANT PEOPLE TO MOST UNDERSTAND ABOUT COOPERATIVES?

One thing people often assume is, "Well, these worker co-ops are kind of nice, almost cute. But they can never really get to scale." So one thing I'd want people to know is that cooperative forms can really move to a substantial scale.

The best example is the Mondragon Cooperative in Spain, in the Basque country. They built their first co-op in the 1950s with five people in it. Today, they are a network of over 100 worker cooperative businesses producing over 20 billion euros in yearly revenue, employing about 75,000 worker owners



and members of the co-op. They're the seventh largest corporation of Spain, with the third largest bank that they own. So it's really moved to scale.

In the United States, we're not as big in this sector as many other countries. The largest co-op in the country is Cooperative Home Care Associates in the Bronx. They're 30 years old and they have about 2500 workers, so it's a substantial company, but not on the scale of Mondragon.

The other thing I'd want people to understand is a very important principle: In a country like the United States, the primary thing that drives our decision-making in our form of capitalism is the rights of capital. By capital I mean the money that investors own in a company. Labor is simply considered a cost on the balance sheet.

“When our economy gets into trouble, as in a recession, or an individual company gets in trouble, we cut labor costs because the value and priority is to maximize the profits for shareholders.”

So we get rid of as much labor as possible to preserve this “divine right” of capital.



In a worker cooperative, labor is in first place over capital. It's not that the capital's not important, but the rights of labor and keeping people employed are the main things that drive decision-making. So in Mondragon, when they have a problem in a company and need to close it, they don't just let everybody go, they absorb the workers into more successful cooperatives in the network. The priority is to keep people employed, not maximize the value to investors. So it's a very, very different principle.

That's one of the principles we talk about in the Democracy Collaborative — a "democratic economy". Labor comes first in our decision-making, not the rights of capital, so broadening ownership is inherently more democratic and stabilizing.

We've been sold this mythology about business that asserts large corporations as more efficient; if people work in cooperatives, they'll lose their incentive; what really makes the economy run is entrepreneurship; if we just grow the economy, the benefits will trickle down to those who are most in need.

In fact, the data show over and over again that alternative forms of businesses, more democratic enterprises, are actually more stable, more productive, fail at a much lesser rate than the other kinds of companies. If you look at the continuum of what we call "community wealth building institutions and mechanisms", we have co-ops, employee stock ownership plans, land trusts.

One example is the subprime mortgage crisis. Cleveland was one of the cities that was hit hard. There are still 15,000 abandoned houses that need to be taken down because people were sold these bogus mortgages and they went

under. During the crisis, the default rate in community land trusts where the land is owned by a public-benefitting corporation was less than 1/10th what it was for traditional bank finance mortgages.

In terms of employee ownership, there's a great deal of academic study of co-ops, especially employee stock ownership plans. During the recession, employee-owned companies shed labor at far less than 1/10th of what the corporate sector did because of their commitment to keep people working.

The buildup of retirement accounts in an employee-owned company compared to a similar company in the same sector but traditionally owned is—for the workers is more than 2-and-a-half to one, the workers' retirement accounts are that much bigger. Of course, there's more satisfaction, there's more productivity.

THE MYTHOLOGY AROUND OUR HYPER-CAPITALIST ECONOMY IS SO STRONG, WHAT WILL IT TAKE FOR THESE SORTS OF PROJECTS TO GET A BIGGER FOOTHOLD IN OUR SYSTEM IN THE U.S.?

We need to understand that we've got a systemic crisis on our hands, and it requires a systemic approach. We live within a political economy. In our country it's called capitalism, or casino capitalism or hyper capitalism.

In order to bring about the kind of world we want, we need to stop thinking that it's simply a question of who gets elected. It's very important that we vote, and I vote every time I can, but it's not simply a question of better policy. If we don't start to change what's at the heart of the system, then we're never going to get to where we want.



The biggest impediment we have is not the power of the large corporations that will fight to hold onto what they have. That is a problem, and there needs to be a political movement to challenge that power, but ultimately the problem is our own lack of imagination. The problems look so big, the challenges so huge, a lot of us just give into despair. Somebody said our problems are way too big to allow us to be pessimists. We've got to get our ambition up that a new system, a new order is possible.

WHAT ARE THE NEXT BIG, BOLD STEPS THAT YOU BELIEVE COULD GET US WHERE WE NEED TO BE?

On the ground level we need to start to deploy not just cooperatives, but also land trusts, social enterprises, public banking, a whole range of initiatives that can contribute to the rebuilding of our communities.

We also need to get ready for the next big financial crisis and collapse. Economists on the right and left are all saying it's coming. Banks are over-leveraged and bigger than ever. The last time this happened with the 2008 crisis, the Federal Reserve Bank stepped in and used quantitative easing to create three trillion dollars to bail out the banks and big businesses. At that point, the American public owned these entities because they were socialized by the U.S. government. The problem is that once those companies recovered, our government gave them right back to their original owners.

What do we do the next time the banking crisis happens? Are we just going to do the same thing? Or are we going to step in and maybe take these banks into public ownership?

At the Democracy Collaborative, our paper *The Crisis Next Time* discusses a

new approach to deal with financial crises. We need to work at the grassroots level as well as the national policy level.

THESE ARE BIG CHANGES THAT NEED TO HAPPEN AND I THINK IT'S DIFFICULT FOR PEOPLE TO SEE HOW THESE MASSIVE CHANGES CAN COME TO FRUITION.

This is what Dr. King said about bending the arc of history toward justice. What we're talking about is bringing the principles of democracy to the economy. We're talking about fundamental change to our political economy and transformation in terms of who owns this economy in the largest empire in the history of the planet. These things don't happen fast. We're talking about 20, 30 years of evolutionary change. Some immediate changes can be made, but we need to stay in this for the long haul.

We've been educated to think that there are only two choices: You either like centralized state socialism like they used to have in communist countries, or you like this hyper-capitalism dominated by giant corporations like we have. What we're arguing is, no, no, no, there are many different ways of approaching this. Rapid changes can be made, like some of the things we've done in Cleveland.

It will ultimately require the kind of experiments we've been talking about; it will require forming a new political base of power that can challenge the large concentrated corporate interests.

We need really new, innovative outside-the-box proposals. We need a fundamental reorientation.

So it's a very exciting time. There are certain times when ideas really matter in the grand mix of things, and I think this is one of those times. ■



BEYOND CAPITALISM & SOCIALISM: A CONVERSATION ON INVENTING THE REGENERATIVE ECONOMY

As wealth inequality continues to grow, the escalating consequences of traditional economic models that have exploited the Earth and left millions in poverty are pushing us to the brink of transition. But what will the next system look like? How can we build a regenerative system that's both socially and environmentally sustainable?

in this panel, four citizen leaders challenge the status quo with innovative ideas about what our could look like beyond capitalism or socialism. Featuring **Greg Watson**, Director of Policy at the Schumacher Center for a New Economics;

Christine Nobiss, Indigenous activist and Decolonizer at Seeding Sovereignty; **Ted Howard**, co-founder and President of The Democracy Collaborative; and **brandon king**, a founding member of Cooperation Jackson.

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From left: Brandon King, Greg Watson, Ted Howard, Christine Nobiss

GREG: Today we're going to discuss the new economy.

I work at the Schumacher Center for New Economics, which is based on the work of E.F. Schumacher who wrote the highly influential, *Small Is Beautiful: A Study of Economics As If People Mattered*, which describes an economic system in which people matter. Schumacher's work, along with that of several other thinkers, had a lot to do with inspiring the alternative, appropriate-technology movement that took off in the 1960s. That brings me to another place where I used to work back in the 1980s, the New Alchemy Institute on Cape Cod.

New Alchemy was a think/do tank that had its roots in the '60s and '70s, when people were very vociferous about what they saw being wrong with society — especially in

terms of our ability to meet our food, energy, and shelter needs sustainably. New Alchemy was a place that sought to actually develop real alternatives to the existing economy.

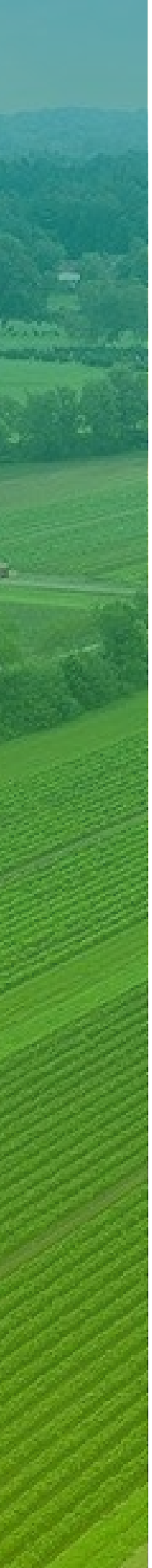
That led to some really innovative and, at times, some funky inventions. Basically we looked at nature as a model for our designs, an idea that has caught on in recent years with the rise of Biomimicry and other disciplines.

What I've learned from all my years of working on new economic models and alternative technology is this: Think globally, act locally. Even as we focus on the local economies, in this day and age, we still need basic global eco-literacy. And with that, I'm going to present our panelists, leading off with Ted Howard, then Brandon King, and then Christine Nobiss.

TED: I want to start with my favorite quote: *"It's easier to imagine the end of our planet than to imagine the end of capitalism."*

We've got 12 years to get this climate emergency under control or we're going to have a very tough time on this planet, but it's hard to imagine that we could actually live in a society that isn't dominated by giant corporations and rich investors trying to maximize their shareholder value and where wealth wasn't incredibly concentrated. But I am sure we could live in a system that produces other kinds of values, a political economy that's neither a state socialism, bureaucratic old Soviet Union style or the out-of-control capitalist juggernaut we have right now.

The president is fond of saying gross domestic product has never been higher, the stock market's never been higher, and all that's true. Yet, 47% of Americans can't assemble \$400 to meet an emergency such as their car breaking down or a child breaking an ankle. Three people in America, you know them — Gates, Bezos, and Buffett — own as much wealth as the bottom 160 million of us. We have a system that is very extractive and increasingly concentrates wealth at the top. There has never been a nation as wealthy, as productive — again, not necessarily producing the things we all want — but it is unquestionably an incredibly powerful machine.



Just as the Great Depression was starting in the 1930s, there were what historians called “laboratories of democracy” in which people experimented with all kinds of incredible new programs all over the country. What turned into our Social Security system emerged from that, and I firmly believe we have laboratories of democracy going on right now in America.

So how can we achieve the kind of next system that could produce more equity, more justice, more wealth equality, and better stabilization for our communities? What’s in the way? I’d say three things:

First, we don’t know a lot of our own history in this country. There was a great article in *The New York Times* called **The City Sanders and Ocasio-Cortez Would Have Loved to Live In**. This is a story about Milwaukee, Wisconsin, which in the first 50 years of the 20th century was controlled by socialist governments. They were called sewer socialists because they attended to the infrastructure people needed. One of America’s great cities had an entire half century of democratic, decentralized socialist history. Most of us think, “will Americans really go for cooperatives?” Well, 130 million Americans belong to cooperatives right now, like credit unions; most of us just don’t know it. One out of every three of us participates in a co-op in one form or another. So we need to get our understanding of what we’re doing up to the level of reality.

The second thing is there are big concentrated powers and corporations that are going to try to stand in the way of us getting what we want. We’re never going to deal with climate change as long as the fossil fuel companies are standing in the way. There’s going to need to be a political movement that challenges concentrated power to move us beyond this kind of post-capitalist

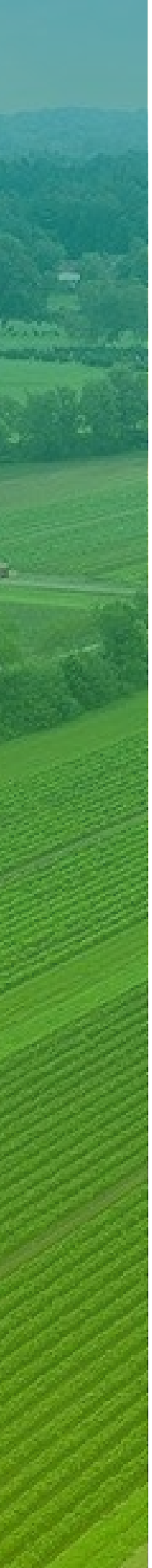
economy. That’s going to be difficult, and we’re going to need to do it just as the labor movement once did it, and just as the women’s movement, the environmental movement, and the movement for black lives are doing now. There has got to be that coalescing.

“But the biggest obstacle we face is actually inside us.”

Remember, it’s easier to imagine the end of the planet than it is to imagine the end of capitalism. If you and I lived in ancient Egypt, a civilization that lasted a thousand years, it would be totally rational to think that there would always be pharaohs and sphinxes and pyramids, and it would just make sense because it had always been that way. Yet it’s gone, and we now study it. All systems come and go, so we need to get our ambition up.

What if the whole economy reflected our deepest values? What if we were the ones, along with our brothers and sisters around the country, who were really on top of a democratic economy? So the real issue is: Can we see ourselves as real actors in history? That we are the people, as Dr. King said, whose job it is to bend the arc of history towards justice? And if we are those people, I firmly believe that at least in the lifetime of some of us in this room, we will see a fundamentally different political economy in this country.

BRANDON: This conversation is about getting beyond capitalism. In the work that we’re doing in Jackson, we’re trying to develop a model that provides us with the things we need to survive and thrive. We want to be able to work together to



take care of our food production and our living spaces ourselves, so our wealth doesn't go out of the community to someone else. We are trying to delink from the systems that are harming us. If we're growing our own food, then that means we're not beholden to capitalist markets that decide what our lettuce costs. It's an important step to think about the important things we need as humans. What is our given capacity? What can we do? What can we accomplish with our time?

We just recently purchased a plaza space and named it after Ida B. Wells. In this plaza we hope to construct a co-op grocery and set up an aquaponics facility. One of the things that we've noticed with our farming is that the climate is more and more unpredictable because of climate change. You can spend weeks planning, planting, and taking care of your plants, and a drought or a flood comes along, and all of your crops perish. So we are trying to also grow food in a controlled environment to ensure that our community has access to nutrition even if weather events destroy farm crops. Those are the types of things that are important to think about for a community wanting to be self-reliant.

There are a lot of steps we need to take to get to a post-capitalist society. There is this looming enclosure of the commons. There is a big wealth grab that's happening at astronomical rates right now, and that's also the cause of the warming of this planet.

After the Alcatraz occupation 50 years ago, a lot of the Indigenous people who were part of that fight went back to their communities to continue the struggle on their home turfs, and they were able to expand Indigenous territories and rights. And those kinds of things need to continue to happen. We need to do both things at the same time: to confront and

tackle these harmful systems; and to build new systems because this problem is not going to go away by us just wishing it away. It's really important for us to deal with it head on.

I think it will take a lot of broad-based, grassroots organizing on the community level, getting everyday people involved and connected, but it's hard because people feel the brunt of capitalism; they feel the lack of time they have with their families and children. They feel the pressure of having to produce, and their money not going as far as it used to go. We all feel all these pressures.

One thing that is keeping many people from joining us — the collective us — is that people want to see an alternative in real life. They want to see how we're actually, materially building these systems. Are we shutting down these factories, these coal plants, these extractive plants and just leaving them? Or are we building regenerative energy systems and pulling in the workers who have lost their jobs? Those are things that we should be thinking seriously about in terms of building something new. People want to have a network or a safety net to be able to connect with and to feel a part of.

This stuff is an experiment, and like our lives, not everything is going to be perfect, but we've got to try. We've got to fail. We've got to be comfortable with failing because in failing, we learn. So it's important for us to have that humility and that understanding that we are on a road, trying to go toward a place that affirms our life and also affirms the life of this planet.

CHRISTINE: I want to start with this quote from Peo-Peo-Mox-Mox (which means Yellow Bird) who said, *"Goods and the earth are not equal. Goods are*

for using on the earth. You cannot give goods in exchange for land." The capitalist idea of exchanging land for goods was a completely foreign concept to Indigenous Peoples before colonization and genocide occurred.

I work really hard to bring attention to this issue. I talk a lot about colonial capitalism in my work because, in my opinion, it is the key problem. It's the reason for all of the social injustice that occurs on this planet, and also for climate change, and environmental destruction.

Indigenous Peoples have been in battle with colonial capitalism since we encountered it. The European conquests around the planet, based on the ideology that God gave man (especially white men) dominion over the Earth then brought us modern capitalism and colonialism, and then insane levels of consumerism, all of it in complete opposition to how most Indigenous societies have worked everywhere on this planet. These are two sharply contrasting ideologies: one in which the Earth is essentially an object that you can do what you want with; the other in which we see Earth as our mother, a relative we want to keep safe and healthy. It leads to very different ways of interacting with the planet. If we're going to turn the tide, or curtail even a little bit of this climate crisis, everyone will have to rediscover the older, Indigenous ways of understanding our relationship to the earth.

I believe that we can imagine a world without capitalism before we imagine the end of the world, only because I come from a very different background where I was told how things were before colonial capitalism took over. I think that the way to fight colonial capitalism is by uplifting and empowering Indigenous people and African American and the

Latinx populations, all the groups that have been and still are oppressed and afflicted by the self-eating mechanisms of capitalism. I believe that our way forward is to get money out of white, elite circles. \$60 billion of foundation funding each year goes to 95% white-led organizations, and that means there's very little left for Indigenous Peoples to do what they need to do to make a difference.

There's talk about the Green New Deal and all this legislation that people want to put through, yet the real answers actually lie in turning to the Indigenous peoples of this continent and asking them for guidance on how to move forward.

"Indigenous Peoples have traditional ecological knowledge that can save the world."

We have answers. We have a different way of living. We have a different ideology that we can use to change or combat what's happening right now.

But even in our climate and social justice movements, the liberal progressive people that are running these movements aren't ready to take on the very uncomfortable conversation that has to be had. We don't need people coming into our communities and saving us; we just need them to give the funds directly to our people so that we can do what we need to do.

Indigenous Peoples are already doing green jobs as stewards of the planet, protecting territories that contain 80% of the world's biodiversity. What if we were to give the money directly to them so

they could continue to do that incredibly important work? That's the problem with colonial capitalism. It's ingrained in our institutions, and it's a thought process that's created out of institutionalized racism. Even the people who are trying to make a difference still don't get it. I don't think that these huge environmental organizations should be getting all of this money. I think it should go to the stewards of the land.

I think that's how we can start combatting colonial capitalism: by trusting the Indigenous Peoples on this planet and realizing that it's not necessarily about what we do, it starts with changing how we think, our ideology, how we view this Earth, and how we interact with this Earth.

GREG: How do you respond to the Green New Deal with respect to the notion of going beyond capitalism?

TED: The Green New Deal is interesting because it brings together both environmental and economic concerns. I do think that it provides an opening to

address a number of the inequities in the economy. But it's essential to marry the Green New Deal idea with the kind of community wealth building, democratic economy that you talked about.

BRANDON: I agree. I think to have a policy platform that bends to capitalism isn't going to help us at the end of the day. We have to confront it in a real way, and I feel like it has to be anti-capitalist, because the logic of infinite growth on a finite planet can't exist, even if it's green capitalism.

CHRISTINE: I think the Green New Deal is a good start, but I agree with Brandon. If we are going to move forward with the Green New Deal, it must include a huge social component. Climate change is something ethereal — it's gases and greenhouse effects and weather — but it's really our relationship to the land that creates climate change. So the government needs to recognize our sovereignty and allow us to be the stewards we need to be in order to lead the way and build an Indigenous-led regenerative economy. ■



Photo by HellolmNik/Unsplash



FOLLOWING THE MONEY: PUBLIC BANKS AND FINANCING LOCAL ECONOMIES

Ellen Brown, an attorney and leading public banking advocate, founder of the Public Banking Institute and Senior Fellow of the Democracy Collaborative, is the author of hundreds of articles and more than 10 books, including the best-selling *Web of Debt*, *The Public Bank Solution* and *Banking on the People*.

She also co-hosts the "It's Our Money" radio program on PRN.FM.

Bioneers sat down with Brown in October 2018 to discuss the speculative economy and public banking.

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"It's a game of Monopoly. The game was designed to guarantee that the rich get richer."

Bioneers: Let's start with the big picture. We're more than 10 years past the 2008 financial crisis triggered by Wall Street banks. Can you talk about some of the worst effects that we're still seeing now?

Ellen: The rich are getting richer, as most people are aware. For the lower 80% of the population who are net debtors, it's getting worse. Consumer debt is ballooning. We have a massive homeless problem. We have a shortage of houses and jobs.

Virtually all countries are heavily in debt.

Bioneers: When you said that the rich are getting richer, you're saying that as they get richer, they're capturing capital and it's not going back into the economy?

Ellen: Exactly. It's extraction—extracting money out and putting into another economy: the speculative, financial sector economy, which has almost nothing to do with the "real" economy, i.e. the actual production of goods and services.

Bioneers: What are the dangers of wealth funneling into what you call the "speculative economy"?

Ellen: The speculative economy is a big casino. When you buy a stock, the money you spend does not go back to the company. The only money that the company gets is with the initial public offering. After that, it's literally a casino. The prices keep going up and up, and there's no relationship between the stock price and the real value of the stock, but it doesn't matter. You buy it because you think somebody else, some other "greater fool," as they say, will buy it at a higher price, and you'll make money off of it. It's a game of Monopoly. The game was designed to guarantee that the rich get richer. They always win.



Illustration by Julien8001/Shutterstock

Bioneers: Did publicly owned institutions fare better during the financial crisis?

Ellen: Eighty percent of the Chinese banking sector is publicly owned. And they just sailed through the crisis. They continued with this remarkable 10% growth for a while. Public banks lend counter cyclically. They put more credit out there when the private banks are pulling in their credit. That keeps the economies going. North Dakota has its own public bank, and it survived the credit crisis better than any other state. Even today, the Bank of North Dakota is doing brilliantly well. There was an article in 2014 in the Wall Street Journal that said that the Bank of North Dakota was more profitable than JP Morgan Chase and Goldman Sachs. The author of that article said that it was due to oil. But that very year, oil collapsed, and the Bank of North Dakota continued to report record profits. They have a very efficient business model. That's what I say their profits are due to.

Bioneers: What have been some other positive effects of North Dakota's public banking sector?

Ellen: By law, all of the state's revenues are deposited into the Bank of North Dakota. The bank's charter says it will not compete with local banks. Instead, it partners with them. Local banks have all the branches and tellers, and they're doing the basic banking. If they need help with loans that are too big, that they would otherwise have to let a Wall Street bank take on, they tap the Bank of North Dakota. It allows their state to use its own credit without being exploited by out-of-state banks.

The bank was set up in 1919 because the farmers realized they were being exploited by what was basically a cartel. The railroad, the banks, and the granary were all one system. It was extractive,

extortionate, and the farmers were going bankrupt. When they realized they were losing their farms and that was the reason, they got together as the Non-Partisan League, and they won an election and set up their bank. It's about keeping money in the state and leveraging it for their own purposes.

“When you realize that banks actually create money, it makes sense that that power should belong to the people.”

They're creating money out of their own capital and their own deposits. It's just a more efficient way to use their own money.

Los Angeles paid \$170 million last year just in bank fees, plus \$1.1 billion in interest, so it's just an inefficient system. We're sending our money off to Wall Street. They have no obligation to reinvest it in our communities, and they don't. Their mandate is to make as much money as they can for their shareholders. So they invest in the big money makers, even though we the people don't approve. It might be oil, it might be prisons, it might be fracking. But if it makes money, they're not worried about the environment. They don't have those standards.

The Bank of North Dakota is making low-cost loans into the community for the particular sectors that they support, and any excess profits go to the state. Then the state can spend that money on the things that people need.

Bioneers: If we have another financial crisis, how do you see the bailout process transpiring?

Ellen: One alternative that was raised when Obama was President was to nationalize the banks. What they call nationalization is that we take over the debts and clean up the books, and then we hand them back to private investors. The reason they didn't do it was that it would be too expensive to pay off the debts of these bankrupt banks. But hopefully somebody will raise a better version of this idea again. If you nationalize the banks, you don't need to pay off those debts. Since banks actually create money on the money they lend, you could have the Federal Reserve buy the bad debts in the same way it bought the dodgy mortgages or the mortgage-backed securities off the banks and rebuilt their asset base by replacing these mortgage-backed securities with good assets that they could call capital. They could do the same thing here: put the bad debts of the banks on the Federal Reserve and just leave it there. You don't need to balance the books. The Federal Reserve can carry that debt indefinitely.

Bioneers: How popular is the idea of public banking? Have there been polls done?

Ellen: No. All we know is that there's obvious growing support. We've got over 50 activist groups in different cities and states around the country working on their legislators. We've got 22 pieces of active legislation. Some of them are getting close. Progress is slow, but we're essentially trying to change the whole system, so you expect it to be a little bit slow. I think the biggest resistance, not counting the big banks themselves and people with a vested interest in protecting their jobs, like political people, is from people who don't understand what we're talking about.

Bioneers: What drew you to this subject matter? What would success look like to you?

Ellen: I actually wrote 10 books on health and the politics of health, and at some point I realized that if you wanted to fix the health system, you had to fix the banking system. So that's how I jumped over into writing about banking. Right now, we have all these little siloed movements that are really good, but they just don't have enough power by themselves. What they all need is money. Many things need funding, and we think we're short of funding; we think the government can't put more money out there, but it can. Once you realize how the system works, you realize that there is way too little money in the economy. We could pump a lot more in there.

Rather than creating price inflation, we could generate jobs and productivity. We could build infrastructure. That's how money should work. You should spend the money first, on good things, productive things, not speculative things that'll suck money out of the economy. Spend it into the economy. and it will pay back. ■



Ellen Brown

HOW JACKSON, MISSISSIPPI, IMAGINES A COOPERATIVE FUTURE

A Conversation with brandon king

Cooperation Jackson is “building a solidarity economy in Jackson, Mississippi, anchored by a network of cooperatives and worker-owned, democratically self-managed enterprises.” The group’s progressive initiatives help workers in Jackson take ownership of their work and the success of their communities.

brandon king moved to Jackson, Mississippi, in January 2014 to assist in the growing movement for economic justice, human rights and social and cultural transformation happening there. As a founding member of Cooperation Jackson, brandon serves on its Coordinating Committee, as its Organizing Coordinator, as a co-

coordinator of Emerging Freedom Farms Urban Farming Cooperative, and as Cooperation Jackson’s representative to the Climate Justice Alliance.

Bioneers spoke with brandon king about Cooperation Jackson’s model for success and its plans to scale.

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brandon king speaking at the Bioneers Conference.



BIONEERS:

What would you say to people who say there's nothing

progressive happening in the country outside of the East and West coasts?

BRANDON: I think that there's an issue with visibility. The stories from the South don't get as much play as East or West coast stories. People can be doing really phenomenal work, but it's really hard to get the word out to people about what's happening.

BIONEERS: What's one thing you're doing in Jackson that you could see being a model for other cities and towns?

BRANDON: We're creating a model in which people can engage in a process of learning how to be democratic

with each other. They can learn how to own their labor, share it and work with other people instead of working for people. I think that that's one of the biggest things.

Our co-ops are geared toward sustaining life. We have a farming cooperative. We have a catering and a café cooperative. We have a landscape and composting cooperative, and we have a community production cooperative.

All of the co-ops are interrelated and interdependent. We want the food that we grow to service whatever sort of catering events that we do in the neighborhood. We turn our food waste into compost. When our landscaping picks up leaves, those become input for the farm. We're creating a regenerative system in which

the co-ops are interdependent and interrelated, but also engaged in sustainable, regenerative practices.

One of our goals is to build those systems to scale so that more people can have access to co-op jobs.

My family and community have operated within systems like this, although they may not have described it in the same way or used the same language. We're just looking to formalize those systems so they're not just based upon familial connections.

BIONEERS: What are some of the challenges you face in your work?

BRANDON: I think that when people don't engage in democratic processes and instead have a clear chain of command, decisions can be streamlined and things may move more quickly. When you're engaged in more horizontal decision making, like we are, it can take longer to come to a consensus.

A challenge we face that we shouldn't be discouraged by is that many people don't really know the democratic process. We must develop the muscles to engage and struggle with each other and to work together to figure out the best way forward. We have to work on not being frustrated with the process, and build the stamina to engage with each other to make the best decisions.



BIONEERS: Do you think capitalism encourages people not to engage with each other to make decisions?

BRANDON: I think many of our current systems are designed so a few can maintain control over people and resources. When people start to think for themselves and with each other, corporations lose some of that control. Our project is working to build systems that are life-affirming, and it's working to de-link us from the systems that are harming us.

We see capitalism, imperialism and white supremacy as systems that are harming us, and we're seeking ways to have control over our own value chains. We're hoping to build new systems to scale, so that we don't have to engage in extractive, exploitative systems. That's a long and hard process.

I'm inspired by the fact that we've already started to engage in a process of creating our own means of production through using our community production center and co-op. We're learning about digital fabrication, 3D printing, laser cutting and milling. Our folks are learning how to make the tools that can make the tools. They're learning so that we can engage in building our own housing, systems for farming, furniture, and any and all other things we need.

It's about us taking more control over our lives and our destiny.

BIONEERS: How much does white supremacy affect your work and people in your community?

BRANDON: For me, it seems like Mississippi has had no qualms about being white supremacist and racist. Right now, the rest of the country is tasting what we've been facing in Mississippi for years.

I feel like Mississippi is more honest than many other places. The lines are drawn clearly in terms of who's on your side and who isn't. I'm clear on where I need to move and where I need to go. In New York, I found a sort of liberal racism. People may shake my hand and smile at me, but they still won't give me a loan. My community will still be redlined. The same sorts of things that happen in Mississippi happen in places like New York or Chicago, it's just less transparent.

Jackson is a majority black city that became majority black after black folks started voting in black people to the local government. That led to white flight, and now wealthy white people live in the surrounding counties. There's been this process of surrounding areas trying to take our resources and revenue away along with our control.

BIONEERS: Do you see enough momentum locally to maintain the power you have there?

BRANDON: There's momentum in both directions. And sometimes it's complicated. In Jackson, we face threats of gentrification that will push out much of the black community.

"Our project is working to build systems that are life-affirming, and it's working to de-link us from the systems that are harming us."



There's discussion of a new medical corridor, but I think about the history of the medical industrial complex, and professionals aren't coming down to actually heal anyone. They're coming because they see it's quite lucrative to make money off of sick people.

“For us, it’s a question of democracy. What do the people want? Will these things being provided for the city benefit people locally?”

We are creating spaces where people can address those things and actively engage in building something that is viable for our existence and survival.

We've got to engage in creating a world that we want to see. Climate change is real, and it requires us to think deeply about our impact, our own carbon footprint, as well as making sure the things we do honor Mother Earth. It's important for us to check in and be in alignment with how she moves and how she wants us to be. Us not listening is what has gotten us to this place.

BIONEERS: Is Cooperation Jackson organizing around the Green New Deal?

BRANDON: Yes. We're members of an alliance called the Climate Justice Alliance. We think it's important for environmental racism to be included in the Green New Deal.

We're also asking questions about how we could create a Green New Deal that's

anti-capitalist, which is a big hurdle to jump over. Capitalism has been the system of infinite growth on a finite planet; that's what has put us in this situation. The system has to go in order for us to reduce our carbon footprint.

We want to engage in these conversations but also push them further.

BIONEERS: Tell us about your vision of an economic future based on your principles and values.

BRANDON: A big part of it is non-extractive production, and figuring out distribution in a way that reduces our carbon footprint. How do we make sure that we're able to produce things locally? When we have to get things from other places, how are we making sure that process is ethical? We need to have those conversations and come up with mechanisms for testing and implementation.

We've got to experiment. We've got to try new things. We have to fail, because failing is learning.

We've been taught, as human beings, to be like zombies and consumers since we were born. Buy, buy, buy. Don't think for yourself. We've been pulled away from many aspects of our lives that actually make us more human. When we engage in our own production and our own value chains as human beings relating to one another, that makes us more human. When we forfeit that right, we become crippled.

BIONEERS: What is it about cooperatives themselves that helps manifest those ideas?

BRANDON: Cooperatives allow us to be in control of our labor as much as possible within a capitalist framework.



Photo by Cooperation Jackson

You and your co-workers make decisions collectively. You have a choice and a say about what happens when you lose or make money. We have control of our lives.

I think that's really inspiring. A lot of people have become comfortable with going to work, doing a job, getting a paycheck and going home. When you have ownership of your business, there's a lot more to do before you go home. There's a lot more decision-making involved, and I think that's a challenge for people. We have to have a desire to take on that work. It's a question of if you want to be self-determined or you want people to control you. For us, we're working on building those skills and those muscles to become self-determined and engaged in a democratic process.

BIONEERS: Is there an intergenerational component that you're cultivating?

BRANDON: Young people work with the farm, and elders work with us as well. Young people are really engaged through culture and art and music. I think developing an arts and culture co-op could help engage more people in the co-op movement.

"I'm inspired by the young people participating. You see a spark when they see a plant smiling back at them after watering."

It can be difficult to dream in a place like Jackson because there aren't a lot of positive places. We have liquor stores, abandoned buildings, vacant lots, potholes everywhere. Sometimes that's all you see. So when young people are engaged in a life-affirming project, they can see something outside of what they normally see every day. ■

THE GREAT AMERICAN SCI-FI: UTOPIA OR DYSTOPIA?

By Kim Stanley Robinson

As a science fiction author, **Kim Stanley Robinson** is an expert in imagining new ways the world could work. These possibilities are more important now than ever as global society reaches the brink of collapse, but we've reached a crossroads on our path toward dystopia.

In this speech, Robinson discusses the urgency to take collective action. By using our technical capacity, social skills and knowledge, we have the ability to create a sustainable and just civilization for all life. We have the inherent power to address poverty and injustice. So why hasn't this happened yet? Robinson says we've yet to rethink the multi-generational Ponzi scheme on which the world economy operates, which borrows from future generations at an unforgivable cost: the planet itself.





The sustainable and just civilization that we all hope to create cannot be built using a capitalist economy.

That's good news and bad news. It's a little terrifying, because capitalism is not just the law of the land but the global order, and we're in it: it's massively entrenched and backed by laws and armies. So, if you agree with what I've said, then it's right to be a little terrified.

Economics as a study of the capitalist system, which is mainly what it is, is very proud of our economy's supposed "cumulative equilibrium," which is basically the grand total of all the supply-and-demand questions being made in the market and decided by the market. But if you examine it more closely it's a deal between buyers and sellers in which everything is always underpriced. The buyers are in a bind because they are generally poor and need to pay the least they can to get what they need. The sellers are in a bind because they are competing with all the other sellers and need to hit the lowest price. So they price things as low as they can so that they don't go out of business, and in the end, they price things lower than the things actually cost to make.

This looks like a recipe for bankruptcy, and many businesses do go bankrupt, but they get away with it by ignoring some of the costs that they've incurred, and by shoving other costs onto the future. So, because labor, which really means people, can also be bought at the cheapest amount available in the world market, the result is that sellers are selling things for less than it costs to

make them, buyers are buying them for less than they cost to make, and in a sense there's a collusion between buyers and sellers to make sure the hidden costs, the deferred costs, the denied costs, the "externalities," will be shoved onto future generations.

Normally what that would be called is a Ponzi scheme, and it's a little bit funny to think that the world economy would be illegal if it was run this year in the state of California, but it's not that funny because we're in it and it's the law everywhere.

“So we are stealing from the future by way of a multi-generational Ponzi scheme...”

and every year we overuse the natural resources of the planet in terms of what can be replenished by the biosphere's natural actions, by about August of every year. As that goes on, the whole biosphere gets degraded, and yet there is no cost associated with that in the marketplace. People who are fooled by a Ponzi scheme do not get their money back, and the people who are fooled by this Ponzi scheme, many of whom are not even born yet, are not going to get their planet back.

So, this is serious because it's not just a loss of our finances, it's a loss of our bio-infrastructure. If everybody on the planet were to live at Western levels of consumption, which many are aspiring to do, we would need two or three planets to support it, so we're already in a crash, and it's taking the form of a mass extinction event. There's violent climate

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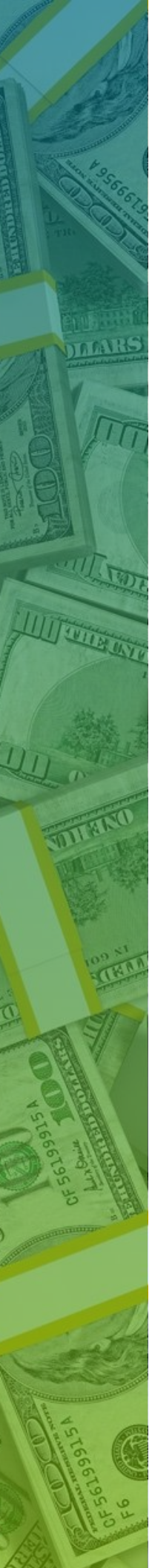
change and ocean acidification that could kill the life in the oceans, and sea level could rise very rapidly. The last time we were in these climatic conditions in the Eocene, sea level rose some 15 feet in a single century, and it isn't quite clear why that happened, but it's pretty obvious that melting ice masses in Antarctica and Greenland were involved.

We can burn about 500 more gigatons of carbon before we have in essence cooked the planet and tipped it over into such a degraded state that it will be very difficult for human communities to live. And yet we have already located and identified 2,500 gigatons of fossil carbon that's in the ground of the world. Now, fossil fuel companies have listed all 2500 gigatons of that carbon as assets, and nations have listed them as national resources, offshore or onshore, so there will be corporate leaders and political leaders who will be trying to burn that carbon before the unburned carbon becomes what they would call in economic terms "stranded assets." And the monetary value of the 2,000 gigatons of carbon that we can't burn, I recently calculated to be at current prices about \$160 trillion. This is of course a completely artificial number, because it's like trying to calculate the monetary value of a poison. I mean, you do have to pay money to buy a poison if

you need it, but as the poison is administered to the patient and it begins to die, naturally the monetary value of the substance will change over time.

But \$160 trillion is a lot of money. And there are going to be people, well-meaning people, who, out of fiduciary responsibility (if they're executives) or out of some sense of duty to their constituents (if they're politicians), are going to be trying to burn their trillion or two of that carbon and then hope that other people can cope with the problems that are created later on as a result. So, there are going to be well-meaning people trying to burn all that carbon for the entirety of this century, and what that implies is an absolutely huge and ongoing political battle. We will be fighting for control of governments, in hope that by controlling governments we can escape the oncoming disaster.

Now, having described this rather terrifying situation, I think it's very important to point out that we also have the technical capacity, the social skills and the knowledge to create a sustainable and just civilization for all eight billion people on the planet, and all the rest of the biosphere's living creatures, including the large mammals that are most endangered. It's not fantasy to say that; it's an extrapolation of already existing things that we know. The technology is not the hard part. It's already invented, but we have to pay ourselves to install it fast. So, again, that's an economic question, and it doesn't work in capitalism. We have the means right now to arrange for everybody alive today to have adequate food, water, shelter, clothing, education, and healthcare, within the biosphere's carrying capacity. One of the oldest maxims in the English language is "enough is as good as a feast." In fact enough is even better than a feast, because feasting makes you sick.



We can create enough for every living creature.

Even within the context of our existing capitalist system, the UN has done an incredible job with its Millennium Development Goals in raising the well-being of many of the poorest people on the planet. About a billion of them have gotten to at least the next step up in the last 10 or 15 years, but this was not a capitalist accomplishment. This was in fact charity. It was using the surplus and doing work that is not paid for in the usual profit system. But what's interesting is that this success is a proof of concept that it could be done.

So, again, it's an economic problem, meaning it's above all a political problem. For example, many people worry that there are too many people on the planet, and this is an open question, but one thing's for sure, wherever women have their full set of legal rights and equal opportunities, the population growth rate immediately stabilizes, flattens and sometimes even drops below the replacement rate. Social justice is in fact good environmental policy, it is a kind of technology, in that it is a political software, critical to human survival. And the hyper-consumption of the rich and the deep poverty of the poor are among the worst environmental impacts of any human activities, so solving inequality is not just the right thing to do; it's the optimally survivable thing to do.

Next spring, E.O. Wilson will publish a book in which he suggests that we humans should occupy only half of the Earth's surface. It's called Half Earth. Rapid urbanization is already collecting people into rather tight knots around the planet, so in a sense the process has already begun. If half of the land surface of the Earth was given back to wilderness or parks, or at least

unoccupied or non-human spaces, habitat corridors could be built and the rest of the mammals and living things on the planet could prosper. Life is robust, and if we were to create this sort of system in an orderly fashion as quickly as possible, it could be part of the solution. This plan of Wilson's could make a sustainable world for all living creatures. This is a utopian vision, and I'm very happy to think of E.O. Wilson becoming a utopian science fiction writer. He has often dismissed science fiction in his writings, but now he's writing it himself, and I'm happy to welcome him. It's a very good crowd that he's joining.

So we can describe a utopian vision that addresses poverty and biodiversity and injustice which is realistic given our technology, our social skills, and the physical resources of the whole biological community of Earth. But we're also at a very peculiar moment in history in which a disastrous future, a dystopia, is also quite possible, and we're in many ways on a course toward that bad future. If we continue to do what we're doing now, we're headed that way. The possibility for utopia is still here: we are powerful thinkers, and we can think our way out of this crisis by using such technologies as language, the rule of law, the scientific method, and justice. Because technologies don't just involve machinery. Technology is the full spectrum of ways we organize our relationship to the physical world. We've been technological since before we were even human. Pre-humans were using stones and fire to get along in this world, and probably clothing. So there's no problem with technology as such, as long as it's used as a force for good. The concept of technology has to be expanded to include all our systems for coping in the world.

But what do we do with a vision of a distant utopia when we see the situation



Illustration by CaseJustin/Shutterstock

that we're in right now? What can we do right now to bridge that vision with our current reality? What steps can we take in the present that get us to this positive future we can imagine? Well, first we have to keep in mind that the solution is going to take decades, generations, and we can't let that discourage us. We have to take the steps that are necessary now. It's a scaffolding theory, like a coral reef. You build the scaffold you can in this current situation, and then hope the next generations can keep building on that scaffold and raising the level of discourse and activity to achieve a higher level of interaction with the planet.

So what do we do right now? First we have to fight austerity policies. Austerity measures merely increase the power of the oligarchy on this planet to continue their destructive ways. Actively opposing austerity has to take place within the battleground where

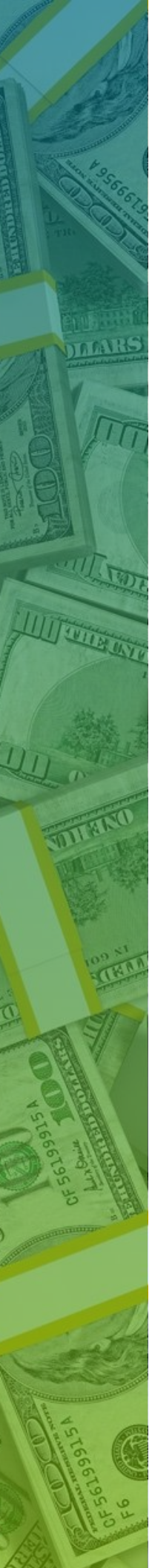
we're fighting over these ideas—in government, and democratic control of government.

We have to reclaim government as a representative of the people rather than the oligarchs. Ever since the 2008 crash, it has been revealed that the neoliberal privatization of everything that was the rage since the 1980s was a disaster. So a first step is just a return to a Keynesian understanding that government needs to regulate business, rather than the opposite, and as governments create money, to create and spend money appropriately to meet human needs.

What that would mean now, among other things, is a carbon tax, of course, one that rises over time on a regular rate. It's obvious and necessary. Secondly, there should be a high-frequency trading tax so that every time there are a million trades per

second, if a small percentage of that is going into the public coffers, then even though there is a basic stupidity to finance, at least it would be funding the public good. A living wage for all could be financed by those sorts of taxes, and a living wage for all would help create sustainability and wellbeing, so this is another obvious idea. The full employment that will result from a governmental job guarantee is the best way to distribute a living wage for all; there's lots of good work to be done. And then lastly, and I think very powerfully, not only should we return to the type of progressive taxation that was enacted by the New Deal into the Post-War period, but as (the French economist) Thomas Piketty advocates, we should tax capital assets as well. Taxing capital assets intelligently would be one of the greatest "horizontalizations" of wealth, and as positive for the public good as FDR's GI bill, and it might be even more transformative than that, because what all these things together would lead to is in effect a kind of social democracy, such as what we see in Scandinavia, but ideally even more equitable and sustainable than the currently existing Scandinavian model.

Fortunately, since 2008 the window of acceptable discourse, meaning what people can talk about in America without being immediately disregarded as, say, a science fiction writer from Mars, has shifted markedly



to the left. We even have a socialist running for president and polling quite well. So, if we could pull all these strands I've described together into a new form of social democracy, we could move on to something we could call "post-capitalism." A market of some sort may always exist, because we need to trade, but it could be so sharply regulated that it could exist on what economists call the margin, suitable for the toys, but not for the necessities of life, which should all be public utilities and part of a job guarantee and a living wage. A market would still be there for people who want to play that game, like playing rugby or tackle football or anything testosterone-fueled and exciting for those who like that sort of thing. That's what capitalism should be in a post-capitalist world: a marginal thrill.

It's also important to point out that this new system needs to be global. We shouldn't be fighting the concept of government, because government should really be the people's company; and we shouldn't be fighting the concept of globalization, because unless this whole better system is global and enforced by international treaty, then bad actors can simply move their capital assets elsewhere. And although America is still by far the largest agglomeration of capital on this planet, and if things happen in the United States it will lead the way, just the way that California tends to lead the United States, there would still be tax havens and flags of convenience that capital could flee to; so if we only made these reforms at the national level, they wouldn't succeed. A global system is good if the rules are good, and a global system is bad if the rules are bad. Right now the rules are bad, but they can be changed, because they are based on laws and treaties, and laws and treaties can be changed, and are changed all the time.

It's true that it's easier to fight to change

laws on the local and national levels, because that's where we the people have at least some leverage over laws and politicians, and it's really at the international level where the Davos-style stateless elite technocrats have taken over; but they too are ultimately responsive to people power. And so we can work on it at all three levels, but we should never demonize the global level as such, because post-capitalism needs to be a world system.

So this is above all a political fight that will last the entirety of this century. All of us alive here are going to be involved in this fight for the entirety of our lives, so we have to pace ourselves for the long haul. We have to have a lot of faith that young people will come in and devote mega hours to the battle. We have to wage wave attacks: wave after wave has to go out there and sacrifice countless hours to things like stupid small meetings in order to make change, because that's how change happens.

The greatest American utopian science fiction story is this one: That government of the people, by the people and for the people shall not perish from this Earth. That story contains a future tense, and an imperative. It's a science fiction story. It's a utopian story. What Lincoln was saying to us was an injunction, and even a command. Democracy only exists when people go out and make it happen, especially when there are powerful forces with a lot of money trying to buy that very same government we call democratic.

So, in this battle, we have to settle in for the long haul, do what can be done in the day to day, while also keeping in sight the long-term vision of a planet where we actually are in balance with the natural forces and can work with them to everyone's benefit. Since it's possible, then we need to do it. It's a matter of responsibility to the children and the people not yet born. ■



WE THE PEOPLE: COOPERATIVE OWNERSHIP FOR THE 21ST CENTURY

Money is the fuel that's running our country, but for many low-wage workers, it's simply running them into the ground. Big business often exploits the people who build the very profits that sustain it, so as our nation's wealth concentrates more and more at the top, **leaders seeking to reform capitalism are looking to cooperative ownership** as a way to empower employees, improve business resiliency, and invest in long-term success. In this panel, five experts discuss their experiences with co-ops, and how their initiatives are helping kickstart the transition to a worker-owned economy.

Featuring **Theresa Marquez**, a longtime food and farming activist; **Camille Canon**, a partner at the organization Purpose, which helps businesses transition toward steward ownership; **Hilary Abell**, co-founder of Project Equity, which amplifies the impact of worker-owned cooperatives for low- and middle-wage workers in the US; **Frank Mason**, a founding member of Arizmendi Bakery in San Rafael, a bakery business that has expanded as a co-op building program; and **Keith Taylor**, a professor at UC Davis who specializes in community economic development and cooperatives.

THERESA: I've been a 40-year activist in food and farming and also a marketing sales executive for what's now a billion-dollar company, and at one point I had an "Aha!" moment. I realized that until we change capitalism, all my decades of activism are not really getting anywhere. I feel like I've made five, 10 steps forward, but then the last election took us 15 steps back, so until we can change the deep nature of capitalism, we can't succeed.

The food activist Raj Patel explains in his book, *The History of the World's Seven Cheap Things* that capitalism values cheapness above all else, and that it's very resilient. He also says it can't last forever, and I have to believe that and hope that he's right.

In 2009, the World Social Forum in Brazil produced a manifesto called *Reclaim the Commons*, which stated: *"Humankind is suffering from an unprecedented campaign of privatization and commodification of the most basic elements of life. A compulsive quest for*

short-term financial gain is sacrificing the prosperity of all and of the Earth itself."

In 2014 two Harvard professors administered an international survey in 40 countries to over 55,000 people, asking what the respondents thought the pay gap was between the lowest paid and highest paid in an enterprise. Mondragon, the most successful worker cooperative complex in the world, in Spain's Basque region, actually held a vote on this topic, and I think their members came up with an 8:1 ratio as the desired ratio. In just about every country there was a discrepancy between what the average person thought it was and what the reality is on the ground, but the U.S. took the cake. Americans on average thought that in 2012 the ratio of a CEO's pay compared to a line worker's was around 30 to 1, when in fact it was 354 to 1. More than in any other country, Americans drastically underestimated the gap in actual incomes between CEOs and unskilled workers.



Illustration from the TESA Collective

Our panelists today represent various forms of cooperatives and we also have a representative of a new kind of a “trust” ownership model. My big hope is that we can have a renaissance of cooperative ownership in this country and that’s what we’re here to discuss today. Marjorie Kelly in her book, *Owning Our Future*, says that it’s in fact already happening quietly. I hope she’s right. Let’s see what our four speakers have to say about it. Let’s start with Camille Canon.

CAMILLE CANON: I’m with an organization called Purpose based in Western Europe, Latin America, and the U.S. Our mission is to help businesses transition to what we call “steward ownership.” Steward ownership is a term we coined that we came up with it after a year of research looking into models around the world of businesses that had managed to stay independent and committed to their purpose for the long term through economic recessions and political upheavals.

“Why were some businesses able to survive? What made them resilient? We came up with two core principles that these companies had.”

First, they were self-governing, i.e. control over the business was held by people inside the organization or closely related to its mission. That might be employees and stakeholders, consumers, people in the community, or people connected to the mission, but not

absentee shareholders sitting on the other side of the country completely disconnected from the day-to-day operations. The second principle was that profits served the enterprise’s core purpose, so that after paying back people who invested in the business and sharing profits with stakeholders, the majority of the profits were reinvested in the business to make sure the company stayed financially resilient and could pursue its mission.

These structures de-commodify businesses so they are no longer for sale, and what we found, and there’s a fair amount of research on this, is that that enables businesses to take the long-term perspective: they invest more in technology, they pay their employees better, they provide better benefits. There’s a lot of documentation that these structures, whether it be trusts or cooperative or foundation-owned businesses, are more sociable organizations.

There are lots of these sorts of companies in Europe. Bosch, the German appliance company, is structured in this way. Zeiss, the optical lens company, is structured this way. Half of the Danish stock market is structured this way. These are very, very common structures that haven’t been widely adopted in the U.S. mostly because we have weird nonprofit laws that prevent foundations from owning more than a certain percent of a for-profit business.

What’s unique about these structures is that they redefine the fiduciary obligation of the business. So when we talk about throwing away capitalism, I think it’s important to unpack which elements of capitalism we want to push off the cliff. One of the core problems in our current business models is that in the United States companies are mandated



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to maximize profit for the benefit of their shareholders. Unless we redefine that, it's very hard to make businesses more sociable. In fact the mandate to maximize profit results in a bunch of sociopathic corporations running around. We need to change the underlying system and redefine fiduciary obligation from being profit maximization to being purpose maximization. The purpose can be to change food systems, to benefit employees and workers. Purpose can be defined in a lot of different ways.

At Purpose, we help businesses transition to these structures, and we do it in a couple of different ways. We're part nonprofit, and so in that capacity we do a lot of research and awareness building about this stewardship trust model. We also work one-on-one with businesses to help them transition into these structures, and we are also investors in some of those

companies making the transition.

HILARY ABELL: I'm the co-founder of an organization called Project Equity. I am kind of a co-op geek. I got turned onto cooperatives about 30 years ago when I was a young organizer fighting human rights abuses in Central America and bad things that the US government was doing in the region. We're in fact seeing the ramifications of some of those U.S. policies today with the migrant crisis, which has roots in the civil wars the US government did a lot to fuel back in the 1980s. But I went from doing that work to happening to become a worker-owner of a cooperative business called Equal Exchange. I had the privilege of being I think the eighth person hired there, and then leaving when there were maybe 12 or 15. Today they have about 200 employees. They were the leader in bringing fair trade coffee into the United States, and really

having from the beginning a business ownership model that reflected the values that they were promoting in the world, and their business ownership model was a worker cooperative.

My experience there as a young 20-something gave me an opportunity to learn about how business can change the world, which I had no idea about and had had no interest in before that, but working at Equal Exchange, I discovered that business can be a powerful force for good. My job was to run around New York City with a box of coffee paraphernalia on the subway to try to get people to care about gourmet coffee first, and then also to be interested in Fair Trade, and this was before either one of those things was very well known.

I also got elected to the board of directors of a cutting-edge, rapidly growing company, Stonyfield Farm that was an independent, socially responsible company. One of their senior executives was on the board of Equal Exchange, and I learned a lot from him as well as from a Dominican nun, who was one of the first impact investors. Long before the term "impact investing" existed, a lot of nuns were investing their retirement funds, the only thing they had to retire on, in progressive initiatives like Equal Exchange. That was a great learning experience for me.

During that time I got to know farmer cooperatives in several

countries in Latin America, where very, very small farmers banded together in pretty substantially sized cooperatives. Through that cooperative structure, they could export directly, for example, to a fair trade buyer in the U.S. or Europe and earn a lot more money, which was really important for their families, but also for the schools and the neighborhoods and the health clinics, and also for the businesses that they co-owned so they could build infrastructure like coffee-processing plants and get more control over the profitable parts of their industry. Seeing that really turned me on to fair trade and to cooperatives.

A number of years later, I became the executive director of an organization that was starting up cooperative businesses here in the San Francisco Bay Area. I was there for eight years and learned to help businesses start and grow, as well as how to develop cooperative businesses to have a really viable democratic governance and how to pair that with management and member participation, but what was most powerful to me during that time was getting to know some women who were mostly monolingual Spanish speakers who had had some pretty crappy jobs in their past and were learning to be professional “green” cleaners a little bit before eco-conscious, non-toxic cleaning became a real thing in the economy. They were trying to protect their health and co-own these new types of businesses, and it was

working. They had health insurance for the first time and their incomes were doubling and tripling. They were working full time but also having a little bit more control over their schedule, not needing second jobs and having more time to be with their kids.

When I left that job, I was very interested in finding ways that that kind of impact could be made possible for more low- and middle-wage workers throughout the United States, and that’s what I’ve been working on since, and that’s what we do at Project Equity. My definition of cooperatives is that they are businesses that are owned and controlled by the people who benefit from them, and who come together for a common purpose. I’ve mostly personally been involved with worker-owned cooperatives, and to some degree also with ESOPS, Employee Stock Ownership Plan Companies, which can be also made democratic and

"They were trying to protect their health and co-own these new types of businesses, and it was working."

have some of the elements that cooperatives have. At Project Equity, we work with both, as well as with trusts. Co-ops are common throughout our economy actually, but they’re still not widely understood by the mainstream business world in this country.

There’s a demographic trend called the silver tsunami—many baby boomers are retiring or turning 65, roughly 10,000 a day. There’s a lot of talk about the impact that will have on our healthcare system and on the solvency of Social Security, but an impact that



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people aren't talking about is that baby boomers own a lot of businesses. They own 2.34 million businesses across the country, and those businesses employ 25 million people, 1 in 6 workers in this economy. And 80% of business owners do not have a succession plan for the future of their business, and it's estimated that only between 10 and 30% of small businesses that are listed for sale actually sell. So what's happening all around us is that a lot of really good small and medium sized businesses are actually closing, and it's a huge loss.

So what Project Equity is doing about that, and there are others across the country focused on this as well, is educating business owners, the general public and folks who provide professional services to business owners about the importance of business succession planning and specifically the fact that employee ownership, including worker cooperatives, is a great option for a lot of businesses. It's one that most business owners don't think about. Their lawyer or their CPA or the small businesses development center they stop into pretty definitely won't mention it, and if they were to ask a question about it, they'll probably get told: "No, I don't think that'll work; that's kind of weird; it's for hippies; go sell your business."

But, around the world, there are many cooperative businesses of all sizes that are really good businesses. When you engage people and give them opportunities to influence strategy, policy, and management, they step up more, and when they actually have ownership, they step up even more. There's a lot of talk in the corporate world about employee engagement these days, and it is really important. There's a lot of evidence that it improves business performance, not to mention employee satisfaction, but imagine when

you add actual ownership to the feeling of ownership!

So what we do at Project Equity is educate business owners, and if they want to know more, we do free consultations with them and walk them through the process of assessing and figuring out whether it's a good fit for them. Then, if they want to proceed, it's about a nine to 12-month process we walk them through. We're converting five companies this year, four in the Bay Area and one in the Twin Cities to become worker cooperatives. And then we help them thrive as employee owned enterprises and learn democratic governance and integrate financial education and community building into their businesses as well.

FRANK MASON: I'm one of the founding members of the Arizmendi Bakery in San Rafael. I'd always been in high tech or finance, and just as I was closing down one of the financial companies, my 14-year-old son said, "Why don't you do something you actually enjoy, father?" And he's a smart kid, so I started looking for a new line of work and a new way of life, and I found Arizmendi. The cooperative structure felt amazing. I didn't have to be the only one worrying about a problem. I was one of the many owners. I go to work, and I'm one of the owners there that day, but when I leave, there are other owners there, and they don't call me. They own the business. That makes such a difference in life, in terms of free time and peace of mind.

And Arizmendi is far more than a bakery business with five shops; it's a co-op building program. It has spun out a CPA group, a landscaping group, and house building and low-income housing initiatives. It has really changed the way I look at the world. In the corporate world, I was giving up on hope because I was



Photo by Paul Kristoff/The City Lane

really unsure if what we were doing was right.

Now I want to be clear: it isn't easy in the beginning. When I started at Arizmendi in San Rafael, we weren't profitable. We were just starting out, so not being profitable right away is a natural thing in a small business, but in the co-op world you don't fire workers to cut costs; you find ways to invest in yourselves because you're all in it together, and that really boosts your energy and your commitment. My love is sourdough. I work the 4 AM to noon shift. My favorite thing is to roll all the sourdough for the day. When people come into our system, they're just in awe, because they get paid the same as every other individual right off the bat. We have a simple rule: one vote, one wage. There's only one wage. There's only one vote. When people have ownership of something, they grow.

But the co-op model can pose special problems: it can take longer to make

decisions. In San Rafael, we were having a tough time, and we ultimately decided we had to be more of a café and to offer sandwiches and do different things that none of the other Arizmendi bakeries do, so we wouldn't lose customers. In most businesses, the owner or manager, one person, would make such a decision, but it took us almost a year and a half to get a full consensus, and some people will say "wow, that's a little slow," but when we finally did it, everybody was on board and put all their energy into it, and it's made us profitable beyond our wildest dreams and made it possible to increase our wages by a high percentage.

So I'm here to preach the benefits of the co-op model. It's really a gorgeous thing when people actually care about each other and work together with joy. When you're becoming a member, a candidate, we train you in how to be a co-op person. We teach you history, we teach you finance, we teach you what you're getting into, because when you have, say



12 members, it's a marriage of 12. And given how complex a marriage with one person is, a marriage of 12 teaches you things that you cannot imagine, including how to be caring of others and to be there for them. And when it's done right, it's a solid body, and it's an amazing thing to see. So I just love co-ops, and I hope you all can figure out a way to make the world all a co-op, because I was in the corporate world for a long time prior to this, and I can honestly say it had completely disillusioned me to where I thought there was no hope, but there is hope. Thank you.

KEITH TAYLOR: I'm a professor at UC Davis where I study community economic development and cooperatives. I recently wrote a book on electric cooperatives, *Governing the Wind Energy Commons*. One thing about large-scale cooperatives, such as utilities in the energy sector, is that they're not small businesses with a handful of co-owners working together. Even though they're cooperatives, they're big enterprises, and if you're not serving on their boards, you don't really have influence on policies.

“Obviously we need to fix democracy. Co-ops are political economic systems; we have to treat them as electoral systems and run for offices within them to actually change things.”

Many people get turned off from running for higher office, and I don't blame them, but you can run for office in your local electric co-op, your local credit union, your local food co-op, and you can work through the system and achieve sufficient scale that your local enterprise can have a national voice. Large-scale co-ops can be a force multiplier for democratic governance and economic empowerment, and they can provide a corrective to “disaster capitalism.”

Globally there are over a billion people who are members of co-ops in 150 countries, and co-ops account for 100 million jobs. That's a lot of economic activity. I'm trying to get policymakers to pay attention to cooperatives, but they often assume co-ops are small-time fringe phenomena. They're not. In the United States there are 65,000 cooperatives, and a lot of our agriculture comes through this system. In fact the CEO of Land O'Lakes, one of the big ag co-ops has been making the news lately. She's one of the first female CEOs in an ag co-op, doing some really interesting things. But it's not just in agriculture: 42 million Americans own their electric co-op utility, and there are over 5500 credit unions in the U.S., more than 10% of the consumer finance market. But we need to find ways to leverage these larger co-ops for broader economic development so they start coordinating more and help develop more support systems such as municipal economic developments for the larger society. That needs to happen for this system to become a viable alternative model of ownership and management.

I'm from the rural Midwest, from Mattoon, Illinois. It's a community in decline. For as long as I can remember, everyone was saying that if you just work hard, you can get a union job, you can work for the government, or you can go in the military,

but the union jobs have gone away, and we've had decades of government austerity, so we have to find ways to do things differently. One of the big economic development projects under discussion in my region was FutureGen, a carbon capture project that was going to be in my hometown. A lot of economic development dollars went into trying to attract it, and it never happened. Imagine if we would have put all that money into building local energy co-ops.

I worked for a member of Congress for a couple of years and then got involved in politics back in Illinois, but I got pretty disillusioned. For one thing our governors tend to go to jail a lot, but I worked at Walmart right out of high school, and that politicized me for life. After four years, I went to the manager and said, "Hey, I'm currently making \$6.15, can I get 7 bucks an hour?" After three months, he raised it to \$6.97. And I could see all these Walmarts destroying the small downtown areas of the Midwest, and now we're incentivizing the next wave of devastation with Amazon. In fact these days Walmart accuses Amazon of killing small businesses...

I ended up going to the University of Illinois to get a Ph.D. in human and community development. I was interested in finding ways to do community development that didn't just involve the government or big businesses, and fortunately I met a chairman of an electric co-op

who got me interested in studying that whole world. I was really surprised by what I found. The National Rural Electric Co-op Association represents 56% of the American landmass, and the users themselves own all those utilities. There are 850 electric co-ops that 42 million Americans own, and \$42 billion a year goes through this system. If we want to boost solar and wind, one of the best ways is to get rural America to see solar and wind energy development as community economic development, and these electric co-ops are the ideal vehicles to accomplish that.

I did my post-doctoral studies at Indiana University under Elinor Ostrom, the first woman to win the Nobel Prize in economics. What Elinor talked about was that to make desirable change we have to look at the diversity of all the institutions that are available to us. What's in our toolbox? And right now you see here in

"They were trying to protect their health and co-own these new types of businesses, and it was working."

California when it comes to housing and energy, we're not reaching into that toolbox to use co-ops or alternative institutions. That's what inspired me to write my book, *Governing the Wind Energy Commons*. Here in California there's been a lot of talk during the recent droughts about water justice, but you have 800 Municipal Water Districts under local control, so why aren't we using them?

And when it comes to broadband, there's no discussion of broadband cooperatives. I'll go to these meetings and there's a



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Verizon person, a Comcast person, an AT&T person, and all they're in there to do is to shut down the people who are complaining they're not doing enough for their communities. But we should demand municipal broadband deployment and ownership, and there is an association of broadband cooperatives, but we haven't been maximizing or coordinating these institutions to maximize our leverage.

And California has three electric cooperatives and what are called consumer choice aggregators that we can tap into. Right now, PG&E is in a weakened state, so this is a good time to push for more electric cooperatives. I'm affiliated with the Energy and Efficiency Institute at UC Davis, and we're trying to make people aware about the benefits of electric co-ops for rural communities. They provide some of the highest paying jobs in rural communities. They have full pensions. They are very well run systems. Unlike PG&E, Plumas-Sierra Electric Co-op and Anza Electric Co-op did not have

wildfire issues. Electric cooperatives are an amazingly successful example of public entrepreneurship.

In a recent study, we looked at the South Carolina Rural Electric Co-op Association and how they dealt with a recent hurricane. All the state's electric co-ops got together a week in advance and planned a course of action. They have within their system a supply chain co-op that warehouses all the repair material they might need. As soon as a hurricane passes, the supply co-op goes out, delivers all the material to get the electricity back up in their networks within three days, while Duke Energy takes about three weeks.

To conclude, we all know we need a vision of where we could take this economy to a much more sustainable and fairer place, and I'm here to tell you that co-ops could be a major force multiplier to advancing such a vision. ■

OWNING OUR FUTURE AFTER COVID-19: A 5-POINT PLAN FOR U.S. NATIONAL ECONOMIC RECONSTRUCTION AND COMMUNITY TRANSFORMATION

BY THE DEMOCRACY COLLABORATIVE & THE NEXT SYSTEM PROJECT



COVID-19 poses a dual challenge: the terrifying public health emergency and the unprecedented economic shutdown. At the same time, the pandemic once again makes obvious the racialized nature of our political economy. It is no coincidence that Indigenous, Black, and Latinx peoples are bearing the brunt of the disaster. Disparate morbidity rates, together with the differential responses to both the health and economic pain being experienced by communities, underscore a truth that long preceded COVID-19— that the real virus is an undemocratic, inequitable and ultimately destructive economic system which attacks the vital organs our lives depend on: our communities, how we relate to each other, meaningful work, how wealth is produced and enjoyed, even the Earth itself.

The destructive power of this extractive capitalism, revealed again through this pandemic, has been relentless. Its appetite for extraction is insatiable, its capacity for destruction seemingly limitless. People of color in America have certainly suffered the worst effects of this system, but others— women (including women of color, of course), LGBTQI peoples, youth, our elders, and the white working class, have all endured violence at the hands of this system.



People of color remain the primary targets, and race and racism continue to be weaponized to divide and conquer and to undermine the possibility of solidarity amongst these groups.

If past performance is a predictor of future outcomes, the COVID-19 pandemic points to a grim future. As the initial crisis passes, we will reemerge into a shattered economic landscape, with the old inequalities of wealth, power, and control we faced beforehand newly amplified many times over. The challenge will be to rebuild this broken economy as one that is not only financially resilient but also sustainable, just, and reparative.

For advocates of a new way—a new world, even—the occasion demands bold and strategic ambition, grounded in an honest reassessment of our prior convictions and assumptions. This paper proposes a cohesive response to the crisis in the form of a five-point plan for national economic reconstruction and community transformation:

1

Preserve **local community economies** by blocking financial extraction and consolidation

2

Extend **public ownership** in the public interest;

3

Ground economic reconstruction in a new era of **community wealth**;

4

Institute a **green industrial strategy** on the basis of a green stimulus recovery package;

5

Establish a **next generation institute** to support the movement for a democratic economy.

We see this plan as the basis for orienting The Democracy Collaborative, in partnership with the growing democratic economy movement, toward a limited number of points of intervention for maximum leverage in a time of crisis.

We realize that many of our peer organizations in the United States, and indeed in other countries, are themselves pivoting to meet the challenges of this time. As we have since The Democracy Collaborative was established 20 years ago, we will continue to learn from and work with others as we evolve our own program and seek to make our contribution. We are all in this together, and this historic moment demands the shared experience and wisdom of all who are struggling for a more just, inclusive and democratic system.

Two Pathways Forward

Who will own America's economy post-crisis? Two starkly differing paths lie before us. Down one path, we see the extractive economy restored—one established on land stolen from Indigenous people and built on the bloody backs of African slaves. It will continue to be an economy fed by low wages, especially for essential workers from Latinx and other communities of color. Too many white working-class people who have benefited from the currency of whiteness will continue to forfeit their opportunity to be in coalition with communities of color—and will themselves continue to suffer as a consequence.



Ted Howard is the founder and Executive Director of the Democracy Collaborative. Photo from Salzburg Global Seminar



Following this path, as the nation did after the 2008 Great Financial Crisis, will mean corporations are bailed out and the wealthy are protected, while the brunt of economic losses—bankruptcies, foreclosures, and a pileup of household debt—are borne by ordinary people, particularly those on low incomes and people of color. Main Street businesses will go under, with the best firms acquired by large companies and private equity at fire-sale prices. Elite, concentrated, absentee ownership will increase massively. The chasm of wealth inequality will widen, together with the nation's racial wealth gap. At worst, this more virulent form of hyper-capitalism will survive through state authoritarianism, buttressing an already racialized police state that suspends basic liberties, backed by a vicious populist politics. In such a scenario, the rough beast slouching toward us will wear the face of corporate neofascism.

Thankfully, there is another path—one that leads to a just, reparative, democratic, antiracist economy of broad prosperity and shared power. Here, government will belong to and serve the interests of We the People—with we meaning all of us. In this scenario, when big companies receive aid, the public will receive an equity stake in return. These stakes could be placed into citizen wealth funds and used to rebuild shattered communities, both urban and rural, and could pay dividends as reparations to Black, Brown, and Indigenous communities from which extractive capitalism has taken the most. Those who have contributed so much to the wealth of America but always been denied their share will finally receive a stake in owning their own future.

In this scenario, investors will become part of the solution. New investment vehicles will spring up to preserve local businesses, transitioning them—when feasible—to shared ownership. Instead of

extractive private equity gobbling up distressed assets on Main Street, it will be fossil fuel companies that are bought out at fire-sale prices by government in order to wind them down. As COVID-19 recedes, a massive green stimulus will refloat the economy, creating millions of jobs and propelling us into the sustainable, post-consumer economy that the well-being of our planet requires.

“As we move through and ultimately out of the COVID-19 crisis, one world or the other will be left behind — with consequences for generations to come.”

One path may seem far more likely than the other. And yet the shape of the future remains radically undetermined. With crisis comes opportunity. Collectively, we face a once-in-a-generation opening to build a better world—our last best chance to construct a new social contract, grounded in the places we love, binding us together in a new, generative, democratic system where all can thrive. We must strive to use the economic recovery as the starting point for a new birth of community in America.

We offer a five-point plan for shaping a powerful response to the crisis, a set of strategies to put the nation on the high road to a democratic economy rather than continuing down the low road of today's elite-enriching, financially extractive economy. This is an ambitious program—and progressives do not yet have the power base to bring it all into effect. But it offers a line of march, a direction around which to calibrate joint efforts, and a call to action with which to engage allies. This is a critical moment. How we handle the post-crisis recovery phase will help set the terms for the 2020s—the decade in which our collective future will largely be decided.



A Five-Point Plan for U.S. National Economic Reconstruction and Community Transformation

1. Preserve local community economies by blocking financial extraction and consolidation.

Amidst this crisis, local communities risk losing what remaining control they have over their economic future. We face the frightening prospect of a massive ownership transition, as large numbers of small and medium-size enterprises go under or are sold at pennies on the dollar. We can help make this a transition for good rather than for ill—preserving and supporting local businesses in the crisis, then keeping them rooted in community for the long run by transitioning them whenever possible, in the recovery, to models of shared ownership.

Small business is the lifeblood of our economy, providing nearly half of all jobs and circulating three times more money back into local economies than other companies. Yet according to the National Bureau of Economic Research, only one-third of small business owners could survive a shutdown of four months or longer. In majority African American communities most small businesses have less than two weeks' worth of cash available. Many small- and medium-size enterprises (SMEs) could be lost forever. The pain of these closures will fall disproportionately on low-income workers of color. In rural areas, this could mean economic recovery never comes.

For the pick of the bunch, another fate

may be in store. Waiting in the wings is private equity, with a reported \$2.5 trillion on hand, ready to acquire companies at fire-sale prices. Further acquisitions will be made by corporations. Cities could lose their engines of prosperity. Millions could lose their jobs, which the corporate drive toward automation could mean will be gone forever. Down this road lies a massive shift in ownership upward to elites —“trickle-up” on steroids.

Capital will be the key agent needed to preserve and restore SMEs. Yet it must be of a new kind— both public and private, but operating in either case in the wider public interest. First, we must call for mobilizing public capital to prevent the leveraged buyout of local economies by private capital. One mechanism could be a federal, state, or even city-level holding company that would acquire struggling SMEs and hold them until they could be relaunched in the recovery. One historical model is the Reconstruction Finance Corporation, used to great effect in the New Deal when it became the nation's biggest bank and single largest investor. The International Monetary Fund's research arm has already indicated such vehicles may become necessary in the COVID-19 crisis. If such a visionary move seems politically impossible now at the federal level, states or cities could pilot the model, creating Local Economy Preservation Funds. These might be financed through the Federal Reserve's Municipal Liquidity Facility. When firms are exited from these funds in the recovery, preference should be given to locally-based enterprises owned by employees, communities, municipalities, and people of color.

Other public interventions may also be possible. The Treasury Department should be urged to quickly expand the capital base of the nation's roughly 1,000 community development financial

institutions, which use a combination of federal and investor assets to lend in disinvested, beaten down communities. The emphasis should be on CDFIs that specialize in employee ownership and support for local business.

We should also mobilize private wealth, with local investing and impact investing by high net worth individuals becoming widespread new norms, something the era of low interest rates may make possible. New “impact funds” are already planning to purchase and hold companies, with a view toward exiting the firms after transferring them to employee ownership. Support for startups by entrepreneurs of color and women will also be needed to fill the gaps in hollowed-out local economies. Such processes cannot be about restoring the status quo ante. Preserving locally owned companies is a vital first step, but to build a more just and democratic economy, we must root ownership in community for the long haul by transitioning firms when possible to local shared ownership models.

Much as the nation made a strong commitment to home ownership—albeit one with severe limitations along racial lines—after World War II, we now need a national commitment to broad ownership of enterprise. It might include the creation of a National Commission on Shared Ownership, which would launch conversations on how to lay the groundwork for a new

movement for owning our future after coronavirus.

2. Extend public ownership in the public interest.

It's time to usher in a new era of democratic public ownership for public purposes as part of our collective response to COVID-19. First, in order to protect communities, workers, and the environment, we must block crisis profiteering by absentee corporations and extractive capital. If the government bails out large corporations, it should receive ownership stakes in return and use its voting rights to restructure and repurpose companies in the interests of people and planet. The time has also come to establish long-term democratic public ownership as a new common sense, especially in essential sectors such as utilities, housing, transportation, education, and health care.

In responding to today's economic crisis, we must not repeat the mistakes of the 2008 financial crisis by using public funds to bail out distressed industries in ways that deepen inequality. Instead of “bailouts” that reward elite shareholders, government should instead perform “buyouts” in which the public gets an equity stake in assisted firms. In such instances, the government should be an active owner, embedding democratic values and public purpose within these companies, to deliver on pressing social, economic, and ecological needs. For instance, car companies might be tasked with producing electric buses and other mass transportation vehicles. Large financial institutions could power a renewable energy transition and revitalize the real, productive economy. Airlines could refocus solely on long haul flights, with revenues helping fuel a massive



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expansion of high-speed rail and other less carbon-intensive forms of transportation. Fossil fuel companies could be decommissioned or converted to renewable energy production in an orderly fashion, providing for both the nation's energy needs and a just transition for workers and communities.

Public equity stakes from government rescues could be placed in a social wealth fund. Versions of such funds, often called sovereign wealth funds, are already in existence across the United States (such as the Alaska Permanent Fund) and around the world (such as the Government Pension Fund of Norway). Such funds could finance community restoration, support universal basic services, or pay dividends to citizens. In the American context, these social wealth funds could be explicitly set up as reparations funds, undoing the pattern of material dispossession that has held since European colonists first set foot on the continent. These reparations funds could be the basis for finally achieving economic justice in response to the legacy and ongoing extraction experienced by Indigenous, Black, and Latinx peoples while also giving rise to new political alliances among them. White working-class people who are discovering that the wages of whiteness have undermined their own economic interests might also be incorporated into coalitions and solidarity with these groups.

To block crisis-enabled financial extraction, the public should be given the right of first refusal on large corporate acquisitions and mergers during the crisis and recovery. Approval of corporate acquisitions and mergers in essential industries—food, medical equipment, pharmaceuticals—could be conditioned on companies adopting new charters mandating public interest and democratic governance approaches. Such steps could prefigure an era in which maximizing returns to capital is viewed as outmoded, archaic, and dangerous in a world of interdependence and resilience.

The crisis has refocused attention on the failure of the corporate ownership model. One glaring example is vaccine production, neglected

because it was insufficiently profit-producing. Going forward, we must defend public ownership—for instance, beating back Trump administration attempts to privatize the U.S. Postal Service—but also extend it in such areas as pharmaceutical production as a vital element of a thriving economy with plural forms of broad-based ownership.

3. Ground economic reconstruction in a new era of community wealth.

Communities face an imperative to take back the power to determine their own fate. This means abandoning the practice of luring absentee corporations through tax giveaways and instead begin building broad prosperity from the ground up in every community in America.



Photo by Kat Yukawa/Unsplash



Building community wealth should be the basis of a national reconstruction strategy. The explosion of mutual aid groups and community tables in the crisis could be incorporated into a major push to build power at the community level, centering recovery and reconstruction in a paradigm of community wealth.

Community wealth building—developing local assets and institutions in ways that ensure that wealth stays local and is broadly shared—first emerged in the 2000s to challenge the underlying logic and failures of neoliberalism. Over the last two decades, community wealth building has gained momentum as a local economic development alternative, one that seeks new levels of community control and power and a democratic economic infrastructure. It must now become the dominant paradigm. This means “going big” to integrate and scale the model: integrate, by intentionally weaving together a growing patchwork of institutions, activities, and constituencies to create a new self-conscious politics of community, and scale, by moving out of the narrow lanes of economic development and into across-the-board economic policies and strategies, mobilizing the full weight and resources of the local public and nonprofit sectors for community stabilization, development, and well-being.

A key power base of community wealth building lies in place-based institutions, such as nonprofit hospitals and universities. In adopting the “anchor mission,” these institutions can seek to deploy their substantial resources to benefit local communities through targeted hiring, purchasing, and investing. This must now become the norm, not the exception. Beyond “eds and meds,” the whole of the public sector should be mobilized, including local government, K-12 education, public policy, and not-for-profit activity, forming the basis for re-

exerting wholesale local economic control.

As literally trillions of dollars come from the federal government to stimulate state and local economies, civil society organizations and political leaders should mobilize together to rapidly plan how to direct these resources toward building the ecosystems and structures of community wealth. Community wealth building practice must shift to meet the scale of the emergency—going beyond pilots and demonstration projects to help deliver a thoroughgoing recovery and reconstruction through economic transformation.

“Post-COVID-19, we need to create an economy in which the needs of the community, as well as the imperative to live within planetary boundaries, come before the prerogatives of private capital.”

Clear principles for recovery flow from this approach. We must resist calls for cuts to public sector jobs and spending. The jobs that return should be full-time with benefits, not the precarious work that has come to predominate. Public and tax-favored private institutions—corporations, schools, city and county governments—should evaluate all their purchasing and procurement to see how much can be routed to local and democratically owned businesses. We should develop incentives for re-localizing procurement, since we have seen how global supply chains have broken down so spectacularly during the pandemic. When possible, we should bring manufacturing from overseas back to our communities, and keep it in the hands of businesses that are broadly owned, to create greater resilience.



In an ironic turn of events, the COVID-19 crisis may leave the entire nation looking like the Rust Belt, with its swath of lost small businesses and shuttered storefronts—the landscape for which community wealth strategies were first developed. As the national landscape takes on the devastated character of the Rust Belt, community wealth building principles are uniquely positioned to be at the heart of our economic response.

4. Institute a green industrial strategy on the basis of a green stimulus recovery package.

After the emergency phase of the crisis, the economy should be rebooted on the basis of a Green Stimulus. Looming beyond the massive but short-term economic damage of the pandemic is a far larger crisis in the shape of anthropogenically-induced climate change. A Green Stimulus would not only restart the economy after the present crisis but help stave off that next one. This is the call from climate and environmental justice organizations, whose work on the proposed Green New Deal is now being adapted to visions of how to best emerge from the pandemic. A post-COVID-19 Green Stimulus should be used to create living-wage jobs, transform the public health and housing sectors, and shift the economy away from fossil fuels.

Those suffering the most damage from COVID-19—low-income people and communities of color—are also those most vulnerable to the impending effects of climate change. Absent a focus on climate justice, any economic stimulus risks worsening these inequalities and further entrenching fossil fuel reliance. An ambitious Green Stimulus, by contrast, would be a down payment on a regenerative economy that builds wealth and resilience. We can invest in millions of green, union jobs to serve the nearly 40 million (and counting) who have filed for

unemployment in the current crisis. We could build the public sector workforce and expand opportunities for shared and local ownership in green industries, while providing a just transition for workers in fossil fuel and carbon-intensive industries.

Green Stimulus investments must institute energy democracy through community- and municipally-owned renewable power. Also critical are major investments in greening our housing stock, particularly public and affordable housing. We must likewise build the resiliency of our water systems to deal with extreme weather events, and expand the capacity of public transit systems while making them fare-free. Such investments must be responsive to—and designed in collaboration with—frontline and fence-line communities that have suffered the most from disinvestment.

We will not make our way safely through the climate emergency if our economy remains dominated by corporations with a primary duty to profit maximization and investor return. This crisis has shown how the market fails when confronted with existential risk, and how basic services that should be universal—such as broadband or energy—cannot be treated as the byproducts of profit-seeking investments.

The fossil fuel industry provides perhaps the clearest example. Hundreds of oil and gas companies will likely seek bankruptcy protection, attempting to evade worker and environmental protections in the process. Left unprotected are millions of people unable to pay their utility bills because of this crisis, who are having utilities shut off by companies designed to commodify energy for profit rather than serve the public interest. Public ownership of the industry is the clearest pathway to managing a shift away from fossil fuels in a way that puts workers, affected communities, and the public interest first.



Photo credit: DanFLCreativo/Canva

This moment should be used to transform our utility system, perhaps through a new federal Community Ownership of Power Administration (COPA), working for a large-scale shift from investor- to community-owned energy.

A green industrial strategy—pairing a federal injection of capital with strict environmental regulation—could support the transition of workers into green jobs, while also mobilizing us to keep global warming under 1.5 degrees Celsius within 10 years. Such a strategy will also require regional coordination of the sort being seen during the pandemic, as governors retain collaborative control of when and how to restart the economy. These emergent approaches can be built into new forms of national, regional, and local government planning that must be reclaimed and re-energized as we enter the long climate emergency.

5. Establish a Next Generation Institute to support the movement for a democratic economy.

Prior to the current crisis, a tremendous wave of local organizing and activity was already taking place across the nation—around housing, racial equity, gender equality, minimum wage campaigns, climate justice, immigrants' rights, and more. We at The Democracy Collaborative continue to be inspired by the hard-won experience and wisdom of these heroic community-based efforts, from which we have greatly benefited and learned valuable lessons for our own work. Yet even when these activists achieved important victories, they ran headlong—every time—into a system taking the nation on a downward trajectory toward greater inequality, rising environmental destruction, and the undermining of our democratic polity.

In the face of this plutocratic system, the landscape of progressive organizing has thus far remained too fragmentary and disconnected, with inadequate larger-order systemic thinking and analysis, to challenge the dominance of neoliberalism and corporate capitalism.

Historically, the constraint on the system's capital bias has been from government policy and organized labor. But the U.S. government has been largely captured, and labor's strength has dramatically declined. We need a new institutional power base. This might be constructed by uniting the growing efforts of community-building institutions, grassroots organizers, and next generation enterprise developers who are already engaged in democratic economic experiments. We need a catalytic, sustained, and organized effort to take their work to a scale commensurate with that of the challenge—advancing the democratic economy by building power, policies, and institutions—hand in hand with powerful movements working in a converging direction. In this way, we can position the democratic economy as the new economic paradigm for America and beyond. This is, obviously, not simply the work of The Democracy Collaborative, but of thousands of organizations at all levels of our society, joining together in a spirit of trust, co-learning, reciprocity, alignment and respect.

Throughout American history, broad social movements have succeeded in pushing forward progressive agendas,

whether in the Progressive Era or the Civil Rights Movement. We need such a movement appropriate for our own times and challenges. Our communities must start demanding a new approach that can hold local and national political leadership to account.

Achieving change at this level of ambition will require the development of new movement infrastructure and capacity, as well as an alliance among groups of unlikely bedfellows — investors, entrepreneurs of color, nonprofits, mayors, governors, activists, faith leaders, academics, economists, anchor institutions, civil society—as well as countless voters and community organizers. Grounded support, training, truth-telling, and cross-racial, cross-sector relationship-building will be critical to meeting the challenges ahead and to knitting together a powerful movement for deep change.

Building the alignment, power, and energy that fuels a movement such as this will require deeper and more innovative approaches to political education. We envision a new research and training institute to support movement-building, the development of leaders, the sharing of cutting-edge practices and policies, and



Illustration by the Democracy Collaborative and the Next System Project



training in theories of organizing and enterprise development for long-term systemic change. Such an institute would also organize retreats, summer schools, visiting fellowships, and act as a place of contemplation and grounding for the work and the strategy. It would help create the relationships, trust, spaciousness, and time to facilitate deep thinking and reflective praxis. It would be the home of deep system-change ideas, the source of their propagation, and the archive and repository of institutional memory and knowledge for the wider movement.

We need such a training institute so we can learn from one another, challenge unexamined assumptions and beliefs and empower our activism toward systemic change (while not neglecting the cultivation of emotional intelligence, resilience, and well-being, without which too many activists burn out). The Democracy Collaborative's specific contribution to this effort will be to build upon our two decades of intense work and deep practical knowledge on new economic models, public policy at all levels, and systemic design and theory.

To this end, we envision augmenting our existing institutional capacity with a new training institute that would ground our ideas and work in deep pedagogy and practice, aimed at cultivating the well-rounded and more deeply informed and trained movement leaders necessary to carry this work forward over the long haul.

Conclusion

For decades, many have pointed to the inherent failures of our political-economic system and its inability to deal with growing challenges, from climate change to wealth inequality. Now, with the

COVID-19 pandemic, the system's contradictions have become intolerable. The precariousness of modern work, the eviscerated public sphere, the consequences of the limitless extraction of wealth from our communities and its redistribution upwards to the largest corporations and a tiny group of elites, the marginalization of a government apparatus demeaned by right-wing ideology and corporate capture, the fragility of a health system that is not a system at all—all stand revealed in the light of the present emergency. These crises were present long before COVID-19, but this pandemic is doing what even the great financial crisis of the last decade could not: it is revealing the necessity of fundamental changes in our social and economic organization.

A different kind of economy is further along in development than most realize, worked out in tangible detail in economic institutions and practices that are succeeding all around us, yet often remain invisible. This new kind of democratic, sustainable, reparative economy is both possible and now necessary, in ways previously unimaginable. The COVID-19 crisis may well mark the beginning of a large historical rupture, a great divide between one era and another. We may be approaching a watershed moment in political affairs. A new social and economic order must be built. We hope this five-point plan of action can be a starting point. The work ahead will not be easy or automatic. But we must push forward on many fronts to advance the systemic transformation our time in history demands. Put quite simply, and to borrow a phrase beloved of our political opponents, *There Is No Alternative*.

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BIONEERS

REVOLUTION from the Heart of Nature

Inspiring and realizing a shift to live on Earth in ways that honor the web of life, each other and future generations.



Bioneers is an innovative nonprofit organization that highlights breakthrough solutions for restoring people and planet. Founded in 1990 in Santa Fe, New Mexico by social entrepreneurs Kenny Ausubel and Nina Simons, we act as a fertile hub of social and scientific innovators with practical and visionary solutions for the world's most pressing environmental and social challenges.

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